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Canada Cabinet Conclusions

Volume #27

October 13, 1951 - December 29, 1951

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CABINET MINUTES

(October 13, 1951 - December 29, 1951)

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Volume #27
(Rt. Hon. L.S. St. Laurent)

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CABINET CONCLUSIONS

Meeting

October 13th, 1951

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Items discussed

International Joint Commission; pollution of boundary waters 2.

War claims against Italy; release of Italian assets; agreement 2.

Cabinet meetings; arrangements for week commencing October 15th, 1951 3.

Treaty on fisheries in the North Pacific; Tokyo Conference; Canadian representation 3.

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27th Canadian Infantry Brigade; legal status in Germany 6.

Board of Transport Commissioners; appointment of Chief Commissioner 7.

Old Age Security bill; recovery of over-payments 7.

St. Lawrence development project; establishment of federal agency; clarification of legal position in the United States 8.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Saturday, October 13th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
and Acting Minister of Finance
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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International Joint Commission; pollution of boundary waters

1. The Minister of National Health and Welfare referred to discussion at the meeting of October 5th, 1951, at which he was unable to be present, about control of pollution in boundary waters between the St.Mary's River and the Niagara River. He agreed it was essential to approve the recommendations of the International Joint Commission in the matter and believed that industry would carry out its share of the required remedial measures. He thought, however, that it should be recognized from the outset that when, in due course, the Ontario health authorities pressed the municipalities in the areas of the Detroit and St. Clair rivers to undertake remedial measures, it would be found that these municipalities could not assume all the costs involved and would request assistance.

2. The Prime Minister remarked that a time might come when the federal government would feel it desirable to make some contribution, with the Ontario government, to such remedial measures.

3. The Cabinet, after further discussion, noted:

(a) the concurrence of the Minister of National Health and Welfare in the decisions taken at the meeting of October 5th, 1951, on control of pollution in boundary waters between the St.Mary's River and the Niagara River; and,

(b) that municipalities in the areas of the St. Clair and Detroit Rivers might in due course ask for financial assistance to enable them to carry out the remedial measures for which they would be responsible.

War claims against Italy; release of Italian assets; agreement

4. The Secretary of State for External Affairs, referring to the discussion at the meeting of May 2nd, 1950, recalled that Cabinet had agreed that negotiations be undertaken to effect the best possible lump-sum settlement for the satisfaction of war claims against Italy and the release of Italian assets in Canada. During his recent stay in Ottawa,

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Mr. De Gasperi had agreed with the Prime Minister that steps be taken to effect an early settlement in the matter with the result that an agreement, providing for the satisfaction of Canadian claims, the settlement of pre-war commercial debts to Canada and the release of Italian assets, had been entered into by an exchange of notes on September 20th, 1951.

With the concurrence of the Minister of Finance and the Secretary of State, he recommended that this agreement be approved.

An explanatory memorandum was circulated.

(Minister's memorandum, Oct. 11, 1951 - Cab. Doc. 265-51).

5. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs and approved the agreement entered into with Italy by an exchange of notes on September 20th, 1951, providing for the satisfaction of Canadian war claims, the payment of pre-war commercial debts to Canada, and the release of Italian assets in Canada.

Cabinet meetings; arrangements for week commencing October 15th, 1951

6. The Prime Minister pointed out that during the week commencing October 15th, 1951 the House of Commons would experiment with sittings from 1.30 p.m. to 7.00 p.m. It would be necessary, therefore, for the Cabinet to meet in the mornings during that week.

7. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that, in so far as the week commencing October 15th, 1951 was concerned, the Cabinet would meet in the Privy Council Chamber at 10.30 a.m. on Monday, October 15th, at 11.00 a.m. on Wednesday, October 17th, and at 11.00 a.m. on any subsequent dates at which a meeting was required.

Treaty on fisheries in the North Pacific; Tokyo conference; Canadian representation

8. The Minister of Fisheries, referring to the discussion at the meeting of September 12th, 1951,

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reported that agreement had been reached with United States authorities on the proposed treaty with Japan on fisheries in the North Pacific. It was proposed to send a Canadian delegation of four, including one representative of the fishing industry, to a conference expected to start in Tokyo about November 5th, 1951, at which the agreement would be negotiated with the Japanese. He thought that he would probably have to head the Canadian delegation himself.

9. The Cabinet, after further discussion, noted with approval the report of the Minister of Fisheries and agreed that the composition of the Canadian delegation attending the conference expected to convene in Tokyo about November 5th, 1951, for the purpose of negotiating the proposed tripartite treaty on fisheries in the North Pacific Ocean, be left to his discretion.

War claims; interim compensation

10. The Secretary of State, referring to the discussion at the meeting of October 5th, 1951, said that Chief Justice Ilsley had now indicated that, while the matter did not come within his terms of reference, he would be prepared to make recommendations for interim compensation for distressed claimants with assured war claims if advised formally that the government wished him to take such action.

11. The Cabinet, after discussion, noted the report of the Secretary of State and agreed that he advise Chief Justice Ilsley formally that the government would appreciate his making, at an early date, a special report on the question of interim compensation for distressed claimants having assured war claims.

Parliament; Calgary West by-election

12. The Minister of Mines and Technical Surveys raised the question of the forthcoming by-election in Calgary West.

13. The Cabinet, after discussion, agreed to December 10th, 1951 as a tentative date for the Calgary West by-election; the Secretary of State to inform the Chief Electoral Officer that it would probably be desired to have the necessary writ issue by October 25th, 1951.

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Royal visit; train accommodation

14. The Minister of Transport, referring to the discussion at the meeting of October 5th, 1951, said there had been complaints about the inadequacy of the sitting-room accommodation on the Royal train for Ministers and their wives, leading to the suggestion that a private car be added for their use. The President of the Canadian National Railways had indicated that this could not be done, without risk of breakdowns, unless a car were specially shopped. The President of the Canadian Pacific Railways, the company now responsible for the train, had stated that he would be prepared to have a car added if the government accepted responsibility for any difficulties that might arise. Arrangements made for station receptions along the route were based on the present measurements of the train. On balance, he thought it best not to ask for an additional car.

15. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that:

(a) the Canadian Pacific Railways be not asked to add a private car to the Royal train for the use of Ministers and their wives; and,

(b) it would not be feasible to alter the present accommodation arrangements on the train.

U.N. General Assembly; Canadian delegation

16. The Secretary of State for External Affairs, referring to discussion at the meeting of October 5th, 1951, said that he had encountered difficulties in finding a French-speaking Senator to serve on the Canadian delegation to the forthcoming session of the General Assembly of the United Nations. He was now proposing to approach Senator Hurtubise.

17. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs and agreed that he invite Senator Hurtubise to serve on the Canadian delegation to the forthcoming session of the General Assembly of the United Nations.

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Foreign Exchange Control Regulations; amendments

18. The Minister of Public Works reported that the Special Committee of Council had requested that the proposed amendments to the Foreign Exchange Control Regulations be submitted to Cabinet for consideration. The Committee had had some doubts as to the desirability of approving these amendments since they provided, inter alia, that a permit under these Regulations was subject to any terms and conditions either contained in the letter or document or not prescribed by the Board in granting the permission.

19. The Prime Minister thought that, although the true purpose of the amendment was probably entirely legitimate, it would seem inadvisable to make any regulation which appeared to allow prosecutions for infractions of conditions which had not been made known to the person or persons charged.

20. The Minister of Justice as Acting Minister of Finance suggested that decision be deferred in this matter pending further consideration of the points raised.

21. The Cabinet, after discussion, deferred decision on proposed amendments to the Foreign Exchange Control Regulations pending further consideration and report in respect of the proposed amendment to section 11 of the Regulations.

27th Canadian Infantry Brigade; legal status in Germany

22. The Secretary of State for External Affairs noted that certain constitutional difficulties had arisen in connection with the stationing of the 27th Canadian Infantry Brigade in Germany as part of the Integrated Force under the Supreme Allied Commander, Europe. It had been thought undesirable to send the Brigade to Germany as part of the Occupation forces already there. On the other hand, as the German government was not a party to the N.A.T.O. Forces Agreement, it was difficult to see how Canadian troops could be sent to Germany in any other capacity. This problem was now under consideration.

23. The Minister of National Defence said that the problem of the status of Canadian troops in Germany was under discussion by General Simonds and

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General Eisenhower. It was hoped that a solution could be found within the next few days.

24. The Cabinet, after discussion, noted the reports by the Minister of National Defence and the Secretary of State for External Affairs on the legal status of the 27th Canadian Infantry Brigade in Germany and deferred decision pending consideration at a subsequent meeting.

Board of Transport Commissioners; appointment of Chief Commissioner

25. The Prime Minister, referring to discussion at the meeting of October 5th, 1951, said that it had now been ascertained that Mr. Kearney would be in a position to assume his new functions as Chief Commissioner of the Board of Transport Commissioners on November 1st. It was proposed, therefore, to issue a press release immediately, announcing the retirement of Mr. Justice Archibald for reasons of health and the appointment in his stead of Mr. John D. Kearney as Chief Commissioner.

A draft press communique was submitted and read.

(Draft press release, October 13, 1951.)

26. The Cabinet, after discussion, noted with approval the press release as submitted by the Prime Minister announcing the retirement of Mr. Justice Archibald as Chief Commissioner of the Board of Transport Commissioners and the appointment in his stead of Mr. John D. Kearney, effective November 1st, 1951.

Old Age Security bill; recovery of over-payments

27. The Prime Minister, referring to discussion at the meeting of September 26th, 1951, said that the question of including some provision in the old age security bill for recovering, from payments made under the new legislation, over-payments which may have been made previously under the Old Age Assistance Act, had now been further considered. The Department of Finance were of the view that this should be done, on the understanding that, if such recoveries were made, an appropriate percentage would be turned over to the provincial governments concerned.

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28. The Minister of National Health and Welfare pointed out that the Department of Finance had suggested such a provision because the Debts Due to the Crown Act could not be made to apply to payments made by the provinces under the Old Age Assistance Act. On the other hand, the total value of actual recoveries would be relatively modest and, for this reason alone, it might be argued that there would be very little advantage in writing such a provision into the old age security legislation. Furthermore, if recoveries of this nature were sanctioned by statute, it might tend to encourage carelessness on the part of provincial administrations to effect recovery of over-payments before recipients became eligible for the universal pension.

29. The Minister of National Defence felt the inclusion of such a provision would have the disadvantage of introducing into the new legislation an element foreign to the general tenor of the measure without having the compensating advantage of being effective.

30. Mr. St-Laurent suggested that further consideration be given to the problem when the Minister of Finance could be present.

31. The Cabinet, after discussion, deferred decision on the proposal that a section be included in the Old Age Security bill respecting recovery of over-payments made under the Old Age Assistance Act, pending discussion at a subsequent meeting when the Minister of Finance could be present.

St. Lawrence development project; establishment of federal agency; clarification of legal position in the United States

32. The Prime Minister, referring to discussion at the meeting of October 3rd, 1951, suggested it would be desirable to introduce in Parliament, as soon as possible, the legislation announced in the Speech from the Throne to provide for establishment of an appropriate federal agency to deal with the St. Lawrence seaway, either on an international or purely Canadian basis. This matter might be considered and reported upon at an early meeting by the Minister of Trade and Commerce and the Minister of Transport.

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33. The Secretary of State for External Affairs quoted from a memorandum prepared for President Truman by the legal division of the U.S. State Department, prior to the Prime Minister's recent visit to the White House. This set forth the legal basis upon which the Province of Ontario and the State of New York could proceed with the power development and Canada with the seaway development. It pointed out that, under the 1909 Boundary Waters Treaty, the International Joint Commission had authority to approve "uses, obstructions and diversions" in the St. Lawrence River affecting the natural level or flow of boundary waters with the authority of the United States or Canada within their respective jurisdictions. However, approval by the two governments and the International Joint Commission did not constitute an international agreement, it merely authorized the respective projects for the approval of which application had been made. Since under the 1909 Treaty the United States had the right to use on terms of equality the canal which Canada contemplated building on the Canadian side of the boundary and since under the same Treaty Canada was entitled to equal rights in the use of the boundary waters for power purposes, it would be within U.S. executive power to enter into an agreement with Canada in respect of both the seaway and power aspects of the project. In the view of the U.S. State Department, however, the executive could give no assurance that power would continue to be developed in the manner indicated by the project. Article I, section 10, of the U.S. Constitution provided that "no State shall, without the consent of Congress, ... enter into any agreement or contract with another State or with a foreign power". Consequently, in the view of the U.S. State Department, if the approval of Congress was not to be sought in connection with the St. Lawrence project, Canada would have to be content with proceeding merely on the good faith of a New York corporation and with the assurance as to equality now contained in the 1909 Treaty, possibly supported by executive agreement.

(Telegram, Oct. 6, 1951, Canadian Ambassador in Washington and attached memorandum).

34. The Minister of Trade and Commerce did not see the necessity of a formal agreement between the State of New York and Ontario or between their respective power agencies.

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35. Mr. Pearson thought that serious consideration should be given to the possibility, in the absence of any such formal agreement, that some legal process might be resorted to in the United States to hold up indefinitely development of the power and seaway project.

36. Mr. St-Laurent said that, in any event, it would be useful to introduce as soon as possible the legislation required for the establishment of the federal agency to deal with the seaway aspect of the problem.

37. The Cabinet, after considerable discussion:

(a) noted the report by the Secretary of State for External Affairs on the constitutional position of the United States in respect of the St. Lawrence development project; and,

(b) agreed that the Minister of Transport consult with the Minister of Trade and Commerce and submit at an early meeting legislative proposals for the establishment of a federal agency to deal with the St. Lawrence seaway project on an international basis or as an all Canadian project.

North Atlantic Treaty Organization; admission of Greece and Turkey

38. The Secretary of State for External Affairs, referring to the statement in the Speech from the Throne on admission of Greece and Turkey to the North Atlantic Treaty Organization, said that, because of certain procedural difficulties, it was not likely that the protocol would receive U.S. Senatorial approval before the next session of Congress in 1952.

In the circumstances it might be preferable not to seek Parliamentary approval here until the admission of Greece and Turkey had been approved by the United States.

39. The Prime Minister was of opinion that the Canadian Parliament should not be asked to act in this matter until approval had been given by the United States, the United Kingdom and France.

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40. The Cabinet, after discussion, agreed that Parliament be not asked to approve the admission of Greece and Turkey to the North Atlantic Treaty Organization until such time as the admission of these two countries had been approved by the United States, the United Kingdom and France.

Legislation; The Visiting Forces (North Atlantic Treaty) bill

41. The Minister of National Defence, referring to discussion at the meeting of October 5th, 1951, submitted a draft measure entitled "The Visiting Forces (North Atlantic Treaty) Act".

Under the bill it would be possible, by action of the Governor in Council, to suspend the American Bases Act, 1941, and replace it by the general provisions contained in the proposed new legislation. It would also be possible to make the legislation applicable to Germany at some future date.

42. The Minister of National Health and Welfare in respect of the provisions contained in section 26 of the bill relating to the non-payment of taxes on fuel, oil, or lubricants enquired as to the position concerning payment by visiting forces of provincial taxes.

43. The Prime Minister suggested that final decision on introduction of this measure be taken concurrently with consideration of plans for the despatch of the 27th Canadian Infantry Brigade to Europe.

44. The Cabinet, after discussion:

(a) deferred decision on introduction of the Visiting Forces (North Atlantic Treaty) bill pending consideration, at a subsequent meeting, of plans for the despatch of the 27th Canadian Infantry Brigade to Europe; and,

(b) agreed that the Minister of National Defence report, at a later meeting, on the situation in respect of the payment or non-payment of provincial taxes by visiting forces.

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Legislation; Railway Act amendment

45. The Minister of Transport, referring to discussion at the meeting of October 3rd, 1951, submitted a reprint of the bill to amend the Railway Act to which had been added a section to provide for assumption by the federal government of financial responsibility for trackage maintenance for those portions of trans-continental railway lines lying between Sudbury and Fort William, Capreol and Fort William, and Cochrane and Armstrong.

46. The Prime Minister suggested that, at the resolution stage, the Minister of Transport might state that the measure represented merely the legal embodiment of recommendations made by the Royal Commission on Transportation in respect of the equalization of freight rates, that the bill along with amendments to the Maritime Freight Rates Act and the Canadian National-Canadian Pacific Act would be referred to committee for consideration and report, and that the government did not wish to commit itself to the bill prior to such reference so that all interested parties might be heard and any amendments to the bill which might be deemed desirable could be made prior to the measure being reported back to the House.

47. The Cabinet, after discussion:

(a) approved for introduction the bill to amend the Railway Act; and,

(b) agreed that the Minister of Transport announce in the House, at an early date, that the government did not wish to commit itself to all the details of the legislation prior to its being referred to committee for consideration and report.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 15th,1951

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Ming Sung Industrial Company; default on loan 1.

Ontario provincial election; voting by Service personnel 3.

Legislation; old age security; fiscal provisions 4.

27th Canadian Infantry Brigade; legal status in Germany 6.

International Refugee Organization; instructions to Canadian delegation 7.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, October 15th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

Ming Sung Industrial Company; default on loan

1. The Prime Minister, referring to discussion at the meeting of October 3rd, 1951,

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said that consideration should be given to what further action, if any, should be taken on the default on its loan by the Ming Sung Industrial Company. Recent press reports had indicated that the ships were now tied up in Communist territory and that the crews had refused to move the ships back to Hong Kong. Presumably this action was a reply to the legal steps now being taken by the Canadian creditor banks to seize the ships.

2. The Minister of Transport believed there were two further courses of action which might be followed immediately. The first involved cancelling the exemption under the Canada Shipping Act in virtue of which the Ming Sung Company had been allowed to employ other than Canadian masters and mates aboard the ships. The second would involve cancelling Canadian registration.

3. The Minister of Trade and Commerce thought it would be inadvisable to cancel the registration since it would be impossible then to recover any of the amounts in default on the loan. Some consideration, however, might be given to withdrawing the exemption under the Canada Shipping Act.

4. The Minister of Finance said that, as had previously been decided by Cabinet, the Canadian creditor banks had been repaid, in full, the amounts outstanding on the loan and had been requested to take whatever legal recourse was open to them to recover the losses incurred.

Mr. Wang, the Canadian representative of the Ming Sung Industrial Company, had stated recently in a telegram to his Department that the Company's President, Mr. Lu, was very concerned at the turn of events and had suggested that the legal processes instituted by the creditor banks be stopped and that one of the alternative proposals put forward by the Company be accepted by the government as the most satisfactory compromise in an impossible situation. In any event, Mr. Wang had expressed the desire to come to Ottawa for the purpose of discussing the matter further with Finance officials. It was suggested that, if a question were raised in the House of Commons, it be stated that the government had honoured its guarantee with the creditor banks and that the latter had been requested to take whatever legal recourse was open to them. He did

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not think that any action should be taken to withdraw the exemption under the Canada Shipping Act until the matter had been discussed further during the course of the week with Mr. Wang.

5. The Cabinet, after discussion, deferred decision on what further action, if any, should be taken in respect of the default by the Ming Sung Industrial Company on the loan granted to it by Canadian banks pending a further report on the matter by the Minister of Finance at a later meeting.

Ontario provincial election; voting by Service personnel

6. The Minister of National Defence reported that Ontario government representatives, officials of the Department of National Defence, and the Chief Electoral Officer had discussed recently the problem of affording Service personnel the opportunity of exercising their franchise during the forthcoming provincial elections in Ontario. It had first been thought that a system of balloting through the mails might be put into effect. This idea, however, had been abandoned after it had been ascertained that it could not be done under existing provincial legislation.

It was now suggested by Ontario that polls be established in all Service camps where Ontario residents were stationed. It was estimated that approximately 35,000 Service personnel might be concerned.

7. The Prime Minister felt that complete responsibility for procedures to be followed in this connection should be assumed by the Province of Ontario, but that the Department of National Defence should make every effort to meet reasonable requests in this matter.

8. The Cabinet, after discussion, noted the report by the Minister of National Defence with respect to the exercise of the franchise by Service personnel during the forthcoming provincial elections in Ontario, and agreed that the Department of National Defence make every effort to meet reasonable requests made by Ontario in this connection.

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Legislation; old age security; fiscal provisions

9. The Minister of Finance submitted legislative proposals respecting contributions under the proposed old age security legislation.

It was estimated that the annual cost of providing $40 monthly pensions to all persons over the age of 70 meeting certain residence and other requirements would be approximately $342 million. The estimated annual federal expenditure on both universal and means test pensions would be approximately $382 million. It was intended that monies required in connection with old age assistance would continue to be paid out of general revenues. On the other hand, it was proposed that a special fund be established as a separate account in the Consolidated Revenue Fund to which would be credited all contributions under the Old Age Security bill and to which would be charged all payments in respect of universal pensions.

It had been suggested that a social security fund be established to cover both old age security and family allowance payments. The present 10 percent sales tax would just about cover disbursements required for both these purposes and it had therefore been suggested that the sales tax be relabelled as a social security tax and be used exclusively for the financing of universal pensions and family allowances. After considering all aspects of the problem, however, he had come to the conclusion that it would be inadvisable to use the sales tax exclusively for this purpose and it was therefore recommended that, in order to raise the monies required for the universal pensions, 2 percent of the existing 10 percent sales tax be earmarked for this purpose, that an additional 2 percent levy on personal incomes be collected on the basis of exemption ceilings presently in effect under the Income Tax Act, this levy not to exceed $60 per annum in respect of any person, and that an additional 2 percent corporation tax be imposed over and above the present 15 percent and 38 percent tax. It was estimated that the 2 percent sales tax would produce approximately $145 million, the 2 percent personal income tax approximately $95 million and the 2 percent corporation tax approximately $65 million or a total of $305 million per annum. During the first year of operation, federal expenditures under the Old Age Security bill might be as low as $320 million. As a matter of general principle, it was felt desirable that the old age security

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fund should normally show a slight deficit. The 2 percent sales tax and the 2 percent corporation tax would be applicable as of January 1st, 1952, but the additional 2 percent tax on personal incomes would be applied only as of July 1st, 1952, so that for the first year the additional tax on personal incomes would actually be 1 percent or $30 whichever amount was the lesser.

It would be recalled that the Joint Parliamentary Committee on old age security had suggested the possibility of establishing a payroll tax to defray part of the costs involved under the old age security legislation. However, since it was thought impracticable to attempt to collect such a tax from important groups of employees, i.e., employees of provincial and municipal governments, hospital staffs, farmers and other self-employed persons, it was felt preferable not to resort to this method.

Although pensions would become payable as of January 1st, 1952, relatively modest sums would be credited to the old age security fund from contributions in view of the fact that the new personal income tax would not be deducted at the source until the middle of 1952 and that corporation taxes for 1952 would not be collected until about the middle of 1953. There would, however, be a provision in the bill authorizing the Minister of Finance to advance temporary loans to the fund from time to time. The bill would also provide that, in the event revenues accruing to the fund were insufficient, the Minister of Finance might recommend to Parliament whatever measures seemed appropriate for the purpose of increasing such revenues.

10. Mr. Abbott added that because of a combination of circumstances, i.e., a substantial increase in the Gross National Product which would probably reach $21 billion this year and a slower rate of defence expenditures than had been anticipated, the surplus for the current fiscal year would be considerably greater than had been forecast when the budget was submitted to Parliament. There would, therefore, be no problem in crediting to the old age security fund whatever sums were required to carry the old age security programme until the next budget was submitted in the Spring of 1952.

11. The Prime Minister said the Minister of National Health and Welfare was of opinion that the fiscal proposals submitted by the Minister of Finance in connection with the old age security programme

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did not appear to stress sufficiently the contributory nature of the universal pension. Mr. Martin would have preferred a direct tax imposed on personal incomes at lower exemption ceilings than those presently prescribed under the Income Tax Act in order that the economic impact of the social security legislation be brought home more forcibly to a greater number of individuals. This proposal, however, appeared to have marked disadvantages. The establishment of two different sets of exemption ceilings for purposes of the Income Tax Act and for purposes of the Old Age Security bill would be expensive and extremely cumbersome from an administrative point of view. Furthermore, even though the lowering of the exemption ceilings would appear to result in a much greater number of people paying the direct tax, in actual fact it would be difficult and expensive to collect the tax from important groups of the population such as farmers, domestic workers, self-employed, etc.

12. The Cabinet, after considerable further discussion, deferred decision on the fiscal proposals submitted by the Minister of Finance in relation to contributions under the proposed Old Age Security Act pending consideration at the next meeting.

27th Canadian Infantry Brigade; legal status in Germany

13. The Minister of National Defence, referring to discussion at the meeting of October 13th, 1951, pointed out that, under the Occupation Statute which still governed Germany, the Allied High Commission, (consisting of representatives of the United States, the United Kingdom and France) still had exclusive jurisdiction in respect of armed forces present in Germany. All military personnel now in Germany were there in their capacity as occupation troops and a substantial portion of the costs involved in maintaining such occupation troops was borne by the German people.

It was recommended that an arrangement be made with the Allied High Commission whereby the 27th Canadian Infantry Brigade would be placed under General Eisenhower's command and physically located in Germany, but with no occupation duties and with no increase in occupation costs to be met by the German people. If such an arrangement could be made, it was suggested that a statement to that effect be issued immediately.

A draft statement was submitted and read.

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14. The Cabinet, after discussion, agreed that, if the necessary arrangements could be made with the Allied High Commission in Germany, a statement be issued to the effect that the 27th Canadian Infantry Brigade would form part of the Integrated Force under General Eisenhower and would be located in Germany; the activities of the brigade, however, would be limited to defence purposes under the North Atlantic Treaty.

International Refugee Organization; instructions to Canadian delegation

15. The Minister of Citizenship and Immigration, referring to discussion at the meeting of October 5th, 1951, reported that the Tenth Session of the Executive Committee of the International Refugee Organization would open at Geneva on October 18th. The Eighth Session of the General Council of the same body would open on October 22nd.

It was recommended that the Canadian delegation to these meetings follow closely the instructions already approved by Cabinet and issued to the Canadian delegation to the I.L.O. Migration Conference at Naples. The Canadian delegation should base its position on the assumption that the International Refugee Organization would in fact terminate its operations on December 31st, 1951. Plans for utilizing remaining I.R.O. funds should be examined critically, bearing in mind the possible advantages of maintaining programmes which would keep in operation the I.R.O. personnel and fleet until some decision had been reached in the United States with respect to possible further uses of these facilities in any European migration scheme. The delegation should particularly avoid committing the government to support any proposals for further contributions to I.R.O. Any such proposal should be referred to Ottawa for guidance.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 12, 1951 - Cab. Doc. 267-51)

16. The Cabinet, after discussion, approved instructions to the Canadian delegation to forthcoming International Refugee Organization meetings at Geneva as submitted by the Minister of Citizenship and Immigration, subject to concurrence by the Secretary of State for External Affairs.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 17th,1951

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, October 17th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Legislation; old age security

1. The Minister of National Health and Welfare submitted a complete draft of the Old Age

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Security bill, including the fiscal proposals relating to contributions as submitted by the Minister of Finance at the meeting of October 15th.

(Draft bill Oct. 16, 1951 - Cab. Doc. 272-51).

2. Mr. Martin recalled that it had been accepted, as an underlying principle in earlier discussions, that benefits under the proposed Act should be closely related, to the greatest extent possible, to contributions. The fiscal proposals set out in sections 10 and 11 of the present draft did not perhaps stress sufficiently the contributory nature of the scheme. It might indeed be argued, on the basis of the present fiscal proposals, that it had been unnecessary to seek the constitutional amendment of 1949 although he did not see how a direct contribution from personal incomes for old age security could be imposed without such an amendment. In any event, it would seem desirable for a variety of reasons that each individual should be made to feel as much as possible the economic impact of the old age security scheme. Under present proposals, the 2 percent excise tax would produce approximately $145 million per annum, the 2 percent tax on personal incomes $95 million and the 2 percent tax on corporation income approximately $60 million. Therefore, of the $340 million required annually to finance the scheme, only some $90 million would be derived from direct taxation on individuals. Another principle which had generally been accepted was that contributions by employer and employee groups should be roughly equivalent. The present proposals envisaged a larger total contribution from individuals than from corporate employers.

The Joint Parliamentary Committee on Old Age Security had suggested, as a possibility, that a direct levy might be made on personal incomes on the basis of exclusion ceilings as opposed to the exemption ceilings under the Income Tax Act and that these exclusion ceilings might be $750 single and $1,500 married as opposed to the $1,000 and $2,000 under the Income Tax Act. This scheme would have the advantage of reaching a much greater number of people. For example, on the $750 exclusion basis, a single man with an annual income of $751 would be required to pay the old age security tax on his gross income, whereas under the Income Tax Act a single man would only be required to pay the tax on that portion of his income in excess of the exemption ceiling of $1,000. In rebuttal of these proposals, it had been pointed out that the establishment of different income ceilings under the proposed Old Age Security Act and the Income

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Tax Act, with the further difference that one ceiling would be on an exclusion and the other on an exemption basis, would create serious administrative difficulties, that the tax thus imposed would be very expensive to collect and in any event would be very difficult, if not impossible, to actually collect from large groups of citizens such as farmers and other self-employed persons.

Apart from the fact that the proposals presently outlined did not stress perhaps sufficiently the contributory nature, which it was desired the scheme should have, these proposals would have the advantage of reaching either directly or indirectly a good majority of the population. However, actual revenues from the three different taxation measures would not begin to be credited in volume to the old age security fund until the beginning of 1953 and substantial advances would therefore have to be made to the fund in order to enable pensions to be paid during the first year of operation. This was an undesirable if perhaps unavoidable feature of any system which might be devised.

3. The Minister of Finance pointed out that the old age security scheme could not be truly contributory unless separate accounts were set up for each individual and the benefit ultimately to be received by that individual related to his contributions to that account prior to his having reached pensionable age. It had been agreed some time ago that it would be undesirable to establish such a system in Canada. This being the case, the problem resolved itself largely into one of devising some method which, without losing sight of the contributory nature of the scheme, was equitable, which reached the greatest number of people and which did not entail prohibitive collection costs. The three-way taxation measure which he had recommended was thought to be the most desirable compromise in the circumstances.

4. The Prime Minister said that the possibility of establishing a payroll tax as suggested by the Joint Parliamentary Committee had been abandoned not only because, on examination, it had been found to be impractical but also because a tax of this nature would be deductible from profits before calculation of the corporation tax and therefore would reduce substantially revenues which would otherwise accrue from this latter source.

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5. Mr. Martin suggested the expression "old age security tax" used in the draft measure might usefully be replaced by the words "old age security contribution".

Reference was also made to section 8(3) of the draft bill under which provision was made for the recovery from payments under the proposed Old Age Security Act of over-payments which might have been made under the Old Age Assistance Act. He felt that the amounts recoverable were so relatively unimportant that a provision of this nature would be unnecessary. Furthermore, it was inadvisable to use the proposed Old Age Security Act as a means of collecting moneys owed to the federal and provincial governments under other legislation. However, if it were felt that such recovery should be made possible, it would seem preferable to include a provision to this effect in the Financial Administration bill rather than in the present legislation. The Department of Justice had given an opinion to the effect that there would be no legal objection to the inclusion of a provision of this nature in section 95 of the Financial Administration bill.

It was further suggested that the maximum term of imprisonment provided under section 9(1) might be reduced from one year to six months which would be consistent with the present penalty provisions in the Family Allowances legislation.

6. Mr. St-Laurent suggested that, whether a provision respecting recovery under the proposed Old Age Security Act of over-payments made under the Old Age Assistance Act were included in the Old Age Security legislation itself or in the Financial Administration bill, it would seem inadvisable to charge the minister with the responsibility of deciding whether or not there had been an over-payment. It would seem more appropriate to provide that recoveries be made in the event of an admission of guilt had been obtained from the person or persons charged or a competent court had decided that there had been fraud or overpayment. The question of recovery of over-payments should be further discussed by the Minister of National Health and Welfare and the Minister of Finance in consultation.

7. The Cabinet, after considerable further discussion:

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(a) approved the draft old age security legislation as submitted by the Minister of National Health and Welfare subject to the following reservations:

(i) the Ministers of National Health and Welfare and of Finance to decide in consultation as to the desirability of including in the Financial Administration bill a provision respecting recoveries of over-payments under the Old Age Assistance Act, keeping in mind the inappropriateness of charging the minister with the responsibility of deciding whether or not there had been over-payment;

(ii) the maximum term of imprisonment under section 9(1) of the bill to be reduced from one year to six months; and

(iii) consideration to be given to the desirability of substituting the words "old age security contribution" for the expression "old age security tax" presently used in the draft bill;

(b) agreed that the measure be printed when it reached the resolution stage in the House; and,

(c) agreed that, upon introduction of the resolution, the Minister of National Health and Welfare make a general statement concerning the measure and the Minister of Finance a specific statement concerning the fiscal provisions therein contained.

Parliamentary business; despatch of 27th Canadian Infantry Brigade to Europe; statement on external affairs

8. The Minister of National Defence reported that the Allied High Commission in Germany had now agreed to a public statement being made on the status of Canadian troups in Germany along the lines suggested at the meeting of October 15th.

It was recommended therefore that an Order in Council respecting despatch of the Brigade be passed the following day and tabled in Parliament in the afternoon.

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9. The Secretary of State for External Affairs said it would be useful if some opportunity could be found for him to make a general statement in the House on foreign affairs prior to his departure for the U.N. General Assembly in Paris. Such a statement might be made when the resolution respecting the N.A.T.O. Representatives bill was called, provided this was done at an early date.

10. The Prime Minister suggested that a convenient solution might be for him to introduce a motion seeking approval of the House for Canada's continued participation in efforts of the United Nations and of the North Atlantic Treaty Organization to defeat aggression and maintain peace. He might see the Opposition Leaders that afternoon and seek their co-operation in obtaining unanimous consent of the House so that a motion of this nature could be introduced at the beginning of the following day's sitting. After introduction, the Minister of National Defence might table the Order in Council and make a brief statement respecting the despatch of the 27th Canadian Infantry Brigade to Europe. Mr. Pearson might follow with a general statement on foreign affairs.

11. The Cabinet, after discussion:

(a) noted with approval the report by the Minister of National Defence on the status of the 27th Canadian Infantry Brigade in Europe and agreed that an Order in Council respecting the despatch to Europe of the Brigade be passed the following day;

(b) agreed that the Prime Minister approach the Opposition Leaders that afternoon, with a view to obtaining their co-operation in gaining unanimous consent of the House for introduction of a motion requesting approval of the House for Canada's continued participation in efforts of the United Nations and of the North Atlantic Treaty Organization to deter aggression and maintain peace; and,

(c) agreed that, when the resolution referred to in (b) above had been introduced, the Minister of National Defence table the Order in Council and make a statement relating to the despatch of the 27th Canadian Infantry Brigade to Europe and that this be followed by a general statement on foreign affairs by the Secretary of State for External Affairs.

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Kurt Meyer; transfer to Germany

12. The Minister of National Defence, referring to discussion at the meeting of September 21st, 1951, reported that arrangements had now been completed to have Kurt Meyer transferred by plane the following morning from Dorchester penitentiary to a war criminals' prison in the U.K. zone of Germany. Meyer's transfer from a federal penitentiary to a service prison in Germany could not be effected without an Order in Council. It was proposed that such an Order be passed the following day and that a statement announcing the transfer be made following approval of the Order in Council.

A draft statement was submitted and read.

13. The Cabinet, after discussion, noted with approval the statement proposed to be made by the Minister of National Defence relating to the transfer of Kurt Meyer from the Dorchester penitentiary to a war criminals' prison in the U.K. zone of Germany and agreed that the required Order in Council be passed the following day.

Egyptian situation; support for the United Kingdom

14. The Secretary of State for External Affairs said that the U.K. government were very worried at the possibility that the dangerous situation in Egypt might worsen and spread in the Middle East. The U.K. commander had been ordered to defend the area in which British troops were stationed under the 1936 Agreement and also to expel Egyptians from the area. A brigade was being moved from Cyprus and another might be moved if required. The United Kingdom was anxious to improve the situation and felt that improvement might result if it received strong support from the United States. If such support was not forthcoming, the Egyptian government might take further provocative action. The U.K. government had asked that Canada, among other countries, provide moral support through a public statement that the position in the canal zone ought not to be altered by force. They wished also to have views, in support of the position taken by the United Kingdom, communicated to the U.S. government in order to encourage a strong backing in Washington and, if possible, a public statement there of support.

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15. Mr. Pearson read a draft statement.

16. The Cabinet, after considerable discussion, agreed that:

(a) the Secretary of State for External Affairs inform the United States government that the Canadian government considered that support ought to be given to the U.K. government in the difficulties that had arisen in Egypt; and,

(b) the draft public statement be revised in accordance with the discussion and submitted for further consideration at the next meeting.

Ontario provincial election; Service voting

17. The Minister of National Defence, referring to the discussion at the meeting of October 15th, 1951, said that further study indicated that while, under Ontario legislation, the Chief Elections Officer had wide discretion to make regulations for the obtaining of votes of Canadian servicemen, these votes must be taken before the equivalent of a deputy returning officer, with the voting papers being dropped into a ballot box in the presence of such an officer and of the voters. This meant that there were only two means of handling service voting: either Ontario could send out civilian officials, including deputy returning officers, to set up and staff service voting places, or commanding officers could designate servicemen to undertake these tasks. Ontario wanted the government to agree to the second alternative.

Under either alternative, it was contemplated that four Service voting territories would be established, embracing (1) the western provinces and the northern territories; (2) Ontario and Quebec; (3) the eastern provinces and (4) the United Kingdom, continental Europe, Japan and Korea; that a civilian special returning officer would be appointed for each of these four territories; and that service liaison officers would be attached to the special civilian returning officers to ascertain from commanding officers where polling booths should be established and the approximate number of voters involved.

Under the Service voting procedure contemplated by Ontario, however, there were possibilities of

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irregularities for which the federal authorities might be held responsible if Service deputy returning officers were provided. The voter, at the time of voting, would complete a declaration that he had been a resident of a given Ontario constituency on enlistment and this would be signed by the deputy returning officer. The serviceman would be handed his voting paper on which he would mark his constituency and the candidate he favoured, after which his ballot would be deposited. At the end of the polling period, the deputy returning officer would forward the ballot box to the civilian special returning officer. He recommended, therefore, that his department should not assume responsibility for conducting service voting but that the Ontario election authorities be informed that liaison officers, facilities, accommodation and necessary transportation for Ontario election officials would be provided and arrangements made for Ontario servicemen to have time to vote.

18. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed, subject to further consideration the following day with the Minister of Citizenship and Immigration present, that the Department of National Defence should not assume any responsibility for conducting service voting in the forthcoming Ontario provincial election, although it would indicate a readiness to provide liaison officers, facilities, accommodation and necessary transportation for Ontario civilian election officials and arrange for Ontario servicemen to have time to vote.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

Oct. 18th, 1951

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, October 18th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Healthand Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Parliament; legislation

1. The Secretary submitted certain draft legislation.

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2. The Minister of National Defence reported that a technical modification would be required in section 15 of the Visiting Forces (North Atlantic Treaty) bill. Its purpose would be to have the proposed bill conform with recent amendments to the Criminal Code.

3. The Minister of Labour said that an additional provision would be inserted in the bill to amend the Government Annuities Act to enable administrators of annuities to create an annuity that would fit in with the new old age assistance and old age security provisions.

4. The Secretary of State for External Affairs suggested that it might be desirable, if possible, to modify the wording of the resolution seeking approval of the continuation of Canadian participation in action by the United Nations and the North Atlantic Treaty nations so as to reduce the degree of distinction between the references to the United Nations and to the North Atlantic Treaty Organization.

5. The Cabinet, after further discussion:

(a) noted with approval the proposal of the Minister of National Defence for modification of section 15 of the Visiting Forces (North Atlantic Treaty) bill; a reprint bill to be prepared accordingly;

(b) approved for introduction the resolution to precede an amendment to the Government Annuities Act and agreed that the draft bill be further amended to include a provision regarding the creation of an annuity to fit in with the new old age assistance and old age security provisions as proposed by the Minister of Labour;

(c) approved for introduction the resolution concerning Canadian participation in action by the United Nations and the North Atlantic Treaty nations; the wording to be subject to modification along the lines suggested by the Secretary of State for External Affairs;

(d) approved for introduction the resolution to precede a bill entitled "The Privileges and Immunities (North Atlantic Treaty Organization) Act"; and

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(e) agreed that introduction of the following measures be deferred until the next session of Parliament:

Civil Service Act amendment
Emergency Gold Mining Assistanct Act amendment
Parliamentary approval of the Canada-United States Extradition Treaty relating to security frauds.

N.A.T.O.; despatch of Canadian forces to Europe

6. The Minister of National Defence, referring to discussion at the meeting of October 15th, 1951, submitted a recommendation concerning the despatch of units of the Canadian armed forces to Europe.

7. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that authority be given for the maintenance, on active service, of officers and men of the Canadian Army and R.C.A.F. not exceeding 12,000 in number as part of, or in the United Kingdom in readiness to form part of, the integrated force under the Supreme Allied Commander, Europe; an Order in Council to be passed accordingly.

(Order in Council P.C. 5598, Oct. 18, 1951).

Kurt Meyer; transfer to Germany

8. The Minister of National Defence, referring to discussion at the meeting of October 17th, 1951, submitted a recommendation to enable the commitment of a person, convicted by a Canadian military court, to a service prison either in or outside Canada there to undergo imprisonment.

The order would permit the removal of Kurt Meyer from Dorchester Penitentiary to a German prison, which, for the purpose, would be designated as a service prison.

9. The Secretary of State for External Affairs reported that the German Ambassador had made oral representations urging a reduction in the sentence of Meyer and certain others. He had been given no encouragement that such action would be possible.

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10. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that regulations be made under the National Defence Act to provide that a person convicted by a Canadian military court and sentenced to imprisonment for two years or more may be committed by the Minister of National Defence, or such authority as he appoints for that purpose, to a service prison either in or beyond Canada to undergo his imprisonment or any part of it; an Order in Council to be passed accordingly.

(Order in Council P.C. 5596, Oct. 18, 1951)

Governor General; extension of term

11. The Prime Minister said it would best suit the convenience of the Governor General to remain in Canada until the end of the summer of 1952. It seemed desirable that arrangements should be made accordingly.

12. The Cabinet noted with approval the report of the Prime Minister and agreed that he seek approval of the King for an extension of the term of the Governor General to the end of the summer of 1952.

Ming Sung Industrial Company; default on loan

13. The Minister of Finance, referring to discussion at the meeting of October 15th, 1951, said that legal action had been initiated in Hong Kong against the Ming Sung Company. However, all Ming Sung ships were now reported to be in Canton. On October 13th, the representative of the Company in Montreal had received instructions to say that the crews of the ships, fearing action that might be taken, had refused to sail them to Hong Kong. He stated that the Company hoped the government would accept its proposal for repayment instead of proceeding further with legal action. In the circumstances, there appeared to be four courses open to the government: to continue legal proceedings but with the knowledge that no vessels were in a position to be seized; to continue legal proceedings on a consent basis with agreement that no effort would be made to seize the vessels if the Company adopted a plan for repayment; to drop the legal proceedings and accept the Company proposals for deferred repayment; or to

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assume that the removal of vessels from Hong Kong indicated bad faith and take all possible action against any assets of the Company wherever found as well as to strike the vessels off Canadian registry. On the whole the second course appeared the most desirable.

14. The Secretary of State for External Affairs pointed out that the position had become more difficult since vessels nominally Canadian had taken refuge in communist Chinese ports. Adoption of the second course would look like a reversal of government policy under pressure from the Company while the vessels were kept in communist territory. As long as fighting in Korea continued, it would be a source of embarrassment to have vessels of Canadian registry carrying on trade with China. The fourth course would do away with the continuing problem.

15. The Prime Minister pointed out that there appeared to be no possibility of carrying through proceedings against the vessels, whether they were technically on Canadian registry or not. Accordingly, it might be desirable to explore the possibility that they might be transferred to British or some other registry. Transfer to British registry would be logical since the Hong Kong contraband list was under British control and they were in a position to police the cargoes that were carried. The Canadian government could not do so. If the Company were not willing to make a transfer of registry with the objective of continuing in business and paying off their obligation to the Canadian banks, action could be then taken along the lines of the fourth suggestion, including removal of the exemptions now accorded to the vessels and cancellation of their Canadian registry.

16. The Cabinet, after considerable discussion, noted the report of the Minister of Finance concerning action following the default on amounts owing by the Ming Sung Industrial Company and agreed that the possibility be explored of having a transfer of registry of the vessels in accordance with the suggestion of the Prime Minister.

Egypt; support of U.K. position

17. The Secretary of State for External Affairs, referring to discussion at the meeting of

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October 17th, 1951, reported that, since the meeting, the U.S. government had sent notes to the United Kingdom and Egyptian governments strongly supporting the British position. The French government had also given a public indication of support. In accordance with the decision of the Cabinet, a message as to the views of the Canadian government had been sent to the U.S. Secretary of State in advance of his statement. It might now be desirable to make the government's position public. A draft statement was read.

18. The Cabinet, after discussion, agreed that the Secretary of State for External Affairs be authorized to make a statement on the position of the government in relation to the Egyptian crisis in accordance with the draft submitted, but subject to the deletion of the final paragraph; the explanation to be given in the course of the general statement of policy on October 22nd, unless a specific question made an earlier announcement desirable.

Ontario provincial election; Service voting

19. The Minister of National Defence recalled the discussion at the previous meeting of arrangements for servicemen to vote during the forthcoming Ontario provincial election. For the information of the Minister of Citizenship and Immigration, he reviewed the possibilities of irregularities in Service voting under the procedure contemplated by Ontario and felt that, in the circumstances, it would be desirable for the Cabinet to confirm the tentative decision that, while offering all necessary facilities and co-operation, his department should not undertake to conduct Service voting. It was now estimated that there were some 29,300 Ontario voters in the forces, about 8,600 being at establishments in Ontario.

20. The Minister of National Revenue suggested that, if this position were taken, and if, as seemed probable, Ontario proved unable to arrange to staff the large number of polling booths required at service establishments in Canada and abroad, the federal government might be accused of disfranchising servicemen.

21. The Cabinet, after further discussion, noted the report of the Minister of National Defence on proposals for Service voting in the forthcoming

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Ontario provincial election and agreed that, subject to certain further enquiries by the Minister, the Ontario election authorities be informed:

(a) the Department of National Defence was prepared, in Canada and abroad, to provide liaison officers, facilities, accommodation, rations and necessary transportation for Ontario civilian election officials, and to arrange for Ontario servicemen to have time to vote;

(b) Ontario must provide civilian election officials at Service establishments in Canada;

(c) in any case in which civilian officials could not be provided in time to staff a polling booth abroad, Ontario could select election officials for that voting place from among officers at the Service establishment in question; and

(d) the province would have to assume full responsibility for all arrangements made and procedures followed in connection with Service voting.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 22,1951

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Items discussed

Vatican; diplomatic representation; possible statement	1.
War Veterans' Allowances; relationship to old age security legislation	2.
Legislation; Railway Act amendment	3.
St. Lawrence waterway; legislation; announcement	3.
F.A.O.; Sixth Session; Canadian participation	4.
German war criminals	5.
Ming Sung ships; new allegations; transfer to U.K. registry	5.
Parliament; debate on world situation	6.
U.N. General Assembly; Canadian delegation	6.
Canadian Legion; interview with the government	7.
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Canada-U.S.-Japan fisheries treaty	8.

THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, October 22nd, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Vatican; diplomatic representation; possible statement

1. The Prime Minister said that the recent announcement of the appointment of General Mark Clark as the first U.S. diplomatic representative to the Vatican would probably give rise in the House

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of Commons to questions as to what similar action, if any, Canada intended to take. He submitted and read a draft statement he might make in reply to any such question.

2. The Secretary of State for External Affairs thought that any statement should be in very general terms and merely indicate that the question had been under consideration from time to time. It has been ascertained that President Truman would not appoint General Clark in recess, as was within his constitutional powers, but would wait until the Senate could take action in the matter after Congress was reconvened in January of next year.

3. The Minister of Trade and Commerce felt that it would be sufficient to refer to the statement made last year and to add that there had been no change since then.

4. The Cabinet approved, subject to certain modifications suggested during the discussion, the statement which might be made in reply to any question which might be raised in the House of Commons in respect of Canadian diplomatic representation at the Vatican.

War Veterans' Allowances; relationship to old age security legislation

5. The Prime Minister reported that there appeared some doubt as to the decision reached on October 5th on the position of War Veterans' Allowances in relation to the universal pension after January 1st, 1952. He thought that the consensus of opinion at that time was that no special provision should be included, in respect of War Veterans' Allowances benefits, in the old age security legislation, that the War Veterans' Allowances Act should not be amended during the course of this session and that, as a consequence, after January 1st, 1952, the universal pension would simply be considered as income for the purposes of payments under the War Veterans' Allowances Act.

6. The Cabinet, after discussion, agreed that no action be taken at this time in respect of War Veterans' Allowances and that as a consequence, after January 1st, 1952, the universal pension be considered simply as income for purposes of payments under the War Veterans' Allowances Act.

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Legislation; Railway Act amendment

7. The Minister of Transport stated it would be desirable to modify the present bill to amend the Railway Act in order to insert provisions respecting the position of the Chief Commissioner of the Board of Transport Commissioners.

As the Railway Act now stood, it provided that the Chief Commissioner had to be chosen from among the judges of the Exchequer Court and that the Chief Commissionership be combined with a judgeship on the Exchequer Court. It seemed desirable to return to the provision of 1927 which enabled judges of a superior court of Canada or of any province, or barristers with ten years' standing, to be appointed as Chief Commissioner. Incidental provisions would be required also on salary, pension rights and reappointment. It might also be desirable to provide that a Chief Commissioner whose term ended before he reached age seventy-five, should become a supernumerary Judge of the Exchequer Court.

8. The Cabinet noted the report of the Minister of Transport concerning the office of Chief Commissioner of the Board of Transport Commissioners and agreed that a draft of proposed provisions thereon to be included in the bill to amend the Railway Act be prepared for consideration at a subsequent meeting.

St. Lawrence waterway; legislation; announcement

9. The Minister of Transport said that further consideration had been given to legislation to be introduced in connection with the St. Lawrence waterway development. One possibility was to have a single piece of legislation at the present time to establish the agency to handle the St. Lawrence project. The other was to introduce two bills, one establishing the agency and the other authorizing the conclusion of an agreement with Ontario. On the whole it appeared best to have two bills.

10. The Secretary of State for External Affairs pointed out that, in view of the adjournment of Congress without action on the St. Lawrence agreement, it was clear that there could be no implementation of the international plan at an early date. It would be desirable, accordingly, to have an approach made to the U.S. authorities asking for co-operation

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in having the development carried out by Canada as had been contemplated in the discussion between the Prime Minister and the President. If this was agreed, something might be included in the general statement to be made in the House of Commons on international affairs. The statement could outline the steps necessary in Canada and the United States to enable the seaway project to be undertaken by Canada alone.

A draft of possible remarks was read.

11. The Cabinet, after discussion,:

(a) noted with approval the report of the Minister of Transport and agreed that legislation to enable the execution of the St. Lawrence project be prepared along the lines indicated; the composition of the interdepartmental committee considering the legislation to include such persons as might be deemed desirable by him and the Minister of Trade and Commerce; and,

(b) agreed that the Secretary of State for External Affairs inform the House of Commons that an approach was being made immediately to the U.S. authorities to seek co-operation in the implementation of the St. Lawrence seaway development as a Canadian project.

F.A.O.; Sixth Session; Canadian participation

12. The Secretary of State for External Affairs outlined certain proposals made for Canadian participation in the forthcoming session of the Conference of the Food and Agriculture Organization.

An explanatory memorandum had been circulated.

(Minister's memorandum, Oct. 13, 1951 - Cab. Doc. 268-51).

13. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs and

(a) agreed to defer consideration of Canadian participation in the Sixth Session of the Conference of the Food and Agriculture Organization, opening in Rome on November 19th, 1951, pending review of the proposed delegation by the Department of External Affairs with the Department of Agriculture, and,

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(b) noted that the Minister of Resources and Development had indicated it was not essential for his department to be represented.

German war criminals

14. The Minister of National Defence, referring to the discussion at the meeting of October 18, 1951, pointed out that it would be necessary to reply to a question in the House of Commons as to whether the recent action of the government in transferring Kurt Meyer to a criminals' prison in Germany had resulted from foreign representations.

15. The Cabinet, after discussion, noted the report of the Minister of National Defence regarding German war criminals and agreed that:

(1) the Secretary of State for External Affairs take immediate steps to have the German Ambassador informed, in reply to his representations, that the government was unable to agree to remission of the sentences of Kurt Meyer and Johann Neitz;

(2) in order to dispose of the enquiry in the House of Commons concerning Meyer,

(a) the Minister of National Defence would table the relevant Order in Council, report his consequential action in designating Werl prison as a Canadian Service prison and committing Meyer to it and explain that German representations for the remission of Meyer's sentence had been received subsequent to the decision to transfer him to Germany; and

(b) the Secretary of State for External Affairs would then outline his department's discussions with the German Ambassador.

Ming Sung ships; new allegations; transfer to U.K. registry

16. The Secretary of State for External Affairs, referring to the discussion at the meeting of October 18th, 1951, said that authorities in Hong Kong had transmitted unconfirmed reports that Canadian-registered ships of the Ming Sung Industrial Company were carrying communist troops to Hainan and that there were fairly reliable reports that these ships were also carrying strategic materials between Macao and Canton.

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17. The Minister of Transport suggested that, in the circumstances, it appeared desirable to withdraw the exemptions from provisions of the Canada Shipping Act enjoyed by these vessels.

18. The Cabinet, after further discussion:

(a) noted the report of the Secretary of State for External Affairs regarding new allegations concerning the activities of Canadian-registered ships of the Ming Sung Industrial Company; and,

(b) deferred decision as to further action to be taken pending clarification of the said allegations and receipt of a report from the Minister of Finance on transfer of the ships to U.K. registry.

Parliament; debate on world situation

19. The Secretary of State for External Affairs, referring to discussion at the meeting of October 17th, 1951, said it was possible that, in the course of the special debate on the world situation, the question of Canadian-registered Ming Sung ships and other controversial matters would be raised. It appeared desirable, therefore, for a member of the government to deal with any such questions at the end of the debate.

20. The Prime Minister said that he had discussed this matter with the leaders of the Opposition in the House of Commons and that they had indicated that they would have no objection to Mr. Pearson taking up, at the end of the debate, questions raised at earlier stages.

21. The Cabinet, after discussion, noted the report of the Prime Minister that it was acceptable to the leaders of the Opposition in the House of Commons for the Secretary of State for External Affairs to take up at the end of the debate on the world situation, questions raised at earlier stages.

U.N. General Assembly; Canadian delegation

22. The Secretary of State for External Affairs, referring to the discussion at the meeting of October 13th, 1951, reported recent developments in the appointment of Parliamentary advisers to the Canadian delegation to the forthcoming United Nations General Assembly.

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23. The Cabinet noted the report of the Secretary of State for External Affairs that Mr. F.H. Larson and General G.R. Pearkes had been appointed as the Liberal and Conservative Parliamentary advisers to the Canadian delegation to the forthcoming United Nations General Assembly and that it was not planned to appoint a C.C.F. or Social Credit adviser for the present.

Canadian Legion; interview with the government

24. The Minister of Veterans Affairs said the President of the Canadian Legion had enquired whether the Executive Council of the Legion could, as usual, meet with members of the government shortly before Remembrance Day.

25. The Cabinet, after discussion, noted the report of the Minister of Veterans Affairs and agreed to receive the Executive Council of the Canadian Legion at 11:30 a.m. on November 9th, 1951.

Parliament; hours for sittings

26. The Prime Minister raised the question of arrangements to be adopted for sittings of the House of Commons after the present week.

27. The Cabinet, after discussion, agreed that the Minister of Public Works and the Minister of Citizenship and Immigration suggest to the Select Committee for Improving Procedure that, in its second report to the Speaker of the House of Commons, it recommend that, during theweek beginning October 29th, 1951, the House experiment with sittings from 2:00 p.m. to 7:00 p.m.; it being understood that it would probably also be recommended that individual speeches be limited to 30 minutes in length.

Canadian Broadcasting Corporation; appointment

28. The Minister of National Revenue put forward a proposal for the re-appointment of a Governor of the Canadian Broadcasting Corporation.

29. The Cabinet approved the recommendation of the Minister of National Revenue and agreed to the re-appointment of Mrs. E.S. Farr as a Governor of the Canadian Broadcasting Corporation for three years from November 1st, 1951; an Order in Council to be passed accordingly.

(Order in Council P.C. 5597, Oct. 22, 1951).

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Canada-United States-Japan fisheries treaty

30. The Prime Minister said the Minister of Fisheries had reported that Canadian and U.S. officials had reached agreement on the kind of fisheries treaty to be negotiated with Japan. The most important provision would relate to the limitation of the international rights of fishing. Among the exceptions to the limitations would be one inserted at Canadian insistence to the effect that, because of intermingling of fishing stocks, operations and joint regulation programmes, neither Canada nor the United States would be asked to waive international fishing rights in the high seas contiguous to the coast of Canada or the United States from and including the Gulf of Alaska southward.

An explanatory memorandum had been circulated.

(Memorandum, Minister of Fisheries, Oct. 16, 1951 - Cab. Doc. 269-51)

31. Mr. St-Laurent mentioned that it might be necessary for Mr. Mayhew to participate in the treaty discussions without returning to Ottawa for further consultation.

32. The Cabinet, after discussion:

(a) noted with approval the report of the Minister of Fisheries concerning proposed negotiations between Canada, the United States and Japan for the conclusion of a fisheries treaty; and,

(b) authorized participation on behalf of Canada in such negotiations and the initialling at the official level of a draft treaty if a satisfactory form were agreed on.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 23rd,1951

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Items discussed

Legislation; Railway Act amendment 1.

Legislation; Criminal Code and Combines Investigation Act amendments; provisions respecting resale price maintenance 2.

Parliament; legislation 3.

U.N. General Assembly; Sixth Session; instructions for Canadian delegation 3.

Japanese Overseas Agency in Canada; extension of functions 4.

Advances on farm-stored grain; proposal of the Premier of Saskatchewan 5.

Foreign Exchange Control Board Regulations; amendments 5.

Ming Sung Industrial Company; Canadian-registered ships 6.

Parliament; enquiry as to possible employment of 27th Brigade in Middle East 6.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, October 23rd, 1951, at 11.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Legislation; Railway Act amendment

1. The Prime Minister, referring to discussion at the meeting of October 22nd, 1951,

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reported that a draft of provisions that might be inserted in the bill to amend the Railway Act in respect of the position of the Chief Commissioner of the Board of Transport Commissioners had been prepared.

Copies of the draft provisions had been circulated.

(Department of Transport memorandum, Oct. 22, 1951 - Cab. Doc. 275-51).

2. Mr. St-Laurent felt it might be desirable to modify somewhat the draft proposals.

The provision for reappointment should cover one or more periods not exceeding ten years at a time, rather than simply a single period. The provision for a Chief Commissioner, whose term ended before he reached the age of seventy-five, should provide that he ipso facto become a supernumerary judge of the Exchequer Court, with the same rights and privileges as a puisne judge. In the salary provision, it might be desirable to provide that the salary should be equal to that of the President of the Exchequer Court from time to time. The provisions should be so drawn that no specific appropriation would be necessary to enable a retiring Chief Commissioner to become a supernumerary judge.

3. The Cabinet, after discussion, agreed that provisions with respect to the office of the Chief Commissioner of the Board of Transport Commissioners be drafted for inclusion in the bill to amend the Railway Act now before the House; the draft to be in accordance with the comments of the Prime Minister.

Legislation; Criminal Code and Combines Investigation Act amendments; provisions respecting resale price maintenance

4. The Minister of Justice submitted a draft of possible provisions to be inserted in the Criminal Code to prohibit imposition of specific or minimum resale prices. The provisions as drafted would not prohibit the imposition of a maximum resale price.

Copies of the draft were circulated.

(Department of Justice memorandum, undated)

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5. The Prime Minister said it would be desirable to consider whether the objective might not better be achieved through amendment of the Combines Investigation Act rather than through insertion of a provision in the Criminal Code. The measure was essentially economic in character and it was conceivable that, at a future time, if deflation were a problem, resale price maintenance might appear in a different light. Handling as a criminal matter would make modification of policy difficult. The new provisions could be an amendment of section 2(1)(c) of the Combines Investigation Act with regard to resale prices and tied in with the principle in section 2(1)(f) concerning detriment to the public interest.

6. The Minister of National Health and Welfare thought that further consideration should be given to the merits of the proposed policy.

7. The Cabinet, after discussion, agreed that consideration of proposed legislation with respect to resale price maintenance be deferred to a subsequent meeting.

Parliament; legislation

8. The Secretary submitted certain draft legislation.

9. The Cabinet, after discussion, approved the following measures for introduction in the House of Commons:

Privileges and Immunities (North Atlantic Treaty Organization) bill; and

Visiting Forces (North Atlantic Treaty) bill.

U.N. General Assembly; Sixth Session; instructions for Canadian delegation

10. The Secretary of State for External Affairs submitted for approval draft general instructions to the Canadian delegation to the United Nations Assembly, as well as draft instructions regarding the proposed covenant on human rights and on Asian questions. It was recommended that, during the discussion of the report of the Collective Measures

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Committee, the delegation be guided by the consideration that, in a general war, the United Nations should be used as an agency for securing maximum support from states not directly participating in operations, and that its role should be at least as active as it had been in the Korean crisis. Generally speaking, the agenda involved further examination of long-standing problems. Most of the important discussions would revolve around whatever questions the Soviet Union, Egypt, Iran and possibly other countries decided to raise during the meetings.

Explanatory memoranda had been circulated.

(Minister's memoranda, Oct. 12, Oct. 17 and Oct 18, 1951 - Cab. Docs. 271-51, 273-51 and 276-51.)

11. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs and approved the instructions to the Canadian delegation to the United Nations General Assembly embodied in the Minister's memoranda of October 12th, October 17th and October 18th, 1951.

Japanese Overseas Agency in Canada; extension of functions

12. The Secretary of State for External Affairs referred to the discussion at the meeting of January 24th, 1951, when it had been agreed that a Japanese Overseas Agency be established in Canada with limited commercial and consular functions. Since then, the Supreme Commander for the Allied Powers had authorized the Japanese government to issue passports abroad subject to agreements with countries concerned, and to conclude agreements with other governments defining the functions of overseas agencies in mutually satisfactory terms. There were various arguments for agreeing to an expansion of the functions of the agency in Canada, notably the consideration that Canada had signed the Japanese Peace Treaty and that, upon its ratification, the agency here would presumably become a normal diplomatic mission. He therefore proposed approval for some extension of the functions of the agency in Canada.

An explanatorymemorandum was circulated.

(Minister's memorandum, Oct. 16, 1951 - Cab. Doc. 274-51)

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13. The Cabinet, after discussion, approved the recommendations of the Secretary of State for External Affairs and agreed that:

(a) arrangements be concluded with the Japanese government whereby Canada would agree to the issue, renewal and amendment of Japanese passports or other travel documents by the Japanese Overseas Agency in Canada, including the placing in Japanese passports of authorizations from the Supreme Commander for the Allied Powers for Japanese citizens to return to Japan; and

(b) the Minister be authorized to agree to other further reasonable extension of the functions to the agency, including the issue of visas, if approached by the Japanese government.

Advances on farm-stored grain; proposal of the Premier of Saskatchewan

14. The Prime Minister said that he had received a letter from the Premier of Saskatchewan proposing advances to grain growers in respect of grain stored on farms. He read a draft reply prepared by the Minister of Trade and Commerce.

15. The Cabinet, after discussion, noted the report of the Prime Minister that the Premier of Saskatchewan had suggested the introduction of legislation to provide advances to grain growers in respect of grain stored on farms, and approved the general lines of his proposed reply to the effect that, while not ruling out the need for the action proposed, it was hoped that the situation could be met by current measures designed to expedite the movement of grain and to put cash into the hands of farmers.

F.E.C.B. Regulations; amendments

16. The Minister of Finance, referring to the discussion at the meeting of October 13th, 1951, put forward modified proposals for amendments to the Foreign Exchange Control Board Regulations.

17. The Cabinet, after discussion, approved the recommendations of the Minister of Finance and

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agreed to certain amendments to Section 11 and Part C of Schedule IV of the Foreign Exchange Control Board Regulations; an Order in Council to be passed accordingly.

(Order in Council P.C. 5490, Oct. 23, 1951.)

Ming Sung Industrial Company; Canadian-registered ships

18. The Minister of Finance, referring to discussions at the meetings of October 18th and October 22nd, 1951, said that, in view of recent developments, it would be necessary, sometime during the next two or three days, to state in the House of Commons that it would no longer be possible for the ships of the Ming Sung Industrial Company to remain under Canadian registry. The Company's Montreal office had thought that a transfer of the ships to U.K. or Indian registry might be a happy solution. As, however, U.K. authorities might not accept transfer and India might set conditions unacceptable to the Company, the latter might have to place the ships under some "neutral" registry. It was his view that any registry of good standing should be satisfactory.

19. The Cabinet, after discussion, noted the report of the Minister of Finance and agreed that:

(a) a statement be made in the House of Commons to the effect that it would no longer be possible for the Canadian-registered ships of the Ming Sung Industrial Company to remain under Canadian registry; and,

(b) the Minister endeavour to arrange with the Company the transfer of these ships to any other registry of good standing.

Parliament; enquiry as to possible employment of 27th Brigade in Middle East

20. The Secretary of State for External Affairs, referring to the discussion at the meeting on October 22nd, 1951, pointed out that, during the debate on the motion for approval of Canada's continued participation in peace efforts, Major-General Pearkes had enquired whether General Eisenhower had the authority to despatch the 27th Infantry Brigade from

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Western Europe to Greece or Turkey without consulting Canada. If it were decided to reply to this question, it might be indicated that the answer was in the negative since the Middle East was not under General Eisenhower's command.

21. The Cabinet, after discussion, noted the comments of the Secretary of State for External Affairs on Major-General Pearkes' enquiry in the House of Commons regarding the possibility of the 27th Infantry Brigade being despatched from Western Europe to Greece or Turkey, and agreed that, if this enquiry were answered, it would be indicated that it raised a hypothetical question not yet considered by the government and that, should it be decided to move the Brigade to the Middle East, Parliament would be advised.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 25,1951

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Items discussed

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Parliament; Calgary West by-election	2.
Parliament; legislation	2.
Legislation; Criminal Code or Combines Investigation Act amendments	3.
International Refugee Organization; "hard core" cases	3.
Export of arms to Israel	4.
U.N. Food and Agriculture Organization; Canadian delegation to Sixth Session	5.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, October 25th, 1951, at 11.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Transport; charter of the "C. D. Howe" to Australia

1. The Minister of Transport, referring to discussion at the meeting of August 2nd, 1951,

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reported that the Australian government had not seen its way clear to accept the charter arrangements proposed by Canada in connection with the participation of the Arctic patrol vessel "C.D. Howe" in an Australian Antarctic expedition. As a result, the vessel would not be sailing to Australia.

2. The Cabinet, after discussion, noted the report by the Minister of Transport that the Arctic patrol vessel "C. D. Howe" would not be chartered to the Australian government for a projected Antarctic expedition.

Parliament; Calgary West by-election

3. The Prime Minister, referring to discussion at the meeting of October 13th, 1951, submitted a recommendation for the holding of a by-election on December 10th in the electoral district of Calgary West.

4. The Cabinet, after discussion, agreed that a by-election be held in the electoral district of Calgary West to fill the vacancy created by the resignation of Mr. A. L. Smith; the writ for such by-election to be dated October 25th, 1951, and the day of polling to be December 10th, 1951; an Order in Council to be passed accordingly.

(Order in Council P.C. 5670, Oct. 25, 1951.)

Parliament; legislation

5. The Secretary submitted certain draft measures.

6. The Cabinet, after discussion, approved the following measures:

(a) for introduction in the House of Commons:

bill entitled "The Old Age Security Act"; and
bill to amend the Government Annuities Act; and,

(b) for introduction in the Senate in the first instance:

bill entitled "The Whaling Convention Act".

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Legislation; Criminal Code or Combines Investigation Act amendments

7. The Prime Minister, referring to the discussion at the meeting of October 23rd, 1951, felt that consideration might usefully be given to the desirability of establishing a special committee of the House of Commons, or perhaps even a joint Parliamentary committee, for the purpose of considering the interim report on the fixing of resale prices submitted by the Combines Investigation Committee and of reporting on legislation which might be deemed appropriate in the light of the recommendations therein.

8. The Cabinet, after discussion, noted the suggestion by the Prime Minister that a special committee of the House of Commons, or a joint Parliamentary committee, might be established to consider and report on the interim report on the fixing of resale prices submitted by the Committee to Study Combines Legislation and deferred decision pending further consideration at a later meeting.

International Refugee Organization; "hard-core" cases

9. The Minister of Citizenship and Immigration, referring to discussion at the meeting of June 15th, 1951, said that a decision would have to be reached at an early date on the request put forward some time ago by the International Refugee Organization for Canadian assistance in disposing of the remaining "hard-core" problem.

10. The Secretary of State for External Affairs pointed out that, of the 46,711 "hard-core" cases (including the blind, the tubercular, etc.) which had already been settled, 26,675 had been accepted for permanent care by various countries and the remainder resettled by other means. There remained a total of 5,613 "hard-core" cases still to be disposed of before the Organization concluded its operation at the end of this year. The total of 26,675 "hard-core" cases accepted for permanent care could be broken down as follows:

Western Germany	9,165
France	7,354
Israel	5,467
United States	1,637
Austria	902
Denmark	310
Netherlands	282
Sweden	259
Belgium	235
Australia	224
Switzerland	207
United Kingdom	183
Canada	160 (all T.B.)
Other countries	290

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11. The Minister of National Revenue again voiced his apprehension lest acceptance on a wide scale of I.R.O. T.B. "hard-core" cases might introduce new strains of tuberculosis hitherto unknown in this country. In the circumstances he would think it preferable for Canada to contribute funds to I.R.O. for the treatment of an agreed number of these cases in Europe.

12. The Minister of National Health and Welfare said that, although he was personally inclined to share the views held by Dr. McCann, he had been given assurances by the medical authorities of his department that the matter had been carefully considered and that there did not appear to be any danger of infection spreading as a result of these admissions.

He added that, although the discovery of 80 active tubercular cases amongst Polish soldiers admitted to Canada at the termination of World War II had constituted a real problem at that time, all these cases had now been discharged from hospital without any apparent resulting difficulty.

13. The Prime Minister suggested that more information be secured on the 160 T.B. "hard-core" cases, for which Canada had allegedly assumed permanent responsibility, before reaching a final decision as to what further aid might be extended to I.R.O. towards the solution of the remaining "hard-core" problem.

14. The Cabinet, after discussion, noted the reports by the Minister of Citizenship and Immigration and the Secretary of State for External Affairs respecting proposals for Canadian participation in the disposition of the remaining I.R.O. "hard-core" problem and deferred decision pending submission of further information as to the extent and nature of the responsibility already assumed by Canada in this respect.

Export of arms to Israel

15. The Secretary of State for External Affairs said that following a decision of the Cabinet Defence Committee on August 30th and after consulting U.K. and U.S. authorities, 25 Canadian 25-pounders had been sold to Israel from existing stocks. The

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government of Israel had now requested permission to purchase 11 additional 25-pounders, ancillary equipment for 36 25-pounder guns and 2,000 rounds of ammunition for each of these guns. The Department of National Defence was prepared to release from stocks the 11 guns requested and the ancillary equipment for the full 36 guns. There were insufficient stocks, however, to meet the ammunition requirements and it was suggested that a total of 17,250 pounds only be made available to Israel at this time. This was considered to be adequate for present Israeli needs.

It was thought that it would be politically advisable to meet the request of the government of Israel in this matter in view of the growing instability in the Arab world.

An explanatory memorandum had been circulated.

(Memorandum, Secretary of State for External Affairs, Oct. 22, 1951 - Cab. Doc. 277-51)

16. The Prime Minister felt that, in the circumstances, it would be desirable to approve the sale of the guns, equipment and ammunition to the government of Israel but that decision might be deferred on what action should be taken if, at a later date, the Israeli government placed an order with Canada for the manufacture of additional quantities of 25-pounder ammunition.

17. The Cabinet, after discussion, approved the sale from Army stocks at replacement cost to the government of Israel of 11 25-pounder guns, ancillary equipment for 36 25-pounder guns and 17,250 rounds of 25-pounder ammunition as recommended and deferred decision on the attitude to be taken if, at a later date, the Israeli government requested the manufacture in Canada of additional quantities of ammunition.

U.N. Food and Agriculture Organization; Canadian delegation to Sixth Session

18. The Minister of Agriculture, referring to discussion at the meeting of October 22nd, 1951, suggested that Mr. S. J. Chagnon, of the Department of Agriculture and Mr. J. H. Tremblay, an official of

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the Department of Trade and Commerce presently in Paris, be added to the Canadian delegation attending the Sixth Session of the Conference of the Food and Agriculture Organization of the United Nations which was meeting in Rome on November 19th.

19. The Secretary of State for External Affairs said that the Minister of Resources and Development, after looking further into the matter, was of opinion that his department should be represented at the Conference by Dr. D. A. Macdonald, Director of the Forestry Branch. He added that it might be advisable to delete from the official list of delegates the names of certain government officials now stationed in Europe on the understanding that these officials would nonetheless be available as advisers during the meetings.

20. The Cabinet, after discussion, agreed:

(a) that S. J. Chagnon, Esq., of the Department of Agriculture, and J. H. Tremblay, Esq., of the Department of Trade and Commerce, be added to the list of Canadian delegates attending the Sixth Session of the Conference of the Food and Agriculture Organization of the United Nations meeting in Rome on November 19th, 1951; and

(b) that the Minister of Agriculture and the Secretary of State for External Affairs reach a decision, in consultation, as to the desirability of deleting from the formal list of delegates, the names of certain government officials now stationed in Europe, on the understanding that such officials would be available for participation at the Conference if and when required.

Colombo Programme for Technical Co-operation; U.N. Expanded Programme for Technical Assistance; Canadian contributions in 1952

21. The Secretary of State for External Affairs recalled the decisions of June 12th, 1950, approving a Canadian contribution of $400,000 for the first twelve-month period of the Colombo Programme for Technical Co-operation, and a contribution of

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$850,000 to the United Nations Expanded Programme for Technical Assistance for the first financial period of eighteen months ending December 31st, 1951.

In order to plan Canadian participation beyond March 31st, 1952 in the said Colombo programme, officials concerned wished to have assurance that a contribution for the next fiscal year would be included in the Main Estimates for 1952-53.

The Secretary General of the United Nations had asked that delegations to the General Assembly be prepared to pledge contributions for the year 1952 to the U.N. programme mentioned.

Approval in principle was recommended for a second $400,000 contribution by Canada to the Colombo programme and that the Canadian delegation to the General Assembly be authorized, subject to certain conditions, to pledge up to $850,000 to the U.N. programme for 1952.

(External Affairs note Oct. 24, 1951 and attached draft memorandum October 25, 1951)

22. The Minister of Finance felt that Canada was committed to making the further contributions proposed.

23. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs and:

(a) agreed in principle to a second contribution of $400,000 towards the operation of the Colombo Programme for Technical Co-operation, this amount to be included in the Main Estimates for 1952-53;

(b) agreed that the Canadian delegation to the forthcoming General Assembly be authorized to pledge an amount up to $850,000 as the Canadian contribution to the United Nations Expanded Programme for Technical Assistance for the year 1952; the extent of the Canadian contribution to depend on the amounts pledged by other countries and on the delegation being fully satisfied with the nature of the programme for 1952.

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Extradition for securities frauds; supplementary convention with the U.S.; signature

24. The Secretary of State for External Affairs, referring to the discussion at the meeting of September 5th, 1951, submitted a draft supplementary convention with the United States providing for a limited extradition for securities frauds and, with the concurrence of the Minister of Justice, recommended that he and Mr. Garson be authorized to sign.

25. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that he and the Minister of Justice be authorized to sign, on behalf of the Government of Canada, in the form proposed, a supplementary convention with the United States to amend the convention of December 13th, 1900, amending the Extradition Treaty of August 9th, 1842; an Order in Council to be passed accordingly.

(Order in Council P.C. 5736, Oct. 25, 1951)

Forthcoming receptions at Czechoslovak and Soviet Missions in Ottawa; attendance by Ministers and officials

26. The Minister of National Defence raised the question of attendance at receptions at the Czechoslovak and Soviet Missions in Ottawa on the occasion of the anniversaries of Czechoslovak Independence Day on October 29th, and the October Revolution on November 7th, 1951, respectively.

27. The Secretary of State for External Affairs saw no objection to attendance at these receptions. The invitation to the Czechoslovak reception was this year in unobjectionable form and it was thought that a few officials of his department should attend. Members of the Soviet Embassy had recently shown themselves more sociable and it was thought that rather more officials of his department than in past years might attend the Soviet reception.

28. The Cabinet, after further discussion, noted the observations of the Secretary of State for External Affairs about attendance by officials of his department at the forthcoming receptions on October 29th and November 7th, 1951, at the Czechoslovak

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and Soviet Missions in Ottawa respectively, and agreed that members of the government and Canadian officials should not feel obliged to refrain from attending these receptions.

Parliament; hours for sittings

29. The Minister of Public Works, referring to the discussion at the meeting of October 22nd, 1951, reported on proposals that the Select Committee for Improving Procedure was about to make to the Speaker of the House of Commons with regard to hours for sittings during the fortnight beginning October 29th, 1951.

30. The Cabinet noted the report of the Minister of Public Works that, in its second report to the Speaker of the House of Commons, the Select Committee for Improving Procedure would recommend, as final experiments, that, during the week beginning October 29th, 1951 sittings be held from 2.30 p.m. to 6.30 p.m. from Monday to Friday inclusive, as well as from 8.00 p.m. to 11.00 p.m. on the Tuesday and Thursday, and that, during the week beginning November 5th, they be held from 2.30 p.m. to 6.00 p.m. and from 8.00 p.m. to 10.30 p.m. (not including Wednesday evening) for the first four days and from 2.30 p.m. to 7.00 p.m. on the Friday.

St. Lawrence waterway and power project

31. The Secretary of State for External Affairs, referring to the discussion at the meeting of October 22nd, 1951, proposed that arrangements be made either for the committee drafting legislation on the St. Lawrence project, or officials of the Departments of External Affairs and Transport, to recommend how the U.S. Administration should be approached with a view to obtaining its co-operation in having the project carried out by Canada. He thought that steps should be taken to associate the Chairman of the Commission with current interdepartmental discussions regarding the waterway.

32. The Prime Minister felt that, while General McNaughton would not wish to have any official connection with the interdepartmental bodies concerned, it would be well to have him kept fully informed of developments and Canadian views.

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33. Mr. Chevrier pointed out that there was a question on the order paper in the name of Mr. Balcom as to the estimated costs, revenues and effects of the waterway which it appeared undesirable to answer at this time.

34. The Cabinet, after further discussion, noted the comments of the Secretary of State for External Affairs and the Minister of Transport and agreed that:

(a) the committee preparing legislation on the St. Lawrence project or officials of the Departments of External Affairs and Transport prepare recommendations as to how the U.S. Administration should be approached to obtain its co-operation in having the project carried out by Canada;

(b) steps be taken to keep General McNaughton fully informed of developments and Canadian views in connection with the project, other than as a member of interdepartmental bodies concerned; it being noted that the Minister of Transport, and the Prime Minister at a later date, would discuss the project with General McNaughton;

(c) the Department of Transport prepare a draft answer to the question on the St. Lawrence project standing on the order paper in the name of Mr. Balcom, with a view to consideration being given at a subsequent meeting to the desirability or otherwise of answering the question at this time.

Ming Sung Industrial Company; enquiries in the House of Commons

35. The Secretary of State for External Affairs, referring to the discussion at the meeting of October 23rd, 1951, recalled that at the last session of Parliament Major General Pearkes had placed on the order paper certain questions about the ships of the Ming Sung Industrial Company. In one he had asked for information on cargoes carried by the Company's ships in 1950 and 1951 and in another had enquired whether any of these ships had traded under the flag of communist China. The Department of Trade and Commerce had drafted an answer to the first question.

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36. The Minister of Finance thought that consideration of these questions should be deferred pending the return of the Minister of Trade and Commerce and determination of whether government departments possessed any official information on the second question.

He hoped he might have information from the Company in time to enable him to make his statement in the House of Commons the following day regarding the transfer of the Company's Canadian-registered ships to another registry.

37. The Cabinet, after further discussion:

(a) noted the report of the Minister of Finance that he hoped to be in a position to make a statement in the House of Commons the following day regarding transfer of the Canadian-registered ships of the Ming Sung Industrial Company to another registry;

(b) agreed to defer consideration of the questions regarding the Company's ships placed on the order paper by Major General Pearkes in June, 1951, pending return of the Minister of Trade and Commerce and determination of whether the departments concerned possessed any official information as to whether any of the Company's ships had been trading under the flag of communist China.

Royal visit; gift by the federal government

38. The Secretary of State for External Affairs, referring to the discussion at the meeting of October 5th, 1951, said it had been found that the A. Y. Jackson landscape that it had been hoped to present to Princess Elizabeth and the Duke of Edinburgh as the gift of the federal government was not available. The National Gallery could provide six small paintings or,possibly, "The Ferry, Quebec" by J. W. Morrice. He was not in favour of the first alternative.

39. The Prime Minister said that the Morrice might not be valued as much in the United Kingdom as in Canada. It was difficult to think of a suitable alternative to a painting in the short time remaining before the end of the Royal visit.

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40. The Minister of Finance thought that, if the Jackson painting were not available, it would be best to drop the proposal of providing any gift.

41. Mr. Pearson suggested, as an alternative, that it might be well to put together in suitable form a collection of press clippings, and possibly photographs, regarding the visit and to indicate to the Private Secretary to the Princess that this material was being assembled.

42. The Minister of National Defence thought that films of the visit made by the National Film Board, the Services and others might also be sent to the Princess when ready.

43. The Cabinet, after further discussion, noted the report of the Secretary of State for External Affairs and agreed that:

(a) a gift would not be presented by the federal government to Princess Elizabeth and the Duke of Edinburgh during the Royal visit;

(b) photographs and possibly some clippings regarding the Royal visit would be collected in morocco-bound volumes and, with suitable films of the visit made by the National Film Board, the Services and others, forwarded to the Princess and the Duke of Edinburgh after their return to London; the Private Secretary to the Princess to be informed that this material was in the course of preparation.

Proportion of French Canadians in the Services; enquiries in the House of Commons

44. The Minister of National Defence said that Mr. Balcer had given notice of six questions in the House of Commons on the proportion of French Canadians in the Services. The enquiries involved the amount of money spent in Quebec in the first half of 1951 on advertising for recruits; the number of enlistments there each month from September 1st, 1950 to August 31st, 1951; the number and proportion of French Canadians above the rank of Lieutenant Commander in the Navy and above the rank of Major at Army headquarters; and the number and proportion of French Canadians in each class at the two tri-Service colleges.

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In the past such information had not been provided as it was not considered to be in the interests of national unity. While, during the last session, he had provided certain data in order to refute a suggestion that French Canadians were not playing their part in connection with the action in Korea, he had pointed out to the House that this should not be taken as a precedent.

45. The Minister of Finance suggested that there should be no problem in answering the questions about expenditures on recruiting and the number of men enlisted.

46. The Prime Minister thought that while it was recognized that governmental policy was likely to lead to more French Canadians attaining senior rank in the Services, there was some feeling that the Services themselves were holding up this process.

47. The Minister of Veterans Affairs pointed out that, although in a few years' time, under its present policies, the Army appeared likely to include a reasonable proportion of French Canadians of senior rank, the same could not be expected of the other two Services. He agreed that the latter, rather than the government, were considered responsible for this situation. He thought that withholding the information requested would lead to more criticism than its production.

48. Mr. Claxton said that, while it would be practicable to assemble the information requested, this would take time since a large number of files would have to be examined to determine which of the officers and cadets in question were French Canadians. Thus the questions would have to stand for the present and might ultimately have to be passed as orders for return. If the information were to be provided it would be desirable to indicate at the same time how the position of French Canadians in the Services had improved in recent years.

49. The Cabinet, after further discussion, noted the report of the Minister of National Defence that Mr. Balcer had given notice of six questions in the House of Commons on the proportion of French Canadians in the Services and agreed that:

(a) the questions be allowed to stand for the present;

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(b) further consideration be given to them when the Minister was ready to indicate the present position with regard to the matters raised by Mr. Balcer and the extent to which the position of French Canadians in the Services had improved in recent years.

Agricultural Products Co-operative Marketing Act; agreement with Co-operative Monteregienne, Rougemont, P.Q.

50. The Minister of Agriculture submitted a draft agreement with a co-operative in the Province of Quebec on marketing of apples produced in that province in 1951 to be processed and sold as juice and pulp. Under the agreement, if the average price realized on the final product were less than the co-operative's initial payment of 15 cents per bushel to apple producers added to processing, carrying and selling costs not to exceed $1.15 per case, the government would pay to the co-operative the difference between the average price and the co-operative's outlays.

He recommended that, under the authority of the Agricultural Products Co-operative Marketing Act, he be authorized to sign the agreement.

An explanatory memorandum was circulated.

(Minister's memorandum, undated, - Cab. Doc. 278-51)

51. The Minister of Finance said that his department considered the proposed agreement was unlikely to involve the government in expenditures.

52. The Cabinet, after further discussion, approved the recommendation of the Minister of Agriculture and agreed that:

(a) under the authority of the Agricultural Products Co-operative Marketing Act, the Minister be authorized to enter into an agreement, in the form proposed, with the Co-operative Monteregienne of Rougemont, P.Q., in connection with the marketing of apples produced in the province of Quebec during 1951 to be processed and sold as juice and pulp;

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(b) the Auditing Service of the Rural Economics Division of the Department of Agriculture of the Province of Quebec be appointed to inspect and audit the accounts of the said co-operative;

an Order in Council to be passed accordingly.

(Order in Council P.C. 5755, Oct. 25, 1951)

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 31,1951

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Items discussed

Legislation; resale price maintenance	1.
Legislation; Canadian Broadcasting Act amendment	2.
Legislation; Agricultural Products Board bill	4.
Marine war risk insurance	4.
Immigration; extension of subsidized air transportation	5.
Immigration; movement of immigrants by chartered aircraft	6.
Immigration; assisted sea passage scheme	7.
Immigration; I.R.O. "hard-core"cases	8.
Butter; supply position	8.
Canadian war claims against Italy; settlement	9.
Canadian Citizenship Act; revocation of citizenship under section 19(1)(d)	10.
Commonwealth Parliamentary Association; holding of next meeting in Canada	12.
Royal Visit; gift of automobile	13.
Legislation; National Gallery of Canada Act amendment	14.
Proportion of French Canadians in the Services; enquiries in House of Commons	14.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, October 31st, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Legislation; resale price maintenance

1. The Prime Minister, referring to the discussion at the meeting of October 25th, said that

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Members of Parliament generally did not appear to have had adequate opportunity to become fully convinced that the recommendations of the MacQuarrie Commission on the maintenance of resale prices were well-founded. In consequence, it might be desirable not to introduce legislation in this connection immediately as had previously been proposed, but instead to introduce a motion for the establishment of a Joint Parliamentary Committee to which the interim report on resale price maintenance would be submitted for consideration and report. During the course of Committee deliberation it would perhaps be desirable for the Combines Investigation Commissioner to submit the draft legislation to the Committee as statutory embodiment of the MacQuarrie Commission recommendations in this matter.

2. The Minister of Justice submitted a draft notice of motion for the establishment of a Joint Committee of the Senate and House to consider and report on the interim report on maintenance of resale prices submitted by the MacQuarrie Commission.

3. Mr. St-Laurent suggested that revised draft legislation submitted by the Minister of Justice be circulated immediately for consideration at a later meeting.

4. The Cabinet, after discussion:

(a) agreed that a resolution be introduced for the establishment of a Joint Committee of the Senate and House to consider and report on the interim report on the maintenance of resale prices submitted by the MacQuarrie Commission; and,

(b) deferred decision on draft legislation respecting maintenance of resale prices pending further consideration at a later meeting.

Legislation; Canadian Broadcasting Act amendment

5. Dr. McCann, referring to discussion at the meetings of September 26th and October 5th, 1951, submitted a draft measure to amend the Canadian Broadcasting Act. The main purpose of the proposed amendment was to implement the recommendations of the Massey Commission on sound broadcasting.

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Copies of the draft bill were circulated.

(Draft typescript bill, Oct. 29, 1951)

6. The Prime Minister noted that it was proposed to amend subsection (1) of section 22 of the Act to provide that the Canadian Broadcasting Corporation might make regulations, inter alia, to control the character and content of all programmes produced by the Corporation or private stations. At the present time, the Act provided merely that the Corporation could regulate the character of radio programmes. The addition of control over the content of programmes might give rise to the accusation that the Corporation was being given powers of censorship. It might be preferable to leave this section unchanged, on the understanding that if, at a later date, certain regulations made by the Corporation in this field were challenged as ultra vires consideration would be given then to amendment of the Act.

7. The Ministers of Trade and Commerce and Resources and Development thought that consideration should be given again to the desirability of removing the dual ministerial jurisdiction which was being carried forward in the proposed amendments.

8. Dr. McCann suggested that a Special Committee of the House of Commons on radio broadcasting be established to which the proposed amendment could be referred for consideration and report.

9. The Cabinet, after discussion:

(a) approved the draft bill to amend the Canadian Broadcasting Act as submitted by Dr. McCann and agreed that a draft measure be printed, subject to the following reservations:

(i) the proposed new subsection (3) of section 14 be redrafted to take into account the sums already made available to the Corporation during the current fiscal year;

(ii) paragraph (c) of subsection (1) of section 22 of the Act to remain unchanged;

(iii) the review of private station activities, mentioned in section 24(2), to be made to the Minister of Transport; and

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(b) agreed that a resolution be introduced for the establishment of a Committee of the House of Commons to which the bill would be submitted for consideration and report.

Legislation; Agricultural Products Board bill

10. The Minister of Agriculture submitted a resolution and bill respecting the establishment of an Agricultural Products Board.

11. The Minister of Trade and Commerce thought that it was inappropriate to empower the Agricultural Products Board to export agricultural products. He thought that the logical agency to conduct all import and export activities on behalf of the government was the Department of Trade and Commerce or its agency the Canadian Commerical Corporation.

12. Mr. Gardiner pointed out that the draft bill did nothing more than embody powers already granted to the Board by the Governor in Council under the Emergency Powers Act. It should be understood that, in actual practice, the Board would not import or export any products without first consulting the Department of Trade and Commerce.

13. The Prime Minister said that, in any event, under the terms of the bill the Board could not operate without obtaining prior approval of the Governor in Council. It might be preferable to defer decision in this matter pending further consideration of section 4 of the bill by the Ministers of Trade and Commerce and Agriculture in consultation.

14. The Cabinet, after discussion:

(a) approved the resolution to precede introduction of the Agricultural Products Board bill; and

(b) deferred decision on introduction of the bill pending further consideration of section 4 thereof by the Ministers of Trade and Commerce and Agriculture in consultation.

Marine war risk insurance

15. The Prime Minister submitted a report of the Minister of Finance on the problems of war risk insurance. Mr. Abbott had pointed out that

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private insurers could not insure effectively against such risks on land or on sea and had not done so since 1938. It was generally accepted that this type of insurance was beyond the means of private groups. It had been suggested that Canadian shipowners join in a mutual marine war risk association on the same lines as the United Kingdom "clubs". The scheme would involve a reinsurance arrangement under which the Canadian association could reinsure about 90 to 95 percent of the risks with the Canadian government in the person of the Minister of Finance. The rate of premium and the values to be insured would be set by the Minister, as would be the form of policy and the reinsurance agreement.

Mr. Abbott had requested that Cabinet give approval in principle for negotiation of the details of such a reinsurance agreement. If a suitable agreement could be negotiated, an Order in Council authorizing the Minister of Finance to sign a specific agreement on behalf of the government with a specific mutual association would at a later date be submitted for approval.

An explanatory note had been circulated.

(Memorandum, Minister of Finance, undated, - Cab. Doc. 279-51.)

16. The Minister of Transport said that he had not had an opportunity of examining the proposal in detail and would like to do so before Cabinet reached a decision in the matter.

17. The Cabinet, after discussion, agreed that if, after examination, the Minister of Transport had no objection to the marine war risk proposal, the Minister of Finance be authorized to negotiate the details of such a reinsurance agreement and report progress at a later date.

Immigration; extension of subsidized air transportation

18. The Minister of Citizenship and Immigration reported that authorization for assisted air transportation of immigrants would expire on December 31st, 1951. Up to the end of September, 5,394 immigrants had come by air at the £55 fare. Waiting lists far exceeded the number of seats that would be available before the end of December.

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Trans-Canada Air Lines estimated that approximately 2,200 seats would be available during the period January 1st to March 31st, 1952, and would be vacant unless used for the scheme. It was recommended that the plan be extended to March 31st, 1952 and that, to meet increases in transportation rates, the fares be raised from £55 to £65.

An explanatory memorandum was circulated.

(Minister's memorandum, Oct. 31, 1951 - Cab. Doc. 282-51)

19. The Cabinet, after discussion, approved the recommendation of the Minister of Citizenship and Immigration and agreed that:

(a) the Department of Citizenship and Immigration be authorized to pay Trans-Canada Air Lines the difference in cost between air transportation and ocean tourist class transportation for immigrants travelling by T.C.A. to Canada from the United Kingdom between December 31st, 1951 and March 31st, 1952; and,

(b) the amount of fare to be paid by adult immigrants under the plan be raised from £55 to £65 after December 31st, 1951.

Immigration; movement of immigrants by chartered aircraft

20. The Minister of Citizenship and Immigration, referring to discussion at the meeting of September 5th, 1951, said that since January 1st, 150,000 persons had been approved for immigration to Canada from the continent of Europe and 110,000 of these had reached Canada. In the United Kingdom 45,000 persons had been approved but only 20,000 had reached Canada. The problem was the difficulty of securing space on vessels from the United Kingdom. The lack of facilities might have particularly adverse effects because a number of persons waiting to come from the United Kingdom were dependents of persons who had already come to Canada.

Trans-Canada Air Lines had reported that, under the assisted air passage scheme, all vacancies to December 31st had been booked and that there was a backlog of some 1,700 persons waiting passage. The proposal they had submitted for chartering aircraft to the Canadian government was permissible under a

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resolution of the International Air Transport Association and would provide passages at a cost of £65 per adult (the same as the rate now approved for the assisted air passage scheme) with lower fares for children. The Air Lines would act as agent of the government in collecting fares and in providing other services and the government would pay the Air Lines a commission of not more than 15 percent of the charter price of each flight operated.

It was recommended that steps be taken to see whether the scheme could be put into effect for an initial two-month period until December 31st, 1951. There might be difficulty, however, in securing permission from the U.K. government for landing and pick-up rights.

An explanatory memorandum had been circulated.

(Minister's memorandum, Oct. 30, 1951 - Cab. Doc. 281-51)

21. The Cabinet, after discussion, approved the recommendation of the Minister of Citizenship and Immigration, subject to clearance with the Minister of Finance, and agreed that:

(a) a formal request be made to the United Kingdom to grant landing and pick-up rights for aircraft chartered by Trans-Canada Air Lines to transport immigrants to Canada;

(b) the Department of Citizenship and Immigration be authorized to enter into an agreement with Trans-Canada Air Lines for the chartering of aircraft as suggested, subject to the granting of landing and pick-up rights by the U.K. government;

(c) the Department be authorized to pay to Trans-Canada Air Lines not more than 15 percent of the charter cost of each flight made prior to December 31st, 1951; and,

(d) the amount required be provided in the Further Supplementary Estimates for the fiscal year 1951-52.

Immigration; assisted sea passage scheme

22. The Minister of Citizenship and Immigration mentioned that there had been some

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criticism on the cessation of assisted sea passages for immigrants. Assistance was provided out of a fund of $3 million which had now been exhausted. Collections from those already in Canada to reimburse the fund were just beginning. It might prove necessary to have the fund increased.

23. The Cabinet noted the report of the Minister of Citizenship and Immigration concerning the exhaustion of the fund for assisted sea passages for immigrants to Canada.

Immigration; I.R.O. "hard-core" cases

24. The Minister of Citizenship and Immigration, referring to discussion at the meeting of October 25th, 1951, said he had ascertained that the report under discussion at that time was incorrect and that no T.B. cases had arrived in Canada. 160 persons, otherwise handicapped physically, however, had been accepted. The question now was the admission, as suggested, of 125 T.B. cases. Of these, 35 were persons still under the care of I.R.O. and were also dependents of persons in Canada.

25. The Cabinet, after considerable discussion, agreed that:

(a) the International Refugee Organization be informed that the Canadian government was not prepared to accept 125 T.B. cases as proposed, but that an individual examination would be made of 35 of the persons involved who were dependents of residents of Canada to ascertain whether their admission might be granted; and,

(b) immediate consideration be given to other contributions that might be made by Canada toward settlement of the "hard-core" cases.

Butter; supply position

26. The Minister of Agriculture, referring to discussion at the meeting of September 5th, 1951, reported that, in the first six months of 1951, butter production in Canada had been less than in 1950 by approximately 7 percent but, since July, production had been above the same period in that year.

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Disappearance had been down throughout the year - from January to June by 1.4 percent and in July, August and September by 4.8 percent. As of September 1st, there were 55,477,000 pounds of butter in stock as compared with 68,124,000 last year and as of October 1st, 62,069,000 as compared with 70,308,000. The stock position had thus improved during September. Taking all factors into account, it appeared that, if butter production and consumption from October to April next were comparable with production and consumption during the same months a year ago, storage stocks of butter as at May 1st, 1952 would approximate 9,356,000 pounds. From developments thus far, it seemed reasonable to expect that production during October to April would at least equal production in the previous year and that butter consumption would probably be lower.

It had been ascertained that New Zealand had 5 million pounds of butter that would be available for purchase on short notice. Australia had indicated that it would have a certain amount of butter to sell - not more than 20 million pounds. Under the standing offer to buy domestic butter at 63¢, 294,000 pounds had thus far been obtained. It was difficult to know how much more domestic butter would come to the Board under the 10 million pound authorization. It seemed, however, that the Board should probably have not less than 10 million pounds of butter available on March 1st, 1952. There should, accordingly, be no difficulty.

An explanatory memorandum had been circulated.

(Departmental memorandum, Oct. 12, 1951 - Cab. Doc. 270-51)

27. The Cabinet, after discussion, noted the report of the Minister of Agriculture concerning supplies of butter available in Canada at present and likely to be available during the forthcoming season and agreed that a further report be made for consideration about the end of December.

Canadian war claims against Italy; settlement

28. The Secretary of State reported that, upon ratification by the Italian Parliament of the agreement signed on September 20th, the Canadian government would receive 290 million lire as a lump sum payment for certain classes of Canadian war claims

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for which provision is made under the Treaty of Peace with Italy. So that an early distribution of the fund could be made, it was recommended that the Advisory Commissioner on War Claims be asked to prepare a recommendation as soon as possible as to the method of adjudicating claims on the fund. It was also recommended that all claims be required to be submitted on or before December 31st, 1951.

An explanatory memorandum had been circulated.

(Joint memorandum, Minister of Finance and Secretary of State, Oct. 26, 1951 - Cab. Doc. 280-51)

29. The Cabinet, after discussion, noted the report of the Secretary of State concerning the settlement of Canadian war claims against Italy and agreed that, subject to the approval of the Advisory Commissioner on War Claims, the question of adjudication of claims be submitted to him for advice in accordance with the proposal of the Secretary of State and Minister of Finance.

Canadian Citizenship Act; revocation of citizenship under section 19(1)(d)

30. The Minister of Citizenship and Immigration, referring to the discussion at the meeting of April 27th, 1951, pointed out that section 19(1)(d) of the Canadian Citizenship Act now permitted revocation proceedings to be taken after two years' absence from Canada in the case of a person who returned to the country of which he was a national before becoming a Canadian citizen or being naturalized in Canada, and who failed to maintain substantial connection with Canada. He recommended that:

(a) section 19(1)(d) be ordinarily invoked against Canadian citizens (other than natural-born) found to have resided for at least two years in the country of their former nationality when that country is the Soviet Union, Poland, Czechoslovakia, Eastern Germany, Hungary, Bulgaria, Roumania, Albania or China;

(b) section 19(1)(d) be not ordinarily invoked against persons who reside in the country of their former nationality when such country is not one of those mentioned in (a) above, except if there is reason to believe that their conduct is prejudicial to the best interests of Canada;

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(c) whenever persons falling within category (a) or within the excepted category mentioned in (b) come to the attention of Canadian posts abroad, reports be made by the latter to the Registrar of Canadian Citizenship (with copies to the Department of External Affairs) so that revocation proceedings may be instituted; on the understanding that travel documents already in the possession of such persons will not be impounded pending revocation but that new passport facilities will not be granted to them unless a decision is taken against revocation;

(d) persons coming within (b) above about whom a post has no derogatory information may be informed, on enquiry, that, as long as their conduct has been and continues to be in the best interests of Canada, they need not fear that section 19(1)(d) will be invoked against them.

Yugoslavia raised a special problem. In 1947 and 1948, some 1,200 Canadian citizens, natural-born and naturalized, had moved to Yugoslovia. In May, 1950, instructions had been given that nothing be done to facilitate the return of these dual nationals except where this would be useful from the national point of view. Up to June 30th, 1951, 313 had been granted travel documents for this purpose and the return of an additional 40 to 60 had been authorized, but they might not yet have been granted "returning Canadian" visas. He recommended that section 19(1)(d) be invoked in the case of persons of Yugoslav origin and administered as follows:

(1) the Embassy in Belgrade (or other post abroad) would report to the Department of External Affairs persons falling within section 19(1)(d) who come to their attention;

(2) External Affairs would obtain a security report on each person from the R.C.M. Police and transmit it with any other information in its possession and with any comments concerning the individual, to the Registrar of Canadian Citizenship so that consideration might be given to the institution of revocation proceedings;

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(3) if proceedings were not to be instituted, External Affairs might then authorize the granting of a "returning Canadian " visa;

(4) if proceedings were instituted, the Registrar would provide External Affairs with a "Notice of Intention to Revoke" for transmission to the Embassy in Belgrade, or other post, with a summary of the R.C.M. Police report; the notice to be served, the individual interviewed and, subsequently, a completed questionnaire and a report of the interview to be transmitted to External Affairs;

(5) External Affairs would forward the report and questionnaire, with any comments, to the Registrar for action and, in the meantime, would not authorize the granting of travel documents.

The R.C.M. Police had reported that it had not the staff to make a complete check within a reasonable time of the records of all those naturalized Canadians who had moved to Yugoslavia in 1947 and 1948. Any Canadian citizen arriving at a Canadian port would have to be admitted, whether or not he had been granted a "returning Canadian" visa. The Canadian Citizenship Act provided, however, for the automatic loss of citizenship in the case of naturalized persons after six years' absence, unless citizenship had been protected. The six-year period would elapse in the case of these former Yugoslav nationals in May, 1953, and November, 1954.

An explanatory memorandum was circulated.

(Minister's memorandum, Oct. 5, 1951 - Cab. Doc. 283-51)

31. The Cabinet, after discussion, noted the report of the Minister of Citizenship and Immigration and approved the recommendations regarding the administration of section 19(1)(d) of the Canadian Citizenship Act as submitted by the Minister.

Commonwealth Parliamentary Association; holding of next meeting in Canada

32. The Prime Minister said that the Speaker of the House of Commons, the Chairman of the

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Canadian Branch of the Commonwealth Parliamentary Association and the leaders of the opposition groups in the House of Commons had called on him to urge that the Canadian branch be host to the next meeting of the Association. Preliminary consideration might be given to the proposal pending return of the Minister of Finance.

While Canadians had been attending meetings of the Association in other member countries, there had not been a full meeting in Canada since 1928. As host, Canada would be expected to cover, out of appropriations for 1952-53, the transportation of the delegates and the expenses incidental to the meeting. Some 75 delegates could be expected and it was estimated that the costs to Canada might be about $150,000. The opposition leaders felt this expenditure would be justified by the value the meeting should have for Asian and African delegates. The alternative would be to take the responsibility for plans for a meeting being abandoned.

The Association proposed to conduct its meetings with more informality than in the past. The main purpose of the next meeting would be to provide an opportunity for helping Asian and African political leaders to meet with their western counterparts. Canada was, perhaps, in a particularly good position to create the desired atmosphere. The Association may have had some part in creating the state of mind in which India and Pakistan, on gaining their independence, had decided to remain associated with the Commonwealth.

33. The Cabinet, after discussion, noted the report of the Prime Minister and agreed tentatively that Canada act as host to the next meeting of the Commonwealth Parliamentary Association; the question to be discussed further with the Minister of Finance present.

Royal visit; gift of automobile

34. The Minister of National Defence mentioned that the Duke of Edinburgh had shown an interest in the plexi-glass top attached to the Cadillac automobile being used to transport the royal visitors in Canadian cities. He wondered if the automobile, with top, might be presented as a gift.

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35. The Minister of Trade and Commerce thought it would be difficult to make a top in Canada for one of the visitors' own cars in the United Kingdom. The public would be likely to consider the gift of the automobile and top used during the visit as a fitting gesture.

36. The Cabinet, after further discussion, noted the report of the Minister of National Defence and agreed that, if the Minister found the plan acceptable to the Minister of Finance, the Cadillac automobile and plexi-glass top used during the royal visit be presented to the Princess Elizabeth and the Duke of Edinburgh by the Canadian government.

Legislation; National Gallery of Canada Act amendment

37. The Minister of Citizenship and Immigration recalled that the Speech from the Throne had indicated that legislation to amend The National Gallery of Canada Act would be introduced, it being desired, inter alia, to make provision for a larger Board of Trustees. On reconsidering the matter, he believed that, as the preamble to the Act, dating from 1913, was no longer suitable, it would probably be desirable to introduce a complete revision of the Act. The Department of Justice would, however, not feel in a position to draft such a measure without Cabinet approval.

38. The Cabinet, after discussion, approved the proposal of the Minister of Citizenship and Immigration and agreed that, in addition to the amendment to the National Gallery of Canada Act under preparation, an entirely new measure, revising the existing Act, be drafted for consideration at a subsequent meeting.

Proportion of French Canadians in the Services; enquiries in the House of Commons

39. The Minister of National Defence, referring to the discussion at the meeting of October 25th, 1951, reported that preliminary investigations indicated that any answers to the questions on the proportion of French Canadians in the Services placed on the order paper by Mr. Balcer would be embarrassing. If, however, it were still felt that the questions should be answered, it would now be desirable to arrange for them to be passed as orders for return.

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40. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed that arrangements be made for the questions on the proportion of French Canadians in the Services, standing on the order paper in the name of Mr. Balcer, to be passed as orders for return.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 6th,1951

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Items discussed

St.Lawrence Waterway development; federalagency; Canada-Ontario agreement; draft bills 1.

Board of Transport Commissioners; conditions of appointment; representations 3.

Legislation; Canadian Broadcasting Act amendment 4.

UNESCO; advisory body on education in Pakistan 4.

Resale price maintenance; Combines Investigation Act amendment 4.

Legislation; Public Works Act amendment 5.

United Nations; proposal on reduction of armaments 6.

Commonwealth Parliamentary Association; invitation to meet in Canada 6.

Export Credits Insurance; contract with the Canada-Israel Corporation 7.

Civil Service; leave for voting 7.

Canadian war claims against Italy; settlement 8.

Federal District Commission; appointments 8.

Parliament; Select Committee on Defence Expenditures; establishment 9.

Mint Custom Refining and Storing Regulations; amendment 10.

National Gallery building; competition to select an architect 11.

Purchase of nails for the Canadian Army 11.

Department of National Defence; appointment 12.

Royal Visit; gifts by the federal government 12.

Legislation; Canada Lands Surveys bill; amendment 13.

Establishment of power plants in Alberta; export of power 13.

National Defence; payment of "foreign allowance" to officers; reference from Treasury Board 14.

THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, November 6th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

St. Lawrence Waterway development; federal agency; Canada-Ontario agreement; draft bills

1. The Minister of Transport, referring to discussion at the meeting of October 25th, 1951,

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reported that the special interdepartmental committee, under the chairmanship of the Deputy Minister of Justice, had prepared two draft bills, the first to provide for establishment of a St.Lawrence Seaway Authority and the second for a Canada-Ontario agreement respecting power development in the International Rapids Section.

The measure for the St. Lawrence Seaway Authority had been patterned along the lines of the Overseas Telecommunications Corporation legislation. It provided for the appointment of a President, a Vice-President and five Directors but it might be considered advisable, however, to reduce the number of Directors from five to three. It also empowered the Authority to establish a tariff of tolls which would be subject to the approval of the Board of Transport Commissioners. In essence, the Board were being given the same powers as those they enjoyed in respect of railway tariffs. The measure further provided that decisions of the Board in these matters could be appealed to the Exchequer Court. He had been informed that no such appeal procedure was provided for in the administration of the Suez and Panama Canals.

The bill respecting the Canada-Ontario power agreement incorporated the main provisions of the draft agreement prepared by federal and provincial representatives in consultation. It might be preferable,instead, merely to have a short measure seeking Parliamentary approval of the agreement, the text of which could be appended to the legislation as a schedule.

2. The Prime Minister thought that it would be inadvisable to have any federal legislation which would appear to order directly any province to do certain things.

He suggested that details of the proposed legislation be examined further by the Ministers of Transport, Trade and Commerce and Justice before submission to Cabinet for consideration.

3. The Cabinet, after discussion:

(a) noted the report by the Minister of Transport on the preparation of legislation for the St. Lawrence seaway and power project; and,

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(b) agreed that details of the legislation be reviewed further by the Ministers of Transport, Trade and Commerce and Justice prior to submission of the measures to Cabinet.

Board of Transport Commissioners; conditions of appointment; representations

4. The Minister of Transport, referring to discussion at the meeting of October 23rd, 1951, said that, following the recent introduction of amendments to the Railway Act on tenure of office, salary and other conditions of appointment of the Chief Commissioner of the Board of Transport Commissioners, representations had been made by members of the Board that certain re-adjustments should be made at the same time in respect of the other Commissioners. Several adjustments had been effected in recent years in respect of the Chief Commissioner but very little change had been made in the position of the other Commissioners since 1938. Furthermore, the Gordon Commission had recommended that the Commissioners' salaries should exceed by $2,000 salaries generally paid to members of other boards and commissions. The Turgeon Commission had recommended that the Commissioners' position should be assimilated to a much greater degree to that of provincial superior court judges, with retirement at age 75.

5. The Prime Minister suggested that it would be inadvisable to do more at the present time than was contemplated in the recently introduced amendments. Further consideration might be given to the Commissioners' position if recommendations to this effect were made by the House Committee now studying these amendments.

6. Mr. Chevrier felt it would be inadvisable to reach any decision on the Commissioners' position until full consideration had been given to the Turgeon Commission recommendations respecting national transportation policy.

7. The Cabinet, after discussion, agreed that no decision be taken in respect of conditions of appointment of members of the Board of Transport Commissioners until full consideration had been given to the Turgeon Commission recommendations on national transportation policy.

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Legislation; Canadian Broadcasting Act amendment

8. The Minister of Transport, referring to discussion at the meeting of October 31st, 1951, said that a proposed amendment to section 22(1) of the Act would provide that the Canadian Broadcasting Corporation could require private broadcasters to furnish such information respecting their stations and the operation thereof as the Corporation might consider necessary. He felt this departure from current practice was inadvisable. At the present time, complete returns, including financial statements, on the operation of private stations were deposited with the Department of Transport. This information, however, had never been made available to the Corporation on the grounds that it would be improper for it to have knowledge of this material.

9. The Cabinet noted the remarks by the Minister of Transport on proposed amendments to section 22(1) of the Canadian Broadcasting Act and agreed that the matter be considered further when the Minister of National Revenue could be present.

UNESCO; advisory body on education in Pakistan

10. The Prime Minister said that Mr. A. J. Boudreau, a member of the Civil Service Commission, had been asked to accept the chairmanship of a three-man UNESCO advisory body which was being established at the request of Pakistan to review and report on educational problems in that country. It was understood that the other two members would be chosen in the United Kingdom and the United States respectively. It was anticipated that the enquiry would last from 2 to 3 months. Providing Mr. Boudreau's services could be spared for that length of time, it seemed desirable to consider the request favourably.

11. The Cabinet, after discussion, agreed that Mr. A. J. Boudreau might accept the invitation to serve on the proposed UNESCO advisory board to review and report on educational matters in Pakistan, provided the Secretary of State and the Chairman of the Civil Service Commission had no objection.

Resale price maintenance; Combines Investigation Act amendment

12. The Minister of Justice, referring to discussion at the meeting of October 31st, 1951,

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submitted draft amendments to the Combines Investigation Act designed to implement the recommendations of the MacQuarrie Commission on maintenance of resale prices. It was suggested that this draft, if approved, might be submitted to the Special Joint Parliamentary Committee by the Combines Investigation Commissioner, not as a government measure, but simply as a statutory embodiment of the MacQuarrie Commission's recommendations.

A draft bill had been circulated.

(Draft bill, undated, Cab. Doc. 285-51)

13. The Cabinet, after discussion, agreed that the draft bill to amend the Combines Investigation Act, as recommended by the Minister of Justice, be submitted to the Special Joint Parliamentary Committee on resale price maintenance by the Combines Investigation Commissioner as an indication of the type of legislation which might be introduced if the Committee approved the MacQuarrie Commission's recommendations on the maintenance of resale prices.

Legislation; Public Works Act amendment

14. The Minister of Public Works, referring to discussion at the meeting of September 21st, 1951, submitted a draft bill to amend section 36 of the Public Works Act.

15. The Minister of Finance thought that it would be inadvisable to authorize the Minister to forego the necessity of calling for tenders if satisfied that the public interest could thereby best be served. He would favour, instead, a slightly more restrictive provision along the lines of that originally recommended by the Interdepartmental Contract Committee.

16. The Prime Minister suggested that the situation might be met satisfactorily if paragraphs (c) and (d) of the proposed new section 36 were reworded in such a manner as to provide that the Minister must be satisfied that the nature of the work rendered a call for tenders impracticable and that the public interest could thereby best be served.

(Secretary's note to Prime Minister, Nov. 5, 1951)

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17. The Cabinet, after discussion, approved for introduction in the House the bill to amend the Public Works Act subject to paragraphs (c) and (d) of the proposed new section 36 being redrafted in a single paragraph as follows:

> "(c) The Minister is satisfied that the nature of the work renders a call for tenders by public advertisement impracticable and that the public interest can best be served by entering into a contract for the execution thereof without inviting such tenders."

United Nations; proposal on reduction of armaments

18. The Prime Minister said it was expected that the President of the United States would, on the following day, issue a statement to the press about a new proposal for the regulation, limitation and balanced reduction of all armed forces and armaments. This proposal would be introduced during the current United Nations General Assembly by the United States, the United Kingdom and France as co-sponsors.

An explanatory note was circulated.

(Memorandum, External Affairs, Nov. 5, 1951, Cab. Doc. 286-51)

19. The Cabinet, noted the report by the Prime Minister on the new proposal for the regulation, limitation and balanced reduction of armed forces and armaments to be sponsored at the U.N. General Assembly by the United States with the United Kingdom and France as co-sponsors.

Commonwealth Parliamentary Association, invitation to meet in Canada

20. The Prime Minister, referring to discussion at the meeting of October 31st, 1951, said that, after discussing the matter with the Minister of Finance it appeared desirable to agree that the Canadian branch of the Commonwealth Parliamentary Association act as host for the next general meeting of the Association.

21. The Minister of Finance mentioned that a special item, amounting to approximately $150,000, would have to be included in the 1952-53 estimates to cover expenses incidental to the meeting.

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22. The Cabinet, after discussion, agreed that the Canadian branch of the Commonwealth Parliamentary Association act as host of the Association's next meeting; it being understood that a special item would be included in the 1952-53 estimates to cover expenses incidental to this meeting.

Export Credits Insurance; contract with the Canada-Israel Corporation

23. The Minister of Trade and Commerce reported that members of the Canadian Jewish Community and the Zionist Organization of Canada had formed a non-profit corporation under Part II of the Dominion Companies Act named The Canada-Israel Corporation for the purpose of assisting Israeli purchases of Canadian goods. It was anticipated that purchases totalling at least $10 million annually would be made through the corporation. In order to assist in the necessary financing of these purchases in Canada, it was recommended that Export Credits Insurance coverage be provided.

24. The Cabinet, after discussion, agreed that an Order in Council be passed authorizing the Export Credits Insurance Corporation to enter into a contract of insurance with the Canada-Israel Corporation, provided that the rate of premium charged for the policy be 1½ percent of the gross invoice value of the shipments covered by the policy and that the maximum liability under the policy be not more than $5 million; an Order in Council to be passed accordingly.

(Order in Council P.C. 5873, Nov. 6, 1951)

Civil Service; leave for voting

25. The Secretary of State, referring to discussion at the meeting of July 31st, 1951, said that, after discussing the matter further with the Minister of Public Works, it now seemed desirable to standardize the practices followed in the Civil Service as to granting of time off for voting at federal, provincial and municipal elections. It was recommended that the provisions now applying to federal elections, section 47 of the Dominion Elections Act, be made to apply throughout the Civil Service to all elections whether federal, provincial or municipal.

26. The Cabinet, after discussion, agreed that the provisions of section 47 of the Dominion Elections Act be made to apply throughout the federal Civil Service to all elections, whether federal, provincial or municipal, it being understood that,

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(a) three consecutive hours were to be granted during the time the polls were open and not necessarily during working hours; and,

(b) in exceptional circumstances, when the distance which an employee had to travel in order to cast his vote was too great, he be granted reasonable time off beyond that provided in section 47 of the Act.

Canadian war claims against Italy; settlement

27. The Minister of Justice, referring to discussion at the meeting of October 31st, 1951, said that Mr. Justice Ilsley, the Advisory Commissioner on War Claims, had agreed to prepare recommendations as soon as possible on the method of adjudicating claims against 290 million lire to be received from Italy as a lump sum payment for certain classes of Canadian claims.

28. The Cabinet, after discussion:

(a) approved the War Claims (Italy) Settlement Regulations as submitted by the Minister of Finance and the Secretary of State; an Order in Council to be passed accordingly;

(Order in Council P.C. 5818, Nov. 6, 1951); and,

(b) agreed that the Secretary of State request the Advisory Commissioner on War Claims to prepare as soon as possible recommendations as to the method of adjudicating Canadian claims against Italy.

Federal District Commission; appointments

29. The Prime Minister reported that there were four vacancies on the Federal District Commission. It had been suggested that these be filled by Mrs. Cecile Fontaine of Hull, Colonel J. D. Fraser and Mr. Lawrence Freiman of Ottawa, and Mr. Eric Cook, K.C. of St. John's, Newfoundland.

30. The Secretary of State said that, before a decision was reached regarding Mr. Cook, he would like to make enquiries as to whether he would be prepared to accept such an appointment.

31. The Cabinet, after further discussion, noted the proposals of the Prime Minister regarding four appointments to the Federal District Commission and deferred final decision pending a report from the Secretary of State.

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Parliament; Select Committee on Defence Expenditure; establishment

32. The Prime Minister said that, after discussions with the leaders of the opposition groups in the House of Commons, he had received a letter from Mr. Drew proposing that the government introduce a motion for the establishment of a Committee on Defence Expenditure to examine expenditures and commitments for national defence since March 31st, 1950. "Commitments" should be interpreted as "contracts placed". He had discussed the proposal with the Minister of National Defence who saw difficulty in accepting it. The Minister of Defence Production had felt that, while the proposed Committee would result in some loss of time, its establishment could not be resisted although it should examine only expenditures made and committed and not estimates.

Mr. Drew had now given notice that he would enquire in the House that afternoon as to what action the government was taking on the proposal. As large sums had been voted for defence, it did not appear possible to refuse an examination of how they had been spent or committed and it was, in any case, unlikely that a committee would make much progress in the short time remaining in the current session.

33. The Minister of National Defence pointed out that, during the last session, defence expenditures had already been examined in 22 sittings of the Public Accounts Committee. This examination had taken up much of the time of his Deputy Minister and several other officials. This was the busiest time of the year for his administrative staff which was engaged in preparing defence estimates. The present year's defence programme would be much nearer to completion in the first months of 1954. A discussion of the adequacy of the defence programme in the proposed committee would complicate concurrent negotiations in the Temporary Committee of the North Atlantic Council on the question of "gap-closing". The Minister of Finance and some of his officials would have to be absent for meetings of the Temporary Committee, and he himself would have to be away for some two weeks in November with the result that his officials would not be able to take up with him during that period the large number of questions arising in the Committee that were likely to require his attention. In the circumstances, it appeared preferable to postpone establishment

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of the proposed committee until February or March, although he was prepared to accept the views of Cabinet in the matter.

34. The Cabinet, after considerable further discussion, noted the report of the Prime Minister and agreed that:

(a) the Prime Minister inform the House of Commons in the afternoon that he would immediately place on the order paper notice of a resolution for the appointment of a Select Committee on Defence Expenditure, with an indication that, while it would be unrealistic to expect the Committee to make much progress during the present session, it could be reconstituted at the following session;

(b) the resolution call for the Committee to examine expenditures and commitments for expenditures for national defence since March 31st, 1950; to report in particular any economies that might be effected consistent with the execution of the policy decided by the government; to have power to send for persons, papers and records and to examine witnesses; and to consist of 26 members.

Mint Custom Refining and Storing Regulations; amendments

35. The Minister of Finance stated that, as some gold producers had facilities for refining and storing gold, it was uneconomical for them to send gold to the Mint for these purposes. He recommended modification of the Mint Custom Refining and Storing Regulations to permit him to name such producers as his agents.

36. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed that the Mint Custom Refining and Storing Regulations be amended to authorize the Minister to designate a corporation, with facilities for refining and storing gold, as his agent to perform services that would otherwise be performed by the Mint for a producer, and to provide for related matters; an Order in Council to be passed accordingly.

(Order in Council P.C. 5996, Nov. 6, 1951.)

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National Gallery building; competition to select an architect

37. The Prime Minister said that, on behalf of the Trustees of the National Gallery, Mr. Vincent Massey had written him regarding the plans for the new National Gallery. As a result of Parliament providing $5,000 during the last session, the Trustees had been able to arrange for preliminary study of the problem. Their consulting architects had now presented their report and the Trustees were in a position to proceed with a competition for the selection of an architect; the selection to be made by a jury after examining sketch plans submitted by candidates.

Mr. Massey had explained that the Trustees and their consultants felt that there was no satisfactory alternative to Cartier Square - allocated for the purpose in the National Capital Plan - as the site for the building. If a competition were now authorized and an architect were later instructed to prepare plans, construction could probably not begin for three years, and, if after that period it were thought inadvisable to start construction, it could be postponed. On the other hand, if nothing were done now and it were decided later to proceed with construction, this could not be started for three years. The Trustees therefore desired authority to arrange for the competition and the selection of an architect. Later they would seek permission to have plans prepared.

The Director of the National Gallery had indicated that a further sum would be required for the purpose of the competition.

38. The Cabinet noted the report of the Prime Minister and agreed that, to further preliminary planning for a new National Gallery building, provision be made in the Main Estimates for 1952-53 for the holding of a competition to select an architect; Mr. Vincent Massey to be informed to this effect and that it was in order for the Board of Trustees of the National Gallery to base its planning on the assumption that Cartier Square would be the site for the new building.

Purchase of nails for the Canadian Army

39. The Minister of Defence Production recommended that he be authorized to purchase nails

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to the value of some $50,000 for the Canadian Army from two Montreal companies. The Secretary of the Hardware Association had raised objections to the proposed purchases, stating that the Association was in a position to provide supplies from time to time when required by the Army. This was a further attempt of the Association to persuade the government to purchase nails on a retail basis rather than from manufacturers.

40. The Cabinet, after discussion, approved the recommendation of the Minister of Defence Production and agreed that he be authorized to enter into contracts with two Montreal manufacturers whereby the latter would supply nails to the value of some $50,190.20 to meet requirements of the Canadian Army; an Order in Council to be passed accordingly.

(Order in Council P.C. 5927, Nov. 6, 1951)

Department of National Defence; appointment

41. The Minister of National Defence submitted a recommendation for the appointment, effective December 1st, 1951, of a successor to the Chief of the Naval Staff who was retiring.

42. The Cabinet approved the recommendation of the Minister of National Defence and agreed to the appointment of Rear Admiral E. R. Mainguy as Chief of the Naval Staff, with the rank of Vice Admiral, effective December 1st, 1951, in place of Vice Admiral H. T. W. Grant; an Order in Council to be passed accordingly.

(Order in Council P.C. 5997, Nov. 6, 1951)

Royal visit; gifts by the federal government

43. The Minister of Citizenship and Immigration referred to the decisions made on October 25th and October 31st, 1951 regarding gifts from the federal government to the Princess Elizabeth and the Duke of Edinburgh.

44. The Cabinet, after discussion, agreed that the Minister of Resources and Development enquire of the Princess Elizabeth and the Duke of Edinburgh whether they would be interested in receiving from

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the federal government, as a souvenir of their tour, the Cadillac with plexi-glass top that they were presently using; it being understood that the collection of photographs, films and related material about the Royal visit, now under preparation, would be the principal gift of the federal government.

Legislation; Canada Lands Surveys bill; amendment

45. The Minister of Mines and Technical Surveys, referring to the discussion at the meeting of September 21st, 1951, said his Department felt it would be desirable to make some minor changes, regarding the definition of Surveyor General and the qualification of surveyors to survey public lands in their respective provinces, in the Canada Lands Surveys bill.

46. The Cabinet, after discussion, noted the report of the Minister of Mines and Technical Surveys on minor changes in the Canada Lands Surveys bill now proposed by his Department and his intention to send to the Prime Minister for consideration a memorandum thereon.

Establishment of power plants in Alberta; export of power

47. The Minister of Trade and Commerce mentioned that a Mr. Angelello of Los Angeles had been in Ottawa with an Alberta official to discuss the establishment of steam power plants in the Alberta coal fields and the export of electric power to the United States. The economic place to build such power plants was in the coal fields. It should be noted, however, that this export of power would be contrary to the policy hitherto followed in administering the Electricity and Fluids Exportation Act.

48. The Minister of Mines and Technical Surveys said that the proposal was to export only power surplus to Canadian needs. Two units would be installed by 1953 and 450,000 tons of coal per year would be burned by each unit. Material on the project provided by Mr. Angelello suggested that the Alberta and the U.S. authorities favoured the scheme.

49. The Minister of Resources and Development thought that, as the U.S. authorities

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had given considerable attention to the problem of providing additional power in the northwestern states, it would be well to ensure that this was a project that they supported.

50. The Cabinet, after further discussion, noted the reports of the Minister of Trade and Commerce and the Minister of Mines and Technical Surveys and agreed that, before further consideration were given to the proposal of U.S. interests to build steam power plants in the Alberta coal fields and export electric power to the United States, the Embassy in Washington be asked to make enquiries as to whether the project had the approval of the U.S. authorities.

National Defence; payment of 'foreign allowance' to officers; reference from Treasury Board

51. The Minister of Finance reported that Treasury Board had referred to Cabinet for consideration a proposal from the Minister of National Defence that, when supplementary allowances were not authorized, a Canadian officer posted for duty to another country, or an officer serving continuously in a Canadian naval ship or ships outside Canada for thirty days or more, would be entitled to a 'foreign allowance' at certain prescribed rates. Non-commissioned ranks already received this allowance. The Board had been prepared to agree to the proposal but were of the opinion that the effective date for payment should be October 1st rather than May 1st, 1951, as originally proposed. After review of the matter he felt that an acceptable effective date might be that of departure for another country.

52. The Cabinet, after discussion, noted the report of the Minister of Finance on payment of a 'foreign allowance' to officers of the Canadian forces, which had been referred to Cabinet by Treasury Board for consideration, and agreed that, when supplementary allowances were not authorized, a Canadian officer posted for duty to another country, or an officer serving continuously in a Canadian naval ship or ships outside Canada for thirty days or more, be entitled to a 'foreign allowance', at the prescribed rates proposed, from the time of his departure for another country or his posting to a ship; this arrangement to be retroactive to July 5th, 1950; an Order in Council to be passed accordingly.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 12,1951

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Items discussed

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Parliament; legislation	2.
Board of Transport Commissioners; salaries of members; Chief Commissioner's position	2.
Legislation; Pension Act amendment	3.
Legislation; Canadian Broadcasting Act amendment	5.
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N.A.T.O.; costing of defence requirements for submissions to the Executive Bureau of Temporary Council Committee	13.
Royal Visit; gifts by the federal government; handling of tour arrangements	14.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, November 12th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State
for External Affairs (Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Legislation; Agricultural Products Board bill

1. The Prime Minister, referring to discussion at the meeting of October 31st, 1951, said that the views expressed by the Ministers of Trade and Commerce and Agriculture might be met if the powers of the

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Agricultural Products Board, as set forth in section 4(1) of the bill, were made subject to the authority of the Governor in Council and the direction of the Minister. It might also be desirable to reword section 4(2) to make reference both to the authority given by the Governor in Council and the direction given by the Minister.

2. The Cabinet, after discussion, approved for introduction the bill to establish an Agricultural Products Board subject to certain revisions as suggested by the Prime Minister.

Parliament; legislation

3. The Secretary submitted a legislative proposal and certain draft bills.

An explanatory note and draft measures were circulated.

(Memorandum, Minister of Justice, Nov. 7, 1951 - Cab. Doc. 289-51.)

4. The Cabinet, after discussion:

(a) approved in principle a proposed amendment to the Judges Act; a draft measure to be prepared accordingly; and,

(b) approved the following resolution and bills for introduction in the House of Commons in the first instance:

Financial Administration bill and resolution
Bills of Exchange Act amendment.

Board of Transport Commissioners; salaries of members; Chief Commissioner's position

5. The Minister of Transport, referring to discussion at the meeting of November 6th, 1951, said he had discussed further with the Minister of Finance recent representations which had been made that salaries of the members of the Board (other than the Chief Commissioner) should be increased at the same time as the Railway Act was being amended to provide certain changes in the position of the Chief Commissioner.

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6. The Prime Minister thought that, if such salaries would have to be increased in any event in a year or two, it would be preferable, perhaps, to provide for such increases now when the Railway Act was being amended.

7. The Minister of Trade and Commerce pointed out that an increase at this time for the Board of Transport Commissioners would probably give rise to similar demands for the members of the Board of Grain Commissioners whose salaries had not been changed since 1920.

8. Mr. St-Laurent said that he wished to discuss further with the Department of Justice the proposed amendment to section 10(2) of the Railway Act. There appeared to be some doubt as to whether the position of the Chief Commissioner was fully protected in respect of his right to be appointed to the Exchequer Court in the event his term of office as Chief Commissioner expired prior to his reaching the age of 75.

9. The Cabinet, after discussion:

(a) agreed that the Minister of Transport move a further amendment to the Railway Act, when under consideration in Committee, to provide for an increase in the salaries of members of the Board of Transport Commissioners other than the Chief Commissioner; and,

(b) noted the report by the Prime Minister on the proposed new sub-section 2(b) of section 10 of the Railway Act relating to the position of a Chief Commissioner whose term of office expired before he attained the age of 75.

Legislation; Pension Act amendment

10. The Minister of Veterans Affairs reported on proposals to amend the Pension Act to provide increases in the basic rates of pensions paid under the Act. The new rates would meet the demands of the Canadian Legion in so far as disability pensioners, their wives and pensioned widows were concerned, but would be slightly less than suggested by the Legion for dependent children. If the new rates were approved, it was recommended that the unemployability supplement authorized last year by a special Parliamentary appropriation be discontinued as of December 31st, 1951

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and that the new rates come into effect on January 1st, 1952.

The new scale would involve an increase of from $94 to $125 a month for 100 percent disability pensioners; from $75 to $100 a month for pensioned widows; from $31 to $45 a month for the wife of a disability pensioner; and small increases in respect of the first child of disability pensioners or of pensioned widows. The total monthly increase for a 100 percent disability pensioner, his wife and three children would be from $171 to $217 a month. At the present time the annual pension liability under the Act totalled $96,097,683. The new proposals would involve an increase in annual liability totalling $27,916,885 with a resultant total annual liability of $124,014,568.

An explanatory note had been circulated.

(Minister's memorandum, Nov. 12, 1951 - Cab. Doc. 295-51)

11. Mr. Lapointe thought the new rates would be favourably received by the public generally and by most veterans even though a relatively small number of pensioners (between 1,000 and 1,500) who were now in receipt of the unemployability supplement and who had a disability rating of from 60 to 80 percent, would receive slightly less under the new schedule than had been the case.

12. The Minister of Finance pointed out that the new rates were entirely defensible in the light of the substantial increase in the cost of living which had occurred during the past two years. In the circumstances, it seemed more equitable to increase the rates across the board and to revert to the principle that benefits under the Pension Act were a matter of right rather than to continue the unemployability supplement which had undesirable means-test connotations and was, at best, a stop-gap measure.

13. The Prime Minister added that last year it had only been found possible to deal with unemployables and temporary measures had been taken to that effect. In view of the inflationary trend which had continued since then, however, it would now seem preferable to increase the rates generally and to adopt a scale which would be applicable to all pensioners without exception and without taking

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into consideration individual cases. It was obvious that any general rule could not be made generous enough to meet the worst possible individual cases, but could only hope to be adequate in so far as the average pensioner was concerned.

14. The Minister of Labour mentioned that, when pension rates were first established, they had been based theoretically upon the minimum wage for unskilled labour. At the present time this minimum wage was approximately $160 per month.

15. The Cabinet, after considerable further discussion:

(a) approved the proposed amendments to the Pension Act, as recommended by the Minister of Veterans Affairs, a draft measure to be prepared accordingly; and,

(b) approved for introduction a resolution respecting the proposed amendments.

Legislation; Canadian Broadcasting Act amendment

16. Dr. McCann, referring to the discussion at the meeting of November 6th, 1951, said that the proposed addition of paragraph (g) to section 22(1) of the Canadian Broadcasting Act was intended to permit the Corporation to carry out fully its duties and obligations under the Act and in line with the recommendations of the Massey Commission. He added that details as to the financial affairs of the Corporation were made public annually and there did not seem to be any reason why details of financial operations of private stations should not be made available to the Corporation.

17. The Minister of Transport pointed out that the Canadian National Railways, Trans-Canada Air Lines and other government-owned corporations had to make public their balance sheets, while their competitors in private enterprise did not.

18. The Minister of Trade and Commerce recalled that, at the time private broadcasters had agreed to deposit their financial statements with the Department of Transport, there had been an understanding that they would do so on condition that the Department would treat such statements as confidential.

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19. The Prime Minister could not see any good reason for requiring private stations to divulge details of their financial affairs to the Corporation. He suggested that consideration be given to replacing section 22(1)(g) by a new paragraph which would merely authorize the Corporation to determine the manner in which private broadcasters should report periodically in respect of their compliance with C.B.C. regulations.

20. The Cabinet, after further discussion, approved for introduction the bill to amend the Canadian Broadcasting Act, subject to revision of the proposed new section 22(1)(g) in order to make it clear that the Canadian Broadcasting Corporation could not require private stations to submit financial reports.

St. Lawrence development; draft legislation

21. The Minister of Transport, referring to discussion at the meeting of November 6th, 1951, submitted two draft measures relating to the St. Lawrence seaway and power project. The first provided for the establishment of a St. Lawrence Seaway Authority for the purpose of constructing and operating deep-sea shipping channels and canals, the second related to the agreement on power development in the International Rapids Section between the federal government and the government of Ontario.

The draft measures had been circulated.

(Draft St. Lawrence Seaway Authority bill - Cab. Doc. 291-51; draft International Rapids Power Development bill, Cab. Doc. 292-51)

22. The Minister of Trade and Commerce agreed with the Minister of Transport that the membership of the Authority should consist of a President and two Directors or Chairman and two members. At the present time, the bill provided for the appointment of a President, a Vice-President and an Assistant Vice-President.

23. The Minister of Finance said that his officials were preparing redrafts of sections 12 and 13 of the St. Lawrence Seaway Authority bill relating to borrowing power. The new sections would be available for consideration at an early date.

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24. The Prime Minister noted that under section 13 of the St. Lawrence Seaway Authority bill it was provided that the Authority would be indebted to His Majesty for the whole or any part of the cost of those works which had been entrusted by the Governor in Council to the Authority for operation. It would seem undesirable that any indebtedness in respect of existing works should be charged against the maximum amount of $300 million which the Authority would be authorized to borrow.

25. Mr. Howe held the view that it would be undesirable to make any attempt to amortize the cost of existing works, such as the Welland and Sault Ste.-Marie Canals, through the proposed toll structure. He thought that these tolls should be based only on capital and maintenance charges incurred in respect of new works such as the International Rapids and Lachine canals.

26. Mr. Abbott suggested that a decision need not be reached at this time as to the exact basis on which the tolls should be fixed. The legislation might be drafted in general terms in order that a decision might be reached at a later date as to whether tolls should be restricted to new works or should include existing works as well. This result might be achieved by deleting the first four lines of section 15 and the words "have been constructed and" at the beginning of section 16.

He added that the tolls established by the Authority should probably be made subject to the approval of the Governor in Council.

He also questioned the desirability of making the appointment of members of the Authority "during pleasure" as presently provided by section 5 of the draft bill.

27. Mr. St-Laurent thought that, in so far as tenure of office was concerned, the same sort of provision might advantageously be made in respect of the Authority as had been included in proposed amendments to the Railway Act. This would entail an initial appointment of ten years "during good behaviour" and subsequent re-appointment for any period not exceeding ten years.

28. Mr. Chevrier suggested that a new paragraph be inserted immediately following paragraph (a)

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of section 10 to ensure beyond doubt that the Authority would have the power to proceed with an all-Canadian seaway or to develop the seaway in conjunction with the United States depending on developments.

He also felt that a new section 6, terminating the 1941 agreement with Ontario, should be added to the International Rapids Power Development bill.

29. Mr. St-Laurent felt that, before proceeding any further, it might be useful to discuss the draft legislation with the U.S. State Department in order to make certain that the Canadian measures would not in any way jeopardize the Canada-U.S. agreement whether the seaway was proceeded with as an all-Canadian project or as a joint undertaking. For this purpose, it was proposed that a representative of the Department of Justice should proceed to Washington in the near future.

He further suggested that resolutions in respect of this legislation should be submitted for consideration at the next Cabinet meeting in order that they might be placed on the order paper of the House of Commons as soon as possible.

30. The Cabinet, after discussion, agreed that:

(a) the draft legislation on the St. Lawrence seaway and power project be revised in the light of the suggestions made during the discussion and be submitted for consideration at a subsequent meeting;

(b) details of the proposed legislation be now discussed by representatives of the Department of Justice and officials of the U.S. State Department in order to ensure that the Canadian measures would not in any way jeopardize entry into the required Canada-U.S. agreement; and,

(c) resolutions to precede introduction of the legislation be submitted for consideration at the next meeting.

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Transport; availability of civil aircraft

31. The Minister of Transport reported that he had been concerned for some time about the shortage of transport aircraft in Canada. Notwithstanding the good prospects of a number of companies, financial institutions were unwilling to make loans on a satisfactory basis. With the increase of demand for commerical air services, the supply of civil aircraft was too small to meet any sudden expanded needs for military air transport.

It appeared that more positive government action in the form of guarantees of loans or direct loans to commercial companies might be necessary. It might also be desirable to consider the development of a small pool of transport aircraft owned by the government and available on either a hire-purchase or a rental basis for commercial use. The R.C.A.F. could, if it acquired additional transport aircraft, plan on the creation of a small reserve of transport planes by this means. To encourage operators to expand, any military air transport work suitable for a commercial operator should be made available on contract. Support for certain international routes might be desirable as the cheapest method of helping to achieve the objective of adequate aircraft capacity for an emergency.

An explanatory memorandum had been circulated.

(Minister's memorandum, Oct. 30, 1951 - Cab. Doc. 284-51)

32. The Minister of Trade and Commerce said he agreed that measures were necessary to increase the availability of commercial transport planes. He was doubtful, however, whether a government-owned pool would be satisfactory. It would be preferable to assist air lines to purchase aircraft. Possibly the Industrial Development Bank could assist.

33. The Cabinet, after discussion, noted the report of the Minister of Transport concerning the availability of civil transport aircraft and agreed that the recommendations contained therein be given further consideration following investigation of the possibility of having the Industrial Development Bank or any other agency of the federal government provide financial assistance for the purchase of transport aircraft by civil air lines.

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Canada-U.S. Income Tax Agreement; U.S. reservation

34. The Minister of National Defence, as Acting Secretary of State for External Affairs, reported that the U.S. Senate had approved ratification of a convention of June 12th, 1950 modifying the Income Tax Convention of March 4th, 1942 but subject to one reservation which would restore actors, artists, musicians and professional athletes to the general exemption from income tax which had been accorded by the 1942 Convention on income earned by persons from one country when on visits to the other country. The reservation would, in itself, favour the United States. However, the amending provisions in the Convention were on balance desirable from the Canadian point of view and it was recommended that approval be given for the Canadian Minister in Washington to sign the protocol of exchange of ratifications. Legislation would be required to take account of the reservation.

An explanatory memorandum was circulated.

(Minister's memorandum, Nov. 10, 1951 - Cab. Doc. 296-51)

35. The Cabinet, after discussion, approved the recommendation of the Acting Secretary of State for External Affairs and agreed that authority be given to the Canadian Minister in Washington to sign the protocol of exchange of ratifications in respect of the Convention to modify the Canada-U.S. Income Tax Agreement, including the acceptance on behalf of the Canadian government of the reservation proposed by the U.S. government; an Order in Council to be passed accordingly.

(Order in Council P.C. 6104, Nov. 12, 1951)

Post Office; interdepartmental committee; establishment

36. The Prime Minister said the Postmaster General had reported that the growth of the postal service during the past few years had created many problems of administration and operation. A general review of the activities of the Department and of its relationship with various other departments or agencies of the government appeared desirable. It was recommended that a special interdepartmental committee be set up for the purpose and commence its studies immediately.

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An explanatory memorandum had been circulated.

(Memorandum, Postmaster General, Nov. 9, 1951 - Cab. Doc. 290-51)

37. The Cabinet, after discussion, approved the recommendation of the Postmaster General and agreed that a special committee be established under the chairmanship of the Secretary to the Cabinet and composed of officials of the Treasury Board, and the Post Office Department, with such representatives from other departments as might from time to time be required, to study the present procedure and to make recommendations which would facilitate the work of the Post Office Department.

Financial relations between the federal government and the government of the Northwest Territories

38. The Prime Minister said it might be desirable to defer consideration on a memorandum by the Minister of Resources and Development concerning adjustment of financial relations between the federal government and the government of the Northwest Territories.

Copies of the memorandum had been circulated.

(Joint memorandum, Minister of Resources and Development and Minister of Finance, Oct. 26, 1951 - Cab. Doc. 287-51)

39. The Minister of Agriculture mentioned that, in case the matter came under discussion at a meeting when he was absent, he would like to indicate his opinion that it would not be desirable for the government to work, at this time, toward the establishment of a new province or new provinces in the Northwest Territories. Consideration should be given at the appropriate time to the desirability of extending the boundaries of existing provinces.

40. The Prime Minister felt the stage had not been reached when consideration should be given to the establishment of new provinces. It would, however, be undesirable to extend present provincial boundaries to take in the northern territories if it would delay the development of those territories or cause their development to be governed by a provincial rather than a national point of view. In many cases provinces might not have the financial

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resources to undertake development to the extent that the federal government could even if they had the desire to do so.

41. The Cabinet noted the remarks of the Prime Minister and the Minister of Agriculture concerning the development of the Northwest Territories and agreed that consideration be deferred on the recommendations of the Minister of Resources and Development concerning financial relations between the federal government and the government of the Northwest Territories.

Canada-U.S. air defence; mutual re-inforcement

42. The Minister of National Defence reported that Cabinet Defence Committee had considered arrangements for mutual re-inforcement in wartime by the air defence forces of Canada and the United States. This was a corollary of the integration of the air defence systems of the two countries and a step that had been contemplated for some time.

43. The Cabinet noted with approval the report of the Minister of National Defence that Cabinet Defence Committee had agreed:

(a) to the adoption, for planning purposes, of the principle of mutual re-inforcement by the air defence forces of Canada and the United States;

(b) that, at the next meeting of the Permanent Joint Board on Defence, the Canadian members propose that the Board recommend to the two governments that the Air Defence Commander of each country be empowered to authorize, in the event of war, the re-deployment of air defence forces of the other country to bases in his country and of similar forces of his country to the other country, when necessary to meet the tactical situation and when agreeable to both Commanders.

Establishment of U.S. Air Force communications facilities in Newfoundland

44. The Minister of National Defence reported that Cabinet Defence Committee had considered a U.S. request for permission for the U.S. Air Force to

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establish global communications facilities on three parcels of land near the leased bases at Stephenville and St. John's, Newfoundland. The U.S. authorities wished to lease the lands in question but, in approving the establishment of the facilities subject to various conditions, the Committee had specified that Canada would retain title to the lands and only make them available for U.S. use for as long as, in the opinion of both governments, there was a continuing need for the facilities in question.

45. The Cabinet noted with approval the report of the Minister of National Defence that Cabinet Defence Committee had agreed, subject to various conditions, to the U.S. Air Force establishing communications facilities on certain lands outside the leased bases in Newfoundland.

N.A.T.O.; costing of defence requirements for submissions to the Executive Bureau of Temporary Council Committee

46. The Minister of National Defence, referring to the discussion at the meeting of September 21st, 1951, said that the 12-man Temporary Council Committee, which had been established by the North Atlantic Council and was concerned with reconciling N.A.T.O. defence requirements and national capabilities, had set up an Executive Bureau, under the chairmanship of Mr. Averell Harriman, to examine national programmes. The Executive Bureau had submitted questionnaires regarding various aspects, including the costs, of national contributions and would be discussing the Canadian contribution later in the week with the Minister of Finance who was a member of the Committee. In the circumstances, a first approximation of the costs of the Canadian defence programme in the next three fiscal years had been prepared. Cabinet Defence Committee had agreed that these figures be used as a basis for the Canadian submissions to the Executive Bureau, on the understanding that they were subject to further screening in Canada, and that Mr. Abbott indicate to the Executive Bureau that, for all defence purposes in 1952-53, cash disbursements in excess of $2.4 billion were not at present expected to be authorized.

47. The Minister of Finance said he would also inform Mr. Harriman that it was believed that a number of economies could be made which would reduce the present tentative cost figures. Detailed consideration of the Defence Estimates for 1952-53 had not yet been undertaken.

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48. The Cabinet, after further discussion noted with approval the report of the Minister of National Defence regarding the agreement reached by Cabinet Defence Committee as to the position to be taken on costs of the Canadian defence programme in the next three fiscal years in connection with Canadian submissions to the Executive Bureau of the Temporary North Atlantic Council Committee.

Royal visit; gifts by the federal government

49. The Minister of Resources and Development reported that, in accordance with the decision at the meeting of November 6th, 1951, he had taken up with the Princess Elizabeth and the Duke of Edinburgh the possibility of the federal government giving them the Cadillac with plexi-glass top which they had been using in Canada. It had been found, however, that such a gift might be embarrassing in view of the import restrictions applicable to residents of the United Kingdom.

50. The Cabinet, after further discussion, noted the report of the Minister of Resources and Development that it would not be practicable for the federal government to give an automobile to the Princess Elizabeth and the Duke of Edinburgh.

S. S. "Aorangi"; renewal of subsidy

51. The Minister of Transport, referring to the discussion at the meeting of March 15th, 1951, said that the Canadian Maritime Commission had recommended that the subsidy to the S.S. "Aorangi" be renewed, as of April 1st, 1952 for another year. The Australian and New Zealand governments had paid their share of the subsidy for the present fiscal year.

52. The Cabinet, after discussion, noted the report of the Minister of Transport and, subject to the Australian and New Zealand governments agreeing to pay their usual share, agreed in principle to the renewal of the Canadian contribution to the subsidy to the S.S. "Aorangi" as of April 1st, 1952, for another year; it being understood that the Canadian Maritime Commission would prepare an agreement with the steamship line and that the Department of Transport would ask the Department of External Affairs to communicate with the Australian and New Zealand governments regarding their contributions to the further subsidy.

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Civil Service and Armed Forces; adjustments in remuneration

53. The Minister of Finance, referring to the discussion at the meeting of June 5th, 1951, said that, following discussions between the Civil Service Commission and his department, and after a detailed examination of rates now paid by industry to comparable classes, it was felt that it would be satisfactory if the various Civil Service classifications were examined on their individual merits and changed in accordance with the findings so that they would approximate commercial rates, with the average increase amounting to about 8½ per cent, which was, in fact, the average increase in the industrial composite from December 1st, 1950 to September 1st, 1951.

There would probably be justification for varying the percentage of increase, and, in cases of salaries above about $6,000, consideration should be given to individual classes or incumbents instead of attempting to apply an automatic percentage figure. Where classes had been readjusted since December 1st, 1950 or were to be adjusted shortly, this factor would be taken into account, and, where compensation of classes was dependent on prevailing rates, no automatic increase would now be granted.

If these proposals were approved in principle, it was expected that funds could be made available for the increased payments to be effective as from December 1st, 1951. The Civil Service Commission and his department would begin at once to work out the adjustments which would be referred to Cabinet for final approval before being announced.

He felt that the cases of those in the $8,000 to $9,000 classes should receive special attention since they occupied key positions in the Service.

54. The Minister of National Defence mentioned that, in the case of the Armed Forces, he would like to see more differentiation, with higher pay to tradesmen.

He assumed, also, that a review of the remuneration of the Armed Forces would be undertaken simultaneously with the review of Civil Service salaries.

55. The Prime Minister felt that, with private employers making adjustments in view of present rises in the price level, the proposals for the Civil Service appeared reasonable.

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56. The Cabinet, after further discussion:

(a) approved in principle the proposals of the Minister of Finance for adjustments in Civil Service salaries; and,

(b) agreed that a review of the remuneration received by the Armed Forces be undertaken at the same time as the review of Civil Service salaries.

N.A. Robertson,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

November 15,1951

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Items discussed

External Affairs; appointment of Canadian High Commissioner to Pakistan 1.

External Affairs; Portugal; diplomatic representation 2.

St.Lawrence Seaway; draft legislation; resolution 3.

Royal Visit; presentation of trumpeter swans 4.

Legislation; Pension Act amendment 4.

NA.T.O.; Canadian submission to Temporary Council Committee 5.

National Health and Welfare; public health grant 5.

National Advisory Council on Manpower 6.

Immigration; action against immigrants failing to keep agreements for employment 6.

National Revenue; allegations of dumping 7.

Establishment of power plants in Alberta; export of power 7.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, November 15th, 1951, at 11.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Resources and Development
(Mr. Prudham).

Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

External Affairs; appointment of Canadian High Commissioner to Pakistan

1. The Prime Minister said it was proposed to appoint Mr. K. P. Kirkwood to succeed Mr. D. M. Johnson as Canadian High Commissioner to Pakistan.

(Memorandum, Under-Secretary of State for External Affairs to Prime Minister, November 12, 1951.)

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2. The Cabinet, after discussion, agreed that Mr. K. P. Kirkwood, presently head of the Commonwealth Division of the Department of External Affairs, be appointed High Commissioner to Pakistan, to succeed Mr. D. M. Johnson who had recently been named Canadian Permanent Representative at the United Nations.

External Affairs; Portugal; diplomatic representation

3. The Prime Minister reported that, during recent months, Portugal had indicated that establishment of a Canadian diplomatic mission at Lisbon would be appreciated. This country was the only member of the North Atlantic Treaty Organization in which Canada had no diplomatic representation. It was recommended, therefore, that the status of the Canadian Consulate-General in Lisbon be raised to that of a diplomatic mission and that the Canadian Ambassador to Ireland be appointed also Head of the Mission. If this were approved, it would be the intention to have the Ambassador spend three or four months each year in Portugal. During his absence, the Lisbon office would remain under the supervision of the Trade Commissioner.

(Memorandum, Secretary of State for External Affairs, Nov. 12, 1951 - Cab. Doc. 300-51)

4. The Cabinet, after discussion, agreed that:

(a) the status of the Canadian Consulate-General in Lisbon be raised to that of a diplomatic mission;

(b) the Canadian Ambassador to Ireland be appointed also Head of the new Mission, it being understood that he would spend three or four months each year in Portugal and that during his absence the Lisbon office would be under the supervision of the Trade Commissioner; and,

(c) the Department of External Affairs be authorized to increase its establishment to provide the necessary additional staff in Portugal and to provide in its estimates for the expenses of maintaining this office.

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St. Lawrence Seaway; draft legislation; resolution

5. The Minister of Trade and Commerce referring to discussion at the meeting of November 12th, 1951, submitted a revised draft of legislation on the St. Lawrence Seaway Authority which he and the Minister of Transport had discussed with members of the special interdepartmental committee. He outlined briefly certain changes which it was thought could usefully be made. In fixing tolls, it had been felt that the legislation should provide that the tariff of tolls, when established by the Authority, should be filed with the Board of Transport Commissioners and that the Board be empowered to review such tolls if any representations were made in respect of discrimination in rates and to make whatever recommendations it saw fit to the Authority.

A redraft measure was circulated.

(Draft bill, Nov. 14, 1951 - Cab. Doc. 299-51)

6. The Prime Minister suggested, in order to remove any doubt that a member of the Authority could be reappointed more than once, that section 5(2) of the draft bill might be reworded somewhat as follows:

> "A member, on the expiration of a first or subsequent term of office, may be reappointed for a further term not exceeding ten years."

7. Mr. St-Laurent also reported that the Deputy Minister of Justice would proceed to Washington in the next few days for the purpose of discussing with U.S. State Department officials and others the proposed Canadian legislation. The U.S. administration was now apparently satisfied that the St. Lawrence project could be undertaken without Congressional approval and that the United States would probably rely on the 1909 Boundary Waters Treaty rather than on Federal Power Commission legislation.

8. The Cabinet, after further discussion:

(a) approved in general principle the draft St. Lawrence Seaway Authority bill, subject to certain revisions as suggested by the Prime Minister and the Minister of Trade and Commerce;

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(b) noted that the details of the legislation would be discussed in Washington shortly by the Deputy Minister of Justice and appropriate U.S. officials; and,

(c) approved for introduction a resolution respecting the St. Lawrence Seaway Authority legislation.

Royal visit; presentation of trumpeter swans

9. The Prime Minister mentioned that the Severn Wildfowl Trust of Slimbridge, Gloucestershire, England, had been negotiating with the Department of Resources and Development with a view to securing six trumpeter swans to add to their collection of wildfowl. The Minister of Resources and Development had considered it fitting to present these swans to Their Royal Highnesses, the Princess Elizabeth and the Duke of Edinburgh on the occasion of their recent visit to Canada and has requested concurrence of the Cabinet in this gift.

(Memorandum, Minister of Resources and Development, Nov. 13, 1951)

10. The Cabinet, after discussion, approved the action of the Minister of Resources and Development in presenting six trumpeter swans to Their Royal Highnesses, the Princess Elizabeth and the Duke of Edinburgh, on the occasion of their recent visit to Canada; the swans to be transferred to the Severn Wildfowl Trust, England, as a conservation measure with cost of catching, crating and shipping to a Canadian port of exit to be charged to the Department of Resources and Development.

Legislation; Pension Act amendment

11. The Minister of Veterans Affairs, referring to the discussion at the meeting of November 12th, 1951, submitted a draft bill to amend the Pension Act.

Copies of the draft measure had been circulated.

(Draft bill, Nov. 14, 1951.)

12. The Cabinet, after discussion, approved for introduction the bill to amend the Pension Act.

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North Atlantic Treaty Organization; Canadian submission to the Temporary Council Committee

13. The Minister of National Defence, referring to discussion at the meeting of November 12th, 1951, said a memorandum had been prepared on answers about the Canadian defence programme to be made by the Minister of Finance and the Chairman of the Chiefs of Staff Committee to the Temporary Council Committee questionnaire. These had been approved by the Prime Minister and forwarded to Mr. Abbott.

14. The Cabinet noted the report of the Minister of National Defence concerning the reply about the Canadian defence programme to be made to the questionnaire of the Temporary Council Committee of the North Atlantic Treaty Organization.

National Health and Welfare; public health grant

15. The Minister of National Health and Welfare reported that a particularly difficult situation had developed in relation to maintenance of Chesley Hospital in Bruce County, Ontario. This building had been built earlier than the April 1st, 1948 date, which governed hospital construction grants, and only hospitals built since that date were eligible. Destruction of the local high school by fire had made it impossible forthe municipality to finance the hospital as intended and citizens in the area had been forced to finance it directly out of their own pockets when the municipality could not take responsibility for advances by the banks. It had not been considered possible to make a special hospital construction grant since any modification of the April 1st, 1948 date would open a number of cases throughout the country. The Ontario government had recently indicated its intention to make a special grant for the hospital of $10,000 from provincial funds.

16. The Minister of National Revenue said that, under present conditions, it was extremely undesirable that any hospital should have to be closed. There was provision for public health grants by the federal government contingent upon grants by the provincial governments. In view of the special grant to be made by Ontario it would now appear possible to have a similar grant made from federal funds.

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17. The Cabinet, after discussion, noted the report of the Minister of National Health and Welfare and agreed that immediate consideration be given to arrangements for the provision of a public health grant to Chesley Hospital in Bruce County, Ontario, in view of the action recently announced by the Ontario government to make a grant from provincial funds.

National Advisory Council on Manpower

18. The Minister of Labour reported that the National Advisory Council on Manpower was in session and would probably meet again on the following day.

19. The Cabinet noted the report of the Minister of Labour concerning the meeting of the National Advisory Council on Manpower.

Immigration; action against immigrants failing to keep agreements for employment

20. The Minister of Citizenship and Immigration mentioned that he would be replying to a question in the House of Commons enquiring whether deportation proceedings had been taken against any immigrants who had come to Canada under arrangements to remain in certain employments for a specific time and who had failed to keep such agreements. Up to the present, there had been no deportation in such cases nor were any other sanctions applied. There had been quite a number of cases of immigrants failing to keep agreements of this sort and it might be desirable to consider at an early date whether any measures should be taken.

21. The Minister of Labour said that most of the immigrants who had come to Canada in recent years had good records. There were, nevertheless, a number of cases of failure to keep agreements to take employment and the numbers were growing as it was discovered that no action was taken by the government. It seemed that some sanctions might be desirable.

22. The Minister of National Revenue felt doubtful whether there should be deportation of immigrants in any cases of the type under discussion.

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It was often the fault of employers that immigrants did not remain in employments to which they were originally sent.

23. The Cabinet, after discussion, noted the report of the Minister of Citizenship and Immigration concerning the desirability of giving consideration at an early date to the problems created by the failure of certain immigrants to comply with undertakings as to employment which had been given prior to admission to Canada.

National Revenue; allegations of dumping

24. The Prime Minister reported that a number of complaints had been received alleging the dumping of goods in Canada from foreign countries. It was doubtful whether most of the allegations were well founded. It was probable that many arose because certain Canadian producers were unwilling to make price reductions that would enable them to meet legitimate foreign competition. With the development of small pockets of unemployment it was important, however, that the government should be in a position to say that such allegations were being looked into.

25. The Minister of National Revenue agreed both as to the character of most allegations concerning dumping and also as to the importance of being in a position to check on them. An effort had been made to avoid re-establishing the facilities that enabled reports to be made on fair market values in foreign countries prior to the war but, notwithstanding the help that had been received from officials of the Department of Trade and Commerce abroad, it seemed probable that it might be necessary now to make additional arrangements of the pre-war type. Consideration was being given to this at present.

26. The Cabinet noted the comments of the Prime Minister and the Minister of National Revenue concerning allegations of dumping in Canada of goods of foreign origin.

Establishment of power plants in Alberta; export of power

27. The Minister of Trade and Commerce, referring to discussion at the meeting of November 6th, 1951, said that the persons interested in the

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establishment of steam power plants in the Alberta coal fields and the export of electric power to the United States had been informed that the government was not able to proceed further on the basis of present information and that the views of the U.S. authorities on the proposal would have to be ascertained. This could be done either through enquiries in Washington or, preferably, by having support for the application come direct from Washington.

28. The Minister of Resources and Development understood that there would be a request forthcoming shortly from the State Department asking that the proposal be favourably considered. There was expected also to be support from the Alberta government.

29. The Cabinet noted the comments of the Ministers of Trade and Commerce and Resources and Development concerning the proposal to establish steam power plants in the Alberta coal fields and export electric power to the United States.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 19,1951

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Items discussed

Wheat; transfer of unsold wheat from 1950-51 to 1951-52 pool; distribution of surplus to producers 1.

Board of Transport Commissioners; further amendment to Railway Act in respect of salaries of Board members 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Monday, November 19th, 1951, at 2.00 p.m.

Present:

The Minister of Trade and Commerce, Minister of Defence Production and Acting Prime Minister (Mr. Howe) in the Chair,
The Minister of Public Works (Mr. Fournier),
The Minister of Transport (Mr. Chevrier),
The Minister of National Health and Welfare (Mr. Martin),
The Minister of National Revenue (Dr. McCann),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Minister of Resources and Development (Mr. Winters),
The Minister of Veterans Affairs (Mr. Lapointe),
The Minister of Mines and Technical Surveys (Mr. Prudham).

The Secretary to the Cabinet (Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

Wheat; transfer of unsold wheat from 1950-51 to 1951-52 pool; distribution of surplus to producers

1. The Minister of Trade and Commerce submitted a recommendation to Council for authority to transfer wheat delivered to the Canadian Wheat Board during the 1950-51 pool, and remaining unsold, to the 1951-52 pool. It was proposed to transfer an amount of 95.3 million bushels with a total value of nearly $160 million. Of the 95 million bushels so

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transferred, 25 million bushels of milling grades had been sold for delivery in January 1952. Arrangements had also been made to dispose of most, if not all, of the remaining 70 million bushels. It was further recommended that, after deducting expenses as provided by the Canadian Wheat Board Act, the monies received from the sale and disposition of the wheat so transferred be distributed to wheat producers. The average payment per bushel would be 28.56 cents.

If these recommendations were approved, it was proposed to make a statement in the House that afternoon announcing the transfer and the surplus payments to producers.

2. The Cabinet, after discussion, noted with approval the recommendations of the Minister of Trade and Commerce for the transfer to the 1951-52 pool of wheat delivered during the previous pool year and remaining unsold as at October 20th, 1951, and for the distribution of surplus payments to wheat producers in respect of wheat so transferred; Orders in Council to be passed accordingly.

(Orders in Council P.C. 6242 and P.C. 6251, Nov. 19, 1951)

Board of Transport Commissioners; further amendment to Railway Act in respect of salaries of Board members

3. The Minister of Transport, referring to discussion at the meeting of November 12th, 1951, said that the Parliamentary Committee considering proposed amendments to the Railway Act had recommended that the Act be further amended to provide increases in the salaries of the members of the Board of Transport Commissioners other than the Chief Commissioner. The new scale would be $14,000, $13,000 and $12,000 per annum for the Assistant Chief Commissioner, the Deputy Chief Commissioner and the other Commissioners respectively. If this recommendation were accepted by the government it would be necessary to introduce a new resolution when the bill was reported back to the House by the Committee.

4. The Minister of Mines and Technical Surveys felt that granting increases to members of the Board of Transport Commissioners at this time might give rise to strong representations in favour

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of similar action for members of other boards and commissions.

5. The Minister of National Revenue suggested that, instead of giving a flat increase in salary, it might be preferable to consider granting terminable allowances of $2,000 per annum to the members of the Board. This would permit the situation to be reviewed at a later date after full consideration had been given to the report of the Turgeon Commission on transportation.

6. The Cabinet, after discussion:

(a) noted the report by the Minister of Transport that the Parliamentary Committee presently considering proposed amendments to the Railway Act had recommended that the Act be further amended to provide salary increases for members of the Board of Transport Commissioners other than the Chief Commissioner; and,

(b) agreed that a new resolution to take the Committee's recommendations into account be prepared and introduced subject to prior approval by the Prime Minister and the Minister of Transport.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 22nd,1951

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Items discussed

Cabinet Committee on Emergency Measures; report	1.
Brussels Conference on Migration; instructions to Canadian delegation	3.
Accelerated depreciation; Hydro-electric developments	4.
Northern Greece; proposed gift of flour for relief purposes	5.
Po Valley floods; possible Canadian relief measures	5.
Bills of Exchange Act amendment; representations	6.
Canadian Chamber of Commerce; interview with government	7.
St.Lawrence Seaway; draft legislation	7.
Judges Act amendment	8.
T.C.A.; extension to Fredericton	8.
Steamship subsidy; Yarmouth, N.S. to Boston, U.S.A.	10.
Northwest Territories; financial relations with the federal government	10.
War claims; interim compensation	11.
Ming Sung Industrial Company; reply to enquiry in House of Commons	13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, November 22nd, 1951, at 11.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Cabinet Committee on Emergency Measures; report

1. The Prime Minister said the Minister of Justice, as Chairman of the Cabinet Committee on Emergency Measures, had submitted a report on matters recently under discussion.

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Preparatory measures for national registration were being carried forward. Questions relating to the time that would be required to arrange for a registration and to make information from it available were being discussed with the Department of National Defence. The Committee were not at present prepared to recommend advance printing of forms and certificates. To enable censorship planning to be advanced, the Committee recommended that an appropriation be secured for the remainder of the fiscal year and that an Assistant Director (designate) of the Communications Branch be appointed. Requests for security investigations of government employees, members of the armed forces and employees in industries engaged on defence contracts were exceeding the capacity of the R.C.M.P. to handle them. A re-examination of the basis of requests to bring about a reduction in number was recommended, particularly in connection with the armed forces. Several measures were recommended relating to the protection of government administration in wartime.

An explanatory memorandum was circulated.

(Memorandum, Chairman, Cabinet Committee on Emergency Measures, Nov. 22, 1951 - Cab. Doc. 307-51)

2. The Cabinet, after discussion, noted with approval the report of the Minister of Justice and agreed:

(a) that arrangements be made for an appropriation of $25,000 to be available in the present fiscal year to finance censorship preparations;

(b) that Mr. E. A. Martin, General Manager, Commercial Cables (Montreal) be appointed to serve as Assistant Director (designate) of the Communications Branch in the censorship planning organization in a consultative capacity and without remuneration;

(c) that present requirements for security screening of personnel be re-examined with a view to reducing the number of individuals required to be screened, particularly in the armed forces;

(d) that a technical group be established to make an examination of government buildings and advise on measures required for strengthening to provide shelters; the group to be composed of

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one representative of each of National Health and Welfare (Civil Defence), Public Works, National Defence, National Research Council and Defence Research Board, together with a qualified engineer from a construction company and a member of a firm of architects experienced in heavy construction; costs of the survey to be met from Civil Defence funds; and,

(e) that further consideration of the proposals for establishment of an emergency communications centre and for the construction of a second records building be deferred until a meeting at which the Minister of Finance was present.

Brussels Conference on Migration; instructions to Canadian delegation

3. The Prime Minister reported that a conference would open in Brussels on November 26th to consider a plan for an interim operating agency to enable International Refugee Organization facilities, particularly ships, to continue to be available for the movement of emigrants from Europe. The organization would be winding up on December 31st. The plan was on the basis of a projected movement of 115,000 migrants in one year of operations. Tentative quotas for countries of origin and destination had been set. That for Canada was 40,000. The overall cost for a year of operation on this basis was set at $34 million. The Interdepartmental Advisory Committee on Immigration considered that the scheme generally would be of benefit to Canada but that it was on too elaborate a scale.

The Committee recommended that Canada participate in the Brussels Conference and that the Canadian delegation make it clear that, in any circumstances, Canada would retain complete control in respect of selection standards and numbers of immigrants; that Canada would wish to use only the embarkation and shipping facilities and press for a downward modification in certain of the present plans; and that Canada would be prepared to make an advance contribution to the operating fund, partly on a recoverable and partly on a non-recoverable basis, the latter principle applying particularly to assistance for the movement of refugees.

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An explanatory memorandum was circulated.

(Memorandum, Chairman, Interdepartmental Advisory Committee on Immigration, Nov. 21, 1951 - Cab. Doc. 306-51)

4. The Cabinet, after discussion, approved the recommendations of the Interdepartmental Advisory Committee on Immigration as submitted and agreed that Canada participate in the forthcoming Brussels Conference on Migration, the delegation to be instructed in accordance with the terms submitted.

Accelerated depreciation; Hydro-electric developments

5. The Minister of Defence Production said the Aluminum Company of Canada was engaged on a capital expenditure programme involving some $235 million. Of this something over $82 million represented power development at Kitimat, B.C. The company had represented that this project should be entitled to accelerated depreciation. It would not be eligible under present regulations. They had asked to be allowed to write off about 80 percent of the project over eight years as against some 34 percent that would normally be allowed. In view of the special nature of the Kitimat development and its direct connection with the defence effort, it was recommended that accelerated depreciation be granted and an amendment to the Income Tax Regulations made accordingly. The amendment would also enable an application to be dealt with involving an expenditure of $1.5 - $2.5 million to expand the capacity of the transmission line from Arvida to Shawinigan Falls.

The recommendation was concurred in by the Ministers of Finance and National Revenue.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 20, 1951 - Cab. Doc. 303-51)

6. The Cabinet, after discussion, approved the recommendation of the Minister of Defence Production that accelerated depreciation be allowed for certain hydro-electric developments and agreed that the Income Tax Regulations be amended by making eligible for accelerated depreciation the assets classified in Paragraphs (a) and (c) of Class 2 of the Regulations; an Order in Council to be passed accordingly.

(Order in Council P.C. 6306, Nov. 22, 1951)

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Northern Greece; proposed gift of flour for relief purposes

7. The Prime Minister reported that Mr. Jackson Dodds had written to him, on behalf of the Greek War Relief Fund of Canada, urging the government to donate 201,600 hundred-pound bags of flour, to be milled from 503,000 bushels of No. 5 wheat, for the relief of the population of Northern Greece where there were conditions of near starvation beyond the means of the Greek government to relieve. It was proposed that the flour be shipped under the care of the Canadian Red Cross to the Greek Red Cross which would handle distribution. The U.S. economic aid authorities had given an assurance that they would meet the ocean freight charges.

8. The Minister of Trade and Commerce said that the flour, which was estimated to cost about $800,000 could be made available if the government were agreeable to providing this sum.

9. The Minister of National Revenue thought it might be the responsibility of the Fund in question to pay for the flour.

10. The Cabinet, after further discussion, noted the report of the Prime Minister regarding a proposal that low-grade flour be provided to relieve conditions in Northern Greece and deferred decision pending reference of the correspondence to the Department of External Affairs and further consideration of the matter by the Minister of Trade and Commerce and the Minister of National Revenue.

Po Valley floods; possible Canadian relief measures

11. The Prime Minister said that the Secretary of State for External Affairs had enquired from Paris whether any Canadian relief could be provided for victims of the Po Valley floods. Mr. Pearson was particularly concerned because he would be presiding at the meeting of the North Atlantic Council beginning in Rome on November 24th, 1951.

It appeared that the Manitoba and British Columbia flood relief funds were not fully committed and that some measure of assistance might be provided from these sources. The Minister of Justice was taking up the matter with the Premier of Manitoba and an approach would be made to those concerned in British Columbia. It might be difficult for the government

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to make a direct contribution in this case since this might create a precedent which would make it difficult to resist future similar requests, particularly if they originated in one of the N.A.T.O. countries. Should it become necessary for the government to consider providing assistance in the present case, any contribution would probably have to be made indirectly through some such organization as the Canadian Red Cross. There might, of course, be cases of disasters abroad - such as the present widespread starvation in Northern Greece - which were beyond the means of the country concerned to relieve and where direct contributions might be necessary. The present disaster, however, did not appear to come within this category.

12. The Cabinet, after discussion, noted the report of the Prime Minister on the question of the provision of Canadian relief for victims of the Po Valley floods, and agreed that the Secretary of State for External Affairs be informed that:

(a) while it was not felt that the government would be able to make a direct contribution in this case, possibilities of indirect assistance were being investigated;

(b) at the same time, should one of the United Nations or North Atlantic Treaty bodies presently meeting in Europe recommend an international scheme for relief in Northern Italy, the government would be prepared to give it consideration.

Legislation; Bills of Exchange Act amendment; representations

13. The Minister of Mines and Technical Surveys said that he had received a telegram from the publisher of the Edmonton Journal, protesting against the proposed amendment to the Bills of Exchange Act permitting banks to close on Saturdays to the inconvenience of rural populations, and suggesting that arrangements be made whereby bank staffs, while adopting a 5-day week, would continue to provide service on Saturdays.

14. The Cabinet, after discussion, noted the report of the Minister of Mines and Technical Surveys regarding representations he had received on the question of the proposed amendment to the

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Bills of Exchange Act, and agreed that the Minister reply that, in introducing the amendment in Parliament, the government had not been seeking authorization for banks to close on Saturdays but authority for certain acts to have legal effect if performed on Mondays rather than Saturdays.

Canadian Chamber of Commerce; interview with the government

15. The Prime Minister mentioned that the Canadian Chamber of Commerce had enquired whether the government would receive a delegation of its officers on December 10th.

16. The Cabinet noted the report of the Prime Minister and agreed to receive a delegation of officers of the Canadian Chamber of Commerce at mid-day on December 10th, 1951.

St. Lawrence Seaway; draft legislation

17. The Minister of Transport, referring to the discussion at the meeting of November 15th, 1951, said he believed U.S. authorities had now indicated satisfaction with the draft Canadian legislation on the St. Lawrence seaway and power project but wished Canada to make it clear that there would be an application to the International Joint Commission on both the power and seaway aspects of the project. They also felt there should not be any agreement between Ontario and New York regarding power development since such an agreement might be criticized as unconstitutional if not approved by Congress.

Mr. Saunders had indicated that Ontario was ready to sign the proposed agreement with the federal government. It would probably be signed about November 26th.

18. The Minister of Trade and Commerce understood that U.S. authorities wished Canada to undertake to submit its plans for the seaway to the Commission. While such action was not necessary under the Boundary Waters Treaty, it did seem desirable to submit the plans for the information (but not the approval) of the Commission.

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19. The Cabinet, after further discussion, noted the comments of the Minister of Transport and the Minister of Trade and Commerce on the St. Lawrence seaway and power project and agreed to resume consideration of the relevant draft legislation on receipt, through the Special Cabinet Committee, of a report from the Deputy Minister of Justice regarding his discussions in Washington.

Legislation; Judges Act amendment

20. The Secretary submitted a draft resolution and bill to amend the Judges Act. Copies of the draft measure had been circulated.

(Draft bill, Nov. 20, 1951)

21. The Cabinet, after discussion, approved for introduction the resolution and bill to amend the Judges Act.

Trans-Canada Air Lines; extension to Fredericton

22. The Minister of Transport reported that the City of Fredericton and the Province of New Brunswick had been pressing for extension of Trans-Canada Air Lines service to Fredericton. For some time past, air services to this city had been provided exclusively by Maritime Central Airways, which operated a regular Moncton, Fredericton, Saint John route. Trans-Canada was not particularly anxious to undertake the new service, but, in view of the repeated representations urging that this be done, an application had been filed with the Air Transport Board. After public hearings, the Board came to the conclusion that such services could not be extended to Fredericton without some compensation to Maritime Central which stood to bear a substantial loss. Various alternative courses of action were considered and the Air Transport Board had recommended that Trans-Canada be licensed to serve Fredericton, that to offset the consequent revenue loss to Maritime Central a postal contract be granted them between Moncton and Goose Bay, the present postal contract with Fredericton be continued for another year, and that, subsequent to the above action, further consideration be given to the possibility of transferring the Yarmouth route from Trans-Canada to Maritime Central.

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An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 14, 1951 - Cab. Doc. 301-51)

23. The Postmaster General said his Department had some objection to granting the suggested mail contracts to Maritime Central in view of the fact that present mail services to Goose Bay were provided free of charge by the R.C.A.F., whereas a mail contract with the Company might well cost approximately $40,000 per annum. In so far as the proposed granting of a mail contract for Yarmouth was concerned, he said this point was now covered under the general minimum payment contract with Trans-Canada. The volume of mail presently carried was not sufficient to provide an annual payment greater than the minimum stipulated in the contract with the net result that, if the mail route to Yarmouth was transferred, this would represent a net increase in departmental expenditures on air-mail services.

24. The Minister of Resources and Development suggested that, if the Yarmouth route were transferred, provision should also be made that the Company be licensed to fly through to Halifax. Otherwise, there might be a curtailment of the Boston, Saint John, Yarmouth, Halifax air services presently provided.

25. The Prime Minister suggested that there did not appear to be any good reason why the government should subsidize air-mail services to Goose Bay through the use of R.C.A.F. craft to carry letter mail and parcel-post. As a matter of general principle, it might be preferable to provide air-mail service to this point at the normal rates prevalent elsewhere provided the volume of mail was sufficient to warrant the establishment of regular flights for this purpose.

He suggested that the problem be discussed further by the Minister of Transport, the Postmaster General and the Minister of Resources and Development in an effort to find some solution which would permit Trans-Canada Airways to be licensed for Fredericton without impairing existing services at Yarmouth and elsewhere and further without causing loss in revenue to Maritime Central Airways.

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26. The Cabinet, after discussion, noted the report by the Minister of Transport on the proposed extension of Trans-Canada Air Lines services to Fredericton and agreed that the matter be discussed further by the Minister of Transport, the Postmaster General and the Minister of Resources and Development along the lines suggested by the Prime Minister.

Steamship subsidy; Yarmouth, N.S., Boston, U.S.A.

27. The Minister of Transport reported that, since 1945, subsidy assistance has been paid for the operation of a freight steamship service between Yarmouth, N.S., and Boston, U.S.A. In view of unsatisfactory operation last year, tenders were called and that of Himmelman Supply Company Ltd. was accepted at a subsidy figure of $28,000 per annum. It was recommended that an additional subsidy of $791 be provided for the new contractor in order to complete the year's operations and that authority be given for granting a subsidy of $28,000 for the 1952-53 operation.

(Minister's submission to Council, Nov. 16, 1951)

28. The Cabinet, after discussion, agreed that an additional subsidy of $791 be provided for the freight steamship service to be operated by Himmelman Supply Company Ltd. between Yarmouth, N.S., and Boston, U.S.A., this amount to be included in the Supplementary Estimates 1951-52, and that a further amount of $28,000 be provided in the Main Estimates 1952-53 for this service.

Northwest Territories; financial relations with the federal government

29. The Minister of Resources and Development, referring to discussion at the meeting of November 12th, 1951, pointed out that changed economic conditions in the Northwest Territories since 1939 had vastly increased the quantity of legislation enacted by the Commissioner in Council, but the only Territorial revenue had been profits from the sale of liquor. All other revenues, under both federal acts and regulations and Territorial ordinances, had been paid into the Consolidated Revenue Fund of Canada. The majority of expenditures in the Territories, for both federal and Territorial purposes, had been defrayed out of federal funds

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through appropriations of the Department of Resources and Development and its predecessor departments. There had been no clear policy as to the functions of government which should be financed out of federal and Territorial revenues respectively. An interdepartmental Committee established for the purpose had submitted recommendations designed to establish a policy as to what functions of government should be financed out of federal and Territorial revenues respectively and thus place the Northwest Territories, in financial matters, in a position comparable to that of the Yukon territory. These recommendations were submitted for approval with the concurrence of the Minister of Finance.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 26, 1951 - Cab. Doc. 287-51)

30. The Cabinet, after discussion, noted with approval the recommendations submitted by the Minister of Resources and Development in respect of financial relations between the federal government and the government of the Northwest Territories and agreed that:

(a) the Territorial government assume financial responsibility for a number of expenditures which were its legal responsibility under the Northwest Territories Act, but for which it had not in the past had financial responsibility;

(b) the Territorial government receive a number of revenues, which it was its legal right to receive, but which had previously been paid into Consolidated Revenue Fund; and,

(c) the foregoing revenues be supplemented by a federal grant to the Territorial government in a sum not less than $186,000 a year during the next five years, to be implemented by an agreement in the same general terms as a federal-provincial tax rental agreement with a stated guaranteed minimum of $186,000.

War claims; interim compensation

31. The Prime Minister, referring to discussion at the meeting of October 13th, 1951, said Mr. Justice Ilsley had now reported on the procedure which might

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be followed to allow for interim compensation to persons having legitimate war claims and who were in necessitous circumstances. His report outlined the basis on which regulations might be made by the Governor in Council for the payment of such interim compensation. Mr. Ilsley had stated that, in his final report, he would recommend that compensation in respect of war claims should not be extended to non-civilians. In the circumstances, it would no doubt be inadvisable to extend interim compensation to this group. The report had further drawn attention to certain dangers in establishing an interim payment scheme at this time. For example, it was possible, although not probable, that the interim compensation paid might be in an amount greater than the total amount of compensation to which the commissioner who adjudicated the claim eventually considered the claimant entitled. Another risk was that an interim compensation payment, even though less than the amount of compensation to which the commissioner who adjudicated the claim considered the claimant entitled, would prove to be more than that to which the claimant was eventually entitled because of the insufficiency of the fund to meet all claims. Such contingencies, however, appeared to be rather remote since it would be provided by regulation that the amount of any claim to be paid by way of interim compensation should not exceed one half the amount estimated by Treasury Board to be the pecuniary loss suffered or $2,000 whichever was the lesser amount.

The report of the Advisory Commission on War Claims was circulated.

(Report, Advisory Commission on War Claims, Nov. 2, 1951 - Cab. Doc. 294-51).

32. The Minister of Veterans Affairs pointed out that, since the end of World War II, service groups had actively urged that service personnel be entitled to compensation for war claims in precisely the same manner as civilians. Mr. Ilsley had apparently recommended against such inclusion and this would appear to be reasonable in the light of the pension and numerous other benefits to which service personnel were entitled.

33. Mr. St-Laurent noted that, in his interim report, Mr. Ilsley had recommended that a claimant should not be entitled to compensation if he received from any other source compensation in respect of the

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death or injury for which interim compensation had been sought. Such a stipulation appeared to be unduly restrictive and might perhaps usefully be amended to provide that claimants would be disqualified if they received fair and reasonable compensation from other sources.

He suggested that regulations based on Mr. Ilsley's interim report might now be drafted.

34. The Cabinet, after discussion:

(a) approved in principle the report submitted by Mr. Justice Ilsley on a proposed procedure for the payment of interim compensation in respect of war claims, subject to the report being amended, as suggested by the Prime Minister, to provide that claimants would be disqualified if they received a fair and reasonable compensation from other sources, and,

(b) agreed that regulations, based on Mr. Ilsley's recommendations, be prepared for submission to the Governor in Council.

Ming Sung Industrial Company; reply to enquiry in House of Commons

35. The Prime Minister, referring to discussion at the meeting of October 25th, 1951, outlined the nature of the reply it was proposed to make to the questions by Major General Pearkes about vessels of the Ming Sung Industrial Company now passed as Orders for Return.

(Memorandum, Acting Under-Secretary of State for External Affairs to the Prime Minister, Nov. 22, 1951, and attached draft reply.)

36. The Cabinet noted with approval the type of reply it was proposed to make to the questions passed as Orders for Return relating to vessels of the Ming Sung Industrial Company.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 26,1951

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Items discussed

Export of military equipment to Australia and Pakistan 1.

Conference on External Trade and Balance of Payments Statistics, Panama City; Canadian representations 2.

Visit to Ottawa of Minister of External Affairs of Australia; arrangements for arrival and departure 3.

Federal District Commission; appointments 3.

St.Lawrence Seaway and power project 4.

Legislation; Canada-U.S. Tax Convention bill 4.

Legislation; Civil Service Act amendment 5.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, November 26th, 1951, at 12.00 noon.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

Export of military equipment to Australia and Pakistan

1. The Prime Minister reported that the Department of Trade and Commerce and the Canadian Commercial Corporation had referred to the Department of External Affairs three applications from Australia

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and Pakistan for the export of, or quotations on, military equipment. It was recommended that these applications be approved.

(External Affairs memoranda to the Prime Minister, Nov. 22, 1951)

2. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that there was no objection to:

(a) the Department of Trade and Commerce granting a permit covering the export to the government of Pakistan of spare parts for Ford military-type vehicles valued at $32,519.28;

(b) the Canadian Commercial Corporation giving the governments of Australia and Pakistan quotations on the supply of 2,000 Canadian radio CPRC/26 sets valued at approximately $800,000 and 50,000 .303 rifles valued at approximately $3.5 million respectively; on the understanding that, should firm orders be received for the radios and rifles, the Corporation would consult the Department of External Affairs in the usual way.

Conference on External Trade and Balance of Payments Statistics, Panama City; Canadian representation

3. The Prime Minister said that all the American countries, the United Kingdom, France and the Netherlands had been invited to a Conference on External Trade and Balance of Payments Statistics to be held in Panama City in December, 1951.

The Department of External Affairs, which considered that it might be adequate to obtain a report of the conference from the International Monetary Fund, had reported that the Dominion Bureau of Statistics was in favour of sending Mr. Blyth, Director of the International Trade Division, to the conference, but that the Department of Finance saw no need for Canadian representation.

(External Affairs memorandum, Nov. 22, 1951 to the Prime Minister)

4. The Minister of Trade and Commerce commented that, after due consideration, his department

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felt that Mr. Blyth should attend the conference since the Latin-American countries looked to Canada for assistance in statistical techniques.

5. The Cabinet, after further discussion, noted the report of the Prime Minister and agreed that Mr. C. D. Blyth of the Dominion Bureau of Statistics represent Canada at the Conference on External Trade and Balance of Payments Statistics, to be held in Panama City from December 3rd to 15th, 1951.

Visit to Ottawa of the Minister of External Affairs of Australia; arrangements for arrival and departure

6. The Prime Minister reported that the Right Honourable R. G. Casey, Minister of External Affairs of Australia, would, under present plans, be arriving in Ottawa with his wife at 11.50 a.m. on November 30th, 1951 for a courtesy visit. He would leave again at noon on December 3rd.

7. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that, on behalf of the government, the Minister of Citizenship and Immigration meet the Minister of External Affairs of Australia and Mrs. Casey on their arrival in Ottawa November 30th; the Department of External Affairs to make appropriate arrangements with Mr. Harris.

Federal District Commission; appointments

8. The Prime Minister, referring to the discussion at the meeting of November 6th, 1951, said that Mr. Eric Cook of St. John's, Newfoundland, had now indicated to the Secretary of State that he was agreeable to accepting appointment as a member of the Federal District Commission. In the circumstances, it was proposed that Mr. Cook and the other three persons considered at the meeting of November 6th be now appointed to the Commission.

9. The Cabinet noted the report of the Prime Minister and agreed to the appointment as members of the Federal District Commission of:

Mrs. Cecile Fontaine, O.B.E., Hull, P.Q.,
Colonel J. D. Fraser, Ottawa,
Lawrence Freiman, Esq., Ottawa,
Eric Cook, Esq., K.C., St. John's, Newfoundland;

an Order in Council to be passed accordingly.

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St. Lawrence Seaway and power project

10. The Minister of Transport said the Premier of Ontario had indicated that he could be in Ottawa on November 28th or November 30th, 1951 to sign the agreement with the federal government on the St. Lawrence power project. While not pressing the point, Mr. Frost had suggested that consideration be given to including a clause in the agreement to the effect that, should the United States decide to participate in the development of the Seaway, Ontario should be relieved of some of its financial commitments under the agreement. It was understood that Mr. Frost contemplated a clause similar to that in the 1941 agreement, whereby Canada had undertaken to pay half of the cost of the common works. He had suggested that his proposal be discussed with Mr. Saunders who had now arrived in Ottawa.

11. The Minister of Trade and Commerce thought it would be reasonable to include a clause in general terms to the effect that the financial provisions would be reviewed should the United States decide to participate as a full partner in the Seaway project.

12. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that:

(a) there was no objection to including in the proposed agreement with Ontario on the St. Lawrence power project a clause in general terms to the effect that the financial provisions would be reviewed should the United States decide to participate as a full partner in the development of the Seaway;

(b) when introduced in the House of Commons, the proposed legislation on the St. Lawrence Seaway and power projects should not be referred to a committee.

Legislation; Canada - U.S. Tax Convention bill

13. The Minister of National Revenue, referring to the discussion at the meeting of November 12th, 1951, submitted a draft bill seeking

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Parliamentary approval of ratification of the Convention modifying the Canada - U.S. Income Tax Agreement.

14. The Cabinet, after discussion, approved for introduction in the House of Commons a bill entitled "An Act to amend An Act to amend The Canada - United States of America Tax Convention Act, 1943, and The Canada - United States of America Tax Convention Act, 1944".

Legislation; Civil Service Act amendment

15. The Prime Minister recalled that, at the meeting of October 18th, 1951, it had been agreed that introduction of the proposed amendment to the Civil Service Act be postponed until the next session of Parliament.

The draft bill had been revised, however, in accordance with earlier discussion and it was suggested that the amendment might go forward to the Order Paper, to be dealt with if the business of the House permitted.

16. The Cabinet, after discussion, approved for introduction the resolution and bill to amend the Civil Service Act.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 27, 1951.

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Items discussed

Po Valley disaster; Canadian assistance	1.
C.B.C.; appointments	2.
Israel; request for quotation on T.N.T.	3.
Parliament; legislation	4.
St.Lawrence Seaway and power project; progress report	4.
Revision of capital cost allowances	6.
Defence Production; security of contracts	6.
Mines and Technical Surveys; aerial geological reconnaissance; Great Slave Lake to Hudson Bay	7.
Mines and Technical Surveys; recognition of the Interdepartmental Committee on Aeronautical Charting	8.
Resources and Development; sale of property under the Public Lands Grants Act	9.
Unemployment Insurance; employees of hospitals	9.
Post Office; mail deliveries	10.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, November 27th, 1951, at 11.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

Po Valley disaster; Canadian assistance

1. The Prime Minister, referring to discussion at the meeting of November 22nd, 1951, said he was informed that the Canadian Red Cross Society had appropriated approximately $15,000 for the purpose of providing blankets, woollen underwear, shoes,

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powdered milk and medicine to residents of the Po Valley disaster area. The Society had asked whether the Canadian government would be prepared to assist in transporting this material to the scene of the disaster. It had been ascertained that the R.C.A.F. could make available two North Star aircraft to transport the Red Cross gifts to a European airport and that Supreme Headquarters Allied Powers in Europe would take care of onward transportation to the flooded area.

(External Affairs memorandum to Cabinet, Nov. 27, 1951)

2. The Cabinet, after discussion, agreed that two R.C.A.F. North Star aircraft be placed immediately at the disposal of the Canadian Red Cross Society for the purpose of transporting certain food, clothing and medicine to Europe for the relief of residents of the Po Valley disaster area; this decision to be announced in the House of Commons that afternoon by the Prime Minister.

Canadian Broadcasting Corporation; appointments

3. The Prime Minister reported that it was proposed to second Mr. Jean Desy, presently Canadian Ambassador at Rome, to the Canadian Broadcasting Corporation as Director General of the C.B.C.'s International Service. The period of secondment would be 18 months from January 1st, 1952. It was intended that Mr. Desy should continue to receive his present salary of $10,000 per annum plus $5,000 in his capacity of Director General of the International Service.

In view of Dr. Frigon's recent illnesses, the Board of Governors had recommended that he be appointed Director of Planning at his present salary and that he be replaced as General Manager by Mr. Donald Manson who, for some years, had been Assistant General Manager. The Board had further recommended that Mr. J. Alphonse Ouimet, the Corporation's Chief Engineer, be appointed to replace Mr. Manson as Assistant General Manager.

It was thought desirable to withhold announcement of these appointments, if approved, until after the current North Atlantic Treaty Organization meetings had been concluded at Rome on November 29th.

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4. The Cabinet approved the following appointments and agreed that the required submissions to Treasury Board be made and Orders in Council passed accordingly:

(a) Mr. Jean Desy, presently Canadian Ambassador at Rome, to be seconded to the Canadian Broadcasting Corporation for 18 months as of January 1st, 1952, for the purpose of assuming the post of Director General of the C.B.C.'s International Service;

(b) Dr. Augustin Frigon to be appointed Director of Planning;

(c) Mr. Donald Manson to be appointed General Manager as of October 1st, 1951, at an annual salary of $14,500;

(Order in Council P.C. 6393, Nov. 29, 1951)

(d) Mr. J. Alphonse Ouimet to be appointed Assistant General Manager as of October 1st,1951, at an annual salary of $11,500.

(Order in Council P.C. 6394, Nov. 29, 1951).

Israel; request for quotation on T.N.T.

5. The Prime Minister said that the Canadian Commercial Corporation had been asked by the government of Israel for a quotation on the supply of 1,500 short tons of T.N.T. It was likely that, if this were given, it would be followed by a firm order which might well be the forerunner of orders for about 3,000 short tons annually during the next few years. The Joint Intelligence Bureau of the Department of National Defence had no objection and had indicated that an actual export order would most likely be approved.

It was recommended that the Canadian Commercial Corporation be authorized to forward the requested quotation to the government of Israel.

(External Affairs memorandum to the Prime Minister, Nov. 26, 1951)

6. The Cabinet, after discussion, agreed that the Canadian Commercial Corporation be authorized to quote to the government of Israel on the supply of

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1,500 short tons of T.N.T.; it being understood that further authorization would be required if an actual order were placed with the Corporation.

Parliament; legislation

7. The Prime Minister reported that the Minister of Justice had proposed that legislation be introduced to amend the Supreme Court Act and the Exchequer Court Act to provide for an increase in the maximum salaries of the Registrars. Draft resolutions to precede introduction of these measures were submitted.

It was also proposed that a bill to amend the Act respecting the Revised Statutes of Canada be introduced to permit the Statute Revision Commission to bring out a supplementary volume to the revision which would include the statutes enacted at the 1952 session as amendments or additions to the new Revised Statutes of Canada.

Explanatory memoranda had been circulated.

(Memoranda, Minister of Justice, Nov. 12 and 20, 1951 - Cab. Docs. 297-51, 298-51 and 305-51)

8. The Cabinet, after discussion:

(a) approved in principle amendments to the following Acts as proposed by the Minister of Justice; draft measures to be prepared accordingly:

Supreme Court Act;
Exchequer Court Act;
Act respecting the Revised Statutes of Canada; and,

(b) approved for introduction the resolutions to precede the proposed amendments to the Supreme Court Act and the Exchequer Court Act.

St. Lawrence Seaway and power project; progress report

9. The Minister of Transport, referring to discussion at the meeting of November 26th, 1951, said the Chairman of the Hydro-Electric Power Commission of Ontario had, the previous day, discussed with members of the special Interdepartmental Committee on the St. Lawrence Seaway the revised text of the

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draft agreement with Ontario on power development in the International Rapids section. This revision had been made necessary because of the constitutional limitation on the State of New York in the matter of a possible agreement or contract with Ontario.

Mr. Saunders had expressed himself as generally satisfied with the revision but wished to submit the new text to his legal advisers in Toronto before final approval was given on behalf of the Province of Ontario. He further suggested that clause 6 of the draft bill respecting the St. Lawrence power development be deleted. This clause, which purported to terminate the 1941 Canada-Ontario agreement, was unnecessary since the 1941 agreement had never actually come into force. In any event, if some form of termination were felt to be desirable, it would seem preferable to include a clause to this effect in the new agreement itself rather than in federal legislation approving the new agreement on behalf of Canada.

10. The Secretary to the Cabinet referred to the earlier suggestion by the Premier of Ontario that an additional clause be inserted in the new agreement to provide that, in the event Congress approved the 1941 Canada-United States Agreement on the St. Lawrence, the presently proposed allocation of costs between Canada and Ontario be reviewed. In discussion the previous day, however, Mr. Saunders indicated that it now seemed preferable to omit any such reference in the new draft agreement since this might tend to create the impression in the United States that Canada did not seriously contemplate proceeding with the Seaway on an all-Canadian basis. In the circumstances, Ontario would be prepared to rely on a verbal commitment by federal authorities that the whole problem of cost allocation would be reviewed and if necessary readjusted in the event the 1941 Canada-United States agreement gained Congressional approval.

11. Mr. Chevrier added that, if final agreement on the revised text could be reached by federal and provincial officials that day, Mr. Frost might come to Ottawa the following day for signature.

12. The Cabinet, after further discussion:

(a) noted the report by the Minister of Transport on current developments respecting the St. Lawrence Seaway and power project; and,

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(b) approved for introduction the resolution to the bill entitled "The International Rapids Power Development Act".

Revision of capital cost allowances

13. The Minister of Trade and Commerce pointed out that, when it had been decided to defer depreciation on new construction, there had been a number of projects already committed but actually started after April 10th, 1951. Some consideration should be given to this class. Other projects had been partially completed, or contracted for but not transferred, etc. It was now possible to attempt to make some segregation of those that should be eligible for depreciation and it was recommended that the Income Tax Regulations be revised accordingly. The recommendation was concurred in by the Acting Minister of Finance and the Minister of National Revenue.

14. The Cabinet, after discussion, approved the recommendation of the Minister of Trade and Commerce and agreed that the Income Tax Regulations be amended to enable the issuance by the Minister of certificates of eligibility for depreciation allowances for construction commenced prior to or under a contract entered into prior to April 11th, 1951, for structures acquired under the terms of contracts entered into prior to that date and for property other than a structure which a taxpayer was obligated to acquire under terms of such a contract; an Order in Council to be passed accordingly.

(Order in Council P.C. 6384, Nov. 27, 1951)

Defence Production; security of contracts

15. The Minister of Defence Production observed that public attention had been drawn to the problem of personnel security in industrial plants working on defence contracts. The A. V. Roe Company had released a Mr. George R. Jackson when the Department of Defence Production had notified it that he could not be cleared for access to classified material. The Company had taken the position that they had no unclassified position to which a transfer could be made and, in effecting the release, they had erroneously stated that dismissal was by order of the Department of Defence Production.

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16. The Prime Minister said he had received a letter from the Association for Civil Liberties on the matter. It was proposed to say in reply that Mr. Jackson's case was being reviewed. It also seemed desirable to give a fairly complete explanation of the whole situation. The line of reply would be that the government had to be able to exclude from access to classified material persons about whose reliability there was doubt. Such exclusion did not constitute the denial of any fundamental right or freedom. It would also be explained that hearings could not be granted in such cases without compromising security.

(Secretary's memorandum for the Prime Minister, Nov. 26, and attached draft reply Nov. 27, 1951.)

17. The Cabinet, after discussion, noted with approval the report of the Minister of Defence Production concerning the problem of security of defence contracts and the reply which the Prime Minister proposed to send to a letter on the subject from the Association for Civil Liberties.

Mines and Technical Surveys; aerial geological reconnaissance; Great Slave Lake to Hudson Bay

18. The Minister of Mines and Technical Surveys said it was desirable that an aerial geological reconnaissance be carried out during the summer of 1952 on the portion of the Northwest Territories lying between latitudes 60° and 64° and extending westward from Hudson Bay almost to Great Slave Lake. Conventional reconnaissance by canoe and ground traverses would take a long time owing to the remoteness of the area and the shortness of survey seasons. It would also be costly. It was recommended, instead, that a survey be conducted by low-level, low-speed aerial traverses from two helicopters. In this way a much quicker and more economical survey could be made which would provide immediate effective assessment of mineral potentialities. Early commitments would be required if the project were to be carried out in 1952. The cost would be $150,000, which could be included in the estimates of the geological survey for 1952-53.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 19, 1951 - Cab. Doc. 308-51)

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19. The Prime Minister felt it would not be desirable to approve the project in detail until the Minister of Finance had had an opportunity to consider it in relation to the Estimates generally. However, in view of the necessity of making advance preparations, if anything were to be done during the summer of 1952, it appeared desirable to give approval to the plan in principle.

20. The Cabinet, after discussion, noted the report of the Minister of Mines and Technical Surveys concerning the desirability of having an early geological reconnaissance made during the summer of 1952 of the area between Great Slave Lake and Hudson Bay in the Northwest Territories and agreed that the recommendation be approved in principle in order that arrangements might proceed to enable the survey work to be carried out during the summer of 1952; approval of details of the plan to be deferred pending consideration of the project by the Minister of Finance in relation to the Estimates for 1952-53 generally.

Mines and Technical Surveys; recognition of the Interdepartmental Committee on Aeronautical Charting

21. The Minister of Mines and Technical Surveys reported that an Interdepartmental Committee on Air Charting had been set up in 1944 to consider matters pertaining to aeronautical maps or charts and to draft recommendations as to policy. It was recommended that the Committee be recognized by the Cabinet and its terms of reference approved in principle.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 23, 1951 - Cab. Doc. 309-51)

22. The Cabinet, after discussion, approved the recommendation of the Minister of Mines and Technical Surveys and agreed that the Interdepartmental Committee on Aeronautical Charting, consisting of representatives of the Departments of Mines and Technical Surveys, Transport and National Defence, continue its activities and that its terms of reference be:

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(a) to keep under review Canadian requirements for aeronautical charting;

(b) to make recommendations to the government regarding Canadian aeronautical charting policy;

(c) to maintain close liaison with similar bodies in other countries and, within the framework of policies approved by the government, to represent the latter when necessary in discussions with bodies in other countries and with international agencies concerned with aeronautical charting.

Resources and Development; sale of property under the Public Lands Grants Act

23. The Minister of Resources and Development submitted a recommendation for the sale of 187 acres of Crown land on Montreal Island at an appraised value of $22,500. In June 1950 a recommendation had been made that this land be sold at the highest tender received at that time ($9,600). It had been decided then that the price was too low and that, unless there were special considerations no Crown-owned lands on Montreal Island should be disposed of.

24. The Cabinet, after considerable discussion;

(a) approved the recommendation of the Minister of Resources and Development and agreed that 187 acres of Crown-owned lands at Pointe aux Trembles on Montreal Island be sold to Foyer de Charite for $22,500; an Order in Council to be passed accordingly;

(Order in Council P.C. 6315, Nov. 27, 1951)

(b) that all future recommendations for the sale of substantial parcels of Crown property in or near urban areas be considered by the Cabinet before action were taken.

Unemployment Insurance; employees of hospitals

25. The Minister of Labour reported that the Unemployment Insurance Commission had held hearings on a proposal to insure certain categories of hospital

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employees. It was proposed to recommend the amendment of the Unemployment Insurance Regulations so as to extend coverage to non-medical employees of hospitals who would normally be in insurable categories if they were employed elsewhere than in hospitals. The plan did not go so far as the trade unions had desired. On the other hand, it had provoked a number of complaints from hospitals. It would not include doctors, nurses, or orderlies. A specific recommendation would be submitted for consideration at a later date.

26. The Cabinet noted the report of the Minister of Labour concerning the proposal of the Unemployment Insurance Commission to recommend an amendment of the Unemployment Insurance Regulations in order to extend insurance coverage to non-medical employees of hospitals and agreed that the matter be considered in detail on the basis of a specific recommendation to be submitted at a later date.

Post Office; mail deliveries

27. The Postmaster General reported that an experiment was being inaugurated in the delivery of mail on certain residential routes in Toronto and Montreal. It was hoped that the plan, which involved the use of trucks for the routing of mail, might enable two daily deliveries to be made in certain places where they were not now possible. Most complaints about the single delivery per day were from merchants and businessmen located on residential routes and this group might be covered under the new scheme.

28. The Cabinet noted with approval the report of the Postmaster General concerning experimental methods being introduced on a trial basis for the delivery of mail on residential routes.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 29th, 1951

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Items discussed

Legislation; Dominion Elections Act amendment 1.

Legislation 2.

St.Lawrence power project; Canada-Ontario agreement; announcement 2.

Labour hostels for immigrants; increase in accommodation 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, November 29th, 1951, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

Legislation; Dominion Elections Act amendment

1. The Secretary of State submitted a draft measure to amend the Dominion Elections Act.

2. The Minister of Citizenship and Immigration said section 20 of the Act now provided that any shareholder in a company accepting government contracts for the building of public works was ineligible to

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stand as a candidate in an election. Certain members of Parliament felt that this disqualification was unduly restrictive. It had been ascertained, however, that to correct this situation it would not only be necessary to amend the present Act but also the Senate and House of Commons Act. In view of this and for other reasons, it seemed preferable to leave this particular disqualifying provision unchanged for the time being.

3. The Prime Minister pointed out that this disqualification had been in effect during the last two wars and other periods of increased building activity without causing any serious inconvenience. On the whole, it might be preferable to leave this particular disqualification unchanged for the time being. If, in the future, any change were made it might be possible to narrow the disqualification in order that it apply only to shareholders with sufficient capital stock in any contracting company to enable such persons to have some measure of control over the operations of the company.

4. The Cabinet, after discussion, approved for introduction a measure to amend the Dominion Elections Act.

Legislation

5. The Secretary submitted certain draft bills.

6. The Cabinet, after discussion, approved for introduction in the House of Commons the following measures:

bill to amend the Supreme Court Act;
bill to amend the Exchequer Court Act; and
bill to amend an Act respecting the Revised Statutes of Canada.

St. Lawrence power project; Canada-Ontario agreement; announcement

7. The Minister of Transport, referring to discussion at the meeting of November 27th, 1951, reported that, during the course of a telephone conversation with the Premier of Ontario the previous day,

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Mr. Frost had raised certain objections to some of the provisions in the proposed new Canada-Ontario agreement on power development in the St. Lawrence. He was particularly concerned about Article XII which stipulated that Ontario would reimburse the federal government in the amount of $14,335,000 in respect of maintenance of 14 foot navigation which should be rendered unnecessary in view of the construction of the Seaway by the federal government. He also thought the agreement would place Ontario under an excessive liability for claims which would undoubtedly arise as a result of increased erosion along the north shore of Lake Ontario (Article V(4) of the draft agreement).

Mr. Frost felt the practical result of the proposed allocation of costs would be that power produced from the new International Rapids plant would cost approximately five mills per kilowatt-hour as opposed to six mills for steam-produced power. It would be recalled that some time ago the Chairman of the Ontario Hydro-Electric Power Commission had stated that, under the terms of the 1941 agreement, power could be produced at a cost to the consumer of two mills per kilowatt-hour and that under the proposed new agreement the cost would probably be not more than three mills, whereas it was estimated that steam-produced power would cost approximately seven mills per kilowatt.

Mr. Frost had indicated he would come to Ottawa that day for the purposes of discussing these various points with the Prime Minister and himself. Notwithstanding the objections raised, it was thought the Premier would probably be prepared to sign the draft agreement in its present or slightly modified form.

8. The Prime Minister said that the agreement, as presently drafted, did not provide for termination of the 1941 agreement with Ontario. It was proposed, however, that when the new agreement was signed he should give the Premier of Ontario a letter which would serve as a notice of cancellation of the 1941 agreement and stress that the new agreement had been concluded in the expectation that the United States would not participate in the project, but that, in the event such participation were obtained, the government of Canada would be prepared to reconsider the terms of the new agreement with a view to making such modifications of those terms as might be appropriate in recognition of the arrangements that would then exist between Canada and the United States in respect of the St. Lawrence project.

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9. Mr. St-Laurent also said that it was proposed to table the agreement in the House of Commons that afternoon if signature could take place before then. He submitted and read a draft statement which he proposed to make at the time of tabling.

10. The Cabinet, after discussion:

(a) noted the report by the Minister of Transport on points raised by the Premier of Ontario in respect of the proposed new Canada-Ontario power agreement;

(b) approved the letter proposed to be given to Mr. Frost by the Prime Minister at the time of signature of the agreement; and,

(c) agreed that, in the event signature took place before then, copies of the agreement be tabled in the House of Commons that afternoon and a statement be made at that time along the lines suggested by the Prime Minister.

Labour hostels for immigrants; increase in accommodation

11. The Minister of Labour reported that, in view of recent increases in the influx of worker immigrants to Canada, it was proposed to increase accommodation available at the St. Paul l'Ermite hostel near Montreal. Accommodation for approximately 300 additional immigrants would be required during the next two or three months. The cost would be approximately $2 per person per day. Additional buildings could now be made available by Central Mortgage and Housing Corporation at St. Paul l'Ermite and bedding could be obtained from the Department of National Defence. The capital expenditure to permit the required extension would thus be kept to a minimum.

12. Mr. Gregg added that fairly serious unemployment pockets were developing in certain areas particularly in southern Ontario and the Maritime Provinces. It was anticipated, however, that this increase in unemployment incidence was of a transitory nature and would probably disappear in March or April of next year.

13. The Minister of Citizenship and Immigration said that his department was fully aware

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of the growing unemployment problems in certain areas and that immigration programmes were being curbed accordingly.

14. The Cabinet, after discussion, noted with approval the report by the Minister of Labour on a proposed temporary extension of hostel facilities for immigrants at St. Paul l'Ermite.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 30,1951

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Items discussed

Cuba; appointment of Canadian Ambassador 1.

St.Lawrence power project; modification of agreement with Ontario 1.

Board of Transport Commissioners; membership 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Friday, November 30th, 1951, at 12.00 noon.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

Cuba; appointment of Canadian Ambassador

1. The Prime Minister reported that it was proposed to transfer Mr. H. A. Scott from Consul General in San Francisco to Ambassador in Havana, Cuba.

2. The Cabinet, after discussion, agreed that Mr. H. A. Scott, presently Consul General in San Francisco, be appointed Canadian Ambassador at Havana, Cuba.

St. Lawrence power project; modification of agreement with Ontario

3. The Prime Minister, referring to discussion at the meeting of November 29th, 1951, said that he

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and the Minister of Transport had discussed with the Premier of Ontario, the previous day, certain of the provisions contained in the proposed new St. Lawrence power agreement with Ontario. Mr. Frost was accompanied by Mr. Porter, Mr. Challies and Mr. Saunders.

Mr. Frost had been rather anxious that the federal government commit itself to implementing the terms of the 1941 agreement in the event U.S. participation in the development of the Seaway was obtained in the reasonably near future. It had been pointed out to Mr. Frost that a firm commitment of this character was not possible in view of the substantially changed conditions and since it was not known whether the United States would be prepared to accept all the provisions of the 1941 agreement even if they did obtain Congressional approval for participation in the development of the Seaway. Mr. Frost was assured, however, that in the event U.S. co-operation was obtained the federal government would agree to review the terms of the proposed new Canada-Ontario power agreement to take into account the new arrangements which would then exist between Canada and the United States.

Mr. Frost had further expressed some concern about the extent of the Province's liability under Paragraph (4) of Article V, which stipulated that Ontario would indemnify and save Canada harmless in respect of all claims by third parties in any way arising out of the construction, maintenance or operation of the power works. He said it was not at all impossible that certain riparian owners on the north shore of Lake Ontario would claim compensation for damages arising out of erosion, which the owners would likely attribute to the new power works, although engineering studies had clearly indicated that no such damage could be caused by the power development above a point in the vicinity of Spencer Island. He therefore suggested, and it was agreed, that Article V(4) be amended to provide that no damages attributable to the power development could arise west of a line drawn due north and south from the most westerly point of Spencer Island in the St. Lawrence River, near Prescott.

Premier Frost had also voiced some apprehension about the effect Article XII might have on the State of New York and the electorate of Ontario. This Article provided that, in the event the

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construction of the Seaway by Canada rendered the maintenance of 14 foot navigation unnecessary in the International Rapids Section, the Province would pay to Canada the sum of $14,335,000. After some considerable discussion it was agreed that no mention be made of a fixed amount in this connection and that Article XII be redrafted to provide simply that, in the event of the construction of the Seaway by Canada, Ontario would pay to Canada a part of the cost of such locks and works equivalent to the cost of the works that would have been required to be constructed by Ontario to permit the continuance of 14 foot navigation.

4. Mr. St-Laurent pointed out that the new agreement was subject to confirmation by both Parliament and the Legislature of Ontario. The provincial House would not meet until February 1952 and Premier Frost had suggested that Parliament might withhold its approval of the agreement until the next regular federal session in 1952. Thus it would be possible to modify further the agreement, if this appeared to be desirable, after discussing the matter fully with the State of New York and before the agreement was actually approved by Parliament and by the Legislature of Ontario. It was pointed out to Mr. Frost in this connection that there was probably some considerable advantage to be gained in obtaining Parliament's approval for the agreement immediately. This would further help to convince the United States that Canada fully intended to proceed alone with the Seaway development if U.S. participation could not be obtained. However, it was agreed that the Canadian Ambassador at Washington be consulted as to his views on the most desirable course of action in this connection.

5. Mr. St-Laurent said the agreement would be signed by himself, the Minister of Transport, the Premier of Ontario and Mr. Challies at 2.00 p.m. the following Monday. At that time Mr. Frost would be given a letter which would serve as notice of cancellation of the 1941 agreement with Ontario and which would make clear that the present agreement had been concluded on the understanding that the United States would not participate in the development of the Seaway but that, in the event such participation were obtained, the government of Canada committed itself to review the terms of the new Canada-Ontario agreement in order to take due cognizance of the new relationship which would then exist between Canada and the United States in respect of the development of the Seaway.

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It was suggested that the resolutions respecting the Seaway and the power development might be taken up in the House of Commons the following Tuesday. If the resolutions were adopted that same day, the bills might be given second reading the following Wednesday or Thursday.

6. The Cabinet, after discussion:

(a) noted the report by the Prime Minister on his discussions with the Premier of Ontario regarding certain provisions of the proposed new Canada-Ontario agreement on power development in the International Rapids Section of the St. Lawrence;

(b) approved the changes made in Articles V and XII of the agreement as a result of these discussions; and,

(c) noted that the agreement would be signed the following Monday at 2.00 p.m. and approved the tabling in the House of Commons the same day of copies of the agreement.

Board of Transport Commissioners; membership

7. The Minister of Mines and Technical Surveys suggested consideration might be given to appointment of a representative from Alberta to the Board of Transport Commissioners. This would seem particularly desirable at this time since Alberta would soon be exporting considerable quantities of gas and there would likely be attendant pipeline problems.

8. The Prime Minister thought it would be inadvisable to consider any new appointment until such time as the new Chief Commissioner had had an opportunity to familiarize himself fully with the operations and requirements of the Board.

9. The Minister of Transport also pointed out that, before any further appointments were made to the Board, the government should consider fully the recommendations of the Turgeon Commission with respect to national transportation policy and particularly the recommendation respecting the amalgamation of the functions of the Board of Transport Commissioners, the Air Transport Board and the Canadian Maritime Commission.

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10. Mr. St-Laurent added that it was perhaps unfortunate that the regional representation principle had been accepted in the case of the Board of Transport Commissioners. This principle did not seem to have any real advantage in this instance and might indeed be somewhat detrimental to the proper functioning of a quasi-judicial body whose decisions and judgments should be based on considerations of a national rather than regional character.

11. The Cabinet, after discussion, agreed that no further appointment be made to the Board of Transport Commissioners at this time.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 4th, 1951

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Items Discussed

St.Lawrence Seaway and power project; legislation 1.

T.C.A.; extension to Fredericton, N.B. 2.

National Health and Welfare; assistance and allowances to persons confined to public mental institutions 3.

Brussels Conference on Migration; further instructions to Canadian delegation 5.

Food and Agriculture Organization; Plant Protection Convention; Canadian signature 6.

Civil Service holidays; Christmas and New Year's 7.

Legislation; National Gallery 7.

North Atlantic Council meeting, Rome; report 8.

Visit to Western Europe of Minister of National Defence; report 9.

Legislation; private bills on church matters 11.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, December 4th, 1951, at 11.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State
for External Affairs (Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Legislation; St. Lawrence Seaway and power project

1. The Minister of Transport, referring to discussion at the meeting of November 30th, 1951,

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submitted revised draft bills to establish the St. Lawrence Seaway Authority and to approve the agreement with the Province of Ontario concerning the development of electrical power in the International Rapids Section of the St. Lawrence River.

Copies of the measures were circulated.

2. The Cabinet, after discussion, approved for introduction in the House of Commons the following measures:

the St. Lawrence Seaway Authority bill;
the International Rapids Power Development bill.

Trans-Canada Air Lines; extension to Fredericton, New Brunswick

3. The Minister of Labour, referring to discussion at the meeting of November 22nd, 1951, enquired whether it might be possible to give approval to the proposal that a Trans-Canada Air Lines stop be established at Fredericton, while leaving for subsequent consideration the details of providing a compensatory arrangement for Maritime Central Airways.

4. The Minister of National Defence said the proposal to terminate the carriage of mail to Goose Bay by the R.C.A.F. and substitute carriage by Maritime Central Airways would be quite undesirable. There was a substantial community at Goose Bay made up almost entirely of members of the armed forces and construction workers and dependents. The community was entirely isolated except by air. Since the airport was established it had been the practice to have R.C.A.F. flights, which operated on a regular schedule, carry parcel post and other mail. 325,000 pounds of mail had been carried in 1950 and it was estimated that 350,000 pounds would be carried in 1951. If the service were discontinued, the costs for parcel post would go up, which would amount to a substantial increase in the cost of living in the area. The change would be particularly undesirable because U.S. forces and their dependents received comparable services free and could purchase commodities at a lower cost.

5. The Postmaster General pointed out that the alternative to granting Maritime Central Airways

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a mail contract to Goose Bay was to grant it one to Yarmouth, Nova Scotia. This was quite unnecessary so far as postal requirements were concerned. The increase in cost would probably be about $20,000 a year.

6. The Minister of Resources and Development felt that, if granting of the Yarmouth route to Maritime Central would mean no reduction in the air services to Yarmouth, there would be no objection to it. However, it appeared that the change might have some undesirable effect as T.C.A. schedules were at present arranged.

7. The Prime Minister said it was difficult to maintain that no T.C.A. stop should be made at Fredericton, which had an adequate airport and was on the T.C.A. route. It was one of the few provincial capitals without such service and it was desirable that the city should have direct air communication with the rest of Canada.

8. The Cabinet, after considerable discussion, agreed that:

(a) it was desirable, if appropriate alternative arrangements for Maritime Central Airways could be made, to establish a Trans-Canada Air Lines stop at Fredericton, New Brunswick;

(b) before any definite arrangements were made to substitute a Maritime Central service into Yarmouth, N.S. for its present service to Fredericton, the Ministers of Labour and Resources and Development consult with the Minister of Transport to see if it could be assured that there would be no diminution in the air service Yarmouth now received; and,

(c) providing the continuation of the present Yarmouth air service could be assured, the Post Office arrange to enter into an appropriate mail contract with Maritime Central Airways for carriage of mail to and from Yarmouth.

National Health and Welfare; assistance and allowances to persons confined to public mental institutions

9. The Minister of National Health and Welfare reported that proposed regulations under the

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Old Age Assistance Act and the Blind Persons Act included sections that would suspend payment of both forms of assistance during the confinement of a recipient as a public charge in any public mental institution. These provisions were similar to the one that had been in effect under the Old Age Pensions Act.

The regulation under the Old Age Pensions Act had been a source of contention between the provincial and federal authorities. The provinces thought the regulation discriminated unfairly against a class of persons whom the act did not exclude from benefits. The federal position had rested on the fact that, under the B.N.A. Act, mental institutions were entirely a provincial responsibility. The payment of pensions to inmates benefited the province rather than the individuals. The regulation had some discriminatory effect since in Quebec a number of mental institutions were operated under religious rather than public auspices and the inmates were eligible for payment. The proposed regulations would result in some complication in that no comparable exclusion was made from the payment of a pension under the Old Age Security Act to persons 70 years of age and over. There was no exclusion for patients in sanitaria or public institutions for other illnesses. If the provisions were deleted the cost to the federal government would likely be under $500,000 annually.

Copies of an explanatory memorandum were circulated.

(Minister's memorandum, Nov. 28, 1951).

10. The Prime Minister said he was doubtful whether a strict interpretation of the Old Age Assistance Act or the Blind Persons Act would authorize the exclusion of a particular class of persons as proposed. If it had been intended that there should be discrimination as between classes of persons otherwise eligible for benefit, the legislation should provide so in specific terms. With regard to the constitutional position, the provinces did not have responsibility in terms for mental institutions. Their responsibility was for hospitals, asylums and eleemosynary institutions. Consequently, on any constitutional ground, suspension of payment should apply to any persons otherwise eligible who were in provincial institutions, such as sanitaria, as public charges.

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11. The Cabinet, after further discussion, agreed that the draft Old Age Assistance Regulations and Blind Persons Regulations be modified by the deletion of sections 18(1)(c) and 25(1)(c), respectively, concerning the suspension of assistance during the confinement of a recipient as a public charge in any public mental institution; the Minister of Finance to be informed on his return that it was considered undesirable to provide for such suspension of payment.

Brussels Conference on Migration; further instructions to Canadian delegation

12. The Minister of Citizenship and Immigration, referring to the discussion at the meeting of November 21st, 1951, said the Brussels Conference on Migration had reached a stage where it had been agreed that, under the proposed migration organization, each immigration country would retain control of selection standards and numbers of immigrants; the Canadian contribution to the operating fund would be drawn upon to pay on a cost basis for services rendered to Canada; the question of a non-recoverable contribution to the fund for measures to facilitate the emigration of eastern European refugees would be considered after establishment of the organization; the administrative budget should not exceed $2.5 million (rather than $3 million as originally proposed); 2/9 of the budget would be allocated to immigration countries, allocations to individual countries to be made after the organization was set up; and the organization would not provide selection or embarkation facilities.

There was now before the conference a resolution which, if adopted, would establish a Provisional Committee for the Movement of European Migrants to deal with the plan of operations, budget and conditions under which available funds would be spent. The members would be those countries voting for the resolution and membership would be open to countries undertaking to make an agreed financial contribution. Only the former countries, however, would have an opportunity to examine the whole project and budget in further detail with a view to revision.

On November 21st the Cabinet had authorized the Canadian delegation to the conference to commit Canada in principle to join the organization, provided certain conditions were met. It would be noted that these had now been met except that the administrative budget had not been reduced sufficiently and assessments

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on individual countries and contributions towards the emigration of refugees from Eastern Europe had not yet been determined.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 4, 1951 - Cab. Doc. 313-51)

13. The Cabinet, after discussion, noted the report of the Minister of Citizenship and Immigration and approved his recommendation that the Canadian delegation to the Brussels Conference on Migration be authorized to support the resolution establishing the Provisional Committee for the Movement of European Migrants, on the understanding that it would continue to press for further reductions in the administrative budget and that any assessment on Canada would be subject to the approval of the government.

Food and Agriculture Organization; Plant Protection Convention; Canadian signature

14. The Minister of Agriculture, referring to the discussion at the meeting of October 25th, 1951, submitted for approval the International Plant Protection Convention which had come before the current session of the Food and Agriculture Organization Conference in Rome.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 3, 1951 - Cab. Doc. 312-51; International Plant Protection Convention revision, Sept. 27, 1951)

15. The Minister of National Defence as Acting Secretary of State for External Affairs, with the concurrence of Mr. Gardiner, recommended that Dr. G. S. H. Barton be authorized to sign the Convention on behalf of Canada.

16. The Cabinet, after discussion:

(a) noted with approval the International Plant Protection Convention submitted by the Minister of Agriculture;

(b) agreed that Dr. G. S. H. Barton be granted full powers to sign the Convention on behalf of Canada; an Order in Council to be

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passed accordingly;

(Order in Council P.C. 6549, Dec. 4, 1951)

(c) agreed that the Convention be tabled in Parliament after signature and that, when the estimates of the Department of Agriculture came up for consideration, it be indicated that the government planned to ratify the Convention unless there were serious objections.

Civil Service holidays; Christmas and New Year's

17. The Secretary of State recalled that, at the meeting of January 17th, 1951, it had been agreed that the afternoons of December 24th and December 31st, 1951, should be observed as Civil Service holidays. It had now been suggested that the mornings of December 24th and December 31st be given also as holidays. The Chairman of the Civil Service Commission thought this proposal satisfactory provided arrangements were made for skeleton staffs.

18. The Postmaster General said that it would not be possible for certain employees of his department to observe the additional holidays proposed.

19. The Cabinet, after further discussion, noted the report of the Secretary of State and agreed that:

(a) Monday, December 24th and Monday, December 31st, 1951 be observed as Civil Service holidays, subject to the discretion of deputy heads of departments; and,

(b) the whole of December 24th or December 31st, 1951 be counted as overtime for such employees of the Post Office Department as were unable to take off either day.

Legislation; National Gallery

20. The Minister of Citizenship and Immigration, referring to discussion at the meeting of October 31st, 1951, proposed the introduction of a resolution regarding legislation on the National Gallery.

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21. The Cabinet, after discussion, approved the recommendation of the Minister of Citizenship and Immigration and agreed to the introduction of a resolution regarding legislation on the National Gallery.

North Atlantic Council Meeting in Rome; report

22. The Minister of National Defence gave a report on the Eighth Session of the North Atlantic Council held in Rome from November 24th to 28th, 1951.

The Council meetings, under the chairmanship of the Secretary of State for External Affairs, had begun with statements by foreign ministers. These, under a new arrangement made by Mr. Pearson, dealt with a limited number of the more important international problems rather than the world situation in general and had resulted in more useful discussions than usual.

On November 26th an ad hoc committee of the N.A.T.O. Defence Ministers had met under his chairmanship and dealt with a number of matters raised by the Military Committee, the most important being the Military Committee paper on the revised Medium Term Defence Plan requirements and proposed increased force contributions. The paper had contained none of the Standing Group's earlier proposals for Canadian contributions beyond those already approved by the government except that relating to the provision of 10 additional escort vessels. While it had again been pointed out that Canada could not provide these ships by 1954 the proposal still stood. It might possibly be dropped as a result of the current studies of the Temporary Council Committee on defence requirements in relation to national capabilities.

During the meeting of defence ministers the U.K. representative had prevented definitive action being taken on draft terms of reference for, and principles of appointment of, the Supreme Allied Commander Atlantic, although, in the end, these had been approved subject to eventual U.K.-U.S. agreement. The U.K. delegation had also held up action on the standardization of small arms ammunition.

Approval had been given to arrangements for a N.A.T.O. Command in the Channel and the Southern North Sea and for the division of responsibilities between national territorial commanders, supreme commanders and subordinate allied commanders.

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On November 26th the Council had heard reports from General Gruenther, General Eisenhower's Chief of Staff, on the Medium Term Plan and on the relative strengths of the Soviet bloc and N.A.T.O.; from General Eisenhower, on his task; and from Mr. Harriman, Chairman of the Temporary Council Committee, and Sir Edwin Plowden on the work of that Committee. Before the Council meeting the Executive Bureau of the Temporary Council Committee had in some cases asked questions of member nations in a manner that offended the smaller European countries. At that time the question of conscription in Canada had been raised and, in reply, the Chairman of the Canadian Chiefs of Staff Committee had presented arguments against it on military grounds. There might emerge from the Temporary Council Committee a proposal that Canada make an additional contribution in the form of mutual aid.

Discussions in Rome had indicated that progress was being made on the question of a German military contribution to N.A.T.O. through the European Defence Community.

The physical arrangements for the meetings and hospitality, provided by the Italian Government, had been excellent. Some of the delegations had been too large and there would have to be a serious effort to reduce them at subsequent meetings, particularly at the next session of the Council, which was to start on February 2nd, 1952, in Lisbon where accommodation was very limited.

23. The Cabinet, after further discussion, noted the report of the Minister of National Defence regarding the Eighth Session of the North Atlantic Council held in Rome at the end of November.

Visit to western Europe of Minister of National Defence; report

24. The Minister of National Defence gave a report on his recent visit to countries in western Europe.

The Canadian delegation to the North Atlantic Council meeting in Rome had returned via Lisbon. In Portugal, as elsewhere in western Europe, there were many indications that the visit of Canadian naval ships to N.A.T.O. countries in 1950 and 1951 had created considerable goodwill and an increased awareness of Canada.

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In the United Kingdom, he had visited the R.C.A.F. base that had been provided by the R.A.F. at North Luffenham. This was a particularly good fighter station and the R.A.F. and other U.K. authorities had been doing everything in their power for the R.C.A.F. unit there. As, however, the field was remote from centres of population, it would be necessary to provide special facilities for R.C.A.F. personnel to get away when off duty.

In London he had seen Lord Ismay, the new Secretary of State for Commonwealth Relations, and also had talks with the First Lord of the Admiralty and the Secretary of State for Air.

He had seen the Princess Elizabeth and the Duke of Edinburgh, who had been full of gratitude and praise for the arrangements made for their recent visit to Canada. Mr. Churchill had given him a friendly reception and had discussed his forthcoming visit to Canada.

In Germany he had had a very satisfactory discussion of questions affecting the 27th Infantry Brigade with Sir Ivone Kirkpatrick, the U.K. High Commissioner, who was being thoroughly co-operative about arrangements for the Brigade. The Brigade's temporary quarters at Hanover were very good. The troops' relations with the German people should not present difficulties. It would probably be necessary to have a leave centre for them in Bavaria and he had made tentative arrangements to this end with the U.K. authorities.

In The Hague he had had discussions with the members of the Netherlands government and with General Eisenhower and had participated in ceremonies on the arrival of elements of the 27th Brigade.

There were certain matters arising out of his trip that he would be discussing with the Minister of Citizenship and Immigration. For example, he had raised with Sir Ivone Kirkpatrick, the Canadian Ambassador at Bonn and others the possibility of the Canadian forces in Europe employing German tradesmen on a semi-military basis at Canadian rates of pay (withholding the difference between Canadian and German rates of pay for the present) and of such tradesmen being permitted to immigrate to Canada after two years in order to join the forces. This would be a means of obtaining first-class tradesmen

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of whom there was a shortage. Incidentally, he had learned that 100 military bandsmen were available for recruitment in the Netherlands.

25. The Cabinet noted the report of the Minister of National Defence regarding his recent visit to countries in western Europe.

Legislation; private bills on Church matters

26. The Leader of the Government in the Senate said that if, as had been proposed, it were desired to proceed during the current session with two private bills regarding the Church of England in Canada, they should be taken up in the Senate at an early date.

27. The Prime Minister explained that the purpose of the General Synod bill was to remedy the present situation in which many investments of trust funds made by the Synod were unauthorized under present legislation. The purpose of the second bill, regarding the General Synod and the Missionary Society of the Church of England in Canada, was to regularize the method of dealing with the consolidated resources of both of these Canadian corporate bodies by the Board of Finance of the General Synod. It had been proposed that Parliament deal at the same time with a bill to incorporate the Sisters of Charity of the House of Providence. This, like the other two bodies, was operating under Ontario legislation, and thus did not have any real legal existence outside that province.

28. The Cabinet, after further discussion, noted the reports of the Prime Minister and the Leader of the Government in the Senate and agreed that:

(a) the Prime Minister seek the agreement of the leaders of the Opposition groups in Parliament to proceed, during the current session, with three private bills regarding the Anglican Synod, the Anglican Missionary Society and the Sisters of Charity;

(b) should this agreement be forthcoming, the bills be taken up first in the Senate.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 6th,1951

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Items discussed

North Atlantic Treaty Organization; accession of Greece and Turkey 1.

Loans to western grain producers 2.

Unemployment insurance; maintenance and clerical workers in hospitals and charitable institutions 4.

Blind Persons Act; Old Age Assistance Act; regulations 5.

Personal gifts from members of Canadian forces serving abroad; free entry 5.

Canadian Broadcasting Corporation; re-appointment 6.

Legislation; National Gallery bill 6.

Custody of French assets; termination of agreement 6.

T.C.A.; extension to Fredericton and extension Maritime Central Airways to Yarmouth 6.

Freight assistance on western grains and millfeeds shipped to British Columbia; revised regulations 7.

Canadian paintings for Canadian missions abroad 8.

Legislation; bill to amend the Government Annuities Act 8.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, December 6th, 1951, at 11.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State
for External Affairs (Mr. Claxton),
The Minister of Transport and
Acting Minister of Trade and Commerce
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

North Atlantic Treaty Organization; accession of Greece and Turkey

1. The Prime Minister, referring to discussion at the meeting of October 13th, 1951,

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said it now appeared that, if the original programme were followed of deferring presentation to Parliament of the resolution on acceptance of the Protocol to the North Atlantic Treaty on the accession of Greece and Turkey until after ratification by the United States, the United Kingdom and France, it was possible that, early in the new year, Canada might be the only country that had not ratified. The United Kingdom had already done so and other countries were expected to take action shortly. The U.S. Senate was to meet on January 8th, 1952, and the United States would be in a position to ratify at that time. Unless the resolution were presented to Parliament at the present session Canada would be unable to ratify, unless the government acted without parliamentary approval, until after the opening of the new session in 1952. In the circumstances, it appeared desirable to have the resolution placed before the present session with the explanation that the government would not act immediately to ratify.

(External Affairs memorandum to the Prime Minister, Dec. 5, 1951; telegram No. 123 from Chairman, Canadian delegation, U.N. Assembly, Dec. 2, 1951)

2. The Cabinet, after discussion, noted with approval the report of the Prime Minister concerning the desirability of having a motion placed before Parliament at the present session to approve the acceptance of the protocol to the North Atlantic Treaty on the accession of Greece and Turkey and agreed that appropriate resolutions be approved for introduction in the House of Commons and Senate.

Loans to Western grain producers

3. The Minister of Transport as Acting Minister of Trade and Commerce reported that congestion of elevators at certain points in the West had made delivery of some grain difficult. In addition, 30 percent of the crop in the Prairie provinces still remained unharvested. It appeared necessary to make provision for loans to producers to enable them to obtain the minimum cash requirements necessary until they could deliver their grain. It was recommended that legislation be enacted to provide a statutory guarantee for loans to be made by banks to farmers with grain on their farms that they were unable to harvest or deliver. The legislation would provide that the loans to be guaranteed should not exceed the value of the

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producer's share of the grain on the farm and, in any event, not be more than $1,000 for any one farmer. Deliveries since September 1 would be deducted from the maximum amount that might be borrowed. When delivery of grain took place, the purchase price up to the amount of the loan would be payable to the lending bank. The rate of interest would not exceed 5½ percent; loans would have to be made before June 1, 1952, and the liability of the Crown would be limited to 25 percent of all loans made by a bank. The aggregate of loans to be guaranteed would not exceed $20 million and banks would be entitled to payment under the guarantee after October 31st, 1952.

An explanatory memorandum was circulated.

(Acting Minister's memorandum, Dec. 6, 1951 - Cab. Doc. 314-51)

4. The Minister of Agriculture said he had not had an opportunity to consider the proposal in detail. He understood that the wheat pools were opposed to it. One defect was that, if the scheme were put into effect, banks would bring loans, which would be made in the normal course, under its provisions, in order to get the 25 percent guarantee. Loans could now be made on the security of grain harvested but not delivered. They could not be made on the security of unthreshed grain. It might be preferable to try to devise an arrangement under which the loans would be extended by the Wheat Board rather than by the banks. If the legislative timetable made it necessary, possibly there might be enabling legislation of a general character that would allow the assistance to be extended either through the Wheat Board or by the banks as might subsequently be decided.

5. The Minister of Resources and Development thought the plan as proposed would introduce a principle that could be regarded as having equal application to other primary products. The fishing industry was constantly faced by conditions in which a potential harvest was available but could not be reaped because of climatic factors such as rough weather. It was also very common for fish that had been caught and cured to be undeliverable for considerable periods because of market conditions or other reasons. The fishing industry was at present having a difficult time and if government assistance were to be provided

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as proposed for the Western grain producers, it was almost inevitable that fishermen and possibly mixed farmers in the Maritime provinces would feel that some assistance should be provided for them. There would not be as good ground for such representations if the financial assistance were given by the Wheat Board. In that case, it could be contended that the assistance was being given to the grain producers out of their own funds.

6. The Cabinet, after considerable discussion, agreed that decision on the recommendation of the Acting Minister of Trade and Commerce for extension of loans by banks under a guarantee by the federal government to assist grain producers be deferred pending further consideration at a subsequent meeting.

Unemployment insurance; maintenance and clerical workers in hospitals and charitable institutions

7. The Minister of Labour, referring to discussion at the meeting of November 27th, 1951, believed it might be desirable to defer consideration of the recommendation for extension of unemployment insurance coverage to certain maintenance and clerical workers in hospitals and charitable institutions until a meeting later in the month.

8. The Minister of National Health and Welfare said that, as he might not be present at such a time, he wished to mention now that the Canadian Hospital Association would be making a formal protest against the extension. It would cost the hospitals from $600,000 to $800,000 per year. However, their principal concern was that the extension would be simply the first in a more general extension that would be extremely costly.

9. The Prime Minister felt that the group covered by the present recommendation could be distinguished from other hospital employees in that they were in employments not limited to hospitals. If insurance coverage was not extended as proposed, it might be extremely difficult to get people in these categories to take jobs in hospitals.

10. The Cabinet noted the remarks of the Minister of National Health and Welfare concerning

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the expected opposition by hospitals to the proposal to extend unemployment insurance coverage to certain categories of employees in hospitals and agreed that consideration of the recommendation be deferred to a subsequent meeting.

Blind Persons Act and Old Age Assistance Act; regulations

11. The Minister of National Health and Welfare, referring to the discussion at the meeting of December 4th, 1951, recommended the establishment of The Blind Persons Regulations and The Old Age Assistance Regulations under the authority of the Blind Persons and Old Age Assistance Acts.

12. The Cabinet, after discussion, approved therecommendations of the Minister of National Health and Welfare and agreed to the establishment of The Blind Persons Regulations and The Old Age Assistance Regulations; Orders in Council to be passed accordingly.

(Orders in Council P.C. 6595 and 6596, Dec. 6, 1951)

Personal gifts from members of the Canadian forces serving abroad; free entry

13. The Prime Minister said that the Minister of National Revenue had mentioned that, during the last war, it had been the practice of his Department to allow free entry of personal gifts valued at more than $5.00 from members of the Canadian forces serving abroad. With the concurrence of the Acting Minister of Finance and the Minister of National Defence, Dr. McCann had recommended that a similar practice be instituted at this time under the authority of the Emergency Powers Act.

14. The Cabinet approved the recommendation of the Minister of National Revenue, as reported by the Prime Minister, and agreed that, under the authority of the Emergency Powers Act, personal gifts not exceeding $25.00 in value (but not including cigarettes, tobacco and alcoholic beverages) from members of the Canadian forces serving abroad to relatives or friends in Canada, be admitted to Canada free of customs duty and excise taxes; an Order in Council to be passed accordingly.

(Order in Council P.C. 6598, Dec. 6, 1951)

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Canadian Broadcasting Corporation; re-appointment

15. The Prime Minister reported that Dr. McCann had recommended the re-appointment of a member of the Board of Governors of the Canadian Broadcasting Corporation.

16. The Cabinet approved the recommendation of Dr. McCann, as reported by the Prime Minister, and agreed to the re-appointment of W. H. Phillips, Esq., Vice-President, Order of Railroad Telegraphers, Ottawa, as a Governor of the Canadian Broadcasting Corporation for a period of three years, effective December 23rd, 1951; an Order in Council to be passed accordingly.

(Order in Council P.C. 6589, Dec. 6, 1951)

Legislation; National Gallery bill

17. The Minister of Citizenship and Immigration, referring to discussion at the meeting of December 4th, 1951, submitted for consideration a revision of the National Gallery Act.

18. The Cabinet, after discussion, approved for introduction the National Gallery bill, subject to the concurrence of the Minister of Finance in the financial provisions.

Custody of French assets; termination of agreement

19. The Minister of National Defence as Acting Secretary of State for External Affairs said it was now considered desirable to abrogate an agreement of 1946 with France concerning arrangements for the release of French assets in Canada. The arrangements would be replaced by new and simpler administrative procedures. He recommended that authority be given to take the necessary action.

20. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs and agreed that an agreement with France of 1946 concerning arrangements for the release of French assets in Canada be terminated.

Extension of T.C.A. to Fredericton and Maritime Central Airways to Yarmouth

21. The Minister of Resources and Development said he had discussed the changes in air

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service contemplated at the meeting of December 4th, 1951 with the member for Digby-Yarmouth who had agreed that it would be necessary to provide Maritime Central Airways service into Yarmouth. It was felt, however, that it would be helpful if Yarmouth were still shown in the lists of Trans-Canada Air Lines points of call in T.C.A. time-tables, with an indication that there were M.C.A. connections with Yarmouth.

22. The Minister of Transport thought there would be no difficulty in carrying out Mr. Winters' suggestion regarding T.C.A. time-tables.

23. The Cabinet, after further discussion, noted the report of the Minister of Resources and Development and agreed to:

(a) establishment of a Trans-Canada Air Lines stop at Fredericton, N.B.;

(b) substitution of Maritime Central Airways service into Yarmouth, N.S. for the present M.C.A. service to Fredericton; it being understood that Yarmouth would still be shown in the lists of T.C.A. points of call in the latter's time-tables with an indication that there were M.C.A. connections with that point;

(c) arrangement by the Post Office of an appropriate contract with Maritime Central Airways for carriage of mail to and from Yarmouth.

Freight assistance on western grains and millfeeds shipped to British Columbia; revised regulations

24. The Minister of Agriculture recommended the establishment of new regulations for payment of freight assistance on western grains and millfeeds shipped to British Columbia, in lieu of those established by Order in Council P.C. 5434 of November 17th, 1949.

25. The Cabinet, after discussion, approved the recommendation of the Minister of Agriculture and agreed to the establishment of new regulations, effective December 1st, 1951, respecting the payment of freight assistance on western grains and millfeeds shipped into British Columbia; an Order in Council to be passed accordingly.

(Order in Council P.C. 6387, Dec. 6, 1951).

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Canadian paintings for Canadian missions abroad

26. The Minister of Fisheries suggested that more Canadian paintings might be provided for Canadian missions abroad. There was none at the Canadian mission in Tokyo.

27. The Prime Minister agreed that it was important to provide Canadian paintings to missions abroad. The High Commissioner in London had asked that he be provided with more. There were several good paintings stored in the basement of the National Gallery which the Gallery had no present plans to hang. He thought that these should be checked over and that such as could be spared and were suitable should be sent to Canadian missions.

28. The Cabinet, after further discussion, approved the proposals of the Prime Minister and the Minister of Fisheries and agreed that the National Gallery be asked to examine the possibility of providing Canadian missions abroad with a suitable number of Canadian paintings; in this connection it was understood that some of the requirements might be met from material stored at present in the basement of the National Gallery.

Legislation; bill to amend the Government Annuities Act

29. The Minister of Labour reported that satisfactory progress had been made on the bill to amend the Government Annuities Act in the Standing Committee of the House on Industrial Relations. It would now be necessary, however, to indicate the government's intentions on the provision in the bill (revised section 13(1)(e) of the Act) empowering the Governor in Council to make regulations authorizing the surrender of the right to receive an annuity before the first instalment is due and repayment of the whole or part of the purchase price, and prescribing the circumstances and conditions, including the payment of interest, if any, for repayment. If satisfactory to Cabinet, he proposed that members of the Standing Committee be given to understand that in the regulations a restrictive interpretation would be given to the provision, with only hardship cases enjoying cash surrender privileges.

30. The Cabinet, after further discussion, noted the report of the Minister of Labour regarding

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the bill to amend the Government Annuities Act and agreed that it be intimated to members of the Standing Committee of the House on Industrial Relations that the intention was that regulations under the cash surrender provision of the bill would only permit cash surrender privileges in cases of hardship and that the terms of cash surrender would not be such as to make government annuities more attractive to the public than savings bonds.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 7th,1951

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Items discussed

1. Legislation; loansto western grain producers

2. Legislation; Combines Investigation Act amendment

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, December 7th, 1951, at 5.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

Legislation; loans to western grain producers

1. The Minister of Trade and Commerce, referring to the discussion at the meeting of December 6th, 1951, submitted a revised resolution and bill to provide for the extension of loans to western grain producers.

2. The Minister of Agriculture said that the proposals had been given further consideration and would be satisfactory.

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3. The Cabinet, after discussion, approved for introduction a resolution and bill entitled "Prairie Grain Producers' Interim Financing Act, 1951".

Legislation; Combines Investigation Act amendment

4. The Minister of Justice submitted a draft bill to amend the Combines Investigation Act.

5. The Cabinet, after discussion, approved for introduction in the House of Commons the bill to amend the Combines Investigation Act.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 10th,1951

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Items discussed

Honours and awards; service awards for Canadians 1.

Parliamentary redistribution 3.

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TOP SECRET

CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber at 11.30 a.m. and in Room 201 of the House of Commons at 4.00 p.m. on Monday, December 10th, 1951.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe)(for morning meeting only),
The Minister of Agriculture
(Mr. Gardiner)(for morning meeting only),
The Minister of Public Works
(Mr. Fournier)(for morning meeting only),
The Minister of National Defence
(Mr. Claxton)(for afternoon meeting only),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson)(for morning meeting only),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew)(for morning meeting only),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters)(for morning meeting only),
The Minister of Citizenship and Immigration
(Mr. Harris)(for morning meeting only).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

Honours and awards; service awards for Canadians

1. The Minister of National Defence suggested that consideration be given to certain recommendations of the Awards Co-ordination Committee.

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These were that, with the King's approval, a Canadian campaign medal be established for Canadians who had served on behalf of the United Nations in repelling aggression in Korea, to be conferred under regulations issued from time to time by the Minister of National Defence; that Canada not participate in acceptance by Commonwealth countries of the United Kingdom campaign medal for Korea; that permission be given for Canadians to accept the United Nations Service medal in accordance with regulations established by the General Assembly; and that these steps be announced as soon as the necessary arrangements were completed.

(Letter to Prime Minister from Chairman, Awards Co-ordination Committee, Dec. 5, 1951)

As regards the recommendations for the U.K. medal and the proposed Canadian medal, it was felt by his Department that it would be desirable for Canadians to receive the same medal and ribbon as U.K. personnel, with possibly a maple leaf added to the ribbon.

2. The Prime Minister thought it preferable for the Canadian government to recommend to the King that Canadians be awarded the same medal and ribbon for Korea as U.K. personnel but on the understanding that the medal would be rendered distinctive by inclusion of the word "Canada" and that Canada would bear any expenses incurred in preparation of the award for distribution to Canadians. The proposal would have to be submitted to the King at an early date but it should first be established that the U.K. authorities would have no objection to allowing their design for the medal to be used and for the medal to be struck in Ottawa.

The Committee's recommendations regarding the U.N. Service medal appeared satisfactory.

Consideration should be given also to the desirability of Canada assuming all expenses incurred in the United Kingdom in the issue of military awards to Canadians.

3. The Cabinet, after further discussion, noted the recommendations of the Awards Co-ordination Committee of November 29th, 1951, and agreed that:

(a) the recommendation of the Committee for acceptance of the United Nations Service medal be approved;

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(b) a submission be prepared immediately for forwarding to the King, asking his approval forthe issue of a campaign medal for Canadians who had served on behalf of the United Nations in repelling aggression in Korea; the medal and ribbon to be identical to those already approved by the King for United Kingdom personnel in connection with the Korean campaign, except for the inclusion of the word "Canada" in the medal and, possibly, the addition of a silver maple leaf to the ribbon;

(c) it be ascertained first that United Kingdom authorities would have no objection to providing their design for the medal, which would be struck in Ottawa;

(d) decisions regarding the two foregoing medals be announced as soon as preliminary arrangements were completed; and,

(e) consideration be given to the desirability of Canada assuming all costs incurred in the United Kingdom in the issue of military awards to Canadians.

Parliamentary redistribution

4. The Minister of Citizenship and Immigration said that, as Mr. C. G. Power had given notice of a motion for introduction of a private bill looking to the establishment of a commission to arrange for parliamentary redistribution, it would be desirable to give early consideration to the whole question.

5. The Prime Minister doubted that a commission could complete its work before the next general election and felt that, in the circumstances, it would probably be necessary for the government to introduce a representation bill in the normal manner and at the same time to take steps designed to make it possible for a commission to handle the redistribution to be carried out after the next census.

6. The Minister of Agriculture thought the subtraction of five seats from Saskatchewan's representation in one operation would create serious difficulties; consideration should be given to the possibility of deferring some part of the required redistribution until a later representation bill.

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7. The Prime Minister suggested that such a procedure would require an amendment to the British North America Act and would be opposed by British Columbia.

8. The Cabinet, after further discussion, noted the comments of the Prime Minister, the Minister of Agriculture and the Minister of Citizenship and Immigration on the question of parliamentary redistribution and agreed to defer decision in the matter.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 11th,1951

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Items discussed

Legislation; C.N.R. Financing and Guarantee bill (No.2) 2.

.C.A.O.; continued operation of Loran station at Frederiksdal, Greenland 2.

Agreement on m-f-n treatment for occupied areas of western German; Canadian withdrawal 3.

F.D.C.; sewerage and water-supply services; assistance to City of Ottawa 4.

National Capital Planning Service; transfer to F.D.C. 5.

Social security payments; languages to be used on cheques 6.

Pacific fisheries agreement; progress report 6.

Legislation; Government Annuities Act amendment 7.

Food and Agriculture Organization; invitation to Food Council to meet in Canada 7.

Legislation; Prairie Farm Assistance Act amendment 8.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, December 11th, 1951, at 11.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State
for External Affairs (Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Legislation; C.N.R. Financing and Guarantee bill (No.2)

1. The Minister of Finance requested approval for introduction, during the special session of Parliament, of a bill to provide for the financing of the cost of acquiring railway equipment for the Canadian National Railways in the amount of $55,581,816. The measure would be entitled the "Canadian National Railways Financing and Guarantee Act (No. 2) 1951". This bill would be supplementary to the financing measure passed during the last session of Parliament which authorized new C.N.R. capital expenditures totalling $56,722,177 for 1951 and, in addition, commitments totalling $111,512,920 on equipment to be delivered in 1952. It now appeared that part of the equipment, valued at more than $55,000,000, ordered under this general commitment would be delivered prior to June 1952 and it was therefore necessary to seek Parliamentary authority to meet these costs on delivery of the equipment.

An explanatory note had been circulated.

(Memorandum, Acting Minister of Finance, Nov. 30, 1951 - Cab. Doc. 317-51).

2. The Cabinet, after discussion:

(a) agreed that a measure entitled the "Canadian National Railways Financing and Guarantee Act (No. 2) 1951" be introduced during the current special session of Parliament; a draft measure to be prepared accordingly; and,

(b) approved for introduction the resolution to precede this measure.

International Civil Aviation Organization; continued operation of Loran station at Frederiksdal, Greenland

3. The Minister of Transport reported that the United States government had abandoned the operation of the Loran station at Frederiksdal, Greenland, and that the Danish government had taken over operation of this station on the condition that it would be financed internationally. The International Civil Aviation Organization had suggested that the station be incorporated in the agreement between the I.C.A.O.

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Council and the government of Denmark on Air Navigation Services in Greenland and the Faroe Islands. I.C.A.O. had further suggested that Denmark, Belgium, Canada, France, the Netherlands, Switzerland, the United Kingdom and the United States contribute to the operation of this station on the same percentage basis, with respect to assessment, as that applicable to the Skuvanes Station. Under this proposal, Canada's share would be 9.5 percent of the total. On this basis, it was not expected that Canada's contribution would exceed $5,745.80 in any one year. Trans-Canada Air Lines had indicated that the continued operation of this station was essential from the standpoint of safety of navigation. This view had been concurred in by technical officers of the Department of Transport.

An explanatory note had been circulated.

(Minister's memorandum, Nov. 27, 1951 - Cab. Doc. 316-51)

4. The Cabinet, after discussion:

(a) agreed that the International Civil Aviation Organization be informed that Canada consented to the incorporation, on the basis recommended, of the Frederiksdal Loran station in the agreement between the I.C.A.O. Council and the government of Denmark on Air Navigation Services in Greenland and the Faroe Islands; and

(b) approved inclusion in the final supplementary estimates of the Department of Transport of an amount sufficient to cover the additional costs to be incurred as a result of this commitment.

Agreement on most-favoured-nation treatment for occupied areas of Western Germany; Canadian withdrawal

5. The Minister of National Defence, as Acting Secretary of State for External Affairs, said that, in view of the German Federal Republic's accession to the General Agreement on Tariffs and Trade, the provisions of the 1948 Agreement under which most-favoured-nation treatment had been extended to Western Germany was obsolete. The consensus of the informal meeting of signatories held at Geneva in October was that the 1948 Agreement no longer served

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a useful purpose and that steps should be taken to terminate it. In view of the fact, however, that China and Syria did not attend the informal Geneva meetings and that, as non-members of G.A.T.T., they were deriving benefits from the 1948 Agreement which they might be reluctant to forfeit, it was considered impracticable to effect termination of the Agreement by a protocol since this would require unanimity. As an alternative, it was suggested that signatories should deposit with the Secretary-General of the United Nations a notice of withdrawal which, under Article V(2) of the Agreement, would take effect upon the expiration of six months from the date of deposit. It was understood that the United Kingdom and the United States would deposit their respective notices on the suggested date of December 14th, 1951, and it was recommended, with the concurrence of the Ministers of Finance and Trade and Commerce, that Canada take similar action.

An explanatory note had been circulated.

(Acting Secretary of State for External Affairs' memorandum, Dec. 10, 1951 - Cab. Doc. 318-51).

6. The Cabinet, after discussion, agreed that Canada withdraw from the most-favoured-nation treatment Agreement of 1948 with the occupied areas of western Germany and that notice of such withdrawal be deposited with the Secretary-General of the United Nations on December 14th, 1951; an Order in Council to be passed accordingly.

(Order in Council P.C. 6721, Dec. 11, 1951).

Federal District Commission; sewerage and water-supply services; assistance to the City of Ottawa

7. The Prime Minister said the Federal District Commission had submitted a report recommending a basis on which assistance might be extended to the City of Ottawa in carrying out certain sewerage and water-supply services for the National Capital District which would not be undertaken now if the National Capital Plan were not being implemented. It was recommended that the federal government should assume the extraordinary cost burden on the City for the period preceding the time the projects would normally be undertaken. This would mean assumption of the interest charges on debenture issues over a period of twelve years depending on the character of each work.

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For purposes of the calculations, an interest rate of 3.7 percent had been taken. The totals worked out at $220,520 annually for the first 8 years, at $116,920 annually in the 9th and 10th years and at $109,150 annually in the 11th and 12th years, or a grand total of $2,216,300.

(Letter, Chairman, Federal District Commission to the Prime Minister, Nov. 20, 1951)

8. The Minister of Finance suggested the matter be deferred for consideration at a subsequent meeting after he had had an opportunity to look into it.

9. The Cabinet noted the recommendation of the Federal District Commission concerning financial assistance by the federal government to the City of Ottawa for the carrying out of sewerage and water-supply services for the National Capital District and agreed that decision be deferred pending consideration by the Minister of Finance.

National Capital Planning Service; transfer to the Federal District Commission

10. The Prime Minister said the National Capital Planning Committee had recommended that the National Capital Planning Service be transferred from the Department of Public Works to the Federal District Commission as of April 1st, 1952. The recommendation had been approved by the Commission.

(Letter, Chairman, Federal District Commission to the Prime Minister, Nov. 20, 1951)

11. The Minister of Public Works pointed out that, in discussion at the time the report on the National Capital Plan was under preparation, Mr. Greber had favoured the continuance of the National Capital Planning Service under the Department of Public Works. The Service could continue to provide assistance for the Federal District Commission under the present organization. However, if it were removed from the jurisdiction of his Department, it would not be possible to use the engineers and other technical employees of the service on Public Works matters in the National Capital area as it had been planned to do. The arrangement had worked satisfactorily thus far and it might be desirable to leave it until it appeared that there would be definite advantage in a transfer.

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12. The Cabinet, after discussion, noted the report of the Federal District Commission recommending that the National Planning Service be transferred from the Department of Public Works and agreed that no immediate change be made; the matter to be the subject of further consideration if difficulties in operation developed at a later date.

Social security payments; languages to be used on cheques

13. The Minister of National Health and Welfare reported that family allowance cheques had thus far been printed in English and French for payments in Quebec and in English only for other provinces. Present plans were that the cheques for old age security payments should be the same and advance printing had been done on that basis. Consideration had been given, from time to time, to the desirability of extending the use of bilingual cheques. In 1947, a proposal for extension to New Brunswick had been considered but turned down. If any amendment in the present practice were to be made, it appeared that it should be to make the use of bilingual cheques general. Extension by areas did not seem a satisfactory procedure.

14. The Prime Minister felt the logical solution in such matters would be to have cheques in the language of the recipient. However, this would not be administratively possible. The alternatives appeared to be to leave the procedure as at present or to extend the use of bilingual cheques to the country as a whole. As the old age security cheques had already been printed on the basis of the present practice it would not be desirable to make any change that would delay the initial payments.

15. The Cabinet, after discussion, agreed that no alteration be made at present in the use of the English and French languages on family allowance and old age security cheques.

Pacific fisheries agreement; progress report

16. The Minister of Fisheries reported that the agreement on fisheries among Canada, the United States and Japan had been pretty well concluded.

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There were still apparently some differences to be settled between Japan and the United States in relation to fishing in the Bering Sea. A full report on the agreement should be available shortly. It would not be desirable for Canada to ratify the agreement before the United States.

17. The Cabinet noted the report of the Minister of Fisheries concerning the Pacific fisheries agreement between Canada, the United States and Japan.

Legislation; bill to amend the Government Annuities Act

18. The Minister of Labour, referring to discussion at the meeting of December 6th, 1951, said the House of Commons Committee considering the Annuities Bill had decided in favour of limiting the cash surrender feature to $500. It could be expected that there would still be opposition to it even with that limitation. It was also for consideration whether the maximum of $2,400 should be modified.

19. The Minister of National Health and Welfare still considered that the cash surrender feature was undesirable and should be totally eliminated. On the other hand, it would not be desirable to reduce the maximum amount of annuity that could be purchased.

20. The Cabinet, after considerable discussion, agreed that the bill to amend the Government Annuities Act be amended during consideration in Committee of the Whole in the House of Commons by elimination of the provision to allow for cash surrender but that no modification be made in the maximum amount of annuity permissible.

Food and Agriculture Organization; invitation to the Food Council to meet in Canada

21. The Minister of Agriculture mentioned that consideration was currently being given at the meeting of the Food and Agriculture Organization to the location of the next meeting of the Food Council. The Canadian delegate had asked whether there would be any objection to inviting the Council to meet in Canada.

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22. The Cabinet, after discussion, agreed that the Canadian representative at the meeting of the Food and Agriculture Organization be authorized to extend an invitation to the Food Council to hold its next meeting in Canada.

Legislation; proposed amendment to Prairie Farm Assistance Act

23. The Minister of Agriculture said that the 1950 amendment to the Prairie Farm Assistance Act provided that Crown and municipal lands not sold or granted prior to December 31st, 1940 would not be eligible for award. It had been found, however, that certain provincial lands had been opened for settlement since 1940, which were suitable for cultivation. It was not desirable that farms in such pioneer areas should be excluded from the provisions of the Act. It was recommended accordingly that the legislation be amended to allow award in the case of lands lying north of township 60 in the four western provinces.

An explanatory memorandum was circulated.

(Minister's memorandum, Dec. 10, 1951 - Cab. Doc. 319-51)

24. The Cabinet, after discussion, approved the recommendation of the Minister of Agriculture and agreed that a bill to amend the Prairie Farm Assistance Act be introduced to exclude from the provisions of the 1950 amendment all lands lying north of township 60 in the four western provinces; introduction of the legislation to be on the understanding that, if it appeared likely to become the subject of lengthy debate, it would not be proceeded with at the present session.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 14,1951

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Items discussed

Price support; shell eggs 1.

Parliament; legislation 2.

Parliament; Speech from Throne at end of Session 3.

U.S. bases in Newfoundland; purchase of supplies by Canadian hydrographic service vessels 3.

Cabinet Defence Committee; report 3.

Foreign Exchange Control Regulations; revocation and replacement 5.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, December 14th, 1951, at 4.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

Price support; shell eggs

1. The Minister of Agriculture, referring to the discussion at the meeting of December 13th, 1950,

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said that the prices support programme for shell eggs authorized by Order in Council on December 15th, 1950, had now been completed without expenditure of government funds. It was considered desirable to be prepared to support the egg market through the 1951-52 marketing season; the method of support which would best serve that purpose would be for the Agricultural Prices Support Board to offer to purchase out of storage, during an appropriate period in 1952, eggs stored to its specifications as Grade A Large or Grade A Medium, and to prescribe a price of 38 cents per dozen for the former and 36 cents per dozen for the latter, plus an allowance not to exceed 5 cents per dozen to cover storage charges.

(Minister's submission to Council Dec. 14, 1951)

2. The Cabinet, after discussion, approved the recommendation of the Minister of Agriculture and agreed that:

(a) Canadian shell eggs be designated as an agricultural product for the purpose of the Agricultural Prices Support Act, 1944; and,

(b) the Agricultural Prices Support Board be authorized to prescribe a price of 38 cents per dozen for eggs stored as Grade A Large and 36 cents per dozen for eggs stored as Grade A Medium, plus an allowance not to exceed 5 cents per dozen to cover charges associated with storage for the purposes of Section 9(1)(a) of the said Act;

an Order in Council to be passed accordingly.

Parliament; legislation

3. The Secretary submitted certain draft bills.

4. The Cabinet, after discussion, approved for introduction in the House of Commons the following measures:

bill to amend the Prairie Farm Assistance Act; and,

bill entitled "Canadian National Railways Financing and Guarantee Act (No. 2), 1951".

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Parliament; Speech from the Throne at end of Session

5. The Prime Minister read a draft of the Speech from the Throne to be delivered at the end of the current session of Parliament.

6. The Cabinet, after discussion, approved the general lines of a draft, proposed by the Prime Minister, for the Speech from the Throne to be delivered at the end of the current session.

United States Bases in Newfoundland; purchase of supplies by Canadian hydrographic service vessels

7. The Minister of Mines and Technical Surveys said that officials of his department had raised the question as to whether ships of the hydrographic service operating on the east coast of Newfoundland, like certain ships of the R.C.M.Police and the Department of Fisheries, should economize by obtaining supplies from U.S. leased bases in Newfoundland, or adhere to the present policy of buying from Newfoundland sources.

8. The Prime Minister suggested that Mr. Prudham discuss the matter with the Minister of Trade and Commerce.

9. The Minister of National Defence thought the question of purchasing supplies from U.S. bases should be examined not only from the point of view of arrangements regarding government purchases in Newfoundland made at the time of Union but also in the light of the government's insistence in the past on the U.S. authorities refraining from selling to persons not connected with the U.S. forces supplies admitted duty-free to the U.S. leased bases.

10. The Cabinet, after further discussion, noted the report of the Minister of Mines and Technical Surveys and agreed that he discuss further with the Minister of Transport the possibility of ships of the hydrographic service operating off Newfoundland buying supplies from U.S. bases there; the matter to be examined also from the point of view of the existing understanding with the United States regarding restrictions on sale of supplies admitted duty-free to the U.S. bases in Newfoundland.

Cabinet Defence Committee; report

11. The Minister of National Defence reported on the meeting of the Cabinet Defence Committee on December 12th, 1951.

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The Committee had felt that it would not be possible to accept a proposal in the draft report of the Temporary Committee of the North Atlantic Council that Canada provide additional assistance to European N.A.T.O. countries in the form of economic aid. It had subsequently been agreed to instruct the present Canadian representative on the Temporary Committee to indicate to the latter certain preliminary reactions to this proposal, and to arrange, if possible, for deletion of the proposal from the report.

The Committee had agreed that three further lots of U.K.-type Canadian Army equipment be allocated to N.A.T.O. countries; that certain of the additional Canadian meteorological facilities required under N.A.T.O. plans be established; that, in general, the costs of services performed by civilian departments as a direct contribution to the defence programme be included in the appropriations of the Department of National Defence and that their nature be made evident in the Estimates; that 19 additional buildings at Torbay airport, Newfoundland, be leased temporarily to the U.S. Air Force for accommodation of a radar unit; and that, while a request for details of stocks of weapons to be provided to the Special Committee on Defence Expenditure of the House of Commons should not be met, information requested on contracts let for various types of military equipment since March, 1950, together with expenditures under these contracts, should be made available.

Approval had also been given to two recommendations of the Permanent Joint Board on Defence (Canada-U.S.) regarding movements of service aircraft across the border and mutual reinforcement by the Canadian and U.S. air defence forces in the event of war; a U.S. proposal that, subject to all taxation privileges of the Newfoundland Bases Agreement (as modified by the P.J.B.D. recommendation of March, 1950) remaining in force, the N.A.T.O. Forces Agreement apply to all U.S. forces in Canada and that parallel provisions of the N.A.T.O. Agreement remain in effect between Canada and the U.S.; and a directive to the Air Defence Commander regarding the interception of unidentified aircraft, and the engagement of aircraft in certain circumstances, by Canadian air defence forces in Canada.

Some of the foregoing decisions were subject to certain conditions.

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12. The Cabinet noted with approval the report of the Minister of National Defence regarding matters dealt with by the Cabinet Defence Committee on December 12th, 1951, including its decision that, in general, the costs of services performed by civilian departments as a direct contribution to the defence programme be included in the appropriations of the Department of National Defence; the nature of such items to be made evident in the Estimates so that their relation to the civilian departments concerned with their administration might be clear and in order that Ministers responsible for their administration might deal with such items in the House of Commons.

Foreign Exchange Control Regulations; revocation and replacement

13. The Minister of Finance recalled that there had been a progressive relaxation of Canadian exchange restrictions and that the government had long taken the stand that exchange control was a regrettable necessity to be dispensed with as soon as conditions permitted. He had discussed with the Governor of the Bank of Canada the possibilities of abolishing exchange control and they had concluded that the Canadian position had become sufficiently strong for this step to be taken, despite the fact that it would be a disadvantage to have the control machinery dismantled should a major emergency arise in the near future.

It was therefore proposed that action be taken by Order in Council to revoke the present Foreign Exchange Control Regulations and establish new regulations exempting persons and transactions from various provisions of the Foreign Exchange Control Act, 1947.

The exchange fund would continue in operation under the Act. Possibly during the next session of Parliament but, in any case, before the Act expired in 1953, a measure should be introduced repealing it and substituting therefor an Exchange Fund Act with similar provisions to those of the present Act dealing with the operation of the exchange fund.

14. The Minister of National Defence pointed out that the criticism might be made that a regime introduced by statute should be abolished by Parliament rather than by the Governor in Council.

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15. The Secretary of State for External Affairs wondered if the action proposed might be at variance with the instructions to the present Canadian representative on the Temporary Committee of the North Atlantic Council which were to indicate that Canadian balance of payments difficulties would make the Committee's proposal for Canadian economic aid impracticable.

16. Mr. Abbott recalled that the travel restrictions had been withdrawn in October, 1950; that at the beginning of 1951, the last of the import restrictions imposed for exchange reasons had been removed; and that, during the year, extensive modifications had been made in the administrative procedures with respect to capital movements and other matters. Since exchange control had had little impact on the balance of payments position during the past year, the action proposed would not affect that position. Exchange control had been introduced to protect Canada's capital position rather than its balance of payments position and it was expected that, with removal of remaining controls, exports of capital would be more than counterbalanced by imports of capital. Further, it was now felt preferable to protect the Canadian position by measures other than exchange control.

He read a statement that he proposed to give to the House immediately if there were agreement on the policy recommended.

17. The Minister of Trade and Commerce thought that such a step would help the whole of the national economy.

18. The Cabinet, after further discussion, noted the recommendations of the Minister of Finance and:

(a) agreed that the Foreign Exchange Control Regulations, established by Order in Council P.C. 887 of February 21st, 1951, as amended, be revoked, and new regulations, "The Foreign Exchange Control Regulations", be established in substitution therefor; an Order in Council to be passed accordingly;

(Order in Council P.C. 6771, December 14, 1951).

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(b) approved the general lines of the statement regarding these developments that Mr. Abbott proposed to give immediately to the House of Commons; and,

(c) agreed that it would be necessary to introduce, before expiry of the Foreign Exchange Control Act, a measure repealing that Act and substituting therefor an Exchange Fund Act; a draft measure to be considered at an appropriate time.

N.A. Robertson,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

December 20th,1951

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Items discussed

Loran station, Vik, Iceland; modification of arrangement	1.
Proposed Yarmouth-Bar Harbor Ferry	2.
Italian peace treaty; de facto revision	3.
External Affairs; establishment of permanent diplomatic office Finland	4.
Visit of Queen of Netherlands	5.
Appointment; King's Counsel	5.
Immigration from British West Indies	5.
Emergency Gold Mining Assistance Act; future application	7.
Cabinet Defence Committee; report	8.
Parliament; transportation of western membersby RCAF	9.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, December 20th, 1951, at 3.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Loran station at Vik, Iceland; modification of arrangement

1. The Minister of Transport said that, under a 1947 arrangement, the government of Iceland

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undertook to maintain and operate a Loran station at Vik and governments of countries having trans-Atlantic air services agreed to contribute toward its operation and maintenance. Certain technical difficulties in administration had arisen and it was proposed to deal with these by bringing the Loran arrangement into line with the terms and conditions in the Agreement on Air Navigation Services in Iceland which had been entered into by the International Civil Aviation Organization and the Icelandic government. The modification would not represent a material departure from the obligation undertaken by Canada in 1947. No new or increased financial commitments would be involved. It was recommended that I.C.A.O. be advised of Canada's consent.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 7, 1951 - Cab. Doc. 320-51).

2. The Cabinet, after discussion, approved the recommendation of the Minister of Transport and agreed that the International Civil Aviation Organization be advised that Canada consented to the proposal to modify the arrangement respecting the Loran station at Vik, Iceland, to bring it into line with the terms and conditions contained in the Agreement on Air Navigation Services in Iceland entered into between I.C.A.O. and the Icelandic government.

Proposed Yarmouth-Bar Harbor Ferry

3. The Minister of Transport, referring to discussion at the meeting of October 20th, 1949, on establishment of an automobile ferry service between Yarmouth and Maine, reported that, in November 1950, it had been decided to defer construction because of lack of steel. The State of Maine had now passed legislation providing for construction of a ferry landing and approaches in Bar Harbor to be the U.S. terminal of the ferry. The Maritime Commission advised that present steamship services between Yarmouth and the United States could not meet modern traffic requirements and that a service between Yarmouth and Bar Harbor would be advantageous. It was recommended that authority be given to proceed with the construction of the proposed ferry and that

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the Department of Public Works be authorized to purchase property in the Yarmouth area and to build a suitable pier and terminal facilities.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 12, 1951 - Cab. Doc. 321-51)

4. The Minister of Finance pointed out that the general policy was to postpone all deferable expenditures on capital account. If that policy were to be maintained it was difficult to justify the construction of the ferry at present.

5. The Minister of Resources and Development suggested that if construction at present did not seem justified it might be desirable at least to acquire the property for the terminal.

6. The Cabinet, after discussion, noted the recommendation of the Minister of Transport and agreed that:

(a) construction of the proposed ferry to operate between Yarmouth and Bar Harbor, Maine be deferred; and,

(b) the Minister of Transport consider with the Minister of Public Works what might be done to acquire property in the Yarmouth area for construction at a later date of a suitable pier and terminal facilities for the ferry.

Italian Peace Treaty; de facto revision

7. The Secretary of State for External Affairs said that the Italian government, on a number of occasions, had expressed a desire for revision of the articles in the Italian Peace Treaty which involved permanent restrictions on Italy. On September 26th, 1951, the governments of the United Kingdom, the United States and France had declared readiness to give favourable consideration to the removal of such restrictions and discriminations. Formal revision of the Treaty was not possible owing to the opposition of Russia. In reply to notes from Italy to the various signatory governments, the United Kingdom, the United States and France had prepared notes which they intended to send forward about December 21st,

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agreeing that Italy should be released, so far as each of the governments was concerned, from the restrictive military clauses of the Treaty and certain political articles. It was recommended that a reply be sent on behalf of Canada in terms similar to those used in the notes by the three governments above and that communication of the reply be on or about December 21st.

(Departmental memorandum, undated).

8. The Minister of Finance mentioned that the Italian government had not shown any very great zeal in completing arrangements concerning Canadian claims in Italy. It might be desirable to intimate to the Italian Ambassador that the transmission of the Canadian reply would have relation to Italian action on these claims.

9. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that he be authorized to reply to Italian representations concerning de facto revision of the Italian Peace Treaty along the lines of the reply which the governments of the United Kingdom, the United States and France proposed to make, the Italian government to be made aware, however, that transmission of the Canadian reply would be related to action by Italy towards settling outstanding questions relating to Canadian claims against the Italian government or Italian nationals.

External Affairs; establishment of a permanent diplomatic office in Finland

10. The Secretary of State for External Affairs pointed out that, although Finland had opened a legation in Ottawa in 1947, Canada had no resident representative in Finland. The Canadian Minister to Sweden was accredited as Canadian Minister to Finland and visited that country from time to time. The Finnish government were anxious to have a permanent Canadian representative in Helsinki and it was recommended that an office be opened under the direction of a diplomatic officer who would be Charge d'Affaires in the absence of the Minister, who would continue to reside in Stockholm.

(Minister's memorandum, Dec. 15, 1951 - Cab. Doc. 323-51).

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11. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) a permanent Canadian office be established in Helsinki under the direction of a resident diplomatic officer;

(b) the Canadian Minister to Sweden continue as head of the Canadian Mission to Finland; the resident officer to supervise the office as Charge d'Affaires; and,

(c) the Department of External Affairs be authorized to make the necessary provisions in its establishment and estimates.

Visit of the Queen of the Netherlands

12. The Prime Minister suggested that the Secretary of State for External Affairs and the Secretary of State be responsible for arrangements for the visit of the Queen of the Netherlands.

13. The Cabinet approved the recommendation of the Prime Minister and agreed that the Secretary of State for External Affairs and the Secretary of State be responsible for arrangements for the visit of the Queen of the Netherlands and report to the Cabinet from time to time on such matters as might require approval or direction.

Appointment; King's Counsel

14. The Minister of Justice submitted a recommendation for an appointment as King's Counsel.

15. The Cabinet approved the recommendation of the Minister of Justice and agreed that Angus Smith McDonald, Esquire, Legal Adviser of the Air Transport Board, be appointed King's Counsel; an Order in Council to be passed accordingly.

(Order in Council P.C. 6808, December 20, 1951)

Immigration from the British West Indies

16. The Minister of Citizenship and Immigration reported that, under the provisions which had been in effect for a number of years and which were now contained

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in Order in Council P.C. 2743 of June 2nd, 1949, negroes from the British West Indies were not admissible to Canada. This result was brought about indirectly under the provisions of the Order in Council. By special arrangements a few were allowed to remain in Canada, from fime to time, after arrival here for school attendance or other purposes. Admissions had never exceeded 125 - 150 in any year. 97 had been admitted so far in 1951. Negroes from the United States were admissible as U.S. citizens. There had been representations by organizations in Canada about the discrimination against negroes from the West Indies and consideration was being given to the desirability of making some new provision. One approach might be to make the same categories of relatives of Canadian citizens admissible as were now admissible in the case of Asiatics. In addition, there could be a quota for married children of Canadian citizens - possibly about 50 per year - and a further quota of about the same size for non-relatives. By this means movement might be kept down to less than 200 per year. If restrictions were removed there would be a much greater influx. There were indications that resentment over the present position was increasing in the West Indies.

17. The Secretary of State for External Affairs suggested that the situation would not be improved if it became known that there was a "black" quota. On the other hand, it would not be possible to operate such a system with any advantage over the present position if the existence of a quota were to be kept confidential. If a quota were to be established it would seem preferable to have it cover all immigrants from the West Indies and not simply negroes.

18. The Minister of Trade and Commerce suggested that the best course would be to continue the present policy as long as possible and to take care of individual cases that deserved consideration by means of special arrangements.

19. The Cabinet, after discussion, noted the report of the Minister of Citizenship and Immigration and agreed that, for the time being, no modification be made in the provisions relating to immigration from the British West Indies to Canada.

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Emergency Gold Mining Assistance Act; future application

20. The Minister of Finance said consideration had been given to the continuance, either in its present form or with modification, of assistance under the Emergency Gold Mining Assistance Act. It seemed desirable that any decision should govern arrangements for the next two years. In view of the ability of gold producers now to sell in the premium market, it was recommended that arrangements under the Act be modified to discontinue assistance to mines with costs between $22 and $26 per ounce. Assistance to mines with costs between $26 and $45 per ounce could be left on the same general basis as at present except that the quantity of production on which assistance was calculated should be raised from 50 percent to 60 percent. This would be necessary to avoid a sharp reduction in the amount of assistance which would otherwise result from raising the minimum cost level from $22 to $26. A modification as suggested would push low-cost producers into the premium market; reduce the assistance to producers with slightly higher costs; and leave the assistance to the high-cost mines approximately as at present. In no case would assistance be increased. It was estimated that the modification would effect a saving of about $2 million in 1952. A further modification that was recommended was to allow producers to opt at any quarter as to whether they would sell their production for the remainder of the year in the premium market or under the provisions of the Act.

21. The Minister of Trade and Commerce thought there was not sufficient advantage in the proposed modification to justify it. If there were any probability that assistance under the Act would be progressively reduced until it was eliminated entirely, then there would be advantage. As this did not appear to be likely, there would be little to be gained and the criticism resulting from the small decrease in assistance would be substantial.

22. The Cabinet, after considerable discussion, noted the recommendation of the Minister of Finance concerning the continuation of assistance under the Emergency Gold Mining Assistance Act and agreed that enquiry be made of the International Monetary Fund to determine its attitude to a proposal by the

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Canadian government to continue assistance under the Act to gold producers on the present basis through 1952 and 1953, with the provision that producers be allowed to exercise an option at any quarterly period as to the disposition of their production for the remainder of the calendar year, either through sale in the premium market or under the provisions of the Act.

Cabinet Defence Committee; report

23. The Minister of National Defence outlined matters dealt with earlier that day by the Cabinet Defence Committee.

The Secretary of State for External Affairs had given the Committee an outline of the report of the Temporary Committee of the North Atlantic Council. As this had now been referred to governments for comment by January 15th, 1952, the Defence Committee had agreed that arrangements be made for the preparation of appropriate material for consideration by Ministers. Mr. Pearson had also reported on the status of armistice talks on Korea, current discussions looking to ultimate issue of a declaration designed to forestall a new Communist attack should an armistice be obtained in Korea, and procedures for the eventual negotiation of a political settlement.

The Committee had had a report from Mr. Claxton on present and possible future arrangements affecting the status, maintenance and accommodation of the 27th Infantry Brigade in Germany and had given preliminary consideration to the possibility of enrolling boys of 16 years of age under certain conditions in the Army Active Force.

Consideration had been resumed of the additional Canadian meteorological facilities required under plans of the North Atlantic Ocean and Canada-United States regions of N.A.T.O. and the Committee had approved, or approved in principle, the establishment of the remainder of the list of facilities proposed under N.A.O.R. plans. It had agreed on the position to be taken in negotiations with the French government regarding provision of the first airfield required in continental Europe by the R.C.A.F.; that 50 "Avenger" aircraft, with spares, be bought from U.S. stocks

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at an estimated cost of $805,700; that, should the U.S., U.K. and French military authorities hold discussions on south-east Asia in the first part of 1952, an appropriate Canadian officer could attend as an observer.

The Committee had also agreed that, in reply to an enquiry from Kurt Meyer's German lawyers, the Ambassador at Bonn indicate that, in approving Meyer's transfer to Germany, the Canadian government had decided against his release as requested in a petition from his Canadian lawyers and that, consequently, there could be no question of his release on bail pending consideration of the said petition.

24. The Cabinet noted the report of the Minister of National Defence regarding discussions in the Cabinet Defence Committee earlier in the day.

Parliament; transportation of western members by R.C.A.F.

25. The Minister of National Defence reported that certain western members of Parliament had been unable to arrange for commercial transportation to their homes before Christmas and, in the circumstances, had asked that they be carried by R.C.A.F. aircraft. He assumed that the Cabinet would have no objection to his meeting this request.

26. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed that there was no objection to the R.C.A.F. transporting to their home communities before Christmas certain western members of Parliament who were unable to obtain commercial transportation.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 29th, 1951

1. National Advisory Committee on Rehabilitation: establishment

2. St. Lawrence Waterway: Interdepartmental committee: reference to International Joint Commission

3. National Revenue: remission of duties on Ekin-Cliffe equipment

4. C.N.R. pension plan: revision

5. Transport: financial assistance for procurement of GIAT aircraft

6. C.N.R. pocela: establishment made terms

7. United Kingdom of Libya: recognition

8. R.D.C.: semi-arid and waste relocation: federal assistance to City of Offaw

9. Least industrially centralized: issue of commemorative postage stamp

10. C.N.R.: proposed construction of line between Kitimat and Terrace, B.C.

11. Establishment of power plants in Alberta: export of power

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Items discussed

National Advisory Committee on Rehabilitation; establishment 1.

St.Lawrence Waterway; interdepartmental committee; reference to International Joint Commission 2.

National Revenue; remission of duties on grain-drying equipment 3.

C.N.R. pension plan; revision 4.

Transport; financial assistance for procurement of civil aircraft 5.

C.N.R. hotels; establishment wage rates 6.

United Kingdom of Libya; recognition 6.

F.D.C.; sewerage and water services; federal assistance to City of Ottawa 7.

Laval University centennial; issue of commemorative postage stamp 7.

C.N.R.; proposed construction of line between Kitimat and Terrace, B.C. 8.

Establishment of power plants in Alberta; export of power 9.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Saturday, December 29th, 1951, at 10.15 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

National Advisory Committee on Rehabilitation; establishment

1. The Minister of Labour said that a conference on the rehabilitation of physically

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handicapped persons, held in February 1951, had recommended that an advisory committee be established to assist in the direction of a joint federal-provincial programme designed to restore the ability of handicapped persons to make themselves self-supporting. An item had been included in the supplementary estimates of the Department of Labour for 1951-52 to cover the operation of such a committee and arrangements for the programme. The establishment of the committee would not mean any interference with the work of voluntary agencies or of the provinces. The committee would consist of one member from each province, three representatives of the federal government, five members representing various health and welfare agencies, six members representing the medical profession, four representatives of organized workers and four additional members selected by the federal government to represent universities and other groups particularly interested in rehabilitation. The committee would probably not meet more than twice during the first year and annually thereafter. The recommendation for establishment of the committee was concurred in by the Ministers of National Health and Welfare and Veterans Affairs.

An explanatory memorandum had been circulated.

(Joint ministerial memorandum, Dec. 28, 1951 - Cab. Doc. 325-51)

2. The Cabinet, after discussion, approved the recommendation of the Minister of Labour and agreed that a National Advisory Committee on the Canadian Rehabilitation Programme be appointed with membership and powers as recommended; an Order in Council to be passed accordingly.

(Order in Council P.C. 6806, December 29, 1951)

St. Lawrence Waterway; interdepartmental committee; reference to International Joint Commission

3. The Minister of Transport recommended that a continuing interdepartmental committee on the St. Lawrence seaway and power project be established to replace the original interdepartmental committee and the ad hoc committee. In addition to the departmental representatives on the committee he would like to have Mr. R.A.C. Henry attend from

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time to time. A first task would be to prepare, in consultation with U.S. representatives, a submission to the International Joint Commission.

(Letter, Secretary to the Cabinet to the Deputy Minister of Transport, Dec. 21, 1951)

4. The Secretary of State for External Affairs said it was desirable to secure the cooperation of the U.S. government at an early date in preparing the concurrent submission to the International Joint Commission. It was understood that the U.S. government would be prepared to go ahead with the reference to the Commission if no Congressional action on the 1941 agreement were taken before sometime in February. It was recommended that a note be sent to the U.S. authorities requesting their cooperation in making the reference.

5. The Cabinet, after discussion, approved the recommendations of the Minister of Transport and the Secretary of State for External Affairs and agreed that:

(a) an interdepartmental committee on the St. Lawrence seaway and power project be established under the chairmanship of the Secretary to the Cabinet, and consisting of the Deputy Minister of Transport, the Director of Special Projects, Department of Transport, the Deputy Minister of Justice, the Deputy Under-Secretary of State for External Affairs, the Assistant Deputy Minister of Finance and other representatives of the departments as desired; the Secretary to be provided by the Privy Council Office; and,

(b) the Department of External Affairs arrange for the transmission of a note to the U.S. government requesting cooperation in the submission of a reference to the International Joint Commission concerning the St. Lawrence seaway and power project.

National Revenue: remission of duties on grain-drying equipment

6. The Minister of National Revenue said the Minister of Trade and Commerce had requested that customs duties be waived on grain-drying equipment

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imported by farmers and farmers' cooperatives. It would be possible to provide for remission of duty and to have it made general for imports of grain-drying equipment if it were so desired.

7. The Minister of Agriculture thought it would be desirable to have such an arrangement and for it to be effective for the remainder of the crop year.

8. The Minister of Finance said that, before any definite decision were taken, he would like to have the possible implications considered by his Department.

9. The Cabinet, after discussion, agreed that the Department of Finance consider the possible implications of a decision to remit duties on grain-drying equipment and that, subject to the approval of the Minister of Finance, duties be remitted on grain-drying equipment imported into Canada during the remainder of the crop year 1951-52.

Canadian National Railways pension plan; revision

10. The Minister of Transport reported that various pension plans had been under consideration by the Canadian National Railways for the past year. After discussion with the Brotherhoods, approval had finally been given to two plans, one relating to past employees and the other to current employees of the Railways. It was desired to have them brought into effect as of January 1st, 1952 and they had been submitted for consideration by the government.

The plan relating to past employees would not involve any change in the basic pension but would amend a number of the rules and regulations. The plan for current employees would be optional and it was difficult to know what the added cost to the C.N.R. would be. It was impossible to determine how many employees would wish to adopt the new scheme. It was tentatively estimated that the increased cost to the railway would be about 25 percent apart from increases that might result from inflation. The scheme would give improved pensions but they would not be as generous as under the Civil Service superannuation scheme.

11. The Minister of Finance said the plan had been examined by his Department and the principal

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feature that appeared undesirable was the fact that the scheme would not be compulsory. It was understood that the C.P.R. pension plan was compulsory and this was the case for most industrial plans.

12. The Cabinet, after considerable discussion, agreed that the Minister of Transport make arrangements to have the proposed pension plans of the Canadian National Railways considered by a committee of representatives of the Departments of Transport, Finance, Labour and National Health and Welfare; the committee to seek such explanations as might be desirable from representatives of the railway company and to submit a report on the pension plans to the Cabinet at an early date.

Transport; financial assistance for the procurement of civil aircraft

13. The Minister of Transport, referring to discussion at the meeting of November 12th, 1951, reported that it would not be possible for the Industrial Development Bank to provide financial assistance to operators of commercial aircraft for the acquisition of transport planes without an amendment to its Act. If financial assistance were to be provided along the lines that had been discussed, the possibilities appeared to be amendment of the Industrial Development Bank Act to allow the Bank to operate in this field; exercise of the powers given by the Aeronautics Act to enter into contracts for the provision of assistance to commercial air lines; and creation of a special agency to extend financial assistance.

14. The Prime Minister said it was agreed that assistance should be provided that would enable commercial air lines to acquire additional transport aircraft. It also appeared desirable that any assistance should be on a strictly commercial basis and that the money should not come from a department of government or from the Air Transport Board. This meant that either the Industrial Development Bank or some special agency should handle money made available for the purpose by Parliament. It would be desirable to have an interdepartmental committee look into the problem and advise on the best means of doing this.

15. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed

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that the Secretary to the Cabinet convene a meeting of representatives of the Air Transport Board, the Department of Finance and the Bank of Canada to consider and report to the Cabinet on the best means of arranging for the extension of financial assistance to commercial air carriers for the acquisition of transport planes.

Canadian National Railway hotels; establishment of wage rates

16. The Minister of Labour said it had not been possible for the unions and the Canadian National Railways to reach agreement on wage rates and other employment conditions for employees in C.N.R. hotels. The management and employees had consequently appointed their respective members of a conciliation board. These had been unable to agree on a chairman. Mr. Gregg would shortly discuss appropriate names with the Prime Minister and make an appointment.

17. The Prime Minister pointed out that the dispute emphasized again the difficulties that the C.N.R. encountered because its hotels were operated directly by the railway Company. It would appear highly desirable for the Company to consider whether the hotels should not be operated by companies incorporated in each province so that the assimilation of employees to railway workers would be terminated.

18. The Cabinet noted the report of the Minister of Labour concerning the appointment of a chairman of a conciliation board to consider terms of employment for employees of C.N.R. hotels.

Recognition of the United Kingdom of Libya

19. The Secretary of State for External Affairs reported that, in compliance with resolutions adopted by the United Nations General Assembly calling for the creation of a free, united and independent Libya by January 1st, 1952, the French and U.K. governments had, on December 24th, 1951, transferred all their remaining powers to the provisional Libyan government. The Libyan Constitution was promulgated simultaneously, and the Amir of Cyrenaica had acceded to the throne of the United Kingdom of Libya, which was thereupon proclaimed

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a free and independent sovereign state. Both the United Kingdom and the United States had accorded recognition to the new state on December 24th and it was recommended that Canada should also recognize the new Kingdom. This might be achieved merely by acknowledging the communication received from the new Libyan Prime Minister and Foreign Minister on December 25th.

An explanatory note had been circulated.

(Memorandum, External Affairs, Dec. 29, 1951 - Cab. Doc. 324-51)

20. The Cabinet, after discussion, agreed that Canada recognize immediately the recently established United Kingdom of Libya in the manner recommended by the Secretary of State for External Affairs.

Federal District Commission; sewerage and water services; federal assistance to the City of Ottawa

21. The Minister of Finance, referring to discussion at the meeting of December 11th, 1951, said that, after examination, he now concurred in the recommendation submitted by the Federal District Commission for the extension of federal assistance to the City of Ottawa for certain sewerage and water supply services which would not now be undertaken by the City if the Master Plan for the development of the National Capital were not being implemented at this time.

22. The Cabinet, after discussion, approved the proposal for extension of federal assistance to the City of Ottawa, as recommended by the Chairman of the Federal District Commission for certain sewerage and water supply services.

Laval University centennial; issue of commemorative postage stamp

23. The Prime Minister mentioned that Laval University would celebrate its centennial in 1952. Without urging the matter with any insistence, the Rector of the University had enquired whether it would be possible for the Post Office Department to issue a special commemorative postage stamp.

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24. The Minister of National Health and Welfare pointed out that St. Michael's and Trinity Colleges in Toronto would also celebrate their centennials in 1952. A commemorative stamp could not very well be issued for Laval unless similar action were taken in respect of the Toronto institutions.

25. The Cabinet, after discussion, agreed that it would be preferable not to issue a special commemorative postage stamp for the centennial of Laval University in 1952, in order to avoid establishing a precedent which might be embarrassing in the future.

Canadian National Railways; proposed construction of line between Kitimat and Terrace, B.C.

26. The Minister of Transport reported that, following representations made by the Aluminum Company of Canada, the Board of Directors of the Canadian National Railways had approved construction of a new railway line, approximately 46 miles in length, between Kitimat and Terrace in British Columbia. Total construction costs would be approximately $10 million. The Aluminum Company of Canada had agreed, if the new line were built, to give the C.N.R. a total of $1 million worth of business each year, or, alternatively, one-third of the proposed total in cash and two-thirds in traffic business. The President of the C.N.R. had written to request the government's approval for the scheme and had indicated that legislation similar to the Act respecting the Lynn Lake Railway had been prepared although the bill had not yet been submitted for consideration.

27. The Minister of Finance thought that aluminum developments in British Columbia would necessitate the construction of a railway eventually. If the volume of business over the proposed new line were sufficient to permit the C.N.R. to meet maintenance and recurring charges and to amortise the capital investment over a reasonable period of time, there would appear to be no reason why the government should withhold its approval.

28. The Prime Minister believed the proposal should be submitted in greater detail before a final decision were reached.

29. The Cabinet, after discussion, deferred decision on the proposed construction of a new railway line between Kitimat and Terrace in British Columbia pending submission by the Canadian National Railways of more detailed information on this proposal.

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Establishment of power plants in Alberta; export of power

30. The Minister of Mines and Technical Surveys, referring to discussion at the meeting of November 15th, 1951, said Mr. Angelello had now made arrangements for financing of the proposed new steam power plants in the Macleod area of Southern Alberta. Government approval was required in order that work might actually be undertaken.

31. The Prime Minister suggested that before a final decision were reached in this matter, the Secretary of State for External Affairs ascertain the views held by the United States State Department on the proposal. [1]

32. The Cabinet, after discussion, agreed that the Secretary of State for External Affairs obtain the views of the U.S. State Department on the proposed development of steam power plants in Southern Alberta for the purpose, inter alia, of exporting electrical energy to the Northwestern United States before a final decision was reached by the government in this matter.

1. The views of various U.S. departments were made known to External Affairs prior to this meeting but were not reported to Cabinet until the meeting of January ~~14th~~ 9th, 1952.

N. A. Robertson,
Secretary to the Cabinet.

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TOP SECRET

CANADA
CABINET CONCLUSIONS

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CABINET CONCLUSIONS

MEETING

JANUARY 9th, 1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, January 9th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Grants to universities; regulations

1. The Prime Minister, referring to discussion at the meeting of June 27th, 1951, submitted and read proposed regulations to govern the distribution to universities, in the form of grants, of the

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$7.1 million appropriation voted by Parliament during the last session. All institutions eligible, except universities and colleges of the Province of Quebec, were listed in a schedule to the regulations. A list of eligible Quebec institutions would be established by a joint federal-provincial commission to be established under the general terms of clause 2(d) of the regulations. It was recommended that the Minister of Finance be appointed to act with the Honourable Onesime Gagnon as a joint commission for the above purpose.

2. The Minister of National Revenue noted that, under the regulations as drafted, the grants would be made without any conditions as to use thereof. He feared this might result in the funds being used injudiciously in some instances.

3. Mr. St-Laurent said the proposed regulations applied only to grants to be made this year. Later, in the light of experience, it might be found necessary to provide certain restrictions as to use. In the meantime, it was thought preferable simply to give each approved institution an unconditional grant.

4. The Minister of National Health and Welfare noted that the Maritime School of Social Work at Halifax and St. Patrick's College at Ottawa were included amongst eligible institutions. Both were now in receipt of fairly substantial grants from his Department in respect of their educational work in the social field. He had no objection to their being included in the eligible list but did not think it would be advisable to duplicate grants of this sort.

5. The Cabinet, after discussion, agreed that:

(a) subject to possible clarification and revision of the text of clause 2(e) thereof, an Order in Council be passed establishing the University Grants Regulations;

(Order in Council P.C. 123, Jan. 9, 1952)

(b) an Order in Council be passed appointing the Minister of Finance or his representative to act with the Honourable Onesime Gagnon as a joint commission under clause 2(d) of the above Regulations;

(Order in Council P.C. 124, Jan. 9, 1952).

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Consumer Credit Regulations; amendments

6. The Minister of Finance, referring to discussion at the meeting of July 18th, 1951, said it was proposed to amend the Consumer Credit Regulations established by Order in Council P.C. 3763 of that date. The principal amendment would provide for extension of the maximum credit period from 12 to 18 months. It was not intended to disturb the present provision to the effect that minima down-payments could not be less than 50 percent of the total value of the goods.

Another important amendment would exclude pianos, organs and other musical instruments to be played by musicians from the operation of the regulations.

There were, in addition, a few other amendments of lesser importance.

7. The Minister of National Health and Welfare thought consideration should be given to reducing the minimum down-payment required under the regulations. He thought this provision was causing real hardship, particularly in the automotive industry.

8. Mr. Abbott said that the minimum down-payment required under U.S. regulations was 1/3 of the total value of the object purchased. However, other U.S. provisions were considerably more rigid than the Canadian, thus more or less evening out the net results of both sets. However, the down-payment problem could be reconsidered at a later date if this were felt desirable.

9. The Minister of National Revenue pointed out that increases in the excise tax on refrigerators and washing machines had slowed down trade in these lines considerably and in some cases had brought sales to a virtual standstill. Public opinion was becoming increasingly vocal on the undesirability of maintaining prices at such a high level on goods such as these which were normally considered as essentials.

10. Mr. Abbott said that the prices on many durable goods, such as refrigerators and washing machines, had been rigidly maintained at perhaps unduly high levels by agreement between manufacturers and distributors.

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11. Mr. St-Laurent believed there was some evidence that the recently enacted anti-price maintenance legislation was having at least a measure of success. Shortly after the legislation had been given Royal Assent, a retailer in the City of Quebec had placed large advertisements in the newspapers stating that, in view of the federal ban on resale price maintenance, he was cutting, immediately, by substantial margins, the retail price on all models of three standard brands of refrigerators.

12. The Cabinet, after considerable further discussion, agreed that:

(a) an Order in Council be passed amending the Consumer Credit Regulations as recommended;

(Order in Council P.C. 108, Jan. 9, 1952)

(b) the Minister of Finance issue a press communique respecting these amendments the following day.

National Film Board; re-appointment of Commissioner

13. The Prime Minister submitted a recommendation for the re-appointment of the Government Film Commissioner.

14. The Cabinet, after discussion, agreed that an Order in Council be passed re-appointing Mr. W. A. Irwin as Government Film Commissioner, effective January 1st, 1952, at a salary of $15,000 per annum.

(Order in Council P.C. 41, Jan. 9, 1952).

Finance; appointment of Acting Minister pro tem

15. The Prime Minister submitted a recommendation for the appointment of an Acting Minister of Finance pro tem.

16. The Cabinet, after discussion, agreed that an Order in Council be passed appointing the Honourable James J. McCann to act as Minister of Finance in the event that both the Minister and the Acting Minister (Mr. Garson) were absent from Ottawa or unable to act.

(Order in Council P.C. 128, Jan. 9,1952).

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Parliament; legislative programme; date of reconvening

17. The Prime Minister suggested that the Secretary to the Cabinet write to all government departments requesting them to furnish the Privy Council Office at an early date with their respective legislative programmes for the coming session of Parliament. He did not think that it would be advisable to have Parliament meet until the end of February.

18. The Cabinet, after discussion:

(a) agreed that the Secretary to the Cabinet request all departments to furnish the Privy Council Office as soon as possible with their respective legislative programmes for the coming session of Parliament; and,

(b) noted the Prime Minister's suggestion that Parliament would probably not be called together for the new session until toward the end of February.

Records Building; proposed construction at Tunney's Pasture

19. The Prime Minister noted that, at the meeting of November 22nd, 1951, decision on a proposal for construction of a records building at Tunney's Pasture, Ottawa, had been deferred pending consideration by the Minister of Finance. The Public Records Committee had, subsequently, strongly urged that the building be proceeded with.

An explanatory memorandum was circulated.

(Memorandum, Secretary to the Cabinet, Dec. 28, 1951 - Cab. Doc. 1-52).

20. The Minister of Finance said he had reviewed the proposal and thought that approval should be given to the construction of a building specifically designed for records purposes.

21. The Cabinet, after discussion, agreed that construction of a records building at Tunney's Pasture be proceeded with as recommended; the administration of the building and the servicing of the records deposited therein to be under the supervision of the Dominion Archivist.

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Civil defence; stock-piling of medical supplies

22. The Minister of National Health and Welfare recommended that authority be granted for the stock-piling of essential health supplies required for the civil defence programme. The proposal was, in effect, that of a revolving fund. Stocks accumulated would be used currently and replenished by the Department of National Health and Welfare and the Department of Veterans Affairs in order to prevent supplies from deteriorating or becoming obsolescent. It was estimated that a total of $2.25 million would be required for this purpose during the balance of this and the next fiscal years, and it was suggested that the question of further purchases be reviewed at the end of that time.

(Minister's submission to Council, Jan. 9, 1952).

23. The Minister of Finance said he supported the proposal. It really involved nothing more than an increase in existing medical inventories of the Department of National Health and Welfare. It should be understood, however, that Treasury Board retained control of the financial implications.

24. The Cabinet, after discussion, agreed that the Department of National Health and Welfare be authorized to stock-pile essential health supplies for civil defence purposes in an amount not exceeding $2.25 million during this and the next fiscal years subject to Treasury Board approval being obtained in the usual manner for specific commitments.

Legislation; Food and Drugs Act revision

25. The Minister of National Health and Welfare said he proposed to introduce a complete revision of the Food and Drugs Act during the coming session of Parliament.

26. The Cabinet, after discussion, approved in principle the proposed revision of the Food and Drugs Act and agreed that a draft measure be prepared accordingly.

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National Gallery; vacancies on Board of Trustees

27. The Minister of Citizenship and Immigration mentioned that there were vacancies to be filled on the Board of Trustees of the National Gallery and that he would welcome suggestions in this connection.

28. The Cabinet noted the statement of the Minister of Citizenship and Immigration that he would welcome suggestions from his colleagues as to persons who might fill certain vacancies on the Board of Trustees of the National Gallery.

Establishment of steam power plants in Alberta; export of power

29. The Secretary of State for External Affairs recalled that, at the meeting of November 6th, 1951, it had been agreed that his Department ascertain the views of the U.S. State Department regarding the proposed establishment by U.S. interests of steam power plants in Alberta. In line with this decision, External Affairs had subsequently made available a message of December 6th from Washington to the effect that the State Department had indicated confidentially that there would be no objection to the granting of licences for the export of power to the United States from the proposed plants. A later message regarding the views of other U.S. departments had also been made available. It so happened that this information had not been brought to the attention of Cabinet when the question had been discussed again at the meeting of December 29th, 1951, and he suggested that an appropriate adjustment be made in the Cabinet conclusions for that date.

30. The Minister of Mines and Technical Surveys said that additional documents on the power project had been received from the interests concerned who indicated that they now had the necessary finances.

31. The Minister of Trade and Commerce suggested that plans for the project were as yet far from being in a state which would enable the government to take formal action. It was necessary for those concerned to prove their ability to carry out the scheme before consideration could be given to the issue of licences.

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32. The Cabinet, after further discussion:

(a) noted the report of the Secretary of State for External Affairs regarding action taken to obtain U.S. views on the proposal for establishment of steam power plants in Alberta and the export of power to the United States, and agreed that an appropriate adjustment in the light of this information be made in the Cabinet conclusions of December 29th, 1951;

(b) agreed that it would be necessary for the interests concerned to prove their ability to carry out the power project before the issue of licences could be considered.

U. N. Permanent Headquarters; Canadian contribution

33. The Secretary of State for External Affairs, referring to discussion at the meeting of September 5th, 1951, said there were difficulties in obtaining the six and one-half tons of nickel alloy required for the proposed contribution of seven doors for main entrance of the General Assembly Building. Mr. Cormier felt that use of another material would not do justice to Canada or to the building. The matter was of some urgency since the doors should be installed before July 1st, 1952.

34. The Minister of Trade and Commerce pointed out that, while nickel could be made available if the government desired it, this would reduce supplies available for the U.S. defence programme and likely give rise to criticism. It appeared preferable to provide oak doors temporarily on the understanding that the original undertaking would be made good when the demand for nickel for defence purposes decreased.

35. The Cabinet, after further discussion, noted the report of the Secretary of State for External Affairs regarding the doors that Canada had undertaken to provide for the United Nations General Assembly Building, and agreed that oak doors, of the design contemplated for the nickel doors promised, be provided as a temporary measure and that it be indicated to the U.N. officials concerned that these would be replaced by nickel doors when defence requirements permitted.

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Post Office; study of organization and procedures by efficiency experts

36. The Postmaster General said it was proposed to engage the services of a firm of chartered accountants to study the organization and procedures of the Post Office Department and the Postal Service and make recommendations for more efficient and economical operations. It was to be hoped that the economies resulting from the study would compensate for the charges of the firm concerned which would be in the neighborhood of $10,000 a month for some twelve months.

37. The Cabinet, after discussion, deferred consideration of the proposal of the Postmaster General to engage the services of a firm of chartered accountants to examine the efficiency of the organization and procedures of the Post Office Department and the Postal Service, it being noted that the Minister of Finance would be agreeable to the proposal should the Cabinet subsequently approve it in his absence.

Tax rental agreements with the provinces; terms for renewal

38. The Minister of Finance, referring to the discussion at the meeting of November 29th, 1950, outlined an offer he proposed to make to the provinces in connection with the renewal of tax rental agreements.

39. The Cabinet noted with approval the proposal of the Minister of Finance to offer the provinces, in connection with renewal of tax rental agreements, the option of adjusted federal payments being calculated on the basis of data for the preceding year or, as at present, on the basis of the average of data for the two preceding years.

Office of Governor General; relinquishment by Lord Alexander; appointment of successor

40. The Prime Minister reported that Mr. Churchill had informed him that he wished to bring Lord Alexander into the United Kingdom Cabinet as Minister of Defence as soon as possible. Lord Alexander could hardly continue as Governor General while a Minister-designate. It had accordingly been indicated to Mr. Churchill that there should be

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no announcement of Lord Alexander's new post until his relinquishment of his present office and the appointment of a successor had been announced.

There was considerable support in Canada for appointment of a Canadian as the next Governor General and it was felt that the name of the Rt. Hon. Vincent Massey could suitably be submitted to the King. It might be necessary for the change to be made very shortly after Mr. Churchill's visit to Ottawa. Mr. Massey would not be able to take up his duties for some time and, in the meantime, it would be necessary to continue the allowances for the upkeep of Rideau Hall.

41. Mr. St-Laurent said that, with the concurrence of his colleagues, he would send a letter to the King through the Minister of Finance, who was going to London, informing His Majesty that the government had agreed that he should submit Mr. Massey's name for consideration for appointment as Governor General. He had suggested to Lord Alexander that he should inform the King of his desire to relinquish his present office and, as Prime Minister, he would advise the King that this desire should be acceded to. It would be necessary to have letters patent issue terminating Lord Alexander's appointment. The Chief Justice would then become Administrator until Mr. Massey took office. Upon the King approving the appointment, an announcement regarding Lord Alexander's replacement by Mr. Massey could be issued immediately, making it clear that the latter would not be able to assume his duties for some time. There would be no objection to Mr. Churchill announcing thereafter Lord Alexander's new appointment.

Lord Alexander was agreeable to these various arrangements and prepared to remain in Canada until the announcements were made. There was reason to believe that Mr. Massey would accept the proposed appointment.

42. In the course of the ensuing discussion, it was noted that Canada was the only Commonwealth country with the possible exception of Ceylon that had not so far had one of its own citizens as its Governor General. The proposed change would not preclude the appointment of non-Canadians on later occasions. As Lord Alexander felt unable to remain for another term and no suitable successor appeared

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to be available in the United Kingdom, the present was an appropriate time to appoint a Canadian. Knowing Mr. Massey very well, the King would feel that he had a personal representative in Canada. The circumstances of Lord Alexander's departure should help to make the appointment of a Canadian understandable to those who had a preference for the office of Governor General being filled from the United Kingdom. While it was important that the announcement of Lord Alexander's new post be issued separately, it should follow very closely on the announcement of his replacement at Rideau Hall by Mr. Massey.

43. It was also noted that it would be necessary to inform Mr. Massey of the proposals before any communications were passed to the Palace and that these would not be delivered pending discussions with Mr. Churchill.

44. The Cabinet, after further discussion, approved the proposal of the Prime Minister that the name of the Rt. Hon. Vincent Massey be submitted to the King for consideration for appointment as Governor General of Canada to succeed Lord Alexander who would be relinquishing this office, and noted the steps that would be taken if the submission were approved.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING WITH MEMBERS OF UNITED KINGDOM CABINET

January 14th,1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, January 14th, 1952, at 11.00 a.m.

Present:

Canada

The Prime Minister (Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce and Minister of Defence Production (Mr. Howe),
The Minister of Agriculture (Mr. Gardiner),
The Minister of Public Works (Mr. Fournier),
The Minister of National Defence (Mr. Claxton),
The Minister of Transport (Mr. Chevrier),
The Minister of National Health and Welfare (Mr. Martin),
The Minister of National Revenue (Dr. McCann),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Secretary of State for External Affairs (Mr. Pearson),
The Secretary of State (Mr. Bradley),
The Postmaster General (Mr. Rinfret),
The Minister of Citizenship and Immigration (Mr. Harris),
The Minister of Mines and Technical Surveys (Mr. Prudham)

The Secretary to the Cabinet (Mr. Robertson),
The Deputy Minister of Finance (Dr. Clark),

United Kingdom

The Prime Minister and Minister of Defence (Mr. Churchill)
The Secretary of State for Foreign Affairs (Mr. Eden),
The Secretary of State for Commonwealth Relations (Lord Ismay)
The Paymaster General (Lord Cherwell)

The United Kingdom High Commissioner to Canada (Sir Alexander Clutterbuck),
The Secretary to the Cabinet (Sir Norman Brook).

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The Under-Secretary of State
for External Affairs
(Mr. Heeney),
The Deputy Minister of Defence
Production (Mr.Mackenzie),
The Chairman, Chiefs of Staff
Committee (Lieutenant-
General Foulkes),
Mr. R.G. Robertson,
Privy Council Office,
Mr. Paul Pelletier,
Privy Council Office,
Mr. C.C. Eberts,
Privy Council Office.

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1. The Prime Minister welcomed Mr. Churchill and his colleagues. The government of Canada felt that any matters that were of concern to the government of the United Kingdom were also of concern to them as the welfare of the people of the two countries was so intimately related. They were particularly pleased, therefore, to have this opportunity of exchanging views. The government of Canada had also been pleased that Mr. Churchill and his colleagues had been able to visit the United States at this time to strengthen the ties between that country and the United Kingdom which were of such fundamental importance for all the countries of the Commonwealth. The members of the Canadian Cabinet would be glad to hear any comments that Mr. Churchill might feel it proper to make relating to his discussions in the United States and concerning problems of common concern.

2. The Prime Minister of the United Kingdom referred to his visit to Ottawa ten years before. He was gratified to be able to meet again with the members of the Privy Council of Canada of which he had, since that time, been a member. He would be glad to discuss any matters they might wish to raise.

Atomic weapons

3. Mr. Churchill stressed the importance of the development and improvement of atomic weapons during the period when the relative strength of western countries in conventional weapons would not be adequate to afford them protection. The Labour government in the United Kingdom had made progress in the development of an atomic bomb and the first one produced in the United Kingdom would be tested in Australia during the summer.

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If it was successful, production could proceed. Apart from its intrinsic importance a successful British bomb might have a substantial influence on the readiness of the United States to exchange information on atomic development. He was very anxious to see an equality of knowledge with the United States which would lead to a more ready exchange of technical information.

4. The Prime Minister suggested that detailed discussion on atomic energy questions might be left to Lord Cherwell and Mr. Howe.

Policy toward the Soviet Union

5. Mr. Churchill said that the policy was to preserve peace or at least a modus vivendi with the U.S.S.R. of as long a duration as possible. This could only be secured from strength. Agreements with the U.S.S.R. could not be secured on any other basis. The strength of the West was being developed through the North Atlantic Treaty Organization. It was to be hoped that N.A.T.O. would not be limited solely to preparations for defence but that it might develop into a lasting grouping of powers which would produce a new effectiveness for the United Nations. The present did not appear to be a propitious time to enter into talks with the U.S.S.R. but the United Kingdom would be ready at any time to respond to any genuine advance from the Soviet side.

A deterrent factor in the present dangerous situation was that war would be extremely unpleasant for both sides. Both would suffer what they dreaded most at the outset: Europe would be overrun and the U.S.S.R. would be blasted by atomic weapons in all its vital points. This gave some assurance that peace could be maintained. It seemed certain that at best there would have to be a prolonged period of cold war. That, however, was much better than catastrophe.

6. The Prime Minister enquired whether Mr. Churchill thought that the apparent concessions made by Mr. Vishinsky at the United Nations in relation to the banning of atomic weapons and the possibility of inspection gave indication of desire on the Soviet side to see some progress.

7. Mr. Churchill felt it would present a difficult problem if the Soviet Union were to offer to accept our conditions for the control of atomic weapons since the West was not sufficiently strong

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at present to do without the protection that their possession afforded. It was the vast superiority of the United States in atomic weapons and the technical improvements they had achieved, that provided a decisive deterrent at present. It was doubtful, however, that the U.S.S.R. would be prepared to allow bona fide and continuous inspection since it would too greatly lift the veil they kept over their affairs.

8. Mr. Eden said he thought the Vishinsky concessions did represent a positive move. The Western nations would have to expect more of these moves. They were indicative of a growing anxiety on the part of the Soviet Union.

9. Mr. Churchill said that there was, perhaps, some significance in the Soviet emphasis on the development of fighter planes rather than of bombers. It was a defensive emphasis which revealed anxiety and suggested that fear was an important factor in Soviet actions.

The Far East

10. The Minister of National Defence said he would be interested to hear the views of the United Kingdom ministers on the position in the Far East, particularly on the prospects in Korea. He felt that the six months of discussion on a cease-fire in Korea had left the United Nations in a much weaker position relatively than when the talks began. The U.S. commanders in Korea thought that the Chinese genuinely desired a cease-fire. On the other hand, the Prime Minister of Japan was of the opinion that the Communists would not accept one. He thought they would attempt to prolong the present discussions. Even if a cease-fire were achieved, it was not apparent how the United Nations were going to extricate themselves from Korea.

11. Mr. Eden expressed general agreement with Mr. Claxton's comments. He found it equally difficult to see how the Korean episode was to be resolved. He had felt some surprise in the discussions in Washington at the confidence of the U.S. authorities on their capacity to deal with any possible military developments in Korea next spring.

It was difficult to forecast developments in other parts of South East Asia. There was no reliable

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evidence that an extension of hostilities in Indo-China was imminent. There had been a number of reports of preparations by the Chinese but all had been contradicted by other sources. Some of the reports might be instigated by the Chinese Nationalists. He had been pleased that the President of the United States in his message on the State of the Union had explicitly warned China against the possible consequences of further aggression. He had tried to follow that up in his own speech in New York. The French felt that they could hold their position in Indo-China if there were no major aggression as in Korea. If there were any such move they would want the United Nations to take action.

12. The Secretary of State for External Affairs said that he was disturbed by Mr. Vishinsky's statement in Paris in which he claimed that the United States had moved Chinese Nationalist divisions to Burma and other South-east Asian countries. If any new communist move were being contemplated, this was the sort of propaganda preparation that might be expected.

13. Mr. Churchill pointed out that ten of the best U.N. divisions were tied up in Korea, and ten French divisions in Indo-China. The addition of that strength to western Europe could make a very substantial difference. At the present time, there was not one complete division in the United Kingdom. There were, however, some 250,000 troops in military schools and depots in the United Kingdom, and these were now being armed and trained so that they would have some combatant value in an emergency. He meant to secure that the United Kingdom looked more like the back of a hedge-hog than the paunch of a rabbit. If the Chinese attacked Indo-China it would be necessary for the United Kingdom to reconsider its recognition of the Communist government of China.

14. Mr. Pearson asked what divergences there now were between the U.K. and the U.S. on policy in the Far East.

15. Mr. Eden said that there were now only two points of divergence viz., the U.K. recognition of the Chinese People's government and the proposed treaty between Japan and the Chinese Nationalists. The first was little more than a formal point and the U.S. government were not now seriously concerned about it. The second was more troublesome. The U.S. administration apparently felt very strongly that, in order to satisfy Congressional opinion, they must announce that as soon as the Japanese Peace Treaty was ratified

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Japan would conclude a treaty with the Chinese Nationalist government in respect of Formosa. The United Kingdom government agreed that, once she had achieved her independence, Japan would be free to do as she wished in this matter; but they would have preferred that no public announcement of her intentions should be made in advance. They would not, however, continue to press their objections upon the U.S. government.

16. Mr. Churchill said that, as regards Korea, he was glad that the U.S. government were now consulting more fully with other governments which were contributing to the U.N. Forces.

17. Mr. Pearson said that 17 countries had now accepted the draft of the warning declaration about the consequences of a major breach of the armistice terms in Korea.

18. Mr. St-Laurent pointed out that acceptance of the draft declaration would still leave unsettled a number of important questions on which decisions would have to be taken by the countries contributing to the U.N. Forces in Korea.

19. Mr. Churchill said that the U.K. government were anxious to avoid raising small points of disagreement with the United States on Far East questions, as they were conscious that the brunt of the military effort in that area was being borne by the United States. In the Middle East, where the United Kingdom were carrying the major part of the load, he hoped that the United States could be persuaded to give some support and assistance. Even token assistance would be valuable. The United Kingdom were carrying out an international responsibility in maintaining free right of passage through the Suez Canal.

MIDDLE EAST

20. Mr. Eden said that in his discussions in Washington he had agreed with the U.S. Secretary of State that the Four Power proposals should be revised and made ready for presentation in a new form possibly including something about the Sudan. It could then be indicated to King Farouk, at the appropriate moment, that these proposals were available for presentation to a government likely to accord them a favourable reception.

21. Mr. Churchill said that insofar as the oil dispute in Persia was concerned, the policy of the U.K. government was to salvage what they could from the wreck. Britain could get her oil from elsewhere, but she needed the foreign exchange which she had earned from the Persian oil. Permanent loss

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of this source of revenue would mean a serious addition to the balance of payments difficulties of the United Kingdom.

22. Mr. Eden said the International Bank had put forward certain proposals which were acceptable to the United Kingdom but had not yet found favour with Dr. Mossadegh. There seemed to be some possibility, however, that Mossadegh might eventually agree to something along the lines of these latest proposals. In any event it seemed clear that they were the sort of proposals that would afford Mossadegh the best opportunity to reach a compromise with the United Kingdom without losing face provided, of course, he were disposed to do so. Throughout the protracted discussions and negotiations on this problem Mossadegh had shown himself to be an extremely shrewd bargainer. The United Kingdom government had to ensure that any treatment given Persia should not be generous to the point where it would prejudice the future of oil concessions held elsewhere by the United Kingdom and the United States. If a satisfactory price could be negotiated, the United Kingdom might be ready to forego any claim it might have for compensation. Dr. Mossadegh might, however, prefer to stress the compensation feature since it would then be easier for him to reduce or eliminate British control and influence.

Europe

23. Mr. Churchill said that General Eisenhower had made it abundantly clear that he did not expect U.K. military units to join the European army. He was quite content that the United Kingdom should make appropriate military contributions to the NATO forces of which the European army was part. Mr. Churchill thought it not only unnecessary but unworkable that U.K. forces should be merged in the European army. He did not see how any Prime Minister of the United Kingdom could contemplate sending six British divisions to the European army in the knowledge that none of these divisions would ever stand shoulder to shoulder in the line. There were the problems of language, customs, armaments and munitions which were very real difficulties. He fully appreciated that the doctrine of European federation appealed strongly to the sense of logic of the French. He himself felt that the United Kingdom should offer every encouragement to the concept of European federation without, however, losing sight of the fact that it was in the interests not only of the United Kingdom, but of international peace that the United Kingdom should maintain her strong Commonwealth ties rather than become an integral part of a European federation.

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24. Mr. Eden pointed out that when the present U.K. government took office, the plans for a European army had already been under discussion for nine months. If the new U.K. government had joined in the discussions at that stage, every detail of the proposed arrangements would have been thrown open for re-negotiation and this would have caused further substantial delays.

25. Mr. Churchill thought it unfortunate that the Labour government had decided not to participate in the conferences on the Schuman Plan and the European army.

As a general comment, he felt that the principle of the Grand Alliance had much to commend it, primarily because, as became evident during the second World War, it enabled several sovereign states to work in the closest harmony without any suggestion that one country might be the vassal of another.

Atlantic Command

26. Mr. Churchill said that, in his opinion, British shipping would face greater dangers in a future war than in the last. Enemy submarines would be much more numerous, faster, and armed with even more deadly weapons than before. Anti-submarine vessels would have to be much faster craft, which could not be improvised after war had broken out. Even greater than the submarine danger was probably the mine threat. There had been developed new types of suction mines which were impervious to magnetic minesweeping. These could be dropped rapidly in large numbers and it was difficult to see at this time what effective measures could be taken against them.

The United Kingdom's dangers were much greater than those of the United States or Canada. If the United Kingdom failed to keep its ports open, it could not survive. For North America the loss of the battle in the Atlantic would mean the loss of the campaign in Europe. For the United Kingdom it would mean extinction. It was for this reason that he had made every effort to impress on the Americans that it was a matter of practical necessity that the United Kingdom should retain complete naval control in the eastern Atlantic at the reception end. Executive control of the battle and the convoys should be exercised in the eastern half of the Atlantic by the First Sea Lord and in the western half by the United States Chief of Naval Operations. On almost every occasion they would work in complete harmony. If any

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differences should arise between them, these could be resolved by the Standing Group who could be advised on policy by an Admiral of the Atlantic. He was, however, most strongly opposed to the creation of a Supreme Allied Commander, Atlantic. He was gratified to hear that some members of the Canadian government shared his views on this question.

27. Mr. Churchill said that Canada was to be congratulated on the growth of its Navy. It was building up one of the leading navies in the free world. He hoped that Canada, with its expanding resources, would continue to cherish the naval tradition, as it had been cherished for so long in the United Kingdom. A strong Canadian Navy would be of great value, not only for purposes of local defence, but also as a link between North America and Europe.

28. Mr. Churchill thought that, while the Western countries were becoming stronger, they were not yet necessarily safer. The greatest danger would come in the period just before their strength became really effective. If the Russians made war, they were more likely to do so as the result of miscalculation than by reason of an "incident". In his view the odds were against a war this year, although no one could make an accurate forecast.

The Russians had greatly improved their position by bringing large portions of Europe and all of China under their control without loss to themselves. They might therefore think it best to continue as at present. Their leaders appeared to fear war and atomic bombing since these would undermine their control over their people. They seemed more interested in maintaining their power internally than anything else. If, at a later date, the West desired to intensify the "cold war" it might possibly do so by taking steps to make more information available to the Russian people. The West would be in increased danger if there were the slightest sign that the NATO countries were not pursuing their defence plans with determination.

Economic situation

29. Lord Cherwell said the Americans had been anxious to obtain additional supplies of aluminum. Canada's willingness that the United Kingdom should divert to the United States some of their Canadian supplies of aluminum had made it possible to persuade the United States to allocate to the United Kingdom considerable quantities of steel which would be of

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great value both for rearmament and for exports. It was vitally important to maintain United Kingdom exports. For the United Kingdom, gold and dollar reserves had fallen seriously in 1951 and it was going to be very difficult to stop them from continuing to decline in the next six months.

30. Mr. Churchill said that his government had been faced with a grave financial situation on assuming office. The sterling area was running a large deficit with the dollar area, with Europe and with the rest of the world. The rearmament programme of £4.7 billion would now cost £5.2 billion owing to increased prices. His government was, however, not going to be afraid to take the unpopular steps that were necessary if national solvency were to be regained. He felt that, if the need for further stringencies were put squarely to the people of Great Britain, they would accept the measures required by the situation. He did not propose to ask for outside help for the purpose of enabling the people of the United Kingdom to avoid discomfort. Rearmament was, however, a different matter; for it was designed to serve the common cause. He was ready to seek external aid to help forward the United Kingdom defence programme. The assistance which the Americans were providing would be a great help to the rearmament effort and the export drive.

31. Lord Cherwell said that cuts could only be made in domestic consumption, the defence programme or in exports. Consumption had already been cut to the bone. Some of the rearmament programme would have to be postponed.

32. Mr. Churchill said that he now expected the United Kingdom rearmament programme to take four rather than three years to complete. In the circumstances, his government was concentrating its efforts on such essential elements of the programme as new types of aircraft and tanks.

33. Mr. St-Laurent enquired whether there was any likelihood of the United Kingdom being able to reduce its unrequited exports.

34. Mr. Churchill said that it was hoped to make some progress in this direction but that his government's hands were tied to some extent by arrangements made since the close of the war.

During the war, he had been of the opinion that the United Kingdom should hold itself free to put in a counter-claim against the sterling balances

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which had been accumulated by countries which had been preserved by British troops from being overrun by the enemy.

35. Mr. Howe said that the imbalance in Canadian-United Kingdom trade would have been less if Canada could have placed larger orders in the United Kingdom for heavy equipment which had been going to countries in the sterling area.

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36. Mr. St-Laurent said that he and his colleagues had greatly appreciated Mr. Churchill's review of the world situation. The Canadian government realized that the greatest possible efforts must be made by the Western countries in order to achieve the results that were essential to all.

37. Mr. Churchill said that he was most grateful to Mr. St-Laurent and the other members of the Canadian government for their kindness. The meeting of the four members of his Cabinet with the Canadian Cabinet had been a memorable event.

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38. It was agreed that a brief communique should be issued to the press at the conclusion of the meeting. This would indicate that the discussion had ranged over the world situation with particular emphasis on the North Atlantic alliance, and that the exchange of views had revealed a complete understanding between the representatives of the two countries.

N.A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

January 14th, 1952

Items discussed

1. C.N.R.: Chateau Laurier Hotel were taken: appointment of chairman of conciliation board

2. Meet contract with the United Kingdom: supplementation to Feed Grain

3. Appointment of Japan envoys

4. British Commonwealth Scientific (Official) Conference: Canadian participation

5. N.A.T.O.: Canadian commentaries on Temporary Council Committee Report and Second Annual Report

6. Associated Airways' Edmonton: exchange of stock with R.C.A.F.

7. Korea: report of visit by Minister of National Defence

8. N.A.T.O.: Atlantic Command: arrangements

9. Budget: increases flow new Zealand

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Items discussed

C.N.R.; Chateau Laurier Hotel wage rates; appointment of chairman of conciliation board 1.

Wheat contract with the United Kingdom; substitution of feed grain 2.

Appointment of labour attache 3.

British Commonwealth Scientific (Official) Conference; Canadian participation 3.

N.A.T.O.; Canadian commentaries on Temporary Council Committee Report and costing staff report 4.

Associated Airways, Edmonton; exchange of aircraft with R.C.A.F. 6.

Korea; report of visit by Minister of National Defence 6.

N.A.T.O.; Atlantic Command; arrangements 8.

Butter; purchase from New Zealand 8.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, January 14th, 1952, at 3.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Secretary of State
(Mr. Bradley),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Canadian National Railways; Chateau Laurier Hotel wage rates; appointment of chairman of conciliation board

1. The Minister of Labour, referring to the discussion at the meeting of December 29th, 1951, said

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that he had appointed the Honourable J. D. Hyndman chairman of the conciliation board established to deal with the dispute between the Canadian National Railways and the unions regarding rates of pay and working conditions of the employees of the Chateau Laurier Hotel.

2. The Prime Minister said that Mr. Hyndman had been selected for this purpose since it was felt that his competence and lack of bias would be recognized by both parties to the dispute.

3. The Cabinet, after further discussion, noted with approval the report of the Minister of Labour that he had appointed the Honourable J. D. Hyndman chairman of the conciliation board established to deal with the dispute between the Canadian National Railways and the unions regarding rates of pay and working conditions of the employees of the Chateau Laurier Hotel.

Wheat contract with the United Kingdom; substitution of feed grain

4. The Minister of Agriculture said that, when in the United Kingdom recently, he had found U.K. authorities concerned about their future supplies of feed grain and had indicated that only feed wheat was available in Canada. The question had then been raised whether Canada would have enough milling wheat to meet the current contract with the United Kingdom. He felt that, if sufficient supplies were not available, it would be desirable to make up the difference by shipment of feed grain.

5. The Minister of Trade and Commerce said that Canada should have enough milling wheat to meet its commitment, that the only difficulty that might arise was transportation within Canada and that movement of feed grain would present the same problem.

6. The Cabinet, after further discussion, noted the suggestion of the Minister of Agriculture that any shortage in the delivery of milling wheat to the United Kingdom under the current contract might be made up by feed grain and the report of the Minister of Trade and Commerce that there should be enough milling wheat, although its movement to seaboard, in time, might be a problem.

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Appointment of labour attache

7. The Minister of Labour said he had been discussing with the Secretary of State for External Affairs the desirability of appointing Mr. Pat Conroy to the Department of Labour and thereafter having him sent to the Canadian Embassy in Washington as a Labour attache. He would have the same status as a commercial counsellor. If approved, the appointment would be made as of January 15th.

8. The Secretary of State for External Affairs thought the appointment would be useful. There were many questions relating to organized labour in the United States that were of importance to Canada. It would be valuable to have someone who understood them and who could keep them under review.

9. The Cabinet, after discussion, noted the report of the Minister of Labour and agreed that Mr. Pat Conroy be appointed to the Department of Labour and posted to the Canadian Embassy in Washington as a labour attache with status similar to that of a commercial counsellor.

British Commonwealth Scientific (Official) Conference; Canadian participation

10. The Secretary of State for External Affairs, referring to discussion at the meeting of June 7th, 1951, reported that the British Commonwealth Scientific (Official) Conference would be held in Canberra and Melbourne commencing February 18th, 1952, in accordance with a decision taken by its Standing Committee in 1949. It would be recalled that this Conference had been established to ensure closer collaboration in matters of civil scientific research between the various countries of the Commonwealth.

It was recommended that Canada be represented.

(Minister's memorandum, January 12, 1952 - Cab. Doc. 2-52)

11. The Cabinet, after discussion, agreed that Canada participate in meetings of the third British Commonwealth Scientific (Official) Conference to be held in Australia commencing February 18, 1952; the

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Canadian delegation to consist of the following:

Chairman: Dr. E.W.R. Steacie,
Vice-President,
National Research Council of Canada,
Ottawa.

Delegates: Dr. K. W. Neatby,
Director of Science Service,
Department of Agriculture,
Ottawa.

Dr. G.S. Hume,
Director-General of Science Services,
Department of Mines and Technical Surveys,
Ottawa.

Dr. G.B. Reed,
Chairman,
Fisheries Research Board of Canada,
Ottawa.

Dr. G.H. Ettinger,
Dean of Medicine,
Queen's University,
Kingston.

Dr. Paul Gagnon,
Director of the Graduate School,
Laval University,
Quebec.

N.A.T.O.; Canadian commentaries on Temporary Council Committee Report and costing staff report

12. The Secretary of State for External Affairs said the Canadian commentary on the report of the Temporary Council Committee had been revised following a Cabinet Defence Committee meeting on January 12th and had now been sent forward to the T.C.C. Executive Bureau. Discussion of its report would be resumed by the Temporary Council Committee towards the end of January. These meetings would be attended by the Minister of Finance.

The Canadian commentary explained why Canada could not increase its assistance by economic rather than production aid. It indicated, however, that Canada would consider diverting some of its

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planned production for Canadian forces to European forces as mutual aid. The commentary also contained a rather lengthy analysis of Canadian economic difficulties which had been prepared by the Department of Finance. He would have preferred the omission of such an analysis but the Minister of Finance felt it might serve a useful purpose in forthcoming T.C.C. deliberations and it had, therefore, been included in the commentary as sent forward.

13. The Prime Minister hoped the T.C.C. could be prevailed upon to issue a unanimous report indicating what various member countries were in fact prepared to do, rather than what they had been asked to do.

14. The Minister of National Defence reported that Cabinet Defence Committee, on January 12th, had also given preliminary consideration to the report of the Screening and Costing Staff. This report contained certain factual errors which would be brought to the attention of the T.C.C. Furthermore, the report recommended that Canada make certain additional commitments which would likely prove to be unacceptable to the government.

15. Mr. St-Laurent said he had made it quite clear at the Cabinet Defence Committee meeting that, before the government could approve the draft Canadian commentary on the Screening and Costing Staff report, the Chiefs of Staff should report in detail on the dollar and manpower implications of the proposed answer. Although many of the future commitments agreed to did not amount to a great deal individually, their sum total might well necessitate resorting to compulsory military service if the commitments were to be honoured. This involved a major policy decision which might indeed have to be taken eventually, but would only be taken if it appeared to be both necessary and desirable after full examination of all the facts.

16. The Cabinet, after further discussion:

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(a) noted that a revised Canadian commentary on the report of the Temporary Council Committee had been forwarded to the T.C.C. Executive Bureau as required; and,

(b) agreed that early consideration be given to the draft commentary on the Screening and Costing Staff report in the light of details to be provided by the Department of National Defence on the implications of the draft commentary on the report.

Associated Airways, Edmonton; exchange of aircraft with R.C.A.F.

17. The Minister of National Defence reported that Associated Airways of Edmonton had placed an order for a Bristol freighter for delivery late in 1952. The R.C.A.F. had now on hand three Bristol freighters, one of which was being held in reserve. It was recommended that, in order to assist the air transport industry, one of the R.C.A.F. Bristol freighters be released to Associated Airways immediately on the understanding that the aircraft now on order for the Airways would be delivered instead to the R.C.A.F. in the fall of 1952.

18. The Cabinet, after discussion, agreed that the R.C.A.F. release one Bristol freighter immediately to Associated Airways of Edmonton on the understanding that the aircraft now on order for the Airways would be delivered instead to the R.C.A.F. in the fall of 1952.

Korea; report of visit by Minister of National Defence

19. The Minister of National Defence reported briefly on his recent visit to Canadian troops in Korea with the Minister of Veterans Affairs. He did not think the existing situation in Korea was nearly as good as the military briefing he had received in Japan would have led him to believe.

The 25th Canadian Brigade was part of the Commonwealth Division commanded by Major-General Cassels of the British Army. This division in turn was part of the first corps under Lieutenant-General O'Daniel. General Cassels appeared to be an excellent soldier but he had not been impressed by General

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O'Daniel. The latter had apparently planned that the Commonwealth Division should launch an attack on battalion scale for the sole purpose of "maintaining morale". After discussing the matter with Brigadier Rockingham and General Cassels it appeared that General O'Daniel had been persuaded not to go ahead with the proposed attack. In any event, General Simonds was proceeding to Korea during the course of the week and he had been asked to pursue the matter further, and if necessary to have a frank discussion of the command position with General Ridgway and General Cassels.

The Commonwealth Division appeared to be the strongest in the line and was defending the most vital sector of the front in the vicinity of Inchon and Seoul. The 25th Canadian Brigade was the only unit in the Commonwealth Division which was completely up to strength. Canadian troops occupied more than half the divisional front. Morale appeared to be excellent. The 25th Brigade drew U.S. rations although all other units in the Commonwealth Division drew Australian rations. The only real grievance appeared to be the fact that when Canadians were sent back to rest camps they had to be content with Australian rations rather than the U.S. issue available in the front lines.

U.S. Military Intelligence thought the Communists would not launch a major attack. General Ridgway shared this view personally, although he thought that the Chinese could launch an all-out attack but which could not be sustained for more than ten days or two weeks.

Australian control of administrative matters relating to the Commonwealth Division would probably come to an end with the ratification of the peace treaty with Japan in March or April. At that time Commonwealth administrative headquarters might be moved from Canberra to Tokyo.

Information services for Canadian troops needed improvement as did mail services which were erratic and rather slow. There were frequently delays of seven or eight days in deliveries. The high incidence of venereal diseases amongst Canadian troops was giving some concern to military authorities and consideration was being given to the desirability of sending a specialist to Japan to help curb the spread of these diseases amongst our troops.

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20. The Cabinet, after discussion, noted the report by the Minister of National Defence on his recent visit to Canadian troops in Korea.

North Atlantic Treaty Organization; Atlantic Command; arrangements

21. The Minister of National Defence, referring to the morning's meeting with Mr. Churchill, said that it would be difficult to reconcile the requirements of the very strong case Mr. Churchill had made for complete United Kingdom responsibility for anti-submarine operations in the Eastern Atlantic with the general pattern within which the North Atlantic Ocean Regional Planning Group had been proceeding. This problem would doubtless be re-examined again on Mr. Churchill's return to Washington.

22. The Cabinet noted the remarks of the Minister of National Defence.

Butter; purchase from New Zealand

23. The Minister of Agriculture, referring to discussion at the meeting of October 31st, 1951, said the Agricultural Products Board had acquired an option, expiring on January 15th, for the purchase of an additional five million pounds of butter from New Zealand. After reviewing the stock position in the light of current trends of production and consumption, he recommended that the option be exercised in respect of half this quantity. The addition of two and a half million pounds to present stocks should be sufficient for the maintenance of the present level of wholesale prices until the seasonal increase in butter production came in April.

(Memorandum, Department of Agriculture, Jan. 11, 1952 - Cab. Doc. 3-52)

24. The Prime Minister pointed out that a variation of 1 cent a pound in butter prices caused a change of .1 in the cost-of-living index. This was, in fact, the measure of the slight, but important, fall in the index recorded in November. It was desirable that prices should be held steady during the winter months.

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25. The Cabinet approved the recommendation of the Minister of Agriculture that an additional two and a half million pounds of butter be purchased from New Zealand in accordance with the option acquired by the Agricultural Products Board.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

JANUARY 17th, 1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, January 17th, 1952, at 11.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Parliament; date of next session

1. The Prime Minister, referring to discussion at the meeting of January 9th, 1952,

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mentioned current speculation as to when the next session of Parliament would begin. It appeared to be agreed that no date could be set until it was known when the legislative programme could be ready. In the circumstances, it seemed desirable to indicate in reply to any enquiries on the matter that no date had been set as yet.

2. The Cabinet noted the comments of the Prime Minister, and agreed that, in answer to any enquiries about the date for opening of the next session of Parliament, it would be indicated for the present that, as yet, no decision had been taken.

Visit of Mr. Churchill

3. The Prime Minister read a message from Mr. Churchill expressing his thanks for the way in which he and his party had been received by the government during his recent visit to Ottawa.

4. The Cabinet noted the message of appreciation received by the Prime Minister from the Prime Minister of the United Kingdom on the latter's recent visit to Ottawa.

Civil Service; soliciting by Canadian Red Cross Society

5. The Prime Minister, referring to discussion at the meeting of June 21st, 1951, said he had received a letter from members of the Central Council and Executive Committee and presidents of the provincial divisions of the Canadian Red Cross Society asking the government to reconsider its decision not to permit the Society to canvass the Civil Service about its annual campaigns for funds. He had told Mr. Cuthbert Scott, who had called on him on behalf of the Central Council, that it had been felt necessary to draw a line somewhere if the work of the Public Service were not to be disrupted unduly; canvassing for the Community Chests had been permitted only because these organizations involved the local responsibilities of members of the Civil Service; and it would be difficult to make an exception in favour of one national organization without giving similar privileges to others. Mr. Scott had advanced the arguments that the Society was performing services of importance to the government and the country and that commerce and industry permitted it to canvass their employees.

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6. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that, in reply to its letter of December 12th, 1951, the Canadian Red Cross Society be informed that the government felt it must abide by its decision to permit no organization other than the Community Chests to solicit funds from the Civil Service.

N.A.T.O.; Screening and Costing Staff report; Canadian comments

7. The Prime Minister, referring to the discussion at the meeting of January 14th, 1952, said consideration could now be given to a revised draft of the proposed Canadian commentary on the report of the Screening and Costing Staff. The new draft incorporated certain changes he had suggested with a view to reserving the government's freedom of decision under whatever changing situations might arise so that, should it have to consider compulsory national service at a later date, it would be free to determine policy on its merits and not be committed in advance to the institution of new methods of recruitment. There were always some risks in forward commitments of the type contemplated. If, for instance, the Korean campaign ended in disaster, it would be more difficult to carry out the commitment to provide a full division shortly after an outbreak of war in Europe. While such a turn of events in Korea appeared unlikely, it should be realized that it could not be completely ruled out. Approval of the draft commentary was therefore a matter for the Cabinet as a whole and not merely the Cabinet Defence Committee.

8. The Minister of National Defence pointed out that some of the S.C.S. proposals regarding Canada were sensible. The S.C.S. had not suggested any increases in the Canadian Air Force or Navy programmes except additional N.A.T.O. aircrew training, establishment of a French-speaking flying training scheme and provision of an additional 10 escort vessels after 1954. It was proposed to indicate in the Canadian commentary that any specific recommendations by N.A.T.O. agencies for the expansion of Canadian aircrew training capacity would be given consideration but that it was not possible to comment on the S.C.S. air training proposals at this stage. The commentary would also indicate that it was considered that no decision

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regarding the escort vessels mentioned was required until N.A.T.O. naval requirements have been reviewed as planned.

The S.C.S. had proposed that Canada provide a full division in Europe as soon as possible after the outbreak of a war. The government had approved this plan earlier but the S.C.S. proposal entailed a small increase in personnel of about 2,000 men, required principally to permit the formation of minimum logistic support units for the division. Past experience in recruiting indicated that there should be no difficulty in obtaining these additional men as well as the other personnel required for the division in Europe. Requirements for new recruits would decline in 1954. It appeared that the necessary men would be available to provide replacements in Korea and that, in this connection, the only pinch would come when the first battalions of the Royal Canadian Regiment and the Royal 22nd Regiment were replaced by elements of the Mobile Striking Force committed to North American defence. It was hoped to form a pool of highly-trained reservists from such of the men who had enlisted for the Korean campaign and did not re-engage on expiry of their term of eighteen months' service. Towards the end of January he would give a fuller picture of the manpower situation.

9. Mr. St-Laurent said it had been indicated to the Cabinet Defence Committee that the Services would have a gross monthly intake of 3,232 men during 1952-53. This figure had now been revised to 2,899 and it appeared that the government would be in a position to carry out, under foreseen conditions, the requirements of the plans under consideration.

10. Mr. Claxton mentioned that the Army had been planning for the build-up of the division in Europe to include provision of trained reinforcements to cover three months' operational wastage. As other N.A.T.O. countries were not at this stage planning to provide such reinforcements, they were being deleted from the Army plan. It was expected that, if required, they could be made up from the proposed pool of reservists after a short period of conditioning.

He read the redraft of the commentary on the S.C.S. report prepared for forwarding to the Executive Bureau of the Temporary Council Committee and the Standing Group.

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11. Mr. St-Laurent, referring to the section of the commentary dealing with the S.C.S. proposals for economies, said the S.C.S. had intimated that Canada should take advantage of the economies suggested to carry out certain additional measures. Since the S.C.S. had made a number of serious mistakes in preparing its proposals, it was not intended to agree to take the additional measures suggested until it had been ascertained whether any of the proposed economies were feasible.

12. Mr. Claxton felt the S.C.S. recommendations were likely to result in some economies in the Canadian defence programme. For instance, it was planned to re-examine the R.C.A.F.'s allowances for attrition for aircraft "in pipeline".

The government had already approved the proposal that Canada provide 300 rather than 203 fighter aircraft in Europe by 1954.

The S.C.S. had not suggested any change in the general character of the Canadian force contribution to N.A.T.O. In the event of war, it was expected that, after three years, Canada would have six divisions, two of which would be armoured, together with an independent armoured brigade. If it was to have an independent formation in Europe, it had to make a start with infantry rather than with armour. There were no suitable tanks available at the present. He planned to explain to General Pearkes, in confidence, the plans for the build-up of the Canadian Army contribution in Europe.

13. The Minister of Agriculture thought that in arguing that Canada should send equipment rather than men, or armoured rather than infantry units, to Europe, General Pearkes was likely to create a serious issue and that the government should take a positive stand soon on this question.

14. Mr. St-Laurent suggested some Canadians disagreed with General Pearkes and felt that Canada was not planning to send enough men to Europe. He thought the government would be able to take the position that, while there were two extreme views on this question, it planned to act on the views of the N.A.T.O. team as to the best means of deterring aggression.

15. The Cabinet, after further discussion, approved, for transmission to the Executive Bureau

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of the Temporary Council Committee and the Standing Group, the proposed commentary on the report of the Screening and Costing Staff of the said Committee, noting that this indicated, inter alia, that:

(a) provision of a full Canadian Army division in Europe after M plus 30 was based on the assumption that the forces committed to the Korean operation would be available for the build-up of this division;

(b) proposed expansion of the R.C.A.F. contribution to the Integrated Force to twelve squadrons of 300 aircraft could be accepted on the understanding that, initially, the squadrons would be composed of approximately 16, rather than 25, aircraft; and,

(c) the government considered that no decision in the matter of providing 10 additional escort vessels in 1954 was required until the proposed detailed re-examination of N.A.T.O. naval requirements had been completed.

Civil Aviation; extension of T.C.A. service to Fredericton, N.B., and Maritime Central Airways to Yarmouth, N.S.

16. The Postmaster General raised the question of reconsidering the decision reached at the meeting of December 6th, 1951, on a transfer of air routes in the Maritimes between Trans-Canada Airlines and Maritime Central Airways. It had been agreed at that time that Fredericton, previously served by M.C.A., should be placed on the regular T.C.A. schedule, and, as compensation, T.C.A. give up to M.C.A. its present Yarmouth route. In addition, the Post Office was to arrange an appropriate air mail contract with M.C.A. to and from Yarmouth. The Air Transport Board had since handed down an order embodying these decisions.

M.C.A. had represented that their loss due to T.C.A. competition at Fredericton would be in the neighbourhood of $8,000 per annum. In the opinion of others, however, their actual loss would probably be not more than $2,000. Notwithstanding this, the Post Office Department was asked to assume an additional yearly expenditure of from $40,000 to $80,000 for a new air mail contract with M.C.A., which expenditure was meant as partial compensation for a total loss to M.C.A. of something less than $2,000 per annum.

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Furthermore, it now appeared that Trans-Canada Airlines were rather reluctant to give up the Yarmouth route.

(Memorandum, Deputy Postmaster General, Dec. 19, 1951)

17. The Minister of Transport said he understood T.C.A. did not wish to retain the Yarmouth route. In any event, the matter under discussion had been before Cabinet on several occasions and a decision had been reached. The Air Transport Board had since handed down an order based on this decision. It should be borne in mind that the Air Transport Board was in some respects a judicial body not required by law to refer matters of this kind to the government for direction. The Board had only done so in this instance because it felt that overall government policy was involved and had subsequently abided by the decision reached. He thought it inadvisable at this stage to place the Board in the awkward position of having to reverse an order already promulgated.

18. The Minister of Labour pointed out that new schedules had been arranged and plans made to begin T.C.A. flights into Fredericton on February 1st. The new temporary schedules would remain in effect until April 29th when it was hoped that permanent schedules would be ready. It would seem inappropriate to do anything at this time to prevent the scheduled flights from beginning as planned.

19. The Minister of Trade and Commerce thought the quantum of the loss suffered by M.C.A. as a result of the planned T.C.A. flights into Fredericton was not really relevant to the problem under discussion. In his view, the crux of the matter was simply that T.C.A., an agency of the Crown, was displacing a privately-owned competitor and that the private company was therefore entitled to some form of compensation irrespective of whether there was actual resultant financial loss or not.

20. The Prime Minister suggested it might be advisable to reconsider the government's long standing policy of granting T.C.A. a monopoly position in respect of trans-continental and main line air services. In view of the real difficulties involved in the matter under review, it might be found desirable

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to allow M.C.A. to continue to handle local passenger traffic in and out of Fredericton concurrently with T.C.A.'s through services at that point.

21. Mr. Rinfret said he had no objection to T.C.A. beginning its regular flights in and out of Fredericton on February 1st, but thought that the final decision on the new Yarmouth mail contract to M.C.A. should be withheld pending a further review and report on this matter by representatives of the Air Transport Board, Trans-Canada Airlines, Maritime Central Airways and the Post Office Department.

22. The Cabinet, after considerable further discussion:

(a) reaffirmed the decision of December 6th, 1951, on transfer of air routes at Fredericton and Yarmouth between Trans-Canada Airlines and Maritime Central Airways;

(b) agreed that Trans-Canada Airlines begin their scheduled flights in and out of Fredericton on February 1st as planned; and,

(c) agreed that problems arising from the proposed granting of an air-mail contract to Maritime Central Airways in and out of Yarmouth be reviewed and reported on by representatives of the Air Transport Board, Trans-Canada Airlines, Maritime Central Airways and the Post Office Department; the Chairman of the Air Transport Board to act as convenor.

Stellarton, Nova Scotia, mine disaster; request for federal assistance

23. The Minister of Labour reported that Mr. H. B. McCulloch, M.P., had enquired as to the possibility of some form of federal assistance to the families of victims of the recent Stellarton mining accident. He had been informed that it would be difficult for the government to agree to extend assistance in this instance. However, it was understood that a surplus was available in the Winnipeg Relief Fund and it might be suggested, informally, to the trustees of that Fund that they might wish to consider extending some form of aid to the families of the Stellarton miners who had been killed.

24. The Prime Minister thought that an embarrassing precedent might be established if the

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government were to extend assistance in this particular case.

25. The Cabinet, after discussion, agreed that the federal government could not consider favourably a request for extension of financial assistance to the families of workers who had died in the recent Stellarton coal mine explosion.

Western coal; proposed increase in freight rates

26. The Minister of Mines and Technical Surveys, referring to discussion at the meeting of June 6th, 1951, said he understood that freight rates on movement of coal from Western to Eastern Canada would be increased effective March 1st. This would have a serious effect on western coal producers and might well result in curtailing coal movements by as much as 50 percent. It was feared that the increase would result in certain producers going out of business entirely. He understood the Canadian Pacific Railway Co. was agreeable to continuing existing rates but Canadian National Railways favoured the proposed increase.

27. The Minister of Transport pointed out that the problem of freight rates on the movement of Canadian coal had been under review for a considerable number of years. The Board of Transport Commissioners had reported on this matter in 1927, 1928 and 1933. The matter had further been considered by the Royal Commission on Coal in 1948. This Commission had concluded that freight rates on coal were amongst the lowest and an adjustment upwards would not be unreasonable. At the present time, the normal rate per ton was $13.10 and the special rate, which had been put into effect by the railways themselves, was $10.75. This special rate, combined with the $2.85 federal subsidy, brought the total out-of-pocket cost to the producer down to $7.90 a ton. As of March 1st, 1952, it was proposed to remove the special rate entirely with the net result that the out-of-pocket cost would at that time be increased from $7.90 to $10.25 a ton.

28. The Minister of Trade and Commerce said this would be the second increase in freight rates on coal in a very few years. He did not think this increase should be brought into effect, particularly in view of the Canadian Pacific Railway's willingness to continue the special rate of $10.75.

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29. The Prime Minister suggested that the Minister of Transport inform the President of the Canadian National Railways that the government felt maintenance of the special rate on coal as at present constituted the sort of service which the two railways might well agree to give in the national interest. If the special rate were discontinued, it was likely that western coal producers could only continue to operate if the government subsidy were substantially increased and it was considered that this subsidy was as high as it could be on this sort of product.

30. The Cabinet, after discussion, agreed that the Minister of Transport approach the Canadian National and Canadian Pacific Railways with a view to seeking their concurrence in the maintenance, for the time being, of the present special rate of $10.75 a ton on the movement of Canadian coal from Western to Eastern Canada.

United Nations Permanent Headquarters; Canadian gift

31. The Secretary of State for External Affairs, referring to discussion at the meeting of January 9th, 1952, reported that, on examination, it had been found that oak doors, even as a temporary expedient, would not be suitable for the United Nations Permanent Headquarters Building. Mr. Cormier had now suggested as an alternative that nickel-silver doors be used instead of the Inconel doors originally recommended as the Canadian gift to the U.N. Headquarters. Nickel-silver contained 18 percent nickel as against 77 percent nickel in Inconel and 67 percent in Monel metal. It had been ascertained that this type of door would be acceptable to the U.N. Planning Bureau. The cost would be approximately the same.

(External Affairs' memoranda, Jan. 10 and 16, 1952)

32. The Cabinet, after discussion, agreed that the Canadian gift for the United Nations Permanent Headquarters in New York City take the form of seven nickel-silver doors for the General Assembly Building.

Electoral districts; re-distribution

33. The Minister of Citizenship and Immigration, referring to discussion at the meeting

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of December 10th, 1951, said that section 51 of the British North America Act stipulated that the representation of the provinces in the House of Commons should be readjusted, on the completion of each decennial census, by such authority, in such manner, and from such time, as the Parliament of Canada from time to time provided, subject to certain rules set out in that Act. An early start would have to be made on re-distribution if it were to be completed before the next general elections.

According to the preliminary 1951 census figures issued by the Bureau of Statistics, re-distribution would result in the following gains and losses of federal seats by provinces:

British Columbia: + 4

Ontario: + 2

Quebec: + 2

Newfoundland: no change

Prince Edward Island: no change

New Brunswick: no change

Alberta: no change

Nova Scotia: -1

Manitoba: -2

Saskatchewan: -5

The Yukon and Mackenzie Districts of the North West Territories presented a special problem. Section 51(2) of the B.N.A. Act provided that "the Yukon Territory ... together with any part of Canada not comprised within a province which may from time to time be included therein by the Parliament of Canada for the purposes of representation in Parliament, shall be entitled to one member". Mr. J.A. Simmons, Member of Parliament for this area, had made strong representations that the Yukon and Mackenzie Districts should be divided into two separate electoral districts in thenext re-distribution. This could not be done without an amendment to the Constitution and there was some question as to the advisability of that at this time. According to preliminary D.B.S. figures, total population in the Yukon was approximately 12,000 and in Mackenzie 8 to 9 thousand.

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34. The Prime Minister pointed out that, under a constitutional amendment passed in 1949, it would be possible for the Parliament of Canada itself to amend section 51 of the B.N.A. Act to provide two electoral districts in the Yukon and Mackenzie District. However, during recent Federal-Provincial Conferences, he had stated on behalf of the government that the federal authorities would be prepared to incorporate the 1949 amendment to the B.N.A. Act in any overall agreement that might be reached with the provinces in respect of an agreed procedure for amendment of the Constitution. It seemed to him, despite the unlikelihood that early agreement might be reached with the provinces on the constitutional problem, that it would be inadvisable to take any step which might even appear to jeopardize the possibility, however remote, of reaching agreement on the general constitutional question.

35. Mr. Harris said consideration should now be given to the methods to be employed in effecting re-distribution. It had always been the Canadian practice to rely on specially appointed Parliamentary committees. However, there was much to be said in favour of the independent commission system. He referred in this connection to the bill sponsored by the Honourable C. G. Power which provided that re-distribution be carried out by a commission consisting of the Surveyor General of Canada, one member appointed by the Prime Minister, one member appointed by the Leader of the Opposition, and two assessors in each of the provinces. In each case, one of the assessors would be an appointee of the Government and the other an appointee of the Opposition. There were indications that not only all Opposition parties, but a growing number of government supporters favoured something along the lines of the Power measure. Furthermore, the commission system had now been in effect for a considerable number of years in the United Kingdom, Australia, New Zealand and South Africa. There were, however, a number of important differences between the methods followed in each of those countries. The most important difference was that, in the United Kingdom and Australia, the final reports of re-distribution commissions were subject to Parliamentary approval, whereas in New Zealand and South Africa, the commissions' findings were final and proclaimed without question.

The fact that the government enjoyed at this time a very large majority in the House of Commons was an objection to the government sponsoring and putting through a re-distribution system which was solidly opposed by all opposition parties. For this

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reason, if for none other, he urged that consideration be given to alternatives to the committee system hitherto followed.

One of the more important disadvantages of the Power bill was that, of the three members of the re-distribution commission, two were political appointees. If the commission system were to be used, it might be preferable to provide that the members be judges or civil servants or others, but not political appointees. On the question of timing, whether the commission or committee system were followed, it would not be possible to complete re-distribution before the next general elections if the task were entrusted to a single national body. For this reason, it might be found desirable to appoint a commission for each of the ten provinces. As a compromise between the commission and committee systems, a possible course of action might be to appoint one Parliamentary committee for each of the ten provinces. Such committees might comprise an equal number of Government and Opposition members of Parliament. In the event agreement could not be reached on any point by any one of these ten committees, the matters in dispute would be referred to an impartial arbiter whose decision would be final and binding. This arbiter might be the Chief Electoral Officer or some other suitable person. The re-distribution as made by these committees or by the arbiter, as the case might be, would be final and binding and not subject to debate in the House.

It should be borne in mind that if the commission system were to be used a great deal of work would have to be done in preparing and putting through the House the enabling legislation. Agreement would have to be reached on the nature and extent of the instructions to be given to the commission on such matters as the relationship between rural and urban centres, the permissible maximum and minimum of population in each district, etc.

36. The Secretary of State for External Affairs noted that the B.N.A. Act merely provided that a re-distribution should be undertaken following each decennial census. There might be some advantage in putting the re-distribution machinery in motion now in the knowledge that the next general elections would be carried out on the basis of electoral districts as presently constituted.

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37. Mr. St-Laurent wondered whether it would not be possible to devise some commission system which would be completely divorced from political ties. Perhaps public servants who were officers of Parliament, such as the Chief Electoral Officer, the Auditor General, the Clerks of the House, might be considered in this context. Alternatively, it might perhaps be possible to have Parliament name a commission who in turn would have full responsibility for appointing the staff to carry out re-distribution.

38. The Cabinet, after considerable further discussion, deferred decision on the re-distribution of electoral districts based on the 1951 census pending the circulation by the Minister of Citizenship and Immigration of a note on suggested alternative re-distribution methods.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

January 23rd,1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, January 23rd, 1952, at 2.30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
and Acting Minister of Finance
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Governor General; relinquishment of office by Lord Alexander; appointment of successor

1. The Prime Minister, referring to discussion at the meeting of January 9th, 1952, said Their Majesties the King and Queen had invited Mr. Vincent Massey to Sandringham for January 25th. In the circumstances, the King had expressed the wish that the announcement respecting Lord Alexander's relinquishment of his post as Governor General and Mr. Massey's appointment as his successor be made on that date rather than on Monday, January 28th, as originally planned.

The draft announcements prepared by Buckingham Palace had been amended at our request to include reference to the fact that Lord Alexander was leaving his post to assume other responsibilities. He submitted and read draft statements proposed to be made simultaneously in London and Ottawa.

According to the Letters Patent which had already been signed, Lord Alexander's term as Governor General would terminate on Monday, January 28th. It was understood that His Excellency would remain at Rideau Hall until approximately February 17th. Mr. Massey planned to return from the United Kingdom towards the middle of February and proceed to his home at Port Hope. His appointment as the first Canadian Governor General would only take effect when he was duly sworn in. It was suggested that the swearing-in-ceremony take place in the Senate Chamber, before the members of the Senate and House of Commons assembled, immediately prior to reading of the Speech from the Throne for the opening of the new session of Parliament.

It was proposed to give a farewell dinner and reception in honour of Lord and Lady Alexander probably on Tuesday, February 5th. The invitations to the dinner might be restricted to members of the Canadian Privy Council, the Leaders of the three Opposition Parties, the Speakers of the Senate and the House of Commons and perhaps the Chief Justice. A larger number of guests, chosen on the basis of the Table of Precedence, would be invited to the reception following the dinner.

Prior to his departure from Canada, it was intended to appoint Lord Alexander a member of His Majesty's Privy Council for Canada. The King,

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who had been consulted, wholeheartedly concurred in this proposal. The swearing-in-ceremony might take place in the Privy Council Chamber in the presence of members of the government on the morning of Tuesday, January 29th.

2. Mr. St-Laurent further reported that he had received several communications from responsible Canadian organizations, such as the I.O.D.E. and the Canadian Council of Women, voicing apprehension at the possibility of the next Governor General being other than a resident of the United Kingdom. He submitted and read the draft reply he intended to make to these representations.

3. The Cabinet, after further discussion, noted with approval:

(a) the various proposals put forward by the Prime Minister in connection with the departure from Canada of Lord Alexander and the appointment of Mr. Vincent Massey as Governor General of Canada; and

(b) the terms of the reply proposed to be made by the Prime Minister to various organizations who had voiced disapproval of the appointment of a Canadian as Governor General of Canada.

Parliament; opening of 1952 session

4. The Prime Minister, referring to discussion at the meeting of January 17th, 1952, said it would be useful to reach a decision now as to the date of the opening of the 1952 session of Parliament.

5. The Cabinet, after discussion, agreed that a proclamation be issued calling Parliament to meet on Thursday, February 28th, 1952.

Ontario; appointment of Lieutenant-Governor

6. The Prime Minister submitted a recommendation for the appointment of Mr. L. O. Breithaupt as Lieutenant-Governor of Ontario. Mr. Breithaupt had already submitted his resignation as Member of Parliament for Waterloo North.

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7. The Cabinet, after discussion, agreed that Mr. L. O. Breithaupt of Kitchener, Ontario, be appointed Lieutenant-Governor of the Province of Ontario, effective February 18th, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 411, Jan. 23, 1952)

Civil Service; increase in salary of Deputy Minister of Transport

8. The Prime Minister submitted a recommendation for an increase in the salary of the Deputy Minister of Transport.

9. The Cabinet, after discussion, agreed that an Order in Council be passed increasing the salary of the Deputy Minister of Transport from $13,500 to $15,000 per annum, effective January 1st, 1952.

(Order in Council P.C. 412, Jan. 23. 1952)

Legislation; Export and Import Permits Act amendment

10. The Minister of Trade and Commerce reported that it was proposed to amend the Export and Import Permits Act to correct certain defects in the Act in order to facilitate enforcement and discourage violation.

An explanatory memorandum had been circulated.

(Departmental memorandum, undated - Cab. Doc. 7-52)

11. The Cabinet, after discussion, noted with approval the proposal of the Minister of Trade and Commerce and agreed that a draft measure to amend the Export and Import Permits Act be prepared accordingly.

Legislation; War Veterans' Allowance Act amendments

12. The Minister of Veterans Affairs, referring to discussion at the meeting of October 22nd, 1951, reported that it was proposed to introduce

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during the forthcoming session of Parliament a measure to amend the War Veterans' Allowance Act in several respects. Two of the more important amendments, amongst the several proposed, would involve increasing the basic rates from $40 to $50 a month for single and from $70 to $90 a month for married recipients and raising the allowable income ceilings to the levels now provided in the Old Age Assistance and the Blind Persons Acts.

The Canadian Legion and other responsible veterans' organizations had recommended that basic rates be increased to $50 and $100 respectively. However, in the light of experience and after a detailed survey of actual needs of W.V.A. recipients, it was thought that monthly rates of $50 and $90 would be adequate if provision were made concurrently to continue the W.V.A. Assistance Fund on a more modest scale to take care of exceptional needs that might arise from time to time.

The various amendments proposed to be made to the Act had been examined by the Interdepartmental Committee on Social Security. The Committee had been generally in favour of all the amendments proposed except that relating to the proposed increase in basic rates. The Committee felt there were several disadvantages to the proposed increase, one of the more important being that such a move would disturb the relationship which had normally existed between War Veterans' Allowance rates and old age pensions. The Committee had submitted for consideration an alternative proposal under which basic rates would remain unchanged while the W.V.A. Assistance Fund would be continued on an expanded basis. Under this plan, authority would be granted for supplementary payments to be made out of the Assistance Fund up to but not exceeding the proposed new allowable income ceilings. This would involve possible maximum annual supplements of $350 for married recipients and $235 for single persons. The proposal had the added advantage of being less expensive than that involving increases in basic rates.

Explanatory notes had been circulated.

(Minister's memorandum, Jan. 17, 1952 - Cab. Doc. 9-52; memorandum, Interdepartmental Committee on Social Security, Jan. 22, 1952 - Cab. Doc. 12-52).

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13. Mr. Lapointe felt there was much to be said in favour of the plan put forward by the Interdepartmental Committee. However, he was convinced it would not be possible politically to do less than increase basic rates to the levels recommended. He suggested that final decision in this matter might be postponed until such time as the Minister of Finance could be present.

14. The Minister of National Health and Welfare thought that veterans' allowance recipients who were most in need of help could be granted assistance more effectively through an expansion of the Assistance Fund as suggested by the Interdepartmental Committee than through a flat increase in basic rates. He added that it would in all probability be extremely difficult to resist successfully demands for an increase in old age assistance payments if the allowance rates were raised at this time.

15. The Prime Minister believed that two draft measures might be prepared at this time, one incorporating the recommendations of the Minister of Veterans Affairs and the other the suggestions put forward by the Interdepartmental Committee, for consideration at a later meeting when the Minister of Finance was present.

16. The Cabinet, after further discussion, agreed that two draft measures be prepared (but not printed) -- one to incorporate the proposed amendments to the W.V.A. Act as recommended by the Minister of Veterans Affairs, the other the alternative suggested by the Interdepartmental Committee on Social Security, and that further consideration be given to this matter when the Minister of Finance could be present.

European migration; Intergovernmental Committee; Canadian participation

17. The Secretary of State for External Affairs, referring to discussion at the meeting of December 4th, 1951, said that the Conference on Migration held in Brussels from November 26th to December 8th, 1951, had resulted in the establishment of a Provisional Intergovernmental Committee for the Movement of Migrants from Europe. The essential purpose of the new organization was to prevent the twelve ships used by the International Refugee Organization (which Organization would go out of existence shortly) from being lost for international migration purposes.

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The Canadian delegate to the Brussels conference had voted affirmatively on the resolution establishing the Provisional Committee subject to subsequent approval by the Canadian government and on the understanding that the continued existence of the Organization would be reviewed after one year's operations.

It was now recommended that Canada declare its adherence to the new Organization and that approval be given for a Canadian non-recoverable contribution to the Provisional Committee's administrative budget and for a recoverable advance to the Committee's operating fund.

An explanatory note was circulated.

(Memorandum, Minister of Citizenship and Immigration, Jan. 22, 1952 - Cab. Doc. 14-52)

18. The Cabinet, after discussion, agreed that:

(a) Canada adhere to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe;

(b) a contribution of $198,161 be made to the Provisional Committee's administrative budget (provision therefor to be made in External Affairs estimates); and,

(c) an advance of $500,000 be made to the Provisional Committee's Operating Fund to be drawn upon as required for services rendered by the organization to Canada and that further advances to the fund be made from time to time as required (provision therefor to be made in Citizenship and Immigration estimates).

St. Lawrence Seaway and Power Project; appointment of Board of Engineers; comments on U.S. legislation

19. The Minister of Transport, referring to discussion at the meeting of December 29th, 1951, said an exchange of notes on the St. Lawrence development project had taken place on January 11th between the U.S. Secretary of State and the Canadian Ambassador at Washington. These notes had referred to the understanding reached by the Prime Minister

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and President Truman at Washington on September 28th, 1951, and to subsequently enacted Canadian legislation relating to both the seaway and power phases of the project. The Canadian note had suggested, and Mr. Acheson had agreed, that, to avoid delay in proceeding with the all-Canadian seaway in the event Congressional approval of the 1941 Agreement was not gained at an early date, steps be taken in the immediate future to prepare concurrent applications to the International Joint Commission in respect of power development in the International Rapids Section based on the assumption that the deep waterway would be developed unilaterally by Canada. To this end, it was agreed that a series of meetings between appropriate Canadian and U.S. representatives should begin towards the end of January either at Washington or Ottawa.

Before concurrent applications to the I.J.C. were put in final form, however, agreement would have to be reached between the Federal, Ontario and Quebec governments on the one hand and the United States on the other as to the detailed conditions governing the manner in which water was to be used for power purposes in the International Section. With this in mind, the Continuing Committee on the St. Lawrence Seaway and Power Project had recommended that, as had been done in 1941, a Board of Engineers comprising nominees of the Federal, Ontario and Quebec governments be established immediately to prepare the Canadian application and ancillary governing conditions to the I.J.C. in respect of the power phase of the project.

The Continuing Committee had also examined the two St. Lawrence resolutions concurrently before the U.S. Congress seeking approval of the 1941 Agreement, and had recommended that the Canadian Ambassador at Washington be requested to pass on informally, to the U.S. State Department, Canadian views on certain of the provisions in these resolutions which appeared to be unacceptable to Canada. The principal change suggested would be the elimination from both resolutions of provisions which would make it possible to charge tolls only on the 27-foot waterway and not on the all-Canadian 14-foot waterway. It might well be that the Canadian government would wish at some time to impose tolls on the 14-foot waterway since otherwise encouragement might be given to the perpetuation on a large scale of shallow draught shipping which would likely result in the Welland Canal reaching the congestion stage much earlier than might otherwise be the case. Mr. Wrong should also, in the Committee's view, be asked to point out to the U.S. State Department

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that the formulae for the allocation of the cost of "common works", as presently set out in the Congressional resolutions, would undoubtedly have an effect on the negotiations of an agreement with Ontario in this respect. The Committee thought that it would be best to base the tolls on the cost of works undertaken solely for navigation as was the case under Federal legislation providing for an All-Canadian seaway. It was appreciated, however, that Congress might not be prepared either to assign the entire cost of the common works to power or to have some portion of that cost not subject to amortization. If this was the view of the U.S. State Department, it was felt that the resolutions should be reworded in such a manner as to make more explicit their apparent intent that the investment by each country shall include expenditures made on works constructed after 1941 and required for navigation or for both power and navigation, whether made by the Federal governments or State or Provincial governments or by Agencies thereof, and shall also include compensation to be paid by Canada to Quebec for common works at Soulanges constructed prior to 1941.

An explanatory note was circulated.

(Memorandum, Continuing Committee on the St. Lawrence Seaway and Power Project, Jan. 23, 1952 - Cab. Doc. 15-52)

20. The Secretary of State for External Affairs felt that comments on current U.S. legislation along the lines suggested by the Continuing Committee should probably be passed on informally to the U.S. State Department. It was important, however, that any amendments to the resolutions which might result from these comments should appear to originate not with the Canadian government but with the U.S. administration itself, since otherwise President Truman, who had publicly stated that he would support the all-Canadian route in the event Congress failed to approve the 1941 Agreement, might be placed in an awkward position if it could be made to appear that Canada itself had made the joint seaway impossible by insisting on changes in the authorizing resolutions which were unacceptable to the United States Congress.

21. The Prime Minister pointed out, in this connection, that the Canadian government had always taken the stand that it would prefer development of the seaway to be on a joint basis as contemplated in the 1941 Agreement. That Agreement, however,

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made no provision for the amortization of the scheme through the imposition of tolls. The situation would be substantially altered if the United States now proceeded to alter the 1941 Agreement by attaching thereto toll provisions which were clearly unacceptable to Canada.

22. The Minister of Trade and Commerce questioned the advisability of appointing a Board of Engineers as recommended by the Continuing Committee before the St. Lawrence Seaway Authority was established under the terms of the legislation enacted at the last session of Parliament. Inview of the numerous conflicting interests involved, he feared that a Board of Engineers might possibly reach a stalemate and for this reason it would be useful if the Authority could be appointed in the near future to exercise some overall control over the Board of Engineers.

23. Mr. Chevrier suggested that it might not be possible to consider establishment of the St. Lawrence Seaway Authority for a few weeks at least. In the meantime, however, there was a considerable amount of technical work urgently required in connection with the preparation of power applications to the International Joint Commission. He thought, therefore, that a Board of Engineers should be established immediately comprising three members appointed by the Federal government and one each by the Provinces of Ontario and Quebec.

24. The Cabinet, after considerable further discussion:

(a) approved in principle the establishment of a Canadian Board of Engineers comprising three members appointed by the Federal government, one by Ontario and one by Quebec; draft terms of reference for such a Board to be prepared and submitted by the Continuing Committee; and,

(b) agreed that the Canadian Ambassador at Washington be directed to pass on informally to the U.S. State Department comments along the lines suggested by the Continuing Committee on certain provisions contained in U.S. legislation presently before Congress; the message to the Ambassador in this connection to be subject to the approval of the Minister of Transport and the Secretary of State for External Affairs.

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Civil Service holidays

25. The Secretary of State submitted a recommendation concerning Civil Service holidays for the calendar year 1952. In addition to the statutory holidays it was recommended that the afternoons of Wednesday, December 24th and Wednesday, December 31st be observed as holidays; that the usual provision be made in respect of days of religious observance and that permission be accorded for Protestant women civil servants to take extra time on February 29th to attend the annual World Day of Prayer Service.

With regard to civic holidays, some difficulties had been encountered. It was recommended that, in future, an alternative holiday be granted in localities in which no annual civic holiday was proclaimed.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 15, 1952 - Cab. Doc. 5-52)

26. The Minister of National Revenue thought no alternative day should be accorded. Civic holidays should be observed where they were granted to the population generally but no provision in lieu of a holiday should be made for localities where a civic holiday was not granted.

27. The Minister of National Defence said the proposal might affect arrangements covering employment in naval yards. He would like to have this possibility examined before definite action were taken.

28. The Cabinet, after discussion, deferred decision on the recommendations of the Secretary of State concerning Civil Service holidays for the calendar year 1952.

St. Lawrence ship channel; further dredging contract

29. The Minister of Transport reported that a 5-year contract for dredging of the ship channel in the St. Lawrence River and for improvement of certain anchorages had been completed in 1951. An engineering committee had now recommended that certain additional works be undertaken to further improve the channel and facilities over a 5-year period at an estimated cost of $12,797,700. Details

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of the proposals were submitted.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 21, 1952 - Cab. Doc. 13-52).

30. The Prime Minister said it was clear that the St. Lawrence ship channel would have to be maintained in satisfactory condition if the St. Lawrence Seaway Project were to go through. However, it would be necessary to consider the immediate proposal in relation to estimates generally. It might be desirable to defer consideration until a meeting at which the Minister of Finance was present.

31. The Cabinet, after discussion, deferred consideration of the recommendation by the Minister of Transport for further dredging operations in the St. Lawrence ship channel.

German war criminals; proposal for review of cases

32. The Minister of National Defence said the United Kingdom government was negotiating with the governments of France and the United States about setting up tribunals to review cases against German war criminals and to make final decisions as to release or further custody. The proposal was that the tribunal in each case should consist of a representative of the country that had been responsible for holding the original trial, a representative of Germany and a neutral person. The intention was to try to get Germany to agree to accept custody in those cases where continued detention was recommended. The proposal seemed as satisfactory as any that could be devised and it might be desirable to indicate that Canada would support it.

33. The Secretary of State for External Affairs said he would like to consider the plan more fully. It might be preferable to have an all-Canadian tribunal review the cases of the two war criminals that had been tried under Canadian jurisdiction.

34. The Cabinet, after discussion, noted the report of the Minister of National Defence concerning a proposal by the United Kingdom for review and final disposition of cases against German war criminals and agreed that decision as to the position to be taken by Canada thereon be deferred.

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Deduction at source of Civil Service association dues; legislative provision for voluntary check-off of union dues in private industry

35. The Prime Minister said the Secretary of the Treasury Board had submitted a recommendation of the National Joint Council of the Public Service that, effective April 1st, 1952, the government agree to deduct dues of staff organizations from salaries of employees and remit the money so deducted to the associations concerned. The check-off would be voluntary and revocable by the employees and confined to the associations represented on the National Joint Council and their local affiliations. The staff associations would assume half of the cost of collection. The Director of Industrial Relations of the Department of Labour had indicated that, if the recommendation were approved, it might be difficult to resist similar requests from trade unions which had collective agreements with Crown companies.

An explanatory memorandum had been circulated.

(Treasury Board memorandum, undated - Cab. Doc. 10-52)

36. The Minister of Labour said it was desirable to consider whether the Industrial Relations and Disputes Investigation Act should be amended to require employers in industries under federal jurisdiction to provide a check-off for union dues in cases where an employee so desired. In 1948 the Industrial Relations Committee of the House of Commons had recommended an amendment for a voluntary check-off provision. At that time the late Minister of Labour had expressed the view that check-off of dues was a matter to be settled by collective bargaining rather than by legislation. Bills since that time had been defeated in the House of Commons but by diminished majorities. There was a growing pressure among government supporters for such an amendment.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 14, 1952 - Cab. Doc. 8-52)

37. The Prime Minister pointed out that, while the two proposals submitted were independent,

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it had to be recognized that a decision on one would make a contrary decision on the other more difficult.

38. The Minister of Public Works said he thought the question of a voluntary check-off in industry ought to be one for negotiation between employers and employees and not the subject of legislation.

39. The Minister of Trade and Commerce felt an amendment of the Industrial Relations and Disputes Investigation Act, of the character outlined, would constitute a reversal of established government policy.

40. The Cabinet, after discussion, noted the report of the Prime Minister on recommendations of the National Joint Council of the Public Service concerning deduction at source of Civil Service association dues and that of the Minister of Labour on legislative provision for voluntary check-off of union dues in private industry and agreed that no immediate decision be taken; the matters to be left for further consideration at a later date if desired.

Dumping duty; representations in favour of modification

41. The Minister of National Revenue reported that representations had been received from a number of manufacturers that textiles were being imported, particularly from the United States, at valuations less than the cost of production in the country of origin. At the present time, dumping duty was based on the fair market value of goods. This was taken as being the value at which comparable goods in comparable quantities were sold in the ordinary course of trade in the country of origin. In some instances, it was in the interest of manufacturers in the United States to sell certain items at a price less than the unit cost of production since the difference was made up in the price of branded goods of similar type which were sold substantially above the cost of production. Dumping duty could only be exacted in such circumstances if fair market value were based upon the cost of production, plus administrative costs, plus a certain mark-up rather than upon actual selling price in the country of origin.

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42. The Prime Minister said it might be desirable to have an opinion from the Department of Justice as to whether the present legislative provision could be interpreted in the sense suggested. It might be that sales at a price less than the cost of production in the circumstances outlined could be considered to be not in the ordinary course of trade. As a matter of policy, it might be fair to take the position that the government should protect Canadian producers against competition that involved prices lower than the cost of production in the country of origin but not against competition that simply reflected lower costs of production.

43. The Cabinet, after discussion, noted the report of the Minister of National Revenue and agreed that an opinion be sought from the Department of Justice about the possibility of interpreting the legislative provision regarding dumping duties in such a manner that fair market value would be based on the cost of production in the country of origin rather than on the selling price.

Economic and Social Council; Ad Hoc Committee on Restrictive Business Practices; Canadian participation

44. The Secretary of State for External Affairs, referring to the discussions at the meeting on August 22nd, 1951, said the Economic and Social Council had adopted in September, 1951, a resolution re-affirming the principles of Chapter V of the Havana Charter and establishing an Ad Hoc Committee on Restrictive Business Practices. The terms of reference of the committee, to which Canada and nine other countries had been elected, were to obtain from governments and other sources information on restrictive business practices affecting international economic cooperation and on measures taken by member states in connection with such practices, and to propose to the Council methods to be adopted by international agreement for implementing the principles of Chapter V of the Charter.

Establishment of the Committee carried forward a policy consistently supported by the government of seeking a basis for international agreement to curb harmful restrictive activities by business organizations in international trade.

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In view of this and the support that had been given by Canada for the resolution adopted by the Council, it appeared desirable for Canada to accept membership.

The first meeting would be in New York on January 29th and other meetings might be required from time to time.

He recommended, with the concurrence of the Acting Minister of Justice, that authorization be given for Canadian participation in the work of the Ad Hoc Committee, the Canadian delegate to the first meeting to be the Commissioner of the Combines Investigation Act, the alternate delegate to be the Deputy Commissioner, and appropriate advisers from other departments having a special interest in the work of the committee to attend as required from time to time.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 22, 1952 - Cab. Doc. 16-52)

45. Mr. Pearson hoped the committee would be able to carry out its work without undue publicity as otherwise it might be suggested that the government was more concerned about international than national monopolies.

46. The Prime Minister thought Canada should be represented as proposed at the first meeting, but that the Cabinet should consider the form of representation at any subsequent meetings in the light of reports on the first meeting.

47. Mr. Pearson suggested that, if it were found at the first meeting that the committee was unlikely to be of real value, it would be possible to have a member of the Canadian Permanent Delegation to the United Nations attend any subsequent meetings.

48. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs, as concurred in by the Acting Minister of Justice, and:

(1) approved Canadian participation in the work of the Ad Hoc Committee on Restrictive Business Practices established by the Economic and Social Council;

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(2) agreed that:

(a) Canada be represented at the first meeting of the Committee by the Commissioner of the Combines Investigation Act as delegate, the Deputy Commissioner as alternate delegate, and appropriate advisers from other departments having a special interest who would attend as required from time to time;

(b) consideration would be given to the form of Canadian representation at any subsequent meetings in the light of reports on the first meeting.

Diplomatic representation; Denmark, Austria, Uruguay, Venezuela and Colombia

49. The Secretary of State for External Affairs said it was proposed to transfer Mr. D'Arcy McGreer, the present Charge d'Affaires at Warsaw, to Copenhagen to fill the vacancy of Minister to Denmark and to arrange for Mr. Victor Dore, Minister to Switzerland, to be accredited also as Minister to Austria. For the present, the last merely involved extending Mr. Dore's territory, although later it might be found desirable to establish a small office in Vienna under a junior officer acting as charge d'affaires.

He mentioned also that Uruguay had become so sensitive, as a result of Canada's failure to open an office in Montevideo, that it had withdrawn its Minister from Ottawa and, what was of real importance, was making difficulties for Canadian exports in a market of some consequence to Canada. As a result, the Department of Trade and Commerce had received complaints from Canadian exporters. It therefore appeared desirable to arrange for the next Ambassador to Argentina to be accredited to Uruguay as well, without for the present opening an office in Montevideo. It was understood that the Uruguayan government was likely to accept this solution for the present, although it might later become necessary to agree to establish an office there either under an officer from External Affairs or from the Trade Commissioner service.

Similarly, Venezuela and Colombia were upset about Canada's delay in agreeing to exchange

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diplomatic missions and, in consequence, the Canadian trade position was suffering. These countries were two of Canada's most important markets in Latin America and, as was true of Uruguay, Canadian trade rather than political interests called for diplomatic representation. In these circumstances, and since Venezuela and Colombia would not accept one Ambassador between the two countries, it was proposed to raise the Consulate General in Venezuela to an Embassy, and probably appoint the present Consul General as Ambassador (without adding to the staff for the present at least), establish an Embassy also in Colombia and select an Ambassador for this post later in the year. The change in Venezuela would entail little new expenditure; that in Colombia would require limited additional annual expenditures in the neighbourhood of $50,000.

50. The Minister of Trade and Commerce agreed that important commercial interests in the three Latin American countries mentioned were suffering as a result of the lack of Canadian diplomatic representation and the changes proposed by Mr. Pearson were desirable for trade reasons. He felt it might also be necessary to establish a trade commissioner in Uruguay in the near future.

51. The Prime Minister said he had received representations from an Austrian source that Canada should provide some form of recognition of that country's existence and its desire to remain outside the Soviet orbit. If trade interests made necessary the action proposed with regard to Uruguay, Venezuela and Colombia, there appeared to be no alternative open to the government.

52. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs and:

(1) agreed that:

(a) Mr. D'Arcy McGreer, Charge d'Affaires in Warsaw, be appointed Minister to Denmark;

(b) Mr. Victor Dore, Minister to Switzerland, be appointed also Minister to Austria;

(c) the next Ambassador to Argentina be appointed also Ambassador to Uruguay;

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(d) representation in Venezuela be raised to the status of an Embassy;

(e) an Embassy be established in Colombia; and,

(2) noted that offices would not be established in Austria or Uruguay without further consideration.

Veterans Affairs; payment of re-establishment credit balances

53. The Minister of Veterans Affairs reported that the re-establishment credit accounts of some 60,000 veterans showed balances of $50.00 and less totalling about $1.2 million. It was often difficult for veterans to use such small amounts for the purposes presently authorized and administrative economies would result from liquidation of such balances. In conformity with the War Service Grants Act, the Governor in Council had already permitted the use of re-establishment credit for purposes other than those mentioned in the Act. He proposed, therefore, that steps be taken to permit a veteran whose credit balance did not exceed $50.00 to receive, on application, payment of the balance for any purpose that might further his re-establishment in civil life.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 12, 1951 - Cab. Doc. 322-51)

54. The Minister of National Revenue, as Acting Minister of Finance, said the Department of Finance had pointed out that the proposal would lead to increased government cash outlays, would contribute an additional inflationary element and appeared to imply that veterans had a legal right to the balances regardless of the purposes for which they are to be used. Should there be an inclination to adopt the proposal, consideration might be given to the possibility of making payments as far as possible in the form of securities.

55. The Cabinet, after discussion, deferred decision on the proposal of the Minister of Veterans Affairs for direct payment to veterans of re-establishment credit balances of up to $50.00.

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Canada-United States Great Lakes radio agreement; signing powers

56. The Secretary of State for External Affairs, referring to the discussions at the meeting on May 11th, 1951, said it had since been determined that there would be no conflict between the draft agreement with the United States for promotion of safety on the Great Lakes by means of radio and the International Convention for the Safety of Life at Sea. Further, the Department of Transport had reported that the proposed agreement would not be workable unless applied to all ships navigating between Montreal and the head of the Lakes and that it would be to the advantage of, and practicable for, all ships concerned. In the circumstances, and as the U.S. government were prepared to sign the present agreement, he recommended, with the concurrence of the Minister of Transport, that Mr. Chevrier be authorized to sign it on behalf of Canada.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 15, 1952 - Cab. Doc. 11-52).

57. The Prime Minister suggested that, when signed, the agreement should be tabled in Parliament, with an indication that ratification was intended in due course, so that members might have some opportunity to express views in advance of ratification.

58. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs, as concurred in by the Minister of Transport, and agreed that:

(a) Canada enter into the proposed Agreement for the Promotion of Safety on the Great Lakes by Means of Radio between Canada and the United States;

(b) Mr. Chevrier be authorized to sign the agreement on behalf of Canada; an Order in Council to be passed accordingly;

(Order in Council P.C. 404, Jan. 23, 1952)

(c) when signed, the agreement be tabled in Parliament with an indication that ratification was proposed in due course.

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C.N. Steamships Pacific Coast Service; construction of new ship

59. The Minister of Transport recalled that at the meeting of November 16th, 1950, after considering the alternatives of abandoning the C.N. Steamships Pacific Coast Service or allocating steel for a new ship when the steel position became easier, it had been decided to request the Canadian Maritime Commission to examine and report on the possibility of pooling the services of the three companies operating to the Queen Charlotte Islands, northern British Columbia and Alaska, in order to adjust them to existing traffic. Following a report of the Commission that present facilities of the three companies were the minimum required to meet the needs of the public and of industrial development it was agreed, at the meeting of February 21st, 1951, that no action towards pooling the services be taken at that time.

The C.N.R. was preparing its capital budget for 1952 and, before including an item to cover a new ship for the Pacific coast service to replace the old S.S. "Prince Rupert", had enquired about the possibility of steel being alloted so that construction, which would take three years, could begin in 1952.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 11, 1952 - Cab. Doc. 4-52)

60. The Minister of Trade and Commerce said he still felt it was wasteful for three companies to compete on the Pacific coast for often limited traffic. As it was not known how the country would obtain its steel requirements for 1952, it was not possible to give the C.N.R. any assurance that it could have steel over a three-year period for the ship in question.

61. The Minister of National Revenue, as Acting Minister of Finance, said the Department of Finance had brought to his attention the facts that the 1952 capital budget of the C.N.R. would be large; under present market conditions the company was unlikely to be able to raise the money without paying a high rate of interest; unless there were a substantial surplus in 1952-53, it would be very difficult for the government to finance the C.N.R. budget; and, while expenditures on the new ship in 1952 would probably not be large, all proposals for new

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commitments had to be carefully examined in view of the financing problems that lay ahead.

62. The Minister of Fisheries said that traffic on the Pacific coast was increasing greatly as a result of new undertakings in the area served by the three lines. The C.N. Steamships service was an important link between the railway's terminals at Prince Rupert and Vancouver and points of delivery in the coastal area. While there were too many shipping companies serving the coast, there did not appear to be any surplus of ships. If the C.N. service were abandoned, the Canadian Pacific Steamships service would be expanded to take over the traffic. Rather than have the C.N.R. abandon this service as it had others in the area, it would be preferable for it to take more advantage of the expanding opportunities.

63. The Cabinet, after further discussion, noted the report of the Minister of Transport that the Canadian National Railways had enquired about the availability of steel for a new ship for the C.N. Steamships Pacific Coast Service which it was contemplating including in its 1952 capital budget, and agreed that the Company be informed that it would have to make its own decision in the matter, that no assurances could be given of steel being available or that the government would seek Parliamentary authority to advance funds to the Company for construction.

N. A. Robertson,
Secretary to the Cabinet.

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FIELD MARSHAL VISCOUNT ALEXANDER

APPOINTMENT TO PRIVY COUNCIL FOR CANADA

Note of meeting held in the Privy Council Chamber on Tuesday, January 29th, 1952

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Note for Cabinet Conclusions and for file

A meeting was held in the Privy Council Chamber on Tuesday, January 29th, 1952, at 10:55 a.m. The following being present:

The Prime Minister (in the Chair),
The Minister of Agriculture (Mr. Gardiner),
The Minister of Transport (Mr. Chevrier),
The Minister of National Health and Welfare (Mr. Martin),
The Minister of National Revenue (Dr. McCann),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Minister of Fisheries (Mr. Mayhew),
The Minister of Resources and Development (Mr. Winters),
The Minister of Veterans Affairs (Mr. Lapointe),
The Postmaster General (Mr. Rinfret),
The Minister of Citizenship and Immigration (Mr. Harris),
The Secretary to the Cabinet (Mr. Robertson).

The Prime Minister, referring to previous discussions at the meetings on January 9th and January 23rd, submitted two Orders in Council, one recommending Field Marshal Viscount Alexander be made a member of the King's Privy Council for Canada and the other to provide for certain expenses for maintenance, wages of domestic staff, etc. of Rideau Hall during occupation by the former Governor General prior to his departure and until the end of February 1952. In respect of the first, the approval of His Majesty the King had been given.

The Cabinet resolved into a meeting of the Committee of the Privy Council at which the Orders were approved for signature by the Prime Minister. The signed Orders were then laid before the Administrator in the Ante-Room for approval and signature.

(Orders in Council P.C. 558 and 559 of January 29th, 1952)

The Administrator was then escorted to the Privy Council Chamber and seated in the Prime Minister's chair. Lord Alexander was introduced to the Chamber by the Prime Minister and duly sworn of the Privy Council.

A copy of this note was placed on file together with an outline of arrangements made for the swearing in and a copy of P.C. 559.

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CABINET CONCLUSIONS

MEETING

January 31st, 1952

944

Items discussed

Installation of the Governor General; opening of Parliament 1.

Transport; assistance for the acquisition of transport aircraft by Canadian operators - 2.

Immigration; extension of subsidized air transportation 3.

Migration Conferences; Canadian delegations 4.

Agricultural Products Board; authority to sell butter holdings 4.

General Agreement on Tariffs and Trade; signature of first protocols 5.

Trans-Mountain Pipeline Company; remission of duty and sales tax 6.

Legislation; Cold Storage Act amendment 7.

Post Office; organization and operations; survey by efficiency experts 8.

Pork; price support 9.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, January 31st, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Installation of the Governor General; opening of Parliament

1. The Prime Minister, referring to discussion at the meeting of January 23rd, 1952, reported that the feasibility of holding the installation of the Governor General and the opening of Parliament as a joint ceremony had been considered by a small committee. It seemed clear that the two could be handled jointly but not without some departure from traditional practice.

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For the installation of a Governor General, members of the government had always been seated at a council table before the throne. For an opening, members of the government were traditionally among the members of the House of Commons at the bar of the Senate. Any attempt to maintain both traditions would raise awkward problems in the conduct of the ceremony itself. It seemed undesirable to disturb either practice since both were of such long standing. In the circumstances, it might be best to have the Governor General-designate arrive in Ottawa for his installation in the morning, possibly about 11:00 o'clock, and for the opening of Parliament to be in the normal manner in the afternoon.

2. The Cabinet, after discussion, noted with approval the remarks of the Prime Minister and agreed that the installation of the Governor General be held on the morning of February 28th and that the opening of Parliament be in the afternoon of the same day.

Transport; assistance for the acquisition of transport aircraft by Canadian operators

3. The Prime Minister, referring to discussion at the meeting of December 29th, 1951, said that a report had now been received from the committee set up to consider means by which assistance might be given for the acquisition of transport aircraft by Canadian operators.

After examining measures by which direct assistance could be given through loans, aircraft rental schemes or by other means, the committee had recommended that the following measures be examined:

(a) removal of the present duty on complete aircraft,

(b) modification of the income tax provisions with regard to depreciation so far as they apply to aircraft,

(c) modification of the present practice which tends to exclude or limit the investment of U.S. capital in air operations,

(d) the possibility that the Department of National Defence and the Department of Defence Production might modify their financial arrangements

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with De Havilland so as to accelerate payments or otherwise place the company in a position to give easier financial terms to commercial operators wishing to purchase aircraft; and,

(e) the possibility that the Department of National Defence might modify its policy with regard to its aircraft reserve to see whether it could be based on aircraft in use rather than aircraft in storage.

Copies of the report had been circulated.

(Memorandum, Secretary to the Cabinet, Jan. 30, 1952 - Cab. Doc. 23-52)

Proposals (a) and (b) would clearly require consideration by the Ministers of Finance and National Revenue. The same might be true with regard to proposal (c). In the circumstances, it might be desirable to have a small Cabinet Committee established to examine the proposals and make recommendations thereon to the Cabinet.

4. The Cabinet, after discussion, noted the remarks of the Prime Minister and agreed that a Cabinet Committee be established, consisting of the Ministers of Defence Production, National Defence, Finance, National Revenue and Transport, to examine the proposals of the interdepartmental committee and to recommend to the Cabinet what measures might be adopted to provide assistance to commercial operators in Canada wishing to acquire transport aircraft.

Immigration; extension of subsidized air transportation

5. The Minister of Citizenship and Immigration pointed out that the arrangement under which immigrants from the United Kingdom could utilize otherwise vacant seats on T.C.A. flights on payment of the equivalent of the ocean tourist-class fare would expire on March 31st. The International Air Transportation Association had established new tourist rate air passages beginning May 1st. In the circumstances, it was recommended that the current plan for subsidized air passages be extended for the month of April and that thereafter the plan be continued for a further year on the basis of payment by the Canadian government of the difference between the ocean tourist-class fare and the new tourist air passage.

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It was proposed shortly to place before the Cabinet Committee on Immigration Policy proposals concerning the immigration programme for 1952.

6. The Cabinet, after discussion, approved the recommendation of the Minister of Citizenship and Immigration and agreed that the current programme for subsidized air transportation for immigrants from the United Kingdom be extended from March 31st, 1952 to April 30th, 1952 and that, subsequently, the plan be extended for one year thereafter but with the modification that payment by the government to Trans-Canada Air Lines should be the difference in cost between the tourist air transport fare and the ocean tourist-class fare; an Order in Council to be passed accordingly.

Migration conferences; Canadian delegations

7. The Secretary of State for External Affairs reported that meetings would shortly be held in Geneva of the Executive Committee of the International Refugee Organization, the General Council of the Organization and the Provisional Intergovernmental Committee for the Movement of Migrants from Europe. It was recommended that Canada participate. Proposed Canadian delegations to the meetings were submitted.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 30, 1952 - Cab. Doc. 26-52)

8. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) Canada participate in the meetings of the XIth Session of the Executive Committee and the IXth Session of the General Council of the International Refugee Organization and the IInd Session of the Provisional Intergovernmental Committee for the Movement of Migrants from Europe; and,

(b) the Canadian delegations to the meetings be as submitted.

Agricultural Products Board; authority to sell butter holdings

9. The Minister of Agriculture proposed that, as he was leaving Ottawa shortly, authority be given

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now to the Agricultural Products Board to offer butter for sale at certain prices. It was expected that sales might have to begin towards the end of February and would extend over the period up to May. The authority to sell would only be exercised after consultation with him.

10. The Cabinet, after discussion, approved the recommendation of the Minister of Agriculture and agreed that the Agricultural Products Board be authorized to sell butter held by it at not less than the following price schedule, No. 1 quality:

(1) New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Ontario (except the north-western zone, i.e. Fort William, Port Arthur and Armstrong and all points in Ontario west of these communities) - 66 cents per pound delivered;

(2) British Columbia - 65 cents per pound delivered;

(3) Other areas and zones - prices to be based on the above prices, subject to freight differentials;

an Order in Council to be passed accordingly.

(Order in Council P.C. 627, Jan. 31, 1952)

General Agreement on Tariffs and Trade; signature of first protocols

11. The Secretary of State for External Affairs reported that, since November 7th, 1951, the first protocol of rectifications and modifications to the texts of the schedules to the General Agreement on Tariffs and Trade and the first protocol of supplementary concessions to the G.A.T.T. (Union of South Africa and Germany), had been opened for signature at U.N. Headquarters.

He recommended, with the concurrence of the Minister of Trade and Commerce and the Minister of Finance, that acceptance of these protocols by Canada be approved.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 24, 1952 - Cab. Doc. 17-52)

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12. The Cabinet, after discussion, approved acceptance of the first protocol of rectifications and modifications to the texts of the schedules to the General Agreement on Tariffs and Trade and the first protocol of supplementary concessions to the G.A.T.T. (Union of South Africa and Germany), and that an Order in Council be passed authorizing signature of the protocols on behalf of Canada by the Canadian Permanent Representative at the United Nations.

Trans-Mountain Pipeline Company; remission of duty and sales tax

13. The Minister of National Revenue said that the Trans-Mountain Pipeline Company was in the process of importing $20 million worth of 24-inch steel pipe required forthe construction of a pipeline from Edmonton to the Pacific Coast. Orders for the required pipe had been placed in the United States since it could not be obtained in Canada. Total duties and taxes would be $5,326,000 and the Company had requested a remission of 60 percent of this total, or $3,195,600. It had been ascertained that the Company would purchase all other supplies required in Canada if at all possible.

At a meeting held on April 27th, 1950, Cabinet had approved the remission of 60 percent of duties and taxes on 20-inch steel pipe imported from the United States by the Interprovincial Pipeline Company. It would be difficult to refuse the request of the Trans-Mountain Company in view of the similarity in circumstances.

On the other hand, consideration should be given to the advisability of subsidizing pipeline companies through the granting of substantial remissions since such companies were essentially transportation services which entered into competition with trucking and other modes of transportation. Furthermore, the financial position of pipeline companies generally seemed to be remarkably buoyant and there did not seem to be any necessity for such remission on grounds of need.

14. The Minister of Fisheries said that although 24-inch pipe was not manufactured in Canada, he understood that steel plate could and had been, in some instances, welded into pipeline at the scene of construction.

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15. The Cabinet, after discussion, agreed that further consideration be given at a subsequent meeting to the request for remission of 60 percent of the duties and sales tax due on 24-inch pipe being imported from the United States by the Trans-Mountain Pipeline Company.

Legislation; Cold Storage Act amendment

16. The Minister of Agriculture proposed that the Cold Storage Act be amended to provide that the federal subsidy on cold storage warehouses be one-third rather than 30 percent of the cost; that the subsidy be paid in a lump sum on completion of a project rather than in instalments over a 5-year period; that, provided plans are satisfactory, the full subsidy be payable whether construction had begun before or after completion of a subsidy contract; and that the government have authority to build cold storage warehouses.

Lump sum payments would relieve those undertaking construction of some interest charges on borrowed capital and reduce clerical work in connection with the subsidy. The fact that the present Act does not permit payment of subsidy in respect of construction work done prior to conclusion of subsidy contracts had caused difficulties and it appeared desirable that, provided plans, location and other details were satisfactory, payment of the full subsidy be not denied because construction had been undertaken before approval of a contract. The government should have authority to build cold storage warehouses so that it might construct facilities in areas where none were provided by private interests. The main purpose of the proposed changes in the legislation was to ease the situation in certain provinces, particularly Quebec, where additional cold storage facilities were badly needed. The amendments should be made applicable to facilities constructed in recent years.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 30, 1952 - Cab. Doc. 28-52)

17. The Cabinet, after discussion, noted the recommendation of the Minister of Agriculture and agreed that:

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(a) a measure to amend the Cold Storage Act along the lines proposed by the Minister be drafted for consideration at a subsequent meeting;

(b) the Department of Agriculture discuss with the Department of Finance the feasibility of the proposed amendments from the point of view of the 1952-53 estimates.

Post Office; organization and operations; survey by efficiency experts

18. The Postmaster General, referring to discussion at the meeting of January 9th, 1952, pointed out that the Post Office had come in for more than its share of criticism during the last year or two. Some had been organized by the newspapers after increases in postal rates and this in turn had encouraged unjustified criticisms from other sources. Reduction of mail deliveries to one a day was also a source of complaint.

Although this change had resulted in use of 700 fewer men and an overall saving of about $2 million, it would probably be desirable to return gradually to the two-delivery system, as available labour supplies made it possible to get sufficient and suitable letter carriers. Drop letter rate now applied where there were deliveries. This meant the lowest rate was in effect just where costs were highest and therefore it might be advisable to restrict this rate to areas where there were no deliveries.

Contracts for rural mail carrier service were giving serious difficulties. Under the recent Post Office Act revision, the Postmaster General now had authority to arrange contracts not in excess of $1,000 without calling for tenders. While it was possible to obtain such contracts at an average rate of $55.00 per mile per year, it was necessary to pay an average rate of $67.00 on contracts above $1,000 for which tenders were required. Introduction of a measure similar to the wartime Mail Contracts Supplemental Payments Act might, therefore, become advisable.

Considering these circumstances and remembering that the Post Office had undergone a

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three-fold expansion during the past twelve years - with an annual revenue now of over $120 million - it was reasonable to expect that certain procedures were probably inefficient and required review. It had been agreed by Cabinet to establish a special interdepartmental committee to examine the relationships between the Post Office and other departments and agencies of the government.

19. Mr. Rinfret felt however that there was a need for an independent expert survey of the organization and operation of the postal services and he recommended that this be undertaken by J.D. Woods and Gordon Limited, who had outstanding experience as industrial engineers and whose advice and observations had been found valuable in improving the organization and methods of the Department of National Defence and the National Film Board. Such a survey would cost some $75,000 and take about six months to complete.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 29, 1952 - Cab. Doc. 20-52).

20. The Cabinet, after discussion, approved the recommendation of the Postmaster General and agreed that the firm of J. D. Woods and Gordon Limited be engaged to survey and make recommendations on the organization and operations of the Post Office Department.

Pork; price support

21. The Minister of Agriculture recalled that, at the meeting of December 28th, 1950, it had been agreed, on expiry of the U.K. bacon contract, to offer to buy pork and pork products, as a temporary measure, at prices equivalent to 32.5 cents a pound F.A.S. for Wiltshire sides. As freight rates, costs and by-product values had changed since and might continue to vary and as Wiltshire sides were no longer being made, it was felt that price support should relate more closely to current market practices and values.

When the present system of support for pork prices was instituted it was estimated that 32.5 cents a pound for Wiltshire bacon at seaboard was equivalent to 27 to 27.5 cents a pound for Grade A pork carcasses at Toronto. The current market price

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for pork at Toronto was 27 cents. It was proposed that farmers be assured of a floor price of 26 cents, basis Grade A carcasses Toronto, with appropriate differentials for other market points, up to September 30th, 1952 and that the whole position be reviewed before that date. For this purpose it was proposed to ask inspected packing plants to buy all hogs offered at not less than 26 cents a pound and to make an offer to the packers to assume responsibility, on some basis to be negotiated, for their purchases up to September 30th, 1952. This would probably involve authorizing the Agricultural Products Board to pay 26 cents a pound carcass weight for all pork still in storage on that date.

The plan should make maintenance of a minimum pork price to protect farmers possible without any government responsibility for storage and sales, at least until November. It might be that the plan could not maintain a floor of 26 cents and it would be necessary, consequently, to consider some arrangement whereby the Agricultural Prices Support Board would make an accounting which would guarantee packing plants against loss.

At present a price of 26 cents permitted pork product exports to the United States. Official U.S. forecasts and those of the meat trade indicated the strong probability of U.S. pork prices rising to substantially higher levels before September. There was thus a good chance that little pork would be delivered to the government if the proposed plan were adopted.

Hog marketings were at present higher than at the beginning of 1951 and it was believed that for some months there would be surpluses of pork which, in the absence of the proposed programme, would unduly depress hog prices.

It was suggested that, without prejudice to the government's ultimate decision in the matter, officials of the department be authorized to discuss the foregoing proposals with the meat packing industry.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 30, 1952 - Cab. Doc. 29-52).

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22. The Prime Minister felt that, while a price of 26 cents would be lower than the price guaranteed to date, and actual prices up to September might on the average be higher, consumers might well object to the government taking further action to guarantee pork prices.

In due course the government would have to decide whether price support of food products was to become a permanent feature of its policy.

23. The Cabinet, after further discussion:

(a) approved the recommendation of the Minister of Agriculture that officials of his department discuss with the meat packing industry, without prejudice to the government's ultimate decision in the matter, the proposals regarding price support for pork and pork products up to September 30th, 1952, submitted by the Minister; and,

(b) noted the observation of the Prime Minister that a decision would have to be reached in due course as to whether the price support of food products was to become a permanent feature of government policy.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

February 4th,1952

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Items discussed

St.Lawrence development project; Board of Engineers; establishment 2.

St.Lawrence ship channel; additional dredging 3.

Electoral districts; redistribution 4.

C.B.C.; re-appointment of Chairman 6.

Former Governor General; commissioning of portrait 6.

Western coal; proposed increase in freight rates 7.

Extension T.C.A. service to Fredericton, N.B. and MCA to Yarmouth, N.S. 8.

Labrador salted codfish, 195; revision of government price guarantee 10.

Pacific Fisheries Agreement 11.

Veterans Affairs; hospital construction programme 11.

Interdepartmental Committee on Recapitalization of C.N.R.; further instructions 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, February 4th, 1952, at 10.30 a.m.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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St. Lawrence Development Project; Board of Engineers; establishment; terms of reference

1. The Minister of Transport, referring to discussion at the meeting of January 23rd, 1952, submitted and read draft terms of reference for a Board of Engineers to be established for the purpose of co-ordinating the interests of the governments concerned in the application to the International Joint Commission on power development in the International Section of the St. Lawrence River.

An explanatory note had been circulated.

(Memorandum, Continuing Committee on the St. Lawrence Seaway and Power Project, Jan. 30, 1952 - Cab. Doc. 25-52).

Mr. Chevrier submitted recommendations as to the three Federal members of the Board. He added that he would be absent from Ottawa during the next few days and suggested that the Minister of Trade and Commerce might communicate by telephone with the Premiers of Ontario and Quebec in order to obtain their concurrence in the appointment of one member from each of those two provinces.

2. The Cabinet, after discussion:

(a) agreed that a five-man Board of Engineers, of whom three were to be appointed by the Federal government and one each by the governments of Ontario and Quebec, be established to co-ordinate the interests of the governments concerned in the application to the International Joint Commission on power development in the International Section of the St. Lawrence River;

(b) approved the terms of reference for the said Board as submitted by the Continuing Committee on the St. Lawrence Seaway and Power Project; and,

(c) agreed that, if and when the Minister of Trade and Commerce obtained the concurrence of the Premiers of Ontario and Quebec in the proposed course of action, Orders in Council be passed establishing the Board of Engineers and providing for the appointment thereto of three Federal members.

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St. Lawrence Ship Channel; additional dredging

3. The Minister of Transport said the contract awarded to Marine Industries Ltd., in 1947 for dredging and improvements of the St. Lawrence Ship Channel involved a five-year programme which was now virtually completed. A special committee of engineers had been appointed in June of 1950 to consider what further work, if any, was required to be done following completion of the 1947 contract. The committee had reported on July 24th, 1951, that the St. Lawrence Ship Channel was well designed and adequate for present volume of traffic except at certain places where cross currents, sharp bends and lack of adequate anchorage areas presented some difficulties. It was recommended that improvements at these points should be effected as soon as possible.

Authority was sought to call for tenders for the carrying out of the following programme, the total cost of which was estimated to be $12,797,700:

(a) dredging programme between Montreal and Quebec extending over the next five years to consist of channel widening at certain locations designed to fit in with an overall widening programme which would eventually provide a minimum width of 800 ft.;

(b) two new anchorage areas in the Ship Channel, at Batiscan and Cap de la Madeleine;

(c) the various items to be carried out in the order of their importance as determined by the Chief Engineer of the St. Lawrence Ship Channel; and if, for any reason, it appeared advisable to defer any one of the ten items recommended, any one or all of three alternative items to be substituted therefor but not to increase the total estimated cost of the project; and,

(d) maintenance of the Ship Channel throughout to the designed depth and width.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 21, 1952 - Cab. Doc. 13-52).

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4. The Minister of Trade and Commerce suggested that, since Marine Industries Ltd. was the only company in a position to carry out the required work, it might be preferable not to call for tenders but simply to negotiate a contract with that firm.

5. The Prime Minister pointed out that, during the next few years, increasing defence requirements would impose heavy demands upon the economy. In the circumstances, it might be advisable, before reaching a final decision, for the Minister of Transport to ascertain whether Marine Industries Ltd. would be prepared to undertake the work at prices which appeared reasonable to government engineers. Otherwise it might be necessary to postpone the programme for the time being.

6. The Cabinet, after discussion, agreed that, before a final decision was reached in respect of the proposed dredging programme in the St. Lawrence Ship Channel, the matter be discussed by the Minister of Transport with Marine Industries Ltd., in order to ascertain whether that company would be prepared to undertake the proposed five-year programme at unit prices which seemed reasonable to government engineers.

Electoral districts; redistribution

7. The Minister of Citizenship and Immigration, referring to discussion at the meeting of January 17th, 1952, submitted a memorandum on the problems of redistribution which he had discussed at that time. Copies of the memorandum had been circulated.

(Minister's memorandum, undated - Cab. Doc. 30-52).

Apart from the usual procedure there were a number of possibilities that might be considered for handling redistribution. Mr. Power's bill could be adopted but the work of the commission it contemplated would take at least 12 months and thereafter be subject to confirmation by the House. A second possibility would be to have ten commissions working simultaneously so that the reports would be available for a session in the early months of 1953. A third possibility would be the appointment of a preliminary committee for each province from members in the House from each province. The

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committees would probably be able to agree on a large number of constituencies and the remainder could be referred to a commission. It was recommended that the third possibility be adopted. If it were not acceptable, another plan might be to have one person in each province appointed to report to Parliament on redistribution for that province before the 1953 session. Should this plan also be unacceptable, it was recommended that the government proceed at the earliest possible moment in the House of Commons for the appointment of the usual committee to undertake the redistribution.

Mr. Harris pointed out that in the last redistribution there had been only six or eight contentious seats but nevertheless there had been a lot of criticism. In the new distribution there would be many more seats affected. A large proportion of them would be seats now held by Opposition members. The government had a much greater majority than it had on the previous occasion. For all these reasons it could be expected that a redistribution in the traditional manner would arouse much more criticism than last time and that charges of gerrymandering would be inevitable.

The unit of representation would be about 54,000. There were, however, at the present time, 18 constituencies under 30,000 and 23 constituencies over 80,000. It would be difficult to support a constituency of less than the lower figure or more than the higher.

8. The Ministers of Defence Production and National Defence felt there should be no departure from the usual method of handling the redistribution.

9. The Prime Minister suggested the position might be taken that the procedure suggested in Mr. Power's bill would be acceptable were it not for the fact that it would be impossible to have the redistribution completed at an early date. The plan to have ten commissions appointed instead of one had a serious defect in that there would be no assurance that the same principles would be applied by each of the commissions. For that reason there would have to be subsequent consideration by the House of Commons and probably considerable controversy.

10. The Cabinet, after considerable discussion, agreed that no departure be made from the method adopted

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on previous occasions in effecting the redistribution of electoral districts and that a representation bill in the usual form be introduced at as early a date as possible in the forthcoming session of Parliament.

Canadian Broadcasting Corporation; re-appointment of Chairman

11. The Minister of National Revenue explained that the amendment to the Canadian Broadcasting Act provided for the Chairman of the Board of Governors holding office during good behaviour for a period of ten years. The present appointment of the Chairman was for a period of three years. To enable the appointment to be brought into line with the new statutory provision, Mr. Dunton had tendered his resignation and it was recommended that he be re-appointed.

12. The Cabinet approved the recommendation of the Minister of National Revenue and agreed that the resignation of A. Davidson Dunton, Esquire, as Governor and Chairman of the Canadian Broadcasting Corporation be accepted and that he be re-appointed Governor of the Canadian Broadcasting Corporation and designated as Chairman thereof to hold office during good behaviour for a period of ten years at a salary of $15,000 per annum; an Order in Council to be passed accordingly.

(Order in Council P.C. 626, Feb. 4, 1952).

Former Governor General; commissioning of portrait

13. The Prime Minister said the question had been raised whether the government should commission an artist to paint a portrait of Viscount Alexander, the former Governor General, so that the collection at Rideau Hall, which was complete since 1867, could be continued. Hitherto portraits had been provided by the Governors General themselves but in the present instance this would not be possible.

14. The Cabinet, after consideration, deferred decision on the proposal that an artist be commissioned to paint the portrait of the former Governor General, pending a report on possible artists to whom such a commission might be given.

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Western coal: proposed increase in freight rates

15. The Minister of Transport reported that, following discussion at the meeting of January 17th, 1952, he had informed the Canadian Pacific Railways that, as there would probably be unemployment in the Alberta coalfields if the railways adopted the new rate of $13.10 a ton for the movement of Alberta coal to Eastern Canada, and since only some 400,000 tons a year were involved, the government felt the railway companies should continue their special rate of $10.75 (including $2.85 federal subsidy) for the present. The C.P.R. had replied denying that any of its officials had suggested that the company was prepared to continue the special rate, expressing the view that the new rate should come into force on April 1st, 1952, and pointing out that, in June, 1950, the Minister of Trade and Commerce had suggested introducing the new rate in two stages. The rate of $13.10 represented actual transportation costs and had been recommended by the Board of Transport Commissioners after the government had referred the matter to it. The railways considered the solution was to increase the federal subsidy.

16. The Minister of Mines and Technical Surveys confirmed that a C.P.R. official had suggested the company would be prepared to adhere to the special rate for the time being. Adoption of the new rate would for all intents and purposes put a stop to these coal shipments. He did not feel the government could afford to let the mines decline further in case there were more strikes in the U.S. coal fields or an international emergency.

17. The Minister of Trade and Commerce suggested that Mr. Chevrier write to both railways indicating that, as the situation made it undesirable to curtail Alberta coal production and since there had not yet been time for absorption of the first increase in rates, the second should be deferred for a year.

18. The Prime Minister thought it should be indicated to the two railways that the government felt it would be in the national interest to defer adoption of the new rate for a year and that they should be asked to consult one another on the possibility of agreeing to this proposal.

19. Mr. Prudham pointed out that coal producers and the Alberta government were making

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representations to the Board of Transport Commissioners. It would be helpful if no publicity were given to the proposed approach to the railways and if those concerned in Alberta were allowed to take the credit if the railways agreed to maintain the special rate. If they agreed, there would be a higher quality of coal available in Alberta in 1953 and therefore less need for an increased subsidy at that time. If they did not, it would presumably be necessary to increase the subsidy for the present.

20. Mr. St-Laurent said, if the railways would not defer the increase, it would probably be necessary to indicate to the producers and the Alberta government that it was doubtful that the subsidy could be increased and that it was not possible to force the railways to extend the special rate.

21. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that he send personal, confidential letters to the Presidents of the two national railways indicating that the government felt it would be in the national interest for them to defer for a year adoption of the new freight rate of $13.10 on shipments of Alberta coal to Eastern Canada and asking if they could consult one another on the possibility of retaining the special rate of $10.75 for the present.

Extension of T.C.A. service to Fredericton, N.B. and M.C.A. to Yarmouth, N.S.

22. The Prime Minister, referring to the discussion at the meeting of January 17th, 1952, said the Chairman, Air Transport Board, had now reported on a meeting of representatives of the Board, the Post Office and the two airlines concerned, held to consider the proposed airmail contract for Maritime Central Airways.

The representative of the Board had indicated that consideration should be given to a private carrier when Trans-Canada Air Lines was permitted to take over an operation that the carrier had developed. The effect of T.C.A. service at Fredericton, N.B. on the present M.C.A. route (Moncton-Fredericton-Saint John) would be to take away from 20 to 50 percent of M.C.A. passenger revenues on this route and T.C.A. had indicated in 1951 that, should the government so decide, it would not object to giving up its service to Yarmouth, N.S.

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The Post Office representatives had pointed out that since, under the present mail contract with T.C.A., a fixed monthly payment was made without direct relationship to routes served or miles flown, if T.C.A. discontinued a service there was no saving to the Post Office which would have to pay an additional sum to another carrier. While airmail service at Yarmouth had only developed because it could be provided under the overall T.C.A. mail contract, maintenance of such service there by M.C.A. would require a separate contract. The principle rather than the amount of money involved was the significant question.

T.C.A. representatives had suggested that, as their services were bound to expand, the advantages gained by the Post Office through new and improved T.C.A. services without additional cost to the Post Office would be greater than any losses the latter might suffer through discontinuance of T.C.A. services.

An explanatory memorandum had been circulated.

(Secretary's memorandum, Feb. 2, 1952 - Cab. Doc. 34-52).

23. The Postmaster General pointed out that the meeting had not determined the extent of loss for which M.C.A. would require compensation as a result of T.C.A. competition at Fredericton. The Board, T.C.A. and M.C.A. had all made different estimates. He did not see how arrangements could be made for compensation until the loss was determined and it would not be a business-like solution to pay compensation disproportionate to the actual loss suffered.

With T.C.A. competition to Fredericton, M.C.A. would lose some of its traffic to that point. Under present plans, however, M.C.A. would not only take over the T.C.A. route to Yarmouth, which was a sound operation financially, but would also be given a mail contract to a sizeable amount for the Yarmouth route. Further, T.C.A. was not eager to give up the Yarmouth route. It appeared preferable, therefore, to leave the Yarmouth route to T.C.A. and, should it be found at the end of the year that M.C.A. had suffered loss through T.C.A. competition at Fredericton, to consider then what compensation should be paid.

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24. The Cabinet, after further discussion, noted the reports of the Prime Minister and the Postmaster General and agreed that the Air Transport Board hold a meeting with representatives of the Department of Transport, the Post Office and Maritime Central Airways with a view to determining whether arrangements could be arrived at with M.C.A. whereby Trans-Canada Air Lines would retain its route to Yarmouth, N.S. and M.C.A. would be compensated for its losses resulting from T.C.A. competition at Fredericton, N.B.

Labrador salted codfish, 1950; revision of government price guarantee

25. The Minister of Fisheries, referring to the discussion at the meeting of May 16th, 1951, said the statement of the full year's operation under the price guarantee of $7 per quintal to fishermen on 1950 Labrador codfish, which had now been audited, indicated the net loss on the support programme, which had been carried by Newfoundland Associated Fish Exporters Ltd., was $405,610.31 on the 141,259 23/28 quintals handled. On the basis of the figures of gross cost and quantity handled, the Fisheries Price Support Board had prescribed a price of $13.11 per quintal f.a.s. packed at dockside, and from total receipts and quantities had determined the average sale price to be $10.238 per quintal. Payment to N.A.F.E.L. would therefore be at a rate of $2.872 per quintal. As $250,000 had already been paid, the net balance owing to N.A.F.E.L. was $155,610.31. The Board had now recommended that, in order to pay this balance, Order in Council P.C. 2456 of May 16th, 1951, which had approved the prescribed price of $12.78 per quintal, be amended so as to provide authority for the prescribed price of $13.11 per quintal, f.a.s. packed at dockside, St. John's, Newfoundland.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 1, 1952 - Cab. Doc. 31-52).

26. Mr. Mayhew pointed out that the whole 1951 codfish production had been sold. There had been some forward sales on the 1952 production and prices were up considerably. There had been some serious losses of fishing equipment in the four Maritime provinces which were being studied.

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27. The Cabinet, after discussion, noted the report of the Minister of Fisheries regarding the loss to Newfoundland Associated Fish Exporters Ltd. on the full year's operation under the price guarantee to fishermen on 1950 Labrador codfish, and agreed that:

(a) the net balance owing to N.A.F.E.L., in the amount of $155,610.31, be paid; and

(b) to this end, Order in Council P.C. 2456 of May 16th, 1951 be amended so as to provide authority for the prescribed price of $13.11 per quintal, f.a.s. packed at dockside, St. John's, Newfoundland; an Order in Council to be passed accordingly.

(Order in Council P.C. 669, Feb. 4, 1952)

Pacific Fisheries Agreement

28. The Minister of Fisheries, referring to discussion at the meeting of December 11th, 1951, said certain communist heads of fishermen's unions in British Columbia, objecting to any measures designed to stabilize conditions in Japan, had been trying to create dissatisfaction over the draft International Convention for the High Seas Fisheries of the North Pacific Ocean. There was, however, general satisfaction with the proposed agreement in the province.

One of the main changes that had now been incorporated in the original U.S. draft was the designation of the 175th meridian as a temporary demarcation line for Japanese salmon fishing operations on the understanding that the question would be further investigated by a commission to be established under the Convention.

29. The Cabinet noted the comments of the Minister of Fisheries on the draft International Convention for the High Seas Fisheries of the North Pacific Ocean.

Veterans Affairs; hospital construction programme

30. The Minister of Veterans Affairs reported that, in August, 1950, an order of priority for improvements at veterans' hospitals had been

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established as follows: A1 - Quebec Veterans; A2 - Shaughnessy, Vancouver; A3 - Deer Lodge, Winnipeg; A4 - Colonel Belcher, Calgary; A5 - Westminster, London. Funds had been included in the 1951-52 Estimates for sketch plans for the Vancouver and Winnipeg projects, preliminary plans for the work at Winnipeg were substantially complete and an architect had now started on plans for the Vancouver project.

The situation had changed, however, because his Department would now provide hospitalization for active service personnel. As a review by officers of the two departments concerned indicated the need for beds to be greatest in some hospitals previously low on the priority list, new priorities had been established. These, combined with the latest estimate of costs, were as follows: A1 - Colonel Belcher, $2.9 million; A2 - Deer Lodge, $4.4 million; A3 - Westminster, $4.2 million; A4 - Shaughnessy, $4.4 million; the first three being the projects in which his Department and the Department of National Defence were now most vitally interested and on which it was felt that work should be advanced as expeditiously as possible. Funds had been included in the 1952-53 Estimates to cover architects' fees in all cases. Further, with respect to Deer Lodge, funds had been included for some construction in the latter part of 1952-53.

It was considered that priority should be given also to construction of an extension to the Out-Patient Department at the Queen Mary Veterans' Hospital in Montreal. This would permit handling of more patients, make space available for laboratories and permit the operation of a school for nurses. Funds were being included in the 1952-53 estimates to cover the major part of this project, estimated to cost about $415,000.

It was further considered that the projects outlined should enjoy a defence priority insofar as assignment of essential materials was concerned and, in view of the time required to complete hospital construction, it was urged that action on the programme be initiated as soon as possible.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 23, 1952 - Cab. Doc. 18-52).

31. The Minister of Finance said the programme outlined was satisfactory to him subject to the usual condition that Treasury Board would examine the details.

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32. The Cabinet, after further discussion, approved the programme for construction at veterans' hospitals as submitted by the Minister of Veterans Affairs, subject to Treasury Board giving detailed examination to proposed expenditures.

Interdepartmental Committee on Recapitalization of C.N.R.; further instructions

33. The Minister of Transport, referring to the discussion at the meeting of September 21st, 1951, thought it would be helpful to the ad hoc Interdepartmental Committee on Recapitalization of the Canadian National Railways if it were given additional instructions. It had encountered difficulties with regard to its terms of reference.

34. The Prime Minister did not believe the Committee could be expected to progress further until informed of the government's views on certain matters.

35. The Cabinet, after further discussion, noted the proposal of the Minister of Transport and agreed that he and the Minister of Finance prepare, for consideration at a subsequent meeting, further instructions that might be given to the ad hoc Interdepartmental Committee on Recapitalization of the Canadian National Railways.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

February 5th,1952

Items discussed

Governor General; departure of Lord Alexander and arrival of Mr. Massey; arrangements 2.

Canadian Federation of Agriculture; interview with government 2.

Labour organizations; interviews with government 3.

Colombo Plan; second Canadian contribution 3.

Greek relief; gift of No.5 wheat 4.

International Wheat Agreement; negotiations for renewal 5.

Commonwealth Division and Canadian Brigade in Korea; commend 6.

N.A.T.O.; meeting of Military Committee; position of Canadian Chairman 7.

Canadian brigade in Germany; financial arrangements 8.

N.A.T.O.; reorganization; relationship to Germany 9.

German war criminals; custody and clemency 10.

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N.A.T.O. Temporary Council Committee report; Canadian position 17.

Defence production; resignation of Parliamentary Assistant 26.

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TOP SECRET

CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber on Tuesday, February 5th, 1952, at 10.30 a.m. and 2.30 p.m.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production (Mr. Howe),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue (Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Minister of Fisheries (Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State (Mr. Bradley)
(for morning meeting only),
The Minister of Veterans Affairs (Mr. Lapointe),
The Postmaster General (Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet (Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Also present

(for discussion recorded in paragraphs 39 to 42)

Chairman, Chiefs of Staff Committee (Lt. Gen. Foulkes),
Chief of the General Staff (Lt. Gen. Simonds),
Chief of the Air Staff (Air Marshal Curtis),
Vice-Chief of the Naval Staff (Rear Admiral DeWolf),
Chairman, Defence Research Board (Dr. Solandt),
The Deputy Minister of National Defence (Mr. Drury),
The Deputy Minister of Finance (Dr. Clark),
The Assistant Deputy Minister of Finance (Mr. Bryce).

(for discussion recorded in paragraphs 39 to 67)

The Under-Secretary of State for External Affairs
(Mr. Heeney),
Director, International Economic Relations
Department of Finance (Mr. Deutsch).

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Governor General; departure of Lord Alexander and arrival of Mr. Massey; arrangements

1. The Prime Minister, referring to the discussion at the meeting of January 23rd, 1952, said Lord Alexander planned to leave Ottawa for Halifax at 2.00 p.m. on February 16th. In accordance with custom a special train would be provided. Members of the government would gather at the Union Station in Ottawa at 1.45 p.m. on that day and Senator Robertson would accompany Lord Alexander to Halifax where he would embark at 5.00 p.m. on February 17th.

Mr. Massey's present plan was to arrive in Halifax from the United Kingdom the same day. An R.C.A.F. plane would take Mr. Massey to Trenton. An appropriate official, possibly Mr. Howard Measures, would be in Halifax for Mr. Massey's arrival and Lord Alexander's departure. The Lieutenant-Governor of Nova Scotia might invite Mr. Massey to his residence during the day of February 17th.

2. The Minister of National Defence reported that, as requested by Mr. St-Laurent, he had looked into the question of Mrs. Lilias Newton painting a portrait of Lord Alexander before he left Canada. Mrs. Newton felt she would probably be able to do this in the short time remaining and it was now planned that she discuss the matter with Lord Alexander on the afternoon of February 7th.

3. The Cabinet, after further discussion, noted with approval:

(a) the report of the Prime Minister regarding arrangements for the departure from Canada of Lord Alexander and for Mr. Massey's arrival from the United Kingdom;

(b) the report of the Minister of National Defence that arrangements had been made for Mrs. Lilias Newton to discuss with Lord Alexander the question of her painting his portrait prior to his departure.

Canadian Federation of Agriculture; interview with the government

4. The Prime Minister reported that the Canadian Federation of Agriculture had requested an interview with the government on March 6th or 7th.

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5. The Cabinet noted the report of the Prime Minister and agreed that members of the government would receive a delegation from the Canadian Federation of Agriculture in Mr. St-Laurent's office in the East Block at mid-day on either March 6th or 7th, 1952.

Labour organizations; interviews with the government

6. The Prime Minister reported that the Canadian Congress of Labour had asked for an interview with the government during the week of March 10th.

7. The Minister of Labour suggested that this request be considered in conjunction with requests from other labour organizations which had asked for interviews prior to, or at the beginning of, the next session of Parliament.

8. Mr. St-Laurent said that it would not be possible to receive any of these groups before the beginning of the session and suggested that Mr. Gregg work out appropriate plans for delegations to meet with members of the government.

9. The Cabinet, after further discussion, noted the report of the Prime Minister and agreed that the Minister of Labour prepare appropriate plans for delegations from the Canadian Congress of Labour and other Canadian labour organizations to meet with members of the government after the opening of the next session of Parliament.

Colombo Plan; second Canadian contribution

10. The Secretary of State for External Affairs, referring to the discussion at the meeting of February 12th, 1951, said it was proposed that, as in the fiscal year 1951-52, Canada contribute in 1952-53 $25 million for economic assistance under the Colombo Plan. The plan was working well and the 1951-52 contribution, which had been allocated to India and Pakistan, was being spent in very useful ways. These two countries had been working out their plans for the use of counterpart funds in collaboration with Canadian authorities. Other countries had made commitments in connection with the plan on the scale anticipated, and the United States had become a full member of the Consultative Committee

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on the Economic Development of South and South East Asia.

The Committee would be meeting in Karachi in March and it was planned that member countries be represented by cabinet ministers. As Canada should be represented, the composition of the Canadian delegation would have to be discussed shortly.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 5, 1952 - Cab. Doc. 35-52).

11. The Minister of Trade and Commerce doubted that any of the funds to be provided for 1952-53 should be used for grain shipments.

12. The Minister of Finance believed that part of the second Canadian contribution would probably be allocated to Ceylon. Since long-term projects were involved, the vote covering this contribution shouldbe one that would not lapse after March 31st, 1953.

13. The Cabinet, after further discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that, subject to Parliamentary approval, a contribution of $25 million for the fiscal year 1952-53 be made towards economic assistance under the Colombo plan, this amount to be covered by a vote that would not lapse at the end of the said year.

Greek relief; gift of No. 5 wheat

14. The Secretary of State for External Affairs, referring to the discussion at the meeting of November 16th, 1951, reported that, as the population of the villages of northern Greece was on the verge of starvation, various organizations in Canada had made appeals for a gift of No. 5 wheat similar to that made in November by the Greek War Relief Fund. At that time the U.S. Economic Assistance Administration had given an undertaking to the Fund to provide ocean transportation at its expense. The Canadian Red Cross Society had now indicated that, if the government would contribute 503,000 bushels of No. 5 wheat, at a cost of some $825,000, it would, subject to the above-mentioned undertaking regarding ocean transportation, arrange for the milling of the wheat in Canada and its transportation to seaboard.

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It would also guarantee that the flour would be properly distributed by representatives of the Greek Red Cross Society.

On humanitarian grounds, he recommended, with the concurrence of the Minister of Trade and Commerce, approval of these proposals subject to certain conditions.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 5, 1952 - Cab. Doc. 36-52).

15. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs, concurred in by the Minister of Trade and Commerce, and agreed that:

(a) a gift of 500,000 bushels of No. 5 wheat, at a cost of approximately $825,000, be donated immediately to the Canadian Red Cross Society for milling into flour as a contribution to famine relief for Greece, on the understanding that it be ground in the Western Division mills as defined in the Canada Grain Act, 1930, and that the Society be requested to call for tenders in letting the flour contract; and,

(b) provision for the necessary funds be made in the final supplementary estimates of the Department of External Affairs for the fiscal year 1951-52; the Wheat Board to be requested to supply the wheat on this understanding.

International Wheat Agreement; negotiations for renewal

16. The Minister of Trade and Commerce, referring to the discussion at the meeting of July 31st, 1951, submitted a memorandum it was proposed to present to the Special Committee of the International Wheat Council. This indicated Canadian support for renewal of the International Wheat Agreement provided price provisions in the new agreement were such that wheat prices would become and could remain equitable in relation to the general price level, that it would facilitate negotiations if member

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countries made known as soon as possible the quantity commitments they proposed to include in the agreement and if non-member countries were not invited to participate in negotiations until this information was available, and that a Canadian delegation would be sent to the special session of the Council in April when it was proposed that the new agreement be signed.

The memorandum was circulated.

("Canadian memorandum on renewal of the International Wheat Agreement", undated; Cab. Doc. 38-52).

17. The Cabinet, after discussion, approved the recommendations of the Minister of Trade and Commerce and agreed that:

(a) a memorandum, regarding negotiation of a renewal of the International Wheat Agreement, in the terms submitted by the Minister, be communicated to the Special Committee of the International Wheat Council;

(b) the position be taken that it was at the request of Canadian wheat producers that the government was seeking renewal of the agreement with certain modifications; and,

(c) Mr. Howe organize a delegation of some nine persons to attend the Special Session of the Council; the delegation to include four persons to be nominated by the Canadian Federation of Agriculture and four government officials.

Commonwealth Division and Canadian Brigade in Korea; command

18. The Minister of National Defence reported the possibility that a new Commander would have to be found shortly for the Commonwealth Division in Korea as it was expected that the present Commander, Major-General Cassels, would be taking up duties elsewhere. He recommended that command of the Division be not assumed by a Canadian.

19. The Secretary of State for External Affairs thought Canada should nevertheless be informed of proposals for a successor to General Cassels before a new Commander was selected.

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20. Mr. Claxton said the Chief of the Imperial General Staff would consult the Chief of the General Staff in advance of any decision.

Brigadier Rockingham, Commander of the 25th Brigade, would be returning from Korea in the near future and, after some six months in Canada, would be attending the Imperial Defence College.

21. The Prime Minister agreed that a Canadian should not assume command of the Commonwealth Division since this would be likely to involve Canada in increased responsibilities for keeping the Division up to adequate strength.

The choice of Brigadier Rockingham's successor would be influenced by the progress of the armistice negotiations. If these broke down and a serious Communist assault developed, it might be necessary to reconsider the plan to have Brigadier Rockingham return to Canada.

22. The Cabinet, after further discussion:

(a) approved the recommendation of the Minister of National Defence and agreed that a Canadian should not succeed the outgoing U.K. Commander of the Commonwealth Division in Korea but noted that Canadian authorities concerned would be consulted before other Commonwealth countries selected a successor;

(b) noted with approval the Minister's report regarding future plans for the Commander of the Canadian Brigade in Korea, recognizing that his return to Canada might have to be reconsidered if the situation in Korea deteriorated seriously.

N.A.T.O.; meeting of Military Committee; position of Canadian Chairman

23. The Minister of National Defence said the Chairman, Chiefs of Staff Committee, would be chairman of the forthcoming meeting of the North Atlantic Military Committee. This Committee would be discussing, inter alia, the participation of Greece and Turkey in the military side of N.A.T.O. In the course of the discussions, the question of the proposed Middle East Command, while not on the agenda, might possibly be raised. It would perhaps be desirable to give General Foulkes instructions as to the position he should take.

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24. The Prime Minister felt it would be undesirable for Canada to become responsible for the implementation of decisions regarding the Middle East Command.

25. The Cabinet, after further discussion:

(a) noted the report of the Minister of National Defence that the Chairman, Chiefs of Staff Committee would be chairman of the forthcoming meeting of the North Atlantic Military Committee, whose agenda included the participation of Greece and Turkey in the military side of N.A.T.O.;

(b) agreed that, should the question of the Middle East Command be raised at the meeting, General Foulkes should not express a Canadian opinion on the matter.

Canadian Brigade in Germany; financial arrangements

26. The Minister of National Defence, referring to discussions at the meeting of December 20th, 1951, said arrangements were being made to reimburse Germany for costs incurred in the maintenance of the 27th Brigade, in accordance with the approved policy that the presence of the brigade would not increase occupation costs. No decision had yet been made as to payment by Canada of such costs after the entry into force of contractual arrangements presently under negotiation between the West German government and the three Occupying Powers. The Minister of Finance had expressed the view that Canada should pay the costs of maintaining the Brigade in the post-occupation period.

It was proposed that arrangements be made, if possible, to pay for accommodation in Germany on a rental or user basis rather than as a contribution to capital costs of construction. It was believed the Occupying Powers were agreed that arrangements with Germany should require a maximum German financial contribution to North Atlantic Treaty forces in Germany until the German defence effort reached a level comparable to that of other N.A.T.O. countries, and that this financial contribution should not be smaller if Canada decided to meet costs of its own forces. Canada should now indicate its position on the question of accepting some share of the German contribution.

(Minister's memorandum, Feb. 5, 1952).

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27. The Secretary of State for External Affairs thought it might be reasonable for Canada to accept a share of the proposed German contribution, which would not be a contribution to the occupation forces but part of the German defence effort on behalf of N.A.T.O.

28. The Minister of Finance considered that, in the interests of retaining the good will of the German people towards the Canadian troops and of maintaining this country's traditional policy of paying its own way, Canada should assume the maintenance costs of the 27th Brigade in the post-occupation period. He was not opposed, however, to Germany assuming the capital costs of accommodation required by Canada on the understanding that Canada would pay Germany for the use of such accommodation.

29. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed that the Allied High Commission in Germany be advised that Canada planned to meet the costs of maintaining the 27th Brigade in Germany in the post-occupation period, as at present, but that it would propose to pay Germany for the use of accommodation required by it rather than make a contribution to the capital costs of such accommodation.

N.A.T.O.; reorganization; relationship to Germany

30. The Secretary of State for External Affairs, referring to discussion at the meeting of December 4th, 1951, said certain proposals for changes in the North Atlantic Treaty Organization would be placed before the N.A.T.O. Council at its forthcoming meeting in Lisbon. The main changes contemplated were abolition of the Council Deputies and creation of a Council in continuous session, with Ministers attending only when required; appointment of a Director-General or Secretary-General who would also be vice-chairman of the permanent Council and might be of ministerial experience; and selection of London or Paris as the permanent headquarters for most N.A.T.O. organs.

Creation of a permanent Council would necessitate appointment of a full-time Canadian representative and delegation. The U.S. government considered the Secretary-General should not be an American. The preliminary Canadian position taken

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on the question of concentrating N.A.T.O. agencies in one capital was that, on balance, Paris would be the best site.

31. The Minister of National Defence felt the change in the organization of the Council should be duplicated on the military side, with the Military Committee in permanent session but normally attended by representatives of its members.

32. Mr. Pearson thought it difficult to foresee what would happen if there were a failure to agree on the future position of Western Germany. The United States would like it to become a member of N.A.T.O. and, while French opinion in the matter had evolved considerably during the past year, the French government was opposed to such a step being taken until the problem of Germany's boundaries was settled and the French public was further prepared. If Germany was to collaborate in Western defence, it would probably want to participate in policy forming and might want an undertaking that its eastern boundaries, even those of the pre-1945 period, would be defended.

33. The Prime Minister said that, although it would not be possible to agree to defend the old German borders, the remainder of the price Germany was now setting for its collaboration in defence was no higher than that anticipated for some time and no more than would have to be paid.

34. The Cabinet, after further discussion:

(a) noted with approval the report of the Secretary of State for External Affairs regarding proposals for changes in the North Atlantic Treaty Organization that would be placed before the N.A.T.O. Council at its forthcoming meetings in Lisbon; and,

(b) noted the Minister's report as to problems being encountered in negotiations regarding the relationship of Germany to Western defence arrangements.

German war criminals; custody and clemency

35. The Minister of National Defence, referring to discussion at the meeting of January 23rd, 1952, said it was expected that provision for the

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custody and exercise of clemency in respect of all German war criminals would form part of the contractual arrangements being negotiated by the three Occupying Powers with the West German government. This question was now under discussion by the Allied High Commission. The U.K. view was that Germany should undertake custody of all war criminals and that there should be established clemency tribunals composed in each case of representatives of the convicting power, Western Germany and a neutral state. The U.K. government had enquired whether Canada wished at this juncture to indicate its views on these proposals.

He felt the U.K. government should be informed that Canada would be glad to consider any agreement regarding custody and clemency arrived at by the Occupying Powers and the West German government but that it hoped this agreement would provide for responsibility for continued detention and custody to be vested in an international body rather than the German government; for this body to be empowered to consider each sentence and advise the country which had imposed it as to the exercise of clemency; and for the power to exercise clemency to remain with the government originally responsible for the conviction and sentence.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 23, 1952 - Cab. Doc. 37-52).

36. The Secretary of State for External Affairs believed this was a reasonable approach to the matter, but it should be recognized, in the light of the U.K. views, that the Occupying Powers might not conclude an agreement along the lines proposed by Mr. Claxton.

37. The Minister of Fisheries suggested it would be preferable not to indicate to the U.K. government a readiness to consider any agreement concluded by the Occupying Powers.

38. The Cabinet, after further discussion, noted the proposals of the Minister of National Defence and agreed that:

(a) Kurt Meyer and Johann Neitz should remain in Germany in the post-occupation period

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provided arrangements were concluded for custody and the exercise of clemency in respect of German war criminals that were acceptable to the government;

(b) the High Commissioner in London be asked to inform the U.K. government that the Canadian views regarding custody and clemency in the post-occupation period were as follows: responsibility for continued detention and custody of war criminals should be vested in an international body rather than the West German government; this body should be empowered to consider each sentence and to advise the country which had imposed it as to the exercise of clemency; the power to exercise clemency should remain with the government originally responsible for a conviction and sentence; and the international body should have no power to investigate or make recommendations as to the legality of convictions or sentences.

Defence programme to April 1st, 1955

39. The Minister of National Defence, referring to the discussions at the meetings of November 12th, 1951 and January 17th, 1952, tabled a revised defence programme for the period up to April 1st, 1955 and, in addition, presented a number of charts in explanation of various aspects of the programme.

(Memorandum, Department of National Defence, "Mark V", Feb. 4, 1952).

Mr. Claxton recalled that in February, 1950 it had been agreed that a total of $425 million be spent in the fiscal year 1950-51 on the military programme which, at that time, really involved only the defence of Canada and preparations for mobilization. With the outbreak of war in Korea in June, 1950, however, it had been agreed to increase the programme with a view to providing forces to the United Nations and, with the acceptance of the North Atlantic Treaty Medium Term Defence Plan in October of that year, the Cabinet had approved the making of a number of commitments to N.A.T.O. The defence programme for the four years up to April 1st, 1955 submitted to the Cabinet on January 24th, 1951 and approved on February 22nd, 1951, had consequently set forth the

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requirements for the defence of Canada, mobilization, the support of the U.N. action in Korea and the fulfilment of Canada's commitments to N.A.T.O. The main change in the programme since February, 1951 (incorporated in the revised programme now submitted) had been the provision of a full brigade group, rather than a battalion, in Korea which the government had approved after the Chinese intervened.

In respect of the Navy, the present "Mark V" programme indicated the ships and men required to meet Canada's commitments under the North Atlantic Ocean Region Plan and for the defence of coastal waters. It was expected that these requirements could be substantially met by the N.A.T.O. target date of July, 1954, although the naval manpower target for March 31st, 1954 was 1,430 lower than the optimum requirement of 20,450 because it was felt unlikely that the full number could be trained with the facilities presently planned. It would be noted that by March, 1955, 45 percent of naval manpower would be operational.

The Army sections of "Mark V" made provision for the defence of the Canada-United States region and for the fact that Canada was now committed to provide the one-third of a division already in Europe and to build up in Canada an additional two-thirds of a division, including headquarters and other troops for a division, on the understanding that, if the troops committed to the Korean action became available for the build up of this division, the remaining two-thirds of it could be in Europe by D-Day plus transportation time in 1954.

There would be 20,499 men - more than the strength of a division - in the 25th and 27th Infantry Brigades and their replacement groups by March 31st, 1952. Since, however, some of these were committed to Korea, they were not at present all available for the build up of the first division. Of the expected 47,990 men in the Army Active Force on March 31st, 1952, over 60 percent would be troops in fighting formations. The strength of the two brigade groups and their replacement groups would increase to 23,188 at March 31st, 1953; 25,538 a year later; and 27,685 at March 31st, 1955. Between March 31st, 1953 and March 31st, 1955 there would be an increase of only 189 in the personnel required for local defence, training, and command and administration in Canada. The appropriate size of army divisions had still to be decided upon by N.A.T.O. While Canada was

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committed to provide a second division in Europe some time after D plus 180, this would only be raised if and when an emergency occurred. The two divisions would presumably be formed into a corps. Consequently, planning should provide for this taking place at some time subsequent to D plus 180.

It was now planned to modify the programme for building up mobilization stores included in the four-year programme approved in February, 1951. Orders for such stores would be confined to minimum requirements up to D plus 90.

The Air Force portions of "Mark V" made provision for the defence of Canada, the Korean airlift and the commitments to train N.A.T.O. aircrew (an annual output of 1452) and to provide a fighter division in Europe by 1954. The programme took into account the government's recent decision to provide in Europe 12 fighter squadrons with 300 aircraft, rather than 11 squadrons with 203 aircraft, by reducing planned aircraft reserves. It was hoped that this could be done without it being necessary to find an additional 1,760 men for the expanded air division as previously reported. Each air training school would have 300 students at a time rather than the 240 handled during the war.

All 790 F-86 aircraft required for the R.C.A.F. would be delivered by September, 1953. Production would shortly commence on the 395 F-86 airframes to be provided to the United Kingdom as mutual aid. Formal acceptance of the proposal that the United States provide the engines and other government-furnished property for these airframes had been indicated. It was planned to sell 60 F-86's to the United States during the next six months for a total of some $25 million. The programme tabled indicated the build up of the projected 41 R.C.A.F. squadrons and the stocks of aircraft that the R.C.A.F. would have on hand at various stages up to April 1st, 1955.

In reviewing the various elements of the air defence programme, he said two of the radar stations in the Canada-U.S. network for which Canada was responsible were now almost ready, and good progress was being made on the remainder of those being constructed at Canadian expense. The auxiliary fighter squadrons could be fully operational some two months after the outbreak of a war. In due course he would be raising for review the whole anti-aircraft gun defence programme.

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Mr. Claxton said, as regards manpower, the ceilings now proposed for the forces at March 31st, 1955 were: Navy - 20,450; Army - 57,733; and R.C.A.F. - 44,200. In addition, to complete the build up of the R.C.A.F. by March 31st, 1955 and maintain it at full strength thereafter, it would be necessary, beginning in 1953-54, to enlist and carry on strength 3,500 air and ground trainees beyond those included in the ceiling mentioned.

For planning purposes it was assumed that at least 25 percent of the 25th Brigade and 50 percent of the 27th Brigade would re-inlist on expiry of their terms of enlistment. Between July 31st, 1950 and January 31st, 1952, the number of officers and men in the forces had increased by: Navy - 39.2 percent; Army - 132.1 percent; Air Force - 79.9 percent; the three services - 94.8 percent. Considering all the circumstances, it was felt that it should be possible to raise the men required to complete the programme submitted. The greatest difficulties would arise in connection with doctors and junior officers. Total wastage in the three services between October 1st, 1946 and December 31st, 1951 had been 26,289 men and consideration was being given to the creation, from those whose terms of engagement had been or would be terminated, of a group of reservists available for immediate recall to active units.

"Mark III" of November 7th, 1951, considered by the Cabinet Defence Committee on November 8th, had envisaged total Department of National Defence cash disbursements of $2.455 billion (including about $225 million on the already approved mutual aid programme) in 1952-53, or total cash disbursements on defence by all departments of about $2.6 billion in the fiscal year 1952-53. The programme now submitted reflected a reduction of these figures to $2.251 billion and approximately $2.4 billion respectively (the former figure still including $225 million for mutual aid).

It had been suggested, however, that expenditures in 1952-53 be limited to $2 billion, this sum to cover not only the National Defence and approved mutual aid programmes but also the Department of Defence Production programme ($100 million). In the circumstances, a screening committee consisting of the Deputy Minister of National Defence, the Chairman, Chiefs of Staff Committee and the Assistant Deputy Minister of Finance (Mr. Bryce), had reviewed "Mark V" and reached the tentative conclusion that reductions on approximately the following scale could be made:

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	Construction and Equipment (Millions)	Operating Costs (Millions)	
R.C.N.	-	4	
Army	49	6	
R.C.A.F.	67	21	
	116	31	147

Assuming it proved possible to make these economies which would reduce the figure for the National Defence and mutual aid programmes from $2.251 billion to $2.104 billion, it would probably still be possible to carry out all Canada's military commitments. It was, however, felt that it would be impossible to carry out further reductions to an amount of $204 million in order to compress expenditures within the figure of $1.9 billion (that had been suggested for the National Defence and mutual aid programmes) and at the same time fulfil the country's military commitments.

It had been estimated that the original figure of $2.251 billion for 1952-53 would be spent as follows: Defence Construction Limited - $175 million; Central Mortgage and Housing Corporation - $50 million; Department of Transport - $25 million; Department of Defence Production - $1.39 billion; Department of National Defence - $611 million. It could thus be seen how little of the total was directly under the control of his department.

The latter estimated that by March 31st, 1952, it would have spent $1,439,159,000 of the military and mutual aid appropriations for 1951-52 totalling $1,609,308,000.

40. The Minister of Finance said the figure forecast by his department for these expenditures was about $1.3 billion.

41. Mr. Claxton pointed out that the main causes of under-spending in the current fiscal year had been the non-delivery of items ordered in the United States and difficulties encountered in the construction programme. The revised programme tabled indicated that 86 percent of procurement and production costs in 1952-53 would represent carryover from 1951-52 and that 78 percent of construction costs in 1952-53 would represent carryover from the present fiscal year.

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42. The Cabinet, after further discussion, noted the revised defence programme for the period up to April 1st, 1955, submitted by the Minister of National Defence, reserving for discussion later in the day, in connection with the report of the Temporary Council Committee, the question of the amount to be devoted to defence in the fiscal year 1952-53.

N.A.T.O.; Temporary Council Committee report; Canadian position

43. The Minister of Finance, referring to the discussion of the defence programme earlier in the day and the consideration given to the Temporary Council Committee report at the meeting of January 14th 1952, said that on February 6th the T.C.C. would begin a further series of meetings in preparation for the submission of its report to the North Atlantic Council whose next session was at present expected to begin on February 16th. As Mr. Wilgress, the High Commissioner in London, would represent Canada at the T.C.C. meeting the following day, it was urgent to send him instructions regarding the Canadian position with respect to the T.C.C. report and supplementary documents.

It would be recalled that, when material on Canadian defence and mutual aid expenditures in the fiscal year 1952-53 had been submitted to the Executive Bureau of the T.C.C., it had been indicated that the maximum figure would be $2.4 billion, although Canada was prepared to consider readjustments of its programme within that ceiling. It had been made clear that this figure was preliminary and the cost of the programme would continue to be examined with a view to achieving further economies. When the Bureau had then suggested that Canada provide "economic" assistance to European countries the had indicated that this would be impossible. In drafting the T.C.C. report the Bureau, nevertheless, had proposed in the Canadian annex thereto that, in 1952-53, Canada spend $2.4 billion on defence and also provide additional assistance to the amount of $250 million, largely in the form of economic aid. When the T.C.C. had subsequently circulated the draft report to governments for consideration, Canada had submitted a commentary indicating general agreement with the main report but stating, in connection with the Canadian annex, that $2.4 billion stood as the maximum figure for Canadian expenditures on defence and mutual

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aid and that it was not prepared to provide ecpnomic assistance although, should the needs of the alliance make such a course desirable, it would consider the provision of increased mutual aid within the maximum total provision to be made for defence expenditures.

He had subsequently intimated to the U.K. member of the T.C.C. that he thought it unfortunate for the additional figure of $250 million to have been arbitrarily included in the draft report despite the Canadian views on economic aid communicated earlier to the Executive Bureau, and that he hoped it would be possible to revise the country annexes in the light of the national commentaries and, in general, arrive at an agreed report. Belgium had submitted a very critical commentary on the report which had suggested substantial increases in its defence programme. With the possible exception of Denmark and Norway, the other N.A.T.O. countries had not been asked to make significantly larger defence contributions and their commentaries had been rather non-commital. The procedures followed in carrying out the analysis of national capabilities had been very unsatisfactory. The Executive Bureau had used techniques employed in U.S. Congressional committees and its membership had included no one with ministerial responsibilities.

In Paris during the previous week he had seen Mr. Draper, Mr. Harriman's chief representative in Europe. Mr. Draper had renewed the pressure for a greater Canadian contribution and the Canadian position regarding economic aid had again been explained to him. Mr. Draper and he had, however, discussed possible modifications in the wording of the Canadian commentary designed to assist Mr. Harriman in his representations to Congress. Mr. Harriman had subsequently indicated that any additional contribution Canada might make would be most helpful.

It had proved impossible to obtain agreement to modification of the country annexes, and it was expected that the material submitted to the next Council meeting would consist of the original T.C.C. report - including country annexes - the national commentaries and a supplementary report reviewing the main report in the light of the commentaries. It was hoped that countries could still make changes in their commentaries before the Council meeting and it was understood that, until submitted to the Council, the supplementary report, which had now been drafted, was subject to modification in the light of any national views expressed. It was expected that a draft resolution approving the T.C.C. report, not including the country annexes, would be submitted to the Council.

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44. The Secretary of State for External Affairs said the draft supplementary report had just been distributed to member countries and appeared generally satisfactory from a Canadian point of view. It pointed out that the T.C.C. procedures had been unsatisfactory and that reconciliation of N.A.T.O. defence requirements and national capabilities should, in future, be handled as part of the normal work carried on under the Council rather than as a special exercise which attracted undesirable attention.

45. Mr. Abbott pointed out that, in its commentary on the T.C.C. report, Canada had stated it might be able to increase its mutual aid contribution within the limits of the defence appropriation for 1952-53. Canadian mutual aid commitments for that year now stood at about $225 million. In discussions over the week-end between the Prime Minister, the Minister of National Defence, the Secretary of State for External Affairs and himself, the suggestion had been made that the commentary be modified to indicate that Parliamentary approval would be sought for the provision of additional mutual aid to the value of $100 million. This sum would be included in the estimates in such a way as to permit its use for the forces of N.A.T.O. countries or the Canadian forces, in the light of developing needs.

He had originally felt that $2 billion, including some $225 million for mutual aid and $100 million for defence production, would be an adequate figure for defence expenditures in 1952-53, representing as itwould about $600 to $700 million more than expenditures in 1951-52. As Mr. Claxton had made clear during the discussion of the defence programme earlier in the day, it would, however, be difficult to carry out the country's military and mutual aid commitments and cover defence production and additional mutual aid with $2 billion. In the circumstances, the proposal was that the figure for bugetary expenditures for defence be increased to $2.1 billion, so that $100 million in additional mutual aid could be provided. As the Department of National Defence would be spending in 1952-53 about $50 million more from the replacement fund than would be added to it in that year, total defence expenditures in 1952-53 (not including some $50 million for defence purposes in estimates of civil agencies) would, on above basis, amount to $2.15 billion.

The appropriations of civil departments for 1952-53 were expected to total at least $2.3 billion. With defence appropriations of $2.1 billion,

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the overall budget was likely to amount to roughly $4.4 billion. Tax receipts for the current year would be just over $4 billion and it appeared probable that, without any additional taxation, something like $4.3 to $4.4 billion would be collected in taxes during 1952-53. By the end of that year it might be found, however, that the National Defence programme cost would be more than that allowed for in a defence budget of $2.1 billion. In addition to the budgetary items, there were large cash requirements for housing loans and other non-defence items. It should therefore be recognized that it might be necessary to borrow up to $200 to $300 million beyond expected tax receipts in order to meet total cash requirements. He had indicated to Mr. Draper that the initial defence appropriation in 1952-53 would be in the general neighbourhood of $2 billion and that, if this sum proved insufficient to cover the National Defence commitments, there would have to be supplementary votes.

While there would have to be some modifications in the tax structure, there could be no question of an overall reduction in taxes in 1952-53.

46. The Prime Minister indicated his understanding of the proposal for additional mutual aid was that Canada would be free to draw on the $100 million to some extent if its share of infrastructure contributions were found unexpectedly high. It appeared desirable to provide an additional $100 million in mutual aid since Mr. Harriman had to be in a position to say that Canada had gone some way in accepting the recommendation of the T.C.C. At the same time, it should be clear in the estimates that this sum could be used for any commitments that might arise and that the total amount was not definitely committed to mutual aid from production. A Canadian mutual aid programme of some $325 million would compare satisfactorily with the expected U.S. programme of aid to N.A.T.O. countries.

47. The Minister of National Defence said that, while Canada had undertaken to carry out its physical programme, it had not given the T.C.C. a firm figure for the cost of that programme in 1952-53. He felt it would cost more than the $2 billion that had been proposed earlier (for the National Defence and mutual aid commitments and defence production), but this figure was satisfactory on the understanding that there wouldbe supplementary votes if necessary.

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Despite the care taken in presenting the Canadian position, the T.C.C. appeared to have concluded that Canada planned to spend on defence and mutual aid any portion of the maximum figure of $2.4 billion which, after screening, was found not to be required for the present military programme. It would therefore be necessary to make it clear during the forthcoming meetings that this was not the case.

The draft instructions to Mr. Wilgress suggested the additional $100 million might be devoted in part to further N.A.T.O. air training. On a number of occasions he had indicated that, with presently planned facilities, it might be possible to accept a few more N.A.T.O. trainees, but this could not be determined for some time. The reference to additional air training should therefore be deleted from the draft instructions.

48. Mr. Deutsch indicated that, in terms of the N.A.T.O. definition of defence budgets, Canadian budgetary appropriations for defence purposes of $2.15 billion, including $50 million for other departments, would represent $2.35 billion in total cash available, in view of a carryover of $200 million in the replacement fund, $150 million of which would not be spent in the next fiscal year.

49. The Minister of Defence Production believed that, according to opinions expressed to him, the public would not be in favour of an increased programme. He had heard a number of complaints about the present level of taxation.

50. Mr. St-Laurent thought that, as the figure of $2.4 billion had gained some currency, there was likely to be criticism that the government was failing to keep its word if the provision of the additional $100 million were not agreed to.

51. Mr. Abbott felt there would be little criticism to this effect in Canada and that the Canadian public would, in fact, get something of a shock when it found that the national budget stood at about $4.4 billion. At the same time, any additional contribution Canada made would serve to relieve the burden being carried by the United States.

52. Mr. St-Laurent pointed out that, while he shared others' concern regarding the financial

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position, there was a psychological problem to consider. With underspending on the 1951-52 military programme and sizeable tax collections as a result of the increasing gross national product, there would be a surplus of about $500 million for 1951-52. The public, which did not fully appreciate such matters, would probably feel that the surplus should be devoted to the military programme in 1952-53. While most provinces might feel that the prospective national budget was high, they were also likely to take it as an indication that the government was not trying to placate any particular section of the country.

53. The Minister of Fisheries mentioned that, while there was considerable development work going on in British Columbia, this was having the effect in the interior of the province of forcing up wages in the pulp and lumber industries, farming and fruit-growing. There would not be the overall prosperity in the province in 1952 that might appear to be in prospect. A $4.4 billion national budget was likely to cause concern there. He doubted that the corporation tax would yield as much in 1952-53 as it had in 1951-52. Canadian merchants were already finding their business falling off.

54. The Minister of Resources and Development thought few people in Canada felt the country was not already doing enough in the defence field.

55. Mr. St-Laurent said that, on the other hand, those who felt Canada was not carrying a fair share of the burden were likely to be the most vociferous.

56. Mr. Howe believed the public were now more hopeful that there would be no war, were beginning to question the need for a large defence programme and were showing less inclination to make sacrifices.

The United Kingdom was making serious cuts in its tobacco imports from Canada, would not be buying any Canadian apples or canned fish and would import less Canadian lumber. 1952 would not be a boom year for this country.

57. Mr. Pearson said the fact that the situation in Europe had improved appreciably during the past year was due mainly to the circumstance that the Soviet Union had concluded that the N.A.T.O.

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countries were determined to cooperate in building adequate defences. If there were any slackening of effort, the situation in Europe would again deteriorate. From the overall point of view, the improvement in Europe had been neutralized by the worsening situation in Eastern countries. The present prospect was that expenditures in the first three years of the Canadian defence programme would not be seriously out of line with the figures of $5 billion about which the country had known since the beginning of 1951. If Canada did not go some way towards meeting the recommendations of the T.C.C., there would be serious consequences for the future of the alliance.

58. The Minister of National Revenue thought the United States would decide on the scale of its assistance to European countries without regard as to whether Canada provided an additional $100 million.

59. Mr. Pearson said the purposes of this additional aid were to place Canadian mutual aid on a level comparable to that of U.S. assistance to N.A.T.O., provide some leeway for the Department of National Defence if it found $2 billion insufficient for its programme and prevent criticism that Canada had ignored all of the T.C.C. recommendations for increased Canadian contributions.

60. Mr. Claxton thought it should be recognized that his department was very unlikely to obtain use of much, if any, of the additional $100 million which would be devoted chiefly to transfers to other N.A.T.O. countries.

61. Mr. St-Laurent suggested that the central question was whether, in the light of international political considerations, Canada could afford not to provide the additional mutual aid now proposed.

62. Mr. Abbott said that, while he would naturally like to see government expenditures kept to a minimum, he did not think the T.C.C. recommendations could be totally ignored and felt it would be necessary to indicate a readiness to provide the additional mutual aid suggested. A defence budget of $2.1 billion would be the equivalent of 10 percent of the gross national product, whereas the United States would be devoting 16 to 17 percent of its G.N.P. to defence.

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63. The Minister of Mines and Technical Surveys thought there was some danger of neglecting the civilian side of the economy, particularly housing. There was now a slump in private building.

64. Mr. Winters pointed out that this year, in housing, it was no longer merely a question of finding materials and manpower, but that there were now also difficulties in obtaining loans.

65. Mr. St-Laurent said, as a result of lay-offs in some non-defence industries, there were substantial pockets of unemployment. It had been expected that most of these would be absorbed when the defence programme got into full swing. The economies in the military programme discussed earlier in the day were not likely to improve this position.

While it was true, as Mr. Mayhew had suggested, that it was desirable to preserve the country's strength against a possible emergency, the hope was that, by making some further sacrifices for defence at this time, the N.A.T.O. countries could deter aggression. If and when a war came, it would be so terrible that everyone in Canada would realize that they could spare no effort in meeting it.

There would be no point in agreeing to provide an additional amount of less than $100 million since an extra contribution of, say, $50 million would not have a sufficiently beneficial effect to offset the disadvantages of an increased Canadian burden.

66. Mr. Abbott believed it would be undesirable to mention to the T.C.C. the proposed budgetary figure of $2.1 billion. Instead, reference should be made to the ceiling of $2.4 billion already communicated to the Executive Bureau and the plan to provide an additional $100 million of mutual aid within that figure should be stressed.

67. The Cabinet, after considerable further discussion, noted the report of the Minister of Finance and:

(1) agreed that:

(a) apart from some $50 million for defence purposes to be included in the estimates of civil departments, the budgetary

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figure for expenditures on defence in 1952-53 be $2.1 billion, divided approximately as follows: Department of National Defence - $1.675 billion; Department of Defence Production - $100 million; present mutual aid commitments - $225 million; additional mutual aid - $100 million; on the understanding that the additional $100 million for mutual aid would be so shown in the main estimates as to make it possible to devote part of it, if necessary, to financing the Canadian military programme;

(b) the High Commissioner in London be asked to indicate to the Temporary Council Committee that:

(i) $100 million for mutual aid was being added to the mutual aid programme of some $225 million, within the maximum defence programme of $2.4 billion as submitted to the T.C.C. (no mention to be made of the possibility of this additional amount being used for N.A.T.O. air training);

(ii) transfers of mutual aid financed from the additional $100 million would be made in the light of the priority of the requirements of the Canadian and other N.A.T.O. forces;

(iii) it was considered important that the draft T.C.C. supplementary report be modified to take fully into account this and similar changes in country programmes;

(iv) it was desired to make associated changes in the Canadian commentary on the T.C.C. report; and

(c) it would also be made clear to the T.C.C. that Canada had never undertaken to spend any portion of the maximum figure of $2.4 billion that might prove not to be required for the present programme;

(2) noted that the Minister of National Defence was prepared to attend the Special Committee of Council, with appropriate officials of his department and the Department of Defence Production, to explain the programme for the build up of mobilization stores and equipment.

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Defence Production; resignation of Parliamentary Assistant

68. The Prime Minister mentioned that Mr. G. J. McIlraith, M.P. had been serving for some time in the dual capacity of Parliamentary Assistant to the Minister of Defence Production and Parliamentary Assistant to the Minister of Trade and Commerce. The volume of work involved was such that he had to devote his full time to his duties as Parliamentary Assistant to the detriment of his law practice and he had consequently requested that he be allowed to resign. After further consideration, however, Mr. McIlraith had agreed to remain as Parliamentary Assistant to the Minister of Trade and Commerce.

69. The Cabinet, after discussion, agreed that an Order in Council be passed accepting the resignation of Mr. G. J. McIlraith, M.P. as Parliamentary Assistant to the Minister of Defence Production.

(Order in Council P.C. 733, Feb. 5, 1952).

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

FEBRUARY 6th, 1952

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Items discussed

Death of the King; notification; proclamation 1.

Arrangements relating to the death of the King 2.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, February 6th, 1952, at 12.00 noon.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

Death of the King; notification; proclamation

1. The Prime Minister read a letter from the Assistant Secretary to the Governor General conveying information received from Buckingham Palace of the death of His Majesty King George VI.

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2. The Secretary of State submitted recommendations for two Proclamations.

3. The Cabinet approved the recommendations of the Secretary of State and agreed that Proclamations be issued:

(a) announcing the demise of His Late Majesty King George VI and the accession of Her Majesty Queen Elizabeth II; and,

(b) in accordance with the provisions of the Demise of the Crown Act, authorizing all persons in office as officers of Canada who held commissions under the late Sovereign, functionaries who exercised any profession by virtue of any such commission and judges of the federal or provincial courts to continue in the exercise of their functions, and directing the incumbents to take the Oath of Allegiance as soon as possible;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 737 and P.C. 738, Feb. 6, 1952.)

Arrangements relating to the death of the King

4. The Prime Minister read the text of a telegram he proposed to send to the new Queen. A similar telegram would also be sent to Queen Elizabeth at Sandringham. He would also make a statement to the press.

In 1936 and 1910 a national day of mourning had been proclaimed for the day of the funeral of the King. It was recommended that a similar course be taken and an appropriate proclamation issued as soon as the day of the funeral was known.

In 1936, the Centre, East and West Blocks had been draped from the day of the King's death until February 8th, which was the Saturday following the opening of Parliament. Public buildings in the United Kingdom had not been draped. Notwithstanding the practice adopted in the United Kingdom on that occasion it was recommended that the precedent of 1936 in Canada be followed.

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There had been no well co-ordinated practice in 1936 with regard to mourning stationery. In the United Kingdom a Treasury Circular had been sent to all government departments stating the King's wishes that they should not in general use black-edged note paper during the period of court mourning. The circular had added:

> "Departments should, however, use black-edged paper for submissions to The King and may use it at their discretion when communicating for example with:
>
> (a) Officers of the Royal Households;
>
> (b) The representatives of foreign Governments in this country or abroad;
>
> (c) His Majesty's representatives overseas.
>
> (d) The Governments of the Dominions, and Australian States, and Government of India, and their representatives in London;
>
> (e) Foreign persons in high official or semi-official positions, whether resident in this country or abroad;
>
> (f) Persons in high official or semi-official positions in the Dominions, and in India, and in the Colonies, Protectorates and Mandated Territories."

Since the U.K. practice in 1936 had been based on the personal wishes of the King, it was recommended that a similar procedure be followed in Canada on the present occasion unless and until intimation was received of wishes to the contrary by the Queen.

So far as ceremonies on the day of the funeral of the King were concerned, there had not in 1901, 1910 or 1936 been any official memorial services. The decision to this effect in 1901 had been based on the fact that there was no state church in Canada and, accordingly, there should not be a state service. In 1910 a brief public ceremony had been held at the foot of the Tower on Parliament Hill attended by the Governor General and members of the government. It consisted of three minutes of silence and the playing of the Funeral March, the Dead March and God Save the King. The season made such a service impossible in 1936. On that day the following measures were taken in observance:

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1. The great bell in the carillon was tolled at one minute intervals from 9.30 a.m. to 10.40 a.m.;

2. From 1.00 p.m. to 1.25 p.m. the carillon played the Funeral March by Chopin, and Abide with Me;

3. At 1.30 p.m. there was a period of two minutes silence;

4. From 3.00 p.m. to 4.10 p.m. a salute of minute guns was fired;

5. Seventy minute guns (one for each year of the late Sovereign's age) were fired, terminating at Sunset, in Ottawa and at other Flag Points throughout the country.

In addition, the Canadian Legion held a memorial service in 1936 which was attended by the Governor General, the Prime Minister and members of the government. It was for consideration whether the same procedure as in 1936 should be followed or whether, in addition, there should be any official ceremonial in which members of the government could participate.

5. The Cabinet noted the remarks of the Prime Minister and, after considerable discussion, agreed that:

(a) messages be sent and a statement to the press be made as proposed;

(b) the Centre, East and West Blocks be draped as in 1936;

(c) the practice with regard to the use of mourning stationery be in accordance with the wishes expressed by the King in 1936 and that, accordingly, black-edged note paper be used only in departmental submissions to the Queen or the Administrator; official correspondence from Government House; official communications to governments of other countries or their representatives; official communications to the governments of the provinces; and official communications by the Prime Ministerin cases of a similar character;

(d) a committee under the chairmanship of the Under-Secretary of State prepare a programme based on the proceedings of 1936 to mark the day of mourning on the occasion

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of the funeral of the late King, including plans for an official ceremony to be held at the National War Memorial similar in character to that held on Parliament Hill in 1910; the ceremony to include the laying of a wreath on behalf of the government.

N. A. Robertson,
Secretary to the Cabinet.

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QUEEN'S PRIVY COUNCIL FOR CANADA

NOTE ON MEETING HELD ON

FEBRUARY 6th, 1952

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NOTE FOR FILE AND FOR CABINET CONCLUSIONS

Meeting of the Queen's Privy Council for Canada
on the occasion of the death of His Majesty
King George VI

Word of the death of King George VI was received in Ottawa at about 6.00 a.m. E.S.T. on Wednesday, February 6 from newspaper sources. (The announcement in London had been made at 10.45 a.m. G.M.T., or 5.45 a.m. E.S.T.) A meeting of the Cabinet was called for 12 o'clock noon. The following Ministers were present, all of whom had subscribed to new Oaths of Allegiance before taking part in the meeting:

The Prime Minister (Mr. St-Laurent),
The Minister of Trade and Commerce and
Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate,
(Senator Robertson),
The Minister of Fisheries (Mr. Mayhew),
The Secretary of State for External Affairs,
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State (Mr. Bradley),
The Minister of Veterans Affairs (Mr. Lapointe),
The Postmaster General (Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Prime Minister read a letter from the Assistant Secretary to the Governor General giving the text of a message from the Private Secretary to the King conveying the information about the King's death.

The Secretary of State submitted recommendations for two proclamations. One was to proclaim the death of King George VI and the accession of Queen Elizabeth II. The second proclamation was in accordance with the requirements of the Demise of the Crown Act. It would direct public officers to continue in the discharge of their functions but require those acting under commissions to take Oaths of Allegiance as soon as possible.

The meeting resolved into a meeting of the Committee of the Privy Council at which the Orders in Council were approved and signed by the Prime Minister.

At 12.15 p.m. the following members of the Queen's Privy Council for Canada not of the Cabinet were admitted to the Council Chamber:

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The Honourable J.H. King
The Honourable C.G. Power
The Honourable J.A. MacKinnon
The Honourable J.T. Thorson
The Honourable L.R. Lafleche
The Honourable A.G.L. McNaughton
The Honourable Thomas Vien
The Honourable C.J. Burchell
The Honourable F.E. Bronson
Field Marshal Lord Alexander

Of the above Privy Councillors, some were normally resident in Ottawa. Others had come to Ottawa for the dinner in honour of the former Governor General, Field Marshal Viscount Alexander, which had been held on the evening of February 5. Invitations to the meeting had been extended by telephone to all members of the Privy Council who were known to be in Ottawa.

The Prime Minister informed the meeting of the information from the Private Secretary to the King of the death of King George VI. He said that, in accordance with precedent and with the requirements of the Demise of the Crown Act, the Committee of the Privy Council had approved recommendations to the Administrator for the issue of two proclamations.

The Prime Minister then read the Minute of Council recommending that a proclamation issue of the death of King George VI and the accession of Queen Elizabeth II and the text of the proclamation. He said that he trusted the words in the proclamation "assisted by Her Majesty's Privy Council for Canada" carried the concurrence of the members of the Privy Council then present.

The Prime Minister then read the Minute of Council recommending that a proclamation issue in accordance with the Demise of the Crown Act and the text of the proclamation. He said that he trusted that the words in the proclamation "by and with the advice of Our Privy Council of Canada" carried the concurrence of the Members of the Privy Council then present.

Following the reading of the proclamations, the Prime Minister said that, while there was no legal requirement that members of the Privy Council other than Cabinet Ministers should take a new Oath of Allegiance following the death of a Sovereign, in 1936 a number of Privy Councillors had wished to do so and had taken new Oaths. The Privy Councillors present could subscribe to Oaths of Allegiance before the Clerk of the Privy Council in the Ante-Chamber if they so desired.

Senator James H. King, as the senior Privy Councillor present, expressed to the Prime Minister the appreciation of the members of the Privy Council not of the Cabinet at their being invited to attend the meeting to hear the reading of the recommendations to the Administrator and the proclamations. All the Privy Councillors not of the Cabinet then proceeded to the Ante-Chamber and subscribed to the Oath of Allegiance in order of seniority.

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Following the meeting of the Privy Council, a meeting of the Cabinet was held until 1.00 p.m.

R.G.R.

Ottawa,
February 8, 1952

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CABINET CONCLUSIONS

Meeting

February 12th,1952

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Items discussed

Day of Mourning for King George VI; national ceremony 1.

Parliament; Opening; Speech from the Throne; mover and seconder 2.

Parliamentary Assistant; Defence Production; appointment 2.

Atomic energy; establishment of crown company 3.

National Research Council; appointments 3.

Period of Court Mourning; dress for officers of the government service 4.

U.S. military purchases in Canada; agreement 4.

U.S. import restrictions on dairy products; retaliation 5.

Legislation; Canadian Forces bill 6.

Legislation; Emergency Gold Mining Assistance Act 7.

Legislation; submission of bills to the Department of Justice for drafting 7.

Price support for hogs 7.

C.N.R. branch line, Terrace - Kitimat, B.C. 9.

Ferry Service; Wood Islands, P.E.I. and Caribou, N.S.; replacement by government-operated service 12.

St.Lawrence ship channel additional dredging programme 13.

Civil Service association dues; deduction at source 14.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, February 12th, 1952, at 10.30 a.m.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries,
(Mr. Mayhew),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Day of mourning for King George VI; national ceremony

1. The Prime Minister reported that at the national ceremony planned for 3.00 p.m. on February 15th, 1952, it was proposed to have a wreath laid by the Administrator whom he would accompany, one by the

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Speaker of the Senate and Senator Robertson (the Leader of the Opposition in the Senate could not be present), one by the Speaker of the House of Commons supported by the Leader of the Opposition and the Prime Minister, one by Lord Alexander supported by the Minister of Veterans Affairs on behalf of the veterans and the Canadian Legion, and one by the City of Ottawa. It was proposed not to issue invitations to national organizations since it would be almost impossible not to omit some. It would, however, be indicated that any that wished to arrange for access to the reserved space should get in touch with the Under Secretary of State. Alternative plans were being prepared for a ceremony in the Hall of Fame in case the weather made an outdoor ceremony impossible. Religious ceremonies would be held in a number of churches on February 15th and ministers could attend at the churches of their own denomination.

2. The Cabinet noted with approval the comments of the Prime Minister concerning arrangements for the day of mourning for King George VI.

Parliament; opening; Speech from the Throne; mover and seconder

3. The Prime Minister submitted recommendations as to the persons to move and second the Address in reply to the Speech from the Throne in the House of Commons.

4. The Cabinet, after discussion, agreed that the Address in reply to the Speech from the Throne be moved in the House of Commons by E. W. George, Esq., (Westmorland), and seconded by Andre Gauthier, Esq., (Lac St. Jean).

Parliamentary Assistant; Defence Production; appointment

5. The Prime Minister submitted a recommendation for an appointment as Parliamentary Assistant to the Minister of Defence Production.

6. The Cabinet approved the recommendation of the Prime Minister and agreed that John Dickey, Esq., Member of Parliament for Halifax, be appointed Parliamentary Assistant to the Minister of Defence Production; an Order in Council to be passed accordingly.

(Order in Council P.C. 899, Feb. 12, 1952)

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Atomic energy; establishment of crown company

7. The Minister of Trade and Commerce said the rapid development of the atomic energy project at Chalk River, which would continue to grow in importance and size, made it desirable that it be separated from the National Research Council and placed under a crown company organization. Dr. C. J. Mackenzie, the President of the National Research Council, was prepared to resign from that position in order to head the new corporation. It was desirable that the change be made immediately and it was proposed that it become effective from April 1st.

8. The Cabinet, after discussion, approved the recommendation of the Minister of Trade and Commerce and agreed that:

(a) a crown company be established under the name of "Atomic Energy of Canada Limited" to take over from the National Research Council responsibility for operating the atomic energy project at Chalk River; and,

(b) Dr. C. J. Mackenzie be appointed president of the company; the establishment of the corporation and the appointment of the president to be effective from April 1st, 1952.

National Research Council; appointments

9. The Prime Minister submitted recommendations for appointments as president of the National Research Council and as a member of the Honorary Advisory Council for Scientific and Industrial Research.

10. Mr. St-Laurent read a draft announcement which he proposed to make concerning the appointments and the establishment of a crown company to take over responsibility for the atomic energy project.

11. The Cabinet, after discussion, approved the recommendations of the Prime Minister and agreed that:

(a) Dr. E.W.R. Steacie, Vice-President of the National Research Council, be appointed President of the National Research Council, effective April 1st, 1952;

(Order in Council P.C. 896, Feb. 12, 1952)

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(b) Dr. C. J. Mackenzie be appointed a member of the Honorary Advisory Council for Scientific and Industrial Research, effective April 1st, 1952; and,

(Order in Council P.C. 895, Feb. 12, 1952)

(c) an announcement of the appointments and of the establishment of Atomic Energy of Canada Limited be made in the terms submitted by the Prime Minister.

Period of Court Mourning; dress for officers of the government service

12. The Prime Minister said that Court Mourning had been decreed until May 31st. Enquiries had been made as to whether black ties should be worn by members of the government service during the period and it might be desirable if some direction were given.

(Secretary's memorandum to Prime Minister, Feb. 12, 1952)

13. The Cabinet, after discussion, agreed that the Secretary to the Cabinet advise government departments and agencies that it would be appropriate, as a sign of respect, for Cabinet Ministers, deputy ministers, persons in equivalent positions and senior officers of the Department of External Affairs who were required to be in touch with representatives of foreign governments, to wear black ties.

U.S. military purchases in Canada; agreement

14. The Minister of Defence Production reported that to facilitate the placing of purchase contracts in Canada by the U.S. military departments it was desirable to re-establish an arrangement which had been in operation during World War II. The arrangement would be effected through an exchange of letters. The main provision of the agreement would be that Canadian contractors producing or supplying defence supplies for U.S. military departments would not be permitted to make profits exceeding 10 percent of cost, such profits being computed on all contracts taken collectively. The audit facilities of the Canadian government would be used; each country would use the inspection facilities of the other; arrangements would be worked out whereby appropriate

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amounts recovered by the Department of National Revenue by way of drawback or refund of customs duties and sales taxes would be refunded to the military departments. A copy of a letter which it was proposed to send to the Under-Secretaries of the Army, Navy and Air Force of the United States was submitted.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 25, 1952 and attached draft letter - Cab. Doc. 47-52).

15. The Cabinet, after discussion, noted with approval the report of the Minister of Defence Production and agreed that an arrangement be entered into with the U.S. departments of the Army, Navy and Air Force as proposed for an agreement as to the limitation of profits and other matters concerning the producing or supplying by Canadian contractors of supplies for U.S. military departments.

U.S. import restrictions on dairy products; retaliation

16. The Minister of Trade and Commerce, referring to discussion at the meeting of August 22nd, 1951, said that the Interdepartmental Committee on External Trade Policy had considered whether any measures of retaliation should be taken by Canada now that it appeared unlikely that Section 104 of the Defence Production Act, which placed restrictions on the import of dairy products into the United States, would be rescinded by this Congress. There had been a difference of view within the Committee. It would be most undesirable to start a war of retaliation with the United States and he recommended that no such measures be adopted at present.

17. The Minister of Finance expressed agreement. It would be difficult to impose tariff restrictions that wouldnot add to the cost of living. Any measures would have to be taken by legislation and this would provoke a general debate on tariff and trade questions in Parliament. It would be desirable, however, for Ministers who had occasion to speak in the United States to draw attention to the undesirable effects of the action of Congress in breaking the agreements that had been made by the United States.

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18. The Minister of Resources and Development as Acting Minister of Agriculture said the Department of Agriculture was in agreement that measures of retaliation at present were undesirable.

19. The Cabinet, after discussion, noted the report of the Minister of Trade and Commerce and agreed that no measures be taken at the present time in retaliation for the restrictions imposed by the U.S. Congress through the amendment of the Defence Production Act on the importation of dairy products into the United States.

Legislation: Canadian Forces bill

20. The Minister of National Defence recommended that a bill, to be entitled the Canadian Forces Act, 1952, be introduced at the forthcoming session of Parliament. It would contain clauses amending the National Defence Act, The Defence Services Pension Act, The Canadian Red Cross Society Act and the Senate and House of Commons Act.

An explanatory memorandum was circulated.

(Minister's memorandum, Feb. 11, 1952 - Cab. Doc. 48-52).

21. The Minister of Finance thought it would be undesirable to have an amendment to the Canadian Services Pension Act about payment of succession duties along the lines proposed in paragraph (b)(iii) of the memorandum. If a provision of the character proposed were to be made it should have application to pensions generally and not only to those payable to the next-of-kin of deceased officers or men.

22. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that a bill, to be entitled The Canadian Forces Act, 1952, be prepared along the lines proposed but that it not include an amendment to the Defence Services Pension Act about payment of succession duties as proposed in paragraph (b)(iii) of the Minister's recommendation.

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Legislation; Emergency Gold Mining Assistance Act

23. The Minister of Mines and Technical Surveys recommended that legislation be introduced at the forthcoming session of Parliament to continue the Emergency Gold Mining Assistance Act for a period of two years and to effect two amendments in detailed provisions. The proposals had been discussed with the Department of Finance.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 1, 1952 - Cab. Doc. 39-52).

24. The Cabinet, after discussion, approved the recommendation of the Minister of Mines and Technical Surveys and agreed that a measure be prepared along the lines proposed to amend the Emergency Gold Mining Assistance Act.

Legislation; submission of bills to the Department of Justice for drafting

25. The Prime Minister said he had been advised that, although a number of proposals for legislation had been approved by the Cabinet, departments had not yet brought any to the attention of the Department of Justice in order that drafting might be started. It was important that this should be done at the earliest possible moment in order to avoid unnecessary pressure and delay at a later date.

26. The Cabinet noted the remarks of the Prime Minister and agreed that all departments acquaint the Department of Justice as soon as possible of approved proposals for legislation to be introduced at the forthcoming session of Parliament.

Price support for hogs

27. The Minister of Resources and Development as Acting Minister of Agriculture referred to discussion at the meeting of January 31st, 1952, on a revised price support programme for hogs. There had been conversations with representatives of the packing industry as proposed. The packers were agreeable to carrying on purchases at 26 cents per pound but said they could not long continue to do so unless

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they received formal support for the policy from the government. They had agreed that it would be sufficient to have the Agricultural Prices Support Board accept responsibility for stocks at a price of 36.5 cents per pound plus carrying charges for cuts, basis Montreal and Toronto, at or before September 30th, 1952. The Department of Agriculture was of the opinion that the price of hogs in the United States was likely to rise during the next eight months and that a 26 cents floor would not prevent sales to the United States. If prices were allowed to drop too greatly supplies would be reduced and there was a likelihood of shortages and substantially higher prices in Canada in a few months. The Minister of Agriculture had been consulted by telephone. He thought the proposed action was along the right lines and should be taken immediately.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Feb. 11, 1952 - Cab. Doc. 46-52).

28. The Minister of Finance said that since sales to the United Kingdom had ceased the only market for surplus Canadian pork was in the United States. If a support price was fixed at too high a level it would not be possible to sell there as countervailing duties would be imposed. There would also be the risk that there might be increased imports from the American side. The present Chicago price was $18.50 per hundred pounds live weight. Taking into account duty and transportation charges it appeared that, to furnish a market for Canadian pork, U.S. prices would have to rise by $3.00 to $3.50 per hundred pounds. If it were not possible to dispose of surplus pork in the United States a very difficult situation would result. In the circumstances, he felt the support price should not be set higher than $24.00 per hundred pounds for carcasses.

29. The Minister of Trade and Commerce agreed as to the difficulties if the support price were set at such a level that sales to the United States became impossible. It seemed probable that prices of meat in Canada were going to decline but the best support level was represented by the price at which pork could be sold in the only outside market now available.

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30. The Minister of Citizenship and Immigration said that farmers were confused as to the exact position of the government in relation to price support. They had thought they had an undertaking of support on a basis that worked out at 27 - 27½ cents per pound. If no support or inadequate support were given and a substantial decline occurred the government would be severely blamed.

31. The Cabinet, after considerable discussion, agreed that officials of the Departments of Agriculture, Trade and Commerce and Finance discuss further the proposals for price support for hogs and that decision be deferred to a meeting the following day.

C.N.R. branch line, Terrace - Kitimat, B.C.

32. The Minister of Transport, referring to discussion at the meeting of December 29th, 1951, said the Canadian National Railways had now submitted a comprehensive report of its Development and Research Department on the economic results of constructing a branch line from Terrace to Kitimat, B.C.

The line was at present estimated to cost about $10 million. It would enable the Aluminum Company of Canada to proceed with full development of its programme for construction on the Pacific coast of works for production of aluminum ingot, including a power plant at Kemano capable of ultimate development of over 1.6 million h.p., a 55-mile power transmission line from Kemano to Kitimat, a deep-water dock for handling incoming raw materials, equipment and supplies and a proportion of the outgoing product, and a townsite and facilities to accommodate 8,000 persons initially and some 50,000 ultimately. Alcan would produce at first a minimum of 91,000 tons of ingot a year and provide for an ultimate annual capacity of 550,000 tons. The first stage - completion of the reduction plant and initial development of the townsite - would require a total of at least 82,900 tons of steel, aluminum and cement, and construction materials to be delivered to the power house and materials for transmission structures and power lines would run to heavy tonnages. Under the Alcan-C.N.R. agreement, the first-stage traffic would be carried by the C.N.R. when movement by rail was involved but, as this was only temporary traffic, the resulting revenues were not reflected in the estimate of net revenues given below. On completion of the railway, the townsite and works would have to be served and traffic in and out would move by both rail and water.

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In the agreement, Alcan had guaranteed the C.N.R. gross system earnings over the first 10 years of operation equal to the capital cost of the line, but not exceeding $10 million. As against this, it was estimated that in the first and second five-year periods the annual average of revenue freight traffic would be about 113,500 tons and 168,000 tons respectively and that, during the 10 years, gross system revenues from traffic originating or terminating on the line would total $23.5 million. Applying the revised rates to this volume of freight and adding estimates of passenger, express and telegraph earnings, the indicated average annual net revenue in the first and second five-year periods (after deducting both operating expenditures and interest charges) would be about $1,100 and $323,200 respectively.

The principal sources of rail traffic other than the plant and townsite would be forest products and a minor, but probably increasingly important, fisheries development. The Kitimat valley had 2.25 billion feet of salable and accessible timber estimated to give a permanent annual yield of 22,500 tons of rail traffic with gross earnings in the second 5 years of over $342,000 per year. The minimum expected development in the processing of chilled and frozen fish would yield 650 tons of freight annually or a revenue of about $32,000 a year, assuming the landing of halibut only.

These figures for annual revenue from timber and fish shipments were taken into account in the above estimate of net revenues for the first ten years. The latter estimate was also based on a yearly production of only 91,000 tons of ingot but increased demand for civilian and/or defence purposes might lead to increased production.

33. Mr. Chevrier said the Board of Directors of the C.N.R. had considered the matter carefully and recommended that the Railway be authorized to construct the line. If this were done, it was proposed to introduce legislation during the forthcoming session empowering the C.N.R. to spend $10 million on construction and providing for temporary loans to the C.N.R. and a guarantee of its securities not exceeding $10 million.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 11, 1952 - Cab. Doc. 45-52).

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34. The Minister of Trade and Commerce suggested the position was that, as the Alcan project, involving an outlay of some $400 million, was the largest industrial development being undertaken in the country and was some 45 miles from a railway, it was not desirable to withhold approval for construction of a branch line.

35. The Minister of Finance said that, judging by the economic analysis provided by the C.N.R., the branch line proposal appeared sound and agreed that the government was hardly in a position to refuse authority for construction. It was for consideration, however, whether construction should be postponed temporarily in view of the expected heavy government expenditures in 1952-53, including a large C.N.R. capital budget. It was a question whether the C.N.R. would have contemplated proceeding with construction this year if it had to finance the line in the bond market. Once construction was approved, it would be difficult to limit the rate of capital expenditures on the line. He doubted there would be much delay in the development of the Alcan project if construction of the railway were postponed for a year since he understood it to be required primarily to serve the project after the first stage.

36. Mr. Chevrier said postponement of construction would affect the Alcan-C.N.R. agreement whereby the C.N.R. had undertaken to start construction immediately. To avoid transhipment expenses which would result from water transportation, Alcan planned to move much of the reduction plant equipment over the branch line and this plant would be the basis of its whole project. A delay in the realization of the Alcan project would have international defence implications. While, ultimately, a considerable amount of traffic would move by water through the proposed new port, the railway would still be required to serve the plant and other developments in the area.

37. The Cabinet, after further discussion, noted the report of the Minister of Transport regarding the economic results of constructing a branch line to the Aluminum Company of Canada's development at Kitimat, B.C., and agreed that a draft bill regarding construction of the line, similar to the Act respecting the Lynn Lake Railway, be prepared for consideration at a subsequent meeting.

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Ferry service; Wood Islands, P.E.I. and Caribou, N.S.; replacement by government-operated service

38. The Minister of Transport reported that, since discussion at the meeting of January 25th, 1950, traffic on the Wood Islands-Caribou ferry service, provided by Northumberland Ferries Ltd. at an annual subsidy of $130,000, had so increased that the Canadian Maritime Commission had again recommended construction of a new vessel with capacity for 200 passengers and 36 automobiles to replace the company's "Prince Nova". This service was not self-supporting because of the low rates. It was in view of this and the poor condition and other inadequacies of the company's two ships that their replacement was a recurring problem. It would be possible to negotiate a fifteen-year contract with the company at an annual subsidy of some $290,000 which would finance construction of a new ship in addition to meeting annual losses. This would mean, however, purchasing a new ship for a private operator, and such a course was not recommended.

On the advice of the Maritime Commission, he therefore proposed the establishment of a government-operated ferry service. To this end negotiations be undertaken with the Canadian National Railways for operation and maintenance of the service, a new ship be constructed at a cost of about $1 million, which would remain government property, and negotiations be undertaken with the present operator of the purchase of the "Charles A. Dunning" to complement the service to be provided by the new ship and for a contract with the said operator to provide service pending establishment of the government ferry service.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 9, 1952 - Cab. Doc. 44-52).

39. The Prime Minister said it would be difficult to give the proposed new ship a higher priority than similar local requirements elsewhere in the country which were not being met for the present in view of the general policy of postponing deferable capital expenditures.

40. The Minister of Finance thought it might be best to maintain the service on the present basis for the time being, with a higher subsidy if necessary.

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41. The Minister of Resources and Development said a ferry service from Wood Islands was a necessity and the present ships were dilapidated. It would be necessary to continue subsidizing the service or, when the government was in a position to do so, to build a new ship for operation by the C.N.R. The latter step should probably not be taken until after it was decided to go ahead with the proposed Yarmouth-Bar Harbor ferry service.

42. Mr. St-Laurent suggested that, for the present, the Maritime Commission be authorized to work out a subsidy agreement for 1952 with the present operator.

43. The Cabinet, after further discussion, noted the proposals of the Minister of Transport for provision of a government-operated ferry service between Wood Islands, P.E.I. and Caribou, N.S. in place of the present subsidized service operated by Northumberland Ferries Ltd. and, in view of the policy of postponing deferable expenditures on capital assistance, agreed that:

(a) these proposals be considered again in six to twelve months' time;

(b) the Canadian Maritime Commission work out a subsidy agreement for 1952 with the present operator.

St. Lawrence Ship Channel; additional dredging programme

44. The Minister of Finance, referring to discussion at the meeting of February 4th, 1952, said he was agreeable to the programme of further dredging in the St. Lawrence Ship Channel as proposed by the Minister of Transport.

45. The Minister of Transport advised that Marine Industries Ltd. had now indicated it would be prepared to carry out the proposed additional dredging programme at a price of $13,026,670 - only 1.7 percent more than the cost originally estimated by the St. Lawrence Ship Channel and Harbour Committee - provided the contract allowed for review of the price if costs of materials and labour increased, or at a firm price of $13,678,000 - which was 5 percent higher than that mentioned. It had now been ascertained that under the Public Works Act it would be necessary to call for tenders for the programme.

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46. The Prime Minister felt the contract should provide for a review of the price in the event of decreases as well as increases in costs. While it now seemed reasonable to call for tenders, it should be indicated to Marine Industries Ltd. that the government would not be likely to sign a contract if the price tendered were significantly out of line with that of $13,026,670 now proposed by the company.

47. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that tenders be called for in connection with the programme of further dredging in the St. Lawrence Ship Channel; Marine Industries Ltd. to be informed, however, that the government would be unlikely to proceed with the programme if the price tendered were significantly out of line with that of $13,026,670 presently proposed and if it were not agreed that the price would be subject to review in the light of both increases and decreases in costs.

Civil Service association dues; deduction at source

48. The Minister of Finance, referring to the discussion at the meeting of January 23rd, 1952, said he was not in favour of the proposal of the National Joint Council of the Public Service that the government agree to deduct dues of staff organizations from salaries of employees and remit the deductions to the associations concerned.

49. The Cabinet, after further discussion, noted the comments of the Minister of Finance and agreed not to accept at this time the proposal of the National Joint Council of the Public Service for the deduction of Civil Service association dues at the source.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 13th, 1952

949.

LEHMAN

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Items discussed

F-86E aircraft; tripartite agreement 2.

Governor General designate; arrival in Canada 2.

Cheese and salmon; discontinuance of U.K. purchases 2.

Price support for hogs 3.

Civil aviation; T.C.A. service to Fredericton and proposed M.C.A. service to Yarmouth, N.S. 6.

Postmaster General; resignation; appointment; appointment of the Honourable G.E. Rinfret to Court of Queen's Bench for Quebec 7.

Immigration; assistance to indigent immigrants; agreement with Ontario 8.

Mourning for King George VI; directive as to observance 9.

Unemployment; requests for federal relief measures 10.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, February 13th, 1952, at 2.30 p.m.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of National Defence
(Mr. Claxton),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Rinfret)(for discussion recorded in paragraphs 1 - 21)
(Mr. Cote)(for discussion recorded in paragraphs 22 - 29),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

Also present (for discussion recorded in paragraphs 11 and 12)

The Deputy Minister of Agriculture
(Mr. Taggart)
Mr. L. W. Pearsall, Department of Agriculture.

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F-86E aircraft; tripartite agreement

1. The Minister of National Defence reported that an arrangement had been under discussion between the United Kingdom, the United States and Canada by which F-86E aircraft would be built in Canada, the United States would supply the engines and the United Kingdom would provide aircrew. The plan would cover 395 planes. Agreement had now been reached and it was felt that an immediate announcement should be made. A draft had been approved by the United States and U.K. approval was expected immediately. It was not proposed to state how many planes would be involved other than that there would be some hundreds and that they would be in addition to the aircraft being produced for Canadian requirements.

2. The Cabinet, after discussion, approved the proposal to have immediate announcement made of the United Kingdom-United States-Canadian agreement for production of F-86E aircraft, subject to approval being received from the U.K. government.

Governor General designate; arrival in Canada

3. The Prime Minister said that the Governor General designate would arrive in Canada at Trenton Airport on Saturday, February 16th. He would be met by the Hon. Paul Martin in a personal capacity. There would be no official recognition of his presence in Canada until the time of the installation.

4. The Cabinet noted with approval the report of the Prime Minister concerning the arrival in Canada of the Governor General designate.

Cheese and salmon; discontinuance of U.K. purchases

5. The Minister of Resources and Development as Acting Minister of Agriculture reported that the United Kingdom had now advised that they did not propose to purchase any cheese in Canada during the coming year. The Department of Agriculture were of the view, which officials in Trade and Commerce shared, that the U.K. government might have derived the impression at the meeting of the U.K.-Canada Continuing Committee on Trade that the Canadian preference was to have any available dollars spent on salmon rather than on cheese. They hoped that this impression might be corrected and purchases of cheese arranged.

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6. The Minister of Fisheries said whatever might be the truth of that impression it did not appear that the United Kingdom intended to purchase any salmon either during the coming year. He had received advice to that effect from U.K. representatives in Canada.

7. The Cabinet noted the reports of the Acting Minister of Agriculture and the Minister of Fisheries concerning notice of the U.K. intention to purchase no cheese or salmon in Canada during the coming year and agreed that the matter be discussed further at a subsequent meeting.

Price support for hogs

8. The Minister of Resources and Development as Acting Minister of Agriculture, referring to discussion at the meeting of February 12th, said it had been agreed at a meeting of officials that, if price support were to be instituted, the method proposed was the most satisfactory. It had been established by the Department of Agriculture that the proposed floor price was roughly equivalent to the U.S. market price at the present time. The relationship between U.S. and Canadian prices was not simply that between prices at Chicago and Toronto. Chicago was the basing point for U.S. hog prices. Canadian hogs were leaner and had a higher cut-out value than U.S. hogs. Consequently, with what appeared to be equal prices Canadian packers had some competitive advantage over U.S. packers. Present prices were much lower than in 1951. The high point for hog prices in that year was roughly 68 cents for the main pork cuts compared with the proposed 36½ cents plus carrying charges. With the present supply and prospective marketings, consumer prices for pork should remain far below those of 1951 throughout the summer of 1952.

The proposed support price would establish a hog-barley ratio of 14.6 to 1 compared with the long-term ratio of 17.4 to 1. The ratio represented the number of bushels of No. 1 feed barley to equal in value 100 pounds of B 1 live hog plus federal premium. The history of hog production was that a ratio of 18 to 20 was required to constitute a real incentive to production.

With the forecast decline of 9 percent in the U.S. spring pig crop and the expected seasonal rise of hog prices in the United States during the

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coming summer it was believed that risk of U.S. imports before September 30 was at a minimum.

Farm organizations were asking for a floor price based on 28 cents at Winnipeg. The proposed support price was the equivalent of 24½ cents at Winnipeg. If a base price of 24 cents were announced instead of 26 cents farmers would feel that the government was moving to reduce the market price even below the present level, when it had already fallen from a 1951 high of 40 cents.

9. The Minister of National Revenue reported the Department of Finance to be of the opinion that, if any support price were to be established, it should be $3.00 per hundred pounds below the level proposed by the Department of Agriculture. When an examination had been made in 1949 of the general principles on which price support should be based, it had been agreed that it should be a stop-loss provision. The present proposal was not of that character. On cost-of-living grounds some decline in consumer prices was to be welcomed. While the Department of Agriculture expected a rise in U.S. prices in the next months the forecast was not certain and the government might be faced, not only with an inability to export Canadian pork, but with imports from the United States.

10. The Prime Minister said he had been advised that the views of the Department of Trade and Commerce were that it would be dangerous to establish a support price higher than 24 cents. It had to be recognized that any support level involved risks in view of the possibility that prices might remain stationary or decline in the United States. It seemed doubtful, however, whether much decline would actually be allowed there this year. One possibility might be, perhaps, to have the support price instituted without any commitment that it would apply until September 30th. If developments were not favourable it could be terminated before that time.

11. The Deputy Minister of Agriculture expressed the belief that a 26 cents price would not have the effect of blocking exports to the United States. He doubted whether it would be feasible to have a programme that could be terminated at will. Producers would not regard that as any assurance of price support. He was not certain what the risk of a sharp decline in market prices would be if no support were announced. There was some chance that there would not be a substantial drop. If, however, a price were set below 26 cents the government

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would be accused of deliberately depressing the price. Producers felt that they had already been badly dealt with in suffering a drop from 40 cents in 1951.

12. Mr. Pearsall felt that, if support were not announced at 26 cents, the market would probably weaken somewhat. A decline of 45 cents per hundred pounds in the Canadian price and an increase of 45 cents in the U.S. price would enable live hogs to be exported from Canada. There were at the present time about 25 million pounds of pork in storage in Canada. Total storage capacity would be about 45 to 50 million pounds. The proposed plan seemed the most practical scheme available for price support. If there were a marked recession in U.S. prices he knew of no way in which a support programme could be maintained.

13. The Prime Minister pointed out that the decision of December 28th, 1950 to purchase pork products at prices equivalent to $32.50 per hundred pounds, Wiltshire sides, had originally been subject to review at the end of a month or six weeks. Surpluses had not developed and the decision had not, in fact, been reviewed. The press announcement by the Minister of Agriculture had not covered pork products generally but simply stated that "until further details are worked out the Meat Board will continue to accept any Wiltshires that may be offered at a base price of $32.50". On December 17th, 1951 the Minister of Agriculture had said in the House of Commons that the offer to buy Wiltshire sides was still in effect and that there had been no indication that it would be discontinued. Newspaper reports had interpreted this as a statement that price support for pork was being continued.

14. The Minister of Citizenship and Immigration said pork producers had thought they had a floor at 27 to 27½ cents per pound based on the Wiltshire side formula. In the light of the history of this matter he believed there were only two alternatives: to adopt the policy recommended by the Minister of Agriculture or to allow prices to run free with the risk of severe criticism if substantial declines occurred.

15. The Cabinet, after considerable discussion, agreed that:

(a) the recommendation of the Minister of Agriculture be approved and the Agricultural Prices Support Board be authorized to buy pork

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cuts held by federally inspected plants as at the 30th of September 1952 at a price of 36½ cents per pound or its equivalent, basis Toronto and Montreal, plus an allowance not to exceed 5 cents per pound of cuts to cover charges associated with storing and handling; an Order in Council to be passed accordingly;

(Order in Council P.C. 944, Feb. 13, 1952).

(b) a statement be made to the press by the Acting Minister of Agriculture concerning the decision in which it would be made clear that the offer was until the end of September 1952, only; that it was based on the expectation that it would not establish prices that would prevent exports; that it was not in the interests of producers to allow unsaleable surpluses to develop and, that, should it be found that the policy was having such an effect, it would be reviewed.

Civil aviation; T.C.A. service to Fredericton and proposed M.C.A. service to Yarmouth, N.S.

16. The Postmaster General, referring to discussion at the meeting of February 4th, 1952, reported that the proposal to grant an airmail contract to Maritime Central Airways for Yarmouth, N.S. in partial compensation for that Company's loss of the Fredericton route to Trans-Canada Air Lines had been examined further by Post Office officials in consultation with representatives of the two airlines concerned.

It was now considered that not only would the proposed M.C.A. Yarmouth mail contract be expensive - approximately $80,000 per annum - but that it would involve also serious scheduling difficulties. In the circumstances, it was recommended that Yarmouth continue to be served by T.C.A. and that M.C.A. be compensated for the loss suffered in abandoning the Fredericton route by an increase in the rate now paid them for the Magdalen Island airmail service. The tentatively suggested increase would bring M.C.A. additional revenues totalling approximately $4,450 per annum.

An explanatory note was circulated.

(Minister's memorandum, Feb. 12, 1952 - Cab. Doc. 52-52).

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17. The Prime Minister said he understood that the Air Transport Board still favoured the Yarmouth solution. If, however, this were not agreed to then the Board felt the proposed increase in airmail rates on the Magdalen Island route would not constitute sufficient compensation to M.C.A. and that consideration should be given to revising existing policy concerning "no competition" on main lines with the object of allowing M.C.A. some competitive rights on routes it now shared with T.C.A.

(Memorandum, Chairman, Air Transport Board to Minister of Transport, Feb. 13, 1952)

18. The Cabinet deferred decision on the proposed granting of an airmail contract to Maritime Central Airways into Yarmouth, N.S. as compensation for that Company's loss to T.C.A. of the Fredericton route pending further consideration at a subsequent meeting.

Postmaster General; resignation; appointment; appointment of the Hon. G. E. Rinfret to the Court of Queen's Bench for Quebec

19. The Prime Minister said Mr. Rinfret had tendered his resignation as Postmaster General and as Member of Parliament for Outremont-St.Jean. He submitted a recommendation for the appointment of Mr. Rinfret as a puisne judge of the Court of Queen's Bench for the Province of Quebec.

20. Mr. St-Laurent also submitted recommendations for the appointment of Mr. Alcide Cote, Member of Parliament for St. Johns-Iberville-Napierville, as a member of Her Majesty's Privy Council for Canada and as Postmaster General.

21. The Cabinet, after discussion, noted Mr. Rinfret's resignation as Postmaster General and Member of Parliament of Outremont-St.Jean * and agreed that Orders in Council be passed making the following appointments:

(a) The Honourable G. Edouard Rinfret to be a puisne judge of the Court of Queen's Bench in and for the Province of Quebec; and

(Order in Council P.C. 941 of Feb. 13, 1952)

* (Mr. Rinfret, following notice of his resignation withdrew. Mr. Cote was sworn in immediately by the Deputy Administrator and took his place at the Council table.)

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(b) Mr.Alcide Cote, Member of Parliament for St. Johns-Iberville-Napierville, to be a member of Her Majesty's Privy Council for Canada and Postmaster General.

(Orders in Council P.C. 942 and P.C. 943, Feb. 13, 1952.

Immigration; assistance to indigent immigrants; agreement with Ontario

22. The Minister of Citizenship and Immigration, referring to discussion at the meeting of December 21st, 1950, said the Province of Ontario were now ready to conclude an agreement to provide for the equal sharing between the federal and provincial governments of expenses for welfare assistance and hospitalization, including care in sanatoria for the tuberculous and in hospitals for the mentally ill, in cases where immigrants were rendered indigent through accident or illness during the first year after their arrival in Canada. The period during which such expenditures would be shared would be limited to one year. He recommended, jointly with the Minister of Labour, that authority be granted for the conclusion with the Province of Ontario of an agreement along the lines recommended effective as of April 1st, 1951.

An explanatory note setting forth the text of a draft agreement embodying these recommendations was circulated.

(Joint memorandum, Citizenship and Immigration and Labour, Feb. 11, 1952 - Cab. Doc. 49-52)

23. The Minister of National Revenue thought that, despite the intrinsic merit of the proposal put forward by the Minister of Citizenship and Immigration, it held the disadvantage of adding support to the view that the federal government should assume greater if not full responsibility for direct relief measures.

24. The Prime Minister pointed out that the proposal involved an equal sharing of expenditures by the federal and provincial governments. Furthermore, the assumption by the federal government of a share of financial responsibility for the welfare of immigrants who were in straitened circumstances during the first twelve months following their arrival in Canada, could be defended on the ground that the central government

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was in the first instance responsible for the landing in Canada of such persons.

25. The Cabinet, after discussion, authorized the Minister of Citizenship and Immigration to conclude an agreement with the Province of Ontario for assistance to indigent immigrants along the lines recommended; such agreement to be effective April 1st, 1951.

Mourning for King George VI; directive as to observance

26. The Secretary of State, referring to discussion at the meeting of February 12th, advised that information had been received from the Lord Chamberlain that Her Majesty Queen Elizabeth had commanded that the Court remain in mourning until Saturday, May 31st, 1952. Very little information had been received as to the details of mourning procedures other than those contained in a general directive issued by the Lord Chamberlain in December 1950. It would be useful, however, in addition to the directions already issued in this respect to give some indication as to the manner in which mourning for the late King should be observed in Canada.

An explanatory note was circulated.

(Minister's memorandum, Feb. 13. 1952 - Cab. Doc. 53-52)

27. The Cabinet, after discussion, agreed that, in addition to the directions already issued in this respect, the following general rules be followed during the period of official mourning in Canada to end at midnight, May 31st, 1952:

(a) no official social reception be given by or on behalf of the Government of Canada at home or abroad, except small and informal functions deemed necessary for the furtherance of official business;

(b) the government of Canada be not represented at official social functions in Canada or abroad, except small and informal ones given in connection with the despatch of official business;

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(c) the Department of External Affairs to communicate the substance of (a) and (b) to diplomatic and consular representatives of other countries in Canada for their information;

(d) the Department of the Secretary of State to communicate these rules, as well as those already issued with respect to the use of mourning stationery and the wearing of black ties, to the Lieutenant Governors of all the provinces and point out to them that, although they are intended for and applicable to federal government departments and officials, it is felt (particularly in the light of inquiries already received from Lieutenant-Governors) they might be of some use to Lieutenant-Governors, with such modifications and adaptations as may appear to them appropriate;

(e) the wearing of black arm bands or other symbols of mourning by judges, court officials and members of the bar be left to their discretion, but in answer to requests from them for guidance in this respect the view should be expressed that no such change in their official dress was considered necessary.

Unemployment; requests for federal relief measures

28. The Minister of Labour, said that increasing unemployment in certain urban centres had given rise to repeated demands that the federal government assume responsibility for direct relief measures in the areas most seriously affected. It had been suggested from several quarters that responsibility, at least, should be assumed for the relief of unemployed employables.

He recommended that this problem be referred for consideration and report to an ad hoc interdepartmental committee comprising representatives of the Privy Council Office, the Departments of National Revenue, Defence Production, Finance, Citizenship and Immigration and Labour.

29. The Cabinet, after discussion, agreed that the Secretary convene an ad hoc interdepartmental committee comprising representatives of the Departments of Labour, National Revenue, Defence Production, Finance, Citizenship and Immigration and National Health and Welfare to consider and report on representations which had been made that the federal government should assume some responsibility for direct relief measures, at least in the case of unemployed employables, in areas most seriously affected by current increases in unemployment.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 19th,1952

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Gold; sales by the Mint to processors	5.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, February 19th, 1952, at 10.30 a.m.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

Health insurance; establishment of Parliamentary committee

1. The Prime Minister referred to the statement by the Minister of National Health and Welfare at the last session of Parliament that consideration would be given to the establishment, at the forthcoming session, of a committee to consider the proposals of the Canadian Medical Association on health insurance.

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There appeared to be no possibility that anything substantial could be done about health insurance in the foreseeable future. In the circumstances, it appeared best to take the position that the question of establishing the committee had been considered but it had been decided it should not be set up. When the proposals for health insurance had been made in 1945, it had been thought that defence expenditures would be about $250 million a year. They were now $2.5 billion and likely to continue at that level for some time. With the present and probable extent of federal expenditures it appeared that matters like health insurance would have to be left for the provinces. Apart from the question of finances, an important present consideration was that hospital facilities in the country were taxed to capacity. It would not be feasible, in existing circumstances, to have all taxpayers with a contractual right against the government to be given treatment in a hospital when this was physically impossible.

2. The Minister of National Health and Welfare said he agreed that it would not be realistic to have the Parliamentary committee established at the next session. He would not wish, however, in any statement to take a position that would be at variance with the support that the Liberal Party had given for many years to health insurance as a federal programme. In the light of the record, he did not see how the government could set itself against health insurance as a possible subject for federal action. At the present time, other expenditures were at such a level that there was some feeling that the government had gone far enough in social security for the moment. Nevertheless, the cost of social services was only 1/4 of 1 percent more as a proportion of the national income than it was at the end of the last war. It would be desirable to have it left open that at another time and in other circumstances federal consideration of health insurance might again become practical. He did not wish even to go as far as to say definitely that there was no prospect of anything substantial during the life of the present Parliament. It would be preferable to take a position entirely limited to the present circumstances. It could be said that reports had been received from all the provinces on health services, that these were being studied and that it was not felt that a parliamentary committee could provide more information than the government already had with relation to health services at the present time.

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3. The Cabinet, after discussion, agreed that the Minister of National Health and Welfare have a statement prepared which could be used in announcing the decision of the government that no committee would be established at the forthcoming session of Parliament to study health insurance.

Reduction in U.K. import programme; special arrangement covering exports of Newfoundland fish

4. The Prime Minister, referring to discussion at the meeting of February 13th, 1952, read the text of a telegram which the Canadian members of the U.K.-Canada Continuing Committee on Trade proposed to send to the High Commissioner's office in London about the United Kingdom import programme. The message would point out that at the last meeting of the Committee, in January of this year, no definite decisions on import cuts had been taken by the United Kingdom and it had been agreed there would be further consultation before firm decisions were reached. In the circumstances, it was assumed that advice about the discontinuance of purchases of cheese and limitation of purchases of tobacco to 8.5 million pounds were not yet final. The telegram would submit that the proposed division of U.K. tobacco purchases between the United States and Canada did not fully recognize the greater importance of the U.K. export market to Canadian tobacco growers than to U.S. tobacco growers. It would also indicate that the total discontinuance of cheese imports would not be consistent with the cuts being made on imports of cheese from other countries outside the sterling area. A cut of 50 percent might be in line. The hope would be expressed that there would be discussions concerning apples and canned salmon before final decisions were taken.

(Letter, Deputy Minister of Trade and Commerce, to the Secretary to the Cabinet and enclosure - Feb. 19, 1952).

5. The Minister of Fisheries said he had been advised that the United Kingdom would not continue for a further year the arrangement under which convertible sterling had been provided for Newfoundland salt cod sold in European Markets for local currencies. The arrangement had in the first instance been for a one year period and was connected with the financial provisions for the union of Newfoundland with Canada.

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It might be particularly embarrassing if announcement of the U.K. decision were made before deliveries had been completed on all orders for the 1951 catch. Certain contracts might be cancelled in the expectation that prices would drop. On the other hand, if the U.K. decision was firm, it would be desirable to give some guidance to Newfoundland fishermen at as early a date as possible in order that a shift in the 1952 catch could be made to fillets. Since the timing of the announcement was important, it would be desirable if a further paragraph could be added to the message pointing this out and asking that any public statement be withheld for the time being.

6. The Cabinet, after discussion, agreed that a telegram be sent as proposed to the Office of High Commissioner in the United Kingdom concerning proposed reductions in the U.K. programme of imports from Canada, the telegram to include a paragraph which would point out the importance of avoiding at present any public announcement of the decision to discontinue the special arrangement for sales of Newfoundland salt cod to soft currency countries.

Civil Service; holidays

7. The Secretary of State, referring to discussion at the meeting of January 23rd, 1952, said he had now been advised by the Minister of National Defence that there would be no difficulty for his Department in having a day of leave made available as an alternative to a civic holiday in localities where no civic holidays were provided.

8. The Minister of Finance thought there should not be a half-day holiday on both December 24th and December 31st. The first might be granted and the second not.

9. The Prime Minister said it would be desirable to know what the practice would be in the United Kingdom with regard to observance of the Queen's birthday as a public holiday. In the list as submitted, the King's birthday was to be observed on a date to be fixed by proclamation. It might be that, as the Queen's birthday was in April, it would be observed on the actual date rather than on a proclaimed one.

10. The Minister of Fisheries pointed out that, with Parliament often meeting in July and August, it was difficult to have civil service

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statutory leave cleared up during those months. The result was that staffs were likely to be dislocated in other months throughout the year. It might be desirable for departments to try to have as large a proportion of civil servants as possible take their statutory leave in July and August notwithstanding the sitting of Parliament.

11. The Cabinet, after discussion:

(a) approved the submission of the Secretary of State concerning statutory holidays and days of religious observance for the civil service, including the Annual World Day of Prayer service, subject to deletion of the afternoon of Wednesday, December 31st as a holiday and clarification of the practice to be followed with regard to the observance of the Queen's birthday;

(b) approved the recommendation of the Civil Service Commission concerning the observance of civic holidays; an Order in Council to be passed accordingly; and,

(c) agreed that departments, in arranging for the statutory leave of their staffs, give consideration to the comments of the Minister of Fisheries concerning the desirability of having as much leave as possible taken during the months of July and August.

Veterans Affairs; payment of re-establishment credit balances

12. The Minister of Veterans Affairs, referring to discussion at the meeting of January 23rd, 1952, said he wished to withdraw the proposal for direct payment to veterans of re-establishment credit balances not exceeding $50.00.

13. The Cabinet noted with approval the report of the Minister of Veterans Affairs that he wished to withdraw the proposal for direct payment to veterans of re-establishment credit balances of up to $50.00.

Gold; sales by the Mint to processors

14. The Minister of Finance said that representations had been received from processors of gold

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in Canada asking that purchases be allowed from the Mint at $35.00 (U.S.) per ounce. U.S. processors got gold at that price and Canadian processors were placed at a disadvantage. Their profit margin was low. It was recommended that the request be granted.

15. The Prime Minister felt that, before definite consideration were given to the proposal, it would be desirable to have a memorandum concerning details and possible implications.

16. The Cabinet agreed that consideration be deferred of the recommendation by the Minister of Finance that gold be sold to Canadian processors at $35.00 (U.S.) per ounce pending submission of an explanatory memorandum.

Animal Contagious Diseases Act; quarantine of certain areas in Saskatchewan

17. The Prime Minister reported that there had been an outbreak of a serious and highly contagious animal disease in certain areas in Saskatchewan. Although laboratory tests had not yet been completed, it was feared that the infection might be foot and mouth disease. If this were so, very drastic measures would have to be taken to prevent the spread of the infection amongst cattle and other domestic animals.

In any event, and as a preventive measure, it was recommended that certain areas in and around Regina be quarantined under the Animal Contagious Diseases Act and that the movement of animals and feeding stuffs into and out of the quarantined areas be controlled.

If laboratory tests established the epidemic to be foot and mouth disease, this would have serious effects not only on the well-being of our cattle and swine, but would result also in at least a temporary and regional embargo on exports of meat and feeding stuffs.

If the recommended quarantine measures were approved, wide publicity should be given in the areas concerned to the action taken as well as to the penalties provided by the Animal Contagious Diseases Act for any contravention of the measures taken thereunder.

The Minister of Agriculture, who was presently in Vancouver, and appropriate U.S. agricultural authorities were being kept fully informed of developments.

18. The Cabinet, after discussion, agreed that, for the purpose of controlling the contagious animal disease which had developed in Saskatchewan and to prevent its spread to other areas, an Order in Council

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be passed immediately placing certain areas under quarantine and controlling the movement of animals and parts thereof, feeding stuffs and other things, into, out of and within these areas.

(Order in Council P.C.1028, Feb.19, 1952)

Colombo Plan; Karachi meeting; Canadian participation

19. The Prime Minister submitted and read a draft press release announcing the composition of the Canadian delegation to the next meeting of the Consultative Committee on the Economic Development of South and South-East Asia (Colombo Plan) to be held at Karachi, Pakistan, beginning on March 24th and indicating the extent of Canada's proposed contribution for the fiscal year 1952-53.

(Memorandum, External Affairs, Feb.19, 1952 and attached press release).

20. The Cabinet, after discussion, agreed that a press release be issued by the Prime Minister's office announcing that:

(a) Canada would be represented at the meeting of the Consultative Committee on the Economic Development of South and South-East Asia (Colombo Plan) beginning at Karachi on March 24th, by the following:

Mr. George J. McIlraith, M.P., Parliamentary Assistant to the Minister of Trade and Commerce (Canadian representative);

Mr. K.P. Kirkwood, Canadian High Commissioner in Pakistan (alternate representative);

Mr. R.G. "Nik" Cavell, Department of Trade and Commerce;

Mr. G.D. Mallory, Department of Trade and Commerce

Mr. G.S. Murray, Office of the Canadian High Commissioner in Pakistan; and

Mr. Hume Wright, Department of Finance;

(b) the government would recommend to Parliament a contribution in 1952-53 of $25 million for economic assistance and $400,000 for technical cooperation under the Colombo Plan.

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Lieutenant Governors; travelling and hospitality allowance

21. The Prime Minister recommended that an item be placed in the Supplementary Estimates for 1951-52 to provide Lieutenant-Governors with an annual allowance to reimburse them for costs of travelling and hospitality incurred in the exercise of their duties. The exact amount of such allowances would vary between a minimum of $5,000 and a maximum of $12,000 per annum depending on the population of each province. Under the formula contemplated, Lieutenant-Governors in each of the ten provinces would be entitled to the following allowance:

Newfoundland	- $5,000
Prince Edward Island	- 5,000
New Brunswick	- 6,000
Nova Scotia	- 7,000
Manitoba	- 8,000
Saskatchewan	- 9,000
Alberta	- 10,000
British Columbia, Quebec, Ontario	- 12,000

22. The Cabinet, after discussion, agreed that an item be included in the Supplementary Estimates for 1951-52 to provide Lieutenant-Governors in each of the ten provinces with a travelling and hospitality allowance of from $5,000 to $12,000 per annum.

Parliament; legislative programme for 1952 session

23. The Secretary submitted a memorandum setting out the legislative proposals of government departments for the coming session of Parliament, copies of which had been circulated.

Certain legislative proposals were also submitted for consideration. In this connection, copies of explanatory memoranda were circulated.

(Secretary's memorandum, Feb.18, 1952 - Cab.Doc. 54-52; memorandum, Minister of Finance, Feb.18, 1952 - Cab.Doc. 56-52; memorandum, Minister of Labour, Feb.15, 1952 - Cab.Doc. 51-52; memorandum, Minister of Transport, Feb.18, 1952 - Cab.Doc. 55-52; memorandum, Minister of Veterans Affairs, Feb.1, 1952 - Cab.Doc. 32-52)

24. The Cabinet, after discussion:

(a) noted the tentative legislative programme for the 1952 session and agreed that the following legislative items be not proceeded with at this time:

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bill to amend the Industrial Relations and Disputes Investigation Act; and
bill for the establishment of a "Canada Council";

(b) approved in principle the following legislative proposals; draft measures to be prepared accordingly:

Finance: bill to authorize signature of new tax rental agreements with Provincial governments
bill to amend the Foreign Exchange Control Act and the Currency Act
bill to amend the Canadian Farm Loan Act

Labour: bill to amend the Government Employees Compensation Act

Transport: bill to amend the New Westminster Harbour Commissioners Act
Belleville Harbour Commissioners bill

Veterans Affairs: bill to amend the Veterans Benefit Act
bill to amend the Veterans Insurance Act
bill to amend the Army Benevolent Fund Act, 1947
bill to amend the Pension Act.

Legislation; Massey Commission recommendations - "Canada Council"; National Library

25. The Prime Minister pointed out that the Massey Commission's recommendations on establishment of a "Canada Council" and a National Library were among the few important recommendations of the Commission on which the government had not yet taken action.

For a number of reasons, he thought it inadvisable to introduce legislation during the coming session for the establishment of a "Canada Council". However, with a view to introduction of appropriate legislation at a subsequent session, it might be useful for the Secretary of State for External Affairs and the Minister of Citizenship and Immigration to give further consideration to this proposal and submit a report to Cabinet for consideration.

26. The Secretary of State indicated that he hoped to submit to Cabinet at its next meeting a preliminary report on the recommendations for the establishment of a National Library.

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27. The Cabinet, after discussion, agreed that:

(a) the recommendations of the Massey Commission on establishment of a "Canada Council" be considered and reported upon by the Secretary of State for External Affairs and the Minister of Citizenship and Immigration; it being understood that no legislative action would be taken in this connection during the course of the coming session; and,

(b) the Secretary of State should submit a preliminary report on the Massey Commission recommendations on establishment of a National Library.

Legislation; recapitalization of Canadian National Railways

28. The Prime Minister, referring to the discussion at the meeting of February 4th, 1952, suggested that the special interdepartmental committee established to consider and report on the Turgeon Commission recommendations respecting recapitalization of Canadian National Railways be now informed that the government intended, during the course of the coming session, to proceed with some form of recapitalization for the C.N.R., although not necessarily in the exact manner suggested by the Royal Commission.

The committee should feel free to consider and report on alternative methods of recapitalization which might appear to be preferable to the specific methods set out in the Commission's report.

29. The Secretary to the Cabinet pointed out that, in a communication to the Minister of Transport, the Canadian Pacific Railway Company had stated that it had no objection to recapitalization being carried out in the manner recommended by the Turgeon Commission, but would reserve the right to make further representations if it were intended to modify in any manner the Royal Commissions' recommendations.

30. Mr. St-Laurent said the C.P.R. would no doubt have adequate opportunities to make whatever representations seemed desirable to the company.

31. The Cabinet, after discussion, agreed that the Interdepartmental Committee on Recapitalization of Canadian National Railways be informed that:

(a) the government intended, during the course of the coming session, to proceed with recapitalization of Canadian National Railways in some form; and,

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(b) the committee should feel free to make recommendations as to alternative methods of recapitalization which might appear to be preferable to the specific methods suggested by the Royal Commission on Transportation.

Legislation; Criminal Code revision

32. The Prime Minister said the revision of the Criminal Code would be ready for introduction during the coming session. He suggested that it be considered in detail by a special Cabinet committee comprising the Ministers of Justice, Veterans Affairs, Citizenship and Immigration and the Postmaster General. He would himself be glad to take part in the work of this committee.

33. The Cabinet, after discussion, agreed that, before submission to Cabinet for approval, the draft revision of the Criminal Code be considered by a special Cabinet committee comprising the Minister of Justice, the Minister of Veterans Affairs, the Minister of Citizenship and Immigration and the Postmaster General.

Legislation; War Veterans' Allowance Act amendment

34. The Minister of Veterans Affairs, referring to the discussion at the meeting of January 23rd, 1952, reasserted his conviction that, notwithstanding arguments advanced to the contrary, the proposed increase in basic rates under the War Veterans' Allowance Act from $49 to $50 for single recipients and from $70 to $90 for married persons represented the minimum which would be acceptable to Parliament and the public generally.

Explanatory notes had been circulated.

(Memoranda - Interdepartmental Committee on Social Security, Jan.22, 1952 - Cab.Doc.12-52; Secretary to the Cabinet, Jan.30, 1952 - Cab.Doc.24-52; draft bill, Jan.26, 1952 - Cab.Doc. 33-52)

35. The Minister of Finance agreed with Mr. Lapointe's judgment of the political situation, but pointed out that the proposal had the disadvantage of creating a precedent which would likely result in strong pressures for increasing general old age benefits. Notwithstanding, it should be possible to argue successfully that a distinction should be made between veterans on the one hand and persons eligible for general social security benefits on the other.

36. The Minister of National Health and Welfare thought W.V.A. recipients most in need of help could be

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looked after more adequately by increasing payments out of the W.V.A. Assistance Fund than by increasing basic rates as recommended. Such a course of action would have the added advantage of being considerably cheaper than the flat increase in rates and of maintaining undisturbed the equation which had usually existed between W.V.A. rates and general old age security benefits.

37. Mr. Lapointe pointed out that existing War Veterans' Allowance legislation was worded in such a manner as to recognize the principle that benefits under the Act were designed to provide recipients with a full subsistence allowance and not merely, as was frequently argued, with a form of anticipated old age pensions, which latter benefit was never intended to meet full minimum subsistence requirements.

38. The Prime Minister agreed that the course of action suggested by the Minister of National Health and Welfare would no doubt result in better provision being made for those most in need of help and at the same time constitute less of a drain on the federal treasury than the proposed flat increase in basic rates. However, public pressure for the removal of all means tests from federal social measures had always been and continued to be such that the only practical course of action would seem to be some increase in the basic rates.

In the circumstances, it would seem advisable for the government to determine in advance the precise extent of the increases and recommend such increases to Parliament with a clear indication that these recommendations represented the maximum the government was prepared to do at this time.

39. The Cabinet, after considerable further discussion, approved in principle amendments to the War Veterans' Allowance Act as previously recommended by the Minister of Veterans Affairs (Cabinet Document 33-52); a draft measure to be prepared accordingly.

N.A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

FEBRUARY 25, 1952

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Items discussed

Animal Contagious Diseases Act; foot and mouth disease; outbreak near Regina 1.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, February 25, 1952, at 10:00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R.G. Robertson, Privy Council Office.

Also present (for discussion recorded in paragraph 5)

The Deputy Minister of Agriculture
(Mr. Taggart).

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Animal Contagious Diseases Act; foot and mouth disease; outbreak near Regina

1. The Prime Minister, referring to discussion at the meeting of February 19th, said the Animal Pathology Laboratory at Hull, Quebec had confirmed on February 24th that the outbreak of animal disease near Regina was foot and mouth disease. It would be necessary to make a public announcement immediately forwhich a draft press release had been prepared by the Department of Agriculture.

The release would outline the measures taken to prevent the spread of the disease before its exact nature was known. In addition to the quarantine and the prohibition on outward movement of livestock, all known movements prior to issue of the quarantine orders were being traced. Now that the disease had been identified, immediate action was being taken to stamp it out. This consisted of the destruction of all animals known to be infected or to have been in any way in contact with possible infection. Animals destroyed would be cremated or buried deeply. All premises known or suspected to have been contaminated would be disinfected and quarantined. Owners of livestock would be fully compensated for the value of animals destroyed. Where it was necessary to take over premises or equipment to facilitate extermination, the owners would be paid reasonable compensation. Emergency authority would be given to officers of the Department of Agriculture to take whatever action might be needed on the spot. Special measures might have to be adopted to prevent the accumulation of surplus meat products in one area while shortages prevailed in others. There might be problems connected with prices of livestock, costs of transportation and other matters that would have to be kept under constant review.

For general information the press release would add that the U.S. Department of Agriculture had been kept fully informed and that special efforts would be made to inform all farmers and others of procedures being adopted. It seemed unlikely that susceptible animals had been the carriers that had introduced the disease. It would be added that the danger of humans contracting the infection was "extremely remote". Unless the outbreak were allowed to get completely out of hand, the meat supply in

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Canada would not be noticeably affected. Fewer than 400 animals were presently under quarantine and likely to be slaughtered immediately. The animals were on 24 different premises, all in the Regina area.

(Draft press release, undated).

2. Mr. St-Laurent pointed out that there was provision in the estimates for funds to be paid to owners of animals destroyed under the Animal Contagious Diseases Act. Additional amounts, however, might have to be appropriated. There was no provision for compensation for the use of premises and equipment and the statement in the press release involved a decision of policy. It was also necessary to approve the policy that emergency authority would be vested in the officers of the Department of Agriculture as might be required.

As to the origin of the disease, one possibility under investigation was that the virus might have been carried on the clothing or person of a German immigrant who had been employed as a milker in two establishments in the Regina area. The man was now thought to be engaged in lumbering north of Port Arthur. If he could be located he would be asked to come at government expense to Hull in order that a complete examination might be made. If he would not come voluntarily action might have to be taken, possibly under the Immigration Act or under the Inquiries Act. The Emergency Powers Act did not provide authority for any restraint of persons.

In the announcement it might be desirable, on the basis of medical advice, to revise the statement on the possibility of humans contracting the disease to say that the danger "is so extremely remote as to be negligible".

3. The Minister of Trade and Commerce said the most serious consequence of the outbreak might be that the U.S. border would be closed to the movement of Canadian livestock and meat. The best means of ensuring that U.S. action would not be taken on a broader basis than was necessary might be for the first move to be made by Canada. If this were agreed, enquiry might be made in Washington as to whether it would make it easier for the U.S. government to avoid restrictions if the Canadian government were to ban exports from the area from the eastern boundary of Alberta to the head of the lakes. There was little

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danger that the disease could have spread westward from the present contaminated area as stock did not move in that direction.

4. The Minister of Justice had some concern about the effect of suggesting restrictions over so wide an area. It might imply that the disease was much more widespread than it was thought to be.

5. The Deputy Minister of Agriculture advised that an expert of the U.S. Department of Agriculture was in Regina and fully acquainted with the situation. He thought there would be no danger of its misinterpretation. It might be desirable to have the eastern limit of the prohibited area as far east as Sudbury since meat for that area came from the West.

6. The Cabinet, after considerable discussion, approved:

(a) the draft press release concerning the outbreak of foot and mouth disease in the vicinity of Regina, Saskatchewan, subject to the modification proposed by the Prime Minister;

(b) the authorization of compensation to owners of premises or equipment taken over to facilitate the extermination of the disease and the according of emergency authority as necessary to officers of the Department of Agriculture to take action that might be required to combat it; and,

(c) the proposal of the Minister of Trade and Commerce that enquiry be made of the U.S. government, through the Canadian Ambassador in Washington, as to whether it would be helpful for the Canadian government to prohibit the export from Canada of animals and meat from an area from the eastern boundary of Alberta eastward to about Sudbury.

N.A. Robertson
Secretary to the Cabinet

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CABINET CONCLUSIONS

MEETING

FEBRUARY 26, 1952

MORNING MEETING

MORNING MEETING

Items discussed

Coronation of Queen Elizabeth II	1.
Public service; appointment, extension and increases in salary	2.
Parliament; resolution on appointment of Select Committee on Defence Expenditure	3.
Parliament; rules and procedure	4.
Civil Service; temporary employment of non-British subjects in certain positions	4.
National Capital Plan; proposed establishment of National Capital Trust	5.
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Okanagan River, B.C.; construction of flood control works and conservation of salmon spawning grounds	12.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinetwas held in the Privy Council Chamber on Tuesday, February 26th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture,
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C.C. Eberts, Privy Council Office.

Coronation of Queen Elizabeth II

1. The Prime Minister said he had received a message from Mr. Churchill stating that, in view of the considerable amount of speculation on the subject,

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it would be desirable to reach a decision as to the date of the Queen's coronation in order that an early announcement might be made. Some time in May 1953 had been suggested as the most convenient from the U.K. point of view.

(Telegram, Secretary of State for Commonwealth Relations to Secretary of State for External Affairs, Feb. 25, 1952).

Mr. St-Laurent thought that, although the suggested date might require an adjustment of parliamentary work, Canada should agree to some date late in May or early in June 1953 if this appeared to be favoured by a majority of Commonwealth countries.

2. The Cabinet, after discussion, agreed that the Prime Minister of the United Kingdom be informed that it would be satisfactory to the Canadian government to have the coronation of Queen Elizabeth II take place late in May or early in June 1953, if this appeared to meet the convenience of other Commonwealth countries.

Public service; appointment, extension and increases in salary

3. The Prime Minister submitted several recommendations respecting an appointment, an extension and salary increases in the public service.

4. The Cabinet, after discussion, agreed that:

(a) Orders in Council be passed providing for the following extension, appointment and salary increases:

(i) Mr. Arthur MacNamara to be granted an extension as Deputy Minister of Labour for one year from March 4th, 1952;

(Order in Council P.C. 1151, Feb. 26,1952)

(ii) Mr. E.R. Hopkins, presently Clerk Assistant of the House of Commons, to be appointed Secretary of the Board of Transport Commissioners at a salary of $11,000 per annum;

(Order in Council P.C. 1159, Feb. 26,1952)

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(iii) the General Librarian and the Parliamentary Librarian to receive salaries of $9,000 per annum each, effective October 1st, 1951;

(Order in Council P.C. 1156, Feb. 26,1952)

(iv) the Clerk of the House of Commons and the Clerk of the Senate to receive salaries of $12,000 per annum each, effective January 1st, 1952;

(Order in Council P.C. 1157, Feb. 26, 1952)

(v) the position of Joint Law Clerks of the House of Commons to be abolished and to be replaced by a position of Law Clerk of the House of Commons; Mr. Maurice Ollivier to be appointed thereto at an annual salary of $10,000 per annum, effective January 1st, 1952;

(Order in Council P.C. 1160, Feb. 26, 1952)

(vi) the Chairman of the Civil Service Commission to receive an annual salary of $13,500 and the other members of the Commission of $11,000, effective January 1st, 1952.

(Order in Council P.C. 1161, Feb. 26, 1952).

(b) the Secretary to the Cabinet, the Assistant Deputy Minister of Finance and the Special Assistant to the Prime Minister consider and report on adjustments that might be made in relation to certain positions the salaries of which were fixed either by statute or by the Governor in Council.

Parliament; resolution on appointment of Select Committee on Defence Expenditure

5. The Prime Minister submitted and read a draft resolution providing for appointment of a Select Committee on Defence Expenditure. He suggested that the resolution, if approved, be forwarded to the Clerk of the House for inclusion on the Order Paper at the earliest possible date.

6. The Cabinet, after discussion, approved the draft resolution for appointment of a Select Committee on Defence Expenditure as submitted by

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the Prime Minister and agreed that it be forwarded to the Clerk of the House of Commons for inclusion on the Order Paper at the earliest possible date.

Parliament; rules and procedure

7. The Prime Minister felt consideration should be given to the desirability of introducing a motion referring the report of the Special Committee on Procedure to the Committee of the Whole. Such a course of action might well give rise to a lengthy debate. He understood that the Opposition would probably resist strongly any attempt to reduce the maximum time now allowed for speeches.

8. The Minister of Citizenship and Immigration thought that, in view of the considerable differences of opinion on House rules and procedure not only among members of the Opposition but among Government supporters, it might be preferable not to take any action at this time.

9. The Minister of Public Works suggested that, for the first few weeks of the session at least, it might be preferable to revert to existing rules as to hours of sittings and other matters, on the understanding that the government might take some action at a later date if circumstances then appeared to be favourable.

10. The Cabinet, after discussion, agreed that, for the first few weeks of the session at least, no action be taken on the report of the Special Committee on Procedure.

Civil Service; temporary employment of non-British subjects in certain positions

11. The Prime Minister reported that approximately 150 graduates and 600 under-graduates would be required for engineering and related scientific work in various government departments during the summer months. Since an insufficient number of Canadian citizens would be available for this work, the Civil Service Commission were proposing to take on perhaps 50 under-graduate geologists, foresters and engineers who had not yet completed the five years residence required for Canadian citizenship.

(Letter, Chairman, Civil Service Commission, to Secretary to the Cabinet, Feb. 22, 1952).

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Mr. St-Laurent thought the Civil Service Commission's proposal should be considered favourably in view of the anticipated shortage of qualified Canadian citizens.

12. The Cabinet, after discussion, agreed that, in view of the probable shortage of properly qualified Canadian citizens, Treasury Board should give sympathetic consideration to Civil Service Commission recommendations for the temporary employment, during the summer months, of student geologists, foresters and engineers who had not yet become Canadian citizens.

National Capital Plan; proposed establishment of National Capital Trust

13. The Prime Minister reported that the Federal District Commission had in the past received gifts of property in the National Capital District from individuals and organizations desirous of assisting in the implementation of the National Capital Plan. Since further gifts not only of property but of funds might be anticipated, the Chairman of the Federal District Commission had recommended the establishment, by Act of Parliament, of a National Capital Trust to serve a somewhat similar purpose in the National Capital District to that served by the National Trust of Great Britain; all gifts and bequests to the Trust to be free of taxes and succession duties.

(Letter, Chairman of the Federal District Commission to Prime Minister, Dec. 7, 1951).

Mr. St-Laurent thought the proposal had merit, but that further information should be obtained as to the type of legislation required before a final decision were reached. Perhaps a simple amendment to the Federal District Commission Act would be sufficient.

14. The Cabinet, after discussion, noted the recommendation of the Chairman of the Federal District Commission that a National Capital Trust be established with power to accept gifts and bequests for the development of the National Capital District, such gifts and bequests to be exempt of all taxes and succession duties, and deferred decision pending submission of more detailed information as to the scope of the proposal and the nature of the legislation required for its implementation.

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Barley; increase in initial price

15. The Minister of Trade and Commerce, referring to discussion at the meeting of May 4th, 1951, said sufficient quantities of barley had now been marketed at price levels which warranted an increase in the initial payment of 95 cents a bushel previously approved by Cabinet. He recommended that the initial payment on all barley delivered to the Canadian Wheat Board from March 1st, 1952, be increased by 20 cents a bushel. Producers having delivered barley to the Board prior to that date would benefit from adjustments in the initial payments already made to them.

16. The Cabinet, after discussion, agreed that the initial price of 95 cents a bushel be increased to $1.15 a bushel on all barley delivered to the Canadian Wheat Board on and after March 1st, 1952; an announcement to be made by the Minister of Trade and Commerce later that day.

Parliament; Speech from the Throne

17. The Prime Minister submitted and read a draft Speech from the Throne for the opening of the forthcoming session of Parliament.

18. The Cabinet approved the draft Speech from the Throne as submitted by the Prime Minister subject to certain revisions, deletions and additions suggested during the course of discussion.

Foot and mouth disease; outbreak in Saskatchewan; U.S. embargo

19. The Prime Minister, referring to discussion the previous day, said U.S. authorities were enforcing a complete embargo against all Canadian exports of cattle, sheep or other domestic ruminants, or swine, or of fresh, chilled, or frozen beef, veal, mutton, lamb, or pork. It had first been hoped that the prohibition would apply only to such animals or food products originating in the quarantined area in Saskatchewan or in some larger but still restricted area. U.S. laws, however, made the full embargo mandatory. Section 1306 of the U.S. Tariff Act of 1930 (Chapter 4 of the Customs Duties) read as follows:

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"If the Secretary of Agriculture determines that rinderpest or foot and mouth disease exists in any foreign country, he shall officially notify the Secretary of the Treasury and give public notice thereof, and thereafter, and until the Secretary of Agriculture gives notice in a similar manner that such disease no longer exists in such foreign country, the importation into the United States of cattle, sheep, or other domestic ruminants, or swine, or of fresh, chilled, or frozen beef, veal, mutton, lamb, or pork, from such foreign country, is prohibited."

He suggested that consideration might usefully be given to the negotiation with the United States of a treaty governing restrictions, for health reasons, on movements of domestic animals and foodstuffs between the two countries. Under the Ogdensburg Agreement the border had, in effect, been obliterated for certain purposes that required handling on a continental rather than a national basis. Possibly some similar approach could be worked out.

20. The Minister of Trade and Commerce thought it might be preferable to clear up the outbreak of foot and mouth disease in Saskatchewan before attempting to negotiate an international instrument along the lines suggested.

21. The Minister of Finance did not expect too serious consequences to result from the U.S. embargo provided it were not maintained for more than two or three months. If the United States prohibition against certain Canadian exports was maintained for any much longer period, the consequences from a balance of payments point of view alone might be serious.

22. The Minister of Resources and Development, as Acting Minister of Agriculture, said the press had been enquiring why the Deputy Minister of Agriculture had not been sent to Washington immediately as originally contemplated. He proposed to reply that since U.S. laws made a complete embargo against all Canadian exports of certain livestock and foodstuffs mandatory no immediate purpose would be served by Mr. Taggart visiting Washington. First priority was being given to domestic measures required to eradicate the disease before any approach was made to the U.S. government with a view to a relaxation of the prohibition against Canadian exports.

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23. The Cabinet, after considerable discussion:

(a) noted the Prime Minister's report on the legal position in the United States with respect to livestock and foodstuffs emanating from foreign countries in which foot and mouth disease existed;

(b) agreed that, until such time as the current outbreak of foot and mouth disease had been eradicated or brought definitely under control in Canada, no negotiations be entered into for an agreement or treaty with the United States on restrictions for health reasons on movement of livestock and foodstuffs between the two countries, although study might be given in the interim to such an approach;

(c) agreed that a suitable reference be included in the Speech from the Throne to the recent outbreak of foot and mouth disease and to the measures being taken to circumscribe and eradicate it and to protect the Canadian economy generally; and,

(d) approved the reply proposed to be made by the Acting Minister of Agriculture to enquiries why the Deputy Minister of Agriculture had not proceeded immediately to Washington as had originally been contemplated.

Parliament; legislation

24. The Prime Minister submitted certain legislative proposals.

Explanatory memoranda had been circulated.

(Memorandum, Minister of Resources and Development, Feb. 13, 1952 - Cab. Doc. 57-52; memorandum, Secretary of State, Jan. 24, 1952 - Cab. Doc. 19-52; memorandum, Minister of Transport, Feb. 25, 1952; letter, Deputy Minister of Justice, Feb. 23, 1952 and attached draft bill).

25. The Cabinet, after discussion, approved in principle the following legislative proposals; draft measures to be prepared accordingly:

Northwest Territories Act amendment
Trade Marks bill
Auditors for Canadian National Railways bill
Representation bill.

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Legislation; Aeronautics Act amendment

26. The Minister of Transport, referring to the discussion at the meeting of October 3rd, 1951, said it was proposed to amend the Aeronautics Act by adding to subsection (i) of section 4 thereof a new paragraph which would not only provide for the compulsory zoning of certain areas surrounding airports but also for the making of regulations regarding compensation in respect of any properties, buildings or structures affected by zoning restrictions.

An explanatory note was circulated.

(Minister's memorandum, Feb. 22, 1952 - Cab. Doc. 67-52).

27. The Prime Minister thought the revised paragraph as submitted by the Minister of Transport would probably meet the situation he had had in mind when this matter was under discussion at earlier meetings, although he was not clear as to the exact nature of the proposed regulations regarding compensation. Presumably individual regulations would have to be passed for each airport. In any event, the proposed new paragraph recognized the important principle that, if zoning restrictions resulted in actual injury to individual owners, such owners were entitled to some form of compensation.

28. Mr. Chevrier said there had been a suggestion that, if approved, the proposed new zoning restrictions and compensation regulations should apply not only to federally-owned airports, but to municipal airfields as well. A recent Supreme Court decision in the West St.Paul municipal airport case had established that the federal government had exclusive jurisdiction in the matter of aeronautic zoning restrictions. On the strength of this decision, it had been argued that if injuries resulted from federally imposed restrictions the responsibility for providing suitable compensation should properly rest with the federal government.

29. The Minister of Justice thought federal zoning regulations should properly be made to apply not only to federally-owned airfields, but to municipal airports as well, but that the federal government should be held responsible for compensation only in respect of federal airports.

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30. The Minister of Trade and Commerce believed the cheapest and perhaps most effective means of enforcing control lay in expropriation proceedings. He feared that the proposed regulations regarding compensation might well lead to a number of excessive or unjustified claims.

31. Mr. St-Laurent suggested the proposed amendment to the Aeronautics Act might be made to apply only to federally-owned airports and that municipal airports be controlled by attaching suitable restrictions and conditions to the granting of licences.

32. The Cabinet, after considerable further discussion, approved in principle the proposed amendment to the Aeronautics Act as submitted by the Minister of Transport and agreed that a draft measure be prepared accordingly; it being understood that the proposed amendment would be made applicable to federally-owned airports only and that suitable conditions be attached to the granting of licences to ensure compliance with zoning regulations by municipal airports.

Legislation; Government Annuities Act amendment

33. The Prime Minister, referring to discussion at the meeting of December 11th, 1951, suggested consideration be given to the question of re-introducing the bill to amend the Government Annuities Bill as modified during the last session to exclude the proposed new section 13(1)(e) providing for cash surrender privileges.

34. The Minister of Finance was of the opinion that, in general, the government annuities scheme was open to the criticism that it involved subsidizing a relatively small group at the expense of the taxpayers in general and represented an unreasonable invasion of the sphere of private business. While the Act had been designed originally to assist only those of limited means, it had become possible for employers and persons of substantial means to come under the scheme. It would not be possible to seek repeal of the Act and there did not appear to be any objection to the minor amendments now remaining in the bill. In view of the provisions of the Old Age Security Act, however, there did not appear to be a case for leaving in the bill any provision for an increase in the maximum annuity that may be purchased. He suggested, therefore, that the proposed new section 8(2) of the Act, increasing the maximum from $1200 to $2400 a year, be deleted.

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35. Mr. St-Laurent pointed out that the difference between government and commercial annuity contracts was that the administrative costs of the former were borne by the taxpayers rather than the annuitants. It was the government's policy not to interfere with private enterprise in cases where it functioned satisfactorily. An increase in the maximum annuity would mean further interference and higher costs to the taxpayers.

36. The Minister of Labour said the main amendments contemplated had been intended to provide cash surrender privileges only for those in serious difficulties and to increase the maximum annuity obtainable in view of the reduced purchasing power of the dollar. The remaining amendments were minor ones designed to facilitate administration and, in the case of the proposed new section 4(2), to take into account the new old age security legislation.

As it had been agreed not to refer in the forthcoming Speech from the Throne to re-introduction of the modified bill, there would shortly be questions as to the government's intentions regarding the maximum figure for annuities and an early decision should be taken. He did not feel strongly that the maximum should be increased but, on balance, believed that it would be desirable to include in the bill an increased maximum of about $1800. It seemed doubtful that there would be further serious complaints if the modified bill were re-introduced incorporating such a maximum in addition to the minor amendments which were non-controversial.

(Minister's memorandum, Feb. 15, 1952 - Cab. Doc. 50-52).

37. Mr. Abbott thought that, if there were questions at an early date about the government's intentions regarding the bill, it might be indicated that it would be re-introduced, although possibly after further modification.

38. The Minister of Citizenship and Immigration pointed out that another solution would be to place the bill, in a form to be decided upon, on the order paper shortly after the opening of Parliament.

39. The Cabinet, after further discussion, noted the recommendations of the Minister of Labour and deferred decision as to what features of the bill to amend the Government Annuities Act, as modified in December, 1951, should be re-introduced during the next session.

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Okanagan River, B.C.; construction of flood control works and conservation of salmon spawning grounds

40. The Prime Minister, referring to discussion at the meeting of June 29th, 1950 said that, in June, 1951, the proposal for flood control works on the Canadian section of the Okanagan River had been referred to the International Joint Commission at the request of the U.S. government which feared that the works would have an adverse effect on spawning grounds used by part of blueback salmon run in the Columbia River basin. The Commission had now made its report in which it was recommended that the flood control project be undertaken as soon as possible. Other recommendations intended to protect spawning areas in the river were included.

It was suggested, therefore, that, if satisfactory to the Premier of British Columbia, a note be sent to the U.S. Embassy stating, inter alia, that authority had been given to proceed with the works and that the other recommendations of the International Joint Commission were in accord with the government's intentions.

An explanatory memorandum had been circulated.

(Memorandum, Secretary of State for External Affairs, Feb. 21, 1952 - Cab. Doc. 59-52)

41. The Minister of Fisheries said it was urgent to undertake the proposed works since the population in the valley of the Okanagan were disturbed about the possibility of further floods. The Department of Public Works had completed plans and was ready to proceed with the project.

42. The Minister of Public Works reported that it was expected the work to be carried out, which would be financed jointly by British Columbia and the federal government, would entail federal expenditures in the fiscal year 1952-53 of some $1 million.

43. The Minister of Finance was agreeable to work being started on the project in view of the urgency reported by Mr. Mayhew.

44. The Cabinet, after further discussion, approved the proposals outlined by the Prime Minister, as concurred in by the Minister of Public Works and the Minister of Fisheries, and agreed that, if satisfactory

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to the Premier of British Columbia, a note concerning the recommendations of the International Joint Commission on the proposed flood control works in the Canadian section of the Okanagan River be sent to the U.S. Embassy in the terms submitted.

Governor General; filming of installation ceremony

45. The Minister of Resources and Development said that "Life" magazine had asked permission, through the National Film Board, to make coloured photographs of the installation of Mr. Massey as Governor General for inclusion in its next edition.

46. The Prime Minister felt it would be regrettable if a position were reached where important ceremonies in Parliament were marred by the equipment and activities of film and television operators. Any permission would have to be with strict limitations.

47. The Cabinet, after further discussion, noted the report of the Minister of Resources and Development and agreed that "Life" magazine be permitted, under the supervision of the National Film Board, to make coloured photographs of the installation of the Governor General.

Western coal; maintenance of special freight rate

48. The Minister of Transport reported that, in accordance with decision at the meeting of February 4th, 1952, he had written the Presidents of the two railways asking them to consult on the possibility of retaining for the present the special rate of $10.75 on shipments of Alberta coal to Eastern Canada. The President of the Canadian National Railways had replied that, after consultation with the President of the Canadian Pacific Railway, both were willing to continue the special rate for another year. Mr. Mather's reply had been in somewhat different terms since he had asked Mr. Chevrier to seek the agreement of the government that the special rate would not continue for more than one year. He had written to Mr. Gordon and Mr. Mather merely thanking them for accepting the government's proposal.

49. The Cabinet noted the report of the Minister of Transport that the Presidents of the Canadian National and Canadian Pacific Railways had now agreed to retain for another year the special rate on shipments of Alberta coal to Eastern Canada.

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Collection of private receiving set licence fees

50. The Minister of Transport, referring to the discussion at the meeting of October 5th, 1951, said examination of the present system of issuing private receiving set licences showed that, during 1950-51, the cost of collecting some $5.4 million had been about $780,000, including $336,000 paid as commissions to issuers of licences. Of the latter figure, $134,000 had been paid to post offices and other organizations which had been responsible for 60 percent of licence sales, while some $202,000 had been paid to house-to-house canvassers who had been responsible for only 40 percent. The amounts paid to post offices and other organizations averaged 10 cents per licence, while those paid to canvassers averaged 23.5 cents. The canvassing system was clearly an expensive method of issuing licences. Seventy-five departmental radio inspectors were employed part-time in the check-up of unlicensed set owners but, having several other duties, they were unable to carry out an effective country-wide check.

In view of the recommendation of the Massey Commission that a more efficient method of collection be devised and suggestions by Canadian Broadcasting Corporation, Treasury Board and the Civil Service Commission, officials of his department had made recommendations as follow: abolition of house-to-house canvassing, which would result in a net saving in commissions of about $128,000 annually; employment of a new staff of 43 "radio licence investigators" at an annual cost of some $100,000 in salaries, to carry out a check-up of unlicensed set owners on a full-time basis; newspaper advertising regarding licences, for which $10,000 would be included in next year's estimates, combined with extensive free radio publicity which the C.B.C. was prepared to arrange; abolition of the present system of submitting names of unlicensed set owners to Ottawa and of delaying court proceedings pending an order sent by the Minister of Transport; establishment of a minimum fine of $10.00.

He recommended that a decision be taken in favour of one or other of the following alternatives: maintenance of the present practice with regard to licences; abolition of the licence fee; adoption of the new policies proposed by his department; or transfer of collection responsibilities to the Department of National Revenue.

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An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 7, 1952 - Cab. Doc. 42-52).

51. The Prime Minister said it had been decided not to abolish the licence fee for the present at least. It was questionable that there would be any advantage in separating responsibility for the issue of broadcasting and receiving licences.

52. The Minister of Finance thought the changes in collection procedure outlined by Mr. Chevrier might be desirable.

53. The Minister of National Revenue thought imposition of a maximum fine of $10.00 would lead to criticism. Post offices were the most satisfactory outlets for licences and every effort should be made to increase sales through them. Possibly they should receive the same commissions as door-to-door canvassers.

54. The Minister of National Health and Welfare suggested further discussion of the proposals be deferred until consideration could be given to arrangements for the collection of television receiving set licences.

55. The Cabinet, after further discussion, noted the report of the Minister of Transport regarding possible new policies for collection of private radio receiving set licence fees and agreed that, pending consideration of the collection of television receiving set licence fees, the present policies be maintained, but that every effort be made to increase sales of licences through revenue and non-revenue post offices and that consideration be given to the desirability of having them paid the same commissions as presently paid to door-to-door canvassers.

Extraordinary Administrative Radio Conference, Geneva, 1951; Canadian entry into Agreement

56. The Minister of Transport reported that, at the suggestion of the International Telecommunication Union Administrative Council, an Extraordinary Administrative Radio Conference had been held in Geneva from August to December 1951 to consider draft radio frequency lists and plans for a number of frequencies

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between 14 and 27500 kc's and action to permit early implementation of the table of frequenty allocation adopted by the International Radio Conference held at Atlantic City in 1947. An Agreement adopted by the Geneva conference had been signed on December 3rd, without important reservations, by the representatives of all but the Soviet bloc countries attending the meetings. The acting head of the Canadian delegation had signed ad referendum. He recommended, with the concurrence of the Secretary of State for External Affairs, certain consequential action on the part of the government.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 8, 1952 - Cab. Doc. 43-52).

57. The Cabinet noted the recommendation of the Minister of Transport, concurred in by the Secretary of State for External Affairs, and:

(a) approved Canadian entry into the Agreement adopted by the Extraordinary Administrative Radio Conference, Geneva, on December 3rd, 1951;

(b) agreed to the issue of a full power confirming the authority of Mr. C.M. Brant, Acting Head of the Canadian delegation to the conference, to sign the Agreement; and,

(c) agreed that notification of Canada's approval of the agreement be sent to the Secretary-General of the International Telecommunication Union at an appropriate time in accordance with the procedure laid down by the International Telecommunication Convention;

Orders in Council to be passed accordingly.

Television development; C.B.C. proposals

58. Dr. McCann referring to the discussion at the meeting of September 26th, 1951, said the Board of Governors of the Canadian Broadcasting Corporation had advised that the television production centres and stations in Toronto and Montreal should start operations about September, 1952; that organization and training of staff were under way; and that the relay links

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Toronto and Montreal via Ottawa, and to Buffalo, which were being provided by communications companies, should be ready in the spring of 1953. Government loans, totalling $6 million to date, would cover capital costs of the Toronto and Montreal facilities, and organization and training costs up to the time of operation and provide some $500,000 to be applied to operation in September.

The Board considered that, on the basis of present costs, a receiving set licence fee of $15.00 in addition to commercial revenue would be needed to meet the costs of television service under development, and that this fee should be applied during the fiscal year 1952-53 to offset as far as possible heavy operating expenditures at Montreal and Toronto beginning next autumn. For the period September, 1952 - March, 1953, the C.B.C. would require $1.7 million (in addition to the $500,000 available from past loans). Assuming collection in 1952-53 of $15.00 for each of the estimated 75,000 receiving sets in the country, there would be about $1.1 million available from licence fees and the further loan required from the government would be $600,000. If only $7.50 were charged the loan required would be $1.15 million. The Board felt a somewhat higher fee might be set for public establishments.

As the second stage of development, the establishment of 7 transmitting stations at Ottawa, in the general areas of Hamilton-Brantford, London and Windsor, and at Quebec, Winnipeg and Vancouver was proposed, the stations to be proceeded with simultaneously as far as possible. Communications companies would extend the relay network to the first 5 of these stations, whose operating expenditures would amount to little more than the cost of relay link rentals and technical operating costs. Winnipeg and Vancouver would be supplied with programmes through kinescope recordings made in Montreal and Toronto and would have facilities for limited regional programming. On the completion of the second stage, at an estimated capital cost of $7 million, services would cover about half the population and it was estimated that collections from a $15.00 fee in the additional areas served would soon increase to the point of covering the operating costs of facilities there.

The Corporation believed it important that an early decision be reached on the second stage and that provision for capital expenditures be

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made during the coming session so as to allow for detailed planning and preliminary work without delay, as it would take at least a year and a half to put the additional stations in operation after authorization and financing. If it were felt, in view of the defence production situation, that these projects should not be proceeded with in the immediate future, the Board hoped a decision in principle could be made now, and the capital loan or grant provided, on the understanding that construction would begin only when authorized.

The Board estimated, on the basis of present costs, that a $15 licence fee would, in the future, at least support service on the facilities included in the first two stages. Government financing would be required for capital expenditures and to cover deficiencies during the build-up of audiences. Further studies would be required regarding costs and financing of later stages of development to cover areas of less dense population. These would take into account private station cooperation with the national system.

An explanatory memorandum had been circulated.

(C.B.C. memorandum Feb. 7, 1952 - Cab. Doc. 41-52).

Dr. McCann pointed out that, owing to lack of experience in the field of television, the C.B.C.'s calculations were tentative. It was, for instance, still uncertain as to the figure for its commercial fees and for the receiving set licence fee.

59. The Minister of Trade and Commerce thought it had been understood, when the government had lent the $6 million, that private enterprise would provide the transmitting stations required with the exception of the C.B.C. stations in Montreal and Toronto and that the private stations, which would be under the control of the Board, would devote a certain amount of time to C.B.C. programmes. The proposed second stage seemed a reversal of that policy and open to criticism that the government system was being carried too far and that all taxpayers were being made to pay for facilities to be provided only in limited areas of the country. He understood several companies had approached the Corporation with a view to obtaining licences and it had indicated to them that applications would not be entertained at present. It appeared desirable to start issuing licences to private stations in the near future.

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60. The Minister of Finance said, in view of the expected size of the national budget for 1952-53, he was not in favour of proceeding with the proposed second stage at this time. He pointed out that expansion of television facilities would create demands for considerable amounts of television equipment at a time of material shortages.

61. Dr. McCann recalled that, on March 28th, 1949, he had informed the House of the government's interim policy pending the Report of the Royal Commission on National Development in the Arts, Letters and Sciences. He had outlined the interim plan as follows:

(1) General direction would be entrusted to the Board of Governors of the C.B.C. who would arrange for television operations by the Corporation and licensed private stations.

(2) To provide required services, the Corporation would establish national production centres in Montreal and Toronto at an early date, provide a service of programmes for broadcast by stations which might be established in other areas (a certain minimum of national programmes to be carried by each station); and establish transmitting stations in Montreal and Toronto.

(3) In any area, a licence to establish one private station would be granted to a private organization giving adequate assurance of financial means and service.

(4) In regard to network arrangements, the same principle would apply as in radio broadcasting.

It appeared to be the established policy that private stations should not commence operations until the production centres were in a position to provide them with a portion of their programmes. As the Bell Telephone Company had decided to have the relay link between Montreal and Toronto pass through Ottawa, it would be readily possible to establish a transmitting station here.

62. The Prime Minister understood the attitude of the Board to be that it was still too soon to commit itself to licensing private stations and that it would be in the best interests of the cultural development of the country for the C.B.C. to provide a number of the stations required.

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The Royal Commissioners had stated in their report that the principles underlying the government's interim policy were well calculated to serve the needs and interests of the population, that they understood the Board was proceeding with the interim plan and coverage would be extended as rapidly as possible both through the C.B.C.'s stations and by recordings provided to private stations; and that the Board should not yield to pressure to advise the licensing of any commercial station before the Board was ready with national programmes which all stations could carry.

The report had also included recommendations that direction and control of television broadcasting continue to be vested in the Corporation; that the latter proceed with plans for the production of programmes in French and English and for national coverage , that no private station be licensed until the Corporation had national programmes available and that all private stations be required to serve as outlets for national programmes.

63. Dr. McCann thought the Board's submission which he had outlined was in conformity with these portions of the Royal Commission's report.

64. Mr. St-Laurent felt it would not be possible to reach a decision on the submission that day. The Board did not appear to have considered fully how much a balanced licence fee should be. It might be difficult to get approval for a $15.00 fee. The Board should consider this question and also what fee should be charged for public establishments. It appeared doubtful that any fee could be charged for more than the second half of 1952-53, when there would be service, or that it should be applied in areas not served by Canadian programmes.

65. The Cabinet, after further discussion, noted the report of Dr. McCann on proposals of the Board of Governors of the Canadian Broadcasting Corporation regarding television development, and deferred decision pending further considerations and report by the Board in the light of the discussion.

N.A. Robertson,
Secretary to the Cabinet

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CABINET CONCLUSIONS

MEETING

FEBRUARY 26, 1952

(AFTERNOON MEETING)

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AFTERNOON MEETING

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, February 26th, 1952, at 3.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

Mr. R. G. Robertson, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Immigration policy

1. The Minister of Citizenship and Immigration gave a general outline of the policy that had governed

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immigration down to the end of World War II. Since then figures for immigrants had been: 1945 - 22,722; 1946 - 71,719; 1947 - 64,127; 1948 - 125,414; 1949 - 95,217; 1950 - 73,912; 1951 - 194,391. Of the immigrants admitted in 1951, 114,786 had been workers, which represented about 60 percent of the total rather than 50 percent as had been the case in previous years. It seemed unlikely that, in 1952, the 60 percent figure would be maintained as there were many dependents to come forward. For transportation reasons, an unusually large number of immigrants had been brought to Canada during the winter months this year, but, although they had not all been placed quickly, the number in the hostels had not become large and was not increasing. On February 9th, 3,333 immigrants were in immigration or labour hostels.

The Departments of Labour and Trade and Commerce had been consulted with regard to prospects for 1952. In August 1951, the Department of Labour had placed requirements for 1952 at 100,000 workers. On February 11th this figure had been reduced to 57,500 workers made up as follows: farm workers, 18,000; general labourers, including woods workers, miners, track workers, construction labourers, etc., 18,000; clerical and professional, 3,500; domestics, nurses' aides, etc., 6,000; skilled and semi-skilled, 12,000. To this should be added 6,000 artisans or small businessmen, 60,000 as the normal number of dependents and a figure of about 7,000 to cover dependents in Europe of persons already here, also 7,000 Americans and about 2,500 Chinese. There might be about another 5,000 to cover special groups of dependents in Europe. This made a total for 1952 of about 145,000.

There were some signs that we might be about to enter a period of lower employment. If so, the figure of 57,500 workers for 1952 might have to be cut. A reduction in immigration could be effected in a number of ways such as refusing the orders of employers for individuals or groups of immigrant workers; refusing visas to certain classes or occupations; discontinuance of the assisted passage loan scheme; discontinuing the T.C.A. subsidy plan; and restricting or suspending immigration from Italy in view of difficulties with Italian immigration. As Italian authorities had not at any time fulfilled their promises to properly supervise the selection of suitable immigrants.

On the basis of the above considerations certain recommendations were submitted as to the immigration policy for 1952.

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An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 21, 1952 - Cab. Doc. 60-52).

2. Mr. Harris said that the possibility that the virus causing foot and mouth disease might have been brought to Canada in the clothing or effects of an immigrant had introduced a new factor since his memorandum had been prepared. It would probably not be possible to determine finally whether the virus had been so carried. There might, however, be sufficient general belief in it or sufficient evidence to that effect that drastic action might be required with regard to immigration from Europe and from Germany especially. The United States were understood to have some method of disinfecting persons coming from Mexico and an effort was being made to learn details of it and also to discover whether any similar precautions were taken with regard to immigrants from Europe. It was possible that, until precautionary measures could be established, a ban on immigration from continental Europe might be required. Subject to such possibilities the general immigration policy was recommended as submitted.

3. The Cabinet, after discussion, agreed that, subject to the possibility that immigration from Europe might have to be reconsidered in the light of evidence that might emerge as to the transmission of the virus causing foot and mouth disease in Saskatchewan, the recommendations of the Minister of Citizenship and Immigration be approved that:

(a) immigration for 1952 be at about 145,000 persons and, as far as possible, from the countries of origin indicated in the Minister's memorandum;

(b) the assisted passage loan scheme be maintained and increased if necessary, to be used when needed;

(c) unless conditions changed materially, immigrant workers be discouraged from coming after October 1st and that, generally, visas to immigrant workers be valid only until October 1st, 1952; and,

(d) the programme be reconsidered in June 1952 if conditions should change materially.

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Gold; sale for domestic purposes

4. The Minister of Finance, referring to discussion at the meeting of February 19th, 1952, reported that, until October 1951, gold had been sold for commercial and industrial purposes in Canada at the official price plus 10 cents an ounce. Since the permission to producers to sell on the premium markets, domestic industrial users had had to buy at the premium price of about $38.50 an ounce. They argued that the increase would cause them serious difficulties as U.S. processors were allowed to buy at the official price. The Canadian trade would be placed at a disadvantage in the export field. On the other hand, the gold producers argued that they should have the right to sell their gold either in Canada or abroad at the best price they could obtain. So far as American competition in Canada was concerned, the duty on jewellery imported from the United States was 30 percent. As the domestic industrial market had been included as a part of the premium market, gold producers might feel that any reversal of policy would be one more restriction on the free sale of gold which had been accepted by the government.

An explanatory memorandum was circulated.

(Minister's memorandum, Feb. 25, 1952 - Cab. Doc. 69-52).

Mr. Abbott said, in view of the close balance of the considerations, he was not prepared to make any firm recommendation. There was perhaps a preponderance of argument in favour of the industrial users but a reversal of announced policy was involved and there was doubt whether it should be made.

5. The Cabinet, after considerable discussion, noted the report of the Minister of Finance concerning representations that had been received requesting the sale of gold at the official mint price for domestic purposes and agreed that no change be made at present in the arrangements under which gold producers who opted not to accept subsidy under the Emergency Gold Mining Assistance Actwere permitted to have the benefit of the domestic market for gold.

House of Commons; sound reinforcement system

6. The Minister of Public Works submitted for consideration a draft agreement with Tannoy Rentals Limited and Cossor (Canada) Limited for the

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supply, installation and operation of a sound reinforcement system in the House of Commons Chamber. It was recommended that authority be granted to enter into the agreement on the terms and conditions embodied in the draft.

Copies of the draft agreement had been circulated.

(Secretary's memorandum and attached draft Feb. 23, 1952 - Cab. Doc. 68-52).

7. The Cabinet, after discussion, approved the recommendation of the Minister of Public Works and agreed that authority be granted to enter into an agreement with Tannoy Rentals Limited and Cossor (Canada) Limited, on the terms and conditions embodied in the draft that had been circulated, for the supply, installation and operation of a sound reinforcement system in the House of Commons Chamber; an Order in Council to be passed accordingly.

(Order in Council P.C. 1084, Feb. 26, 1952).

Steamship service to the West Indies; future policy

8. The Minister of Transport reported that the present fleet of Canadian National (West Indies) Steamships Limited consisted of the "Lady Nelson" and "Lady Rodney" and eight ships purchased from the War Assets Corporation in 1946 and 1947. The "Lady" ships would require extensive repairs in 1955, at a considerable cost, if their classification was to be maintained. The operations since 1929 of the "Lady" ships had resulted in a loss every year except 1941. There was no prospect of improvement in the operating results and the continuation of the general passenger service they provided could not be justified economically. It was for consideration whether the two "Lady" vessels should be disposed of. If so the best prices could be obtained in 1952 or early 1953. Withdrawal of the service would require 6-months' notice to the Colonies. Possible alternative policies were; the total discontinuance of the West Indies service; the disposal of the two "Lady" vessels with continuation of a restricted freight and passenger service by the remaining ships; and the continuation of the present freight and passenger service, which would involve the construction and delivery before June 1955 of new freight and passenger ships to replace at least the "Lady Nelson" and the "Lady Rodney". It was recommended that the second of the three alternatives be adopted.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 21, 1952 - Cab. Doc. 58-52).

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9. The Prime Minister did not think the third possibility, which would involve replacement of at least two and possibly more of the vessels, was worth considering. The decision appeared to lie between the first and second.

10. The Minister of Trade and Commerce agreed with the view of the Minister of Transport that the two "Lady" vessels should be disposed of and a freight service continued with the remainder.

11. The Cabinet, after further discussion, agreed that the Interdepartmental Committee on External Trade Policy be directed to consider, along with the Deputy Minister of Transport, whether it would be desirable for the present service of Canadian National (West Indies) Steamships Limited to be discontinued entirely or whether it would be preferable to dispose of the "Lady Nelson" and "Lady Rodney" and have the company continue to carry on a restricted freight and passenger service with the remaining ships of the fleet; the Committee to report to the Cabinet.

Canadian National Railways; pension plan

12. The Minister of Transport, referring to discussion at the meeting of December 29th, 1951, said that a report on the proposed Canadian National Railways pension plan had now been submitted by the Interdepartmental Committee that had been directed to study the matter. The Committee advised that the plan was an improvement over the existing plan but could not be considered over-generous. They would have preferred a plan that was compulsory for all new employees entering the service but there were real difficulties in the way. The scheme was the result of lengthy study and had been recommended after consulting with officials of the employees' unions. Any change of substance would have to be discussed with union officials and it would probably involve several months' delay in putting the plan into effect.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 22, 1952 and attached report of the Interdepartmental Committee - Cab. Doc. 66-52)

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13. The Cabinet, after considerable discussion, agreed that the Minister of Transport inform the President of the Canadian National Railways that the government had no objection to the proposed revised pension plan and that any announcement in relation to it should be made by the Company.

Steamship subsidies; special increases

14. The Minister of Transport reported that a number of steamship companies had been required to make substantial expenditures to have their vessels conform to revised Department of Transport regulations on precautions against fire. Several applications had been received for increases in subsidy to meet the expenditures. The Maritime Commission had recommended that none be granted except in three cases where the services operated at substantial losses. The three were: the ferry service between Owen Sound, Manitoulin Island and Georgian Bay; the service between Pelee Island and the mainland; and the service between Victoria and the west coast of Vancouver Island. The increases involved were, respectively, $16,770, $24,537 and $46,555. If approved they would be included in the Further Supplementary Estimates for 1951-52.

Explanatory memoranda had been circulated.

(Minister's memoranda Feb. 16, 1952 and Feb. 21, 1952 - Cab. Docs. 63-52, 64-52, 65-52).

15. The Minister of Finance said the amounts involved for bringing the vessels up to the new safety standards were capital expenditures. Any increase in subsidy should be related to the extra current costs resulting from the new expenditures - that is, the cost of amortization and interest. It would be desirable for the Maritime Commission to consider what subsidy arrangements might be made on that basis.

16. The Cabinet, after discussion, noted the recommendations of the Minister of Transport for additional subsidies to be provided in the Further Supplementary Estimates of 1951-52 to be paid to three steamship services to cover expenditures required to make vessels conform to the revised Department of Transport regulations respecting the Safety of Life at Sea and agreed that the Canadian Maritime Commission

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be directed to consider the recommendations further in order to determine how the subsidies might be based on increases in current costs resulting from the expenditures rather than on the inclusion of the capital amount of the expenditures as an addition to the subsidies for the next year.

Pattullo Bridge, New Westminster, B.C.; financial settlement

17. The Minister of Resources and Development said the Government of British Columbia had discontinued charging tolls on the Pattullo Bridge. The bridge formed part of the Trans Canada Highway and the provincial government had requested that it be paid 50 percent of the cost under the highway agreement. They had been informed that the payment could not be more than 50 percent of the unamortized balance of the cost outstanding which, as of December 31st, 1951, was $1,155,000. Under the terms of the agreement, payments were to be made as work progressed and normally the amount would be payable over a 2-year period. There was no other case that was precisely similar elsewhere in the country and it was recommended that the provincial request be met to the extent of enabling the payment to be made immediately.

18. The Prime Minister said it would be desirable to get an opinion from the Department of Justice whether immediate payment could be made.

19. The Cabinet, after discussion, approved the recommendation of the Minister of Resources and Development that immediate payment be made to the Government of British Columbia under the Trans Canada Highway Agreement of 50 percent of the unamortized balance of the cost of the New Westminster Harbour bridge outstanding on December 31st, 1951, provided the Department of Justice advised that immediate payment could be made under the terms of the agreement.

National Gallery; resignation of Chairman

20. The Prime Minister said Mr. Vincent Massey had submitted his resignation from the Chairmanship of the National Gallery as his appointment as Governor General made it inappropriate for him to continue in that office. It was recommended that it be accepted.

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21. The Cabinet approved the recommendation of the Prime Minister and agreed that the resignation of the Right Honourable Vincent Massey from the Chairmanship of the National Gallery be accepted; an Order in Council to be passed accordingly.

(Order in Council P.C. 1164, Feb. 26, 1952).

Appointment as Queen's Counsel

22. The Minister of Justice submitted a recommendation for an appointment as Queen's Counsel.

23. The Cabinet approved the recommendation of the Minister of Justice and agreed that William Joseph Lawson, Esq., Judge Advocate General, be appointed one of Her Majesty's Counsel learned in the law; an Order in Council to be passed accordingly.

(Order in Council P.C. 1111, Feb. 26, 1952).

Appointments; Directors of the Bank of Canada

24. The Minister of Finance submitted a recommendation for certain appointments as Directors of the Bank of Canada.

25. The Cabinet approved the recommendation of the Minister of Finance and agreed that the following be re-appointed as Directors of the Bank of Canada for a term of three years each, beginning on March 1st, 1952:

E.G. Baker, Esq., Toronto, Ont.
W.D. Black, Esq., Waterdown, Ont.
G.G. Coote, Esq., Nanton, Alta.
C.J. Morrow, Esq., Lunenburg, N.S.

Emergency Powers Act; extension

26. The Prime Minister pointed out that the Emergency Powers Act would expire on May 31st. As the conditions still existed that had led to its original passage, it would be necessary to have the Act extended in order that the special powers might be available in case of need. It was for consideration whether the extension should be by legislation or, as provided in the Act itself, by the Governor in Council after addresses by the Senate and House of Commons.

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27. The Cabinet, after discussion, agreed that, before the expiration of the Emergency Powers Act on May 31st, addresses be presented for approval by the Senate and House of Commons on the basis of which the Act, as provided for in its terms, might be extended by the Governor in Council for a further period of one year.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

FEBRUARY 29th,1952

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Items discussed

Butter; sales from government holdings 1.

House of Commons; appointment of Clerk Assistant 2.

New Printing Bureau; report on accidental death 2.

Imports of fram products from the United States; restrictions 3.

Foot and mouth disease; outbreak in Saskatchewan 3.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Friday, February 29th, 1952 at 11.15 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Health and Welfare
(Mr. Martin),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson)
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Acting Secretary to the Cabinet
(Mr. R. G. Robertson),
Mr. Paul Pelletier, Privy Council Office.

Butter; sales from government holdings

1. The Minister of Agriculture reported that the wholesale price of butter had dropped recently to 66½ cents. As it was not desired to take a loss on butter acquired for the government

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and as there seemed little chance now that butter prices would get out of hand, it appeared desirable to begin selling at 66 cents,as had originally been planned. It was recommended that such sales continue to about the middle of March and dispose of about half the present stock.

2. The Cabinet approved the recommendation of the Minister of Agriculture and agreed that the Agricultural Products Board be authorized to begin selling butter held by it at a price of 66 cents per pound with the objective of disposing of approximately half its holdings by the middle of March.

House of Commons; appointment of Clerk Assistant

3. The Prime Minister submitted a recommendation for the appointment of a Clerk Assistant of the House of Commons.

4. The Cabinet, after discussion, agreed that an Order in Council be passed appointing Mr. Thomas R. Montgomery, presently Chief of English Journals, to be Clerk Assistant of the House of Commons at an annual salary of $8,000.

(Order in Council P.C. 1213, Feb. 29, 1952).

New Printing Bureau; report on accidental death

5. The Minister of Public Works reported on the accident at the new Printing Bureau under construction at Hull, Quebec. Several workmen had been injured and one killed as a result of the collapse of a wall before the concrete had set. There was nothing to suggest, after a preliminary examination, that there was any defect in the plans and specifications of the building itself. Rather it appeared that the accident was simply the result of carelessness in preparing the forms used to receive the wet concrete.

6. The Prime Minister did not think that it would be advisable to make a statement in the House on the subject unless a question were asked. In that event, it might be stated that the government always had an investigation when an accident of this nature occurred and that this was being done. It would be useful, in replying to any question on this matter,

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to point out that the work was being carried out by a construction firm under contract and that the usual coroner's inquest would no doubt be held.

7. The Cabinet, after discussion, agreed that, if a question were asked in the House of Commons on the recent accidental death at the site of the new Printing Bureau in Hull, the Minister of Public Works would make a statement along the lines suggested by the Prime Minister.

Imports of farm products from United States; restrictions

8. The Prime Minister mentioned that a recent news story from Geneva stated that Canada was preparing to impose restrictions on the importation of farm products from the United States in retaliation for U.S. refusal to rescind section 104 of the Defence Production Act which imposed import restrictions on cheese and other dairy products. It would be useful to ascertain how the story originated since the government had not approved any policy along the lines suggested.

9. The Minister of Trade and Commerce said that, as far as he had been able to ascertain, the press report referred to by the Prime Minister had not originated from Canadian sources. He expected the matter would be raised in the House of Commons and, at that time, he would state that the press report was unfounded and that the government did not propose to introduce the sort of restrictions referred to.

10. The Cabinet, after discussion, noted the comment by the Prime Minister on newspaper reports that Canada was considering imposing restrictions against the importation from the United States of farm products as a retaliatory measure against U.S. refusal to remove its provisions against cheese and other dairy products, and agreed that, in the event the matter were raised in the House of Commons, the Minister of Trade and Commerce would make a statement along the lines suggested.

Foot and mouth disease; outbreak in Saskatchewan

11. The Minister of Agriculture, referring to discussion at the meeting of February 26th, 1952,

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suggested that, although the recent outbreak of foot and mouth disease among cattle in Saskatchewan might possibly be traced to a German immigrant employed as a milker for a short time on the farm on which the first outbreak had occurred, it was possible that it had originated and spread in some other way and from another source. Every effort was being made to check in the shortest time possible the exact source of the disease.

Up to the present, 23 actual cases of infection had been found. The quarantine area was about fifty miles square, with Regina roughly in the centre. Recent reports indicated there might be an additional case of infection at Gravelbourg and another at Gull Lake. If these reports were substantiated it would be necessary to widen the quarantine area.

He recommended that the following steps be taken not only to curb and eradicate the disease but also to protect the interests of other cattle raising areas in Canada and to ensure that a minimum of injury were done to the national economy:

(a) the international boundary be closed to all live animals for the time being or until there was more positive indication as to the source of infection;

(b) any suspected areas be added to the area already under quarantine;

(c) veterinary staffs in the quarantine areas be strengthened;

(d) all cattle exposed to the disease to be destroyed;

(e) adequate compensation be provided for animals destroyed;

(f) a board be set up at Regina to determine compensation based on actual value;

(g) all animals delivered to market within the quarantine area to be slaughtered in the area;

(h) all animals delivered in the three Prairie Provinces to be slaughtered in Prairie plants unless asked for by other areas; in filling such requests only animals cleared of all suspicion to be shipped;

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(i) adequate inspection staffs be provided at all yards and packing plants to assure protection against slaughter of infected animals or shipment of meat from infected animals;

(j) only meat from inspected plants to be shipped out of the Prairie area; and,

(k) all meat imports into Canada to be put under permit until markets can be found for the surplus.

(Departmental memorandum, Feb. 29, 1952).

12. Mr. Gardiner thought it would be necessary to prohibit shipment of live animals from the United States to Canada until such time, at least, as the source of the infection had been determined. He added that, in order to protect not only the interests of cattle farmers but the economy of the country as a whole, it would be advisable, also, to place all meat imports from the United States under permit control at least until such time as markets couldbe found for Canadian meat surpluses which could be expected to result from the current U.S. embargo on shipments from Canada.

Another important recommendation was that concerning the proposed amendment to the Animal Contagious Diseases Act to provide compensation at full value for animals slaughtered. The special board recommended above should be established for the purpose of determining the exact amount of compensation in each case. Such a board might consist of three members, one of whom would be from outside the Public Service, and the other two representing the Departments of Agriculture and Finance respectively. The compensation provided by the Animal Contagious Diseases Act was clearly inadequate for expensive pure-bred animals used for breeding purposes.

13. The Minister of Trade and Commerce was not entirely in favour of the suggestion that the government should immediately prohibit completely or place under permit control shipments of livestock and meats from the United States. Although there would probably not be any serious objection to closing the boundary to shipments of live animals, it seemed to him advisable not to take any action on meat shipments from the United States until it was possible to determine what the effects on the economy would be of the outbreak of foot and mouth disease.

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14. The Prime Minister doubted the advisability of providing that compensation for slaughtered animals should in all cases be based on full actual value. This was particularly doubtful in the case of highly-priced breeding stock. This matter should be considered carefully before a decision were reached as to what kind of amendment should be made to the Animal Contagious Diseases Act. If questions were raised in the House as to the government's intentions regarding compensation, it might be sufficient to state at this time that the Canadian public would not expect the people of Saskatchewan to bear alone the brunt of financial and other losses and that, as had been done in the case of the Fraser Valley River floods and the more recent Winnipeg floods, the government would take action to extend suitable assistance to the stricken area.

15. The Minister of Justice thought that, in any statement to the House in the matter of compensation, it might be preferable to avoid references to the Fraser Valley and the Winnipeg floods since in these latter cases federal aid was extended on the grounds that the resulting financial losses were beyond the capacity of the provinces concerned to cope with. That was not, as yet, the case with regard to foot and mouth disease and putting assistance in the same class could be embarrassing in future. The disease was having a marked effect on the national economy. It would be preferable to base federal responsibility on that ground alone.

16. Mr. St-Laurent thought it might be preferable to avoid any direct admission of federal responsibility in view of the implications such an admission might have and of the precedent it might establish.

17. Mr. Howe submitted and read a draft statement which he suggested might be made in the House of Commons by the Prime Minister.

18. The Minister of Citizenship and Immigration pointed out that, in view of the extensive publicity which had been given to the steps being taken to ascertain whether the foot and mouth virus had been brought to Saskatchewan by a recently arrived German migrant, there would undoubtedly be questions raised in the House as to the government's intentions regarding immigration for the coming year.

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19. Mr. St-Laurent thought that if such questions were raised, it would be sufficient to say that, since immigrants in very large numbers had been coming to Canada for more than half a century from European countries where foot and mouth disease was prevalent without there having been a single occurrence of infection resulting, there would not seem cause for undue alarm about the apparently remote possibility of infection being spread in that manner.

20. The Cabinet, after considerable further discussion;

(a) agreed that a statement along the lines suggested by the Minister of Trade and Commerce be made that afternoon in the House of Commons by the Minister of Agriculture;

(b) agreed that no immediate decision be taken on the recommendation of the Minister of Agriculture that a prohibition be placed on all shipments of live animals from the United States and that all meat imports from the United States be placed under permit control;

(c) deferred decision, pending further consideration, on the proposal that the Animal Contagious Diseases Act be amended to provide compensation based on actual value for all slaughtered animals and that a board of three members be appointed to determine compensation in all cases;

(d) approved in principle the other measures recommended by the Minister of Agriculture; and,

(e) agreed that, in the event a question were raised in the House about the government's intentions respecting immigration in the light of the recent outbreak of foot and mouth disease, the Minister of Citizenship and Immigration make a statement along the lines suggested by the Prime Minister.

R. G. Robertson
Acting Secretary to the Cabinet.

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Cabinet Conclusions

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CANADA
CABINET CONCLUSIONS

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CABINET CONCLUSIONS

MEETING

MARCH 3rd, 1952

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Items discussed

Foot and mouth disease; statement on government policy 1.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, March 3rd, 1952, at 10.00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

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Foot and mouth disease; statement on government policy

1. The Minister of Agriculture said he had arranged to make a national broadcast at 11 o'clock that morning to outline further measures arising from the outbreak of foot and mouth disease. With regard to compensation for animals destroyed, he proposed to say that the government realized that the provisions under the Animal Contagious Diseases Act were not adequate and that there would have to be provision for fair and reasonable compensation. An announcement to this effect was important to encourage the reporting of all possible cases of disease. The legislation could be such that the basis of compensation would apply only in relation to foot and mouth disease. Some special provision would also be required to cover the recent case of a tropical cattle disease in Ontario.

2. The Minister of Finance thought the only ground for giving compensation in the Ontario case other than would normally have been given under existing legislation was that immediate action had been required to exterminate the entire herd because of the fear that the ailment might have been related to the outbreak of foot and mouth disease. The best method of handling the case would be by an item in the estimates rather than by a special legislative provision.

3. Mr. Gardiner said he proposed to say further that, in view of the closing of the U.S. market and of the present lack of other markets for Canadian meat, the government had decided to place livestock, meat and meat products under import control. During the period when normal marketing was upset, it was important that no more animals should be brought to slaughter than could be disposed of. Storage facilities were limited. It was accordingly proposed to appeal to producers not to bring hogs to market at less than 200 pounds live weight. To encourage this, it was recommended that the premium weights be raised so that payments on carcasses of A quality should apply to live weights between 200 and 240 pounds and those on carcasses of B quality should apply to weights of 241 pounds and upward. A formal submission would be made if this policy were approved.

With regard to the action of some provinces in prohibiting importations of livestock and, in some cases, of meat and other items, it was proposed to say that the federal government did not intend to force unwanted items on any province but that measures were

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being taken that should remove the dangers they felt to be involved in such imports. These would include a restricted zone extending at least 50 miles around any known case of foot and mouth disease and special measures of inspection of animals and meat. It was hoped that with such precautionary measures and with the imposition of a permit system on livestock and meat from the United States, the provinces might soon be willing to remove of their own accord the embargoes they had imposed.

4. The Prime Minister felt the reference in the proposed announcement to the effect that the federal government would not interfere with measures taken by the provinces should be qualified. It should indicate that all measures were being kept under review and that further developments might require modifications of policy.

5. Mr. Gardiner said it was proposed to indicate in his announcement that the government did not believe it was necessary at the present time to impose restrictions other than had been announced or to take immediate measures for the control of prices. He would add that all possible outlets for Canadian products were being investigated and that, if markets became available, the restrictions on imports would be removed.

6. The Minister of Citizenship and Immigration reported that there would not be any useful report until the end of the week at least on the possibility that foot and mouth disease might have been brought to the country on the clothing or effects of an immigrant. In the meantime, a ship carrying a number of farm workers from the Netherlands would be arriving on Wednesday. If it were thought desirable, any who were coming from an area in the Netherlands that was known to be affected with the disease could be brought through a fumigating station before they were allowed to proceed to their destinations in Canada. It was proposed to stop recruiting of agricultural workers from areas in Europe that suffered infection. There would be some ships coming in the next two or three weeks, however, that might have workers from such areas.

7. The Prime Minister believed that, even if there were doubts as to the probability that foot and mouth disease could be carried by immigrants or about the efficiency of fumigation, nevertheless it would be desirable to ensure that every possible precaution was taken.

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8. The Cabinet, after considerable discussion, noted with approval the announcement of government policy and measures relating to foot and mouth disease which the Minister of Agriculture proposed to make and agreed that:

(a) legislation be introduced along the lines proposed to provide that fair and reasonable compensation be payable for animals slaughtered in combatting foot and mouth disease; the provisions of the legislation to be considered at the next meeting unless immediate introduction were considered desirable;

(b) under the authority of the Export and Import Permits Act and the Emergency Powers Act, livestock, meat and meat products be placed under import control; an Order in Council to be passed accordingly;

(Order in Council P.C. 1234, March 3, 1952)

(c) modification be made as recommended in the basis of payment of premiums on hog carcasses in order to encourage the withholding of hogs from market until they reached certain minimum weights; a submission to Council to be prepared accordingly; and

(d) the Minister of Citizenship and Immigration have measures taken to stop the recruitment of agricultural workers from areas known to be infected with foot and mouth disease and to impose such procedures, whether by fumigation or otherwise, as would provide as much protection as possible against the carrying of the infection into Canada by immigrants.

N. A. Robertson,
Secretary to the Cabinet.

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Items discussed

Earl Alexander of Tunis; secondary title 2.

University grants; arrangements with Quebec 2.

Legislation; Aeronautics Act amendment 2.

N.A.T.O.; report of Lisbon meetings 4.

St.Lawrence project; U.S. Congressional resolutions; proposed Navigation Treaty; Ogoki-Long Lac diversions 5.

Legislation; Emergency Gold Mining Assistance Act amendment 7.

New consumer price index 7.

Storm losses, Atlantic coast; assistance to fishermen 8.

Gander airport; development of new townsite 10.

International Labour Conference; 35th Session; Canadian participation 11.

Housing; circulation of report 12.

Honours and awards; issue of U.K. Korea Medal to Canadians 12.

Canadian Broadcasting Corporation; application of U.S. labour organization for bargaining rights 13.

Judicial appointments 14.

Canadian Overseas Telecommunication Corporation; re-appointment 15.

Foot and mouth disease; statement on background; pork products 15.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, March 4th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Earl Alexander of Tunis; secondary title

1. The Prime Minister reported that Earl Alexander of Tunis had enquired whether there would be any objection to his assuming "Baron Rideau" as a secondary title. This title would be used by his eldest son, as an honourary designation, during Earl Alexander's lifetime.

2. The Cabinet, after discussion, agreed that there would be no objection from the Canadian point of view to Earl Alexander of Tunis assuming the style of "Baron Rideau" as a secondary title.

University grants; arrangements with Quebec

3. The Prime Minister said he had had several conversations and some correspondence with the Premier of Quebec on the manner in which Federal university grants would be allocated to educational institutions in that Province. Mr. Duplessis had now stated in writing that he wished grants in respect of classical colleges affiliated to Laval and Montreal Universities to be made to the parent universities directly. It would be the responsibility then of the Universities to reach a decision as to what portion, if any, of such grants would be distributed to affiliated colleges.

He submitted a draft reply which stated that the Federal government had never questioned, nor would it question, Premier Duplessis's point of view that matters relating to education were exclusively of provincial jurisdiction and that, consequently, the procedure suggested in Mr. Duplessis's letter would be followed.

4. The Cabinet, after discussion, agreed that a reply along the lines suggested by the Prime Minister be made to the Premier of Quebec on the manner in which Federal university grants would be allocated to educational institutions in that Province.

Legislation; Aeronautics Act amendment

5. The Minister of Transport, referring to discussion at the meeting of February 26th, 1952, submitted a draft resolution and measure to amend the Aeronautics Act to provide that the Governor in Council

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may make regulations for the zoning of airports and for the payment of compensation in respect of any property, buildings or structures injuriously affected by the application of such regulations. Although it was difficult to determine now with any precision the criteria on which compensation would be based, it was intended, as a matter of general principle, that owners should be compensated for the full amount of any injury or loss they might sustain as a result of zoning restrictions, less the estimated amount by which the value of their properties had been enhanced by the establishment of an airport.

6. The Minister of Finance thought the proposed amendment would be objected to on the grounds that the executive was assuming powers normally reserved to the courts.

7. The Prime Minister pointed out that, unless Parliament deliberately created a right to compensation in this matter, claims could not be made against the government. Under French Civil Law it might be possible to make an easement on property surrounding airports under which the government would expropriate only those portions of buildings, structures, etc., which exceeded the prescribed heights and for which appropriate compensation would be paid, always subject to final determination by the courts. The Department of Justice, however, held the view that such a course of action could not be resorted to under Common Law. The suggestion might nonetheless be worth exploring further, since zoning restrictions for aerial navigation purposes was a recent development and the Common Law would no doubt develop to meet this new need.

8. The Minister of Trade and Commerce suggested there was probably no need for a special statutory provision and that the situation might be met more effectively and less expensively by normal expropriation proceedings.

9. The Minister of Justice pointed out that, if an amendment, as suggested, were passed by Parliament a new right would be created which had never existed in respect of other laws and restrictions similar to the zoning of airports.

If, however, it were agreed that some form of compensation should be paid in this case, there were really two distinct problems to be considered. The

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first was that of buildings and structures already erected and which would have to be demolished or altered to meet the requirements of the zoning regulations. The second problem concerned unbuilt-on properties. In this case, it might frequently be difficult to determine what might constitute equitable compensation, if any, since the degree of injury suffered by the owner would depend largely on the purpose for which the lot had originally been purchased.

10. Mr. St-Laurent suggested that the Department of Transport prepare an illustrative set of regulations for a specific airfield, together with a detailed plan of surrounding areas showing precisely in what manner zoning would affect such areas.

11. The Cabinet, after discussion:

(a) deferred decision on the proposed amendment to the Aeronautics Act to provide for the zoning of airports and for the payment of compensation in respect of injury suffered as a result of such zoning; and,

(b) agreed that the Department of Transport prepare and submit regulations for a specific airport, together with detailed plans of surrounding areas showing how and to what extent such areas would be affected by the zoning regulations for that airport.

North Atlantic Treaty Organization; report of Lisbon meetings

12. The Secretary of State for External Affairs submitted a report on the meetings of the North Atlantic Council held at Lisbon, Portugal, from February 20th to 25th, 1952.

An explanatory note had been circulated.

(External Affairs memorandum, Feb. 29, 1952 - Cab. Doc. 74-52).

13. The Minister of National Defence said great difficulties were encountered in reaching agreement on division of the costs of the so-called "hard core of the third slice of infrastructure". If the allocation had been made on the basis of capacity, as he had recommended to the Special Committee of Ministers

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on Infrastructure, Canada's share would have been approximately £6 million. This formula was not accepted, however, and after considerable bargaining Canada's share was fixed at £8.1 million or approximately $23 million. The allocation in respect of participating countries was as follows:

	Millions of Pounds
Belgium & Luxembourg	10.0
Canada	8.1
Denmark	6.1
France	20.0
Italy	12.2
Netherlands	6.2
Norway	4.6
United Kingdom	20.0
United States	65.0
TOTAL	152.0

14. The Prime Minister suggested that questions Ministers might have on the report on the Lisbon meetings of the North Atlantic Council be discussed at a subsequent meeting.

15. The Cabinet, after discussion, noted the reports by the Secretary of State for External Affairs and the Minister of National Defence on the recent Lisbon meetings of the North Atlantic Council, and agreed that, if required, points arising out of these reports might be discussed at a subsequent meeting.

St. Lawrence Project; U.S. Congressional Resolutions; proposed Navigation Treaty; Ogoki-Long Lac diversions

16. The Minister of Transport, referring to discussion at the meeting of February 4th, 1952, said the government's objections to certain features of the Resolutions currently before Congress for approval of the 1941 Agreement on the St. Lawrence Development Project had been discussed informally by the Canadian Embassy at Washington with the State Department and other officials of the U.S. Administration. The U.S. Administration had not acted on the Canadian suggestions, since they felt very strongly that any attempt to do so at this stage would seriously jeopardize the chances of approval of the 1941 Agreement.

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It was understood that the Senate Foreign Relations Committee would conclude hearings and perhaps vote on Senate Resolution S.J. 27 that day.

The Continuing Committee on the St. Lawrence Seaway and Power Project had recommended that, if and when the Resolution was reported out by the Senate Foreign Relations Committee, an appropriate occasion might be found for putting on record with the State Department the position of the Canadian government with respect to the resolutions before Congress. This might be done in the form of a memorandum making the simple statement that it might be difficult for the Canadian government to accept some of the proposed modifications of the 1941 Agreement and referring to the oral discussions already held on the particular points.

(Memorandum, Chairman, Continuing Committee on St. Lawrence Seaway and Power Project, March 3, 1952 - Cab. Doc. 75-52).

17. The Secretary of State for External Affairs thought that, in submitting such a memorandum to the State Department, every care should be taken to ensure that the U.S. Administration assumed responsibility for sponsoring any amendments that might result from our suggestions.

18. The Minister of Trade and Commerce felt Canada should do nothing likely to jeopardize approval of the 1941 Agreement by Congress. If it were found, after approval, that the Congressional measures contained certain features which were completely unacceptable to the Canadian government, it would no doubt be possible to obtain from the U.S. Administration assurances that amending legislation would be put through Congress.

19. Mr. Chevrier also submitted draft treaties on navigation rights in the St. Lawrence River and Great Lakes System and on the diversion of waters into the Great Lakes. The first treaty would be designed to establish on a permanent basis U.S. and Canadian navigation rights in all boundary waters including the St. Lawrence and Great Lakes System. The second treaty would confirm Canada's right to use for hydro-electric purposes the waters diverted into the Great Lakes System at Ogoki and Long Lac.

Explanatory notes had been circulated.

(Memoranda, Chairman, Continuing Committee on the St. Lawrence Seaway and Power Project, March 3rd, 1952 - Cab. Docs. 76 and 77-52).

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20. The Cabinet, after discussion, agreed that:

(a) if and when Senate Resolution S.J. 27 were reported out by the U.S. Senate Foreign Relations Committee, the Canadian Ambassador at Washington be asked to put on record at the State Department a memorandum making the general statement that it might be difficult for the Canadian government to accept some of the provisions of the Senate Resolution which would have the effect of amending substantively the 1941 Agreement, and stating further that, notwithstanding such objectionable features, the Canadian government did not wish to place any insuperable barriers in the way of eventual approval of the 1941 Agreement by Congress; and,

(b) the Continuing Committee discuss with U.S. officials during the forthcoming meetings on the St. Lawrence Project the possibility of negotiating treaties on navigation rights in boundary waters and on diversion of waters into the Great Lakes System along the lines recommended by the Committee.

Legislation; Emergency Gold Mining Assistance Act amendment

21. The Minister of Mines and Technical Surveys, referring to the discussion at the meeting of February 12th, 1952, submitted a draft measure to amend the Emergency Gold Mining Assistance Act.

22. The Cabinet, after discussion, approved for introduction a resolution and bill to amend the Emergency Gold Mining Assistance Act.

New consumer price index

23. The Minister of Trade and Commerce, referring to discussion at the meeting of June 28th, 1951, reported that, during the latter half of 1951, the Dominion Bureau of Statistics had considered with representatives of interested groups plans for a revised cost-of-living index, which it was proposed to re-name the "consumer price index", and had discussed the latest techniques for preparing such indexes with experts of several countries with highly developed statistical organizations. The main

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purpose of the revision was to bring up to date the list of items and quantities included in the index budget and to place the series on a post-war basis. As a result of the discussions mentioned, it had been decided that 1949 should be used as the base period, despite the fact that this would have certain disadvantages. As work on the new index would take several months to complete, its publication might not begin before the summer, when a comprehensive explanation would be published. Indexes of the type in question were used for numerous purposes. It seemed advisable, therefore, to make both the present and the new index available up to the end of 1952.

He suggested that, if present plans with regard to the new index were approved, the Bureau issue a press release, along the lines of the note which had been circulated, indicating some of the main features of the new index that appeared to be of wide public interest. This would enable the government to obtain a final sounding of public opinion in the matter before the new index was issued.

An explanatory note had been circulated.

(Secretary's memorandum, March 3, 1952 - Cab. Doc. 72-52).

24. The Prime Minister remarked that it would be seen in due course whether there was any demand in Parliament for issue of the present index after December, 1952.

25. The Cabinet, after further discussion, noted with approval the report of the Minister of Trade and Commerce regarding tentative plans for a new consumer price index, and agreed that, in order to obtain a final sounding of public opinion in the matter, the Dominion Bureau of Statistics issue an early press release along the lines of the explanatory memorandum as circulated (Cab. Doc. 72-52).

Storm losses on Atlantic coast; assistance to fishermen

26. The Minister of Fisheries reported that storms of last December had severely damaged fishermen's boats, gear and shore installations in the coastal regions of Eastern Canada. Preliminary

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estimates indicated that damage amounted to $1.2 million in the four Atlantic provinces, and to $10,000 on the Magdalen Islands, P.Q. Information on other coastal areas of Quebec was not yet available. Requests for federal aid had been made by fishermen, members of Parliament and the Newfoundland government and this matter was likely to be brought up in the House of Commons.

It was recommended that the government communicate with the governments of the five provinces affected, asking them to survey and report the extent of the damage and state what steps they might be prepared to take, in cooperation with the federal government, to meet the problem.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 3, 1952 - Cab. Doc. 78-52).

27. The Minister of Finance thought federal aid in this case would set an undesirable precedent. The government's normal practice was to assist only in cases of national disasters which were beyond the capacity of affected provinces to meet.

28. Mr. Mayhew pointed out that fishermen, unlike farmers and industrial workers, did not benefit from certain forms of social security and had to assume all the risks of their occupation. He thought the best solution for the type of problem under consideration would be for the government to institute measures that would enable fishermen to ensure their basic means of livelihood, particularly boats.

29. Mr. Abbott agreed that there should be more adequate arrangements for fishermen to obtain insurance. If the provinces were unwilling to act in the matter, the federal government would perhaps have to do so.

30. The Minister of Resources and Development said he wished to comment on Mr. Mayhew's proposals before a decision was reached.

31. The Cabinet, after further discussion, deferred decision to a subsequent meeting on proposals of the Minister of Fisheries regarding federal-provincial aid to fishermen in the Atlantic coast region whose property had been damaged by storms, and measures to enable fishermen to ensure their basic means of livelihood.

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Gander airport; development of new townsite

32. The Minister of Resources and Development said housing would have to be provided, at a new site, to replace present converted wartime buildings at Gander airport. Most of the local population was dependent on the airfield for its livelihood. A new townsite had been chosen and its development had been discussed with provincial authorities who were willing to cooperate in the acquisition of land, although not prepared to undertake joint projects under Section 35 of the National Housing Act, since Gander was so largely a federal government enterprise. Plans had been made for initial development of roads and services to part of the townsite with funds to be made available to the Department of Transport in 1952-53.

While development would require several years, it was urgent to make a start by constructing some 100 houses in 1952. It was desirable to place as much emphasis as possible on construction of privately-owned houses and some local employees would build their own homes with loan assistance from Central Mortgage and Housing Corporation - which would have to take the most liberal form permissible - and some private housing was likely to develop as a result of the provincial cooperative scheme. It would be necessary, however, for the government to take the initiative by providing a substantial amount of housing for rent or disposal on a rental-purchase basis. The most urgent requirement was to meet the needs of over 200 employees for whom there were no married quarters, and of a number of families who were living under crowded conditions.

He recommended, with the concurrence of the Minister of Transport, that, in order to provide for the first stage, the loan and investment item in C.M.H.C.'s 1952-53 estimates, covering veterans and the town of Deep River, be made applicable to Gander as well.

An explanatory memorandum had been circulated.

(Joint memorandum, Minister of Resources and Development and Minister of Transport, March 3, 1952 - Cab. Doc. 79-52).

33. The Minister of Trade and Commerce said some traffic was likely to be withdrawn from Gander about 1954 when larger types of aircraft should have sufficient range to fly the Atlantic non-stop.

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He felt, however, that early construction of some 100 houses, as proposed, was entirely reasonable.

34. The Minister of National Defence pointed out that from time to time the U.S. Air Force had indicated it would probably request facilities at Gander in due course.

35. The Cabinet, after further discussion, noted the recommendations of the Minister of Resources and Development and the Minister of Transport regarding development of a new townsite for residents of Gander airport and

(a) agreed that, in order to provide for the first stage of the housing programme for this project, involving some 100 houses, the loan and investment item in the 1952-53 estimates of Central Mortgage and Housing Corporation, covering veterans and Deep River, be amended so as to apply to Gander as well; and,

(b) noted that plans had been made for initial development of roads and service to part of the new townsite with funds to be made available to the Department of Transport in 1952-53.

International Labour Conference; 35th Session; Canadian participation

36. The Minister of Labour outlined the agenda for the 35th session of the International Labour Conference, to be held in Geneva from June 4th to 28th, 1952, and made certain proposals, concurred in by the Secretary of State for External Affairs, for Canadian participation in the Conference.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 20, 1952 - Cab. Doc. 62-52).

37. The Cabinet, after discussion, approved the recommendations of the Minister of Labour, as concurred in by the Secretary of State for External Affairs, and

(a) agreed that -

(i) the 35th session of the International Labour Conference, being held in Geneva in

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June, 1952, be attended by a delegation from Canada consisting of six government delegates and advisers, five employers' delegates and advisers, five workers' delegates and advisers and a secretary;

(ii) the office of the Permanent Canadian Delegation to the European Office of the United Nations to provide such stenographic and other assistance as required;

(iii) necessary travelling and living expenses incurred in connection with attendance of the delegation at the Conference to be charged to the Department of Labour vote for international labour conferences;

(b) noted that names of the delegates and advisers would be submitted to the Secretary of State for External Affairs for his approval.

Housing; circulation of report

38. The Minister of Resources and Development, referring to discussion at the meeting of October 5th, 1951, said a report on the present housing situation was available. He did not feel it necessary to discuss the question at this time and suggested that the Secretary to the Cabinet have the memorandum circulated to Ministers for their information.

39. The Cabinet noted the comments of the Minister of Resources and Development and agreed that the Secretary to the Cabinet circulate the report on housing dated March 4th, 1952, to Ministers for their information.

Honours and awards; issue of United Kingdom Korea Medal to Canadians

40. The Minister of National Defence reported that, as a result of discussion at the meeting of December 10th, 1951, a submission had been made to the King seeking authority for establishment of a medal, to be known as the "Korea Medal (Canada)", in recognition of services by the Canadian Armed Forces and certain civilians; this medal to be a replica of the U.K. Korea Medal, but with the addition of

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the word "Canada", and the ribbon to be identical with that of the U.K. Korea Medal, with a maple leaf superimposed. It had also been proposed that the government be authorized to make regulations regarding the grant of the medal and related matters. It had also been contemplated that the medal would be awarded to R.C.A.F. personnel involved in the Korean airlift. It had been learned subsequently that the late King, while prepared to approve the institution of a Korea Medal (Canada), had not felt able to agree that, if the medal were to be issued to the R.C.A.F. personnel mentioned, its recipients should wear exactly the same ribbon as that approved for issue to other Commonwealth personnel. In the circumstances, he had suggested that the Korea Medal (Canada) be issued with a slightly different ribbon. He had had reservations also about the addition of a maple leaf to the ribbon.

Canadians who had been serving in Korea were already wearing the ribbon of the U.K. medal and would be dissatisfied if now asked to wear, instead, a Canadian ribbon of the type envisaged by the late King. Further, it would be difficult to suggest to the Queen that she take a position in the matter differing from that of her late father. In the circumstances, he recommended acceptance of the issue of the U.K. Medal to Canadians under the regulations already applicable to persons in other Commonwealth countries. Arrangements would be made for Canada to assume the expense involved in issuing the Medal to Canadians and for Medals distributed to Canadians to include the word "Canada".

41. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that arrangements be made for the United Kingdom Korea Medal to be issued to Canadians involved in the Korean campaign under the regulations already applicable to persons in other Commonwealth countries; it being understood that the government would assume the cost of issuing the award to Canadians and that Medals so distributed would include the word "Canada" as well as the names of the recipients.

Canadian Broadcasting Corporation; application by U.S. labour organization for bargaining rights

42. Dr. McCann said the Chairman of the Board of Governors of the Canadian Broadcasting Corporation had reported that, in February, the Corporation had been given notice by the Canada Labour

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Relations Board of an application received from the National Association of Broadcast Engineers and Technicians in the United States for certification as bargaining agent for a group of C.B.C. employees, including supervising operators, operators and technicians. The opinion of the Department of Justice was that the C.B.C. was subject to the provisions of the Industrial Relations and Disputes Investigation Act, and the Corporation had informed the Canada Labour Relations Board of its desire to contest the application on questions of fact. The Corporation had not so far been in a position of having to bargain with unions, although it dealt with staff councils which were not certified as bargaining agents. The U.S. Association had its headquarters in Buffalo and New York City, and its application appeared to be its first attempt to extend its activities into Canada. In the United States its activities included representation of many engineering and technical personnel employed by U.S. broadcasting networks.

Mr. Dunton felt it would be somewhat awkward for a Canadian public service of the nature of national broadcasting to be subject to pressures from a U.S. labour organization in matters of employment and salaries, and had pointed out that Section 54 of the Act mentioned empowered the Governor in Council to exempt government corporations from its provisions.

In the circumstances, Dr. McCann had thought it desirable to report the matter to his colleagues for consideration.

43. The Cabinet, after discussion, noted the report of Dr. McCann that the National Association of Broadcast Engineers and Technicians in the United States had applied to the Canada Labour Relations Board for certification as a bargaining agent for certain employees of the Canadian Broadcasting Corporation, and agreed that no action be taken to exempt the Corporation from the provisions of the Industrial Relations and Disputes Investigation Act.

Judicial appointments

44. The Minister of Justice made certain recommendations for judicial appointments.

45. The Cabinet, after discussion, approved the recommendations of the Minister of Justice and agreed to the following appointments:

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(a) Clovis T. Richard, Esquire, Q.C., of Bathurst, New Brunswick, to be a Judge of the Queen's Bench Division of the Supreme Court of New Brunswick;

(b) James M. Cairns, Esquire, Q.C., of Calgary, Alberta, to be a Judge of the Trial Division of the Supreme Court of Alberta and, ex officio, a Judge of the Appellate Division of the said Court; and

(c) Nelles V. Buchanan, Esquire, Q.C., of Edmonton, Alberta, to be a Judge of the District Court of the District of Northern Alberta and a Local Judge of the Supreme Court of Alberta during his tenure of office as a Judge of the said District Court;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 1279, 1280, 1281, March 4, 1952).

Canadian Overseas Telecommunication Corporation; reappointment

46. The Minister of Transport recommended reappointment of a Director of the Canadian Overseas Telecommunication Corporation.

47. The Cabinet approved the recommendation of the Minister of Transport and agreed that Reginald McLaren Brophy, Esquire, of Toronto, be reappointed a Director of the Canadian Overseas Telecommunication Corporation for a further term of three years, effective March 15th, 1952; an Order in Council to be passed accordingly.

Foot and mouth disease; statement on background; pork products

48. The Minister of Agriculture, referring to the discussion the previous day, summarized the latest available information on the sequence of events between discovery of a vesicular disease on a Saskatchewan farm in November 1951 and determination, on February 24th, of the existence of foot and mouth disease in that province. In view of enquiries addressed to him in Parliament the previous day, he planned to give this information to the House that afternoon. The salient points were that, when the first cases of vesicular disease were reported, several

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qualified veterinarians had diagnosed it, after appropriate tests, as vesicular stomatitis, there was no indication that the diagnosis had been incorrect in these cases and it was not until about February 18th that evidence had been found in a Regina feed lot to give cause for suspicion of an outbreak of foot and mouth disease.

He was inclined to feel that foot and mouth disease might have entered Saskatchewan from Montana since, so far, it had only been encountered in southern districts of the province.

It was now reported that British Columbia had prohibited the movement of livestock through that province to the Yukon and that Manitoba was banning in-transit shipments of animals. It would probably be necessary to take action about such provincial restrictions in a few days' time since packing houses in other provinces were filling up.

49. The Minister of National Revenue pointed out that, as the symptoms of both diseases were similar, it was possible that some of the animals examined before February 18th had had foot and mouth disease. In the circumstances, it appeared undesirable to maintain that none of the cases had involved foot and mouth disease and preferable to state that tests carried out had not provided any evidence of the latter disease.

50. The Prime Minister understood that pork storage facilities were now almost filled to capacity and that the floor price for pork was not being paid by packing houses in all cases. It might be necessary, therefore, to can pork products.

51. Mr. Gardiner said he expected to discuss this matter later in the day with representatives of the packing companies. The difficulty appeared to be that pork was being stored in trimmed and packaged form rather than in sides.

Referring to discussion the previous day, he suggested that final approval be given to his proposal for modification of the basis of payment of premiums on hog carcasses in order to encourage the withholding of hogs from market until they reached certain minimum weights.

52. The Cabinet, after further discussion:

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(a) noted the statement the Minister of Agriculture planned to give in the House of Commons on events preceding determination of the existence of foot and mouth disease in Saskatchewan and the Minister's report that he was about to discuss with representatives of packing companies the current shortage of storage space for pork products; and,

(b) approved the Minister's recommendations that, until further notice, premiums paid on hog carcasses be $2.00 per head on carcasses of "A" grade quality weighing 150 to 180 lbs. warm dressed weight and $1.00 per head on carcasses of "B1" quality weighing 150 lbs. and over, and that payment of premiums might be withheld on hogs slaughtered at plants where packers failed to pay the appropriate floor price; an Order in Council to be passed accordingly.

(Order in Council P.C. 1264, March 4, 1952).

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

MARCH 7th, 1952

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Items discussed

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, March 7th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. N. A. Robertson),
Mr. R. G. Robertson, Privy Council Office.

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Government contracts; preference for Newfoundland industry

1. The Prime Minister referred to the policy that had been in effect since the union of Newfoundland with Canada of allowing a preference on quotations from Newfoundland industries for government supplies and contracts. The Premier of Newfoundland had raised the question of continuance of this arrangement for a further three-year period. The purpose of the premium was for assistance during a limited period of transition following the union and it did not seem that it could be continued indefinitely.

(Letter, Premier of Newfoundland to Prime Minister, Feb. 14, 1952).

2. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that the transitional policy of granting an absolute preference to tenders from Newfoundland sources on government orders or contracts should not be renewed.

Storm losses on Atlantic coast; assistance to fishermen

3. The Prime Minister, referring to discussion at the meeting of March 4th, 1952, suggested that, in reply to any enquiry concerning assistance to fishermen on the Atlantic coast to meet storm losses, it should be indicated that the federal government would take immediate measures to repair the damage done to federally-owned facilities but that the remaining damage was not beyond the capacity of the respective provincial governments.

4. The Minister of Resources and Development thought the latter part of the reply might be modified to the effect that the federal government had not received any indication from the provincial governments that the damage was beyond their capacity to meet.

5. The Cabinet agreed that, in reply to any enquiries about the extension of assistance to fishermen in respect of storm losses on the Atlantic coast, a reply be given along the lines indicated by the Prime Minister with the modification suggested by the Minister of Resources and Development.

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Parliament; legislation

6. The Secretary submitted certain draft legislation.

7. The Cabinet, after discussion, approved for introduction in the House of Commons the following legislative items:

bill entitled "The Representation Act, 1952";

resolution and bill to amend the Government Employees Compensation Act; and

bill entitled "An Act respecting the appointment of Auditors for National Railways".

Foot and mouth disease; purchase of pork

8. The Prime Minister said the Minister of Agriculture had reported that, as a result of the United States and provincial embargoes on movement of hogs and pork, marketing had become unmanageable on the basis of the present method of price support. Further measures were needed to maintain prices at the authorized level and to preserve stability in the hog market. The Minister, accordingly, had submitted a recommendation to Council that authority be granted to the Agricultural Prices Support Board to purchase pork in any form at a price equivalent to 26 cents per pound for warm dressed carcasses basis Toronto and Montreal.

Copies of the submission were circulated.

(Minister's submission, Mar. 6, 1952 - Cab. Doc. 81-52).

9. The Minister of Trade and Commerce pointed out that instructions had been sent to Trade Commissioners to report on the possibility of selling Canadian pork and meat products abroad. It seemed probable that sales might be possible to the U.S. Army, for Korean relief and in South American markets. Until these possibilities were known he thought it was not desirable to take specific action to buy all types of pork as proposed. He also doubted the desirability of having more meat canned if sales would be more difficult in that form.

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10. The Minister of Finance believed that the immediate problem was one of storage capacity. Purchasing by the government, other than of canned pork which could be moved into dry storage, would not affect it. He would be opposed to a general policy of buying until it was known what disposal would be made of the meat.

11. Mr. St-Laurent suggested it might be desirable to have an interdepartmental committee keep under consideration measures to meet the economic consequences of the outbreak of foot and mouth disease.

12. The Cabinet, after discussion, agreed that:

(a) decision be deferred on the recommendation by the Minister of Agriculture that the Agricultural Prices Support Board be authorized to purchase pork in any form at a price equivalent to 26 cents per pound for warm dressed carcasses basis Toronto and Montreal; and,

(b) the Secretary arrange that economic matters relating to the outbreak of foot and mouth disease be kept under consideration by a committee to include representatives of the Departments of Agriculture, Finance, Trade and Commerce and External Affairs.

War claims; report of the commissioner

13. The Prime Minister, referring to discussion at the meeting of November 22nd, 1951, said Mr. Justice Ilsley had now submitted a report and recommendations on the handling of war claims. The report included a proposal for establishment of a war claims fund in which monies, whether of German or Japanese origin, would be pooled. It was recommended that, in the case of the European war, an act complained of for compensation must have taken place between September 1st, 1939 and May 8th, 1945 and in the case of the war against Japan between December 7th, 1941 and September 2nd, 1945. Claimants, both individual and corporations, would have to be Canadian at time of loss and at time of presentation of the claim and this status was defined. The recommendations also covered the type of claims that

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should be admitted for death and personal injury, maltreatment and property losses. There were also provisions with regard to the valuations of property losses and priorities. It was recommended that filing of claims be limited to six months after advertisement and that several tribunals be established to make individual recommendations.

Copies of a summary had been circulated.

(P.C. memorandum, March 7, 1952).

14. Mr. St-Laurent suggested that it would be desirable to have a Minute of Council passed formally receiving the report. It would also be desirable to have it reproduced either by printing or by an off-set process in order to have several hundred copies available. After that had been done the report would have to be considered in detail by the Cabinet.

15. The Cabinet, after discussion, noted the report of the Prime Minister about the submission by Mr. Justice Ilsley of recommendations concerning the handling of war claims and agreed that arrangements be made to have the report printed or otherwise reproduced and that thereafter it be considered in detail.

Capital assistance; John Inglis Company Limited

16. The Minister of Defence Production said that Treasury Board had referred to Cabinet the question of granting capital assistance to the John Inglis Company Limited for an additional $4,922,547 for the production of turbines for destroyer escorts.

Arrangements had been made in 1949 for the manufacture of a few steam turbines units by the Company as propulsion machinery for Canadian destroyer escorts. Capital assistance of $385,000 and $109,185 was authorized in 1950 and January,1951,respectively. With the increase in the defence programme, requirements had been stepped up and it was decided that capacity should be provided for a productive rate of 16 ship sets per year of propulsion machinery and other equipment for destroyer escorts. For this purpose, $3 million had been approved by Treasury Board in August 1951 for machine tools and other equipment. Difficulties had been encountered in arriving at an arrangement with the Company because the total immediate

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requirement was for 13 ship sets within a 3-year period while the facility to be established was to be capable of producing at an annual rate of 16 ship sets. It had accordingly been decided that it would be best to proceed on the basis of complete ownership of the facility by the government. To do this an additional expenditure of $4,922,547 was required as capital assistance. It was recommended that it be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 6, 1952 - Cab. Doc. 82-52).

17. The Minister of National Defence pointed out that the turbines were essential for modern escort vessels. He thought the expenditure as indicated as a part of defence productions would be entirely proper.

18. The Cabinet, after discussion, approved the recommendation of the Minister of Defence Production and agreed that authority be granted to extend capital assistance to the John Inglis Company Limited for an additional $4,922,547 for the production of turbines for destroyer escorts.

The Queen's birthday

19. The Secretary of State, referring to discussion at the meeting of February 19th, 1952, said it had since been learned that the Queen had approved Thursday, June 5th as the date of her official birthday for observance in the United Kingdom. The Civil Service Act provided that the actual birthday was to be observed as a holiday unless another date had been fixed by proclamation. It was recommended that the approval of the Queen be sought for the proclamation of Monday, June 9th for observance in Canada.

An explanatory memorandum had been circulated.

(Departmental memorandum, Mar. 6, 1952 - Cab. Doc. 83-52).

20. The Cabinet approved the recommendation of the Secretary of State and agreed that:

(a) Monday, June 9th be fixed for celebration of the Queen's birthday in Canada in 1952;

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(b) the Secretary of State seek Her Majesty's approval for the date chosen; and,

(c) when approval had been obtained, the Secretary of State submit a recommendation to Council for issuance of the necessary proclamation.

Railway hotels; labour dispute in Vancouver

21. The Minister of Labour reported that, to work out a settlement on terms of employment of employees of the railway hotel in Vancouver, a board would be established consisting of a labour representative, an employer's representative and a chairman to be designated by the Minister. He proposed to ask Mr. Sherwood Lett, to act as chairman.

22. The Cabinet noted with approval the report of the Minister of Labour concerning the designation of a chairman for the board to settle terms of employment for employees of the railway hotel in Vancouver.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

MARCH 11th, 1952

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Items discussed

Legislation; Indian Act amendment 1.

Legislation; Industrial Development Bank Act amendment 2.

Parliament; legislation 2.

National Gallery; Board of Trustees; appointment of Chairman 3.

External Affairs; restriction on movements of U.S.S.R. diplomats in Canada 3.

N.A.T.O.; appointment of Lord Ismay as Secretary-General 4.

Civil Service - five day week 4.

Labour unions; annual meeting with the government 5.

Foot and Mouth disease; present situation; price support for hogs 6.

Merchant navy; creation in an emergency 7.

Universal Postal Union; Canadian participation in 13th Congress; locale of 1957 Congress 8.

Mines and Technical Surveys; building programme; centralization of services 9.

Korea; sentences by Canadian courts martial; further provision for review 10.

Non-contributors under the Civil Service Act; retirement at 65 11.

Housing; reference of annual report to Parliamentary Committee 11.

Gander airport; air lines agreement 12.

P.E.I. divorce statute; request for confirmatory federal legislation 13.

German war criminals; establishment of review board; Canadian participation 14.

Dumping duty; definition of "fair market value"; position of textile industry 15.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, March 11th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Legislation; Indian Act amendment

1. The Minister of Citizenship and Immigration said it was proposed to amend section 124 of the Indian Act to enable letters patent to be issued in the case of reserves or portion of reserves which had been sold without a direction by the Governor in Council authorizing such sale as was presently required by law.

An explanatory note had been circulated.

(Minister's memorandum, March 7, 1952 - Cab. Doc. 89-52).

2. Mr. Harris added that the proposed amendment was not urgently required and, if it were thought preferable, introduction could be deferred until the next session of Parliament.

3. The Cabinet, after discussion, approved in principle proposed amendments to the Indian Act and agreed that a draft measure be prepared accordingly; it being understood that decision as to actual introduction would be deferred for further consideration when the bill was in printed form.

Legislation; Industrial Development Bank Act

4. The Minister of Finance said he proposed to introduce during the current session of Parliament a measure to amend the Industrial Development Bank Act to authorize the Bank to make individual loans in excess of $200,000 up to a maximum total of $50 million. The aggregate total of such loans was now limited by statute to $25 million.

5. The Cabinet, after discussion, approved in principle the proposed amendment to the Industrial Development Bank Act as recommended by the Minister of Finance and agreed that a draft measure be prepared accordingly.

Parliament; legislation

6. The Secretary submitted certain draft legislation.

7. The Cabinet, after discussion, approved the following measures for introduction in Parliament;

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bill to amend the Export and Import Permits Act (for introduction in the Senate in the first instance); and

resolution and bill entitled "An Act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the Province of British Columbia".

National Gallery; Board of Trustees; appointment of Chairman

8. The Prime Minister submitted a recommendation for the appointment of Mr. H. S. Southam as Chairman of the Board of Trustees of the National Gallery of Canada. He suggested that the appointment be announced to the press that afternoon.

9. The Minister of Citizenship and Immigration said that, although Mr. Southam had agreed to accept for a period of one year only, it would be preferable if the press announcement omitted any reference to the duration of the appointment.

10. The Cabinet, after discussion, agreed that Mr. H. S. Southam be appointed Chairman of the Board of Trustees of the National Gallery of Canada; an Order in Council to be passed accordingly.

(Order in Council P.C. 1427, March 11, 1952).

External Affairs; restriction on movements of U.S.S.R. diplomats in Canada

11. The Prime Minister said the Department of External Affairs had, the previous day, informed the Soviet Embassy in Ottawa that henceforth the Embassy must notify the Department of External Affairs in advance of any trip of more than 25 miles from Ottawa taken by members of the Embassy staff. It was thought desirable to impose this retaliatory restriction upon Soviet diplomats in Canada in view of the increasingly rigid rules governing the movement of diplomats from Western countries within the Soviet Union. Similar action was being taken concurrently by the United Kingdom, the United States and several other N.A.T.O. countries.

A draft press release announcing the new restrictions was submitted and read.

(Memorandum, Under-Secretary of State for External Affairs to Prime Minister, March 7, 1952, and enclosures).

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12. The Cabinet, after discussion, agreed that a press release, as submitted by the Prime Minister, be issued announcing the imposition of restrictions on the movements of all members of the staff of the Soviet Embassy in Canada.

North Atlantic Treaty Organization; appointment of Lord Ismay as Secretary-General

13. The Prime Minister reported that Lord Ismay had now agreed to have his name put forward as Secretary General of the North Atlantic Treaty Organization. Mr. Pearson had instructed Mr. Wilgress to support this nomination when it came before the Council Deputies.

14. The Cabinet noted with approval that Lord Ismay, U.K. Secretary of State for Commonwealth Relations, was prepared to serve as Secretary-General of the North Atlantic Treaty Organization and the proposal that Canada would support his appointment when the matter came before the Council Deputies.

Civil Service; five-day week

15. The Prime Minister recalled that, during the last session of Parliament, Mr. Stanley Knowles had placed on the Order Paper a question about the five-day week in the Public Service. Mr. Knowles' question, which had since been made an Order for Return, should now be answered. Much of the information he sought was of a straightforward statistical nature and would cause no difficulty. However, he had also enquired as to representations made to the government on the five-day week in the Public Service and as to what, if any, consideration had been given to this problem.

He submitted and read a draft reply to Mr. Knowles' question, which indicated that the government was aware of the trend towards the five-day week and was not opposed to it in principle in certain classes of occupations. However, the international situation and the prospective demands on Canadian manpower were such that it would probably be undesirable for the government to encourage establishment of the five-day week on a general basis in the Public Service at this time.

16. The Minister of Finance said the National Joint Council had recently made further representations

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in favour of establishment of the five-day week as normal practice in the government service. He had asked the Assistant Deputy Minister of Finance to prepare a memorandum on the subject, and hoped that the matter could be discussed in detail at an early meeting of Cabinet.

He thought that the government would probably have to agree to establishment of the five-day week in the Civil Service on a pretty wide basis in the relatively near future. Government policy in respect of conditions of work had generally been that those in the Public Service should approximate those imposed by good private employers. Approximately 80 percent of business offices in the City of Montreal were now on the five-day week and, as the Prime Minister had indicated, this practice was also now followed in several Crown agency offices.

In the circumstances, it might be unwise to state at this time that the government would probably find it impossible to establish the five-day week as normal practice in the Public Service.

17. Mr. Garson and Mr. Prudham thought that, although the five-day week in the Public Service might be received favourably in the large urban centres of the central provinces, this would probably not be the case where a large majority of the population were farmers and other agricultural workers who, for practical reasons, could not limit their work to a five-day week.

18. Mr. St-Laurent suggested that the Minister of Finance revise the proposed reply to Mr. Knowles and that the matter be considered further at a subsequent meeting.

19. The Cabinet, after discussion, agreed that the Minister of Finance revise the draft reply to Mr. Stanley Knowles' question in the House, now an Order for Return, on observance of the five-day week in the Public Service and that the matter be considered further at a subsequent meeting.

Labour Unions; annual meeting with the Government

20. The Minister of Labour suggested that the week of March 24th might be suitable for the customary annual meetings between the four major Canadian labour unions and members of the government.

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He submitted the following tentative schedule of meetings:

(a) Wednesday, March 26 noon - Trades and Labour Congress of Canada;

(b) Thursday, March 27 noon - Canadian Congress of Labour;

(c) Friday, March 28 noon - Canadian and Catholic Confederation of Labour; and

(d) Friday, March 28, 4.30 p.m. - Railway Transportation Brotherhoods.

21. The Cabinet, after discussion, noted with approval the arrangements recommended by the Minister of Labour in connection with the customary annual meetings of representatives of the four major Canadian labour unions with members of the government.

Foot and mouth disease; present situation; price support for hogs

22. The Minister of Resources and Development, as Acting Minister of Agriculture, mentioned recent reports of a few additional cases of foot and mouth disease in the western provinces. It had not yet been ascertained, however, whether foot and mouth disease was actually involved or merely stomatitis.

The German immigrant first suspected as a possible carrier of the disease was now being returned to the west coast. After exhaustive tests of the immigrant's clothing and personal effects, it had been impossible to determine that he had been a virus carrier.

23. Mr. Winters referred to growing rumours that there had been laxity or negligence on the part of certain agriculture officials in connection with the foot and mouth disease outbreak. He thought that the government should endeavour to ascertain whether there had indeed been negligence on the part of these officials before they were called before the Parliamentary Committee looking into this matter. However, the Minister of Agriculture would be back in Ottawa the following day and this matter might usefully be discussed further at that time.

24. The Minister of Citizenship and Immigration said he had reason to believe that a few

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immigrants now en route from Europe to Canada might refuse to submit to the fumigation procedure now being adopted as an added precaution in the case of migrants originating from European countries where foot and mouth disease was currently prevalent. He proposed to deport any immigrants who refused. He thought that the Minister had authority under the Act as it now stood to order deportation in such circumstances. If existing statutory powers proved to be insufficient, however, resort should probably be had to the Emergency Powers Act.

25. The Prime Minister, referring to discussion at the meeting of March 7th, said an Order in Council had now been passed (P.C. 1411 of March 8th, 1952) under which the Agricultural Prices Support Board was authorized to purchase up to 10 million pounds of canned pork at a price equivalent to 26 cents per pound of warm dressed carcasses, basis Toronto and Montreal. This action had been thought necessary in order to avoid a sharp break in hog prices and to prevent excess pork production, for which no markets could be found at this time, from going to waste.

26. The Minister of Trade and Commerce reported that it had now been ascertained that the U.S. embargo would not apply to Canadian canned meat and boned smoked meat.

27. The Cabinet noted the report on the present situation respecting foot and mouth disease in the western provinces and on the steps taken to protect the position of Canadian meat producers.

Merchant navy; creation in an emergency

28. The Minister of Transport proposed that consideration be given to an outline plan for the creation of a Canadian merchant navy in the event of war.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 5, 1952 - Cab. Doc. 86-52).

29. The Prime Minister suggested that discussion of the plan, which appeared to involve important questions of policy, be deferred until ministers had had more opportunity to study it.

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30. The Cabinet, after further discussion, deferred consideration of the outline plan for establishment of a merchant navy in an emergency as submitted by the Minister of Transport, so that ministers might have more opportunity to study it.

Universal Postal Union; Canadian participation in 13th Congress; locale of 1957 Congress

31. The Postmaster General said it was proposed that the Deputy Postmaster General, the Department's Director of Administration and its Superintendent of International Mails be the Canadian delegates to the 13th Congress of the Universal Postal Union to be held in Brussels in May, 1952, and that Mr. Turnbull's secretary act as secretary to the delegation. The Department of External Affairs had suggested that an officer of the Embassy in Brussels also be named to the delegation and a question had arisen as to the capacity in which this officer should attend.

It would be recalled that, following the Cabinet's decision at its meeting of September 1st, 1950, it had been indicated at the Congress of the Postal Union of the Americas and Spain held in October 1950, that Canada would invite the Universal Postal Union to hold its Congress in Canada in 1957.

32. The Prime Minister suggested, in view of the question of attendance by an officer of the Embassy in Brussels, that the Postmaster General discuss further with the Secretary of State for External Affairs the composition of the delegation to the 13th Congress.

He felt that the government's position regarding the 1957 Congress was that, while Canada should, at an appropriate time, take its turn in acting as host to the Universal Union, any suggestion that the 1957 meetings be held elsewhere should not be discouraged.

33. The Cabinet, after further discussion, noted the report of the Postmaster General and

(a) deferred decision on composition of the Canadian delegation to the 13th Congress of the Universal Postal Union, to be held in Brussels in May, 1952, pending further discussion of the matter between the Minister and the Secretary of State for External Affairs; and,

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(b) agreed that, while Canada had undertaken to invite the Universal Union to hold its 1957 Congress in Ottawa, suggestions during the 13th Congress that the 1957 meetings be held elsewhere should not be discouraged.

Mines and Technical Surveys; building programme; centralization of services

34. The Minister of Mines and Technical Surveys pointed out that, in 1949, the former Department of Mines and Resources had recognized that its occupancy of a number of buildings scattered about Ottawa was inefficient and costly, and a grouping of the mines, surveys and forest services had been planned at Booth Street. Buildings for the Mines Branch had already been erected there and an important adjacent tract of land acquired.

His department had reviewed the position and it was now proposed to move to Booth Street all its services except the Dominion Observatory. The Department of Public Works had prepared space allocations and sketch plans for the buildings required, which would include an equipment depot, administrative building, geological building, surveys building, and an R.C.E. surveys and printing plant. This, together with alterations to the Mines Branch heating plant, landscaping and a chemistry building were estimated to cost some $10 million. The plans had been approved by the National Capital Planning Committee. The Department of Public Works had been asked to make provision in its 1952-53 estimates for planning and designing the buildings and for a possible start on one of these. He recommended that the overall project be approved in principle with construction to be undertaken over the next five years.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 20, 1952 - Cab. Doc. 61-52).

35. The Minister of Public Works pointed out that several other departments were equally interested in centralizing their activities when funds could be made available, and felt that, in the present circumstances, the Department of Mines and Technical Surveys had been receiving its fair share of funds for construction and improvements.

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36. Mr. Prudham did not consider it essential that the government commit itself at this stage to the five-year programme, but thought it would wish to take note of the long-term plan before any start were made.

37. The Minister of Finance did not feel that it would be possible to approve, even in principle, a long-term programme of the type contemplated since, at present, it was only feasible to examine requirements of departments on a year-to-year basis. Some provision for the proposed programme had been made in the 1952-53 estimates of the Department of Public Works.

38. The Cabinet, after further discussion, noted the recommendation of the Minister of Mines and Technical Surveys for construction, over a five-year period, of buildings at Booth Street to accommodate his department, and

(a) agreed that, in present circumstances, it was only possible to consider the department's building requirements on a year-to-year basis; and,

(b) noted that provision had been made in the 1952-53 estimates of the Department of Public Works to permit certain initial steps which would not conflict with the programme proposed.

Korea; sentences by Canadian courts martial; further provision for review

39. The Minister of National Defence said four sentences awarded by Canadian courts martial in cases involving serious crimes by members of the Canadian forces in Korea were being submitted to the Governor in Council for confirmation. The sentences had been reviewed in his department which had felt that they should be substantially reduced. The Department of Justice, which had then been consulted informally in the matter, had considered that they should be still further reduced. This had led him to feel that it would be useful if a practice were made of referring such sentences involving serious crimes to the Remission Service of the Department of Justice, with a view to maintaining a reasonable parallel between these sentences and those for similar offences awarded by civil courts.

40. The Prime Minister thought it would be desirable for consultation in such cases to be between the Minister of National Defence and the Minister of Justice.

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41. The Cabinet, after further discussion, approved the proposal of the Minister of National Defence and agreed that sentences of Canadian courts martial affecting members of the Canadian forces serving in Korea and involving serious crimes be the subject of informal consultation between the Minister of National Defence and the Minister of Justice, with a view to maintaining a reasonable parallel between such sentences and those for similar offences awarded by civil courts.

Non-contributors under the Civil Service Act; retirement at 65

42. The Minister of National Defence pointed out that provisions of Order in Council P.C. 1/1561 of July 31st, 1933, whereby persons not contributors under the Civil Service Act were to be retired at the age of 65, had been waived each year by Order in Council. Treasury Board, however, had recently decided against a further waiver and departments had subsequently been notified that the 1933 Order was in effect. This would mean retiring a number of employees of the Department of National Defence unless, in accordance with the original Order, a separate submission were made in each case. He suggested that the Board be asked to review its decision.

43. The Cabinet, after discussion, noted the comments of the Minister of National Defence and agreed that Treasury Board be asked to reconsider its decision against a further waiver of the provisions of Order in Council P.C. 1/1561 of July 31st, 1933 requiring retirement of persons of 65 years of age who are not contributors under the Civil Service Act.

Housing; reference of annual report to Parliamentary Committee

44. The Minister of Resources and Development, referring to discussion at the meeting of March 4th, 1952, said there were indications that there would be criticism in Parliament of the government's housing policy. He proposed, therefore, that when the annual report of the Central Mortgage and Housing Corporation, which would be ready by about March 24th, was tabled, he move that it be referred to the Standing Committee on Banking and Commerce.

45. The Cabinet, after discussion, noted the comments of the Minister of Resources and Development and agreed that, on tabling the annual report of Central Mortgage and Housing Corporation in Parliament later in the month, he move that the report be referred to the Standing Committee on Banking and Commerce.

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Gander Airport; airlines agreement

46. The Minister of Transport reported that, with Union, Canada had taken over an unsatisfactory agreement between the Newfoundland government and commercial airlines regarding terminal space at Gander airport. Under this, the airlines had paid a high rent and assumed some responsibilities for capital costs but had substantial control of the leasing of space and could to some extent dictate the types of service to be provided by the government.

In 1949, discussion of a new agreement had been initiated on the general basis that the airlines would forego any claims to recovery of capital and give up their authority in relation to terminal facilities and that the government would reduce rentals. The target date for the agreement had been January, 1950, and, while it had not been completed by then, it had continued to be understood during discussions that this would be the effective date and a retroactive adjustment of rentals would be made accordingly. In view of the complicated nature of the new agreement and the difficulties involved in dealing with a large number of airlines, agreement had not been reached on the text until late 1951 and, in the meantime, the original agreement had expired in September. At that time, the legal branch of his department had pointed out that, in view of the expiry of the original agreement, it was not possible automatically to make the new agreement retroactive to January, 1950 - a course that would involve repayment of some $250,000 to the airlines - and that, unless a special vote were obtained, the new rentals could take effect only at the date of expiry of the old agreement.

The airlines had since strongly opposed his department's decision to make the new agreement effective only from September, 1951, claiming that the legal requirements imposed by the department had been primarily responsible for the delay in concluding the agreement and pointing out that federal legal representatives had been associated with the discussions and should have given warning. Much of the negotiations had been oral but the records indicated that there had been an understanding that January, 1950 would be the effective date, although there had been a written warning to T.C.A. that this would be reconsidered if the agreement were not completed before September, 1951.

The legal requirements imposed by the department had been quite proper and the main reasons

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for delay in concluding the negotiations rested with the airlines. If any action were to be taken to make the agreement retroactive to January 1950 or to some other date before September 1951 a special vote would have to be provided in supplementary estimates.

47. The Minister of Finance said the airlines had been in a position to know that officials involved in the negotiations had no authority to commit the government to retroactive payments.

48. The Cabinet, after further discussion, noted the report of the Minister of Transport regarding the proposed new agreement with commercial airlines regarding use of terminal facilities at Gander airport and agreed that this should have effect only from September 1951 when the earlier agreement had expired.

Prince Edward Island divorce statute; request for confirmatory federal legislation

49. The Minister of Justice reported that, under a pre-Confederation statute in Prince Edward Island, the Lieutenant-Governor (in conjunction with members of the Executive Council) had been authorized to grant petitions for divorce and to nominate the Chief Justice to act in his stead in these matters. Under a provincial statute of 1949, this authority had been transferred to the Supreme Court of Prince Edward Island which had since upheld the constitutionality of the statute. He had recently received a request from the authorities of Prince Edward Island that the federal government introduce legislation to confirm the 1949 statute and had suggested, in reply, that the judgment of the Supreme Court of Prince Edward Island be appealed to the Supreme Court of Canada.

50. The Cabinet, after discussion, noted with approval the report of the Minister of Justice regarding the reply he had sent to the authorities of Prince Edward Island regarding a request for federal legislation to confirm a provincial divorce statute of 1949.

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German war criminals; establishment of review board; Canadian participation

51. The Minister of National Defence, referring to discussion at the meeting of February 5th, 1952, said the Foreign Ministers of the United Kingdom, France and the United States and the German Chancellor had recently agreed that the proposed contractual arrangements between Germany and the Occupying Powers would provide for the establishment of a board to make recommendations for termination or reduction of sentence, or for parole, of Germans convicted of war crimes by any Allied tribunal. It was contemplated that the board consist of six independent persons, three to be appointed by the West German government and one by each of the other three powers; that it not question the validity of sentences; and that the right to exercise clemency remain with the convicting power which would be free to accept or reject any recommendation adopted by a majority of the board but would be bound by a unanimous recommendation of the board. He suggested it be agreed that the cases of Kurt Meyer and Johann Neitz be dealt with by this board on condition that the interested powers approve the substitution of a Canadian nominee for the U.K. member on the board when the cases of Meyer and Neitz were considered.

52. The Minister of Justice thought the board would have difficulty in arriving at recommendations of clemency without examining the merits of convictions.

53. The Prime Minister thought it important to endeavour to arrange for Canadian representation on the board when it dealt with the cases of Meyer and Neitz.

54. The Cabinet, after further discussion, approved the recommendation of the Minister of National Defence that the cases of Kurt Meyer and Johann Neitz be dealt with by the clemency board to be established as a result of an agreement between the German Chancellor and the Foreign Ministers of the Occupying Powers, provided it proved possible to make arrangements whereby a Canadian nominee would be substituted for the U.K. member on the board when the cases of Meyer and Neitz were considered.

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Dumping duty; definition of "fair market value"; position of textile industry

55. The Minister of National Revenue referred to discussion at the meeting of January 23rd, 1952, on the possibility of interpreting the statutory provisions for dumping duties in such a way that the term "fair market value", as used in Section 35 of the Customs Act and Section 6 of the Customs Tariff, would be based on the cost of production rather than the selling price in the country of origin. The Department of Justice had now given the opinion that the prices at which goods are regularly sold for domestic consumption in the country of export, although less than their cost of production, constitute fair market values under Canadian legislation. Thus, generally speaking, his department would be unable to take remedial action against goods imported at less than cost, as long as they were currently offered for sale at the same price in the exporting country.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 9, 1952 - Cab. Doc. 88-52).

56. Dr. McCann said that, in view of increasing imports of fabric gloves and resultant complaints from Canadian manufacturers, a departmental auditor had examined Canadian production costs and selling prices in relation to import prices. It had been found that plain machine-sewn "Simplex" gloves were being imported from Czechoslovakia for as little as $4.30 per dozen pairs; from Eastern Germany for $4.76 and from Italy for $6.35. Prices in other countries were considerably higher. Factory costs in Canada ranged from $7.12 to $8.20, with fabric cost from $4.50 to $5.50. Most of the Canadian producers were in small communities and employed mainly women who had less opportunities for other employment than those in larger centres. Gloves were a specialty product, and it was doubtful whether they would warrant invoking the escape clause (Article 19) of the General Agreement on Tariffs and Trade in order to impose fixed values under Section 43 of the Customs Act. Such action would mark a first breach of the agreement by Canada and it appeared desirable to reserve it for some more important issue.

57. The Minister of Transport pointed out that the present problem was that the Canadian textile

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industry generally was in a slump and there had been suggestions in Parliament that one of the explanations was that other countries were being allowed to dump textiles on the Canadian market. He would like to be certain that this was not the case, since some plants had closed or slowed down and the position of the industry's 100,000 employees was at stake. Credit restrictions had also been blamed. It appeared necessary to do more than reply to current complaints by indicating that existing legislation and GATT did not permit effective action against imports.

58. The Prime Minister thought the suggestions of dumping arose from the fact that textiles were being sold to Canada at prices below cost. Present statutory provisions did not permit the government to prevent imports at such prices if these prices were not unusual in exporting countries. At the same time, Canadian retailers were unable to compete if they bought from domestic textile producers at present production costs. It was for consideration whether present legislation should be amended.

59. Dr. McCann felt the situation could be summarized as follows: In the textile industry, Canada's biggest employer of factory labour, manufacturers' sales had dropped as much as 30% in the past six months and dozens of mills had cut work schedules, closed temporarily or gone bankrupt. Retail sales, however, were normal. One reason for the present position was that plants had oversold their products to retailers last year when it appeared the Korean war would cut off supplies, and many retailers were still selling surplus stocks and placing no orders. Another reason was that recent drops in U.S. textile prices and freer trade with Canada had enabled U.S. producers to deliver their goods in Canada at sharply competitive prices, although it had not been possible to verify any case of U.S. dumping. Whereas the Canadian industry had once been protected by high tariffs and, in recent years, had had a cushion against U.S. competition as a result of dollar-saving restrictions on U.S. imports and a 10% discount on the Canadian dollar, the industry was now almost entirely on its own. Canadian textile tariffs had gradually become among the world's lowest, all dollar restrictions had been lifted and the 10% margin had disappeared. For the present there seemed to be no course open to the industry other than to sharpen its salesmanship.

60. The Minister of Resources and Development believed that value for duty purposes should be related to cost of production.

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61. The Minister of Justice said this would deprive consumers of certain benefits. It was, for instance, normal practice in respect of some seasonal goods to reduce prices - even below cost of production - towards the end of a season.

62. Mr. Chevrier pointed out that another solution would be to fix values for textile imports.

63. The Minister of Finance considered there should only be recourse to Section 43 of the Customs Act in very exceptional circumstances. Fixed values were the most arbitrary form of protection.

64. The Minister of Fisheries felt strongly that Canadian merchants and manufacturers should be allowed to live on past profits until textile prices were reduced to a point more nearly in line with production costs abroad. Manufacturers had bought wool at $4.00 a pound. If they sold off their high-cost inventories, they could now obtain wool at $2.60 a pound. Thus, any new measures to protect present inventories would mean holding prices at an artificially high level. Big retailers had had large cash surpluses before the Korean war and, after June 1950, had borrowed sizeable sums for the purpose of purchasing large stocks of goods. These they had then sold at exorbitant prices. They could afford to sell below cost for a time. Labour bore some of the responsibility for the fact that the cost of Canadian textiles was too high to permit their sale.

65. Mr. Chevrier thought it desirable at least to indicate to Parliament that there had been no dumping.

66. Mr. Abbott said there appeared to be a temporary lull only in consumer purchases. One difficulty was that there had been a steady boom since the end of the 1930's and some plants, like Courtaulds at Cornwall, had over-expanded and over-sold. Except in so far as woollens were concerned, the textile industry was one of the most highly protected in the country. In view of government policy in the past and other factors, it did not seem possible or justifiable to propose higher tariffs in present circumstances. If textile imports at prices "subsidized" by foreign exporters reached serious proportions, it might perhaps be necessary to consider imposing fixed values.

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67. The Minister of Trade and Commerce believed that, so far, no textile inventories had been written off. There did not appear to be any need for anxiety about the demand for textile goods. The real problem facing the government was unemployment in the industry.

68. The Leader of the Government in the Senate thought a downward adjustment of Canadian textile prices inevitable and considered that the sooner this was allowed to occur the better.

69. The Minister of Labour, while agreeing with this view, considered that, in the present period, means should be found to assist unemployed textile workers. He suggested that officials of the Department of Defence Production meet with a labour delegation from the industry, then, in Ottawa, to discuss means of keeping the industry in production.

70. The Cabinet, after considerable further discussion:

(a) noted the report of the Minister of National Revenue on the opinion of the Department of Justice as to interpretation of the term "fair market value" as used in Section 35 of the Customs Act and Section 6 of the Customs Tariff; and,

(b) agreed that:

(i) no action be taken for the present with a view to providing additional protection to the Canadian textile industry against foreign imports;

(ii) arrangements be made for officials of the Department of Defence Production to meet with a labour delegation from the textile industry, then in Ottawa, to discuss possibilities of keeping the industry in production.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

MARCH 12th,1952

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Items discussed

Foreign honours and awards; acceptance by Canadians for services in connection with Korean compaign 2.

Labour union federations; meetings with members of the government 3.

Governor General; waiver of income tax exemption 3.

Visiting forces in Germany; draft convention on post-occupation status 4.

Installations for R.C.A.F. in France 4.

Installations for Canadian Army and R.C.A.F. in Germany 6.

Installations for R.C.A.F. in United Kingdom 8.

Canadian forces in Far East; settlement of accounts for logistic support 9.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Wednesday, March 12th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

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Foreign honours and awards; acceptance by Canadians for services in connection with Korean campaign

1. The Prime Minister, referring to discussion at the meeting of August 15th, 1951, suggested consideration of a letter and attached draft directive received from the Awards Co-ordination Committee and circulated at the previous meeting. The Committee had suggested that a directive be issued giving it authority to grant Canadian citizens permission, in certain specified circumstances, to accept foreign honours and awards for services rendered in connection with the United Nations operations in Korea.

(Letter to Prime Minister from Chairman, Awards Co-ordination Committee, and attached draft directive, March 6th, 1952).

2. Mr. St-Laurent said it might be useful if the Secretary to the Cabinet were to be made a member of the Committee.

3. The Secretary of State for External Affairs believed there might be difficulties if, as proposed, the Committee were authorized to permit Canadian citizens other than those in the government service at home or abroad, to accept foreign honours and awards for exceptionally meritorious services in direct support of the United Nations operations in Korea. This might mean that Canadians involved in relief work would seek permission to accept such awards.

4. Mr. St-Laurent thought that the Committee could be relied upon to avoid establishing awkward precedents in this connection and proposed that, if members of the government had any reservations regarding the draft directive, they communicate them to the Secretary and that it be left to the latter then to determine what, if any, modifications should be made in the directive.

5. The Cabinet, after further discussion, noted the comments of the Prime Minister regarding the draft directive on acceptance by Canadians of foreign honours and awards for services in connection with the United Nations operations in Korea, and agreed that any members of the government having reservations about the draft communicate them to the Secretary to the Cabinet and that it be left to the latter then to determine what, if any, modifications should be made in the directive.

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Labour union federations; meetings with members of the government

6. The Prime Minister, referring to discussion at the meeting the previous day, said the Minister of Labour had now suggested certain changes in the arrangements for the annual meetings of the major labour union federations with members of the government.

7. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that the arrangements for meetings of the major labour union federations with members of the government now be as follows:

(a) Wednesday, March 26, 11.30 a.m. - Trades and Labour Congress, Railway Committee Room;

(b) Thursday, March 27, 11.30 a.m. - Canadian Congress of Labour, Railway Committee Room;

(c) Friday, March 28, 11.30 a.m. - Canadian and Catholic Federation of Labour, Committee Room 268;

(d) Friday, March 28, 4.30 p.m. - Railway Brotherhoods, Committee Room 268.

Governor General; waiver of income tax exemption

8. The Prime Minister said the Governor General had asked him to have a statement made in Parliament to the effect that Mr. Massey had noticed newspaper comment on the exemption from income tax accorded to Governors General; that it had been his impression that the exemption applied only to official income; and that it was not his intention to benefit from any exemption with respect to his private income.

9. The Secretary of State for External Affairs wondered whether Parliament might be informed of Mr. Massey's position in the matter in some other manner.

10. The Cabinet, after further discussion, noted the report of the Prime Minister and agreed that the Minister of Finance inform Parliament that, as it was not the Governor General's intention to benefit from any existing exemption from taxation on his private income, the government intended to introduce an appropriate amendment to the Income Tax Act.

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Visiting forces in Germany; draft convention on post-occupation status

11. The Minister of National Defence said a special committee of the Allied High Commission had been drafting a convention, for signature by the Occupying Powers and the West German government, on the rights and obligations of visiting forces in Germany in the post-occupation period. He pointed out that certain portions of the present draft, dealing with relationship under the convention of the Occupying Powers to other countries having forces in Germany, left something to be desired.

12. The Cabinet, after discussion, noted the comments of the Minister of National Defence and agreed that no further representations need be made to the Occupying Powers on the relationship between them and other Western countries now contemplated in the draft convention between these powers and Western Germany on the status of visiting forces in Germany in the post-occupation period.

Installations for R.C.A.F. in France

13. The Minister of National Defence, referring to discussion at the meeting of December 20th, 1951, said interested departments had prepared a re-draft of the proposed agreement with France on the provision of installations for the R.C.A.F. and the Department of External Affairs had prepared an explanatory note. If the re-draft were generally satisfactory, it was desired to forward it to Paris, so as to enable the Canadian negotiating team to resume discussions with the French authorities. The R.C.A.F. would need two airfields in France, at Grostenquin-Falquemont and Thionville, as well as an administrative headquarters and a movement control centre. Provision of the first field and of the headquarters and centre mentioned was being arranged under the proposed agreement. At present, it was proposed that the land for these facilities be provided by France, that facilities at the airfield, up to minimum N.A.T.O. standards, be financed under the infrastructure agreement, and that Canada pay the costs of facilities beyond minimum standards, and of the headquarters and centre which would be rented if possible, and would reimburse France the cost of maintenance of the three installations. Capital costs payable by Canada for the first field were estimated at some $6 million. This airfield already had partial facilities as a result of earlier action by Western Union

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and it was hoped that it could be completed to necessary standards by the end of the year. There had not, so far, been any development of the Thionville site and it would be necessary to start construction there at an early date.

(External Affairs memorandum and attached draft agreement, March 6, 1952)

14. The Minister of Finance pointed out that the French, while willing to bear the cost of land required for facilities above minimum standards, wished Canada to bear the cost of moving occupants of such land to new sites. He felt that this proposal should be resisted.

15. The Secretary of State for External Affairs recalled that it had been felt the proposed agreement should indicate Canada was acting on behalf of N.A.T.O. in its dealings with the French respecting land and facilities up to minimum standards. It had since been found that the French were unwilling to accept language implying that France or Canada was acting as an agent of N.A.T.O. He felt, however, that phrases used in the preamble and other portions of the draft could be regarded as giving sufficient indication of the context in which the agreement was being drawn up. At this stage it would be desirable to leave the Canadian negotiators as much leeway as possible and, therefore, to give the draft agreement tentative approval only. When agreement on a text had been reached at the official level, it would be submitted to the governments for consideration prior to signature.

16. The Cabinet, after further discussion, noted the report of the Minister of National Defence and:

(a) gave tentative approval to the draft agreement with France regarding an airfield at Grostenquin-Falquemont and other installations for the R.C.A.F. as a basis for further negotiations, on the understanding that the Canadian negotiators should not agree that Canada pay the costs of removing to new sites occupants of land required for airfield installations above minimum standards; and

(b) agreed that arrangements be made for construction of a second airfield, at Thionville, as soon as possible.

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Installations for Canadian Army and R.C.A.F. in Germany

17. The Minister of National Defence, referring to discussion at the meeting of February 5th, 1952, said the 27th Brigade was using, until April 1st, 1952, accommodation in the Hanover area of Germany built under the Hitler regime and rehabilitated by Western Germany for the British Army of the Rhine under the occupation arrangements.

It was proposed that the sterling costs of logistic support provided to the brigade by the British Army of Occupation of the Rhine be settled on a capitation basis. Details would be submitted to Treasury Board before the end of March.

Since it had been indicated that the presence of Canadian troops would not increase the costs to Germany of the occupation, it was proposed to arrive at a figure with the U.K. authorities for the costs, up to March 31st, 1952, of maintenance provided by Germany through the occupation budget, and to reimburse Germany, probably through the British.

Existing arrangements for maintenance of the brigade would apply until the three Occupying Powers completed in the near future a contractual agreement with Western Germany to govern the position in the post-occupation period.

A site for a training area for the brigade had been selected at Soest where new accommodation would be required before next winter. He felt that, if possible, arrangements should be made for the site to be made available by Germany without charge. Germany was expected to spend in the next fiscal year 11.5 billion marks on defence, including the maintenance costs of the British, French and U.S. forces in Germany. He considered that an attempt should be made to obtain the agreement of the present Occupying Powers that the capital cost of the barracks required by the 27th Brigade be financed from the German defence budget, on the understanding that Canada would pay the costs of maintaining the barracks and the brigade in the post-occupation period.

18. The Secretary of State for External Affairs felt Germany had been exploiting to some extent Canada's policy regarding payment of maintenance costs in Germany. He thought it important to avoid any publicity that might lead to criticism that the government was going out of its way to avoid increasing

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Germany's burden and at the same time driving a harder bargain with regard to arrangements for R.C.A.F. installations in the United Kingdom.

It should be recognized that it might not be possible to obtain agreement to the financing of the barracks for the 27th Brigade from the German defence budget.

19. The Prime Minister suggested that, if it were found that the German defence budget was insufficient to cover the capital costs of the barracks, these might have to be financed as a part of N.A.T.O. infrastructure since Canadian units were being stationed in Germany on behalf of N.A.T.O. and it was undesirable for Canada to own military installations in Europe.

20. Mr. Claxton said the R.C.A.F. would require two airfields in Germany. Financing of these was not yet covered by a N.A.T.O. infrastructure agreement. Funds would have to be made available under a further infrastructure agreement or from the German defence budget and he suggested that an attempt should be made to arrange for the financing of facilities above minimum standards on the same basis as he had proposed in the case of the accommodation required by the 27th Brigade.

21. The Cabinet, after further discussion, noted the report and recommendations of the Minister of National Defence and agreed that:

(a) the sterling costs to March 31st, 1952, of logistic support provided to the 27th Brigade in Germany by the United Kingdom be paid on a capitation basis;

(b) Germany be reimbursed, preferably through the United Kingdom, for the costs to March 31st, 1952, of the maintenance provided by it to the brigade;

(c) an attempt be made to obtain the agreement of the Occupying Powers that

(i) the capital costs of accommodation required by the brigade at Soest;

(ii) the capital costs of facilities above minimum standards required by the R.C.A.F. at two airfields in Germany; and

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(iii) failing financing on a N.A.T.O. basis, the capital costs of facilities up to minimum standards at these fields be met from the German defence budget, on the understanding that Canada would pay the maintenance costs of the 27th Brigade and the R.C.A.F. squadrons involved, including the cost of maintaining the Army barracks and the two airfields.

Installations for R.C.A.F. in the United Kingdom

22. The Minister of National Defence, referring to discussion at the meeting of December 4th, 1951, said the United Kingdom had provided complete support, at a cost of some $800,000, for an R.C.A.F. fighter squadron that had completed its operational training at Odiham and since returned to Canada. It had been understood between the former U.K. Secretary of State for Air and himself that this expense would be offset against Canada's expenses in training R.A.F. aircrew. The Air Ministry, however, had now requested payment of about $200,000 to cover dollar expenditures incurred in supporting the R.C.A.F. squadron. He felt that, in view of the original arrangement, this request should not be accepted.

In providing an airfield at North Luffenham for an R.C.A.F. fighter wing (destined to the Integrated Force), the United Kingdom had had to carry out rehabilitation work on the runways and buildings. As the R.A.F. would have had to rehabilitate the station in any case, he did not feel that it would be reasonable to reimburse it for this work. The Air Ministry had suggested charging a monthly fee for maintenance of the airfield and buildings and for depreciation and maintenance of equipment, heating, lighting, etc., and charging on the basis of actual expenditures for aviation and motor transport fuel and oil, ammunition and civilian labour. He suggested that this proposal be accepted.

The R.C.A.F. required a materiel depot at Langar. As this would have to be rehabilitated and added to for the special purposes of the R.C.A.F., he recommended that Canada assume all the costs involved.

23. The Secretary of State for External Affairs thought care would have to be taken to avoid

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giving the impression that Canada was making financial arrangements for military installations that were more favourable to Germany than to the United Kingdom and to ensure that there was no marked contrast between the financial arrangements for U.S. bases in the U.K. and those governing installations used there by the R.C.A.F.

24. The Minister of Finance felt the arrangements in the case of Odiham airfield, now being wound up, had been an undesirable departure from Canada's normal policy of paying the costs of its forces abroad.

25. Mr. Claxton pointed out that the expenses the United Kingdom was absorbing on behalf of the R.C.A.F. in the cases of the Odiham and North Luffenham fields represented only a small percentage of Canada's outlay on the training of R.A.F. aircrew and was in accordance with pre-existing arrangements between the R.C.A.F. and R.A.F. There was no objection to these continuing in so far as ordinary traffic arrangements, international courtesies etc., were concerned.

26. The Cabinet, after further discussion, approved the recommendations of the Minister of National Defence and agreed that:

(a) it be indicated to the U.K. Air Ministry that, in view of the original understanding in the matter, it was not felt reasonable that Canada pay some $200,000 in reimbursement of dollar expenditures incurred by the R.A.F. in supporting an R.C.A.F. squadron at the Odiham airfield, but that, in connection with R.C.A.F. use of the North Luffenham airfield, Canada was agreeable to the proposal that it be charged a monthly fee for maintenance of the airfield and buildings and for depreciation and maintenance of equipment, heating, lighting, etc., and that it be charged on the basis of actual expenditures for aviation and motor transport fuel and oil, ammunition and civilian labour;

(b) Canada assume all the costs involved in rehabilitating, adding to and maintaining a materiel depot for the R.C.A.F. at Langar.

Canadian forces in the Far East; settlement of accounts for logistic support

27. The Minister of National Defence reported that arrangements had been made to pay on a capitation basis for logistic support provided by the United States to

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Canadian forces in the Far East. Accounts had been paid up to July 1st, 1951, and arrangements made to clear outstanding accounts by the end of the fiscal year.

Australia was administering the Commonwealth operations pool for Korea and it had not been possible as yet to reach agreement on the settlement of accounts for logistic support from Commonwealth sources. It was considered that the basis for Canadian payments to Australia should be actual drawings. It was desired to settle outstanding Australian accounts by March 31st, 1952, but, as it was not probable that detailed accounting would be received from the Australian authorities in time, it was proposed that, if necessary, an interim payment be made to Australia on the basis of calculations of his department.

28. The Cabinet, after discussion, noted the report of the Minister of National Defence regarding arrangements made to clear outstanding accounts for logistic support provided by the United States to Canadian forces in the Far East and agreed that, if necessary, an interim payment be made to Australia at the end of the present fiscal year in connection with outstanding accounts for logistic support from Commonwealth sources.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

MARCH 13th,1952

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Items discussed

1. Foot and Mouth disease; quarantine measures
2. Insurance for fishermen

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, March 13th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

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Foot and mouth disease; quarantine measures

1. The Minister of Agriculture reported that the quarantine area established under Order in Council P.C. 1028 of February 19th, 1952 included an area north of the Qu'Appelle River to Long Lake which cut off movement of livestock from areas east of the Lake to Moose Jaw. The area in question did not need to be within the quarantine boundaries. It was recommended, accordingly, that Order in Council P.C. 1028 be revoked and a new quarantine area established by Ministerial order under the provisions of section 5A of the Animal Contagious Diseases Regulations as provided by Order in Council P.C. 1214 of February 29th, 1952.

With the movement of animals and meat out of the quarantine area prohibited but with no prohibition on movement of meat into the area, there was some risk of farmers trying to smuggle animals out in order to secure better prices. The position would be improved if there were a prohibition of inward movement of meat. It was recommended that an Order in Council be passed to that effect.

2. Mr. Gardiner said investigation in Regina disclosed that the Burns packing plant was badly polluted with foot and mouth disease. 23 animals in their pens at the time of inspection had the disease. Mr. Waas, on whose farm the first outbreak diagnosed as stomatitis had occurred, had been in the Burns pens only three days before the outbreak on his farm. There thus was evidence that the disease had first appeared in the Burns plant and moved outward from there. Instructions had been given to secure invoices of all meats and other items that had been brought into the Burns plant with origin abroad in order to see whether any light could be thrown on the way the disease had got there.

3. The Cabinet, after discussion, approved the recommendations of the Minister of Agriculture and agreed that:

(a) Order in Council P.C. 1028 of February 19th, 1952, establishing a quarantine area in certain parts of Saskatchewan, be revoked and a new quarantine area be established by Ministerial order under the provisions of section 5A of the Animal Contagious Diseases Regulations; and,

(b) provision be made that no person shall without permission of an inspector or other person designated by the Minister move any flesh, hides,

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hoofs, horns or other parts of any cattle, sheep, goats, other ruminants and swine into the area established under the Ministerial order;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 1512 and P.C. 1513, March 13, 1952).

Insurance for fishermen

4. The Prime Minister said that, following recent discussion in Cabinet, the Secretary had discussed with the Deputy Minister of Fisheries the desirability of examining questions relating to provision of insurance for fishermen. Mr. Bates thought they might be taken under consideration by the Department and information collected as a basis for recommendations on various forms of insurance or other assistance. Such a report could thereafter be considered by an interdepartmental committee to see if any proposals ought to be placed before the Cabinet.

5. The Minister of Justice pointed out that, in any such consideration, attention should be given to the possibility that insurance might be provided through fishermen's cooperatives.

6. The Minister of Agriculture thought attention would also have to be given to the constitutional position and the jurisdiction of the provinces over insurance.

7. The Cabinet, after discussion, agreed that no decision be taken about the desirability of establishing a fishermen's insurance scheme but that the Department of Fisheries be authorized to give consideration to the question of insurance or other assistance for fishermen and, if proposals emerged that appeared to merit further consideration, to place them before an interdepartmental committee to be convened by the Secretary to the Cabinet.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

March 17th,1952

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Items discussed

Legislation; Prisons and Reformatories Act amendment	1.
Parliament; Easter recess	2.
C.N.R.; proposed purchase of Canada Coach Lines	2.
External Affairs; sale of 25-pounder guns to Pakistan	3.
Wheat; new international agreement; delegation	3.
R.C.M. Police; Raymond Arthur Davies	4.
Alberta; request for disallowance of Sand and Gravel Act	5.
Japanese Peace Treaty; ratification	5.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Monday, March 17th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

Legislation; Prisons and Reformatories Act amendment

1. The Minister of Justice reported that it was proposed to amend the Prisons and Reformatories Act in certain respects.

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An explanatory note was circulated.

(Minister's memorandum, Mar. 5, 1952 - Cab. Doc. 92-52).

2. The Cabinet, after discussion, approved in principle amendment of the Prisons and Reformatories Act as proposed by the Minister of Justice; a draft measure to be prepared accordingly.

Parliament; Easter recess

3. The Prime Minister said consideration should be given to the question of an Easter recess for Parliament. Many western members felt a recess of less than ten days was not sufficient to permit them to go home. It had been suggested consequently that the recess might be from Wednesday, April 9th, to noon, April 21st. There were others, however, who thought it might be preferable for Parliament to recess only from Thursday night, April 10th, to Tuesday, April 15th.

4. The Cabinet, after discussion, noted the Prime Minister's remarks on proposals respecting an Easter recess for Parliament and deferred decision on this matter pending further consideration.

Canadian National Railways; proposed purchase of Canada Coach Lines

5. The Minister of Transport reported that the Canadian National Railways owned the Niagara-St. Catharines-Toronto Railway Company which operated both rail and bus passenger services between these three points. Competition offered by the Canada Coach Lines in this area had a harmful effect on this rail passenger service.

The Board of Directors of the C.N.R. had now recommended that the government authorize the purchase of Canada Coach Lines. It was thought that the franchise and physical assets of Canada Coach Lines could be purchased for the sum of $1,250,000 although the asking price was higher. An outright purchase for this price, in the opinion of the C.N.R. management, would represent a better than average investment and would offer the added advantage of allowing more efficient integration of rail and bus passenger services in the area.

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6. The Minister of Finance thought that the government should have an opportunity of examining recent balance sheets of Canada Coach Lines before it were called upon to reach a decision in the matter.

7. The Prime Minister said that the government should have the sort of information which would enable it to state that it had authorized the C.N.R. to purchase Canada Coach Lines not merely for the purpose of buying out competition, but because the acquisition represented a real investment which would pay for itself and which would contribute to the improvement of transportation services in the area concerned.

8. The Minister of Trade and Commerce believed authority to purchase Canada Coach Lines should only be granted if it were established that such purchase would result in actual savings in the C.N.R.'s rail operations on the route in question.

9. The Cabinet, after discussion, noted the request by the Board of Directors of the Canadian National Railways for authority to purchase the franchise and assets of Canada Coach Lines and deferred decision pending submission by the Minister of Transport of an explanatory memorandum on this matter.

External Affairs; sale of 25-pounder guns to Pakistan

10. The Secretary of State for External Affairs reported that the government of Pakistan wished to purchase seven 25-pounder guns from Canada. The guns could be made available out of existing army stocks, and it was recommended that the request be met.

11. The Cabinet, after discussion, agreed that authority be granted for the sale of seven 25-pounder guns to Pakistan out of existing army stocks.

Wheat; new international agreement; delegation

12. The Minister of Trade and Commerce reported that a conference to discuss a new international wheat agreement would begin in London on April 17th. He had asked the President of the Canadian Federation of Agriculture to nominate four persons who would serve

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on the Canadian delegation as representatives of Canadian producers. Mr. Hannam had suggested that the President of the Saskatchewan Wheat Pool, the President of the Manitoba Pool, the Chairman of the Board of Alberta Wheat Pool and the President of the United Grain Growers be included on the Canadian delegation. Since then, the head of the Saskatchewan Farmers Union had requested that his organization should also be represented. Mr. Phelps was unable to go himself but suggested that the Farmers Union be represented by Mr. W. Coates.

13. The Minister of Agriculture said he would like to consider further the suggestions put forward by Mr. Hannam and Mr. Phelps.

14. The Cabinet, after discussion, noted the report of the Minister of Trade and Commerce and the comments thereon of the Minister of Agriculture on the coming London conference to discuss a new international wheat agreement and the proposals respecting inclusion in the Canadian delegation of representatives of Canadian producers.

R.C.M. Police; Raymond Arthur Davies

15. The Minister of Justice reported that the R.C.M. Police had a voluminous file on the communist activities of one Rudolphe Shohan, alias Roy Davis, and better known as Raymond Arthur Davies, under which name he had written for a number of Canadian publications.

It had been suggested to him that it might be advisable at this time to prosecute Shohan or Davies with respect to his passport which he obtained fraudulently on the strength of a birth certificate obtained in Montreal under false pretences; Shohan actually having been born in Poland and having entered Canada through the United States. The law officers of the department were of the opinion that legal action on these grounds could be conducted successfully without in any way compromising the usefulness of R.C.M. Police operatives.

16. The Minister of Citizenship and Immigration thought it might be possible to deal with the citizenship aspect of the matter through the normal administrative processes of his department thus avoiding the necessity of taking legal action.

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17. The Prime Minister suggested that the Minister of Justice might consider further with the Secretary of State for External Affairs and the Minister of Citizenship and Immigration what course of action appeared most desirable in this instance.

18. The Cabinet, after discussion, agreed that the Minister of Justice consult with the Secretary of State for External Affairs and the Minister of Citizenship and Immigration as to what steps, if any, should be taken in the case of Rudolphe Shohan better known as Raymond Arthur Davies.

Alberta; request for disallowance of Sand and Gravel Act

19. The Minister of Justice reported that the Sand and Gravel Act, passed by the Legislature of Alberta in April 1951, had the effect of reversing a judgment rendered earlier by the Trial Division of the Supreme Court of Alberta. The party concerned in this matter, Western Minerals Limited, had requested thatthe Governor in Council disallow the Act.

It was recommended that the provincial legislation be not disallowed, since it was well within provincial jurisdiction and could not be deemed to have any effect on persons or properties outside the provincial boundaries.

20. The Cabinet, after discussion, noted with approval the recommendation of the Minister of Justice that the Alberta Sand and Gravel Act should not be disallowed as requested by Western Minerals Limited.

Japanese Peace Treaty; ratification

21. The Secretary of State for External Affairs said that the Japanese Peace Treaty had already been ratified by the United Kingdom and Japan and early action was expected in the United States and in Australia and New Zealand. In the circumstances, Canadian ratification should probably be given in the near future.

He suggested that legislation respecting the treaty be introduced in the House of Commons

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immediately following conclusion of the coming general debate on external affairs.

22. The Cabinet, after discussion, noted with approval the proposal of the Secretary of State for External Affairs that legislation respecting the Japanese Peace Treaty be introduced in the House of Commons following the forthcoming general debate on external affairs.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

MARCH 18th,1952

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Items discussed

United Nations; Genocide Convention; ratification 2.

Commonwealth Telegraphs Agreement, 1948; confirmation; conclusion of supplementary agreement 2.

Japan; exchange of embassies; appointment of Canadian Charge d'Affaires 3.

I.L.O.; Fifth American Regional Conference, Rio de Janeiro; Canadian participation 4.

Universal Postal Union; 13th Congress, Brussels; Canadian participation 5.

Federal telephone and telegraph system, B.C.; sale to commercial company 7.

Appointments 8.

Maritime Provinces; requests for federal assistance to fishermen 9.

C.N.R. hotels; union demands respecting wages and hours of work 9.

Unemployment; requests for federal assistance 10.

Aeronautics Act amendment; regulations 11.

Trans-Mountain Pipe Line Company; remission of duty on pipe 13.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, March 18th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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United Nations; Genocide Convention; ratification

1. The Secretary of State for External Affairs reported that the United Nations Genocide Convention, signed by Canada in October, 1949, now ratified or acceded to by 34 other countries - including six which had made reservations - and signed by the Soviet Union and two Soviet states with reservations, had come into force on January 12th, 1951. There appeared to be good grounds for ratification by Canada despite the reservations of communist countries and the objections thereto made by other signatories and there was pressure for such ratification. He recommended that, later in the current session, Parliament be asked to approve Canadian ratification of the convention without reservation or objection to reservations of other states and that, at that time, an explanatory statement be made in Parliament with particular reference to the reservations of communist countries.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 6th, 1952 - Cab. Doc. 87-52).

2. The Prime Minister observed that the United States and the United Kingdom had not yet ratified the convention although it was before the U.S. Congress.

3. The Cabinet, after further discussion, noted the recommendation of the Secretary of State for External Affairs and agreed that during the current session Parliament be asked to approve Canadian ratification of the United Nations Genocide Convention without reservation or objection to reservations of other states, and that an explanatory statement be made in Parliament along the lines of that submitted; on the understanding that, when the Minister felt that it would be appropriate to introduce a resolution, he would so inform the Cabinet.

Commonwealth Telegraphs Agreement, 1948; confirmation; conclusion of supplementary agreement

4. The Secretary of State for External Affairs said Canada had signed the Commonwealth Telegraphs Agreement of 1948 establishing the Commonwealth Telecommunications Board. Clause 11 required each partner government to take appropriate action to confirm the agreement, provide funds and obtain other

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powers necessary for implementation and, under Clause 6(1), each government was required, with its national body - the Canadian Overseas Telecommunications Corporation in the case of Canada - to enter into an agreement with the Commonwealth Telecommunications Board defining their relations. Such agreements were to be in accordance with terms set out in the third schedule to the 1948 agreement. As steps had now been taken to permit compliance with these clauses, he recommended, with the concurrence of the Minister of Finance and the Minister of Transport, that Canada confirm the 1948 agreement and sign a "third schedule" agreement in the terms submitted.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 28, 1952 - Cab. Doc. 73-52).

5. The Cabinet approved the recommendation of the Secretary of State for External Affairs, concurred in by the Minister of Finance and the Minister of Transport, and agreed that:

(a) Canada confirm the Commonwealth Telegraphs Agreement of May 11, 1948; other governments concerned to be notified of such confirmation;

(b) a "third schedule" agreement be concluded with the Commonwealth Telecommunications Board in theterms submitted; a full power to sign to be issued to the High Commissioner in the United Kingdom;

Orders in Council to be passed accordingly.

Japan; exchange of embassies; appointment of Canadian Charge d'Affaires

6. The Secretary of State for External Affairs pointed out that the Canadian Liaison Mission in Tokyo was accredited to the Supreme Commander for the Allied Powers. With the coming into force of the Japanese Peace Treaty about April 1st, 1952, the S.C.A.P. organization would be disbanded. The relatively long period in which Canada had had diplomatic relations with Japan, the importance of Japan's position in the Far East and a Japanese desire to establish an embassy in Canada suggested

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that the Canadian post-treaty office in Tokyo should be an embassy. It also seemed reasonable that the present head of the Liaison Mission be nominated as Charge d'Affaires a.i., pending appointment of an Ambassador.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 13, 1952 - Cab. Doc. 93-52).

7. The Cabinet approved the recommendations of the Secretary of State for External Affairs and agreed that Royal approval be sought for an exchange of embassies with Japan and that, on receipt of such approval, the Minister inform the Japanese government that the government desired to establish an embassy in Tokyo after the coming into force of the Japanese Peace Treaty, was agreeable to establishment of a Japanese embassy in Ottawa and nominated the present Head of the Canadian Liaison Mission in Tokyo as Charge d'Affaires a.i. of the Canadian Embassy.

International Labour Organization; Fifth American Regional Conference, Rio de Janeiro; Canadian participation

8. The Minister of Labour said Canada had participated in all the previous Regional Conferences of American States Members of the International Labour Organization for reasons of good will and its absence from the Fifth Regional Conference, to be held in Rio de Janeiro in April, 1952, might be misunderstood. He outlined the agenda for the Conference and, with the concurrence of the Secretary of State for External Affairs, made recommendations regarding Canadian participation.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 5, 1952 - Cab. Doc. 85-52).

9. The Cabinet approved the recommendation of the Minister of Labour, concurred in by the Secretary of State for External Affairs, and:

(1) agreed that:

(a) the Canadian delegation to the Fifth Regional Conference of American States Members of the International Labour Organization,

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to be held in Rio de Janeiro in April, 1952, consist of two government representatives (one each from the Departments of Labour and National Health and Welfare), one employers' representative and one workers' representative, all of whom would proceed from Canada, and, at the discretion of the Secretary of State for External Affairs, two representatives from Canadian Missions in Latin America;

(b) necessary travelling and living expenses incurred in connection with attendance of the delegation at the Conference be charged to the Department of Labour vote for international labour conferences;

(2) noted that the names of the delegates would be submitted in due course to the Secretary of State for External Affairs for approval.

Universal Postal Union; 13th Congress, Brussels; Canadian participation

10. The Secretary of State for External Affairs, referring to discussion at the meeting of March 11th, 1952, recommended that the Canadian delegation to the 13th Congress of the Universal Postal Union, to be held in Brussels in May, 1952, include the Deputy Postmaster General and two other officials of the Post Office Department, and that these three officials be authorized, inter alia, to sign any agreements arising out of the Congress.

He had proposed that the delegation also include Mr. A. C. Smith of the Embassy in Brussels, who would provide advice regarding international political questions. It had been suggested that this would be unnecessary owing to the technical nature of the discussions but that, if Mr. Smith were to attend, he be designated "fonctionnaire attache". This designation would not be satisfactory and he was prepared to withdraw his proposal if it were understood that the Embassy in Brussels would be consulted on any political questions arising during the meetings.

11. The Prime Minister pointed out that the Department of External Affairs had the responsibility

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of handling international relations and considered that the principle should be retained that delegations to international conferences normally include one or more officers of that department. If a conference were being held in a capital where there was a Canadian diplomatic mission, the mission in question should normally be represented on the delegation. In the present case, Mr. Smith should be a member of the delegation and should keep in touch with the head of the delegation with a view to attending meetings whenever the delegation was likely to require advice on international political questions.

12. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs and:

(1) agreed that:

(a) the following attend and take part in the debates of the 13th Congress of the Universal Postal Union, meeting in Brussels in May, 1952, vote on all necessary matters and sign any agreements arising from the deliberations of the congress:

Mr. Walter J. Turnbull - Deputy Postmaster General

Mr. J.L.A. Gagnon - Director of Administration, Post Office Department

Mr. H. W. Pearl - Superintendent, International Mails, Post Office Department

an Order in Council to be passed accordingly;

(b) Mr. A.C. Smith of the Embassy in Brussels be a member of the delegation with a view to providing advice on international political questions arising during the meetings;

(c) Miss C.E. Bingleman of the Post Office Department act as secretary of the delegation;

(2) noted the comments of the Prime Minister regarding the desirability of adherence to the general practice of External Affairs participation in delegations to international conferences.

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Federal telephone and telegraph system, British Columbia; sale to commercial company

13. The Minister of Transport said a number of areas served by the federal government telephone and telegraph service in British Columbia had developed to such an extent as to make it possible for a commercial organization to operate the service on a profitable basis. It could be expected that the industrial development in the province would necessitate reorganization and expansion of present facilities. The British Columbia Telephone Company had made an offer to purchase the federal facilities but no mention had been made of the telegraph service. The Telecommunications Department of the Canadian National Railways was interested in buying the whole system. His department could continue to operate the service with the necessary expansion, or could sell the system to a commercial company on condition that service at least equal to that provided at present were continued.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 10, 1952 - Cab. Doc. 91-52).

14. Mr. Chevrier recommended adoption of the second course and felt that the facilities should be sold to the B.C. Company who would likely agree to buy the whole system. At the same time, both this company and the C.N.R. should be invited to make offers which he would report before agreeing to sell. The Minister of Fisheries was in favour of the sale of the system to the B.C. Company.

15. The Minister of Trade and Commerce pointed out that such developments as that at Kitimat necessitated the early laying down of additional telephone and telegraph facilities. He thought the B.C. company would be the most appropriate organization to take over the present service since the C.N.R. was not in the telephone field.

16. The Minister of Justice suggested that, as the present service had just begun to yield a profit and was likely to continue to do so in view of current industrial development in the province, the sale price should take into account the fact that the system had been operated at a loss while under development by the government.

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17. The Minister of Finance was agreeable to sale of the system provided a fair price could be obtained.

18. The Cabinet, after further discussion, noted the proposals of the Minister of Transport regarding sale of the federal government telephone and telegraph service in British Columbia to a commercial company and agreed that the British Columbia Telephone Company and the Canadian National Railways be invited to tender for purchase of the whole system; it being understood that such tenders would be discussed at a subsequent meeting.

Appointments

19. The Prime Minister and the Secretary of State for External Affairs submitted certain recommendations for appointments and transfers in the Public Service.

20. The Cabinet, after discussion, agreed that Orders in Council be passed making the following appointments:

(a) Mr. Pierre Dupuy to be Ambassador for Canada in Italy, effective May 1st, 1952;

(Order in Council P.C. 1600 of March 18, 1952)

(b) Mr. A.D.P. Heeney to be Ambassador and Permanent Representative of Canada to the North Atlantic Council, effective April 15th, 1952;

(Order in Council P.C. 1601 of March 18, 1952)

(c) Mr. L.D. Wilgress to be Under-Secretary of State for External Affairs, effective June 1st, 1952;

(Order in Council P.C. 1602 of March 18, 1952)

(d) Mr. N. A. Robertson to be High Commissioner for Canada in the United Kingdom, effective June 1st, 1952;

(Order in Council P.C. 1603 of March 18, 1952)

(e) Mr. J. W. Pickersgill to be Clerk of the Privy Council and Secretary to the Cabinet, effective June 1st, 1952;

(Order in Council P.C. 1604 of March 18, 1952).

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Maritime Provinces; requests for federal assistance to fishermen

21. The Minister of Resources and Development, referring to discussion at the meeting of March 7th, 1952, said continued representations were being made to secure federal assistance for fishermen who had suffered losses as a result of a storm during the month of December 1951 along the New Brunswick and Nova Scotia coastline.

He proposed to reply informally to such representations that, although both the federal and provincial governments had assumed joint responsibilities in matters relating to fisheries, from a constitutional point of view losses suffered by the fishermen came within exclusive provincial jurisdiction. In the circumstances, the federal government did not contemplate extending assistance unless it could be established that the situation presented a problem beyond the financial capabilities of the provinces concerned.

22. The Minister of Finance pointed out that accepted federal policy in matters of this kind was that federal assistance would be granted only if the extent of the assistance required was clearly beyond the financial capabilities of the province and was such as to seriously impair the financial stability of that province.

23. The Prime Minister thought the general tone of the reply proposed to be made by the Minister of Resources and Development was satisfactory, but suggested that it should be stressed that the federal government was taking steps to ensure that those federal works affected by the storm would be repaired without any delay.

24. The Cabinet, after discussion, noted with approval the reply proposed to be made by the Minister of Resources and Development to renewed representations in favour of federal assistance for fishermen who had suffered losses in the December 1951 storm along the coasts of New Brunswick and Nova Scotia.

Canadian National Railway hotels; union demands respecting wages and hours of work

25. The Minister of Labour said the conciliation board, headed by Judge Hyndman, which had been appointed to look into the labour dispute

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between management and employees at the Chateau Laurier Hotel, had now submitted its report. It would be recalled that the union had demanded an increase of 28 cents an hour and a reduction in the work-week from 48 to 40 hours without reductioh in take-home-pay. The majority report of the Conciliation Board had recommended that none of the union demands be met whereas a minority report had suggested that a scale of graduated increases should be put into effect.

A conciliation board had also been appointed in connection with the labour dispute at the Vancouver Hotel. He further proposed to appoint a third conciliation board to look into the dispute in so far as the six remaining hotels from Halifax to Jasper were concerned.

26. The Cabinet, after discussion, noted the report by the Minister of Labour on attempts at conciliation in respect of the labour dispute involving wages and hours of work of employees in hotels of the Canadian National Railways.

Unemployment; requests for federal assistance

27. The Minister of Labour, referring to discussion at the meeting of February 13th, 1952, said that he had recently received representatives of the municipal authorities of Toronto and Hamilton who were asking federal assistance in respect of the increasing numbers of unemployed employables and transients in those urban centres.

It had been made quite clear to the Toronto and Hamilton representatives that the federal government could not deal directly with municipal authorities in matters of this kind and that representations should be made initially to the provincial government, which could in turn, if the situation seemed to warrant such action, communicate with the federal government.

28. The Cabinet, after discussion, noted the report by the Minister of Labour on continued representations urging federal assistance in respect of the increasing numbers of unemployed employables and transients in the Cities of Toronto and Hamilton.

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Aeronautics Act amendment; regulations

29. The Minister of Transport, referring to discussion at the meeting of March 4th, 1952, submitted draft regulations, applicable to individual airports, contemplated in connection with the proposed amendment to the Aeronautics Act empowering the Governor in Council to make regulations for zoning of airports and compensation for resultant injury to property. The draft in question was for Dorval Airport.

An explanatory memorandum was circulated.

(Minister's memorandum, March 17th, 1952, Cab. Doc. 95-52).

30. Mr. Chevrier submitted a model of Dorval and demonstrated the effect on property in the vicinity of that airport of section 5 of the regulations prescribing permissible heights for objects on surrounding lands. This section and section 6 were intended to prevent future introduction of hazards to navigation on lands in the vicinity of airports; in cases where removal of existing objects were involved, the standard procedure of expropriation would be followed. It was not expected that any property would have to be expropriated at Dorval.

As regards section 8, which provided for compensation, it was proposed that, in a case where the effect of zoning was to limit construction but not prevent it entirely, his department would recognize a claim only if the owner could produce evidence of actual plans being underway which could not reasonably be carried out in modified form without prejudice. In cases where the effect of zoning was to prevent all construction, the position would be somewhat different. For instance, where an airport was at present entirely surrounded by agricultural land, it was difficult to see why compensation should be paid. It was contemplated that where no building would be permitted, his department would recognize a claim only if the owner had initiated plans for construction and, in the event of dispute, rely on the Exchequer Court to establish the principle to be followed thereafter.

If, as an alternative to the proposed zoning measure, recourse were had to expropriation

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for zoning purposes, one problem that would arise would be the question of whether the Expropriation Act, which could be used only in relation to federal public works, could be applied to municipal airports. If expropriation at a municipal airport were not permissible, the position would be difficult since, under the Supreme Court decision in the West St. Paul municipal airport case, it appeared that a municipality could not proceed with airport zoning for air navigation purposes without authority from Parliament. Again, preliminary estimates indicated that expropriation of land for runway approach areas alone at eighteen of the major federal and municipal airports would cost over $18 million and that, if lands between these approach areas were also expropriated, the total cost in the case of these airports alone would be over $100 million.

The position in the United States, where there was only one federal airport, was that most states had empowered counties and municipalities to make zoning regulations and no compensation was provided. In the United Kingdom compensation for zoning was generally payable.

31. In the ensuing discussion it was agreed that the substance of sections 8 and 9 of the draft regulations, providing for compensation and for notice with respect to establishment of zoning regulations should be transferred to the proposed amendment to the Aeronautics Act; in consequence, the portion of that amendment which was designed to authorize the establishment of compensation regulations, should be deleted; it should be clear that claims would be recognized only in respect of the time at which zoning regulations applying to a given airport were issued; and the amendment should specify a period within which claims must be filed.

32. Mr. Chevrier said there remained the question of whether the proposed zoning provision would be applied in the case of municipal airports. As a result of the Supreme Court decision mentioned, it appeared clear that the federal authorities were responsible for zoning such airports and that the municipalities could not act in the matter unless authorized by federal legislation.

33. The Prime Minister felt it would not be desirable to empower municipalities to carry out zoning. The position should be that the federal government would not issue regulations governing zoning of such airports but would attach appropriate conditions to the granting of licences for them.

34. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that the draft measure to amend the Aeronautics Act and related draft regulations be revised in the light of discussion in consultation with the Department of Justice; the draft bill then to be reprinted.

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Trans-Mountain Pipe Line Company; remission of duty on pipe

35. The Minister of National Revenue, referring to discussion at the meeting of January 31st, 1952, recalled that the Trans-Mountain Pipe Line Company had asked for remission of 60 percent of the duty and sales tax on 24" pipe to be imported from the United States, starting in April, for construction of an oil pipeline from Edmonton to Vancouver, the exemption to be effected by non-payment rather than refund. The total cost of the pipe would be $20.1 million f.o.b. San Francisco on which the duty would be $3,015,000 and sales tax $2,311,500. There were precedents for such exemptions. In May, 1950, approval had been given for remission of 60 percent of duties and taxes on pipe imported by the Interprovincial Pipe Line Company for the line from Edmonton to Regina and, in October, 1951, total exemption from customs duties on production materials entering into the Hollinger-Hanna development had been authorized. As 2 percent of sales tax was now earmarked for social security purposes and there were objections to permitting non-payment of duties, he recommended that Trans-Mountain be allowed a 60 percent refund of customs duties - about $1,809,000.

An explanatory memorandum had been circulated.

(Secretary's memorandum, March 17, 1952 - Cab. Doc. 94-52).

36. Dr. McCann said the company would operate as a common carrier of crude oil. It had indicated that, among its major stockholders, who had in effect guaranteed its operations - although no one owned more than 8 1/3 percent of its total outstanding capital stock - were Imperial Oil, Shell of Canada, Canadian Gulf Oil and Standard Oil of British Columbia. Sixteen and two-thirds of the company's total stock was held by 14 independent Canadian oil-producing companies in Alberta. These corporations in the aggregate were by far the largest producers of crude in Canada and the largest marketers of oil products on the Pacific coast. Thirty percent of the company's stock was held by the Canadian public generally.

The company had also stated that an exemption would mean lower transportation rates and would not improve its net profit position.

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37. The Minister of Finance said that, in present circumstances, he was opposed in principle to exemptions of the type requested. There appeared to be no case for an exemption from sales tax. A justification that had been advanced for exemption from duty was that the company had to pay more in buying U.S. pipe now than it would if it postponed its project until the necessary type of pipe was in production in Canada. He would not object to an exemption from 60 percent of the duty. The absence of a clear pattern for such exemptions was, however, a disadvantage. From an economic point of view, the ideal solution would be not to charge duties on any basic materials going into capital development but any such policy was out of the question while large amounts had to be collected to finance defence and other government programmes.

38. The Minister of Trade and Commerce felt that in cases of development projects like the present one, where Canada was not in a position to provide items required, exemption from duty should be accorded as no need for protection arose.

39. The Prime Minister pointed out that the precedent set in the case of the Interprovincial company and the impossibility of providing Canadian pipe would make it difficult to refuse the exemption proposed by Dr. McCann.

40. The Minister of Resources and Development believed Trans-Mountain's financial position was such that it would proceed with construction even if exemption were refused. Each new exemption made it more difficult to refuse concessions in future and there was as yet no clear pattern for exemptions currently being granted or for other forms of federal relief.

41. The Minister of Agriculture thought an exemption in this case might lead to suggestions that big interests received special concessions and that U.S. control of Canadian resources was being facilitated. In view of the exemption given to the Interprovincial company it was probably necessary to give some exemption in the present case but consideration should also be given to certain items of farm equipment which were not admissible duty-free.

42. The Minister of Mines and Technical Surveys said that, as U.S. capital was already deriving substantial benefits from investments in western Canada and was involved in Trans-Mountain, he hoped exemptions

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could be avoided in any similar future cases. It could be said in favour of Trans-Mountain's request that it expected to make it possible for Canadian oil to replace some $50 million of U.S. oil in British Columbia and to sell $150 million of Canadian oil in the north-western States.

43. Dr. McCann mentioned he would have to raise in due course other requests for remission received from Canadian Industries Limited, which required U.S. technical equipment for two new plants, and from Hollinger-Hanna Ltd. which would probably require U.S. ore cars. He felt it would be difficult to work out a firm pattern for remission of duties and preferable to maintain the long-established practice of considering each request on its merits.

44. The Minister of Justice thought there were dangers in giving benefits in the form of remission of duty to consumers in limited areas of the country, and considered it desirable to refuse exemptions in future cases.

45. The Cabinet, after considerable further discussion, approved the recommendation of the Minister of National Revenue and agreed that the Trans-Mountain Pipe Line Company be allowed a refund of 60 percent of the customs duties (but no refund of the sales tax) it would be paying in importing U.S. 24" pipe for construction of an oil pipeline from Edmonton to Vancouver.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

March 21st, 1952

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Items discussed

Department of Defence Production; resignation and appointment of Deputy Minister 1.

National Defence; Silver Cross for mothers of military personnel killed in action 2.

Japanese Peace Treaty; Parliamentary approval 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, March 21st, 1952, at 2.30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

Mr. Paul Pelletier, Privy Council Office.

Department of Defence Production; resignation and appointment of Deputy Minister

1. The Prime Minister said Mr. M. W. Mackenzie had submitted his resignation as Deputy Minister of Defence Production to take effect as of April 30th, 1952,

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for the purpose of accepting an appointment as Executive Vice-President of Canadian Chemical & Cellulose Company, Ltd.

(Letter, Deputy Minister of Defence Production to Prime Minister, March 20, 1952).

He recommended that Mr. R. McL. Brophy, presently on loan from his private employers to the Department of Defence Production, be appointed to succeed Mr. Mackenzie as Deputy Minister of that Department.

2. The Cabinet, after discussion, noted Mr. M. W. Mackenzie's resignation as Deputy Minister of Defence Production and agreed that an Order in Council be passed appointing Mr. Reginald McLaren Brophy to be Deputy Minister of Defence Production, effective May 1st, 1952, at an annual salary of $15,000.

(Order in Council P.C. 1684 of March 21, 1952).

National Defence; Silver Cross for mothers of military personnel killed in action

3. The Minister of National Defence said it had been suggested to him that the Silver Cross issued to the mothers of members of the armed forces who had been killed in action should also be made available to the widowed fathers of personnel so killed.

He suggested that it would be inadvisable to alter the policy followed up to the present time and that issue of the Silver Cross should continue to be restricted to the mothers.

4. The Cabinet, after discussion, agreed that issue of the Silver Crosses continue to be restricted to the mothers of members of the armed forces killed in action.

Japanese Peace Treaty; Parliamentary approval

5. The Secretary of State for External Affairs, referring to discussion at the meeting of March 17th, 1952, said that, in view of the favourable action taken by the United Kingdom and more recently by the United States, Australia and New Zealand

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respecting the Japanese Peace Treaty, it would be desirable to place immediately concurrent resolutions on the Order Papers of both Houses seeking Parliamentary approval for the treaty.

6. The Cabinet, after discussion, agreed that concurrent resolutions seeking Parliamentary approval for the Japanese Peace Treaty be placed immediately on the Order Papers of both Houses.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

March 25th, 1952

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Parliament; legislation	3.
Parliament; addresses in reply to the Speech from the Throne; transmittal to the Governor General	3.
Veterans Affairs; payment of war service gratuities to members of the Regular Force	3.
Combines legislation; report of MacQuarrie Committee	4.
Beef and pork; price support	5.
Colombo Plan; carryover of funds	7.
Foot and Mouth disease; Board of Valuators	7.
Muskrat skins; imports from the Soviet Union	8.
C.N. Steamships; British West Indies service; sale of "Lady" boats; notification to United Kingdom	8.
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Manitoba; long-term flood control measures; provincial responsibilities	11.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, March 25th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

Legislation; Canadian National Railways Act amendment

1. The Minister of Transport pointed out that, under section 21 of the Canadian National Railways

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Act, the C.N.R. was required to obtain prior authorization by Parliament and approval of the Governor in Council before constructing and operating railway lines, branches and extensions or other railway facilities. In the case of spur lines, the normal procedure was to obtain Parliamentary authority by inserting an item in the C.N.R. capital budget. Cases had, however, arisen where industrial requirements had not been foreseen in time for such items to be inserted with resultant difficulties.

It was pointed out that, under the terms of the Railway Act, other railway companies were empowered to construct branch lines not exceeding six miles in length provided prior approval had been obtained from the Board of Transport Commissioners. This provision of the Railway Act, however, did not apply to the C.N.R.

It was proposed to amend section 21 of the C.N.R. Act to provide that the company might, with the approval of the Governor in Council, construct, maintain and operate railway lines, branches and extensions not exceeding in any one case six miles in length provided capital expenditures so incurred were reported to Parliament in subsequent annual budgets.

An explanatory note had been circulated.

(Minister's memorandum, Mar. 20, 1952 - Cab. Doc. 97-52).

2. The Prime Minister enquired whether it would not be preferable, instead of amending the Act as proposed, simply to make the C.N.R. subject to the relevant provisions of the Railway Act, thus placing the railway in the same position as other railways with respect to construction of relatively short spur lines.

3. Mr. Chevrier said the suggestion made by the Prime Minister had been favoured by his Department but other government departments held the view that, if the C.N.R. was made subject to the Railway Act with respect to construction of spur lines, this might tend to weaken the over-all financial control exercised by the government and Parliament over C.N.R. capital expenditures.

4. The Minister of Finance suggested that decision be deferred in this matter until such time as he and the Minister of Transport had had further

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opportunity to assess the relative advantages and disadvantages of the suggested alternative courses of action.

5. The Cabinet, after discussion, deferred decision on the proposed amendment to the Canadian National Railways Act on construction of spur lines pending further consideration and report by the Minister of Transport and the Minister of Finance.

Parliament; legislation

6. The Secretary submitted certain draft resolutions and bills.

7. The Cabinet, after discussion, approved the following measures for introduction in Parliament:

resolution and bill to amend the War Veterans Allowance Act;
resolution and bill to amend the Veterans Benefit Act;
resolution and bill to amend the Veterans Insurance Act; and
bill to amend the Prisons and Reformatories Act (for introduction in the Senate in the first instance).

Parliament; addresses in reply to the Speech from the Throne; transmittal to the Governor General

8. The Prime Minister suggested that the addresses of both Houses in reply to the Speech from the Throne, when engrossed, be presented to the Governor General by the Leader of the Government in the Senate and the Secretary of State.

9. The Cabinet, after discussion, agreed that the addresses of the Senate and of the House of Commons in reply to the Speech from the Throne be presented to His Excellency the Governor General by the Leader of the Government in the Senate and the Secretary of State.

Veterans Affairs; payment of war service gratuities to members of the Regular Force

10. The Minister of Veterans Affairs reported that, under the Veterans Benefit Regulations, 1951, as

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they now stood, war service gratuities and re-establishment credits were available to members of the Special Force, who had had service in a theatre of operations, on their discharge from the force, but these gratuities and credits could not be made available to members of the Regular Force who might have served in Korea or elsewhere under idential conditions.

The Department of National Defence had recommended that the regulations be amended to make the gratuities and credits available to members of the Regular Force on exactly the same basis as that for members of the Special Force, in order to remove undesirable discrepancies in treatment and also with a view to encouraging members of the Special Force to enlist in the Regular Force. As against this proposal, it was pointed out that these gratuities and credits were primarily designed to facilitate the re-establishment of veterans in civil life and that the suggested amendment to the regulations would have the practical effect of removing the rehabilitation feature from the gratuities and credits and converting them into a form of combat pay.

An explanatory note had been circulated.

(Minister's memorandum, Dec. 5, 1951 - Cab. Doc. 315-51).

11. The Cabinet, after discussion, noted the report by the Minister of Veterans Affairs on the proposal that the Veterans Benefit Regulations be amended to provide that war service gratuities and re-establishment credits be made available to members of the Regular Force on precisely the same basis as for members of the Special Force and deferred decision pending further consideration at a subsequent meeting.

Combines legislation; report of MacQuarrie Committee

12. The Prime Minister referred to a summary of the report of the committee to study combines legislation (the MacQuarrie Committee) which had been submitted by the Minister of Justice.

Copies of the summary had been circulated.

(Summary, MacQuarrie Committee Report, undated - Cab. Doc. 96-52).

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13. The Minister of Finance thought the report as a whole was sound, and favoured particularly the recommendation that the legislation be amended to provide that two separate bodies be charged with the responsibility of conducting investigations and of reporting on the conditions found.

14. Mr. St-Laurent agreed generally with the principle enunciated by the committee that the combines commissioner should not be at the same time "prosecutor and judge", but thought further consideration might usefully be given to the desirability of setting up, as suggested in the committee's report, a special agency for the purpose of conducting investigations. He thought greater economy and efficiency might be achieved by making use in this connection of existing federal agencies, such as the Dominion Bureau of Statistics and the Economic Research Branch of the Department of Trade and Commerce in order to ensure a higher degree of homogeneity in governmental statistical and economic studies and to prevent wasteful duplication.

In any event, final decision might usefully be deferred in this matter pending submission by the Minister of Justice of a draft bill embodying the various recommendations put forward by the MacQuarrie Committee.

15. The Cabinet, after further discussion:

(a) noted the summary of the MacQuarrie Committee recommendations on combines legislation as submitted by the Minister of Justice;

(b) noted the suggestion by the Prime Minister as to the investigation procedures recommended by the MacQuarrie Committee; and

(c) agreed that the recommendations of the committee be incorporated in a draft bill for consideration at a subsequent meeting.

Beef and pork; price support

16. The Minister of Agriculture, referring to discussion at the meeting of March 11th, 1952, reported that, with the loss of practically all external markets for meat and livestock, there would undoubtedly be a substantial surplus of beef and pork which could not be consumed in Canada. It was estimated

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that, for the balance of 1952, the surpluses would be 90 million pounds of beef and 80 million pounds of pork. If no further action were taken to relieve the situation, it seemed likely that prices would drop to still lower levels, resulting in panic marketing by framers which in turn might bring about a general collapse of livestock prices.

It was recommended, therefore, that, until the U.S. embargo was removed or for one year (whichever period was the longer):

(i) the present arrangement on hogs be continued; and

(ii) Canadian packers be informed that the government would assume financial responsibility for beef in storage, provided such beef had been purchased by the packers at a price based upon $26.00 a hundredweight for good steers at Toronto and Montreal (with appropriate price differentials for other qualities and at other markets).

He further reported that the possibility of arranging a switch under which Canadian beef would be provided to the United Kingdom to release Australian and New Zealand meat to be sold in substitution in the United States was currently under discussion with U.K. authorities.

An explanatory memorandum was circulated.

(Minister's memorandum, March 24, 1952 - Cab. Doc. 102-52; memorandum, Secretary to the Cabinet to Prime Minister, March 24, 1952).

17. The Prime Minister, referring to discussion at the meeting of March 7th, 1952, said it might be advisable to have this proposal examined and reported upon by the Interdepartmental Committee on External Trade Policy before a final decision were reached.

18. Mr. Gardiner said he had no objection to the committee reviewing the proposal provided a report was submitted to Cabinet before the end of the week.

19. The Minister of Trade and Commerce questioned the desirability of fixing floor prices at such high levels. He thought, offhand, that lower prices might be a greater inducement to producers to hold back livestock rather than the higher prices suggested.

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20. The Cabinet, after discussion, deferred decision on the beef and pork price-support proposal put forward by the Minister of Agriculture pending examination and report, before the end of the week, by the Interdepartmental Committee on External Trade Policy.

Colombo Plan; carry-over of funds

21. The Minister of Finance said that, with his concurrence and that of the Minister of Trade and Commerce, the Secretary of State for External Affairs had recommended a financial procedure for the disposition of the unspent portion of the $25 million Colombo Plan Vote for 1951-52. It was proposed that an Order in Council be passed to legalize the proposed carry-over of funds after March 31st, 1952.

An explanatory note had been circulated.

(External Affairs memorandum, March 21, 1952 - Cab. Doc. 99-52 and attachments.)

22. The Cabinet, after discussion, approved the recommendation submitted by the Secretary of State for External Affairs, as concurred in by the Ministers of Finance and Trade and Commerce, for the carry-over beyond March 31st, 1952, of the unspent portion of the $25 million Colombo Plan Vote for the fiscal year 1951-52; an Order in Council to be passed accordingly.

Foot and mouth disease; Board of Valuators

23. The Minister of Agriculture, referring to discussion at the meeting of February 29th, 1952, submitted a recommendation for the appointment of a Board of Valuators whose main function would be to advise the minister in respect of compensation to be paid for animals slaughtered or properties destroyed as a result of the recent outbreak of foot and mouth disease in the Prairie Provinces. He also submitted proposed terms of reference for the board.

24. The Cabinet, after discussion, agreed that Orders in Council be passed to provide:

(a) for the establishment of a Board of Valuators to examine and report to the Minister of Agriculture on appropriate compensation in respect of animals slaughtered or properties destroyed as a result of the recent outbreak

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of foot and mouth disease in the Prairie Provinces; and

(Order in Council P.C. 1744, March 25, 1952)

(b) for the appointment of Mr. G. W. Robertson of Regina as chairman and of Mr. R. H. L. Youngman of the Department of Agriculture and Mr. G. W. Stead, of the Department of Finance as members of the board.

(Order in Council P.C. 1745, March 25, 1952).

Muskrat skins; imports from the Soviet Union

25. The Minister of Resources and Development said the Soviet Union had sold some 200,000 muskrat skins in Canada in recent months and was expected to place about 1,000,000 on the Canadian market this year. These skins were selling at an average of $1.20 and Canadian skins at $1.80. The implications for Canadian trappers were therefore serious. There was no applicable duty and it would be difficult to determine whether the price of $1.20 was below the normal market value in the Soviet Union and therefore justifying application of dumping duty. In the circumstances, it would be helpful if the Minister of Finance would look into the question of possible tariff measures.

26. The Minister of Trade and Commerce said it was difficult to see what useful remedial action could be taken except by imposing an import tariff.

27. The Cabinet, after further discussion, noted the report of the Minister of Resources and Development and agreed that the Minister of Finance consider the question of possible tariff measures to meet current imports of muskrat skins from the Soviet Union.

C.N. Steamships; British West Indies service; sale of "Lady" boats; notification to United Kingdom

28. The Minister of Transport, referring to discussion at the meeting of February 26th, 1952, said the Interdepartmental Committee on External Trade Policy, while favouring the retention in service of the 8 cargo vessels of Canadian National (West Indies) Steamships Limited, considered that the company's two "Lady" class ships should be sold.

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The Committee had recommended that the Department of External Affairs advise the United Kingdom government, inter alia, that in view of the obsolescence of the two "Lady" boats, the government had decided they must be taken off the Canada-British West Indies run after October 1st, 1952 and would not be replaced; the steamship company expected that with its cargo ships, which it proposed to retain, it would be possible to provide the British West Indies, Bermuda and British Guiana with adequate freight service on a commercial basis; the government would not expect the subsidies provided for in Articles XI and XV of the relevant trade agreement to be paid after the two "Lady" boats were withdrawn; and the governments of the British West Indies, Bermuda, British Guiana and British Honduras should be notified of the foregoing plans.

29. The Cabinet, after discussion, noted with approval the report of the Minister of Transport and agreed that:

(a) the eight cargo vessels of Canadian National (West Indies) Steamships Limited be retained in service and the company's two "Lady" class ships be withdrawn after October 1st, 1952 and sold;

(b) a note regarding these developments be communicated to the U.K. government in the terms submitted by the Minister.

Canadian Pension Commission; appointment

30. The Minister of Veterans Affairs submitted a proposed appointment to the Canadian Pension Commission.

31. The Cabinet, after discussion, approved the recommendation of the Minister of Veterans Affairs and agreed that William Howard August, Esquire, be appointed a member of the Canadian Pension Commission for a period of ten years from May 1st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 1521, March 25, 1952).

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Yukon Territory; financial arrangements

32. The Minister of Resources and Development said the current taxation agreement with the Yukon, due to expire on March 31st, 1952, was similar to the tax rental agreements with the provinces in providing for a guaranteed minimum annual federal payment subject to upward adjustment for increasing population and per capita gross national product. The agreement imposed certain general conditions on the territorial government which was required to refrain from levying personal income taxes, taxes on corporations and succession duties. There were also some special stipulations regarding gasoline, amusement, real property and business taxes, profit margins on liquor sales and limitations on the use of liquor profits.

Under a separate arrangement, the Territory was required to levy a 5percent tax on the income of corporations, to be collected by the federal government and turned over to the Territory, a corresponding offset to be made against payments under the agreement.

An interdepartmental committee had been appointed in June, 1951, to examine the division of functions and financial responsibilities between the federal and territorial governments. In its report of March 10th, 1952, it had made a number of recommendations, the chief being that there be a new agreement with the Territory on the general pattern of the new agreements with the provinces and that the financial responsibilities of the two governments be modified in a number of respects.

The new agreement should contain the same general conditions as those at present imposed on the territorial government and should also require the territorial government to maintain its gasoline tax at 6 cents a gallon, levy an amusement tax of at least 10 percent and, as at present, levy real property and business taxes comparable to those of the province or municipalities of British Columbia and maintain its profit margins on liquor sales at a level at least as high as that of British Columbia. The limitation on the use of liquor profits should be removed. It was expected that the average annual payment to the Territory under the new agreement would be not less than $250,000.

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He recommended, with the concurrence of the Minister of Finance, that the recommendations of the interdepartmental committee be implemented with effect from April 1st, 1952.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 17, 1952 - Cab. Doc. 100-52).

33. The Cabinet, after further discussion, approved the proposal of the Minister of Resources and Development, as concurred in by the Minister of Finance, and agreed that the recommendations of the interdepartmental committee on financial arrangements with the Yukon Territory be implemented with effect from April 1st, 1952.

Manitoba; long-term flood control measures; provincial responsibilities

34. The Minister of Resources and Development, reported that there had been requests from various sources - including one from the Member for Brandon - for an indication of the government's intentions on long-range flood control measures for the Red, Assiniboine and Pembina Rivers in Manitoba. There was an inclination to contend that the federal government had responsibilities with regard to the whole Red River system. He had, however, always indicated the position as being that the government's current engineering studies on these rivers had the limited objective of finding means of reducing the hazard of floods in the Greater Winnipeg area and that, when the engineering group had completed its recommendations in the matter, it would be the responsibility of those concerned in Manitoba to decide what measures they would carry out. He planned to maintain this general position in reply to current representations.

35. The Cabinet, after discussion, noted with approval the report of the Minister of Resources and Development as to the position he was maintaining in reply to various enquiries as to the government's intentions regarding long-term flood control measures in Manitoba.

St. Lawrence development project

36. The Minister of Transport, referring to discussion at the meeting of March 4th, 1952, said that

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during meetings, on March 6th and 7th, with U.S. officials on the St. Lawrence Seaway and Power Project, it had been hoped some assurances would be obtained as to a target date for submission to the International Joint Commission of concurrent applications for power development based on the assumption of an all-Canadian seaway, and that, if Congress did not approve the 1941 Agreement, Washington could find some method to develop the U.S. share of power without giving rise to constitutional or legal problems that would create further delays. The discussions had made it clear, however, that such assurances could not be obtained immediately.

The resolution on the project presently under consideration by the U.S. Senate Foreign Relations Committee might be reported out by the committee in a few weeks, without vote, and it was thought unlikely that it would then obtain the support of the required Senate majority. No action by the House Public Works Committee on the resolution that had been before it since last October appeared likely during the current session.

Mr. Wrong, the Ambassador in Washington, had suggested that the U.S. government's reluctance to designate a power-development authority probably resulted more from conflict between the U.S. and New York power policies than from fear of the possible effect of such designation on the attitude of Congress to the 1941 Agreement. United States officials had indicated earlier that, if it became necessary to proceed without express Congressional approval, it would probably be impossible to devise a plan for power development on the U.S. side that would definitely remove the risk of litigation and delay. Mr. Wrong thought that, if as seemed likely, the 1941 Agreement failed to gain Congressional approval, the major difficulties in implementing the Canadian plan would possibly arise from conflict between the U.S. and New York power policies rather than the legal or constitutional problems mentioned.

Recently the Legal Adviser of the State Department had suggested that, as the 1941 Agreement would probably not be approved at this session, Mr. Wrong should inform Mr. Acheson that, in Canada's opinion, it had not been possible to secure approval of the 1941 Agreement at an "early" date within the meaning of the agreement between the Prime Minister and the President, and ask that the U.S. government now consider designating a power-development authority.

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He had also intimated that, if this step were not taken soon, it might be difficult for Mr. Truman later to designate the New York Power Authority as the U.S. agency.

In the light of the government's declared intention to proceed with an all-Canadian seaway if Congressional approval of the 1941 Agreement were not obtained at an early date, and although litigation in the United States might considerably delay construction, he recommended that a request for immediate designation of a power-development authority in the United States be forwarded to Mr. Truman by Mr. Wrong through Mr. Acheson, and that the Board of Engineers be asked to prepare the Canadian application to the International Joint Commission as soon as possible.

37. The Minister of Trade and Commerce favoured pressing the U.S. government in the manner proposed.

38. The Prime Minister thought he should not make a direct request to the President unless an approach through Mr. Wrong failed. The Secretary of State for External Affairs could discuss with Mr. Wrong the timing of the latter's approach.

39. The Cabinet, after further discussion, approved the recommendations of the Minister of Transport and agreed that:

(a) a request for immediate designation of the appropriate power-development authority in the United States be forwarded to the President by the Ambassador in Washington, through the U.S. Secretary of State; the timing of the request to be settled by the Secretary of State for External Affairs with the Ambassador;

(b) the Board of Engineers be requested to make every effort to complete drafting of the Canadian application to the International Joint Commission at the earliest possible date.

Toronto Islands; protection against erosion and flooding

40. The Minister of Public Works said the Member from Broadview had given notice of a question as to whether, in view of erosion and flooding of the Toronto Islands, the government would erect works to prevent further deterioration. Provision of these works, which were also being sought by the City of Toronto, had been refused on previous occasions. Similar requests

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were received from other parts of the country. He did not feel it would be possible or reasonable for his department to adopt a general policy of taking protective measures in such cases and planned to take the position that, while government engineers would examine the Toronto Islands, the government could not assume responsibility for protective measures.

41. The Cabinet, after discussion, noted the report of the Minister of Public Works as to the position he planned to take in reply to requests that the government take measures to prevent further erosion and flooding of the Toronto Islands.

Cabinet Defence Committee; report

42. The Prime Minister reported that the Cabinet Defence Committee, at its meeting of March 21st, 1952, had considered a proposal for the purchase for the R.C.A.F. of the aircraft plant and lands of the De Havilland Aircraft Company at Downsview Airport, at a price of $5 million plus 90 acres owned by the Department of National Defence and to be transferred to the company as a site for a new plant. The position was that the company owned a plant containing 135,000 sq. ft. of space and was using 400,000 sq. ft. in another building, loaned from the Department of National Defence, which the R.C.A.F. would require in two years. The company was enclosed in R.C.A.F. property and therefore unable to expand and would have to interrupt production to move to a new site. Simply to terminate the lease on the large building would mean halting work on U.S. Air Force contracts which it was important to fulfil on time.

It was proposed that $1.4 million be paid on receipt of clear title to the company's lands and buildings and that the remaining $3.6 million be held in escrow for re-establishment of the company's buildings and facilities elsewhere. Release of funds up to this amount would be subject to the approval of the Minister of Defence Production. Within two years the company would provide manufacturing facilities at the new site and vacate the premises it was now using. The committee had decided that the matter should be referred to the Cabinet for decision after it had been considered further by the Minister of Finance.

43. The Minister of Finance said he was agreeable to the proposal on the understanding that

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there would be a firm purchase agreement providing for some conveyance of title - even a conditional one - that would justify charging the purchase price to the defence appropriation for 1951-52.

44. The Minister of Defence Production stated such an arrangement was now contemplated.

45. The Minister of National Defence suggested that, as his department would receive usable assets that were worth only $2.88 million from its point of view - as distinct from that of the company - a procedure be followed whereby his department would request the Department of Defence Production to purchase the company's properties and the latter department would conclude a purchase agreement with the company.

46. Mr. St-Laurent said the Cabinet Defence Committee had also considered a proposal that the Canadian order for U.K. "Centurion" tanks be increased to 489, rather than 247 as at present, and that the order for 244 U.S. tanks be cancelled. The United States was having difficulties in developing a satisfactory tank; military authorities considered the "Centurion" would be the best tank available for some time; there would be a saving of about $28.4 million if only "Centurions" were obtained; and the United Kingdom was planning to increase its production capacity in order to produce 500 "Centurions" for the United States. It had been felt that it would be desirable to take action necessary to ensure that the United Kingdom would have sufficient capacity to deliver the additional "Centurions" to the Canadian Army if and when they were required.

47. Mr. Abbott thought it would be desirable to avoid increasing the amount of firm commitments for expenditures in years subsequent to 1952-53 before defence estimates for those years had been considered. The additional tanks were not required in peacetime and formation in an emergency of an independent armoured brigade, for which many of the additional tanks were required, did not appear to have been fully considered as yet.

48. Mr. Howe said his proposal in the matter, with which the committee had agreed, would involve a firm commitment with regard to capital assistance alone. His suggestion was that enquiries be made as to the feasibility of an arrangement whereby Canada would contribute to the capital cost of expanding U.K. production capacity in order to ensure the possibility of delivery

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of the additional tanks if they were found to be required. An option would be obtained to take delivery of the additional tanks at the same time as deliveries were made to the United States, exercise of the option would be a matter for consideration in the light of discussion when deliveries were due and there would be pre-determined charges for cancellation of the additional order.

49. Mr. Claxton outlined other matters that had been dealt with by the Cabinet Defence Committee.

It had been agreed that the Standing Group of N.A.T.O. be informed that Canada was agreeable in principle to providing, on a continuing basis, training for 26 air observers for the Royal Canadian Navy and the Royal Navy and that the R.C.N. discuss with the Admiralty detailed arrangements and R.N. contributions to the programme; that ten of the R.C.N. 140-foot minesweepers be named after certain Canadian straits and bays; that an understanding be concluded with the United States regarding the control of Hertzian waves in the event of an emergency with a view to preventing their serving as aids to navigation to hostile power; that 26 "Firefly" aircraft with engines installed and 16 spare "Griffon" engines, valued at $808,000 be transferred as mutual aid to Denmark, the Netherlands and the United Kingdom; that U.K.-type army materiel valued at $37,116,095 be transferred as mutual aid to seven N.A.T.O. countries; that the Canadian Pacific Air Lines contract for airlift between Vancouver and Tokyo, in support of the United Nations action in Korea, be renewed until June 30th, 1952 and that the question of the future of the service after that date be explored; and that, since the "Palace" had suggested appointment of a Canadian as Aide-de-Camp General to the Queen, General H.D.G. Crerar be nominated for the appointment.

Approval had also been given to a revised policy on release of information on defence matters which was designed to make it possible to provide information to the Special Committee on Defence Expenditure of the House of Commons under certain conditions; to reduction to 16 of the age for enlistment by certain classes in the Navy and Army Active Forces, on the understanding that the R.C.A.F. Active Force could institute similar arrangements when necessary and that, when those enlisting under special conditions at 16 reached the age of 17, they would be subject to the normal conditions of enrolment except as regards the length of the initial enrolment period; to provision of the following meteorological facilities required

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under N.A.T.O. plans; radio facsimile broadcasts of weather charts, etc. from Churchill capable of reception throughout northern Canada, two new weather stations at Spence Bay and Banks Island and improved upper-wind-finding equipment and operations at 11 existing stations; and to a recommendation of the Permanent Joint Board on Defence (Canada-U.S.) regarding principles to govern movements of Canadian and U.S. public vessels between ports and waters of the two countries.

50. The Minister of Resources and Development thought it would be preferable to name R.C.N. minesweeper 156 after the Bay of Fundy instead of the Strait of Canso.

51. The Cabinet, after further discussion:

(1) agreed that:

(a) the properties of the De Havilland Aircraft Company at Downsview Airport be purchased for the Department of National Defence on the terms proposed; the Department of National Defence to request the Department of Defence Production to obtain the properties and the latter department to conclude a purchase agreement with the company of a type that would justify charging the transaction to the defence appropriation for 1951-52; an Order in Council to be passed accordingly;

(b) enquiries be made as to the feasibility of an arrangement of the type proposed by the Minister of Defence Production for ensuring the possibility of obtaining a total of 489 "Centurion" tanks should they be required;

(c) Royal Canadian Navy minesweeper 156 be named after the Bay of Fundy instead of the Strait of Canso, if no R.C.N. ship already bore that name;

(2) noted with approval the report of the Minister of National Defence regarding decisions on other matters reached by the Cabinet Defence Committee at its meeting of March 21st, 1952.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

March 27th, 1952

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Items discussed

Economic effects of foot and mouth disease; price support for beef

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, March 27th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

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Economic effects of foot and mouth disease; price support for beef

1. The Prime Minister, referring to discussion at the meeting of March 25th, 1952, said the Interdepartmental Committee on External Trade Policy had now submitted a report on the proposal that price support for beef be instituted. The committee recommended that officials go to London immediately to see if an arrangement could be worked out under which Canadian meat could be delivered to the United Kingdom in exchange for Australian and New Zealand meat to be released by the United Kingdom for delivery to the U.S. market. The committee felt the level at which price support should be established depended to a large extent on what the prospects were of disposing of beef.

As to the basis of support, the committee recommended that, instead of establishing a price for a long forward period, the method of support should be through a price that would be adjusted, probably on a weekly basis, in some fixed relation to the Chicago price. In so far as a normal differential could be established, it appeared to be one in which Toronto prices were about $5.50 per hundred pounds below the comparable Chicago price. In a policy to meet the situation it would be reasonable to enlarge the differential to something like $6.00 or $7.00 per hundred pounds.

The committee recommended that no definite announcement as to any level of support be issued until the results of the U.K. discussions were known. Any announcement before that should be limited to a statement that the government would be instituting a plan to support the market for beef; that the basis of support would be related to the Chicago price and would vary with it; and that the differential between the Chicago price and the support price would depend in part on the likelihood of being able to dispose of Canadian beef and on the clearing up of the domestic position now complicated by provincial embargoes.

The committee pointed out that if the domestic per capita consumption of beef were to return from the 1951 level (44.1 pounds) to the 1943 peak of 69 pounds, it would require more than three times the presently estimated beef surplus for 1952. Copies of the report were circulated.

(Secretary's memorandum, March 27, 1952 - Cab. Doc. 103-52).

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2. The Minister of Agriculture did not think a fluctuating support price as proposed would meet the immediate requirements. The price ought to be one that would assist producers to keep cattle off the market. If there were a fixed price it was probable that banks would be willing to continue credit already extended or to extend further credit to producers that would enable cattle to be held in the hope of realizing U.S. prices when the border was again open. A fluctuating price would not give sufficient certainty. He was also doubtful whether a price varying from week to week could be administered without causing dislocation and controversy. Some farm organizations were expressing the view that the beef price ought to be established at 28½ cents per pound, which was the level that existed in the week before the foot and mouth quarantine was imposed. At such a price cattle were likely to be brought to market and it seemed better to have it set at about 26 cents per pound.

3. The Minister of Finance said he would be very concerned at the establishment of a 26 cent price at this time which would remain fixed for a substantial period. If the Chicago price dropped, the government would then have to accept large numbers of cattle at that price. His own preference would be for support through an offer to buy at an agreed price differential from Chicago at a certain future date - possibly October 1st. If that would not be adequate, he would vastly prefer a fluctuating price as proposed by the committee rather than a fixed price. As to the level of support, the basic philosophy of price support ought to be the prevention of calamitous drops in markets. He had never understood that the purpose was to underwrite the top of the market.

4. The Minister of Trade and Commerce was not willing to see a long term price established at the present time. If one were set and the U.S. price dropped by any substantial amount, say $3.00 per hundred pounds, there was every likelihood that Canadian producers would dump beef on the market. He thought a fluctuating price should be capable of operation, on the basis possibly of taking the Tuesday price at Chicago less a differential and having it operate for one week. The only response that had been received to enquiries about the prospects of sales abroad was one that indicated there might be a chance to sell the beef equivalent of 25,000 head of cattle to Israel at a price of around 24 cents.

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5. The Prime Minister said it was clearly desirable that whatever policy was adopted should be one that would induce producers to keep as many cattle as possible off the market. That being the case any price that was established ought to be one that would not be attractive at this time.

6. The Minister of Agriculture pointed out that the difficulty in setting too low a price was that it might be read as indicating that the government had serious fears about the future level of beef prices. Such an interpretation might produce just the opposite effects to those desired. It seemed clear in any event that there ought to be no announcement of the basis of price support until after the discussions with the provinces which he hoped to hold during the next week. In any policy it would be desirable to have provincial cooperation in maintaining the support price.

7. The Minister of Citizenship and Immigration thought there was no question but that the producers would prefer a fixed price to one that fluctuated. He agreed that the immediate purpose ought to be to discourage the marketing of cattle at present. He wished to have an opportunity to consider further just how a fluctuating price might work.

8. The Minister of Justice said that, as far as banks were concerned, their security under normal conditions was related to the Chicago price of beef. If the government guaranteed a future price that would bear relation to the Chicago price, it ought to be possible for the banks to continue financing that would enable cattle to be held off the market.

9. The Cabinet, after considerable discussion, agreed that:

(a) officials of the Departments of Agriculture and Trade and Commerce proceed to London as soon as possible to discuss the possibility of concluding an arrangement as recommended under which Canadian meat would be delivered to the United Kingdom in exchange for Australian and New Zealand meat to be released by the United Kingdom for delivery to the U.S. market;

(b) in any discussion with the provinces before further decisions were taken, no commitment be made as to the basis on which support would be given for beef by the government; and,

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(c) decision be deferred to a subsequent meeting on action to be taken to support the price of beef.

N.A. Robertson,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

March 28th, 1952

Items discussed

Parliament; legislation 1.

Legislation; Interpretation Act amendment 2.

St.Lawrence Development project; representations to the United States 2.

C.B.C.; appointment 3.

Animal Contagious Diseases Regulations; amendment 3.

Storm damage, East Coast; assistance to fishermen 4.

N.A.T.O.; transfer of 25-pounder guns 5.

27th Brigade in Germany; settlement of maintenance costs to March 31, 1952 6.

Central Mortgage and Housing Corporation; contract for Army housing, Ste.Foy, P.Q. 7.

Great Lakes water levels; proposed reference to International Joint Commission 7.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, March 28th, 1952, at 2.00 p.m.

Present:

The Minister of Trade and Commerce, Minister of Defence Production and Acting Prime Minister (Mr. Howe) in the Chair,
The Minister of Agriculture (Mr. Gardiner),
The Minister of Public Works (Mr. Fournier),
The Minister of National Defence (Mr. Claxton),
The Minister of Transport (Mr. Chevrier),
The Minister of National Health and Welfare (Mr. Martin),
The Minister of National Revenue (Dr. McCann),
The Minister of Labour (Mr. Gregg),
The Minister of Fisheries (Mr. Mayhew),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Resources and Development (Mr. Winters),
The Secretary of State (Mr. Bradley),
The Minister of Veterans Affairs (Mr. Lapointe),
The Minister of Citizenship and Immigration (Mr. Harris),
The Minister of Mines and Technical Surveys (Mr. Prudham),
The Postmaster General (Mr. Cote).

The Secretary to the Cabinet (Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

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Parliament; legislation

1. The Secretary submitted certain draft legislation.

2. The Cabinet, after discussion, approved for introduction the following measures:

resolution and bill entitled "The Canadian Forces Act, 1952"; and

resolution and bill entitled "An Act respecting The New Westminster Harbour Commissioners".

Legislation; Interpretation Act amendment

3. The Secretary submitted a recommendation from the Minister of Justice for amendment of the Interpretation Act.

Mr. Garson had pointed out that many sections in existing statutes requiring material to be submitted to Parliament had been drafted on the assumption that Parliament would meet only once a year. Difficulty had arisen in the interpretation of these provisions when there were two sessions a year. The proposed amendment was intended to make it clear that the statutory obligation to submit material to Parliament was discharged when once it was laid before Parliament.

An explanatory memorandum was circulated.

(Memorandum, Minister of Justice, March 15, 1952 - Cab. Doc. 101-52).

4. The Cabinet, after discussion, approved in principle the amendment to the Interpretation Act as proposed by the Minister of Justice; a draft measure to be prepared accordingly.

St. Lawrence Development Project; representations to the United States

5. The Secretary of State for External Affairs reported that, following the decision at the meeting of March 25th, the Ambassador in Washington had, on March 27th, asked the U.S. Secretary of State to convey to the President a request for early designation of an appropriate authority in the United States to be responsible for power development on the U.S. side of

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the International Section of the St. Lawrence project. The Ambassador had been informed that, if necessary, this request would in due course be followed up by a direct approach to the President by the Prime Minister.

6. The Cabinet noted the report of the Secretary of State for External Affairs that the Ambassador in Washington had directed to the President, through the Secretary of State, a request for early designation of an authority in the United States responsible for U.S. power development under the St. Lawrence Project.

Canadian Broadcasting Corporation; appointment

7. Dr. McCann put forward a proposal for an appointment to the Board of Governors of the Canadian Broadcasting Corporation.

8. The Cabinet, after discussion, approved the recommendation of Dr. McCann and agreed that Gordon Arnaud Winter, Esquire, of St. John's, Newfoundland, be appointed a Governor of the Canadian Broadcasting Corporation for three years, effective April 1st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 1846, March 28, 1952).

Animal Contagious Diseases Regulations; amendment

9. The Minister of Agriculture, referring to discussion at the meeting of March 11th, 1952, proposed an amendment to the Animal Contagious Diseases Regulations by addition of a new section 176 A. This provided that no farm immigrant from a country designated by the Minister as not free from foot and mouth disease may bring in clothing or farm equipment used in the care of livestock unless he establishes that they came from an area free of disease; produces a satisfactory certificate from a government veterinarian of the designated country that the articles have been cleaned and disinfected; the articles and their containers are disinfected at the port of entry; or these are sent in bond to destination for disinfection there. The section would also set forth acceptable forms of disinfection.

(Minister's submission to Council, March 24, 1952).

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10. The Minister of National Revenue believed the disinfection measures proposed could not destroy but only curtail development of the virus.

11. The Minister of Agriculture said it had been suggested that, before the draft regulations were approved, the U.S. authorities be consulted with a view to ensuring that they would not impose similar restrictions on Canadians entering the United States.

12. The Minister of Citizenship and Immigration said it appeared desirable to establish regulations of the type proposed in view of the policy regarding admission of farm workers from infected areas in Europe that he had announced in the House of Commons.

13. The Minister of Fisheries pointed out that, if the suggestion that disinfectants would not destroy the virus became current, there would be pressure for halting immigration of farmers from Europe.

14. The Cabinet, after further discussion, noted the recommendation of the Minister of Agriculture that the Animal Contagious Diseases Regulations be amended to provide for disinfection of clothing and equipment of farm immigrants from countries not free from foot and mouth disease and agreed that the matter be considered at a subsequent meeting; in the meantime, U.S. authorities to be consulted to ensure that they would not impose similar restrictions on Canadians entering the United States.

Storm damage on the East Coast; assistance to fishermen

15. The Minister of Fisheries, referring to discussion at the meeting of March 18th, 1952, said he expected a question to be asked in Parliament that day in connection with a statement in the Nova Scotia legislature by the Minister of Trade and Industry of the province, that relief of fishermen for storm damage on the East Coast was the responsibility of the federal government alone. In the circumstances, he proposed to make a statement in the House of Commons to the effect that, while fisheries were a responsibility of the federal government, questions of property and civil rights, including relief, were matters for the provinces; the federal government did not normally provide relief except in a situation that it was beyond

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the financial capacity of a province to meet; in a case of storm damage in 1946, the federal government had made a contribution after relief had been initiated by the provincial authorities concerned; the government was prepared to discuss the present case with the provinces affected; and possible long-term solutions would be studied.

16. In the ensuing discussion it was suggested that reference to the instance in which the federal government had contributed and to a readiness to discuss the present case with the provinces would lead to a federal commitment to contribute in the present case, and that it would be preferable for the statement to conclude with the reference to the federal government's normal policy in cases of disasters.

17. Mr. Mayhew thought it necessary for the statement to be along the lines he had proposed in view of comments that had been made in Parliament with regard to the relatively favourable position of farmers as compared with fishermen under present social legislation.

18. The Cabinet, after further discussion, noted the statement that the Minister of Fisheries proposed to make on the question of relief of fishermen on the East Coast for storm damage, and agreed to consider the matter further at the next meeting.

N.A.T.O.; transfer of 25-pounder guns

19. The Minister of National Defence proposed the transfer of certain materiel from holdings of the Canadian Army to six North Atlantic Treaty countries in accordance with allocations recommended by the Standing Group. The estimated present value of this equipment was $18,735,644.

(Minister's submission to Council, March 27, 1952).

20. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed to:

(a) the transfer to six North Atlantic Treaty countries of a total of 168 25-pounder guns; 57,200 shells; and 60,800 cartridges.

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(b) the use of funds, amounting to $18,735,644, paid into the special account referred to in section 3(3) of the Defence Appropriation Act 1950, for the purchase of materials for the Canadian Army; an Order in Council to be passed accordingly.

27th Brigade in Germany; settlement of maintenance costs to March 31st, 1952

21. The Minister of National Defence, referring to discussion at the meeting of March 12th, 1952, indicated the computation that had been made of the cost of maintenance support provided to the 27th Brigade in Germany from its arrival there to March 31st, 1952. These figures were considered reasonable and funds were available from the Army appropriation. He recommended that authority be given to effecting settlement with the United Kingdom on the basis of the costs submitted.

22. The Acting Prime Minister enquired whether it would be possible to pay in foodstuffs part of the amount due to the United Kingdom.

23. Mr. Claxton said it was too late to make such an arrangement in connection with the accounts under discussion but that the feasibility of adopting this suggestion in connection with subsequent accounts could be studied.

24. The Cabinet, after further discussion:

(1) approved the recommendations of the Minister of National Defence and agreed that settlement be effected with the United Kingdom for maintenance of the 27th Brigade in Germany for the period up to March 31st, 1952 as follows:

(a) for expenditures made in sterling - 7 shillings per man per day;

(b) for expenditures made in marks:

(i) recurring expenditures - 8.615 marks per man per day;

(ii) non-recurring expenditures - 4,686,932 marks;

an Order in Council to be passed accordingly.

(Order in Council P.C. 1891, March 28, 1952).

(2) agreed that consideration be given to the possibility of paying in foodstuffs some part of future U.K. accounts with respect to the brigade.

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Central Mortgage and Housing Corporation; contract for Army housing at Ste. Foy, P.Q.

25. The Minister of Resources and Development proposed that Central Mortgage and Housing Corporation be authorized to sign a contract for the provision of housing for the Army at Ste. Foy, P.Q.

26. The Cabinet approved the recommendation of the Minister of Resources and Development and agreed that, on behalf of the Minister, Central Mortgage and Housing Corporation enter into a contract with Community Enterprises Limited, Montreal, the lowest tenderer, for construction of 200 dwelling units at Quebec Project 1/51 (Ste. Foy), for the use of the Canadian Army, for the firm price of $1,778,720; an Order in Council to be passed accordingly.

(Order in Council P.C. 1861, March 28, 1952).

Great Lakes water levels; proposed reference to International Joint Commission

27. The Secretary of State for External Affairs reported that recent high levels in the Great Lakes had given rise to complaints of damage, particularly on the shores of Lake Ontario. The main cause was heavy precipitation in the Great Lakes basin. The levels in the lakes had also been slightly increased by the Long Lac and Ogoki diversions and, in Lake Ontario, by the Gut Dam built nearly fifty years ago by Canada. This dam normally raised the level of Lake Ontario 5½ inches but, when the water was high, as much as 7¾ inches.

Those complaining in the United States had directed their attention to the Gut Dam and to the conditions under which the United States had consented to its construction. These were that, if the dam materially affected the level of the lake or caused injury to U.S. interests, Canada would undertake necessary alterations and regulatory works and that, if it caused damage to U.S. property, Canada would pay compensation. Complaints of damage on the shores of the lakes had aroused considerable attention in the United States. Several bills in the matter had gone before Congress, some requesting the President to refer the question to the International Joint Commission, and the State Department had been pressed by Congressmen for such a reference.

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The United States now proposed a joint reference of the high level of Lake Ontario for study and recommendation of remedial measures. Plans forthe St. Lawrence project, whether for power and navigation (as under the 1941 Agreement) or for power alone (with a Canadian waterway) were based on a "Method of Regulation" to govern the out-flow and level of Lake Ontario which had been accepted by the officials of both governments. If the 1941 agreement were not approved, the "Method" would have to be approved by the commission as inherent in the construction and operation of the project submitted for approval. The Department of Transport and the Department of Resources and Development felt that, if the commission were already embarked on a lengthy study of remedial works not exclusively concerned with the St. Lawrence development, the time when plans for the St. Lawrence project could be referred to the commission would be postponed indefinitely.

In the circumstances, with the concurrence of the Minister of Transport and the Minister of Resources and Development, he submitted for approval a draft reply to the U.S. government to the effect that:

(a) construction of the St. Lawrence Seaway and Power Project would mean regulation of the level of Lake Ontario on the basis of the agreed "Method", and establishment of a commission to report on the desirability of works for compensation and regulation in the Great Lakes system; and,

(b) it was already agreed to refer the St. Lawrence project, including the "Method", to the International Joint Commission for approval if the 1941 Agreement were not approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 20, 1952 - Cab. Doc. 98-52).

28. The Minister of National Health and Welfare said there was flooding in the Windsor area and on Lake Erie which was likely to become worse before summer and result in increasing demands for action by the government. This condition had existed before the diversions were made into Lake Superior and recurred every fifteen years or so. In the circumstances, he felt some consideration would have to be given to the question of water level on the lakes in general.

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29. The Minister of Transport pointed out that, under the new agreement with Ontario on power development in the international section of the St. Lawrence, the government had undertaken to do everything possible to obtain the approval of the International Joint Commission for works that would be constructed in accordance with the "Controlled Single Stage Project" which envisaged recourse to the "Method of Regulation" mentioned. Ontario would probably have to be consulted, therefore, if there were a question of a reference to the commission of the problem of levels in Lake Ontario.

His department felt that, if it became necessary, it would probably be possible to blow up Gut Dam, although the effects of such action would require careful study.

30. The Minister of Resources and Development said a reversal of the Long Lac and Ogoki diversions would not become fully effective for some five years and would provide no appreciable early relief on the lakes.

31. Mr. Pearson thought it would be advisable to try to make the proposed reply to the U.S. government more positive and to take the general position that the government would be glad to see the present problems in Lake Ontario met by implementation of the 1941 Agreement or, if that agreement were not approved, by reference of the power project to the commission.

32. The Cabinet, after further discussion:

(a) approved the recommendation of the Secretary of State for External Affairs, concurred in by the Minister of Transport and the Minister of Resources and Development, and agreed that a reply on the question of water levels in Lake Ontario be communicated to the U.S. government along the lines of that submitted; on the understanding that the three ministers would approve any drafting changes made; and,

(b) agreed that the Minister of Resources and Development provide data on water levels in the Great Lakes for consideration at a subsequent meeting.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

March 31st,1952

Items discussed

Foot and mouth disease; price support for beef	1.
Foot and mouth disease; additional purchases of canned pork; price support for pork	4.
Foot and mouth disease; compensation for livestock slaughtered	5.
Governor General; appointment of secretary	6.
C.B.C.; loan to finance television	7.
Transport; ex gratia payments on government contracts	7.
Crown corporations; exemption from income tax	9.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, March 31st, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Foot and mouth disease; price support for beef

1. The Minister of Agriculture, referring to discussion at the meeting of March 27th, 1952, said the experience of the Wartime Food Corporation in 1942 had shown the extreme difficulty of trying to operate a system of fluctuating cattle prices related to the Chicago market. It had been impossible to calculate prices accurately and quickly enough to make them effective and dissatisfaction arose among farmers over doubts as to the fairness and soundness of such calculations. It seemed certain that similar difficulties would follow another attempt to have price support on a fluctuating basis. For these reasons it was recommended that a price support programme for cattle be established to continue until the U.S. embargo was lifted; that for the first six months the price be a flat $26.00 per hundred pounds for good steers at Toronto; and that, at the beginning of the fifth month and each month thereafter, the position be reviewed and the price restated. If this would establish a price for too long a period, the term might be reduced to three months. The price of $26.00 could be reviewed at the first of June and monthly thereafter.

An explanatory memorandum was circulated.

(Minister's memorandum, March 31, 1952 - Cab. Doc. 106-52).

2. The Prime Minister emphasized that what was particularly wanted was a plan that would induce producers to hold cattle off the market at the present time. Coupled with it, there should be discussion by the Bank of Canada with the commercial banks to impress on them the importance, in the interests of the economy generally, of carrying producers during the summer so that they would not be forced to sell stock.

3. The Minister of Citizenship and Immigration felt that one way of inducing farmers to hold off would be to set the price at a level that wouldpermit of gradual increase, possibly on a monthly basis, and to announce the programme and the increases in advance.

4. Mr. Gardiner believed such a plan might be workable - for instance, beginning at 24 cents until June, moving up to 24½ cents for June, 25 cents for July and possibly 26 cents for August and September. He did not, however, think that it would be desirable to begin any such progression at a price below 25 cents.

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5. The Minister of Trade and Commerce thought it was important that any support programme be established on a basis that would enable a higher price to be announced for July without getting out of line with the Chicago price. For that reason, he thought that 24 cents would be a better level at which to begin. It was extremely important that the market in Canada should not get above that in the United States.

6. The Minister of Finance said he was strongly opposed to the establishment of a price for any long period. Between now and September there was every possibility that there might be quite a change in Chicago prices. A 26 cent price would be dangerous over such a period. He thought that three months ought to be the maximum limit for which any price was set. A preferable arrangement would be to have no price now but to announce that in October the Chicago price less a given differential would be paid.

7. The Minister of Fisheries was concerned that a 26 cents price might lead a lot of producers to bring stock to market in order to cut their risks. At such a level there would be every possibility that a downward adjustment would have to take place and they would wish to protect themselves against it. Another case of foot and mouth disease might hold the U.S. border closed for quite some time and that risk gave every inducement to sell.

8. Mr. St-Laurent suggested that, in view of the strong arguments against setting a price for more than three months and of the fears that a 26 cents price might tend to bring stock to market, a solution might be to set the price at 25 cents per pound up to June 30th if the provinces were willing to cooperate in the removal of the existing embargoes.

9. The Cabinet, after considerable discussion, agreed that the Minister of Agriculture inform the representatives of the provincial governments that the federal government would be prepared to establish a support price for beef at $25.00 per hundred pounds for good steers, basis Toronto in the period up to June 30th if the provincial governments removed the existing embargoes; any public announcement of the proposed government policy to be deferred pending outcome of discussions with the provincial representatives.

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Foot and mouth disease; additional purchases of canned pork; support price for pork

10. The Minister of Agriculture, referring to discussion at the meeting of March 11th, 1952, reported that the increase in the premium weights for hogs had had the effect of holding about one-third off the market for about two weeks. They were now starting to come in. It would take about three weeks to deliver the hogs that had been held back under the altered premium standards. The new standards had caused a number of difficulties and it was proposed to revert to the original weights. In addition to the hogs that would be coming to market under the heavier premium standards there would be about another 7 million pounds of pork surplus to requirements that would have to be taken care of in the next few weeks. In the circumstances it appeared necessary to extend the authority to buy canned pork from a total of 10 million pounds to 20 million pounds.

11. The Minister of Finance pointed out that, when the support price for pork had been announced, it had been made clear that it was on the assumption that it would not lead to the accumulation of substantial surpluses and would not interfere with exports. Since that time the Chicago price had dropped. There was no market whatever for canned pork at the 64 cent price. Altogether, it seemed clear that the support price ought to be reviewed.

12. The Minister of Citizenship and Immigration pointed out that the situation was not the same as the one that had been contemplated when the announcement about the support price was made. That price had been established before foot and mouth disease broke out and it had been on the estimate that, while the U.S. price might drop in the late spring and early summer months, it would rise in the late summer and fall and pork could be then disposed of. That expectation still might have been sound. It was the advent of foot and mouth disease and the closing of the U.S. border that had altered the position.

13. The Cabinet, after discussion:

(a) approved the recommendation of the Minister of Agriculture and agreed that the Agricultural Prices Support Board be authorized to purchase a total quantity of canned pork

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not to exceed 20 million pounds instead of 10 million pounds as previously authorized; an Order in Council to be passed accordingly;

(Order in Council P.C. 1859, March 31, 1952)

(b) agreed that decision be deferred on adjustment of the support price for pork.

Foot and mouth disease; compensation for livestock slaughtered

14. The Minister of Agriculture, referring to discussion at the meeting of March 25th, 1952, submitted a report of the Board of Valuators set up under the Act for the Control and Extirpation of Foot and Mouth Disease.

The Board had tried to determine total compensation that was "fair and reasonable" and then deduct therefrom the amounts that would be paid in the ordinary course under the Animal Contagious Diseases Act. The basis adopted in setting the total was that it should be an amount fully sufficient to enable the owner of an animal to replace it with one of similar character and of equal revenue-producing capacity, given the market conditions now prevailing. In the case of poultry there was a difference of view within the Board but the amounts recommended were on the basis of the majority opinion. The number of livestock and eggs destroyed to date and covered by the report were: cattle, 1061; swine, 127; sheep, 97; goats, 1; poultry, 1,666; eggs, 13,272. The total amount of compensation recommended was $311,449.14 of which $242,510.12 was compensation under the Animals Contagious Diseases Act and $68,939.02 was additional compensation under the new legislation.

The report did not deal with any compensation for destruction of feed, buildings and equipment as action with regard to those items had not been completed by the Health of Animals Division.

Copies of the report were circulated.

(Board of Valuators report, March 26, 1952 - Cab. Doc. 108-52).

15. The Minister of Finance referred to a statement in the press that the federal government would consider compensation to packing house workers.

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That was a question entirely different from the payment of compensation for stock and other physical assets destroyed. The government was not paying any farmers for loss of profits. Most of the workers would have unemployment insurance or could secure other employment. The government could not get into the position of attempting to insure everybody against all losses resulting from foot and mouth disease.

16. The Cabinet, after discussion, approved the report of the Board of Valuators established under the Act for the Control and Extirpation of Foot and Mouth Disease and agreed that authority be given to pay amounts to claimants as submitted.

Governor General; appointment of secretary

17. The Prime Minister said that, at the present time, the government appointed and paid the salaries of both the Secretary and Assistant Secretary to the Governor General although traditionally the appointment of the Secretary was made on the recommendation of His Excellency himself. General Letson was resigning from his office as Secretary to the Governor General and Mr. Massey had suggested that the present establishment be abolished and replaced by two posts of secretary. The first post, that of Secretary to the Governor General, was to be filled by a non-civil servant whose appointment would be made and salary paid by the Governor General. It was Mr. Massey's intention to appoint his son, Mr. Lionel Massey, to this post. Appointment to the second position, that of Secretary to the Governor General (Administrative), would continue to be by the government who would also be responsible for the salary attaching to that position. It was proposed that Mr. J. F. Delaute, presently Assistant Secretary to the Governor General, be appointed to the newly established position.

18. The Cabinet, after discussion:

(a) noted the changes proposed to be made in the secretarial establishment of Government House; and,

(b) agreed that an Order in Council be passed appointing Mr. J. F. Delaute to be Secretary to the Governor General (Administrative).

(Order in Council P.C. 1937, March 31, 1952).

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Canadian Broadcasting Corporation; loan to finance television

19. Dr. McCann submitted a recommendation to Council for payment to the Canadian Broadcasting Corporation of a loan of $1.5 million for the initial financing of television as provided for by Vote 564 of Appropriation Act No. 4, 1951, and upon the conditions agreed to by the Minister of Finance. Interest on the loan would be at the rate of 4 percent and capital would be amortized over a period of fifteen years commencing June 1st, 1957.

20. The Cabinet, after discussion, agreed that an Order in Council be passed providing for the payment to the Canadian Broadcasting Corporation of a loan of $1.5 million for the development of television as provided by Vote 564 of Appropriation Act No. 4, 1951, and upon conditions as stipulated in the Order.

(Order in Council P.C. 1938, March 31, 1952).

Transport; ex gratia payments on government contracts

21. The Minister of Finance reported that Treasury Board had considered and referred to Cabinet for decision, recommendations by the Department of Transport that ex gratia payments be made to three contractors.

In recent years the Board had adhered closely to the policy of confining ex gratia payments to cases where the government had, as one party to the contract, by action or omission caused extra and abnormal costs to the contractor. During and immediately after the war ex gratia payments had also been made to contractors for the purpose of meeting extra costs arising out of increases in prices or wages or freight rates directly authorized by the government's agencies. There had been some tendency recently for contractors to claim, and departments to support, extra payments due to increases in freight rates, exchange rates, sales taxes, and other costs under some measure of government control, even though these were applicable to business in general and a normal risk of contracting unless specifically covered in the contract. Treasury Board had been turning down many such claims, though recognizing in other cases that some government contracts were so severe in their details that to enforce all their terms at a time when contractors had considerable other

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business might result either in increased tenders in future contracts or the necessity for cost-plus contracts or escalator clauses.

He added that the Interdepartmental Committee on Contracts established by Cabinet in 1951 had had the general problem of ex gratia payments under review for some time and would report in this matter at a later date.

An explanatory note was circulated.

(Memorandum, Secretary, Treasury Board, March 31, 1952 - Cab. Doc. 107-52).

22. The Minister of Transport said that the three contractors involved were respectively Research Industries Limited of Vancouver, B.C.; Brabant Bros. Limited of St. Boniface, Manitoba, and Tomlinson Construction Company Limited of Toronto, Ontario.

In the case of the first-mentioned company, Research Industries Limited, it was proposed that an ex gratia payment of about $12,000 be made in order to cover losses on the contract due to design difficulties and delays in buying materials. The payment was recommended in order to assist in keeping in business this small enterprise producing essential technical equipment which was in rather short supply.

The second case involved an ex gratia payment of $56,554 to the Trustee in Bankruptcy for the contractor Brabant Bros. Limited, to whom a contract was awarded in December 1949 for work on the airport at Saskatoon at a total estimated cost of $215,000. The unit prices quoted in the contract were relatively low and Brabant Bros. had been faced with increased costs due to delays caused by bad weather and a shortage of railway cars in the Prairie Provinces. In November 1950, because of these and other difficulties, the contractor found it necessary to make a proposal of settlement under the Bankruptcy Act. Since then the contract has been completed by the Trustee in Bankruptcy. The Trustee had requested an ex gratia payment of $103,592.85, which was claimed to be the actual loss incurred in carrying out the contract. After reviewing all the circumstances involved, the Department of Transport recommended that payment of $56,554 would be appropriate and would contribute to having this contractor's business re-established, which was considered desirable at this time.

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The third case involved a contract awarded to Tomlinson Construction Company Limited in 1946 for work to be carried out at the Saskatoon airport for a total of approximately $1,312,000. An additional negotiated payment of $100,000 had been arranged in 1947 to cover special soil difficulties. In view of other difficulties which were allegedly encountered subsequent to that date, the contractor had filed a claim for an additional ex gratia payment totalling $598,000. After lengthy negotiation the contractor had agreed to accept in final settlement $118,000, which was felt to be reasonable by the Department of Transport.

23. The Cabinet, after considerable discussion:

(a) agreed that Orders in Council be passed authorizing ex gratia payments of $12,000 to Research Industries Limited and of $56,554 to the Trustee in Bankruptcy for Brabant Bros. Limited of St. Boniface Manitoba, as recommended by the Minister of Transport;

(Orders in Council P.C. 1939 and P.C. 1940, March 31, 1952)

(b) deferred decision on the proposed ex gratia payment to Tomlinson Construction Company Limited of Toronto pending submission of further details by the Minister of Transport.

Crown corporations; exemption from income tax

24. The Minister of Finance pointed out that all Crown companies had been and were still exempt from payment of income taxes. He suggested the time had perhaps come when proprietary Crown companies at least should no longer enjoy such exemption. Revenue to the government would in no way be affected since, if accepted, the proposed removal of the exemption would merely result in the revenues of the Crown companies being diminished by the total amount of taxes paid.

25. The Minister of Trade and Commerce thought that if agencies of the Crown were to enter to an increasing degree into fields usually reserved to private industry in the past, it seemed only equitable that such Crown agencies should be subject to the same conditions, including the payment of income tax, as their privately owned competitors.

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26. The Minister of National Health and Welfare believed the proposal sound from a purely business point of view but wondered as to the constitutional propriety of having the Crown tax itself.

27. The Prime Minister did not think that there were any legal or constitutional problems involved and was generally of opinion that Crown agencies which entered into competition with private enterprise should not be given any patently discriminatory advantage over their competitors if this could be avoided.

28. Mr. Abbott suggested that the proposal might be considered again at an early meeting in order that, if approved, suitable reference to cancellation of the existing exemption from income taxes might be made in the budget speech.

29. The Cabinet, after discussion, agreed that further consideration be given at an early meeting to the proposal of the Minister of Finance that proprietary Crown companies now be made subject to the payment of income taxes.

Immigration; assisted passage loan scheme

30. The Minister of Citizenship and Immigration reported that, since the assisted passage loan scheme for immigrants went into operation on February 1st, 1951, 17,095 transportation warrants had been issued, thus committing the total revolving fund of $3 million established by Vote 648 (1950-51). It had been necessary to suspend the scheme as of October 11th, 1951.

According to an actuarial study made in the Department of Insurance, the fund would not revolve for 22 months from the time payments commenced - assuming 100 percent collections at the minimum rate. Calculated on the basis of anticipated requirements for 1952 an additional $6 million were required to establish the fund on a sound actuarial basis. It had been recommended by the Minister of Finance that the assisted passage loan scheme be provided for in the Immigration Act and it was intended to make appropriate provision to this effect in the revision of the Act now nearing completion.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 25, 1952 - Cab. Doc. 90-52).

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31. The Cabinet, after discussion, agreed that the assisted passage loan revolving fund for immigrants now established at $3 million be increased to $9 million and that provision for the increase be made by inclusion of an appropriate item in the Estimates.

Legislation; Canada Shipping Act amendment

32. The Minister of Transport said it was proposed to introduce a measure during the current session of Parliament to amend the Canada Shipping Act, 1934, in several respects.

An explanatory note had been circulated.

(Minister's memorandum, March 28, 1952 - Cab. Doc. 105-52).

33. The Prime Minister noted that one of the amendments proposed would result in restricting coastal trade exclusively to ships of Canadian registry and, ultimately, to ships of Canadian construction. This would have important implications for general commercial policy and, in particular, would seriously affect the position of Newfoundland which was more dependent on sea communications than any other part of Canada. In the circumstances, he suggested the proposed amendments might usefully be referred to the Interdepartmental Committee on External Trade Policy for consideration and report.

34. The Cabinet, after discussion, deferred decision on proposed amendments to the Canada Shipping Act, 1934, pending consideration and report by the Interdepartmental Committee on External Trade Policy on amendments relating to restrictions of coastal trade.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 1st, 1952

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Items discussed

Legislation; Representation Act

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Tuesday, April 1, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

Mr. Paul Pelletier, Privy Council Office.

Legislation; Representation Act

1. The Prime Minister said there was a possibility that the bill to readjust representation

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in the House of Commons might be up for second reading that day. In the circumstances, consideration should be given to the stand to be taken by the government on certain proposals which would likely be made at that time.

It would be recalled he had stated in the House, when the measure was given first reading, that, although it had been sponsored by the government, the measure was a government bill in form only since redistribution was essentially a matter of concern to Parliament as a whole and not, as in the case of other government measures, primarily the responsibility of the executive. The bill, as it now stood, was merely the statutory embodiment of existing constitutional provisions respecting representation in the House of Commons.

Since the measure had been given first reading, there had been several suggestions as to changes which might be made in these provisions. The Saskatchewan legislature had passed a resolution suggesting that representation in any province should not be reduced by more than 10 percent at any one time. He did not think that the government should support such a proposal since it would result in that Province having a greater number of representatives in the House than the Province of Alberta, whose population was greater than that of Saskatchewan. This proposal would have the further disadvantage of preventing any reduction in the total representation of Newfoundland which at the present time stood at seven. This would, in effect, constitute a second floor for Newfoundland since, under the terms of Union, the representation for that province could not be less than six. Another suggestion was that the representation of any province should not be reduced by more than 15 percent at any one time. This proposal seemed to be more acceptable. Saskatchewan would be the only province in the coming redistribution affected by the 15 percent proposal with the practical results that total representation for that province would be reduced by three instead of by five as would be the case under section 51 of the B.N.A.Act.

If any plan along the lines of the 15 percent proposal were to be accepted, it would seem desirable at the same time to provide for the division of the now single constituency of the Yukon and the Mackenzie district into two separate electoral districts.

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It was not unlikely that the opposition might suggest no change should be made in the constitution for representation in Parliament without prior consultation with the provinces. He thought that the government should not depart from the long-held position that federal representation was a matter of exclusive concern to Parliament and, as a consequence, the matter not only need not, but should not be referred to the provinces. Any amendment to section 51 of the B.N.A. Act might perhaps be embarrassing in the light of the inconclusive Federal-Provincial Constitutional Conferences of 1950. However, the government had not at that time committed itself to ensure that Parliament did not use the recently acquired power to amend the constitution in matters of exclusive federal jurisdiction, but had merely stated that the B.N.A. Act amendment No. 2 of 1949 would be reviewed in the light of any agreement reached between the federal and provincial governments on a general procedure for amending the constitution.

2. The Minister of Agriculture thought the 15 percent formula referred to by the Prime Minister would be acceptable to most Saskatchewan Members of Parliament.

3. The Minister of Justice felt any plan restricting decreases in provincial representation should be incorporated in the constitution by an appropriate amendment to the B.N.A. Act. If such a formula were merely to be incorporated in the redistribution bill, there would undoubtedly be strong objections from several provinces since the plan would then be nothing but a temporary scheme devised for the sole purpose of protecting Saskatchewan's position at the present time.

4. The Minister of Public Works pointed out that the present "representation by population" formula had been incorporated in the B.N.A. Act as recently as 1946. It seemed to him, as a general principle, to be undesirable to amend the constitution at this time for the sole purpose of meeting an awkward local situation unless very powerful arguments could be advanced in support of such a change in the fundamental electoral laws of the country.

5. Mr. St-Laurent pointed out that any reasonable formula to limit permissible maximum decreases in provincial representation would not constitute a precedent. The "one twentieth" provision,

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which incidentally had operated for some time in favour of Ontario and certain other provinces, had been in the constitution until the 1946 amendment. In addition, in 1915 section 51(a) was added to the B.N.A. Act providing that all provinces would always be entitled to a number of members not less than the number of senators representing such provinces. Prince Edward Island's representation in the House had, for some time, been maintained at its present level in virtue of the floor provided by section 51(a).

He was rather inclined to think that, if a substantial majority of the House favoured something along the lines of the 15 percent formula, the government should not oppose such a proposal but should indicate that the formula should be provided for by an amendment to the B.N.A. Act and not merely by the insertion of an appropriate clause in the redistribution bill.

6. The Cabinet, after considerable further discussion, noted the report by the Prime Minister on proposals likely to be made with respect to redistribution when the bill to readjust representation in the House of Commons reached second reading and agreed that further consideration be given to this matter at a subsequent meeting.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 3, 1952

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Items discussed

Legislation; Supreme Court Act amendment	2.
Legislation; Aeronautics Act amendment	2.
Representation Act; redistribution	2.
Emergency government communications centre; establishment	3.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, April 3rd, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

Mr. R. G. Robertson, Privy Council Office.

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Legislation; Supreme Court Act amendment

1. The Minister of Justice reported that it was proposed to amend the Supreme Court Act to provide for the advancing of the opening day of the first session of the Supreme Court in each year. It had been found, in recent years, that the February session of the Court was not sufficiently long to dispose of all appeals on the list.

An explanatory note had been circulated.

(Minister's memorandum, Mar. 25, 1952 - Cab. Doc. 104-52).

2. The Cabinet, after discussion, approved in principle the proposed amendment of the Supreme Court Act as recommended by the Minister of Justice; a draft measure to be prepared accordingly.

Legislation; Aeronautics Act amendment

3. The Minister of Transport, referring to the discussion at the meeting of March 18th, 1952, submitted a resolution and bill to amend the Aeronautics Act revised in the light of the decision taken at that time.

4. The Cabinet, after discussion, approved the resolution and bill to amend the Aeronautics Act for introduction in the House of Commons.

Representation Act; redistribution

5. The Prime Minister, referring to discussion at the meeting of April 1st, said that, if it were decided to have consideration given by the House of Commons to a formula to limit the reduction in any province's representation in the House of Commons to 15 percent at any one redistribution, it appeared that the best method would be to have a notice of motion placed on the Order Paper for the establishment of a committee to consider the 1951 census figures and the question whether the strict principles of the B.N.A. Act should be applied in the present redistribution or whether some limitation formula should be introduced as suggested. It would also be desirable for the resolution to empower the committee to consider whether there should be two members for the Yukon and Northwest Territories

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rather than one as at present. The resolution would be in the name of the Prime Minister but not as a government measure. The text of a proposed resolution was read.

6. The Cabinet, after discussion, noted with approval the remarks of the Prime Minister and agreed that a notice of motion be placed on the Order Paper of the House of Commons in the terms submitted in order that consideration might be given to the establishment of a committee to examine the 1951 census figures and the redistribution; the committee to recommend whether the strict principles of the B.N.A. Act ought to be applied or whether a provision should be introduced that the representation of a province should not be reduced by more than 15 percent at any one redistribution and also whether two members rather than one should be allotted to the Yukon and the Northwest Territories.

Emergency government communications centre; establishment

7. The Minister of Finance, referring to discussion at the meeting of November 22nd, 1951, reported that the Bell Telephone Company had been holding extra equipment which would be required if it were decided to establish an emergency communications centre for the government at once. If no immediate action were likely to be taken the company wished to use the equipment for other purposes. The centre would cost from $250,000 to $300,000 to establish and $20,000 to $25,000 a year to maintain in a stand-by condition. The immediate question was whether the government wished to take action in the very near future or whether it would be prepared to defer the matter for a time.

8. The Cabinet, after discussion, agreed that no immediate decision be taken to establish an emergency government communications centre; the Bell Telephone Company to be informed that equipment now held for such purpose could, if desired, be diverted to other uses.

Ming Sung vessels; withdrawal of exemptions

9. The Prime Minister, referring to discussion at the meeting of November 22nd, 1951, reported that the exemption accorded the Ming Sung Shipping Company to operate its vessels without British officers had not been cancelled. It seemed that it should be.

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10. The Minister of Transport said the exemption could be cancelled by him under the Canada Shipping Act without action by Council. In the circumstances, he proposed to notify the company of such cancellation. He also proposed to withdraw the special exemption for radio telegraph equipment and operators as authorized by Order in Council P.C. 2318 of May 5th, 1950. It was not proposed to do anything to remove the vessels from Canadian registry.

11. The Secretary of State for External Affairs thought consideration ought to be given to the question whether there should be any instructions to Canadian naval vessels as to their action if the Ming Sung ships should leave Chinese territorial waters and be encountered on the high seas.

12. The Cabinet, after discussion, agreed that the Minister of Transport:

(a) cancel the exemption accorded the Ming Sung vessels with regard to operation without British officers;

(b) rescind the exemption for radio telegraph equipment and officers; an Order in Council to be passed accordingly; and,

(c) request an opinion from the Department of Justice as to the legal position and action that could be taken if Canadian naval vessels were to encounter any of the Ming Sung vessels on the high seas in either of two circumstances: with the vessels flying the Canadian flag or flying any other flag.

Shore erosion on the Great Lakes; responsibility of the Department of Public Works

13. The Minister of Public Works pointed out that questions had been asked as to whether the Department of Public Works should take action to deal with or prevent damage by erosion to certain parts of the shores of the Great Lakes. There was nothing in the Department of Public Works Act that gave authority to deal with such matters. It appeared that any federal jurisdiction should properly fall within the responsibility of the Department of Resources and Development.

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14. The Cabinet, after considerable discussion, agreed that, in reply to enquiries as to action to be taken by the Department of Public Works to prevent or repair damage by erosion on the shores of the Great Lakes, the Minister should state that:

(a) the only responsibility of the Department was for the consequences of works undertaken by it and that engineers had advised that, thus far, such works had not contributed to any damage that had been caused; and,

(b) in any case in which a municipal government sought assistance for the prevention or repair of erosion damage within its area the proper course was for it to take the matter up with the provincial government and not with the federal government.

Storm damage on the Atlantic coast; exchange with the government of Nova Scotia

15. The Minister of Fisheries referred to his recent remarks in the House of Commons on a statement by the Minister of Trade and Industry of Nova Scotia to the effect that assistance with regard to storm damage on the Atlantic coast was solely the responsibility of the federal government. Following his remarks, Mr. Dauphinee had sent a telegram saying that they could be taken to mean that federal assistance was being withheld because there had not been any formal request for it by the Nova Scotia government and, if that were the case, he was authorized by his government to request the government of Canada to pay adequate compensation.

16. Mr. Mayhew said he proposed in his reply to point out that the B.N.A. Act gave the federal government jurisdiction over fisheries and the provincial governments jurisdiction with regard to property and civil rights. Assistance in meeting storm damage came within the latter category. Relief and assistance questions were in the first instance for the local authorities or those of the provinces. Aid had been given in a few cases by the federal government when damage had exceeded the financial capacity of a province. The government of Nova Scotia had not said that the storm damage on the Atlantic coast was beyond its capacity to handle. The federal government would be renewing harbour facilities

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for which it was responsible and was willing to undertake investigations into the question of insurance for fishermen. Newfoundland representatives would be discussing matters connected with the storm damage in Ottawa and the federal government would be glad to discuss them with representatives of Nova Scotia if so desired.

17. The Cabinet, after discussion, noted with approval the reply that the Minister of Fisheries proposed to send to the communication from the Minister of Trade and Industry of Nova Scotia about federal assistance in meeting storm damage on the Atlantic coast.

Appointment

18. The Minister of Justice submitted a recommendation for a judicial appointment.

19. The Cabinet approved the recommendation of the Minister of Justice and agreed that Harry Dell Anger, Esquire, be appointed a Judge of the Supreme Court of Ontario and a member of the High Court of Justice for Ontario and ex officio a member of the Court of Appeal for Ontario; an Order in Council to be passed accordingly.

(Order in Council P.C. 2078, April 3, 1952).

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 7th, 1952

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Items discussed

1952-53 budgetary proposals

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday April 7th, 1952, at 11.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works (Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport (Mr. Chevrier),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Minister of Fisheries (Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice (Mr. Garson),
The Secretary of State (Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris)

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

1952-53 budgetary proposals

1. The Minister of Finance reported on budgetary measures which he proposed to place before the House of Commons on April 8th.

2. The Cabinet, after discussion, noted with approval the budgetary measures which the Minister of Finance planned to place before the House of Commons on Tuesday evening, April 8th, 1952.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 8th, 1952

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Items discussed

Foot and Mouth disease; price support for beef	2.
Foot and Mouth disease; Animal Contagious Diseases Regulations	3.
Wheat, oats and barley; announcement of initial payments	3.
Canadian National hotels; proposed reorganization	3.
Newfoundland salted cod; deficiency payments on 1950 production	4.
Canada-U.S. convention on operation of radio equipment or stations; ratification	5.
Treaty of Peace with Japan; agreement for the settlement of disputes	6.
Transport; subsidy for Wood Islands, P.E.I. - Caribou, N.S. ferry	6.
Civil Service holidays; representations re Easter Saturday	7.
ECOSOC; 14th Session, May, 1952; Canadian participation	8.
Extradition treaty with the United States; ratification of supplementary convention re security frauds	8.
Judicial appointments	9.
By-elections; issue of writs	9.
Parliament; representation in the House of Commons	9.
Legislation; Combines Investigation Act	11.
Parliament; legislation	13.
ECOSOC; Committee on Restrictive Business Practices	13.
Japan; status of Canadian forces after ratification of peace treaty	14.
C.N.R.; agreed charge for oil shipments in Saskatchewan; truckers' representations	15.
C.B.C.; exemption of News Service from provisions of collective bargaining legislation	16.
Cross Point, P.Q. - Campbellton, N.B. ferry service; subsidy	17.
St.Lawrence project	18.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, April 8th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Foot and mouth disease; price support for beef

1. The Prime Minister said the Minister of Agriculture had submitted a draft announcement on price support for beef which might be made in view of the progress of discussions with the provinces about provincial embargoes on meat and animals. The announcement would state that the Agricultural Prices Support Board had been authorized to establish a support price for beef at $25.00 per hundred pounds for good steers basis Toronto. The price would remain in effect until July 1st. It would be reviewed before expiration of that period and monthly thereafter. The policy was intended to provide a measure of support until the U.S. embargo was lifted or modified which, it was hoped, would give producers sufficient confidence in the market that any rush of deliveries would be avoided and sufficient numbers of animals retained on the farms to avoid dislocation of the market. With a hold-back of 15 to 20 percent on deliveries there would be no surplus. The announcement would state that a special management committee under the Agricultural Prices Support Board was being established to handle the policy. It would consist of Messrs. Shaw, Pearsall and Chagnon of the federal Department of Agriculture, Mr. Paterson of the Department of Trade and Commerce and Messrs. Trepanier, Watson and Bell of the Departments of Agriculture of Quebec, Ontario and Manitoba, respectively. The committee would meet from time to time to deal with operating policy. An advisory committee would also be established on which the provinces could have representatives.

2. The Minister of Resources and Development as Acting Minister of Agriculture explained that some further word still had to be received from certain of the provinces before the announcement could be made. If it were approved, it would be held for release in the next day or two. He suggested one or two modifications.

3. The Cabinet, after discussion, approved, with minor modification, the announcement submitted by the Minister of Agriculture of the establishment of a support price for beef and agreed that, following such further information from any of the provinces as might be necessary it be made by the Acting Minister of Agriculture.

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Foot and mouth disease; Animal Contagious Diseases Regulations; amendment

4. The Minister of Resources and Development as Acting Minister of Agriculture advised that it was desirable to amend the Animal Contagious Diseases Regulations to give jurisdiction over anything contaminated or suspected of being contaminated with a designated disease.

5. The Cabinet approved the recommendation of the Acting Minister of Agriculture and agreed that the Animal Contagious Diseases Regulations be amended by revoking the present section 5B and substituting a new section 5B in the terms proposed; an Order in Council to be passed accordingly.

(Order in Council P.C. 2145, April 8, 1952).

Wheat, oats and barley; announcement of initial payments

6. The Minister of Trade and Commerce said the practice had been to announce initial payments on wheat, oats and barley each year before seeding began. It was proposed to announce that they would be the same as in 1951.

7. The Cabinet noted with approval the remarks of the Minister of Trade and Commerce and agreed that he be authorized to announce that the initial payments on wheat, oats and barley would be the same as in 1951.

Canadian National hotels; proposed reorganization

8. The Minister of Transport explained that the Canadian National Railways operated a chain of 13 hotels of which five were owned by the Crown and the others by various corporate bodies. In view of the many controversies respecting federal and provincial jurisdiction over railway hotel employees, the C.N.R. wished to have all hotels brought under provincial jurisdiction. They recommended that a new hotel company, to be called Canadian National Hotels Limited, be incorporated under the Companies Act to own and operate all hotels. All hotel properties, including those owned by the Crown, would be transferred to the new company. It would issue stock of no par value in an amount sufficient to give it

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adequate working capital. The stock would be purchased by the C.N.R. The hotels would be transferred to the company in exchange for bonds issued to the C.N.R. equal to the value of the hotel properties. The reorganization would resolve the jurisdictional problems. The transfer would result in the loss of exemptions from provincial taxation accorded where title was in the Crown. The annual tax liability of the hotels would be increased by about $110,000. It was recommended that approval be given to the proposal.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 4, 1952 - Cab. Doc. 112-52).

9. The Minister of Labour felt it might be disturbing to labour negotiations presently under way if it became known that a decision had been taken to alter the organization of the Canadian National hotel system. It would be preferable to leave the matter in abeyance until contracts had been agreed.

10. The Prime Minister understood there were certain questions of title that would have to be cleared up before transfers to the new company could be made in any case. It would be desirable to advise the C.N.R. to have these problems taken in hand so that action might be taken along the lines they proposed at a later date.

11. The Cabinet, after discussion, noted the report of the Minister of Transport concerning the proposal by the Canadian National Railways for reorganization of the Canadian National hotel system and agreed that he advise the President of the Railways that it was not considered desirable to take an immediate decision on the recommendation but that it would be advisable to settle any outstanding questions of title as a preliminary to the reorganization if it were approved at a later date.

Newfoundland salted cod; deficiency payments on 1950 production

12. The Minister of Fisheries said that Order in Council P.C. 5056 of September 26th, 1951 authorized the Fisheries Prices Support Board to make deficiency payments to the "Producers" of the entire 1950 production of Newfoundland shore-caught salted cod. A small proportion of the fish had been

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bought in the raw state from fishermen by commercial processors and salted by them. The question was whether the payments should be to the fishermen or to the processors. The board considered the payments should be made to the fishermen and on the basis of the salted fish equivalent of the raw fish sales to the processors. It was recommended that authority be granted for such payments and the Order in Council be amended accordingly.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 4, 1952 - Cab. Doc. 111-52).

13. The Cabinet approved the recommendation of the Minister of Fisheries and agreed that Order in Council P.C. 5056 of September 26, 1951 be amended to provide that, for purposes of deficiency payments on 1950 production of Newfoundland shore-caught salted cod, the term "producers" be deemed to be those who both caught and salted the cod designated in the Order and also those who caught and sold raw cod for subsequent salting by processors; an Order in Council to be passed accordingly.

(Order in Council P.C. 2144, April 8, 1952).

Canada-United States convention on the operation of radio equipment or stations; ratification

14. The Secretary of State for External Affairs reported that, on January 2nd, 1951, the Cabinet had approved the signature by the Minister of Transport of a convention between Canada and the United States on the operation of radio equipment or stations by citizens of either country in the other country. The treaty had been signed and implementing legislation passed in 1951. In the United States the Senate had approved the convention on April 1st, 1952. It was recommended, with the concurrence of the Minister of Transport, that ratification by Canada be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum April 2, 1952 - Cab. Doc. 110-52).

15. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that the convention signed on February 8th, 1951 between Canada and the United States relating to the

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operating by citizens of either country of certain radio equipment or stations in the other country be ratified by Canada.

Treaty of Peace with Japan; agreement for the settlement of disputes

16. The Secretary of State for External Affairs pointed out that Article 15(a) of the Japanese Peace Treaty provided for the return, upon application within a limited time, of the property, rights and interests in Japan of the allied signatory powers and their nationals. It also provided for compensation for property which could not be returned or which had suffered injury or damage. A draft agreement had been prepared to provide for the settlement of disputes that might arise concerning the interpretation or execution of Article 15(a). The agreement provided for the establishment of joint property commissions to hear appeals and render decisions in certain circumstances. It did not call for ratification and would come into force between the government of an allied power and the Japanese government upon the date of its signature by the two governments or upon the date of the entry into force of the Treaty of Peace, whichever was later. It was recommended that the Canadian Ambassador in Washington be authorized to sign the agreement on behalf of Canada.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 4, 1952 - Cab. Doc. 116-52).

17. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that the Canadian Ambassador in Washington be authorized to sign the Agreement for the Settlement of Disputes arising under Article 15(a) of the Treaty of Peace with Japan; an Order in Council to be passed accordingly.

(Order in Council P.C. 2134, April 8, 1952).

Transport; subsidy for Wood Islands,P.E.I.-Caribou,N.S. ferry

18. The Minister of Transport, referring to discussion at the meeting of February 12th, 1952, said Northumberland Ferries Ltd. had reported that they

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required a minimum subsidy of $168,220 to carry on operation of the Wood Islands - Caribou ferry in 1952. The Canadian Maritime Commission, after looking into the matter, had recommended a subsidy of $158,000. The subsidy in 1951 had been $130,000. The increase of $28,000 was due to increased cost of operation and the cost of overhauls and repairs, including the quadrennial survey of the "Prince Nova". It was recommended that a subsidy be approved accordingly $130,000 was already provided in the Main Estimates, 1952-53 for the service.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 21, 1952 - Cab. Doc. 113-52).

19. The Cabinet approved the recommendation of the Minister of Transport and agreed that an additional subsidy of $28,000 be provided in the Supplementary Estimates, 1952-53 for the ferry service from Wood Islands, P.E.I. to Caribou, N.S.

Civil Service holidays; representations re Easter Saturday

20. The Secretary of State reported that representations had been received that there be a holiday in the Public Service on Saturday, April 12th, 1952. There was no precedent for such a holiday.

21. The Minister of Finance saw no reason to establish a precedent.

22. The Prime Minister suggested it be left to deputy heads of departments to determine what staff they would require, on the understanding that those not required to work could take statutory leave on Saturday morning.

23. The Cabinet, after further discussion, noted the report of the Secretary of State on representations for a holiday in the Public Service during the Easter week-end on Saturday, April 12th, and agreed that it be left to deputy heads of departments to determine what staff they would require, on the understanding that those not required to work could take that day as statutory leave if desired.

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ECOSOC; 14th Session, May, 1952; Canadian participation

24. The Secretary of State for External Affairs said the 14th Session of the Economic and Social Council would begin in New York in May and that important items on the agenda included aid to under-developed countries, technical assistance, full employment, human rights, freedom of information and refugees. It would be necessary for a Canadian delegation to attend and it was recommended that it be headed by Mr. Jean Lesage, M.P. with Dr. G.F. Davidson as the deputy representative. He would in due course be making proposals regarding the remainder of the delegation, which would probably include a second member of Parliament.

25. The Minister of National Health and Welfare remarked that his other Deputy Minister might have to attend another conference at about the same time. He would like to discuss, therefore, with Mr. Pearson the inclusion of Dr. Davidson in the delegation before a decision was reached.

26. The Cabinet, after further discussion, noted the recommendations of the Secretary of State for External Affairs and agreed that:

(a) a Canadian delegation attend the 14th Session of the Economic and Social Council beginning in New York in May, 1952; and,

(b) inclusion of Dr. G. F. Davidson in the delegation be discussed by the Minister of National Health and Welfare and the Secretary of State for External Affairs; the composition of the delegation to be considered further at a subsequent meeting.

Extradition treaty with the United States; ratification of supplementary convention re security frauds

27. The Minister of Justice, referring to discussion at the meeting of October 25th, 1951, said the supplementary convention with the United States regarding extradition for security frauds had now been ratified by the United States and proposed that a resolution be introduced seeking approval for Canadian ratification.

28. The Cabinet, after discussion, approved the recommendation of the Minister of Justice and agreed that he introduce in the House of Commons a resolution seeking approval for ratification of the supplementary convention with the United States about extradition for security frauds.

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Judicial appointments

29. The Minister of Justice put forward certain judicial appointments.

30. The Cabinet, after discussion, approved the recommendations of the Minister of Justice and agreed to the following appointments:

(a) Joseph Alfred Dion, Esquire, Q.C., of Roberval, P.Q., to be a Puisne Judge of the Superior Court of the Province of Quebec for the District of Quebec; Quebec City or its vicinity to be his place of residence;

(b) S. Freedman, Esquire, Q.C., of Winnipeg, to be a Judge of the Court of Queen's Bench of Manitoba; Orders in Council to be passed accordingly.

(Orders in Council P.C. 2136 and 2137, April 8, 1952).

By-elections; issue of writs

31. The Prime Minister proposed the issue of writs for certain by-elections.

32. The Cabinet, after discussion, approved the recommendations of the Prime Minister and agreed that writs be issued for by-elections in the electoral districts of Ontario, Ont.; Waterloo North, Ont.; Brome-Missisquoi, P.Q.; Victoria-Carleton, N.B.; Roberval, P.Q.; and Gloucester, N.B.; the writ respecting the electoral district of Ontario to be dated April 8th, 1952, those respecting the remaining districts to be dated April 9th, 1952 and the polling day in all these districts to be May 26th, 1952; Orders in Council to be passed accordingly.

(Orders in Council P.C. 2138, 2139, 2140, 2141, 2142, 2143, April 8, 1952).

Parliament; representation in the House of Commons

33. The Prime Minister, referring to discussion at the meeting of April 3rd, 1952, submitted and read a revised draft resolution on the establishment of a select committee of the House to consider and report on the re-adjustment in federal representation required as a result of the last decennial census.

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There were two main differences between the revision and the resolution now appearing on the Order Paper. The new resolution would provide that the proposed 15 percent limitation on the decrease in the number of representatives from any one province at a given time should not be applied cumulatively. The practical application of the revised formula would be that in the 1951 redistribution the representation for Saskatchewan would be reduced from 20 to 17 and not 15 as would be the case if section 51 of the B.N.A. Act were applied without the 15 percent limitation.In 1961, however, if the relative position of Saskatchewan remained unchanged the 15 percent formula would be applied to a total Saskatchewan representation of 15 and not 17.

Another change was designed to correct the anomaly arising out of the fact that New Brunswick had an effective floor of 10 for its federal representation in virtue of the special senatorial provision in the B.N.A. Act, whereas the floor in each of the prairie provinces was only 6. The new resolution would refer to the possibility of providing that no province could be represented by less than 10 members unless the total population of that province was less than that of New Brunswick or Nova Scotia.

34. The Minister of Resources and Development said that in the coming redistribution Nova Scotia stood to lose one member. The people of Nova Scotia had generally accepted this reduction as inevitable but now that it had become known that special provision might be made to cut the total reduction in Saskatchewan there was bound to be strong reaction in Nova Scotia. This would be particularly so since fishermen who had suffered losses in the December 1951 storm had as yet been unable to obtain effective assistance either from the provincial or the federal governments, and the argument would undoubtedly be advanced that the special redistribution treatment in respect of Saskatchewan was yet another example of discrimination in favour of the western provinces as against the maritimes.

35. Mr. St-Laurent pointed out that the 15 percent formula would guarantee that neither Nova Scotia nor New Brunswick could lose more than one member at any one time. As matters now stood, Nova Scotia could conceivably drop from 13 to 10 members in one stroke.

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36. Mr. Winters also doubted the advisability of dividing the Yukon and Mackenzie district of the Northwest Territories into two distinct electoral districts.

37. Mr. St-Laurent pointed out that, although the Yukon had a population of approximately 9,000 only and that portion of the Mackenzie District included in the existing electoral district something in excess of 10,000, there were many who felt that the territory was too vast and communications too difficult for a single member to serve the area adequately.

38. The Cabinet, after discussion, agreed that the Prime Minister arrange that day to withdraw the resolution on representation in the House of Commons now appearing on the Order Paper and to substitute therefor the revised resolution as submitted.

Legislation; Combines Investigation Act

39. The Minister of Justice, referring to discussion at the meeting of March 25th, 1952, said the Commissioner of Combines had prepared a draft revision of the Combines Investigation Act which embodied the various recommendations made by the MacQuarrie Committee. Although a complete revision of the act would probably be the neater way of proceeding, he thought that it might also result in prolonging debate in the House by inviting discussion on several sections of the act which it was not intended to modify. He consequently suggested that the act be not revised at this time but that a measure be introduced to amend those portions of the legislation which would require to be changed.

A draft revision of the act had been circulated.

(Preliminary draft revision of the Combines Investigation Act, April 2, 1952 - Cab. Doc. 109-52).

40. Mr. Garson mentioned that section 32 of the draft revision was designed to extend the authority of the Governor in Council to modify tariffs to any case where the Governor in Council, as the result of an investigation or of a court judgment, deemed such modification to be in the public interest.

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41. The Prime Minister pointed out that section 29 of the existing legislation now empowered the Governor in Council to reduce or to remove entirely any duties which had the effect of facilitating an existing combine. If it were determined that the present provisions were broad enough to meet all foreseeable contingencies, there would seem to be little point in widening the scope of the powers of the Governor in Council in this respect as recommended by the MacQuarrie Committee.

42. Mr. Garson said that section 34 of the draft revision was an entirely new provision authorizing any superior court to restrain by order the commission of a combines offence or any action which was directed towards the commission of such an offence and, where an offence had been committed, to forbid the continuance thereof and to direct that any merger, trust or monopoly formed in violation of the act be dissolved in such manner as the court might direct. This was very similar to the "cease and desist" procedure which had been in effect in the United States for some considerable time.

43. The Secretary of State for External Affairs wondered whether the proposed new restraining order procedure would not perhaps result in diminishing the effectiveness of the combines legislation in certain cases. He assumed that no offender could be prosecuted while he obeyed the terms of any such restraining order directed to him by the courts.

44. Mr. Garson said that the "restraining order" procedure had the advantage of giving more flexibility to the legislation and might be used to advantage in circumstances where normal prosecution might not be felt to be desirable.

Section 36 provided for the incorporation of section 498 of the Criminal Code into the combines legislation.

45. The Minister of National Health and Welfare questioned the advisability of deleting from the Criminal Code and including in other legislation any provisions which could not be considered as anything but pure criminal law.

46. Mr. Garson pointed out that the transfer of section 498 had been recommended by the MacQuarrie Committee. Furthermore, the Statute Revision Commission had independently arrived at the conclusion that certain

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sections now in the Criminal Code should more appropriately be included in other statutes such as the combines legislation, the Food and Drugs Act, etc.

47. The Cabinet, after considerable further discussion, agreed that:

(a) a bill to amend the Combines Investigation Act along the lines suggested by the Minister of Justice be printed; and,

(b) further consideration be given to the MacQuarrie Committee recommendations when the bill was available in printed form.

Parliament; legislation

48. The Secretary submitted certain draft legislation.

49. The Cabinet, after discussion:

(a) approved for introduction the resolution and bill entitled "The Treaty of Peace (Japan) Act, 1952," it being agreed that the resolution and bill be placed on the Order Paper following Parliamentary approval of the Japanese Peace Treaty; and,

(b) approved for introduction in the Senate in the first instance the bill to amend the Interpretation Act.

Economic and Social Council; Committee on Restrictive Business Practices

50. The Minister of Justice, referring to discussion at the meeting of January 23rd, reported that the Ad Hoc Committee on Restrictive Business Practices, established by the United Nations Economic and Social Council, had held its first session at the United Nations headquarters in New York during the period January 29th to February 6th, 1952. Canada had been represented by Mr. A. S. Whiteley, Deputy Commissioner of Combines, and by Mr. G. V. Sainsbury of the Department of Finance.

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The date of the second meeting had tentatively been set for April 28th, 1952. He recommended, with the concurrence of the Secretary of State for External Affairs, that future meetings be attended by Mr. T. D. MacDonald, Commissioner of Combines, as delegate and by Mr. A. S. Whiteley, Deputy Commissioner of Combines, as alternate delegate and that appropriate advisers from other government departments attend from time to time as required.

An explanatory note had been circulated.

(Minister's memorandum, April 7, 1952 - Cab. Doc. 115-52).

51. The Secretary of State for External Affairs suggested that, if it proved difficult because of pressure of business or for other reasons for Mr. MacDonald or Mr. Whiteley to attend the April 28th meetings, Canada could be represented by the Canadian Permanent Delegate to the United Nations or other External Affairs officials now located in New York.

52. The Cabinet, after discussion, agreed that Canada be represented at future meetings of the Ad Hoc Committee on Restrictive Business Practices by Mr. T. D. MacDonald, Commissioner of Combines as delegate and by Mr. A. S. Whiteley, Deputy Commissioner of Combines, as alternate delegate, with appropriate advisers from other government departments if required; it being understood that if it proved impossible for Mr. MacDonald or Mr. Whiteley to attend, Canada be represented by the Canadian Permanent Delegate to the United Nations or other External Affairs officials now located in New York.

Japan; status of Canadian forces after ratification of peace treaty

53. The Secretary of State for External Affairs said an agreement would have to be negotiated with Japan on the status of Canadian troops in that country following ratification of the peace treaty. It was proposed that Canada should ask Japan to agree to the same treatment which was to be accorded U.S. forces, plus certain additional benefits such as immunity from Japanese criminal jurisdiction even after it came to an end for U.S. forces, occupation of buildings by Canadian troops on a

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rent free basis and an annual contribution by Japan of yens to the value of £3.25 million in respect of all Commonwealth forces located in that country. It was thought that Japan might agree to these terms, since Canadian troops were to remain in Japan only for the duration of the Korean conflict, whereas the United States were being granted in perpetuity certain rights in regard to the stationing of U.S. troops in Japan.

(Memorandum, External Affairs, April 5, 1952).

54. The Cabinet, after discussion, noted with approval the report by the Secretary of State for External Affairs on forthcoming negotiations on the status of Canadian armed forces in Japan following ratification of the peace treaty with that country.

Canadian National Railways; agreed charge for oil shipments in Saskatchewan; truckers' representations

55. The Minister of Transport reported that Canadian National Railways had made arrangements with Imperial Oil Company to move oil in Saskatchewan at an agreed charge and that this charge was now before the Board of Transport Commissioners for consideration. The trucking companies, however, had taken the position that the agreed charge was such that, if approved by the Board, it would put them out of business. He had received representations in the matter from the Minister of Agriculture and the Member for Regina. Subsequently, a delegation from the Canadian Automotive Transport Association had urged strongly that the Transport Act, 1938 be so amended that truckers -- and not merely railways, airlines and shipping companies as at present -- would be "carriers" under the Act and would thereby be entitled to appear before the Board and make representations regarding the agreed charge in question. He had informed the Association that there was little prospect of an early amendment of the type proposed and that designation of truckers as "carriers" under the Act would probably mean that, although they would be entitled to make representations, their operations within a province would come under the jurisdiction of the Board.

56. The Prime Minister thought truckers would have to remain outside the operations of the Act mentioned, or, if they wanted to be in a position

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to make representations to the Board, to come under its jurisdiction as well. He thought the best reply to representations would be to indicate that the question was part of the larger issue of the powers of the Board with respect to trucking raised in the Report of the Royal Commission on Transportation and that the government had not yet had an opportunity to consider the Commission's proposals.

57. The Cabinet, after further discussion, noted the report of the Minister of Transport on representations from truckers regarding the agreed charge for the movement of oil for the Imperial Oil Company by the Canadian National Railways, in Saskatchewan, and the comments of the Prime Minister on the position to be taken in reply to such representations.

Canadian Broadcasting Corporation; exemption of News Service from provisions of collective bargaining legislation

58. Dr. McCann said the Canadian Broadcasting Corporation had been notified by the Canada Labour Relations Board of an application for certification of bargaining agent by the Canadian Wire Service, Local 213, American Newspaper Guild, which wished to be in a position to represent editorial employees in Canada of the C.B.C. national and international services, including copy clerks and news round-up editors but not editors in charge of newsrooms or those of more senior status. The application indicated that there were some fifty-one employees in the bargaining unit under consideration, thirty-four being members of the applying unit.

The Board of Governors had pointed out that the C.B.C. News Service had always been regarded as a public trust and was therefore in a position different from thatof other news services. The C.B.C. Rules and Regulations required an unbiased presentation of significant news and indicated that the responsibility for maintenance of this policy devolved upon the individual editors who prepared bulletins. It seemed important that the staff of the news service should not have any affiliation that might, or could be said to, affect the execution of such a policy. The unit applying in the present case was a local of an organization affiliated to a congress which had political connections. Such affiliations might result in influence being brought to bear on the

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editorial staff and were, in any case, likely to lead to loss of public confidence in the integrity of the News Service. In the circumstances, the Board had asked that, pursuant to Section 54 of the Industrial Relations and Disputes Investigations Act, the C.B.C. News Service staff be exempted by Orders in Council from the provisions of Part I of the Act.

59. The Cabinet, after discussion, noted Dr. McCann's report that the Board of Governors of the Canadian Broadcasting Corporation had asked that the C.B.C. News Service be exempted from the provisions of Part I of the Industrial Relations and Disputes Investigations Act, and agreed that he discuss the matter with the Minister of Labour before it was given further consideration at a subsequent meeting.

Cross Point, P.Q. and Campbellton, N.B. Ferry Service; subsidy

60. The Minister of Transport reported that, up to 1951, when the boat providing the service was lost by fire, a ferry service had been in operation for over fifty years between Cross Point, P.Q. and Campbellton, N.B., terminals having been constructed and maintained by the Department of Public Works. The distance between the two points by water was half a mile as against twenty-seven miles by road and, in 1950, the ferry had carried some 100,000 passengers and 60,000 vehicles.

After the loss of the ferry several applications had been received for subsidy assistance to restore the service and now even local municipalities who had pressed for construction of a bridge supported resumption of this service. The Department of Public Works had called recently for tenders for a licence for this service and those received had requested a subsidy.

The Canadian Maritime Commission had recommended acceptance of the tender submitted by the last operator, Restigouche Ferries Limited, which offered a steel ferry, costing $200,000, with capacity for twenty automobiles. An annual subsidy of $58,000 for five years had been requested to cover part of the cost of construction and estimated operating losses and, to finance construction, the company would secure loans and mortgages in the amount of $140,000 at 5 percent interest for five years, and provide $60,000 from its own resources.

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The Commission had recommended conclusion of a contract with this company providing for the payment over a five-year period of a subsidy totalling $252,000 and containing a recapture clause designed to keep subsidy assistance at the minimum consistent with the maintenance of the service, which would be named "Cross Point, P.Q. and Campbellton, N.B. Ferry Service". The contract would come into force concurrently with the commencement of service with the new ship.

He recommended that the Commission be authorized to conclude a contract in the foregoing terms and that $70,000 be provided for this service in the Supplementary Estimates for 1952-53, under the heading of "steamship subventions".

An explanatory memorandum had been circulated.

(Minister's memorandum, April 7, 1952 - Cab. Doc. 114-52).

61. The Cabinet, after discussion, approved the recommendation of the Minister of Transport and agreed that, with a view to facilitating resumption of the ferry service between Cross Point, P.Q. and Campbellton, N.B., the Canadian Maritime Commission conclude a subsidy contract, in the terms proposed, with Restigouche Ferries Limited; a sum of $70,000 to be provided for this service in the Supplementary Estimates for 1952-53, under the heading of "steamship subventions".

St. Lawrence Project

62. The Secretary of State for External Affairs, referring to discussion at the meeting of March 28th, 1952, said the U.S. Secretary of State had seen the President over the week-end about the Canadian request that Mr. Truman take early action to designate an authority in the United States responsible for the development of power on the U.S. side of the international section of the St. Lawrence River. Mr. Truman had indicated appreciation of Canada's patience over the years in awaiting U.S. action on the St. Lawrence project. Mr. Acheson had subsequently suggested that Mr. Pearson discuss the matter with Mr. Truman and it had now been learned that Mr. Truman was prepared to receive him on April 14th. He and the Minister of Transport, who would be in Washington at that time, could therefore call on Mr. Truman as proposed if this were considered desirable. It appeared wise to take advantage of this opportunity with a view to obtaining a decision at the earliest possible date. Mr. Acheson was hopeful that Mr. Truman would be prompt in arriving at a decision although it would be recalled that his Secretary of the Interior was opposed to designation of the New York Power Authority.

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63. The Minister of Transport mentioned that the Board of Engineers established to prepare a draft of the Canadian reference to the International Joint Commission and of a set of conditions to govern the operation of the power project appeared to have nearly completed its task. A difficulty had arisen, however, in that the Quebec member of the Board had now raised questions with regard to "Method of Regulation No. 5" which had long since been approved by engineering officials in both countries. The Chairman of the Board planned to have the Quebec and Ontario members meet shortly in the hope of clearing up this matter.

It would still be necessary to hold a further meeting of Canadian and U.S. officials to discuss certain outstanding engineering and legal problems.

64. The Prime Minister thought the proposed visit to the President would be useful as it was desirable that Mr. Truman be made to feel that he was committed to early action on the power project and that he would be falling down on the undertaking he had given in the autumn if he did not now designate a power development authority. If he agreed at an early date to take action, it might be necessary for the government to proceed with its reference to the Commission without the express agreement of the Quebec member of the Board of Engineers. The position was that the Board was expected to give advice but that the government had the responsibility for making a reference to the Commission.

65. The Cabinet, after further discussion, noted the report of the Secretary of State for External Affairs and agreed that:

(a) the Secretary of State for External Affairs and the Minister of Transport accept an invitation to call on President Truman on April 14th to press the Canadian request that he take prompt action to permit reference of the St. Lawrence Power Project to the International Joint Commission;

(b) every effort be made to ensure early completion of the work of the Board of Engineers and of discussions with U.S. officials so that there might be no risk of delay in submission of the Canadian reference to the International Joint Commission in the event of Mr. Truman acting promptly.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 22nd,1952

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, April 22nd, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Coronation Commission; Canadian members

1. The Prime Minister said Buckingham Palace had enquired as to whether the third Canadian member of the Coronation Commission could now be named. The first two members would be the Prime Minister and the Canadian High Commissioner at London.

He recommended that Mr. Frederick Hudd, who since 1941 had been Official Secretary at Canada House, be the third Canadian member.

(Secretary's note to the Prime Minister, April 22, 1952).

2. The Cabinet, after discussion, agreed that Buckingham Palace and Canada House be now informed that Mr. Frederick Hudd, Official Secretary at Canada House, would be the third Canadian member of the Coronation Commission.

Legislation; Canada Grain Act amendment

3. The Minister of Trade and Commerce reported that it was proposed to introduce a measure during the current session of Parliament to amend the Canada Grain Act in several respects.

One of the amendments would involve provision for an increase of $2,000 in the salaries of the Chief Commissioner, Commissioners and Assistant Commissioners to $14,000,$12,000 and $8,500 respectively.

An explanatory note was circulated.

(Minister's memorandum, April 22, 1952 - Cab. Doc. 126-52).

4. The Minister of Finance questioned the advisability of fixing the Chief Commissioner's salary at $14,000. During the past few years, the pattern had been established of fixing the salaries of senior officials at $15,000, $13,500, $12,000 and $10,000. In the circumstances, it might be preferable to fix the Chief Commissioner's salary at either $13,500 or $15,000. Decision on this particular amendment might be deferred pending further consideration of the matter by him with Mr. Howe.

5. The Cabinet, after discussion, approved in principle amendments to the Canada Grain Act as

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recommended by the Minister of Trade and Commerce, subject to further consideration being given to the proposed salary increase for the Chief Commissioner of the Board of Grain Commissioners by the Minister of Trade and Commerce and the Minister of Finance; a draft measure to be prepared accordingly.

Parliament; legislation

6. The Secretary submitted certain draft legislation.

7. The Cabinet, after discussion:

(a) approved for simultaneous introduction in the Senate and House of Commons the following resolutions:

Resolution seeking Parliamentary approval of the Genocide Convention;

Resolution seeking Parliamentary approval of the Supplementary Convention to amend the Extradition Treaty with the United States;

(b) approved for introduction in the Senate in the first instance the bill to amend the Supreme Court Act; and

(c) approved for introduction in the House of Commons the resolution and bill to amend the Pension Act.

Legislation; Civilian War Pensions and Allowances Act amendment

8. The Minister of Veterans Affairs said that, in view of recent increases in benefits under the Pension Act, it would be advisable to amend the Civilian War Pensions and Allowances Act to provide for parallel increases in benefits paid out under that legislation.

At the present time, there were only six persons receiving such benefits and, because of limitations imposed by the statute, it was not possible that the number of beneficiaries could now be increased. The total annual liability in respect of these six cases was $2,136 and, if the recommended increases in benefits were put into effect, the additional liability would be $1,068 per annum.

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9. The Cabinet, after discussion, approved in principle the proposed amendment to the Civilian War Pensions and Allowances Act as recommended by the Minister of Veterans Affairs and agreed that a draft measure be prepared accordingly.

Pork; price support and general policy

10. The Prime Minister, referring to the discussion at the meeting of March 31st, 1952, said the Interdepartmental Committee on External Trade Policy had submitted a further report on the pork position. Hog marketings since January 1st had exceeded those of 1951 and in the weeks until the end of June it was expected that there would be a surplus of from 205,000 to 260,000 hogs. This was the equivalent of 15 to 20 million pounds of canned pork or 25 to 32 million pounds of Wiltshire sides. The authorization to can 20 million pounds of pork had been exhausted. As of April 1st there were 11 million pounds more meat in cold storage in Canada than on the same date in 1951. If no extra beef whatever was added to storage it was estimated that all space would be filled with pork before May 1st.

Discussions were under way in the United Kingdom about a triangular arrangement for an exchange of meat. It seemed doubtful whether any pork could be disposed of but this should be known shortly. Export outlets were limited by present Canadian prices. The support price was now well above the U.S. price of pork. The conditions stated in the announcement of February 14th as justifying a reconsideration of the support price were now present.

As to the form in which to hold the pork coming to market, there was no case for adding to the supply of pork cuts. If pork could be disposed of to the United Kingdom, it would be desirable to put Wiltshire sides into cold storage. However, unless pork could be moved in some form the only resort would be a further canning programme.

It was for consideration whether the government should not start to take its losses on the canned pork programme by pushing the pork into consumption, both domestic and foreign, at competitive prices. The pork could not be sold at a price that would cover its cost. Government institutional buying should be directed toward it. There was a possibility, although not a good one,

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that some of the pork might be disposed of to the U.S. army or Korean relief if prices were reduced. However, it seemed that such possibilities would not meet much of the problem. Consideration might be given to discussion with the U.K. government about providing the meat needs of the United Kingdom and Canadian forces in Germany. Possibly such an arrangement could be related to the current discussions with the United Kingdom as to whether Canadian barrack and other requirements were to come out of the U.K. share of German contributions to European defence.

Copies of the report had been circulated.

(Secretary's memorandum, April 21, 1952 - Cab. Doc. 122-52).

11. The Minister of Agriculture said the facts of the position were substantially as outlined in the report. He thought it undesirable, however, to reach any decisions on policy until the results were known of the discussions currently under way in London. If pork could not be disposed of by a triangular arrangement there would probably have to be consideration of a plan to give some of it away. There should be authorization to take pork in the form of Wiltshire sides and a recommendation for such authority was submitted.

12. The Minister of Finance agreed that it might be desirable to hold off decisions until the results of discussions with the United Kingdom were known. He was strongly of the view that the support price for pork should be reconsidered and adjusted downward.

13. The Minister of Trade and Commerce said there were a number of pork products that could be exported to the United States if prices were right. Canned hams could be disposed of in that way.

14. The Cabinet, after considerable discussion:

(a) agreed that decisions on support price for pork and future policy in relation to pork be deferred until the results were known of discussions currently under way in the United Kingdom for a triangular arrangement for the exchange of meat; and,

(b) approved the recommendation of the Minister of Agriculture that the pork price support

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programme be extended to fresh frozen Wiltshire sides at a price equivalent to 26 cents per pound for warm dressed carcasses basis Toronto and Montreal; an Order in Council to be passed accordingly.

(Order in Council P.C. 2359, April 22, 1952).

Beef; support price

15. The Minister of Agriculture, referring to discussion at the meeting of April 8th, 1952, submitted a recommendation for the establishment, as agreed, of a support price for beef on the basis of $25.00 per hundred pounds live weight for good steers at Toronto. He read the text of an announcement he proposed to make in the House of Commons. It would state that the Federal government had decided to place a floor price under cattle until the U.S. embargo was removed. Until July 1st the price would be at $25.00 per hundred pounds for good steers basis Toronto with appropriate differentials for other points as given in the announcement. On that date an announcement would be made of the price for July and thereafter the price would be announced on a month to month basis. The announcement would emphasize the importance of seeing that orderly marketing was maintained and that an over supply of beef was not brought forward.

16. Mr. Gardiner said there was space for about 25,000 cattle on community pastures in Western Canada. If marketing exceeded requirements an attempt might be made to persuade stock producers to put cattle on the pastures at the usual fee.

17. The Minister of Finance mentioned that New Zealand had agreed in principle to the proposal for a meat exchange arrangement involving beef.

18. The Cabinet, after discussion:

(a) approved the recommendation of the Minister of Agriculture and agreed that the Agricultural Prices Support Board be authorized to prescribe a support price for beef equivalent to $25.00 per hundred pounds live weight for good steers at Toronto with appropriate price differentials for other grades and markets throughout Canada; an Order in Council to be passed accordingly;

(Order in Council P.C. 2360, April 22, 1952)

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(b) noted with approval the terms of the announcement the Minister of Agriculture proposed to make concerning the support price for beef.

Foot and mouth disease; new case

19. The Minister of Agriculture reported that a new case of foot and mouth disease had developed on Saturday, April 19th, near Ormiston, Saskatchewan, five miles outside the quarantine area. Until then there had not been a new case for six weeks. The location was in the buffer zone surrounding the quarantine area. No beef had been shipped from the zone since the quarantine was established. It would probably make it necessary to continue the policy of prohibiting shipments from the buffer area through Winnipeg.

20. The Cabinet noted the report of the Minister of Agriculture concerning a new case of foot and mouth disease.

Resettlement of farmers from sub-marginal lands; Bow River project

21. The Minister of Agriculture saidTreasury Board wished to refer for Cabinet consideration a proposal for movement of farmers from two townships in the Palliser Triangle to land in the Bow River irrigation area. This was a continuation of the policy that had been in effect since 1939 of transporting settlers from the dried out areas to other localities in Western Canada.

22. The Minister of Finance pointed out that, according to his information, this was the first large scale plan for the movement of farmers to a major irrigation project. Important questions of principle emerged. As he understood it, the plan was that farmers to be moved could exchange land they held in dry areas for land in the irrigation project acre for acre up to 160 acres, of which 140 could be irrigable. Any excess of dry land up to 480 acres could be turned over to the government for a credit of $2.00 per acre. By inference, land in the irrigation project was thus acquired at $2.00 per acre. In addition farmers were required to pay $10.00 per irrigated acre for water rights. The total price thus came to $12.00 per acre.

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The entire project was estimated to cost $17.25 million when completed, of which the government's share would be $14.5 million and Alberta's $2.75 million. The cost per irrigable acre was thus $72.00, or $60.00 counting the government's share only. He understood that the present market price of land of this type was of the order of $40.00 per acre. Acquisition of land on the basis proposed amounted to a subsidy of some $4,000 per farm family as compared with market value, or $8,400 as compared with the two governments' costs, plus transportation costs. No such favourable terms had been offered to any other Canadians, not even veterans.

About 1,400 settlers could be accommodated in the project of which 900 could be on land belonging to the government of Canada. He understood that the P.F.R.A. now knew of some 8,000 farm families who should be moved out of dried out areas. The plan would thus give a large subsidy to a very small group. It was difficult to see how to justify according such preferred treatment to a few persons. There was no objection to people in the dry area being settled on irrigated land but the question was as to the basis of settlement. A further question was whether the Federal government accepted responsibility for the resettlement of all persons in the Palliser Triangle.

23. The Minister of Agriculture explained that there had been a previous case of movement to an irrigation project in the Rolling Hills area. Settlements had, in all previous cases, been on a $10.00 an acre basis. As to the responsibility of the Federal government, it arose from the fact that the lands had been under Federal control at the time of original settlement. It had long been recognized that many of them should never have been opened for settlement. The families it was proposed to move were those resident on lands that were to be incorporated in community pastures. It was not a matter of selecting individuals on an arbitrary basis.

24. The Cabinet, after discussion, agreed that the Minister of Finance consult with the Minister of Agriculture concerning a memorandum for circulation to the Cabinet about the proposed resettlement of farmers from sub-marginal lands on land in the Bow River irrigation project; the matter to be further considered at a subsequent meeting on the basis of the memorandum.

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Legislation; marine and air war risk insurance

25. The Minister of Finance recalled that, at the meeting of October 31st, 1951, in order to provide for continued operation of the Canadian merchant fleet in wartime, it had been agreed that he negotiate a stand-by reinsurance agreement with a suitable group of Canadian shipowners. The shipowners were now prepared to form a mutual assurance association for the purpose of negotiating a reinsurance arrangement with the government and a petition for a private Act of Parliament to provide for their incorporation had been filed with the Senate. The bill would probably be considered there in May and the government's policy in the matter must then be made known. The proposed managers of the association had submitted a satisfactory draft agreement. In addition, the Air Transport Board had recommended similar facilities for aircraft and some kind of reinsurance facilities for cargo might also be required.

He recommended, therefore, introduction at this session of a brief bill authorizing the Minister of Finance to enter into reinsurance agreements, on such terms as might be approved by the Governor-in-Council, to insure or reinsure against war risks, Canadian ships, aircraft and cargo consigned to or from Canada. This would place Canada in the same position as the United Kingdom and the United States. It remained to be determined what might be the most suitable arrangements for aircraft and cargo. The shipping aspect of the question, however, was fully developed and had the approval of the Maritime Commission and the shipowners and when legislative authority was provided, formal negotiation of an agreement could be undertaken.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 17, 1952 - Cab. Doc. 121-52).

26. The Cabinet, after discussion, agreed in principle to the introduction during the present session of a bill regarding marine and air war risk insurance as proposed by the Minister of Finance; a draft measure to be prepared for consideration at a subsequent meeting.

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C.N.R.; purchase of Canada Coach Lines Ltd.

27. The Minister of Transport, referring to discussion at the meeting of March 17th, 1952, said the President of the Canadian National Railways had recommended that he be authorized to negotiate the purchase of all the assets and franchises of the Canada Coach Lines Limited for not more than $1.25 million. The bus company's services in and to the west of the Niagara Peninsula were competitive with those of the railway and certain bus services of a C.N.R. subsidiary were competitive with those of the company. As a result of evaluations by independent auditors it was estimated that the net value of the assets of Canada Coach on December 31st, 1951 had been $1,250,708. The C.N.R. had estimated that, under average conditions, the net earnings of the bus company would be about $50,000 a year before income taxes and that net annual savings of $160,000 would result from consolidation with the railway. The combined figure of $210,000 per year represented 16.8 percent of the proposed purchase price.

The C.N.R. had pointed out that acquisition of the bus company would not raise the issue of its engaging in new competition with private capital in the highway transport field, since it would merely take over operations now conducted under franchises granted by the Ontario Municipal Board and its operations would be limited by the terms of such franchises which define the permissible extent of competition with other highway operations.

As the C.N.R. had not provided for this purchase in its 1952 budget, it was proposed that it be financed temporarily from working capital or other funds available pending inclusion of an appropriate item in the 1953 budget.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 4, 1952 - Cab. Doc. 117-52).

28. The Minister of Finance assumed the C.N.R. was satisfied that purchase of the bus company would be profitable and that it had the right to operate a bus line. He thought its proposal for financing the purchase was unsatisfactory and that it would be preferable to indicate, once the 1952 budget was in committee, that it would have to be increased to provide for the purchase.

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29. Mr. Chevrier pointed out that the C.N.R. was already operating bus services in other provinces. It would be asked to submit a revised budget for introduction in committee.

30. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that the President of the Canadian National Railways be informed that:

(a) there was no objection to negotiation of the purchase of Canada Coach Lines Limited for not more than $1.25 million if he considered this would be profitable to the Railways; and

(b) in the event of the Railways completing arrangements for purchase, an amended budget for 1952 providing for this purchase should be submitted for introduction when the present 1952 budget was in committee.

Trans-Canada Air Lines; extension to Western Germany

31. The Minister of Trade and Commerce said there was at present an opportunity, that might not exist later, of obtaining a franchise for a Trans-Canada Air Lines service to Hamburg and Dusseldorf, Western Germany. In the circumstances and as there was substantial traffic available, he recommended that the service to London and Paris be so extended.

32. The Cabinet, after discussion, approved the recommendation of the Minister of Trade and Commerce and agreed that there be designated an international air service between Canada and the German Federal Republic, to be maintained between Montreal or any other point in Canada and Hamburg and Dusseldorf; to be direct or via any of the following intermediate points: Gander, Goose Bay, the Azores, Iceland, Shannon, Glasgow (Prestwick), London and Paris; and to be organized, maintained and operated by Trans-Canada Air Lines under the Trans-Canada Atlantic Contract of January 30th, 1948, or any amendment or assignment thereof or substitution therefor; an Order in Council to be passed accordingly.

(Order in Council P.C. 2366, April 22, 1952).

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Canadian International Trade Fair; continuation in 1953

33. The Minister of Trade and Commerce, referring to discussion at the meeting of June 19th, 1951, reported that, as the Fifth Canadian International Trade Fair would open on June 2nd, it would be desirable to announce before May 1st any intention to hold the fair again in 1953. Last year it had been indicated that the future of the fair beyond 1952 would depend on increased Canadian participation. The figure for space sold to Canadian exhibitors for the 1952 fair was double that for 1951 and total space sales had increased. The advisory committee to the fair administration, which included representatives of leading national business organizations, favoured continuation.

In budgeting for the 1952 fair it had been estimated that expenditures would total $760,000 and revenue $458,000 and it was still expected that the actual deficit would be in line with this estimate. If a fair were held in 1953, it was considered desirable to make an increased sum of $40,000 available for advertising and other promotional purposes, with the expectation that this higher figure would be offset by added revenue from space sales.

He recommended that the fair be held again in 1953, pointing out that it resulted in valuable advertising for Canada in nearly all countries with which it had important commercial connections and had proved effective in attracting industries to Canada.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 22, 1952 - Cab. Doc. 120-52).

34. The Cabinet, after further discussion, approved the proposals of the Minister of Trade and Commerce for continuing the Canadian International Trade Fair in 1953; it being understood that an increased sum of $40,000 would be made available for advertising and other promotional purposes.

World Health Organization; Fifth Assembly; Canadian participation

35. The Secretary of State for External Affairs, after outlining the agenda for the Fifth Session of

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the World Health Assembly, made certain proposals, concurred in by the Minister of National Health and Welfare, for Canadian participation.

An explanatory memorandum was circulated.

(Minister's memorandum, April 22, 1952 - Cab. Doc. 125-52).

36. The Cabinet, after discussion, approved the recommendations of the Secretary of State for External Affairs, concurred in by the Minister of National Health and Welfare and agreed that:

(a) the following delegation participate in the Fifth Session of the World Health Assembly to be held in Geneva in May, 1952:

Head of delegation:	Dr. O.J. Leroux, Department of National Health and Welfare.
Alternate delegates:	Dr. W.H. McMillan, M.P.
	Dr. J.T. Phair, Deputy Minister of Health of the Province of Ontario.
Special adviser:	Dr. T.C. Routley, General Secretary, Canadian Medical Association.
Adviser and Secretary to the delegation:	An officer of his department to be named by the Secretary of State for External Affairs.

(b) necessary travelling and living expenses incurred in connection with attendance at the Assembly of the above delegation be charged to Vote No. 257 of the Department of National Health and Welfare.

Appointments; Canadian Broadcasting Corporation; National Gallery

37. Dr. McCann made a proposal for an appointment to the Board of Governors of the Canadian Broadcasting Corporation.

38. The Minister of Citizenship and Immigration proposed that certain persons be appointed to the Board of Trustees of the National Gallery.

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39. The Cabinet, after discussion, approved the recommendations of Dr. McCann and the Minister of Citizenship and Immigration and agreed to the following appointments:

(a) R.J. Fry, Esq., of Winnipeg, Man., to be a governor of the Canadian Broadcasting Corporation for a period of three years, effective April 1st, 1952;

(b) Mrs. H.A. Dyde of Edmonton, Alta., C.P. Fell, Esq., of Toronto, Ont., Dr. W.T.R. Flemington of Sackville, N.B., Cleveland Morgan, Esq., of Montreal, P.Q., and Jean Raymond of Westmount, P.Q., to be members of the Board of Trustees of the National Gallery of Canada;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 2252, 2387, April 22, 1952).

Defensive equipment of Canadian ocean-going merchant ships; programme for existing ships

40. The Minister of Transport, referring to discussion at the meeting of September 12th, 1951, recalled that the Cabinet had agreed to consider further the desirability of degaussing and stiffening the existing 84 merchant ships of the Canadian flag merchant fleet if this could be done when ships were undergoing normal refits without prolonging their stay in port.

25 ships had been inspected to date by the Navy. If had been found that degaussing equipment fitted to a number of these during the war was in much better condition than anticipated and that the gun stiffening was still in place. It was now estimated that the total cost of reconditioning degaussing equipment and, in some cases, providing new degaussing for the 25 ships would be $355,000. The $500,000 provided in Transport's Estimates for 1952-53 was considered sufficient to meet expected expenditures during the year on the defensive equipment of ships under construction and to permit a start on the degaussing of existing ships and it was recommended that authority be given for this work to proceed where it could be done with due regard to economy and without prolonging the ships' stay in port.

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An explanatory memorandum was circulated.

(Minister's memorandum, April 21, 1952 - Cab. Doc. 123-52).

41. The Cabinet, after discussion, noted the recommendations reported by the Minister of Transport, on reconditioning of degaussing equipment and provision of new degaussing on existing Canadian sea-going merchant ships and deferred decision pending submission of information as to the extent to which such measures were being taken by other North Atlantic Treaty countries at this stage.

I.C.A.O.; air navigation services in Iceland; Canadian assessment for 1952

42. The Minister of Transport reported that, under the 1952 budget approved by the Council of the International Civil Aviation Organization for the operation and maintenance of air navigation services in Iceland, Canada was assessed the equivalent of some $32,000 - about $8,000 less than for 1951. Funds for this purpose were included in the Estimates for 1952-53 but, as the assessment exceeded the maximum Canadian assessment in kronur provided for under the Final Act, the Council had submitted it for approval with an explanation of the circumstances. It was recommended that the Council be informed that the Canadian assessment for 1952 was approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 17, 1952 - Cab. Doc. 119-52).

43. The Cabinet approved the recommendation of the Minister of Transport and agreed that his department inform the Council of the International Civil Aviation Organization that Canada accepted the figure of approximately $32,000 for which it had been assessed in the 1952 budget for the operation and maintenance of air navigation services in Iceland.

Pelee Island steamship service, Lake Erie; additional subsidy

44. The Minister of Transport said the company operating the Pelee Island steamship service

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in Lake Erie had represented that last year's operations would show a deficit of some $7,500, bringing the total operating deficit to over $20,350 for the past eight years and that the annual subsidy should be increased from $19,000 - the amount provided in the 1952-53 Estimates - to $34,000. On the advice of the Maritime Commission, he recommended that additional subsidy of $11,000 be provided for the service.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 7, 1952 - Cab. Doc. 118-52).

45. The Cabinet, after discussion, approved the recommendation of the Minister of Transport and agreed that an additional subsidy of $11,000 be provided for the Pelee Island steamship service; this amount to be included in the Supplementary Estimates for 1952-53 under the heading of "steamship subsidies".

Public Service; five-day week

46. The Minister of Finance, referring to discussion at the meeting of March 11th, 1952, said the National Joint Council of the Public Service had enquired whether the government would consider adopting the five-day work week for all civil servants. The employees' representatives on the Council had recommended the shorter week but the government representatives were not prepared to consider it unless the government indicated a willingness to accept the principle.

The case for the five-day week was based on the trend since the war in private companies, its acceptance by several Crown companies and agencies and the difficulty of recruiting competent staff in metropolitan areas. However, in view of all the circumstances, the most sensible policy appeared to be not to agree to the principle of the five-day week in general at this time or to its application in Ottawa, where the main pattern of employment was set by the government, but - as already authorized with respect to Toronto - to re-arrange existing hours of work in offices in Montreal or other major centres, as Treasury Board might decide, where the five-day week for office work had become predominant, in so far as this could be done without requiring increased staff to maintain services. It appeared essential to introduce the five-day week in government offices in Montreal.

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An explanatory memorandum was circulated.

(Minister's memorandum, April 19, 1952 - Cab. Doc. 124-52).

47. The Minister of National Health and Welfare thought that, as suggested by Mr. Abbott, it was justifiable to make a distinction between the position of government offices in Ottawa and those in other major centres.

48. The Minister of National Defence said he was inclined to agree with the proposals put forward but would like to consider further their effect in the case of the Naval Dockyard in Halifax.

49. Mr. Abbott expressed agreement with an observation of the Minister of Transport that it would probably be necessary to introduce the five-day week in Ottawa at some time in the future.

50. The Cabinet, after further discussion, noted the recommendations of the Minister of Finance on the question of introduction of the five-day week in the Public Service and deferred decision in the matter pending further discussion at a subsequent meeting.

St. Lawrence Project; report

51. The Secretary of State for External Affairs, referring to the discussion at the meeting of April 8th, 1952, reported that on April 14th he and the Minister of Transport had met with President Truman at the White House and had a satisfactory discussion on the St. Lawrence project. The U.S. Secretary of State, the Under-Secretary of State, the Canadian Ambassador to the United States, the U.S. Ambassador to Canada and Mr. Murphy, Special Counsel to the President, had also been present.

Mr. Truman had opened the discussion by saying that he was anxious that the project be started as soon as possible but that there was some prospect of the U.S. Senate acting on the 1941 Agreement. The Foreign Relations Committee would consider the matter on April 22nd and was expected to report the joint resolution endorsing the Agreement. He had therefore asked that the Canadian government consent to wait for a month to determine what action the Senate would take. Mr. Pearson and Mr. Chevrier had replied that

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their colleagues were anxious that there be no delay in agreement on a reference by both governments of the power question to the International Joint Commission. To the surprise of the U.S. officials present, Mr. Truman had then stated that he had no objection to the two governments proceeding to a reference without delay.

Mr. Murphy had stated that it would not be necessary to specify a U.S. power-development authority in a reference at this time and that one could be named later if it became clear that Congress would not act on the combined waterway and power project. He had enquired whether the reference would cover an all-Canadian waterway. Mr. Pearson had replied that it would not unless it were found that such a waterway would affect levels. There would be no objection, of course, to U.S. authorities seeing the plans for the Canadian waterway.

When Mr. Acheson had suggested that it had been agreed during the discussion that there would be a month's delay in submission of a reference, Mr. Pearson had said that his understanding was that an application would be filed with the I.J.C. just as soon as it could be prepared and that for a month after April 22nd the designation of a U.S. power-development agency was not expected but that this would follow if Congress failed to act in due course. The President had endorsed this interpretation of the understandings reached and it was agreed to proceed as rapidly as possible with preparation of a reference and to inform the press at once.

There was now an agreed minute of the discussion recording the intention of the U.S. Administration to proceed promptly with a reference.

On April 19th, Mr. Truman had sent a letter to the Chairmen of the Senate Foreign Relations Committee and the House Public Works Committee to the effect that Congress now had its last chance to approve the 1941 Agreement and that it had been agreed that an application to the I.J.C. would be completed and filed at an early date.

In the circumstances, it only remained to complete preparation of the reference. The Canada and U.S. legal and engineering sub-committees were expected to meet in Washington on April 24th when Canadian engineers would be discussing with their American colleagues a draft application now being put in

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shape in Ottawa. The legal experts would also be discussing this draft with a view to arriving at some procedure which would avoid the legal and constitutional difficulties that it was feared might arise in the United States.

It might be desirable to make a statement in the House based on the discussions with President Truman.

52. The Minister of Transport pointed out that the interdepartmental committee concerned with the St. Lawrence project had prepared a draft statement.

53. The Cabinet, after further discussion, noted the report of the Secretary of State for External Affairs regarding the discussions on the St. Lawrence Seaway Project he and the Minister of Transport had had in Washington with President Truman and other U.S. officials.

German war criminals; review board; Canadian participation

54. The Minister of National Defence recalled that, at the meeting of March 11th, 1952, it had been agreed that the cases of Kurt Meyer and Johann Neitz, who had been convicted of war crimes by Canadian military courts, be dealt with by the review board to be established as a result of the war criminals article agreed to by the German Chancellor and the Foreign Ministers of the Occupying Powers, provided it proved possible to arrange for a Canadian nominee to be substituted for the U.K. member of the board when these cases were considered.

United Kingdom authorities had now urged that, as the position of the draft contractual arrangements with Western Germany was extremely delicate, they be not pressed to take up the question of a Canadian substitute with the German authorities. The Ambassador at Bonn, among others, considered the U.K. plea should be taken seriously. It should be noted that the proposal was that any unanimous recommendations of the board would be binding. The U.K. authorities had suggested that a possible solution might be for the United Kingdom to nominate a Canadian as its representative on the board when the cases of Meyer and Neitz came up, provided the board adopted rules of procedure that would permit such a device. The war criminals article could not be

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interpreted as meaning that the U.K. member of the board would be a Commonwealth rather than a U.K. representative and therefore replaceable at any time by a representative of the Canadian government.

55. The Minister of Veterans Affairs thought it essential for a Canadian to participate in a review of the Meyer and Neitz cases.

56. The Prime Minister felt the position was that, if the Occupying Powers chose to sign the proposed war criminals article in its present terms, they could not thereby bind Canada.

57. Mr. Claxton said an opinion had been given that, even if there were no express Canadian consent, the review board would have the authority to deal with the cases of Meyer and Neitz provided these men were transferred to German custody pursuant to the proposed article.

58. The Cabinet, after further discussion, noted the report of the Minister of National Defence on the question of Canadian participation in the review board to be established to deal with the cases of German war criminals and the Minister's intention to examine the matter further.

Imports; fair market value

59. The Minister of National Revenue, referring to discussion at the meeting of March 11th, 1952, said further representations had been received about the low prices of imports, particularly textiles, from Poland and Czechoslovakia.

It would be recalled that, under section 35 of the Customs Act, value for duty of imported goods was their fair market value when sold in the ordinary course of trade, under fully competitive conditions, to purchasers generally for home consumption in the exporting country. When the latter value was not ascertainable, value for duty must be not less than cost of production plus a reasonable advance for administration, selling cost and profit. Where goods had no fair home market value because of not being sold in the exporting country, valuation on a cost plus basis must be such as to approximate as nearly as possible the fair market value at which the goods would be sold for consumption in the exporting country.

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To arrive at such valuation, the advance over manufacturing cost should include items of administrative expense, selling cost and profit on the same basis as comparable goods sold at home by the exporting country.

Determination of values for duty at general home market values or on a cost plus basis presented difficulties. In deciding on values to be shown in customs invoices, exporters were susceptible to a wide margin of error. Section 38 of the Customs Act imposes on an appraiser the responsibility to "by all reasonable means in his power ascertain, estimate and appraise the true and fair market value, any invoice or affidavit to the contrary notwithstanding, of such goods at the time when and place whence they were exported direct to Canada". Efficient verification of values required full examination of exporters' domestic sales records and, in some cases, cost records, and a thorough knowledge of the customs valuation law and could, therefore, only be done satisfactorily by a trained departmental officer. Exporters desiring to have a share of the Canadian market should be willing to cooperate by granting access to their records. Where they refused to assist in this way in establishing values, appraisers were required to discharge their responsibility under section 38 by declining to accept low invoice prices and appraising at values deemed adequate to ensure compliance with the law.

It was claimed that some of the goods being imported at low values from Poland and Czechoslovakia were produced solely for export. Determination of value in this event would necessitate examination of cost records and, even if this were permitted, the information secured would be of doubtful accuracy. It appeared highly improbable that examination of sales records in these countries would be allowed and, judging from past experience, examination of cost records would almost certainly be refused. Invoice values of goods from Poland and Czechoslovakia showed low values on exports to Canada, duty paid values being below Canadian production costs in some instances. Considering all the circumstances, it was proposed to instruct Collectors of Customs and Excise that, in appropriate cases, invoice values of certain goods imported from Czechoslovakia and Poland should be disregarded and appraisal made under section 38 at invoice values plus an advance of 50 percent ad valorem for ordinary and special duty purposes.

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This instruction would apply to ladies' fabric gloves, towels and towelling, hats and hoods, cotton thread, woollen piece goods, ribbons, woven labels, common colourless window glass and Christmas tree ornaments.

At the end of 1951 visiting Czechoslovakian officials had been asked to arrange for Canadian officers to be given access to cost records in Czechoslovakia but no reply had been received to date. If there was agreement to the proposed instruction to collectors, it was proposed to inform Polish and Czechoslovakian officials in Canada that these instructions would have to be sent out if the Polish and Czechoslovakian governments did not agree in the near future to provide adequate cost data.

It would be recognized that, should the instruction be issued, it would become more difficult for Czechoslovakia to pay off its debt to this country.

60. The Prime Minister thought it should be left to collectors to determine in individual cases the appropriate amount of advance over invoice values that should apply.

61. The Minister of Finance suggested that it be indicated to collectors that an advance in excess of 50 percent over invoice values should not be applied without reference to Ottawa.

62. The Secretary of State for External Affairs considered that, before the proposed instruction was issued the Legations in Prague and Warsaw should be in a position to notify the governments concerned that action was being taken in view of the fact that these governments had failed to comply with a request that Canada be provided with adequate cost data.

63. The Minister of Trade and Commerce suggested consideration be given to the desirability of some modification of the Customs Act, such as amending "fair market value" to read "fair market value for a period" with a view to meeting the situation in which seasonal goods were sold in Canada at foreign end-of-season prices at a time when the comparable season was not well advanced in this country. He understood that the Customs Simplification Bill before the U.S. Congress contained a provision of this type.

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64. The Cabinet, after further discussion:

(a) noted the recommendation of the Minister of National Revenue and agreed that Collectors of Customs and Excise be instructed that, where invoice values of the list of goods mentioned by the Minister, (ladies' fabric gloves, towels and towelling, hats and hoods, cotton thread, woollen piece goods, ribbons, woven labels, common colourless window glass and Christmas tree ornaments) when imported from Czechoslovakia and Poland, appeared too low to meet the requirements of section 35 of the Customs Act, such values should be disregarded and appraisal, for regular and special duty purposes, should be made under section 38 at an advance over invoice values to be determined by collectors. It was understood that no advance in excess of 50 percent over invoice values would be applied without reference to Ottawa and that these instructions would not be issued until the Canadian Legations in Prague and Warsaw were in a position to notify the governments concerned that this action was being taken because of their failure to comply with a request that Canada be provided with adequate cost data; and,

(b) agreed that, in consultation with other appropriate departments, the Department of National Revenue consider the desirability of modifying the Customs Act with a view to preventing the sale in Canada of seasonal goods at foreign end-of-season prices before the end of the comparable Canadian season.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 29th, 1952

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ITEMS DISCUSSED

Saskatchewan floods; request for federal assistance 1.

Prime Minister of Australia; possible visit 3.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Tuesday, April 29th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

Saskatchewan floods; request for federal assistance

1. The Prime Minister said he had received a telegram from the Premier of Saskatchewan requesting

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federal assistance for flood damage on the same basis as that extended to Manitoba and British Columbia in previous years. The Premier had advised that Mr. Sturdy of the provincial government was in Ottawa and would be available for discussion.

2. Mr. St-Laurent commented that he was not aware of flood damage in Saskatchewan having reached anything like the proportions of a national disaster.

3. The Minister of Resources and Development thought the telegram probably followed a visit he had received from Mr. Sturdy and the mayors of Swift Current, East End and other Saskatchewan municipalities. They had represented that severe damage had been suffered and that they should receive federal assistance. On enquiring as to the magnitude of the damage, he was informed that 12 houses in Swift Current were affected. He had told the group that he felt they would have great difficulty persuading the government that the flood constituted a national disaster. Mr. Sturdy had then said that the damage had in part resulted from federal works. He had been informed that if that could be demonstrated the position was different. Any general request for assistance on the ground of the magnitude of the damage should, however, come from the provincial Premier.

4. The Minister of Agriculture said that the flooding was not of the magnitude that should involve federal assistance. So far as federal works were concerned, his information was that, while the flooding had been associated with various irrigation projects, it had not been greater than it would have been if the works had not existed. The federal government would, of course, repair any damage that had been occasioned to irrigation ditches.

5. The Cabinet, after further discussion, agreed that:

(a) the Prime Minister inform the Premier of Saskatchewan that Mr. Sturdy could see the Minister of Agriculture with regard to damage by flooding in Saskatchewan; and,

(b) the Minister of Agriculture inform Mr. Sturdy that in order to justify federal assistance there would have to be evidence that the flood damage was of such an extent that it was not within the financial competence of the province to handle it.

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Prime Minister of Australia; possible visit

6. The Prime Minister said word had been received from the Canadian High Commissioner in Australia that the Prime Minister of Australia would be visiting Washington en route to London on May 18th. He planned to leave London on June 7th to return via Washington. If so, he would like to visit Canada but it was possible that he might find it desirable to return via Pakistan and India.

7. The Cabinet agreed that the Prime Minister send a message to the Prime Minister of Australia stating that he would be very welcome in Canada if arrangements relating to his trip to the United Kingdom permitted him to pay a visit here.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

April 30th, 1952

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Items discussed

Meat; proposed exchange arrangements with the United Kingdom and New Zealand; pork canning authorization 2.

N.A.T.O.; agreement for RCAF installations in France 5.

Korea; future forces; armistice negotiations 6.

Dairy Farmers of Canada; request for meeting with government 8.

Legislation; Criminal Code amendment (horse racing) 8.

Legislation; Unemployment Insurance Act amendment 9.

Legislation; Emergency Powers Act; extension 11.

Ottawa Seminary; leasing for government offices 11.

High water levels in Great Lakes; reference to International Joint Commission 13.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, April 30th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Meat; proposed exchange arrangement with the United Kingdom and New Zealand; pork canning authorization

1. The Minister of Agriculture reported that discussions with United Kingdom and New Zealand representatives for a 3-way exchange arrangement for meat had now been completed. It appeared that 50 million pounds of beef could be exchanged for the same amount of New Zealand beef and 10 million pounds of pork for New Zealand pork. The New Zealand representatives had indicated that to make the plan acceptable to their producers they would have to participate in the difference between the U.S. price for their meat and the U.K. contract price, plus freight, duty and selling charges. They had originally suggested that they ought to receive 50 percent in dollars. The Canadian representatives had proposed either 25 percent in dollars or, alternatively, that Canada provide the United Kingdom with additional meat equivalent to 50 percent and that the United Kingdom pay New Zealand agreed values in sterling. There might have to be room for negotiation on the participation arrangement. There would be a substantial loss for Canada in the deal. Our meat f.o.b. Canadian seaboard would cost about 48 cents per pound. New Zealand beef would sell in the United States at about 32 cents. There was thus a loss of about 16 cents a pound there, plus an estimated 8 cents for freight, duty and selling charges, making 24 cents without any New Zealand participation. On a 25 percent basis the participation would work out to about 3 cents per pound and on a 50 percent to 6 cents. The total loss would thus be 27 cents or, more probably, 30 cents a pound. This would amount to $15 million on 50 million pounds. For pork the loss would work out to about 10 cents a pound on 10 million pounds or $1 million.

The Interdepartmental Committee on External Trade Policy had discussed the arrangement and, while the losses were severe, had come to the conclusion that, in the circumstances,it could only recommend that the arrangement ought to be accepted. At the same time, if alternative markets could be found for Canadian beef at any price over roughly 20 cents a pound such an arrangement would be better than the 3-way deal. Consequently, if possible, there should be no firm commitment to provide 50 million pounds of beef and other markets should be sought immediately and while the exchange progressed.

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The Committee had pointed out that canned pork could not sell at 64 cents a pound. It suggested that the government might absorb the cost of canning (12 cents) and offer the canned pork to packers at 52 cents.

Copies of the report had been circulated.

(Secretary's memorandum, April 29, 1952 - Cab. Doc. 134-52).

2. Mr. Gardiner said that with storage now full and with an urgent need to dispose of some of the surplus meat he thought the exchange arrangement would have to be accepted. It would also be necessary to remove pork from cold storage by doing more canning. He recommended that purchase by the Agricultural Prices Support Board of an additional 15 million pounds be authorized over the 20 million pounds already covered.

3. The Minister of National Revenue suggested that, in effect, the arrangement would amount to subsidizing consumption of Canadian meat abroad to the extent of $16 million. The government would have to explain why it was doing that and at the same time leaving the domestic price of meat at its present high level. He thought that many families were holding back on meat consumption because of the cost. It would be desirable, if possible, to see what lower prices might do for domestic consumption.

4. The Prime Minister pointed out that the loss on the proposed arrangement amounted to a subsidy on only 50 million pounds of beef, which was a very small fraction of domestic consumption. Any reduction of prices to increase domestic use would have to be on all meat. If support prices were withdrawn the market might fall to a point at which producers would suffer severe losses. An overall subsidy would be costly and difficult to operate but it should be feasible to make canned pork available at reduced prices. If that were done the cut in prices for export sales might be more acceptable.

5. The Minister of Agriculture said that, if support prices were withdrawn and meat prices allowed to find their own level, there would be very disparate situations in different parts of Canada. The provincial controls would result in relatively

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high prices in Manitoba and probably in British Columbia and Quebec. Prices in Saskatchewan and Alberta would fall sharply. It would not be inconceivable that beef in Alberta might fall to about 15 cents a pound. A general subsidy on meat would be administratively impossible. So far as the reduction in the price of canned pork was concerned, it might cut somewhat into consumption of fresh pork. It could, however be attempted if it seemed desirable.

6. The Minister of Trade and Commerce thought the arrangement with the United Kingdom and New Zealand had to be accepted but that at the same time something should be done that would be helpful domestically. The most feasible policy seemed that of reducing the price of canned pork. This could be done either by absorbing canning costs and making the pork available at 52 cents or by going further and offering it at 50 cents. It seemed improbable that export markets would be found for any substantial quantity of meat but all possibilities should continue to be investigated.

7. The Secretary of State for External Affairs felt that, as Canadian troops in Korea were eating meat from U.S. sources, it should be possible at least to get the U.S. army to accept Canadian meat to the amount equivalent to that consumed by the Canadian troops. It might be worth while taking this up at a high level in Washington.

8. The Cabinet, after considerable discussion:

(a) agreed that the Canadian representatives in the discussions with the United Kingdom and New Zealand be authorized to say that the Canadian government would be prepared to enter into an arrangement for the exchange of meat along the lines proposed and that the government would agree to New Zealand participation in the price margin involved in the sale of New Zealand beef in the United States on the basis either of 25 percent payable in dollars or 50 percent payable to the United Kingdom in the form of meat with agreed values to be paid to New Zealand in sterling; the representatives to try to arrange for an agreement without any firm commitment for delivery of a specified quantity of beef and to be authorized to negotiate alternative arrangements for the calculation of New Zealand participation;

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(b) agreed that the Department of Agriculture consider immediately arrangements to allow canned pork held by the government to be offered to packing houses and others for sale in Canada at a price that would involve the government absorbing canning costs of 12 cents per pound and possibly additional amounts; and,

(c) approved the recommendation of the Minister of Agriculture and agreed that the Agricultural Prices Support Board be authorized to purchase an additional 15 million pounds of canned pork; an Order in Council to be passed accordingly.

(Order in Council P.C. 2536, April 30, 1952).

North Atlantic Treaty Organization; agreement for R.C.A.F. installations in France

9. The Secretary of State for External Affairs, referring to discussion at the meeting of March 12th, 1952, submitted a revised draft of a proposed agreement with France on one airfield, an air division headquarters and a control and reception centre required there by the R.C.A.F. under North Atlantic Treaty plans. While it had not been possible to obtain French acceptance of everything in the earlier Canadian draft, tentatively approved on March 12th, the new draft appeared to be a reasonable compromise and further negotiation might delay completion of the airfield. In the circumstances, with the concurrence of the Minister of National Defence, he recommended that the draft be approved and that the Ambassador (or Charge d'affaires) in Paris be authorized to sign.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 26, 1952 - Cab. Doc. 132-52).

10. The Minister of National Defence said the agreement could be extended by mutual consent to cover the other airfields required by the R.C.A.F. in France.

Although the French would provide land free of charge, they insisted on Canada assuming the obligation to repay relocation costs in respect of land requested beyond S.H.A.P.E. minimum standards.

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There would be no such costs in connection with the first airfield and it was unlikely that the problem would arise in the case of the other fields required by the R.C.A.F.

As regards the position on termination of the agreement, the French had insisted that Canada, while having the right to remove any moveable property, should agree that any fixed installations remaining on the land would become the property of France. They had also been unwilling to agree that, in respect of residual value, Canada would be treated not less favourably than other North Atlantic countries. On the other hand, there was no intention under present plans to construct permanent buildings on airfields in France as barracks were to be prefabricated and could, under the agreement, be removed by Canada. Accordingly, there should be little residual value in respect of fixed installations left by Canada on termination of the agreement.

11. The Prime Minister felt it would be wise to accept the revised draft agreement which seemed the best obtainable after lengthy negotiations.

12. The Cabinet, after further discussion:

(a) approved the draft agreement with France, dated April 26th, 1952, regarding certain installations required by the R.C.A.F.; and,

(b) agreed that the Ambassador (or Charge d'affaires) in Paris be authorized to sign on behalf of Canada; an Order in Council to be passed accordingly.

Korea; future forces; armistice negotiations

13. The Minister of National Defence, referring to discussion at the meeting of April 11th, 1951, said a letter had been received from the Deputy High Commissioner for the United Kingdom enquiring as to the forces Canada planned to maintain in the Korean theatre in the event of an armistice.

14. The Secretary of State for External Affairs pointed out that the Unified Command had just presented the Communists with a "package proposal" for solving outstanding issues that had been delaying conclusion of an armistice. Under this proposal,

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which had been indicated as final, the Unified Command would withdraw its objections to reconstruction and improvement of airfields in North Korea during an armistice; the nomination of the Soviet Union and that of Norway to the Neutral Nations Supervisory Commission would be withdrawn and the Commission would consist of representatives of Poland, Czechoslovakia, Sweden and Switzerland; and, instead of all military and civilian prisoners being repatriated, the U.N. Command would return the 70,000 prisoners who have said they would not resist repatriation and the Communists would return the 12,000 U.N. Command personnel they have stated they were now holding. The Communists had asked for time to consider the offer and for an eventual closed meeting to discuss it. General Ridgeway had indicated to them that he would accept no substantive change in the proposed compromise.

It appeared desirable to defer consideration on future Canadian forces in Korea for a few days until it was known whether the offer of the Unified Command would lead to an armistice or to a breakdown of negotiations.

15. The Minister of National Defence suggested that, in the circumstances, the Office of the U.K. High Commissioner be informed that a decision regarding future Canadian forces in Korea would not be taken until the outcome of the latest stage of the armistice negotiations could be determined. In the meantime, for planning purposes, it would be helpful to have the tentative views of the Cabinet as to the Canadian forces that should be maintained in Korea if an armistice were concluded. His own view was that probably only a Canadian infantry battalion was required as part of the Commonwealth brigade group now contemplated.

16. Mr. Pearson said that, offhand, such a contribution appeared reasonable.

17. The Minister of National Revenue thought it might be desirable to take advantage of an armistice to withdraw all Canadian forces from the Korean theatre.

18. The Cabinet, after further discussion:

(a) noted the reports of the Minister of National Defence and the Secretary of State for External Affairs on a United Kingdom enquiry as to the forces Canada would maintain in Korea

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after an armistice and on a compromise proposal made to the Communists by the Unified Command in connection with the armistice negotiations; and,

(b) deferred decision on future Canadian forces in Korea pending determination of the outcome of the proposal mentioned; the Office of the High Commissioner for the United Kingdom to be informed accordingly.

Dairy Farmers of Canada; request for meeting with government

19. The Prime Minister said the National Executive of the Dairy Farmers of Canada had requested an interview with himself and other members of the government on May 1st or 2nd to discuss current problems of the dairy industry.

20. The Minister of Agriculture reported that he had recently had conversations with representatives of the dairy industry and failed to see what useful purpose could be served at this time by a meeting with the Prime Minister and members of the government. Dairy farmers were obviously worried over the lack of markets for Canadian cheese. However, as he had pointed out to them, there would in all probability be no surplus of milk provided certain quantities were diverted from cheese to butter production.

21. The Cabinet, after discussion, agreed that the National Executive of the Dairy Farmers of Canada be informed that the pressure of government business was such that it would not be possible for the Prime Minister and other members of the government to meet with dairy farmers' representatives on May 1st or 2nd, but that the Minister of Agriculture would be pleased to receive them on a date which would be mutually satisfactory.

Legislation; Criminal Code amendment (horse racing)

22. The Minister of Agriculture said it was proposed to amend certain provisions of the Criminal Code respecting pari-mutuel betting on horse races.

An explanatory note had been circulated.

(Minister's memorandum, April 21, 1952 - Cab. Doc. 127-52).

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23. The Cabinet, after discussion, approved in principle proposed amendments to the Criminal Code in respect of pari-mutuel betting on horse racing as recommended by the Minister of Agriculture, and agreed that a draft measure be prepared accordingly; it being understood that the bill would be introduced in the Senate in the first instance.

Legislation; Unemployment Insurance Act amendment

24. The Minister of Labour said it was proposed to introduce a measure during the current session of Parliament to amend the Unemployment Insurance Act in several respects. Some of the more important amendments involved reducing the so-called "waiting days" from 8 to 5, increasing maximum benefits from $21 to $24 a week (with comparable increases in other benefit rates), extending the period of payment of supplementary benefits by 15 days to April 15th in each year instead of April 1st as at present, and increasing the minimum and maximum fines for second and subsequent convictions.

An explanatory note had been circulated.

(Minister's memorandum, April 24, 1952 - Cab. Doc. 129-52).

25. The Minister of Mines and Technical Surveys questioned the advisability of increasing benefit rates at this time particularly since no increase in premiums was contemplated. Even under existing rates, serious difficulties were being experienced by logging operators in the winter time to obtain labour. Apparently many jobless men preferred to remain in urban centres during the winter months and live on their unemployment insurance benefits plus, in many cases, family allowances.

26. Mr. Gregg said he appreciated that the problem referred to by the Minister of Mines and Technical Surveys existed. On the other hand, the elements of a serious unemployment situation had existed during the past winter in the larger urban centres of Ontario and Quebec and it was probably true that unemployment insurance had been the main factor in preventing that situation from becoming really serious.

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As a result of the additional one cent premium for supplementary benefits, a surplus of $25 million had been accumulated in the fund. The problem now was as to whether it was preferable to increase benefits as was recommended or simply to maintain benefits at their present levels and reduce the scale of premiums. After an exhaustive review of the problem, the Unemployment Insurance Advisory Committee and officials of the Departments of Finance, Labour and the Unemployment Insurance Commission had come to the conclusion that on the whole it would be preferable simply to increase benefit rates by a few dollars without any corresponding increase in premiums. Such a course of action would reflect in some measure increases which had taken place in wage levels and the cost of living.

27. The Minister of Veterans Affairs thought high wages in urban centres, and not social benefits such as unemployment insurance and family allowances, were the real cause of the trouble experienced by farmers, logging operators and others in obtaining labour.

28. The Minister of National Health and Welfare supported the point of view put forward by Mr. Lapointe and added that average wage levels and the cost of living were now such that a married man with a family could not possibly live on the aggregate income derived from unemployment insurance and family allowances.

29. The Minister of Resources and Development agreed that unemployment insurance and family allowances were probably insufficient to sustain a family in large urban centres but this was not the case in most fishing communities of the Maritime Provinces where average per capita income was considerably below that in the larger centres of Ontario and Quebec.

30. The Prime Minister commented on the statement that the Unemployment Insurance Fund would not in any way be endangered by the proposed increase in benefits. He wondered if the situation would remain actuarially sound in the event of substantial increase in unemployment with a corresponding increase in the total number of claimants.

31. The Cabinet, after considerable further discussion, approved in principle, subject to concurrence by the Minister of Finance, proposed amendments to the Unemployment Insurance Act as recommended by the Minister of Labour; a draft measure to be prepared accordingly.

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Legislation; Emergency Powers Act; extension

32. The Prime Minister, referring to discussion at the meeting of February 26th, 1952, pointed out that eighteen Orders in Council dealing with twelve different subject matters had been passed under authority of the Emergency Powers Act. Some of these Orders, such as those dealing with defence services pensions, the disposition of offences committed prior to the coming into force of the Code of Service Discipline and that setting up the Agricultural Products Board, had been incorporated into legislation subsequently passed by Parliament. Others, such as the Orders dealing with the new chromium plated steel 5-cent coin and the waiving of certain requirements of the Canada Grain Act would be included in measures to be introduced in Parliament during the current session. Most of the remaining Orders, such as those relating to the Great Lakes Seamen's Security Regulations, Priorities Control, etc., would likely have to continue to rely on the Emergency Powers Act.

Section 4 of the Act empowered the Governor General, following receipt of an address to that effect by both Houses of Parliament, to extend the life of the Act for a further period not exceeding one year beyond May 31st, 1952. Addresses in accordance with the procedure laid down in section 4 of the Act should now be prepared and introduced and if, as seemed likely, further extension of the Act was required beyond May 31st, 1953, consideration would be given to the introduction of appropriate legislation at that time.

(Secretary's memorandum to the Prime Minister, Mar. 1, 1952)

33. The Cabinet, after discussion, noted the Prime Minister's report on the proposed extension of the Emergency Powers Act and agreed that the Minister of Justice prepare appropriate addresses in accordance with section 4 of the Act for early introduction in both Houses of Parliament.

Ottawa Seminary; leasing for government offices

34. The Minister of Public Works, referring to discussion at the meeting of April 10th, 1951, said the price asked by the Archdiocesan authorities of Ottawa for the outright purchase of the new Ottawa Seminary nearing completion at Overbrook

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was too high. The figure originally asked for the leasing of the premises was also thought to be too high. After a detailed appraisal of the property by the Department of Public Works and by independent real-estate agents retained for the purpose, an offer to rent at $1.60 per sq. ft. or approximately $370,000 per annum had been made to the diocese. To this basic rental would have to be added the costs of certain services, such as heating, cleaning, elevator services, etc., which would bring the total cost to the government per sq. ft. to $1.92. The Seminary authorities were now prepared to accept this offer and it was recommended that the Seminary be leased on a five or seven year basis since the rental was considerably below the price currently paid for office space in other Ottawa buildings. The total floor space in the Seminary was 269,350 sq.ft., of which it was estimated 229,500 sq.ft. were usable for office purposes. At the present time, the Department of Public Works had requests from various government departments for additional office space totalling 281,000 sq.ft.

The Seminary authorities would agree to complete the building (estimated cost $174,000) before the lease was entered into or, alternatively, to have the government complete the building and deduct the cost of such completion from the rental. No estimate was available as to the cost of making the Seminary suitable for office accommodation.

35. The Minister of National Defence thought that, because of the nature of the building, it would be extremely costly to convert into office accommodation and that such conversion might require as much as 12 months to complete. From a purely financial point of view, he thought that the government might be better advised to undertake construction of an office building perhaps along the lines of the new Central Mortgage and Housing Building on the Montreal road which would be completed in June less than two years after the contract was awarded and which would cost approximately $2 million for a gross floor space of 133,000 sq. ft. Not only would such a course be less expensive than the leasing of the Seminary but the office space thus provided would be much more suitable for government purposes.

36. The Prime Minister was extremely doubtful that it would be possible to complete a building with roughly the same floor space as that available in the Seminary in less than three years.

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In the meantime additional space was urgently required for government services and it seemed to him wasteful to let the Seminary building go unused if it could be leased for a few years on a reasonable rental basis.

37. The Minister of Trade and Commerce felt that, in view of the continuing shortage of steel and the prohibitive cost of building, the rental proposal as put forward by the Minister of Public Works should be accepted.

38. The Cabinet, after considerable further discussion, agreed that the Minister of Public Works negotiate the leasing, on the basis recommended, of the new Ottawa Seminary now nearing completion at Overbrook.

High water levels in the Great Lakes; reference to International Joint Commission

39. The Secretary of State for External Affairs, referring to discussion at the meeting of March 28th, 1952, submitted a revised draft reply to the U.S. government's request that the question of high water levels on the Great Lakes be referred to the International Joint Commission. The draft note, as revised, indicated that the government was prepared to concur in the suggested reference to the International Joint Commission on the understanding that the reference would be drafted in such a manner as not to delay, in any way, consideration and approval of the application on the St. Lawrence development project when submitted.

An explanatory note had been circulated.

(Minister's memorandum, April 26, 1952 - Cab. Doc. 133-52.

40. The Minister of Transport pointed out that it now seemed possible that concurrent applications in respect of the St. Lawrence development project might be filed with the International Joint Commission in a few weeks' time. In the circumstances, it might be preferable to postpone our reply to the U.S. request regarding water levels until such time as the St. Lawrence applications had actually been submitted to the Commission.

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41. Mr. Pearson thought it would be politically and otherwise undesirable to withhold any longer Canadian concurrence in the reference of the high water levels problem. The draft reply to the U.S. request, however, might be reworded to make it unmistakably clear that the St. Lawrence application would have priority consideration by the International Joint Commission even if submitted later than the high water levels reference.

42. The Cabinet, after discussion, approved in principle the draft reply to the U.S. government's request for reference of the high water levels problem on the Great Lakes to the International Joint Commission subject to revision along the lines suggested by the Secretary of State for External Affairs and clearance with the Minister of Trade and Commerce and the Minister of Transport.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 1st, 1952

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Items discussed

Legislation; Civilian War Pensions and Allowances Act amendment 2.

Legislation; Criminal Code consolidation 2.

Transport; acquisition of hangar at Malton Airport 4.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, May 1st, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

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Legislation; Civilian War Pensions and Allowances Act amendment

1. The Minister of Veterans Affairs submitted a draft resolution and bill to amend the Civilian War Pensions and Allowances Act.

2. The Cabinet, after discussion, approved for introduction in the House of Commons the resolution and bill to amend the Civilian War Pensions and Allowances Act.

Legislation; Criminal Code consolidation

3. The Minister of Justice, referring to discussion at the meeting of February 19th, 1952, submitted a draft bill for consolidation of the Criminal Code. This had been considered by the special Cabinet Committee set up for the purpose. In general the draft followed the recommendations of the Commission which had made a complete review of the Code. There were, however, certain instances when it did not. The Commission had recommended abolition of all minimum penalties. The Cabinet Committee had been unanimously of the view that minimum penalties should be left for drunken driving and postal offences. The Commission had recommended a new definition of sedition that undertook to codify the law as laid down in the judgment in R. v. Boucher. The judgments in that case rested, however, on reasoning that indicated a wide variation in the interpretation of the law by the judges. In the circumstances it was thought best for the statutory provision to remain as before. The Commission recommended that the 3-mile limit be extended to 12 miles for searches of vessels under the Criminal Code. It appeared that benefits would be out of proportion to the complications that would result and it was recommended that the change be not made.

The Commission had recommended that all common-law criminal offences be abolished. As an alternative the proposed bill incorporated all common-law offences which it had been found necessary to invoke since 1892. There were not many and the provision would amount in substance to the inclusion of all offences of any consequence in the Code. It was not proposed to alter the gaming provisions. The Commission had not recommended any alterations.

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The Commission had recommended abolition of the practice under which a writ of habeas corpus could be sought from any high court judge. At the present time persons could go from one judge to another seeking one who would grant a writ. The Commission recommendation was that the application be made to a single judge and that an appeal lie from his decision to the Court of Appeal. This proposal was embodied in the bill.

The bill would extend the jurisdiction of magistrates to try indictable offences with the consent of the accused. The bill would alter the present procedure under which an appeal to a County Court judge from a summary conviction trial operated to nullify the original trial and start the case again at the County Court level. The new provision would have the appeal rest on the evidence produced before the magistrate.

A special provision in the Criminal Code at present provided that all fines in Ontario should go to the municipalities. The provincial government had asked that this be altered so that fines would go to the province. He had informed the Attorney General that he would be prepared to have such a provision introduced if the municipalities concurred, but no further word had been received. The bill, as it stood, would provide for the change.

4. The Prime Minister said that he thought it would be best to have minimum penalties for drunken driving and postal offences and to leave unaltered the definition of sedition. Care should be taken in presentation of the measure to ensure that it was made clear that the proposed change in the law relating to habeas corpus was not on the initiative of the government but that it had been recommended by the Commission.

5. The Minister of Citizenship and Immigration believed that Ontario municipalities would object strongly to the proposal to have fines go to the province. It would be desirable not to have the bill make any alteration in the position until further word had been received from the Attorney General.

6. The Cabinet, after further discussion, noted the report of the Minister of Justice on the provisions of the draft bill to consolidate the Criminal Code and agreed that those relating to

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procedure in applying for a writ of habeas corpus and payment of fines to municipalities in Ontario be considered further in the light of the discussion before the bill was introduced.

Transport; acquisition of hangar at Malton Airport

7. The Minister of Transport said that Trans-Canada Air Lines required a new hangar at Malton Airport and were anxious to dispose of the one they now owned. The Department of Transport had need for additional facilities and he recommended that the hangar be bought from T.C.A. and that an agreement be entered into with the Air Lines for purchase at the appraised value of $583,000 as of October 1st, 1953.

8. The Cabinet, after discussion, agreed that the recommendation for acquisition of the T.C.A. hangar at Malton Airport at the appraised value of $583,000 be approved; an Order in Council to be passed accordingly.

N.A. Robertson,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

May 2nd, 1952

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Items discussed

Consumer credit; revocation of Regulations; extension of Act 2.

Capital assistance; A.V. Roe Canada Ltd. 2.

Great Lakes Seamen's Security Regulations; revision 3.

Grain storage facilities; repair and expansion 3.

Institutions and companies; use of terms "Royal", etc. 6.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, May 2nd, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

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Consumer credit; revocation of Regulations; extension of Act

1. The Minister of Finance said the need for maintaining the Consumer Credit Regulations had been kept continuously under review and it would be remembered that some of the Regulations had been relaxed early in the year. As the cost-of-living index had not risen for four months, it was recommended that an Order in Council, revoking the Regulations and effective May 6th, 1952, be passed as of May 5th when the April index figure would be made public and it would be opportune to inform Parliament of the action contemplated. He read a draft of the statement he proposed to make to the House of Commons. This would indicate, inter alia, that extension of the Consumer Credit (Temporary Provisions) Act, 1950, which was due to expire on July 31st, 1952, would be sought so that consumer credit regulations might be re-introduced should inflationary pressures make this necessary.

2. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed that:

(a) the Consumer Credit Regulations established by Order in Council P.C. 3763 of July 18th, 1951, as amended, be revoked effective May 6th, 1952; an Order in Council to be passed accordingly as of May 5th, 1952;

(b) the Minister make a statement to the House of Commons on May 5th, along the general lines proposed, indicating, inter alia, that extension of the Consumer Credit (Temporary Provisions) Act, 1950, would be sought during the present session.

Capital assistance; A.V. Roe Canada Ltd.

3. The Minister of Defence Production reported that $44,352,000 had been expended to date on capital assistance to A.V. Roe Canada Limited. He had sought authority recently from Treasury Board to grant the Company additional capital assistance in the amount of $19,101,946 required for completion of construction in process or authorized ($5 million), new construction ($3,275,000), additional machine tools and other equipment necessary to meet the requirements of the current production programme ($8,877,000) and contingencies ($1,949,946). In

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view of the large sums involved, the Board had asked that his submission be referred to Cabinet for final decision.

(Letter, Secretary, Treasury Board, to Secretary, April 30, 1952).

4. Mr. Howe recommended that the additional capital assistance proposed, which was provided for in the Estimates for 1952-53, be approved, as it was required to complete the project (C.F. 100 airframes and Orenda engines) under way at the Avro plant.

5. The Cabinet, after discussion, approved the recommendation of the Minister of Defence Production that additional capital assistance, in the amount of $19,101,946, be granted to A.V. Roe Canada Limited for the purposes indicated; Treasury Board to be informed accordingly.

Great Lakes Seamen's Security Regulations; revision

6. The Minister of Labour recommended that the existing Great Lakes Seamen's Security Regulations be revoked and replaced by revised regulations. The main purpose of the revision was a modification of the appeals procedure because the quasi-judicial arrangements in the present provisions might lead to embarrassment in security matters. The revised review sections seemed more appropriate since, in any event, the final decision in such matters rested with the Minister.

7. The Cabinet, after discussion, approved the recommendation of the Minister of Labour and agreed that The Great Lakes Seamen's Security Regulations, established by Order in Council P.C. 3855 of July 24th, 1951, be revoked and that the "Great Lakes Seamen's Security Regulations" submitted be established in substitution therefor; an Order in Council to be passed accordingly.

(Order in Council P.C. 2306, May 2, 1952).

Grain storage facilities; repair and expansion

8. The Minister of Transport said need for increased grain elevator capacity at St. Lawrence ocean ports was of some urgency. A sharp reduction during the past five years in Canadian grain exports through the United States had placed considerable strain on facilities, particularly at Montreal, and it was evident that present elevator capacity at

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St. Lawrence ports did not permit the carrying of sufficient reserves to support a large export programme. Under conditions of a strong demand for wheat, substantial shipments could be made through Maritime Atlantic ports. In the past three crop years, winter grain shipments through these ports had been very heavy for the facilities available. During the war the Atlantic ports had been used on a year-round basis for grain shipments and would be similarly used in another emergency. The Canadian Wheat Board considered the northern route was growing in importance and additional elevator capacity at Churchill would permit a much larger movement of grain through that port during the short navigation season.

The recent fire on the Vancouver water-front had destroyed the loading jetty, loading galleries and car-unloading equipment of a National Harbours Board elevator which was now filled with some 2 million bushels of wheat, much of which was damp. It was urgent, therefore, to restore these facilities and repair the elevator. Insurance would cover repairs to the elevator.

The cost of adding storage capacity at Montreal, Halifax and Churchill had been estimated at between 75 cents and $1.00 per bushel. The Wheat Board were of the opinion that additional storage of 5 million bushels at Montreal, 2 million at Halifax and 2.5 million at Churchill should be provided. He recommended, with the concurrence of the Minister of Trade and Commerce, that the Harbours Board be asked to proceed immediately with repairs to the elevator at Vancouver, estimated to cost $1 million, and with construction of the proposed storage additions to elevators at Montreal, Halifax and Churchill at an estimated cost of $8 million.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 28, 1952 - Cab. Doc. 131-52.)

9. Mr. Chevrier mentioned that it had just been suggested to him that some of the present storage facilities, such as those at Halifax and St. John, could handle more grain than they had been handling, provided ocean, lake and rail transportation were better co-ordinated.

It was worth considering whether the additional storage required on the St. Lawrence should be provided at Quebec City or Seven Islands instead of at Montreal so that there might be cargoes for east-bound ore carriers on the proposed St. Lawrence seaway.

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10. The Minister of Trade and Commerce did not think it possible, under present conditions, to co-ordinate ocean and inland transportation in such a way as to permit existing facilities in the St. Lawrence and on the Atlantic coast to handle more grain and was satisfied that more storage was required at Montreal and Halifax to take care of variations in arrivals of inland and ocean grain carriers. He thought it was less important to provide at this time additional storage at Churchill, where the shipping season was short and building costs were high, and that this project might be deferred.

It seemed too early to consider the position of ore carriers on the proposed seaway. It might be dangerous to build storage facilities at Seven Islands where there were no rail connections. If there were to be any below Quebec City, it would be preferable for them to be built on the south shore.

11. The Prime Minister felt that restoration of the Vancouver facilities should be undertaken immediately.

It would be desirable to see how the seaway project developed before thought was given to providing facilities at Seven Islands. Few inbound ocean vessels would call there and provision of grain storage there might mean that some ocean grain carriers outbound from Montreal would have to proceed down the river in ballast. There remained the question of whether additional storage should be provided at Quebec City or a south shore port rather than Montreal.

12. Mr. Howe said nearly all inbound ocean vessels had to proceed as far as Montreal.

13. The Minister of Finance considered that, as a supplementary estimate would be required to cover the expenditures proposed and as the budget for 1952-53 was large, the need for additional facilities at Montreal and Halifax should be beyond doubt.

14. Mr. Howe explained that the purpose of these additional facilities was to avoid in the future the situation that had arisen this year in which there was a large amount of grain that could not be marketed owing to lack of port storage capacity.

15. The Minister of Agriculture thought any announcement of plans for additional construction at Montreal and Halifax should leave open the possibility of further facilities being provided at Churchill at some later date.

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16. The Cabinet, after discussion, noted the report of the Minister of Transport, and agreed that the National Harbours Board:

(a) be asked to proceed immediately with the reconstruction of the loading jetty, loading galleries and car-unloading equipment and necessary repairs to the elevator at Vancouver, at an estimated cost of $1 million, and with preparation of plans and estimates for the construction of storage additions to elevators at Montreal (5 million bushels) and Halifax (2 million bushels); and

(b) be informed that a decision would be made in due course as to whether circumstances would permit an appropriation to be provided to the Board for the proposed additions at Montreal and Halifax.

Institutions and companies; use of the terms "Royal", etc.

17. The Secretary of State requested confirmation of certain interpretations of the decisions made at the meeting of February 17th, 1950, with regard to applications for Royal Warrants to add the word "Royal" to the names of non-commercial institutions and the discretionary powers of the Secretary of State in respect of applications for the incorporation of companies in which the words "Crown", "King's", "Queen's", "Imperial", "Royal", etc., appeared.

He recommended that the Queen be requested to grant to the Board of Trustees of the Nova Scotia Freemason's Home permission to use the word "Royal" as part of the home's name.

In 1939 Orders in Council had been passed approving the grant of Royal Warrants to the Quebec Curling Club, the Rosedale Golf Club and the Toronto Humane Society. The decision of the late King with respect to these three cases had been withheld pending review of general policy after the war. Of these applications, only that of the curling club had since been revived, the Lieutenant-Governor of Quebec having recently made a recommendation in the matter to the Governor-General. It seemed appropriate to resubmit this application to Buckingham Palace. During the war, applications for Royal Warrants had been received on behalf of the Burrard Male Voice Choir and the

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Thistle Curling Club of Montreal and action on these applications had been deferred pending a decision as to general policy. Further consideration of the foregoing unrevived applications would be possible in due course in the light of any decisions reached on the cases of the Freemason's Home and the curling club mentioned.

(Minister's memorandum, Cab. Doc. 128-52, and submission to Council, April 21, 1952).

18. The Prime Minister, referring to the interpretations proposed by Mr. Bradley, said it was clear that the Secretary of State had discretion to permit a commercial corporation to include the words "Royal", "Crown", "King's", etc., in its name.

He did not feel, however, that it would be desirable to take up with Buckingham Palace applications for Royal Warrants for local athletic or sporting institutions. He understood that applications with respect to the Quebec Curling Club, the Rosedale Golf Club and the Toronto Humane Society had in effect been rejected when the Private Secretary to the King had written to the Governor-General in 1946 suggesting that, thenceforth, recommendations for authority for athletic and sporting institutions to use the prefix "Royal" be made in exceptional cases only and that preference be given to hospitals, universities and similar bodies. He had suggested further that any institution recommended should be of eminence, long standing and secure financial position and devoted to national, charitable or scientific subjects and, since many institutions could meet such requirements, they alone were not enough to justify a recommendation.

In the circumstances, it did not appear justifiable to renew the submissions to Buckingham Palace with respect to the three institutions mentioned or to submit recommendations regarding the Freemason's Home, the Burrard Choir and the Montreal Curling Club, which also appeared not to meet appropriate requirements.

19. The Cabinet, after further discussion:

(a) noted with approval the interpretations submitted by the Secretary of State with regard to decisions at the meeting of February 17th, 1950, on the question of use of the terms "Royal" etc., by institutions and companies;

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(b) agreed that no action be taken to request the Queen's permission for use of the word "Royal" by any of the six non-commercial institutions mentioned by the Minister.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

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CABINET CONCLUSIONS

Meeting

May 6th, 1952

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Items discussed

C.N.R.; revised pension plan; pensions over $10,000 2.

Coronation Commission; Canadian members 2.

Legislation; Criminal Code revision 3.

Parliament; legislative programme 4.

C.N.R.; proposed recapitalization 5.

St. Lawrence development project; application to the International Joint Commission 9.

Financial Administration Act; transfer of certain powers of the Governor in Council to Treasury Board 10.

Public Service; revision of salaries fixed by statute or Order in Council 10.

Parliamentary and government business; pension scheme for and salaries of Ministers and Members of Parliament 11.

Yukon Territory; transfer of capital from Dawson to Whitehorse; compensation for losses on civil servants' housing at Dawson 12.

Book of Remembrance; modification 13.

Uranium ore; extension of guaranteed price 14.

Canadian forces serving abroad; marriage regulations 14.

Immigration; exclusion of a communist sympathizer 15.

National Revenue; establishment of value for duty 15.

Legislation; bill to amend the War Veterans Allowance Act 17.

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CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, May 6th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State for
External Affairs (Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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C.N.R.; revised pension plan; pensions over $10,000

1. The Minister of Transport, referring to discussion at the meeting of February 26th, 1952, recalled that, under the revised Canadian National Railways pension plan recently adopted, any existing pensioner who had contributed under the old plan from January 1st, 1935 to the date of his retirement could be granted a larger pension in accordance with Part II of the new plan, provided his present pension was not more than $10,000 a year. There were two pensioners whose present pensions were in excess of this amount. It had been represented that, in view of the increased pensions payable to other existing pensioners who had contributed under the old plan, they should receive some increase in their pensions and the Board of Directors of the company had recommended approval of this proposal.

2. The Prime Minister thought that, as existing pensioners who had not contributed under the old plan were continuing to receive only $25.00 a month under the revised plan, there would be difficulties if steps were taken to increase the pensions of persons receiving over $10,000 a year.

3. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that the President of the Canadian National Railways be informed that it was considered inappropriate to increase payments to existing C.N.R. pensioners already receiving over $10,000 a year.

Coronation Commission; Canadian members

4. The Prime Minister, referring to discussion at the meeting of April 22nd, 1952, suggested that Mr. George Drew, in his capacity as Leader of the Official Opposition, be appointed as one of the Canadian members of the Coronation Commission. This would be in line with what was being done by the United Kingdom and by Australia.

5. The Cabinet, after discussion, agreed that the Queen should be asked to approve the appointment of the Leader of the Official Opposition, Mr. Drew, as an additional Canadian member of the Coronation Commission.

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Legislation; Criminal Code revision

6. The Minister of Justice, referring to discussion at the meeting of May 1st, 1952, reported that after further discussing the matter of fines with the Attorney General of Ontario, Mr. Porter now thought that it might be preferable to maintain the existing Criminal Code provision under which the proceeds of fines in Ontario were remitted to municipalities instead of having them paid over to the province as had previously been requested by Ontario.

In so far as the proposed change in respect of habeas corpus procedure was concerned he pointed out that the Provinces of Ontario, Quebec, British Columbia and Alberta all had enacted legislation or established court rules in this respect which paralleled closely similar clauses in the Criminal Code revision. There were clear indications that provincial administrators of the law favoured the change since there was some doubt as to the constitutional validity of their own relevant statutes and court rules.

7. The Prime Minister agreed that the habeas corpus question was essentially a matter of procedure and that, provided the change, as suggested by the Minister of Justice, was generally desired by those responsible for the administration of the law and did not involve any restriction or diminution of individual rights, there did not seem to be any good reason for withholding approval.

8. Mr. Garson further reported that section 499(b) which had been in the Criminal Code since 1906 and which related to the breaking of contracts for the supply of power, light, gas or water had been rewritten in order to make the true intent of the provision clearer and was now incorporated in section 365(d) of the revision.

9. Mr. Garson also suggested that when final prints of the revision were available, the measure might be introduced in the Senate in the first instance on the understanding that it would be referred for consideration to a joint committee of both Houses.

10. The Cabinet, after discussion:

(a) approved the revision of the Criminal Code as submitted by the Minister of Justice subject to the provisions respecting the use

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to be made of the proceeds of fines in the Province of Ontario remaining unchanged; and,

(b) agreed that the bill be printed for introduction in the Senate in the first instance.

Parliament; legislative programme

11. The Prime Minister said there were sixteen legislative items mentioned in the Speech from the Throne which had not yet been placed on the Order Papers of either House. Since the session was now in its third month every effort should be made to hasten the preparation of these items in order that formal notice of introduction might be given as soon as possible.

(Memorandum, Secretary to Prime Minister, May 6, 1952).

12. The Secretary of State reported that the proposed new Trade Marks Act was still under discussion and it was unlikely that it could be introduced before the end of the present session.

13. The Minister of Transport said that, in view of the Cabinet decision on February 26th on collection of radio licences, he would prefer not to proceed at this time with the Radio Act amendment originally intended, but to provide for certain of the changes required by introducing appropriate amendments to the Canada Shipping Act.

14. The Minister of Citizenship and Immigration stated that preparation of the Immigration Act revision was nearing completion. He suggested that it might be preferable simply to introduce the measure at this session on the understanding that it would not be disposed of finally before prorogation.

15. The Cabinet, after discussion:

(a) noted that the proposed new Trade Marks Act and the Radio Act amendment would probably not be introduced during the current session of Parliament;

(b) noted that it was proposed to introduce and distribute the Immigration Act revision during the current session but not to dispose finally of the measure until the next ensuing session; and

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(c) agreed that every effort be made to hasten the preparation of the following legislative proposals mentioned in the Speech from the Throne:

Cold Storage Act amendment;
Tax Rental Agreements with Provincial Governments;
Foreign Exchange Control and Currency Acts amendments;
Canadian Farm Loan Act amendment;
Civil Service Superannuation Act amendment;
Unemployment Insurance Act amendment;
Food and Drug Act revision;
Northwest Territories Act amendment;
Bill respecting the National Library;
Canada Grain Act amendment;
Canada Shipping Act amendment.

Canadian National Railways; proposed recapitalization

16. The Minister of Transport, referring to discussion at the meeting of February 19th, 1952, said the Ad Hoc Interdepartmental Committee appointed by Cabinet on September 21st, 1951, had now submitted a report on the recommendations of the Royal Commission on Transportation regarding recapitalization of the Canadian National Railways and had put forward for consideration an alternative method which the Committee felt to be preferable to the method recommended by the Royal Commission.

In its report the Committee had made it clear that it did not wish to suggest in any way what the actual quantum of relief to the C.N.R. ought to be and had merely outlined what it felt to be the best formula for achieving a degree of relief comparable to the aggregate relief arising out of the eight specific recommendations made by the Turgeon Report. The more important features of the alternative plan included:

(a) conversion of an agreed percentage of the C.N.R.'s fixed interest debt into 4 percent preferred stock (it being pointed out that 50 percent of the total debt outstanding on December 31st, 1951, would produce a figure of $736,385,000 which the government might feel to be close enough to the $743.6 million suggested by the Royal Commission to be acceptable);

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(b) recognition of the additional burden represented by the Newfoundland Railway and Steamship Services by converting an additional amount, totalling in the aggregate $100 million of the funded debt remaining after the preferred stock conversion referred to above, into a new block of 15- or 20-year debentures on which no interest would be payable during the debentures' first ten years of life. Additional relief in respect of Newfoundland could be granted by the government agreeing to assume the operating deficits of the Sydney - Port aux Basques ferry, which deficits totalled approximately $1.25 million in 1951;

(c) purchase annually by the government of additional 4 percent preferred stock in an amount equivalent to 3 percent of the Railways' gross revenues to provide the company with a reserve to be used for normal additions and betterments (percentage basis of 3 percent of gross revenues to be reviewed after the period of peak spending had been passed);

(d) turning over of C.N.R. Securities Trust shares to the Railway in exchange for an equal number of the company's shares. (This had also been recommended by the Royal Commission);

(e) remission annually to the government of any surplus earnings remaining after payment of interest on funded debt, income taxes and dividends on preferred stock;

(f) if, in any year, railway earnings were insufficient to cover all expenses including payment of interest on funded debt, reimbursement of the insufficiency to the Canadian National Railways by vote of Parliament.

The Committee thought it would be inadvisable for the government to commit itself in advance to future financing of C.N.R. capital requirements on the basis recommended by the Royal Commission. It would be recalled that Recommendation 7 of Chapter VI of the Turgeon Report implied that income debentures would constitute a normal component of all financing required by the railway in the future. The Committee suggested instead that, if at any time the C.N.R. was requested "in the national interest" to take over some bankrupt or semi-bankrupt railway line

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or to carry on operations on which it could not hope to make a commercial profit, each such special case should be dealt with on its individual merits and, if necessary, use might be made of such measures as subsidies, issue of additional preferred stock, etc. If this course of action was agreeable to the government, no commitment of any kind in respect of future financing need be made at this time.

Explanatory memoranda had been circulated.

(Memoranda, Chairman, Ad Hoc Committee on Proposed Recapitalization of the Canadian National Railways, April 28 and 29, 1952 - Cab. Docs. 130-52 and 135-52).

17. Mr. Chevrier added that the President of the Canadian National Railways, although generally satisfied with the alternative recapitalization plan suggested by the Interdepartmental Committee, felt that the specific proposal on the Newfoundland Railway and Steamship Services was inadequate. Mr. Gordon had suggested that interest should be forgiven temporarily on a total of $150 million rather than $100 million of remaining funded debt.

18. The Minister of Trade and Commerce said he disliked the special arrangements proposed for the Newfoundland Railway and Steamship Services. He thought it was inadvisable to segregate Newfoundland rail operations in any way and the over-all result would be to weaken the C.N.R. and to open the door to local pressures for special treatment in certain regions.

19. Mr. Chevrier pointed out that it was not proposed to segregate the operations of the Newfoundland Railway and Steamship Services but simply to provide a 10-year moratorium on a total of $100 million of remaining funded debt in recognition of the very real burden represented by these services.

20. The Prime Minister thought it might be possible to avoid the undesirable results feared by the Minister of Trade and Commerce and at the same time meet the situation adequately if the proposed 10-year moratorium were not directly related to the Newfoundland Railway and Steamship Services. It could be stated that this provision was being made by the government with a view to facilitating the integration into the over-all C.N.R. operation of the various burdens which had been placed on the railway during recent years "in the national interest".

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21. Mr. Howe further believed that, instead of providing that surplus earnings should be remitted annually to the government, it might be preferable to have a more flexible arrangement under which it would be possible for all or a portion of any such surplus earnings to be used for debt retirement.

22. The Minister of Finance pointed out that, under existing and foreseeable future conditions, the likelihood of the C.N.R. being able to achieve any surplus earnings seemed to be highly hypothetical. In the circumstances, there did not seem to be any really useful purpose served in providing for their use for debt redemption. Furthermore, during the past fifteen or twenty years, considerable sums of taxpayers' money had been used to cover railway deficits. In the circumstances, it might seem anomalous to help to create the impression that the C.N.R. was likely to reach a position where it could actually redeem its debt when in reality recapitalization, whether along the lines recommended by the Royal Commission or on the basis of the Interdepartmental Committee's alternative plan, was simply a bookkeeping exercise designed to give the railway management added incentive by making a more favourable balance-sheet possible.

23. Mr. Abbott thought that the legislation might be framed in such a manner as to make it possible for surplus earnings to be used for debt redemption with the approval of the Governor in Council. The relevant statutory provisions might be worded in such a manner as to allow some discretion in the future disposition of surplus earnings.

He also referred to a technical bookkeeping problem presented by the proposed recapitalization. At the present time government loans to the railways on which interest was payable at a fixed rate were treated as active or revenue producing assets and the government's proprietary equity, on which dividends were paid only when earned, had been classed as non-active. If the total amount of railway debt which was to be converted into 4 percent preferred stock was shown as an active asset, this would involve a departure from present practice. On the other hand, if such preferred stock was treated as a non-active asset, it would be necessary to write down to net debt the amount of government loans so converted into preferred stock, which in turn would involve a corresponding charge to expenditures for the year in which the conversion was effected and would result

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in a substantial increase in the government's deficit or a decrease in its surplus for that year. He had little doubt that the government would not wish the proposed new preferred stock to be carried as a non-active asset. There was nonetheless a technical problem involved of which his colleagues should be aware.

He added, in reply to a question by the Prime Minister, that he understood the Canadian Pacific Railways would not take any exception to the alternative recapitalization plan suggested by the Interdepartmental Committee.

24. The Cabinet, after considerable further discussion, approved in principle the alternative plan submitted by the Ad Hoc Interdepartmental Committee on Proposed Recapitalization of the Canadian National Railways and agreed that draft legislation be prepared accordingly; it being understood that:

(i) the ten-year moratorium on interest due on $100 million of fixed interest debt was to be considered as a recognition of transitional costs of facilitating integration into the over-all C.N.R. operation of recently-acquired properties and not as a measure related specifically to the acquisition of the Newfoundland Railway and Steamship Services; and,

(ii) provision be made by legislation or otherwise to allow some discretion in the ultimate disposition to be made of any surplus earnings realized by the C.N.R.

St. Lawrence Development Project; application to the International Joint Commission

25. The Minister of Transport submitted a draft application to the International Joint Commission respecting the development of power in the International Rapids Section of the St. Lawrence River. The draft had been prepared as a result of meetings of the joint Legal and Engineering Sub-Committees at Washington on April 24th and 25th and of subsequent discussions between Canadian Government officials and representatives of the Ontario Hydro-Electric Power Commission. It had now been communicated to the U.S. State Department for consideration and comment.

An explanatory note had been circulated.

(Secretary's memorandum, May 5, 1952 - Cab. Doc. 136-52.)

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26. The Cabinet noted with approval the draft application to the International Joint Commission respecting development of power in the International Rapids Section of the St. Lawrence River as submitted by the Minister of Transport.

Financial Administration Act; transfer of certain powers of the Governor in Council to Treasury Board

27. The Prime Minister submitted a recommendation for transfer to Treasury Board, under section 5 of the Financial Administration Act, of certain powers conferred upon the Governor in Council by the Civil Service Act, the Civil Service Superannuation Act, the Defence Services Pension Act and the Royal Canadian Mounted Police Act.

28. The Cabinet, after discussion, approved the transfer to Treasury Board, under section 5 of the Financial Administration Act, of certain powers conferred by statute upon the Governor in Council; an Order in Council to be passed accordingly.

(Order in Council P.C. 2644 of May 6, 1952).

Public Service; revision of salaries fixed by statute or Order in Council

29. The Minister of Finance, referring to discussion at the meeting of February 26th, 1952, submitted recommendations respecting the revision of certain Public Service salaries which were fixed either by statute or by order in council.

The Ad Hoc Committee of senior officials which had been appointed then by Cabinet to review these salaries had suggested that the Assistant Commissioners of Penitentiaries, the Assistant Electoral Officer and the Director of the Veterans Land Act might advisedly be brought under the Civil Service Commission; that the salary of the Secretary of the International Joint Commission and of the Secretary of the Tariff Board might preferably be fixed by the Governor in Council rather than by statute; that it might be thought desirable to allow members of the International Joint Commission to come under the External Affairs Superannuation Act; and that the government might wish to consider the possibility of having all statutory salaries included in the Salaries Act rather than in the various departmental statutes as was presently the case.

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(Committee's report to Cabinet on salaries, April 19, 1952).

30. Mr. Abbott further reported that he had recommended to the Civil Service Commission and that the Commission had agreed to increases in salaries for the three Assistant Deputy Ministers of Finance.

31. The Minister of Trade and Commerce, referring to discussion at the meeting of April 22nd, 1952, said that after further considering the matter, he would prefer the salaries of the members of the Board of Grain Commissioners to be increased to $14,000 for the Chief Commissioner, and to $12,000 for the other members as had previously been recommended.

32. The Cabinet, after discussion:

(a) noted with approval the recommendations of the Minister of Finance respecting the revision of Public Service salaries fixed by statute or by order in council;

(b) agreed that the salaries of the members of the Board of Grain Commissioners be fixed at $14,000 for the Chief Commissioner and at $12,000 for the other members as recommended by the Minister of Trade and Commerce; and,

(c) agreed that an Order in Council be passed fixing the salaries of the Deputy Minister of National Revenue (Customs) at $15,000 and of the Associate Deputy Minister of Trade and Commerce at $13,500.

Parliamentary and government business; pension scheme for and salaries of Ministers and Members of Parliament

33. The Minister of Finance outlined briefly the main features of the pension plan for Members of Parliament which was being worked out by Mr. Bona Arsenault and certain other Members. He had made available to Mr. Arsenault the services of government actuaries and other officials, but had made it clear that the proposal could not in any way be considered as a government sponsored plan. Although the pension scheme undoubtedly had many advantages, it also had some disadvantages one of the more important being that the pension would be of benefit to a relatively small number of Members.

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34. The Minister of Trade and Commerce suggested that the effective solution of the problem resided not in a pension scheme but simply in a substantial increase in the remuneration not only of Members of Parliament but of Ministers as well. He appreciated that it might be embarrassing for Ministers to recommend increases in their own salaries but he thought that a measure might quite appropriately be sponsored by certain senior Ministers who expected to retire from the government in any event in the not too distant future.

35. The Prime Minister thought that any measure to increase Ministerial salaries might appropriately provide that the increases would only come into effect upon proclamation following the next general elections.

36. The Minister of Fisheries thought government business could generally be made more efficient if the U.K. practice were adopted in Canada of choosing Ministers' secretaries from amongst relatively permanent Civil Servants specially trained for the job. Such a procedure would be of great value to incoming Ministers and would ensure continuity. Under such a system, there would be nothing to prevent Ministers from appointing, in addition, their own private secretaries for purely political purposes.

He further suggested, in view of the increasing volume of Parliamentary and departmental business, that consideration be given to providing that the Leader of the House be a Minister without portfolio.

37. Mr. St-Laurent thought that the already established post of President of the Privy Council might perhaps be used for this purpose.

38. The Cabinet, after discussion, noted the report by the Minister of Finance on a pension scheme for Ministers and Members of Parliament, the suggestion of the Minister of Trade and Commerce on the possibility of providing salary increases for such persons and the suggestions by the Minister of Fisheries regarding Ministers' secretaries and the position of Leader of the House.

Yukon Territory; transfer of capital from Dawson to Whitehorse; compensation for losses on civil servants' housing at Dawson

39. The Minister of National Revenue said he had sought authority from Treasury Board either

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to purchase the homes of two Income Tax officials who were being transferred from Dawson City to Whitehorse as a result of the removal of the Territorial capital or, as an alternative, to compensate these officials for any loss they might suffer in disposing of these properties because of the lack of market resulting from the change in the site of the capital. Treasury Board had hesitated to approve this request because of the dangerous principle involved and had referred the matter to Cabinet for direction. It should be noted that there was a precedent in Cabinet approval in February of compensation for similar cases with officials of the Department of Resources and Development.

An explanatory note had been circulated.

(Secretary's memorandum, May 5, 1952 - Cab. Doc. 137-52).

40. The Prime Minister felt that, since the financial losses which these civil servants would incur in disposing of their homes would be a direct result of the government's decision to transfer the capital from Dawson to Whitehorse, the government might well agree to purchase these homes at fair value and dispose of them as best it could.

41. The Cabinet, after discussion, agreed that, in view of the removal of the Territorial capital, the Minister of National Revenue be authorized to purchase, at fair value, the homes of Income Tax officials transferred from Dawson City to Whitehorse, on the understanding that these properties would be disposed of by the Department as advantageously as possible.

Book of Remembrance; modification

42. The Prime Minister said a submission had been made by the Minister of Defence Production for authority to amend the contract for preparation of the Book of Remembrance for World War II. The submission was based on advice from the Department of National Defence that it would be necessary to revise the Book to include the recording of the specific regiment in which personnel served in lieu of the inclusive corps designation originally contemplated and the recording of the name, rank and certain other particulars of personnel of French origin in the French language in lieu of the English language. The original estimate of the cost of

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the Book when authorized in 1947 had been $40,000. This was later raised to $70,500. The proposed alteration would increase the estimated cost to $129,629.22.

43. The Minister of National Defence pointed out that the proposal for including regimental names was along the same lines as one that had been approved by the Cabinet in June 1950 for modification of the headstones on war graves. The Book had been about 40 percent completed when that question had arisen and since then the work had been proceeding on the modified basis. It would be necessary to scrap the 40 percent but that would not mean total loss of the work as all the research had been completed for the names included in that portion and could be used. He recommended that the change be made.

44. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that the Minister of Defence Production be authorized to amend the contract for the preparation of the Book of Remembrance to provide for the recording of regiments and use of the French language when appropriate; an Order in Council to be passed accordingly.

Uranium ore; extension of guaranteed price

45. The Minister of Defence Production stated that, at present, there was a guaranteed price for uranium ore until 1960. The price was under-written by the Atomic Energy Commission of the United States who, in order to encourage the production of ore, wished to have the period of guarantee extended to 1962. He did not think that such extension would involve any risk and recommended that it be made.

46. The Cabinet approved the recommendation of the Minister of Defence Production and agreed that the period covered by the guaranteed price for uranium ore be extended to 1962.

Canadian forces serving abroad; marriage regulations

47. The Minister of National Defence reported that some members of the Canadian forces in Japan had married Japanese girls and some in Germany had already married German girls. For a number of reasons it was desirable to discourage such marriages. A draft order covering all three services had been prepared which would provide that marriage allowances and transportation for dependents would not be accorded to men in the forces marrying abroad unless the consent of the commanding officer had been given and five months had elapsed from the time of application. The United Kingdom and the United States were much more stringent in their restrictions on marriage. Prior to the war the Canadian restrictions had also been more severe.

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48. The Cabinet, after discussion, agreed that an order be issued with application to all men in the Canadian forces serving abroad to provide that marriage allowances and transportation for dependents should not be payable unless the marriage were with the consent of a man's commanding officer and unless at least five months had elapsed from the making of the original application.

Immigration; exclusion of a communist sympathizer

49. The Minister of Citizenship and Immigration said his Department had prohibited the entry of Madame Blume a former member of the Belgian Chamber of Deputies who had been coming to speak at the forthcoming meeting of the communist controlled Peace Congress. The Congress had then invited Mr. W.E.B. Dubois, who was an American negro of some prominence in the academic world, to speak in his stead. The R.C.M. Police had advised that Dubois had been closely associated with a number of organizations participating in communist activities and should be excluded.

50. The Prime Minister thought that exclusion would appear appropriate in view of the general policy against allowing entry of persons visiting Canada for the purpose of promoting communist policies.

51. The Cabinet, after discussion, agreed that the Minister of Citizenship and Immigration order the exclusion from Canada of Mr. Dubois, a U.S. citizen coming to Canada to participate in the work of the Peace Congress as a person seeking entry to promote communist policies.

National Revenue; establishment of value for duty

52. The Minister of National Revenue, referring to discussion at the meeting of April 22nd, 1952, said further strong representations had been received from Canadian textile manufacturers concerning underselling by Japanese textile products, particularly of gloves and mitts. Following representations in 1949, valuations had been established but it was now represented that these were too low and that new excise values should be established in accord with Canadian mill costs. Textile manufacturers had submitted statements of production costs as a basis for such valuations. For purposes of consideration, adjustments had been made in the cost statements and a revised schedule of minimum values prepared. To indicate the nature of the changes desired, the former valuation for gloves under 9 ounces

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had been $2.50 per dozen. The valuation on the basis of the statement of manufacturers costs would have been $4.08. The proposed adjusted valuation was $3.75. For gloves 9 to 13 ounces, the figures were $3.50, $5.08 and $4.65; for mitts 9 to 12 ounces they were $2.00, $3.27 and $3 respectively. An important difference in the situation now from that when the original values had been fixed was that the Japanese Peace Treaty had come into effect. It was for consideration whether the establishment of new values for duty should be approved in the circumstances.

53. The Minister of National Defence as Acting Secretary of State for External Affairs thought the present would be a particularly undesirable time for such a policy. Canada along with the United Kingdom and Australia was attempting to reach a stand-still agreement with Japan with regard to accommodation costs and other matters affecting the forces there and these negotiations might be embarrassed.

54. The Minister of Finance pointed out that, while use of arbitrarily established values for duty had been approved with regard to "Iron Curtain" countries, the position in relation to Japan was quite different. It should now be possible to ascertain whether commodities exported to Canada were being sold at less than the fair market value. If so, protection was available in the dumping provisions. Establishment of values for duty could be an extremely dangerous form of protection and most careful consideration should be given before any decision were taken to have the policy introduced other than for "Iron Curtain" countries. It was not possible for Canada to preach freedom of trade and to represent to other countries that they should increase their exports and pay their way if we were to exclude commodities by the device of fixed values as soon as competition became severe.

55. The Cabinet, after discussion, noted the comments of the Minister of National Revenue concerning representations by manufacturers that fixed values be established on Japanese textiles imported into Canada and agreed that the matter be referred for consideration and report to the Interdepartmental Committee on External Trade Policy along with other questions relating thereto.

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Legislation; bill to amend the War Veterans Allowance Act

56. The Minister of Veterans Affairs reported that he had recently discussed the bill to amend the War Veterans Allowance Act with officers of the Canadian Legion. They said that strong objection would be taken to the provision in the bill, which was linked with the new provisions to enable payment of allowances to marginally employable persons, to increase the age of qualification from 60 to 65 years. The provision did constitute a departure from the principle that had been established for many years and it would not effect any substantial saving. It was doubtful whether it ought to be adhered to in the light of the misunderstandings it would create.

57. The Cabinet, after discussion, agreed that the Minister of Veterans Affairs state in the House of Commons that he would propose in committee that the bill to amend the War Veterans Allowance Act be amended to re-establish the age of qualification at 60 rather than at 65 as proposed.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 8th, 1952

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Items discussed

Legislation; Immigration Act 2.

Legislation; Tariff Board Act amendment 4.

Legislation; Consumer Credit (Temporary Provisions) Act; Emergency Powers Act; extension 5.

Salaries; Inspector-General of Banks 5.

Audiences with the Queen; Lieutenant-Governors 5.

ECOSOC; 14th Session, May-August, 1952; Canadian delegation 6.

Military recreation centre, Tokyo; lease of building 7.

N.A.T.O; costs of civilian and military agencies; Canadian share 7.

Coronation Commission; Canadian members 9.

Unemployment Insurance Commissioners; re-appointment; increase in salaries 10.

Newfoundland; bait freezers 10.

Foot and mouth disease; proposed meat transfers between Canada, the United Kingdom and New Zealand; compensation for packing house owners and employees 11.

Newfoundland fisheries development 12.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, May 8th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Legislation; Immigration Act

1. The Minister of Citizenship and Immigration submitted a draft of the bill to revise the Immigration Act.

Copies of the draft bill were circulated.

2. Mr. Harris explained that it was not yet in final form but there were a number of points that could be considered. Section 3 provided for admission as of right of Canadian citizens and persons with Canadian domicile. The only exception was that persons with domicile would not be allowed re-entry unless authorized by the Minister if they performed any military service for or aided or abetted a country at war with Canada. So far as Canadian citizens were concerned, the principle was that they should at all times have a right of entry to the country. If they committed any offences abroad of a treasonable character they should be subject to the penalties of Canadian law but should not lose their right of entry. Section 8 provided for entry of persons under permit as in the present Act. Section 9 was new in allowing permanent landing to be granted in cases where a person had been in Canada under permit for at least ten years at the coming into force of the new Act. Section 12 and the sections on enquiries and appeals established a new procedure under which appeals from orders for deportation would normally go to immigration appeal boards rather than to the Minister. The principal advantage in this would be a saving in time. At present about 1,500 appeals a year had to be handled and all came to the Minister. This involved a substantial delay in each case. The disadvantage in the proposal was that the appeal boards would be made up of immigration officers who would be sitting in review on orders made by other immigration officers. There was, however, a provision under section 32 that appeals would go to the Minister instead of to a board when the Minister so directed or when a board thought it desirable. Section 15(3) altered the provision with regard to the retention in a jail of a person who had served a sentence and who was to be deported. The Minister of Justice might wish to consider it. In section 19(1)(e) alternatives were provided with regard to the deportation of persons who were not in a prohibited class at the time of their entry into Canada but who, for one reason or another, became persons of a prohibited type after admission. The first alternative would provide that any and all such persons be subject to

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deportation. The second would not include persons who became of a prohibited type simply because of misfortune, such as becoming insane, acquiring a serious disease or something of the sort. It would be desirable to decide which form ought to be adopted. Section 38, with regard to deportation, would not permit the deportation with an alien of a spouse or children who were Canadian citizens. It was thought that they ought not to be subject to deportation. However, it was undesirable to divide families and it was intended to recommend that the bill include a provision that would enable the Immigration Branch to pay the transportation costs of dependents wishing to accompany the deported alien in such cases. Section 51 would provide offences for violations of the duties of their offices by immigration officers abroad. These were at present totally lacking.

It would be desirable at a later stage to consider the provisions in section 4 and section 5 with regard to subversives.

3. The Secretary of State for External Affairs thought it would be desirable, in connection with section 3, to consider whether the provision with regard to service in a foreign force or aid to a foreign country would cover situations such as that in Korea where there was no formally declared war. It was quite possible that the day of formal declarations was over. With regard to the alternative provisions in section 19(1)(e), he strongly preferred the second alternative. It seemed quite unfair to make a person deportable because of a misfortune suffered after having been landed in Canada with no disabilities that would have made him deportable at that time.

4. The Prime Minister agreed that the second provision was desirable. With regard to section 51 on offences by immigration officers abroad, the desirable position might be to have the Criminal Code contain provisions of a general character about derelictions from duty by public officers abroad. Other departments than Citizenship and Immigration would have the same problem and a general provision would be better than a specific one. He noted that section 54 applied to offences out of Canada by persons other than officials. It would seem that such provisions ought to apply to all persons who were amenable to the laws of Canada. With regard to payment of removal expenses of Canadian dependents of deported aliens, it appeared that such a provision would be desirable.

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5. Mr. Harris said he would submit the bill again in final form. He thought it might be desirable to introduce it without its financial clauses in the Senate. If that could be done it might be possible to pass the measure at the present session.

6. The Cabinet, after considerable discussion, noted the draft bill to revise the Immigration Act and:

(a) approved the proposed provision to accord admission as of right to Canadian citizens and persons with Canadian domicile with the exception stated in the draft, on the understanding that the Department of Justice would consider what might be done to extend the provision regarding military service for and aid to a country at war with Canada to cover cases where war had not formally been declared;

(b) agreed that the provisions with regard to appeals and the establishment of immigration appeal boards be left as drafted and that the Minister make it clear that any or all appeals could come to the Minister rather than to appeal boards if that appeared on experience to be desirable;

(c) agreed that the second alternative form of section 19(1)(e)(v) be adopted for purposes of the legislation; and,

(d) agreed that the preparation of the final draft be along the lines indicated in the discussion; the bill to be submitted for further consideration in final form.

Legislation; Tariff Board Act amendment

7. The Minister of Finance proposed the introduction of an amendment to the Tariff Board Act repealing section 4(4) of the Act, since it was considered that the powers described therein should be exercised by the Combines Investigation Commissioner rather than the Tariff Board, and increasing the salaries of the vice-chairman and the member of the Board from $10,000 to $12,000 and $11,000 a year respectively.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 5, 1952 - Cab. Doc. 138-52).

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8. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed in principle to the introduction of an amendment to the Tariff Board Act as proposed by the Minister; a draft measure to be prepared accordingly.

Legislation; Consumer Credit (Temporary Provisions) Act; Emergency Powers Act; extension

9. The Minister of Finance, referring to discussion at the meeting of May 2nd, 1952, proposed that steps be taken to extend the Consumer Credit (Temporary Provisions) Act, 1950 for two years to July 1st, 1954.

10. The Minister of Justice, referring to discussion at the meeting of April 30th, 1952, submitted addresses for extending sections 1 to 3 of The Emergency Powers Act for a period of one year to May 30th, 1953.

11. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed to the introduction in both Houses of Parliament of addresses to provide for the extension of the Consumer Credit (Temporary Provisions) Act, 1950 to July 1st, 1954 and of sections 1 to 3 of The Emergency Powers Act to May 30th, 1953.

Salaries

12. The Minister of Finance, referring to discussion at the meeting of May 6th, 1952, proposed that the salary of Mr. C. F. Elderkin, Inspector-General of Banks, be increased from $15,000 to $17,500 a year.

13. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed that the salary of Mr. C. F. Elderkin, Inspector-General of Banks, be increased from $15,000 to $17,500 a year; an Order in Council to be passed accordingly.

Audiences with the Queen; Lieutenant-Governors

14. The Prime Minister reported that he had been informed by the Governor General the previous day

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that he had taken up with the Private Secretary to the Queen the desirability of adding Lieutenant-Governors to the list of those who may be granted an audience with the Queen, and that Sir Alan Lascelles had replied that he was reluctant to raise the matter with the Queen unless the Canadian government signified a desire that he do so. Mr. St-Laurent had intimated to Mr. Massey that the government would in due course be putting forward proposals regarding the table of precedence and would raise the question at that time.

15. The Cabinet, after discussion, noted the report of the Prime Minister on the question of Lieutenant-Governors being added to the list of those who may be granted an audience with the Queen.

ECOSOC; 14th Session, May - August, 1952; Canadian delegation

16. The Secretary of State for External Affairs, referring to discussion at the meeting of April 8th, 1952, confirmed that Mr. Jean Lesage, M.P., would head the Canadian delegation to the 14th Session of the Economic and Social Council, to be held in New York from May 20th to some time in August, 1952. It was recommended that Mr. D.M. Johnson, Permanent Representative to the United Nations, be an alternate representative on the delegation. As Mr. Lesage would have to be absent from New York during part of June, it would be important to have Dr. G. F. Davidson, Deputy Minister of Welfare, serve as an alternate representative for two or three weeks of that month and it was believed that the Minister of National Health and Welfare would be agreeable to this plan. The Department of Finance was prepared to provide an adviser, his Department would furnish other advisers as required, Mr. Johnson's office would provide the secretary of the delegation and it would be necessary for specialists from the various departments and agencies concerned to attend from time to time. It was also hoped that Mr. James Sinclair, M.P., would be able to serve from time to time as an alternate representative to deal with economic matters. A private Member of Parliament should be an additional alternate representative.

17. The Minister of Finance agreed that officials of his Department should attend the session as required.

18. The Cabinet, after further discussion, approved the proposals of the Secretary of State for External Affairs for the Canadian delegation to the

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14th Session of the Economic and Social Council and agreed that Dr. F. G. Robertson, M.P., be invited to be an additional alternate representative on the delegation.

Military recreation centre, Tokyo; lease of building

19. The Minister of National Defence said Ebisu Camp, run by the Australian and U.K. authorities, where there were accommodation and recreational facilities for Commonwealth troops, was some 6 miles from the centre of Tokyo where the majority of the 200 Canadians normally on leave from Korea spent most of their time and were exploited by the public. To meet this situation, he recommended that authority be given to rent a building in Tokyo where various recreational facilities could be provided for Canadians on leave. It was at present estimated that a year's lease on the building that had been recommended for this purpose would involve an initial outlay of $57,588 of which $55,550 would be recoverable after a year, and that the costs during each of the following eleven months would be about $1,075 for rent, services and wages of Japanese nationals.

20. The Prime Minister felt that such expenditures would represent a very small percentage of the cost of the Canadian effort in Korea and would be welcomed by the families of the men concerned.

21. The Cabinet, after further discussion, approved the recommendation of the Minister of National Defence and agreed that a building where recreational facilities could be provided for Canadians on leave from Korea be rented in Tokyo; on the understanding that a year's lease would involve an initial outlay of some $57,588, of which $55,550 would be recoverable, and recurring costs would be approximately $1,075 during the following eleven months.

N.A.T.O.; costs of civilian and military agencies; Canadian share

22. The Minister of Finance reported that a North Atlantic Treaty working group had proposed a final formula for sharing future costs of all the N.A.T.O. civilian and military agencies (excluding infrastructure) that were being financed by all N.A.T.O. members. Under the proposed formula Canada would have to pay 10 percent of current and 6.7 percent

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of capital costs. Its present contribution to civilian costs and current military costs was 8 percent and its contribution on a basis of national income would be 3.9 percent and, on a per capita basis, 3.8 percent. A statement of factors to be considered in connection with the working group's proposals, prepared by officials of the departments concerned, suggested that the proposed contribution of 6.7 percent to capital expenditures was not unreasonable, that the recommended contribution of 10 percent to current expenditures deserved special consideration and that the following alternative courses of action appeared to be open:

(a) to accept, without qualification, the proposed formula, which all the other N.A.T.O. countries were now prepared to accept, in the interests of achieving an agreed formula which would cover the cost of all N.A.T.O. civilian and military agencies and would place all non-Standing Group countries on a similar basis. This would mean that Canada, while a donor rather than a recipient of mutual assistance, would, along with the European countries, accept a share of N.A.T.O. current costs that was eight times that of the United States on a capacity to pay basis and five times that of the United States on a per capita basis.

(b) to advise the N.A.T.O. Council that Canada could not agree to increase its contribution beyond the 8 percent limit already established and press for the adoption of a formula that would take into account the per capita contribution relative to that of the largest contributors. In making a contribution of 8 percent, Canada was already contributing double its share on a straight capacity to pay basis, four times as much per capita as the United States, and more per capita than any other N.A.T.O. country. This course would mean renegotiation of the cost-sharing formula for both current and capital costs and serious delay in reaching agreement on a final formula. Further, Canada would doubtless find itself in the embarrassing position of being alone in opposing a formula acceptable to the other countries.

(c) to accept the proposed formula, making it clear to N.A.T.O. members (following along the lines of the Lisbon infrastructure settlement) that Canada's payments beyond a percentage representative of its share on a current capacity to pay basis, say 5 percent at the present time,

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would be paid as a general contribution to N.A.T.O. out of the mutual aid appropriation and that, if N.A.T.O. members wished to revert to a grouping procedure similar to the present formula, Canada would be prepared to continue providing 8 percent of current costs without any deduction from mutual aid funds.

An explanatory note was circulated.

(Memorandum, April 29, 1952 - Cab. Doc. 139-52).

23. The Cabinet, after considerable discussion, agreed that the Permanent Canadian Representative to the North Atlantic Council inform the Council that:

(a) Canada would be prepared to pay for this year, the sum allocated to it under the cost-sharing formula for all N.A.T.O. civilian and military agencies (excluding infrastructure) recommended by the N.A.T.O. working group concerned, provided its payments beyond a percentage representative of its share on a current capacity to pay basis would be made as a general contribution to N.A.T.O. from the mutual aid appropriation, without any resultant increase in that appropriation;

(b) Canada could not undertake to contribute in subsequent years to current or capital expenditures more than a percentage representative of its share on a current capacity to pay basis.

Coronation Commission; Canadian members

24. The Prime Minister, referring to discussion at the meeting of May 6th, 1952, regarding the appointment of the Leader of the Opposition as a Canadian member of the Coronation Commission, said the Private Secretary to the Queen had now suggested that, as the membership of the Commission had been approved by the Queen and published, it would be embarrassing to Her Majesty to be asked to appoint an additional Canadian member. He suggested that the Palace be informed that the government desired Mr. George Drew to be appointed to the Commission in place of Mr. Frederic Hudd, who would act as the alternate on the Commission of the Canadian High Commissioner in London.

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25. The Cabinet, after discussion, approved the proposal of the Prime Minister that the Private Secretary to the Queen be informed that it was desired that the Leader of the Opposition be appointed to the Coronation Commission in the place of Mr. Frederic Hudd who would act as the alternate of the Canadian High Commissioner in London on the Commission.

Unemployment Insurance Commissioners; re-appointment; increase in salaries

26. The Minister of Labour submitted recommendations for the re-appointment and an increase in the salaries of certain members of the Unemployment Insurance Commission.

27. The Cabinet, after discussion, agreed that Orders in Council be passed to provide:

(a) for the re-appointment of Mr. C.A.L. Murchison as a Commissioner of the Unemployment Insurance Commission for a further period of five years effective June 1st, 1952; and

(Order in Council P.C. 2746 of May 16, 1952)

(b) for an increase in the salary of Mr. R. J. Tallon and Mr. C.A.L. Murchison, Commissioners of the Unemployment Insurance Commission, from $9,000 to $10,000 per annum effective January 1st, 1952.

(Order in Council P.C. 65/2877 of May 15, 1952).

Newfoundland; bait freezers

28. The Minister of Fisheries reported that the annual deficit on the 26 bait freezers now in operation in Newfoundland was approximately $150,000. He suggested that this deficit could be reduced substantially or even perhaps eliminated if provision were made for using excess space, of which there was a certain amount in most freezers, as cold storage for the benefit of the local communities. A survey could be made to determine what space was required for bait freezing purposes and the remainder might be leased to the community.

29. Mr. Mayhew added that one of the more difficult aspects of operating the bait freezers

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economically was that fishermen naturally preferred live fresh bait when available and this sometimes resulted in fairly large quantities of frozen bait being wasted at the end of the season.

He also pointed out that frozen bait was sold to Newfoundland fishermen at a much lower price per pound than in the Maritime Provinces. This difference should probably be corrected as soon as current efforts to place the Newfoundland fisheries on a sound commercial basis had been reasonably successful.

30. The Cabinet, after discussion, agreed that unused space in Newfoundland bait freezers be, if possible, put to profitable use along the lines suggested by the Minister of Fisheries.

Foot and mouth disease; proposed meat transfers between Canada, the United Kingdom and New Zealand; compensation for packing house owners and employees

31. The Minister of Agriculture, referring to discussion at the meeting of April 30th, 1952, said that final arrangements for the proposed substitution of New Zealand for Canadian meat on the U.S. market, and of Canadian for New Zealand meat on the U.K. market were nearing completion. An appropriate announcement would probably be made shortly in London and Ottawa.

32. The Minister of Labour enquired as to whether it was intended to compensate owners and employees of packing houses which had suffered losses as a direct result of the outbreak of foot and mouth disease in Saskatchewan.

33. The Prime Minister stated that no commitment of any kind could be made as to compensation for packing house owners or employees until a firm decision had been reached by the government and such decision could only be taken after the most careful consideration because of the dangerous implications which compensation of this nature might have. There were doubtless a considerable number of businesses and individuals in Canada who had suffered to a greater or lesser degree as a result of the outbreak of foot and mouth disease in the Prairie Provinces. If it was agreed that compensation should be paid to packing houses, this might give rise to a considerable number of further claims which could not possibly be met.

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34. Mr. Gardiner said he had already made it quite clear that no decision whatever had yet been reached by the government in respect of compensation for packing houses but that, in any event, no consideration could be given to any cases except those where the government had directly ordered the closing of a plant.

35. The Cabinet, after discussion, noted the remarks of the Minister of Agriculture on the proposed meat exchange arrangement between Canada, the United Kingdom and New Zealand and the comments of the Prime Minister and Mr. Gardiner on representations which had been made seeking federal compensation for the owners and employees of packing houses directly affected by the outbreak of foot and mouth disease in the Prairie Provinces.

Newfoundland fisheries development

36. The Minister of Fisheries reported that, in view of the low income of Newfoundland fishermen and the continuous problems of marketing their salted cod, his Department and the Newfoundland government had established, in 1951, a committee under the chairmanship of the Chief Justice of Newfoundland, to study future development of the Newfoundland fisheries. While it had not yet completed its report, the committee had put forward interim proposals relating particularly to the most difficult area - the northeast coast from Cape Bonavista north - in the hope that these might be implemented in 1952.

These proposals would involve chartering a trawler and expansion of the experimental long-lining project from two to six boats to explore additional fishing grounds and methods; federal-provincial financing of six centralized fish curing establishments on a commercial scale to assess the economic possibilities of such operations in varying geographical and other conditions; and the encouragement of groups of fishermen in small communities to cooperate in salting and curing their fish, with financial aid in providing buildings and equipment.

As an accelerated programme of experimental long-lining appeared justified by the urgency of rehabilitation and by the results of past investigations, his Department considered the programme should be expanded to include four long-liners for which $100,000 would be required in 1952. The proposed chartering of a trawler did not appear urgent.

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There was a definite need for assessing under commercial conditions the economic feasibility of centralized fish curing establishments. As an alternative to the committee's proposals in this connection, his Department had suggested that the following arrangements be entered into with one commercial operator at Bonavista:

(a) the federal government would install suitable drying and cold storage equipment, at a cost in 1952 of some $63,000, for an experiment in drying light salted fish to be carried out over a period of up to three years; the operator would have an option to buy the equipment at the end of the period at cost less depreciation or replacement cost and, if the experiment were unsuccessful, the equipment would be removed in whole or in part, any of it that was usable by the operator being sold to him at cost less depreciation;

(b) if building facilities were inadequate, the federal government would assist in 1952 in financing, up to $30,000, the construction of adequate premises; the owner taking over such buildings at the end of the period at cost less depreciation, whatever the outcome of the experiment;

(c) the federal government would provide advisory engineering services and be responsible for any losses due to experimental use of raw fish; the annual loss should not exceed $25,000.

The Department of Fisheries strongly favoured the proposal concerning small communities as it appeared to have considerable promise as a means of overcoming basic problems of the outport fishermen. It recommended that support be given to a minimum number of properly organized small community curing stations, contemplating that in 1952 the provincial government would choose a site and carry out necessary preliminary education and organization and that, later, one or two other similar stations, which would be analogous to demonstration farms, would be established if the scheme were proving successful.

An explanatory memorandum was circulated.

(Minister's memorandum, May 7th, 1952 - Cab. Doc. 141-52).

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37. Mr. Mayhew added that, if the experimental drying plant and model small community scheme proved successful and led to the establishment of private drying plants and the development of cooperatives in the small communities, the position of Newfoundland fishermen should improve substantially.

38. The Secretary of State suggested that if something of the type proposed were not done soon, the Newfoundland fishing industry would die as few fishermen were able to make a living under present conditions.

39. The Prime Minister said that as the government had been trying to improve the lot of Newfoundland fishermen and the fisheries experts considered their proposals likely to have this effect, it appeared desirable to approve the recommendations submitted.

40. The Cabinet, after further discussion, approved the recommendations of the Minister of Fisheries regarding Newfoundland fisheries development and agreed that:

(a) support be given to the principle of exploratory fishing by increasing the number of experimental long-liners from two to four;

(b) arrangements be made for one plant to be equipped for an experiment in the artificial drying of light salted fish on a commercial scale;

(c) support be given to a minimum number of properly organized small community curing stations - one in 1952, and one or two others later if this scheme were successful;

(d) for these purposes, up to $218,000 be provided in Supplementary Estimates for 1952-53 under the vote for the Industrial Development Service.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 14, 1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, May 14th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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St. Lawrence Project; preparation of Canadian and U.S. applications to the International Joint Commission for power development

1. The Minister of Transport, referring to discussion at the meeting of May 6th, 1952, said copies of the draft U.S. application to the International Joint Commission on development of power in the International Rapids Section of the St. Lawrence River had now been received.

One of the more important differences between the Canadian and U.S. drafts was that the U.S. version provided that a Board of Control should be appointed by and remain under the supervision of the International Joint Commission. The Canadian application had provided that such a Board should be appointed by and remain under the direction of the two governments. Federal, Ontario and Quebec engineers apparently favoured the Canadian proposal. They had pointed out that the International Joint Commission was in many respects a quasi-judicial body and that for this reason, amongst others, it would seem inappropriate for the Commission to carry out administrative functions such as those with which the proposed Board of Control would be charged.

It was further feared that the present wording of the clause in the U.S. draft relating to allocation of costs between the Canadian and U.S. power developing entities might prejudice our existing agreement with the Province of Ontario, and the Interdepartmental Committee on the St. Lawrence Project had suggested that the looser wording in the Canadian draft application would be preferable from our point of view.

2. The Prime Minister pointed out that the federal government had committed itself to construct the seaway as an all-Canadian undertaking on the clear understanding that allocation of costs would be on the basis as outlined in the 1951 Canada-Ontario Agreement. Any substantial departure from that basis might place the government's commitment respecting development of the seaway in a different light. He did not see why it would not be possible for the Canadian and U.S. applications to be drawn in such a manner as to allow for costs to be allocated in each country on whatever basis seemed most desirable.

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3. The Secretary to the Cabinet pointed out that a clause requesting the International Joint Commission to allocate costs between the power developing entities had been inserted in the application at the suggestion of the U.S. State Department, because it was felt in Washington that this might be one way in which New York State could be allowed to develop power, without violating the U.S. Constitution, by entering into an agreement with Ontario. It seemed important to the Interdepartmental Committee that the relevant clauses in both sections should be drafted in such a manner that it would be possible, during I.J.C. hearings, to submit to the Commission a suggested allocation of costs for both countries which would be along the lines of the 1951 Canada-Ontario Agreement. It should be borne in mind that for practical purposes the allocation of costs to power would probably have to be identical in both countries, as the Province of Ontario could not be expected to agree to pay more for electric energy than New York State, because, in both cases, the power would be coming from the same development.

The Chairman of the Ontario Hydro-Electric Power Commission had been informed, in confidence, by the head of the New York State Power Authority, that there was every indication that the U.S. government would, in the near future, name New York as the power developing agency in the United States. If this were true, it might be possible to suggest to Washington that the U.S. government now agree to seek New York's acceptance of an allocation of costs similar to that agreed to by Canada and Ontario.

4. The Minister of Trade and Commerce thought the question as to whether the proposed Board of Control should be appointed by the two governments or by the International Joint Commission, as suggested by the State Department, was relatively unimportant and that Canada should accept the U.S. suggestion if there was any thought that any other course of action might jeopardize the project.

5. Mr. St-Laurent believed there might indeed be some merit in the American suggestion that the Board of Control be appointed by and remain under the general supervision of the International Joint Commission, since the latter body had been established as a result of a treaty between the U.S. and Canada which was legally binding on both countries.

6. Mr. Chevrier said the Canadian Ambassador at Washington had been asked to arrange a meeting

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between appropriate U.S. and Canadian officials for the following Friday, May 16th, with a view to reaching agreement on the more important points of difference between the U.S. and Canadian draft applications.

7. The Secretary of State for External Affairs reported that the U.S. Senate had now agreed to place the St. Lawrence resolution (Senate Resolution S.J. 27) on its agenda. There were only two other important items ahead of the St. Lawrence Resolution on the agenda and it was possible that discussion, on the St. Lawrence measure might take place in a week or two. It was possible that, as a result of such discussion, a favourable vote might be secured in the Senate which might cause the U.S. Administration to seek a further postponement of any action on the all-Canadian seaway, even though there did not appear to be any hope that action of any kind would be taken in the House of Representatives during the course of the present session. For this reason, it was important that preparations for the submission of concurrent power applications to the I.J.C. should be completed as quickly as possible.

8. The Cabinet, after discussion, noted the report of the Minister of Transport on the reference to the International Joint Commission on the St. Lawrence Power Project and:

(a) agreed that the U.S. suggestion that the proposed Board of Control be appointed by and remain under the general supervision of the International Joint Commission be accepted, if it seemed likely that non-acceptance would in any way jeopardize the chances of an early submission of concurrent applications for power development to the International Joint Commission;

(b) that every effort be made to secure U.S. acceptance of an allocation of costs to power similar to that envisaged in the 1951 Canada-Ontario Agreement and that the relevant clauses in both applications be drafted in such a manner as to make such an allocation of costs possible; and,

(c) noted with approval the proposed meeting of Canadian and U.S. officials at Washington on May 16th for the purpose of reconciling differences between the Canadian and U.S. draft applications to the International Joint Commission.

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North Bay airport; contract for extension of runways

9. The Minister of Transport said that, by Order in Council P.C. 5199 of November 1st, 1950, a contract had been awarded to Cart Paving Company Limited of Toronto, Ontario, for extensions to the runways of the airport of North Bay, Ontario, at a total estimated expenditure of $574,547.50. Since then the contract had been amended to provide for additional expenditures totalling $165,834.35. Still further extensions were now required in order to meet National Defence requirements. This work had been represented as being of pressing urgency and, in order to avoid delay, it was recommended that a contract to provide for further extensions as required be entered into with Cart Paving Company Limited at a total estimated expenditure of $960,000, without calling for tenders.

10. The Minister of National Revenue pointed out that the recommendation had been referred to Cabinet by the Special Committee of Council since, on grounds of urgency alone, it was now proposed to dispense with the usual call for tenders, even though the additional work involved costs considerably in excess of the total value of the original contract.

11. The Minister of Trade and Commerce thought it would be more economical in the long run to approve the recommendation of the Minister of Transport and to award the work to the contractor already on the site, since otherwise a month or more would elapse before a new contract on the basis of tenders could be awarded on unit prices which would likely not be substantially lower than those suggested by Cart Paving. Further postponing commencement of the work would result in a greater portion of the contract being completed under more difficult winter conditions.

12. The Cabinet, after discussion, agreed that an Order in Council be passed authorizing acceptance of the offer of Cart Paving Company Limited of Toronto, Ontario, for additional work at the North Bay airport at an estimated total cost of $960,000.

(Order in Council P.C. 2698, May 14, 1952).

Ming Sung ships; interception by naval craft

13. The Secretary of State for External Affairs, referring to discussion at the meeting of

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April 3rd, 1952, said information had been received that the Ming Sung ships presently at Canton might soon attempt a dash for the Yangtze River. This raised again the question as to the desirability of taking any steps to intercept these ships on the high seas if such a run were attempted. Canadian naval craft were not in adjacent waters at the present time and therefore would not be in a position to attempt interception even if it were decided to approve such a course of action. The alternative would be to ask the United States or the United Kingdom to use their navies for this purpose.

Since the interception of one or more of the Ming Sung ships by naval craft would amount to an overt warlike act on the high seas, this might touch off an international incident which might have very serious implications. It therefore seemed preferable not to suggest that the ships be intercepted by either our own or other naval craft. The full situation, however, should probably be brought officially to the attention of the U.S. State Department in order that they be made aware of all the implications.

It had been suggested that an effort might be made at this time to ascertain whether the United States would be prepared to transfer Chinese blocked funds now held in the United States in partial payment of the outstanding Ming Sung loan of $12,500,000. He did not think that the U.S. Administration would for a moment contemplate transferring funds belonging to a government which the United States had not recognized, the net result of such transfer being that Communist China would come into legal ownership of the ships.

14. The Prime Minister pointed out that there now seemed to be only two possible courses of action. On the one hand it would be possible to cancel the Canadian registration of these ships and thus forego the possibility of salvaging any portion of the outstanding mortgage. On the other hand it might be possible to transfer registry from Canada to Communist China and still retain mortgage claims on the vessels. The latter course of action might be even less desirable than the former.

15. The Cabinet, after discussion, agreed that the Secretary of State for External Affairs inform the U.S. State Department, in detail, as to all the circumstances surrounding the Canadian-built Ming Sung ships and the Canadian mortgage thereon, as well as the possibility that some of these ships presently harbouring at Canton might make a dash for the Yangtze River.

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Parliament; legislation

16. The Secretary submitted a legislative proposal and certain draft measures.

An explanatory memorandum was circulated.

(Memorandum, Minister of Veterans Affairs, May 8, 1952 - Cab. Doc. 140-52).

17. The Cabinet, after discussion:

(a) approved in principle amendment of the Army Benevolent Fund Act, 1947, as recommended by the Minister of Veterans Affairs; a draft measure to be prepared accordingly;

(b) approved for introduction in the House of Commons the resolution and bill to amend the Canada Grain Act; and,

(c) approved for introduction in the Senate in the first instance the bill to amend the Industrial Development Bank Act.

National Defence; prosecutions for thefts from stores

18. The Minister of Justice reported that one of the persons involved in recent thefts at Petawawa Military Camp had made a lengthy statement concerning them which could be used in evidence. He had, however, asked the government to accept from him a plea of guilty and ask that he be given a suspended sentence. If the government did not agree, therewas a possibility that the man might try to contradict the statement made. It was a substantial part of the case against the two others involved. Notwithstanding this, it appeared undesirable for the government to enter into any undertaking to seek a suspended sentence.

19. The Cabinet noted the report of the Minister of Justice and agreed that no undertakings be entered into with respect to the handling of the cases against any of the persons prosecuted for thefts of National Defence property.

Legislation; Canada Dairy Products Act

20. The Minister of Agriculture said a bill introduced in the Senate by Senator Euler would, if passed, wipe out all control by the federal government

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over trade in dairy products and substitutes between the provinces. It was not desirable to go that far but some of the criticism of the present legislation might be met by a bill amending the Canada Dairy Products Act so as to remove the power of control over interprovincial trade in respect of dairy products containing fat and oil other than that of milk. This would leave control in respect of substitutes.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 9, 1952 - Cab. Doc. 142-52).

21. The Prime Minister pointed out that the action desired would not be precisely as described in the memorandum. Apparently what was proposed there was repeal of paragraph (i) of section 6(1) of the Act.

22. The Leader of the Government in the Senate remarked that, from views expressed by Senators, it seemed clear that Senator Euler's measure would be passed unless adequate argument against it could be produced by those directly concerned with the control of the trade in dairy products. The desirable course would be to have the bill referred to a Senate committee in order that the Minister of Agriculture and officials of the Department might appear to explain the position.

23. The Cabinet, after discussion, agreed that:

(a) the Leader of the Government in the Senate request that the bill introduced by Senator Euler to amend the Canada Dairy Products Act, be referred to a committee in order that views respecting it might be expressed by the Minister of Agriculture and matters relating to the Act and controls under it might be explained by officials of the Department of Agriculture; and,

(b) decision be deferred on the proposal by the Minister of Agriculture for a bill to amend the Canada Dairy Products Act.

Cheese; support for marketing

24. The Minister of Agriculture reported that, following numerous representations from cheese producers, it had been his intention to recommend to

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Cabinet that a support price for cheese be authorized under the Agricultural Prices Support Act at 28 cents per pound, basis Montreal. With butter at 58 cents this would be something less than the customary 50 percent of the butter price. The Ontario Cheese Producers Marketing Board, however, had now indicated that they would prefer an agreement under the Agricultural Products Cooperative Marketing Act, 1939, rather than a floor price. The weighted average price of cheese over the past three years had been slightly over 30 cents at the factory. It was proposed that an initial advance be guaranteed under the Agricultural Products Cooperative Marketing Act of 24 cents per pound, which was approximately 80 percent of the three year average, and the maximum authorized by the Act. In addition, there would be certain handling charges to be guaranteed which would be settled before a final agreement was presented to the Cabinet for approval. Under the arrangement the government would have liability only if the final sales return to the Ontario Cheese Producers Marketing Board was less than 24 cents plus the agreed handling charge. The Board would finance through a bank on the government guarantee.

An explanatory memorandum was circulated.

(Minister's memorandum, May 14, 1952 - Cab. Doc. 148-52).

25. The Cabinet, after discussion, approved the recommendation of the Minister of Agriculture and agreed that he be authorized to discuss with the Ontario Cheese Producers Marketing Board the details of an arrangement under which an initial advance payment by the Board for cheese of 24 cents a pound would be guaranteed under the Agricultural Products Cooperative Marketing Act, 1939; the agreement to include provisions respecting the guarantee of handling charges and to be presented to the Cabinet at a subsequent date for final approval.

Beef; proposal to arrange for pasturing of cattle by the government

26. The Minister of Agriculture said consideration was being given to a plan under which the government, in cooperation with the wheat pools, might try to get cattle in the western provinces on to pastures in order to keep them off the market. It was thought that from 10,000 to 20,000 head could be handled on community pastures. If they could be purchased at the floor price there was little chance

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that the government would incur any loss. The plan under consideration was that auctions would be held at stockyards to sell cattle which farmers wished to dispose of. In the auction some cattle could be purchased by other farmers wishing to feed them, some by packers wishing to slaughter any in prime condition for beef and others by the government. These would go on the community pastures.

27. The Cabinet noted the report of the Minister of Agriculture concerning the plan under consideration by which cattle in western provinces would be purchased by the government and held on pastures during the time that beef was surplus and agreed that the plan be discussed with the Minister of Finance before it was given further consideration.

Grain elevator workers, Vancouver; possible strike

28. The Minister of Trade and Commerce reported that grain elevator workers at Vancouver were threatening to strike on May 17th. Consideration was therefore being given to the possible need for halting grain shipments from the prairie provinces to the coast.

29. The Minister of Labour said his latest information was that the majority report of the conciliation board concerned had recommended an increase in hourly wage rates from $1.31 to $1.45 but maintenance of the 44-hour week and that the minority report had recommended an increase to $1.60 and a 40-hour week. There still appeared to be some grounds for hoping that a compromise might be worked out before the strike deadline.

30. The Cabinet, after further discussion, noted the reports of the Minister of Trade and Commerce and the Minister of Labour on the possibility of an early strike by grain elevator workers in Vancouver.

Legislation; National Library bill; Government Annuities Act amendment; completion of legislative programme

31. The Secretary of State, referring to discussion at the meeting of February 19th, 1952, submitted drafts of a resolution and bill on establishment of a National Library. Before the bill was placed on the Order Paper, he proposed to take up

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with the Department of Justice the question of whether, under section 12(3) of the bill, gifts of money could be diverted to purposes not contemplated by donors.

An explanatory note was circulated.

(Draft bill and covering note, May 13, 1952 - Cab. Doc. 146-52).

32. The Minister of Citizenship and Immigration pointed out that section 12 of the bill was similar to provisions in the National Gallery Act.

33. The Prime Minister suggested that the resolution be approved and placed on the Order Paper and the Department of Justice be asked to deal with the question raised by Mr. Bradley as a matter of urgency so that the bill might be proceeded with as soon as possible.

34. The Minister of Labour, referring to discussion at the meeting of February 26th, 1952, said he would appreciate guidance as to what features, if any, of the draft Government Annuities Act amendment should be introduced during the current session. He now understood that the insurance companies would oppose any attempt to increase the maximum annuity that might be purchased under the Act from $1200 to $1600 or $1800, even if the government did not introduce the cash surrender provisions that had been proposed. Possibly at least the administrative changes contemplated should be introduced.

35. Mr. St-Laurent said his present feeling was that it might be preferable not to introduce the amendments on administrative matters. As regards increasing the maximum figure for annuities, he felt it might be inconsistent with government policy to provide additional competition in a field in which private business appeared to be functioning satisfactorily.

He pointed out that several measures referred to in the Speech from the Throne, and others that it was proposed to introduce during the current session, were not yet ready for introduction. It was important that all departments concerned complete preparations at the earliest possible date.

36. The Cabinet, after further discussion:

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(a) approved for introduction the resolution on the bill respecting the establishment of a National Library; it being understood that the Secretary of State would discuss with the Minister of Justice the appropriateness of section 12(3) of the draft bill so that the bill could be placed on the Order Paper as soon as possible;

(b) noted the comments of the Prime Minister and the Minister of Labour regarding introduction of amendments to the Government Annuities Act and agreed that this matter be considered further in the near future;

(c) noted the comment of the Prime Minister that departments concerned should bring forward all outstanding draft legislation at an early date.

Assistance to Palestine refugees

37. The Secretary of State for External Affairs reported that, since 1948, Arab refugees from the war in Palestine had existed chiefly on relief provided by the United Nations which had recognized its responsibility for the problem and consistently tried to find a solution. Not only humanitarian factors but important political considerations were involved since these refugees were a significant element in the instability of the Middle East whose security was vital to the North Atlantic area.

In January, 1952, the U.N. Assembly had accepted the "Blandford Plan" calling for the expenditure over three years of $50 million for relief and $200 million for the integration of the refugees into the life of Israel's neighbours. Some $67 million had been contributed for the year ending June 30th, 1952, and it was estimated that about $128 million and $55 million respectively would be required for the two following years.

The experts felt the plan stood a good chance of succeeding. It would be preferable for Canada not to contribute to the first year of the plan, now almost over. For the second year a reasonable contribution would seem to be in the neighbourhood of 1 percent of the funds required, that is, slightly over $1 million. He recommended that it be indicated at this time that Canada would provide $600,000 and would make a further contribution at the beginning of 1953 if it appeared

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that other countries were making reasonable contributions and the Middle Eastern states were cooperating in carrying out the plan. The second contribution should be up to $600,000. Payments would be subject to an understanding that attention would be given to procurement in Canada by the U.N. agency administering the plan of commodities required, particularly those in surplus supply. Officials of the Department of Finance had expressed agreement with these proposals.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 9, 1952 - Cab. Doc. 144-52).

38. The Prime Minister wondered, if Canada showed it felt some responsibility for success of the plan, whether it might be pressed to contribute on a basis of capacity to pay which would mean providing something like 5 percent rather than about 1 percent of the funds required for the second year.

39. Mr. Pearson said that since the first contribution to the U.N. agency concerned with the Palestine refugees, there had never been question of a capacity to pay basis. He would not propose, in any case, that more than $1.2 million be contributed for the year beginning July 1st, 1952. It had always been felt that Canada did not have the same degree of responsibility as the countries with special strategic and economic interests in the Middle East.

40. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs and, subject to the approval of the Minister of Finance, agreed that:

(1) the Canadian representative on the United Nations Negotiating Committee for Extra-budgetary Funds announce that Canada:

(a) would contribute $600,000 to the U.N. Relief and Works Agency for Palestine Refugees for the year beginning July 1st, 1952, subject to approval by Parliament;

(b) would make a further contribution to the agency at the beginning of 1953 provided conditions were such that it appeared likely that the agency's programme could be successfully carried out and that contributions from other countries with similar responsibilities were such as to justify a further contribution by Canada;

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(2) the second contribution for the year beginning July 1st, 1952, be up to $600,000;

(3) payment of the contributions be subject to an agreement with the Director General of the U.N. agency to ensure that attention was given by it to procurement in Canada of commodities required for its operations;

(4) an amount of $600,000 be included in the Supplementary Estimates for 1952-53 for the initial contribution.

Department of Public Works; exemption from retirement

41. The Prime Minister recommended that Mr. E. P. Murphy, Deputy Minister of Public Works, who would be sixty-five on July 17th, 1952, be exempted from retirement for one year from that date in accordance with section 10 of the Civil Service Superannuation Act.

(Prime Minister's submission to Council, May 9, 1951).

42. The Minister of Public Works supported this recommendation.

43. The Cabinet, after further discussion, approved the recommendation of the Prime Minister and agreed that Mr. E.P. Murphy, Deputy Minister of Public Works, be exempted from retirement until July 17th, 1953, in accordance with section 10 of the Civil Service Superannuation Act.

Military recruiting; advertising campaign for 1952-53

44. The Minister of National Defence said Treasury Board had referred to the Cabinet for consideration a proposal to spend some $2.2 million on advertising in connection with recruiting for the armed forces.

The Chiefs of Staff had reported that it was necessary to maintain the recruiting programme; that the best means of meeting the main requirements would be to conduct a campaign through advertising agencies; that newspapers, radio, magazines, billboards and streetcar cards be used as media; and that it was necessary to maintain the advertising campaign

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throughout the fiscal year 1952-53. It was proposed that authority be given to spend not more than $2,210,600 on advertising through three agencies; this amount to be distributed within the defence appropriation as follows: R.C.N. - $300,000; Army - $1.1 million; R.C.A.F. - $810,600.

(Letter, Secretary, Treasury Board, to Secretary, May 6, 1952; Minister's submission to Council April 28, 1952).

45. The Minister of Public Works explained that Treasury Board had questioned whether it would be necessary to spend as much as $2.2 million on advertising in view of reports that recruiting had been progressing satisfactorily.

46. The Secretary of State for External Affairs wondered what the effect would be if the expenditures proposed were reduced by, say, a half or whether it would be worthwhile experimenting by conducting a full advertising campaign for one month and a limited campaign in the following month.

47. The Minister of Veterans Affairs was inclined to doubt that present French-language advertising by radio was as effective as that carried in the press.

48. Mr. Claxton said advertising on the scale proposed was necessary chiefly because of the large numbers that had to be recruited to meet present plans and because the problem of wastage assumed significant proportions with the present greatly expanded forces and the current commitments in Korea and Germany. A large number of men in the Special Force, which had been recruited for an 18-month period, had not re-engaged. Experience in recent years had shown that when advertising was reduced for a month or so recruiting fell off seriously. Surveys indicated that radio advertising was the most significant factor in obtaining recruits.

49. The Cabinet, after further discussion, approved the recommendation of the Minister of National Defence and agreed that authority be given for the expenditure of not more than $2,210,600 on advertising for recruits through Maclaren Advertising Co. Ltd., Ronalds Advertising Agency Ltd. and Walsh Advertising Co. Ltd., and that this amount should be distributed within the defence appropriation as follows: R.C.N. - $300,000; Army - $1.1 million; R.C.A.F. - $810,600; Treasury Board to be informed accordingly.

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Patent rights of public servants; establishment of interdepartmental committee

50. The Prime Minister said the Treasury Board had suggested that the Cabinet consider the desirability of establishing an interdepartmental committee to make recommendations on bringing about greater uniformity in legislative provisions, and in the administration of these provisions, affecting the patent rights of employees of government departments and agencies with respect to their inventions. The Department of Finance had suggested that the Chairman of the committee might be from a government department or agency directly concerned.

(Letter to Secretary from Secretary, Treasury Board, May 13, 1952).

51. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that an interdepartmental committee be established to consider and make recommendations to the government on the question of bringing about greater uniformity in legislative provisions, and in the administration of provisions, affecting the patent rights of employees of government departments and agencies with respect to inventions; the committee to consist of representatives of the Privy Council Office, the Departments of Finance, Justice, Mines and Technical Surveys, National Defence, State, Trade and Commerce, and, as and if required, the Departments of External Affairs, Veterans Affairs and other government departments and agencies.

Fair employment practices

52. The Minister of Labour mentioned that he was considering, with particular reference to the Fair Employment Practices bill introduced by the Member for Hamilton West, the possible desirability of further regulations or other provisions designed to prevent discrimination in employment for reasons of race, creed, etc. He might wish to raise the matter again when the draft amendments to the Unemployment Insurance Act were discussed shortly.

53. The Cabinet, after discussion, noted the report of the Minister of Labour that he was considering the possible desirability of further provisions designed to prevent discrimination in employment for reasons of race, creed, etc.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 15th, 1952

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Items discussed

Strait of Canso Causeway; contract for construction 1.

Statements by Dr.Endicott on bacteriological warfare; possibility of prosecution 2.

Commemorative postage stamps; new issue 4.

Immigration; entry of Canadian citizens from Japan 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, May 15th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office.

Strait of Canso Causeway; contract for construction

1. The Minister of Transport said nine tenders had been received for construction of the Strait of Canso causeway. The lowest was by the Northern Construction

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Company and J. W. Stewart Limited, Vancouver, B.C. at $5,786,650. The highest was $9,868,725. The low tender was about $500,000 below the estimate that had been made of probable cost. The company tendering was reputable and it was recommended that the lowest tender be accepted.

2. The Cabinet approved the recommendation of the Minister of Transport and agreed that the tender of the Northern Construction Company and J. W. Stewart Limited for construction of the Strait of Canso causeway at a firm price of $5,786,650 be accepted and the Minister be authorized to enter into a contract with the Company on the basis submitted; an Order in Council to be passed accordingly.

(Order in Council P.C. 2903, May 15, 1952).

Statements by Dr. Endicott on bacteriological warfare; possibility of prosecution

3. The Minister of Justice reported that there appeared to be only four possible charges on which Dr. Endicott might be prosecuted for his recent statements, viz.: treason, sedition, spreading false news and public mischief. Treason seemed the only one under which there was any likelihood of being able to prove the offence. For a charge of treason it would not be necessary to establish that the statements on bacteriological warfare were false and this would be the most difficult feature in prosecution on any of the other counts. It would have to be shown that there was intent to aid the opposing forces. Proof of membership in the Communist Party might be adequate for that and the R.C.M.Police were looking into the possibility of such proof and what it would involve. The major difficulty was that the only penalty under the Criminal Code at present for treason was death. Because of that there would probably be the greatest difficulty in getting any jury to convict. Moreover the penalty was so extreme that prosecution would probably be undesirable on grounds of public policy.

A charge of public mischief would have to be based on the common law offence and there was no precedent for its use in cases such as the present. To establish a charge of spreading false news, it would be necessary to show that Dr. Endicott knew that the statements he made were false. This could not be done. The Department of Justice also considered that a charge of sedition probably could not be established adequately for conviction.

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4. The Secretary of State for External Affairs said he had read accounts of the speech by Dr. Endicott in Toronto and, while his statements were undoubtedly bad enough, a charge of treason seemed out of the question. He had made enquiries as to whether any prosecutions in similar circumstances had been launched in the United Kingdom, France or the United States. It appeared that in the United Kingdom there had been a number of cases of statements much worse than Dr. Endicott's. The only causes for action there were treason or sedition, there were no special offences, and no case since the war in circumstances such as the present had been carried to prosecution. In France the position was considerably worse as charges there were being leveled against the conduct and action of French forces in Indo-China. There were legal provisions under which charges could be laid but in view of the long tradition in France of freedom of expression no action had been brought in such instances. In the United States, prosecutions were under way against leaders of the Communist Party but there had been no instance of action against an individual for making statements such as Dr. Endicott's. If there were prosecution here it would apparently be the first case of its type since the last war in one of the western countries and it would probably draw a great deal of unwelcome attention. No matter what the charge, Dr. Endicott and his associates would undoubtedly contend that the charges of bacteriological warfare were true. They would thus get greater publicity.

5. The Prime Minister said he thought a charge of treason in the circumstances was quite impossible. Even if it was not technically necessary to show for treason that the charges of bacteriological warfare were false, the government would be in the position either of having to prove them false, which might be quite impossible, or of appearing to rule out discussion of their truth or falsity on a technicality. With regard to section 136 of the Criminal Code, which covered false news, it would be desirable to examine it carefully to ascertain whether it was necessary to show that the person publishing knew that the news was false or whether it was adequate simply to prove that the publication was "wilfully and knowingly" and that the news was in fact false, whether the person could be shown to have known the falsity or not.

6. The Cabinet, after considerable discussion, noted the report of the Minister of Justice concerning possible grounds for prosecuting Dr. Endicott for

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recent statements alleging that bacteriological warfare had been waged by the United Nations forces in Korea and agreed that the matter be considered at a later date following a further report by the Minister.

Commemorative postage stamps; new issue

7. The Postmaster General said it was proposed to issue shortly new postage stamps, one bearing the portrait of Alexander Mackenzie and one of Sir John Abbott. Stamps had already been issued with the portraits of Sir Robert Borden and W. L. Mackenzie King.

8. The Secretary of State for External Affairs said he understood that a Red Cross postage stamp was also to be issued shortly. The coming meeting of the International Red Cross in Toronto might be a controversial one. Invitations had been sent to Red Cross organizations in all countries including Communist China, Eastern Germany, Bulgaria and other satellite countries. It was impossible to know what might develop and the climate might not be quite suitable for a special stamp.

9. The Cabinet:

(a) noted with approval the report of the Postmaster General concerning the issuance in the near future of postage stamps bearing the portraits of Alexander Mackenzie and Sir John Abbott; and,

(b) noted the comments of the Secretary of State for External Affairs concerning the possibility that the coming meeting in Toronto of the International Red Cross might be controversial and might not afford the best occasion for the issuance of a special Red Cross postage stamp.

Immigration; entry of Canadian citizens from Japan

10. The Minister of Citizenship and Immigration pointed out that, with the Peace Treaty with Japan now in effect, it would probably be necessary to revoke the regulations that had since the war prevented entry of persons of Japanese origin. An immediate problem would arise about those who were Canadian citizens by birth and who also had Japanese nationality

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and who had served in the Japanese forces during the war. Persons in like circumstances in Germany and Italy had a right of entry. Citizenship could be revoked only for naturalized persons. Decisions on such cases could not be long delayed and it was probable that entry would have to be allowed.

11. The Minister of National Defence said he thought it desirable to give further consideration to the possibility of a provision by which natural born citizens who acted against the interests of Canada in the course of a war or of war-like activities in which Canada was engaged could be deprived of their citizenship.

12. The Cabinet noted:

(a) the report of the Minister of Citizenship and Immigration concerning the probability that entry would have to be accorded to Canadian-born citizens who were also Japanese nationals and who had served in the Japanese forces during the war; and,

(b) the comment of the Minister of National Defence that it would be desirable to give further consideration to the possibility of revoking citizenship even of natural-born persons in cases where they had afforded assistance to armed forces opposed to those of Canada.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 20th, 1952

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, May 20th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

Legislation; Eastern Rocky Mountain Forest Conservation Act amendment

1. The Minister of Resources and Development reported that, under an agreement with the Province of

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Alberta, approved and confirmed by the Eastern Rocky Mountain Forest Conservation Act, a Board had been set up composed of three members, two being appointed by the Federal government and one by the Province. The Board was required to set up and supervise a six year programme of capital expenditures amounting to $6.3 million and a yearly maintenance programme for twenty-five years to cost not less than $250,000 and not more than $300,000 yearly.

The Board had recommended and the government of Alberta had agreed that the period for completion of the capital programme should be extended for one year and that the maximum amount to be expended on yearly maintenance should be increased from $300,000 to $450,000. The Province of Alberta had further suggested that, at the conclusion of the capital programme period, the Provincial government would be willing to assume full responsibility for the yearly maintenance programme, provided that the Federal government agreed that two members of the Board, including the Chairman, be Provincial representatives and one member only a Federal representative. If this proposal were agreed to, the only financial responsibility remaining with the Federal government would be the payment of half of annual fire-fighting costs in excess of $10,000.

2. Mr. Winters recommended that the capital programme period be extended for one year as suggested and that Alberta's proposal respecting composition of the Board and financial responsibility for the maintenance programme also be accepted.

An explanatory note had been circulated.

(Minister's memorandum, May 8, 1952 - Cab. Doc. 147-52)

3. The Minister of Finance wondered whether it would be advisable to approve the proposal on composition of the Board, since both the Provinces of Saskatchewan and Manitoba had an interest in what was done around the head waters of streams flowing through the two Provinces. He would like to have an opportunity of considering the matter further before a final decision were reached.

4. The Prime Minister felt that existing laws and the Prairie Provinces Water Board would constitute a sufficient guarantee that the down stream riparian interests of Saskatchewan and Manitoba were fully protected. He did not think that the change suggested by Alberta would give that Province any

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greater rights with respect to these streams than would be the case if the present arrangement remained unchanged.

5. The Cabinet, after discussion:

(a) agreed that a measure to amend the Eastern Rocky Mountain Forest Conservation Act be prepared along the lines recommended by the Minister of Resources and Development; and,

(b) deferred final decision on the proposed amendments pending receipt of a bill in printed form.

Legislation: National Library bill

6. The Secretary of State, referring to the discussion at the meeting of May 14th, 1952, stated he had not yet received from the Department of Justice an opinion as to the appropriateness of section 12(2) and (3) of the draft measure on the National Library in relation to the use which could be made of donations and bequests.

7. The Minister of Finance said the only objection he had to the measure as drafted was that it provided for a continuing appropriation. A similar procedure, however, had been provided for the National Gallery and it was possible that the nature of the functions the National Library would be called upon to perform might require such an arrangement.

8. The Prime Minister thought that even if section 12(2) and (3) of the draft remained as presently worded, any conditions attaching to donations and bequests would have to be honoured by the National Librarian, thus ensuring that the intentions of the person making the donation or bequest were carried out.

9. The Secretary reported that he had been informed orally by the Deputy Minister of Justice that the future use to be made of conditional donations and bequests would not present any serious problem and that sub-sections (2) and (3) of section 12 as presently drafted seemed satisfactory.

10. The Cabinet, after discussion, approved the draft measure respecting the National Library as submitted by the Secretary of State and agreed that a bill be printed and introduced accordingly.

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Legislation; Canadian Farm Loan Act amendment; Tariff Board Act amendment

11. The Minister of Finance submitted draft resolutions and bills to amend the Canadian Farm Loan Act and the Tariff Board Act.

Copies of the draft bills had been circulated.

12. The Cabinet, after discussion, approved for introduction the resolutions and bills to amend the Canadian Farm Loan Act and the Tariff Board Act.

Trade with Japan; fixed values on knitted gloves; general relations

13. The Minister of National Revenue, referring to discussion at the meeting of May 6th, 1952, said the Interdepartmental Committee on External Trade Policy had now submitted a report on the proposal that fixed values be established on knitted gloves and mitts imported from Japan. The Committee pointed out that the industry in Canada was a small one with nine firms involved of which only four depended on knitted gloves and mitts for more than 50 percent of their output. Total employment in 1951 was 953 of which a portion was part-time. Imports from Japan in 1951 of knitted gloves and mitts had totalled about 27 percent of Canadian requirements. The balance of trade between Canada and Japan was heavily in favour of Canada. Exports to Japan in 1951 were nearly $73 million and imports $12.5 million. The Committee advised that, having regard for general relations with Japan and the overall balance of trade, it would be unfortunate if it were decided to impose values for duty. If it were felt that action should be taken they favoured prior discussion with the Japanese government.

(Secretary's memorandum, May 19, 1952 - Cab. Doc. 153-52).

14. The Minister of Trade and Commerce pointed out that, since the matter had been considered by the Committee, word had been received of a memorandum from the Japanese government enquiring as to the establishment of commercial and trade relations between Canada and Japan on a M.F.N. basis. A decision to accord M.F.N. treatment to Japan would have important implications. It was also important not to endanger the favourable export market that was being established.

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In order to hold the matter off for a time and to be on more certain ground it would be desirable if a group of officials, with possibly representatives from industry as well, could go to Japan to look into the whole trade position.

15. The Cabinet, after discussion:

(a) agreed that no decision be taken to impose fixed values on knitted gloves and mitts imported from Japan into Canada; and,

(b) noted with approval the proposal of the Minister of Trade and Commerce that a group of officials, with possibly representatives from Canadian industry as well, might go to Japan, if further information on and consideration of recent Japanese enquiries showed it to be desirable, to investigate conditions of trade and advise the government with respect to future trade and commercial relations between Canada and Japan.

North Atlantic Ocean Weather Stations; extension of agreement

16. The Minister of Transport reported that the agreement signed in 1949 on North Atlantic Ocean Weather Stations would terminate on June 30th, 1953. It provided for a conference to be held not later than October 1st, 1952 to consider revision and renewal. It had been proposed by the Council of I.C.A.O. that the reviewing conference be postponed for one year and operation of the agreement extended for the same period. It was recommended that the proposal be approved and a protocol for the purpose signed on behalf of Canada.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 12, 1952 - Cab. Doc. 150-52).

17. The Cabinet approved the recommendation of the Minister of Transport and agreed that C.S. Booth, Esquire, be authorized to sign on behalf of Canada a protocol to extend the agreement on North Atlantic Ocean Weather Stations for a period of one year from June 30th, 1953 and to postpone for one year the conference which the agreement required to be held not later than October 1st, 1952; an Order in Council to be passed accordingly.

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Assignment of television channels; U.S.-Canada border

18. The Minister of Transport said negotiations had been carried on between U.S. and Canadian representatives on the assignment of television channels between 54 and 890 megacycles within an area of 250 miles on either side of the border between the United States and Canada. The negotiations had resulted in a satisfactory arrangement and a draft agreement had been prepared. It was recommended, with the concurrence of the Secretary of State for External Affairs, that the agreement be accepted.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 19, 1952 - Cab. Doc. 152-52).

19. The Cabinet approved the recommendation of the Minister of Transport and agreed that the Secretary of State for External Affairs be authorized to advise the U.S. Ambassador of the acceptance by Canada of the terms of the draft agreement for the assignment of television channels on the U.S.-Canada border and to complete the exchange of notes to give effect thereto.

Television policy

20. Dr. McCann, referring to discussion at the meeting of February 26th, 1952, reported that the Canadian Broadcasting Corporation had now submitted a new memorandum giving further explanation of the proposals for television development.

Copies of the memorandum had been circulated.

(C.B.C. memorandum, May 7, 1952 - Cab. Doc. 143-52).

The recommendations of the Corporation were based on the conviction that, to protect the national interest in a communication medium of such importance as television, it was essential that further development be based on a nation-wide structure of publicly owned facilities. The cost of producing a television programme was such that private stations would have to lean heavily on U.S. material. Much of it would not be suitable for Canada and its extensive use

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would have an important influence on Canadian institutions and way of life. From experience in sound producing, the Corporation knew the difficulties of maintaining adequate coverage for national programmes through private stations. The proposed development was in accordance with the views of the Royal Commission on National Development in the Arts, Letters and Sciences. In accordance with the Commission's report, the Corporation would plan to carry on some commercial activities and to bring in selected American programmes. As a general line of development the establishment of basic publicly owned stations in the main areas across the country was proposed. In other areas private stations were envisaged, affiliated to the national system and serving as outlets for it. The Montreal and Toronto television stations would be ready to begin operation in September. The next developments proposed were stations at Ottawa, Hamilton, London, Windsor and Quebec to be connected with Montreal or Toronto and stations at Vancouver and Winnipeg to be fed by kinescope recordings. These stations, together with those at Montreal and Toronto, would reach half the Canadian population.

It was proposed that a licence fee be set at $15.00 per television home. For public establishments higher licences would bring in additional revenue. They might be as high as $100.00 a year. A possibility would be for a licence fee of $7.50 to be set in the Montreal and Toronto areas with the beginning of service in September 1952. On this basis the additional amount of loan required for the Montreal and Toronto development in 1952-53 would be $1 million.

The estimates for capital costs for the other stations referred to totalled $7 million. Cash would be required over three years in the amounts of $850,000 in 1952-53; $2,900,000 in 1953-54; and $3,250,000 in 1954-55.

The Board of Governors recommended that the licence fee be established as proposed; that authorization be given for C.B.C. television stations as outlined; that a further development loan be made to support the service in 1952-53, the amount depending on licence fee arrangements; and that a capital loan of $850,000 be made for 1952-53 in respect of the new projects.

21. The Minister of Trade and Commerce said he thought television developments as recommended would lead to great difficulties. In the early years at least only a small proportion of the population

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would be reached. It was to be noted particularly that the programme did not mention any station for the Maritimes in the early stage. It might be preferable to have a system in which the establishment of stations depended on local initiative and financing.

22. The Minister of Finance thought there would be criticism of whatever policy was adopted. There was, however, a large body of opinion in Canada of the view that the government should take the same responsibility for television as for radio and devise a policy along the same lines. The basic question was whether the government should or should not retain control of the television medium.

23. The Minister of National Health and Welfare believed it beyond doubt that television would have a powerful influence on the character of people and their way of life. It would be essential for the government to accept a large measure of responsibility. If adequate regulation could be exercised over private stations it might not be necessary to have a publicly owned network. There was not sufficient information available on which to know whether such regulation would be feasible.

24. The Minister of Justice was of the opinion that television which depended for the most part on commercially sponsored programmes of the type now carried in the United States would have a generally undesirable influence. It was much too powerful a medium to be allowed to get into private hands for profit purposes. In a matter of this character there would be much to be said for a total national monopoly.

25. The Prime Minister thought that, all things considered, the line of development recommended by the C.B.C. was the safest. It would undoubtedly be difficult to hold the development of the network within reasonable limits. Pressure would be brought for the establishment of new stations. Nevertheless the arguments appeared to be strong that policy ought to be based on a national system under national control with private stations in a subsidiary position. One consideration was that if there were no television network it would become increasingly difficult to maintain the present system of control of radio. Public sentiment appeared to be definitely in favour of retaining control of the air channels and there did not appear to be any effective way of doing that without the establishment of a national network.

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So far as the C.B.C. proposals were concerned, it would not be possible to announce a programme of development that made specific mention of the early establishment of stations in Winnipeg and Vancouver but of no stations in the Maritime Provinces. If Winnipeg and Vancouver were included a Maritime station should be on the same level. If a Maritime station could not be put into as early a stage of development, specific mention of Winnipeg and Vancouver should be dropped. The understanding could be that stations would be established in the various provinces as it was possible to do so. So far as licence fees were concerned, a possibility would be to treat the initial months of operation after September 1952 as an experimental period and provide that licences bought at the regular $15.00 amount in September 1952, or between then and March 31st, 1953, would be valid until March 31st, 1954. There might perhaps be alternatives: either purchase of a $15.00 licence that would have validity to March 31st, 1954 or purchase of a licence at a low rate to cover the months to March 31st, 1953, whereupon a new licence at the full rate would be required. It seemed clear that the Montreal and Toronto stations would have to begin operation as soon as they were ready and licences should be required in the areas covered from the beginning. It would be much harder to impose licences if there were any period at all of free reception of Canadian programmes.

26. The Cabinet, after considerable discussion, agreed that decision be deferred on the recommendations of the Board of Governors of the Canadian Broadcasting Corporation with regard to television development pending further consideration by the Ministers.

Muskrat skins; establishment of value for duty

27. The Minister of National Revenue said muskrat skins were being imported into Canada from the U.S.S.R. at values much below prices here. They were injuriously affecting the position of trappers, including Eskimos and Indians. It was recommended that he be authorized to establish values for duty under section 43 of the Customs Act.

28. The Cabinet approved the recommendation of the Minister of National Revenue and agreed that he be authorized to fix the value for duty on muskrat skins subject to entry under the General Tariff, the value so fixed to be deemed to be the fair market value thereof notwithstanding any other provision of the Customs Act; an Order in Council to be passed accordingly.

(Order in Council P.C. 2931, May 20, 1952).

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Agricultural Products Co-operative Marketing Act; marketing of fox pelts

29. The Minister of Resources and Development, as Acting Minister of Agriculture, submitted a recommendation that authority be granted to enter into an agreement under the Agricultural Products Co-operative Marketing Act with the Prince Edward Island Fur Pool Limited of Summerside for the marketing of ranch-bred fox pelts.

30. The Cabinet approved the recommendation of the Acting Minister of Agriculture and agreed that he be authorized to enter into an agreement, as submitted, under the Agricultural Products Co-operative Marketing Act with the Prince Edward Island Fur Pool Limited of Summerside, Prince Edward Island, in connection with the marketing of ranch-bred fox pelts produced in Canada and pelted subsequent to November 1st, 1951; an Order in Council to be passed accordingly.

(Order in Council P.C. 2972, May 20, 1952).

Appointment; National Harbours Board

31. The Minister of Transport submitted a recommendation for an appointment as Vice-Chairman of theNational Harbours Board.

32. The Cabinet approved the recommendation of the Minister of Transport and agreed that Mr. Maurice Georges Archer be appointed a member and Vice-Chairman of the National Harbours Board for a term of ten years at a salary of $13,500 per annum effective July 1st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 3001, May 20, 1952).

Cheese; support for marketing

33. The Minister of Resources and Development, as Acting Minister of Agriculture, referred to discussion at the meeting of May 14th, 1952, concerning support for the marketing of cheddar cheese. Discussions had been held with representatives of the Ontario Cheese Producers Marketing Board. It was agreed that the maximum processing, carrying and selling costs should not exceed 2 3/8 cents per pound. It was recommended that an agreement be entered into to guarantee an initial payment and also actual expenses up to 2 3/8 cents per pound.

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An explanatory memorandum was circulated.

(Acting Minister's memorandum, May 20, 1952 - Cab. Doc. 158-52).

34. The Cabinet approved the recommendation of the Acting Minister of Agriculture and agreed that he be authorized to enter into an agreement under the Agricultural Products Co-operative Marketing Act, with the Ontario Cheese Producers Marketing Board, by which the government would guarantee an initial payment of 24 cents per pound for first grade cheddar cheese; 23 cents per pound for second grade; and 22 cents per pound for third grade, f.o.b. factory, and also guarantee actual expenses up to a maximum of 2 3/8 cents per pound for various handling processing and carrying charges; an Order in Council to be passed accordingly.

(Order in Council P.C. 3021, May 20, 1952).

International Bank for Reconstruction and Development; subscription by Canada

35. The Minister of Finance said the Articles of Agreement of the International Bank for Reconstruction and Development provided that 20 percent of the subscription of each member be paid or be subject to call by the Bank as needed for its operations. Of the 20 percent, 2 percent was in gold or U.S. dollars and 18 percent in the currency of the member. Canada had in the past given approval to the use by the Bank of $17.5 million in making loans. The President had requested approval of the use of the balance of the subscription that had been paid to the Bank on the basis that the monies would be disbursed at a rate not exceeding $15 million in any 12-month period. The total involved would be $40 million. The loans by the Bank had been well handled and the permission would help it. It was recommended that the necessary authorization be given.

36. The Cabinet approved the recommendation of the Minister of Finance and agreed that he be authorized to approve, on behalf of Canada, the use by the International Bank for Reconstruction and Development, in making of loans by it for the purposes set forth in the Articles of the Bank, of the subscription of Canada to the capital stock of the Bank which had been paid in the currency of Canada as provided in section 7(i) of Article 2; an Order in Council to be passed accordingly.

(Order in Council P.C. 3013, May 20, 1952).

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Salaries: Civil Service Commissioners

37. The Prime Minister, referring to discussion at the meeting of May 7th, 1952, said that in view of the adjustments in Civil Service salaries then authorized, it would be desirable to increase the salaries of the Civil Service Commissioners from $11,000, as agreed on February 26th, to $12,000.

38. The Cabinet, after discussion, approved the recommendation of the Prime Minister and agreed that the salaries of the members of the Civil Service Commission other than the Chairman be increased from $11,000 to $12,000, effective January 1st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 3012, May 20, 1952).

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Wednesday, May 21st, 1952, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Winters),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office

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Canadian Arthritis and Rheumatism Society; solicitation in government offices

1. The Prime Minister mentioned that the Canadian Arthritis and Rheumatism Society had again requested permission to solicit donations in government offices. In accordance with a Cabinet decision of June 21st, 1951, the request had been referred to Treasury Board for consideration and report.

It would be recalled that a similar request from the Society had been allowed for 1951 only. If the matter were considered favourably again this year, it might be difficult to resist future requests of the Society after permission had been granted in two consecutive years.

2. The Cabinet, after discussion, noted the Prime Minister's comments on the difficulty of resisting future requests if the government complied with the recent request from the Canadian Arthritis and Rheumatism Society that it be allowed to solicit donations throughout government offices.

St. Lawrence Seaway and Power Project; preparation of applications to International Joint Commission

3. The Minister of Transport reported that members of the Canadian Interdepartmental Committee on the St. Lawrence Seaway and Power Project had met with members of the U.S. Inter-Agency Committee on May 16th in Washington, to discuss differences between the Canadian and U.S. draft applications to the International Joint Commission respecting power development in the International Rapids Section of the St. Lawrence River with a view to achieving consistent and mutually satisfactory texts. All differences between the two drafts, with one major exception, were reconciled with relative ease and agreed drafts were produced in which, although there were still some textual differences, the substance of both applications remained consistent. The one point on which it was not possible to reach agreement was the question as to whether the whole of the costs of the common-works (as contemplated in the 1951 Canada-Ontario Power Agreement) or only a portion of such costs was to be attributed to power.

U.S. officials had advanced many arguments to demonstrate that the allocation of the whole cost of the common-works to power, as envisaged in the Canadian proposal, might jeopardize the project by making its acceptance in the United States difficult since the Federal Power Commission might find itself unable to grant a licence to the power developing entity in the United States if it

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were established that power consumers would be called upon to pay any portion of costs which might not reasonably be attributed to power.

Members of the Canadian Committee were inclined to feel that many, if not most, of the arguments advanced by U.S. officials were none too valid and that, in the long run, the Canadian proposal, as it stood, might be accepted in the United States. In the circumstances, however, the government might wish to consider adding to its present commitment regarding the seaway certain costs which could be considered exclusively required for navigation needs, such as the $14 million that Ontario and New York were expected to remit to the Federal government in lieu of provision for maintenance of the 14-foot navigation, which would become unnecessary with construction of the 27-foot waterway, a certain percentage of the $20 million dredging above the power works, which would not be required if power were to be developed alone, and finally the cost estimated at $1.5 million of further deepening the channel on the U.S. side of the boundary in the Thousand Islands Section.

An explanatory note was circulated.

(Memorandum, Continuing Committee on the St. Lawrence Seaway and Power Project, May 19, 1952 - Cab. Doc. 156-52).

4. Mr. Chevrier thought it might be unwise to reopen at this time the question of the $14 million repayment in lieu of maintenance of 14-foot navigation. In so far as the $20 million additional dredging above the power works was concerned, Canadian engineers were of the view that this would be required for a sound development of power quite apart from navigation needs. However, there did seem to be some merit in Canada agreeing atthis time to undertake the $1.5 million of additional dredging in the Thousand Islands Section if, as seemed probable, the United States could not undertake this work in view of the Administration's inability to secure the required funds from Congress.

5. The Prime Minister believed it would be unwise to modify substantially the nature of the government's commitment on the Seaway. The situation was completely different now from that in 1941, when a joint and all embracing Great Lakes-St. Lawrence Basin development programme was contemplated with Canada receiving credit for work already done, such as the $132 million spent on the Welland Canal. As a consequence,

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Canada could not now consent to a return to the concept of allocation of the so-called common-works costs between power and navigation. In view of the apparent impossibility of obtaining Congressional approval for the 1941 Agreement and, since both the Province of Ontario and the State of New York were prepared in 1948 to share alone all the costs, including common-works, of developing power in the International Rapids Section without the deep waterway, the government's proposal was and remained that Canada would agree to build whatever works were required to provide a 27-foot waterway between Lake Ontario and the Port of Montreal,after Ontario and a suitable entity in the United States had agreed to construct and pay for all the works required for the development of power alone. He agreed, however, that the United States might be informed that Canada was prepared to do whatever dredging was required in the Thousand Islands Section and to include the costs of such dredging in the proposed toll structure on shipping.

6. The Minister of Trade and Commerce thought it would be inadvisable to modify the extent of the Federal government's commitment on the Seaway in any manner which would involve a modification of the 1951 Agreement with Ontario on Power Development.

7. The Cabinet, after discussion, agreed that the extent of the Canadian government's undertaking on the International Section of the St. Lawrence project should remain on the basis outlined in the 1951 Canada-Ontario Power Agreement but that, in addition to this commitment, the government was prepared to provide a 27-foot waterway between Lake Ontario and the Port of Montreal including approximately $1.5 million dredging on the U.S. side of the boundary in the Thousand Islands Section which latter cost would be included in the toll structure.

Ming Sung ships

8. The Secretary of State for External Affairs, referring to discussion at the meeting of May 14th, 1952, said a proposal had been put forward that attempts be made to arrange for the transfer of $6 million of Chinese funds, now frozen in the United States, to meet part of the indebtedness of the Ming Sung Industrial Company. If this proved possible, it might give rise to the accusation that the Canadian government were selling or giving the Canadian-built Ming Sung ships to Communist China in return for only

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half the outstanding indebtedness. The government might also be accused of selling to the enemy goods which private citizens would not be allowed to sell at the present time. These arguments might be used even though refusing to accept the $6 million would not prevent the Company from changing the registry of the ships nor would it prevent the Communist Chinese government from making any use it desired of the ships.

(External Affairs memorandum, May 21, 1952).

In view of the very serious implications involved, he thought that, before reaching any decision in this matter, it might be advisable to ascertain whether, in fact, the United States would, at this time, be prepared to transfer certain blocked Chinese funds as had been suggested.

9. The Minister of Finance thought it very doubtful, in view of the unlikelihood of early improvement in the Korean situation, that the U.S. would agree to such a transfer.

10. The Cabinet, after discussion, agreed that the Secretary of State for External Affairs or the Minister of Finance ascertain whether the U.S. government would agree at this time to transfer $6 million of frozen Chinese funds for the purpose of cancelling a portion of the indebtedness of the Ming Sung Industrial Company to three Canadian banks; it being understood that such approaches to Washington would not in any way commit the government to agree actually to the transfer in the event the United States consented to such an arrangement.

North Atlantic Treaty Organization; protocol extending security guarantees to European Defence Community

11. The Secretary of State for External Affairs, referring to discussion at the meeting of March 4th, 1952 reported that, in accordance with a decision reached at the Lisbon meeting of the North Atlantic Treaty Organization, a treaty and N.A.T.O. protocols had been negotiated to extend N.A.T.O. security guarantees to Western Germany. This would result in a European Defence Community, comprising all the members of the North Atlantic Treaty Organization and, in addition, the Federal Republic of Western Germany.

It was recommended that the Secretary of State for External Affairs and the Permanent Representative of

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Canada on the North Atlantic Council, or either one, be authorized to sign on behalf of Canada, subject to ratification, the protocol to the North Atlantic Treaty Organization extending the guarantees of Article V to the European Defence Community.

It was thought that ratification of the treaty and of the protocols might be accomplished by all participants by August. As a consequence, it might be advisable to submit the protocol to Parliament for approval during the course of the current session in order to avoid the possibility of Canada being unable to ratify the protocol in the early autumn if all other countries were then ready to do so. If it became apparent that this would be advisable, it could be made clear at that time that the Canadian instrument of ratification would not be deposited before the deposit of the ratifications of France, the United Kingdom and the United States.

An explanatory note had been circulated.

(Minister's memorandum, May 16, 1952 - Cab. Doc. 155-52).

12. The Cabinet, after discussion:

(a) approved the signature by Canada, subject to ratification, of the protocol to the North Atlantic Treaty extending the guarantees of Article V to the European Defence Community; and,

(b) agreed that an Order in Council be passed authorizing the Secretary of State for External Affairs and the Permanent Representative of Canada on the North Atlantic Council, or either one, to sign on behalf of Canada.

German war criminals; Canadian representation on Clemency Board

13. The Minister of National Defence, referring to discussion at the meeting of April 22nd, 1952, reported that, following discussions with the U.K. Foreign Office and Chancellor Adenauer, a procedure had been worked out whereby when the cases of Meyer and Neitz came up for review before the Clemency Board (to be established between the Chancellor of Western Germany and the High Commissioner under the terms of the new agreement on war criminals) a Canadian would sit on the Board as an alternate to the British member.

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(Telegram No. 1244, May 19, 1952, Canadian High Commissioner in the United Kingdom to Secretary of State for External Affairs).

14. Mr. Claxton thought the procedure outlined would safeguard Canadian interests and should therefore be accepted.

15. The Cabinet, after discussion, noted with approval the suggested procedure under which, when the cases of the two Canadian-convicted war criminals were considered by the Clemency Board to be established under Article VI of the new agreement between Chancellor Adenauer and the High Commissioner on war criminals, a Canadian would sit on the Board as an alternate to the British member.

Loran stations in Newfoundland; transfer of operation to Canada

16. The Secretary of State for External Affairs, referring to discussion at the meeting of August 2nd, 1951, said the U.S. Coast Guard now operated three Loran stations in Newfoundland, at Bona Vista, Battle Harbour and Port Aux Basques, respectively. These stations had been built during World War II. Since the end of hostilities the United States had been anxious to transfer responsibility for their operation to Canada and would turn the stations over to Canada free of charge provided Canada paid annual maintenance costs estimated at $185,000 a year and agreed not to discontinue operation without prior consultation with the United States. The total value of the buildings and capital equipment of the three stations was estimated at $1 million.

In accordance with the previous Cabinet decision an approach had been made to the International Civil Aviation Organization which had declared the stations to be necessary for civil air navigation purposes. Furthermore, Canadian Naval authorities were of the opinion that these stations were no less important to sea navigation than to air navigation.

Apart from the cost involved, the only other commitment which Canada would assume on taking over the stations would be the provision of trained manpower which was not immediately available. However, by taking advantage of a U.S. offer of training facilities, the Department of Transport estimated that trained Canadian manpower could be ready within a year from the time the Canadian government agreed to assume responsibility.

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One of the main reasons for taking over these stations was that they constituted a striking and somewhat embarrassing exception to the policy of the Canadian government on foreign installations on Canadian soil.

It was recommended, therefore, that the transfer of the stations to Canada be approved in principle.

An explanatory note had been circulated.

(Minister's memorandum, May 15, 1952 - Cab. Doc. 151-52).

17. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) the U.S. government be informed that Canada would accept transfer of the operation of the three Loran stations in Newfoundland when administrative factors permitted; and,

(b) plans be made to complete the actual transfer of operation of the stations to Canada not later than September 1st, 1953.

International Civil Aviation Organization; concessions in respect of headquarters in Montreal

18. The Secretary of State for External Affairs said there was dissatisfaction in the International Civil Aviation Organization on the location of the Council Headquarters at Montreal, and certain members had expressed their desire that they be moved elsewhere. The I.C.A.O. Council had requested the Canadian government to reduce the rent now paid by the organization for the space occupied by its headquarters. In addition to the rental problem, there were several other objections advanced by the Council to location in Montreal.

Both the U.K. and U.S. governments were opposed to a transfer and had expressed the hope that the Canadian government would take steps to reduce the cost of maintaining the organization in Montreal. In the circumstances and in view of the desirability from the Canadian point of view of maintaining I.C.A.O. headquarters on Canadian soil, it was recommended that, in addition to the average annual government subsidy of $68,000now granted on rental paid by the Organization, a further reduction of not more than $131,000 per annum be approved. The total average reduction of $199,000 would thus reduce the rental to $1.16 per square foot. It was further

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recommended that an effort be made to reconcile some of the differences which existed between I.C.A.O. and the government of Quebec and that the Post Office Department be requested to review their objections to the postal concessions requested by the Organization.

An explanatory note had been circulated.

(Minister's memorandum, May 14, 1952 - Cab. Doc. 157-52).

19. The Cabinet, after discussion, agreed that:

(a) the Secretary of State for External Affairs offer the International Civil Aviation Organization a further reduction of $131,000 in the annual rental now paid for the space occupied by the Organization in the International Aviation Building in Montreal;

(b) theSecretary of State for External Affairs, in consultation with the Prime Minister, explore the existing situation between I.C.A.O. and the government of Quebec and exercise his good offices with a view to improving that situation; and,

(c) the Secretary General of I.C.A.O. be informed that the government reserved its decision on the Council's request relating to postal concessions pending a review of the situation which existed in respect of similar international bodies in other countries and, in particular, the present position of the United Nations Headquarters in New York.

Coronation of Queen Elizabeth II; Canadian arrangements

20. The Secretary of State submitted certain proposals for Canadian arrangements in respect to the Coronation of Queen Elizabeth II on June 2nd, 1953.

An explanatory note had been circulated.

(Minister's memorandum, May 16, 1952 - Cab. Doc. 154-52).

21. The Secretary of State for External Affairs noted that it was proposed to issue a press release immediately on these arrangements. He suggested it would probably be advisable to delay such an announcement until a later date in order to avoid premature requests

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from Canadian citizens who might wish to attend the Coronation ceremonies.

22. The Prime Minister agreed that it might be undesirable to give rise to unwarranted interest so far in advance of the actual Coronation date, but, on the other hand, there would be advantage in announcing that the Leader of the Opposition had been made a Canadian member of theCoronation Commission. Since this announcement should probably not be made alone, the press release might perhaps be modified so as to avoid the difficulties referred to by the Secretary of State for External Affairs.

23. The Cabinet, after discussion, noted the proposals for Canadian arrangements in respect of the Coronation of Queen Elizabeth II as submitted by the Secretary of State, and agreed that a revised announcement on such arrangements be prepared by the Secretary of State for External Affairs and the Secretary of State in consultation.

Parliament; legislative programme

24. The Minister of Public Works pointed out that Parliament had been in session for nearly three months and that there yet remained a number of legislative items to be approved and introduced before prorogation. He suggested that the legislative programme still outstanding be reviewed at an early meeting with a view to reaching a decision as to which items should be proceeded with and as to target dates for their introduction.

25. The Prime Minister submitted and read the list of legislative items yet to be introduced and directed the Secretary to write to all departments requesting information as to the state of readiness of measures in course of preparation and as to when such measures could be expected for Cabinet consideration and introduction.

26. The Cabinet, after discussion:

(a) noted the Prime Minister's request that every effort be made to place all outstanding legislative items on the Order Paper at the earliest possible date;

(b) noted the Prime Minister's direction to the Secretary to seek information from each department as to the state of readiness of legislation yet to be introduced; and,

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(c) agreed that the following legislative items be not proceeded with during the course of the present session:

Bill to establish a National Capital Trust;

Bill respecting national land reclamation and development programme (proposed extension of Prairie Farm Rehabilitation and Maritime Marshland Rehabilitation Acts);

Indian Act amendment;

Radio Act amendment.

Legislation; Canada Elections Act amendment

27. The Secretary of State, referring to the discussion at the meeting of May 7th, 1952, submitted a draft resolution and bill to amend the Canada Elections Act to provide that the salary of the Chief Electoral Officer be not less than $8,000 nor more than $12,000 per annum, to be fixed by the Governor in Council.

28. The Cabinet, after discussion, approved for introduction in the House of Commons the resolution and bill to amend the Canada Elections Act as submitted by the Secretary of State.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 22nd, 1952

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, May 22nd, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Robertson),
Mr. C. C. Eberts, Privy Council Office.

Imports; fair market value

1. The Minister of National Revenue, referring to discussion at the meeting of April 22nd, 1952,

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reported that steps had been taken to ensure full compliance with statutory valuation provisions and the imposition of dumping duty where applicable. A textile expert nominated by the trade had been appointed to give technical assistance to detect misrepresentation as to quantities, materials, relative values, etc. Five additional appraising officers were being engaged to release trained officers for valuation investigation. The latter would visit exporters' offices and verify home market selling prices by first-hand examination of sales records, and of production costs where necessary. The Department of External Affairs had approached the governments of Poland and Czechoslovakia about permitting a customs officer to investigate valuations by examining sales and cost records at exporters' offices.

As regards the question of appraising seasonal and similar goods where home market prices decline as a season advances, an instruction had been sent to appraising officers to remove any impression on the part of exporters and importers that offers in the home market of one or two token sales were sufficient to establish a fair market value and to impress upon all concerned that, under section 35(1) of the Customs Act, the only prices acceptable for duty purposes were those obtaining in actual sales made in sufficient number and involving sufficient quantities to establish a fair market value.

Copies of the instruction were circulated.

(Customs circular No. 1-45, May 21, 1952).

The problem of appraising seasonal and similar goods had been discussed by the Interdepartmental Committee on External Trade Policy including a possible interpretation of section 35(1) to the effect that "ordinary course of trade" meant usual and routine conditions and methods of sale obtaining generally in the trade and did not contemplate special expedients designed to force sales. In the U.S. Customs Simplification bill, it was proposed to define the "ordinary course of trade" as the conditions and practices which, for a reasonable time prior to the export of merchandise under appraisal, had been normal in the trade concerned for merchandise of the same kind. The suggested interpretation of section 35(1) would have the same general effect. The question arose as to what period prior to export was reasonable in cases where prices declined as a season advanced. Value and what constituted a reasonable period would have to be determined by investigation in each case and, as this could only be done subsequent

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to customs entry, importers would be likely to complain of the uncertainty of import costs. It was hoped that further light would be thrown on the subject as a result of enquiries as to how the U.S. government planned to administer its bill.

2. The Prime Minister pointed out that the weakness of the proposed interpretation was that, under section 35(1), value for duty must be that of goods sold in the ordinary course of trade "at the time when and place whence such goods were exported". While appreciating the administrative difficulties involved, he would like to see matters so arranged that value for duty would be assessed on the basis of prices obtaining at about the time of production of the goods concerned.

3. The Cabinet, after further discussion, noted with approval the report of the Minister of National Revenue regarding steps taken to strengthen the administration of the customs provisions on dumping and agreed to discuss further at a subsequent meeting, in the light of information awaited from Washington, the question of re-interpreting or modifying section 35(1) of the Customs Act to meet the problem of seasonal and similar goods imported at reduced prices.

National Defence; officer production plans

4. The Minister of National Defence reported that, as existing arrangements for the production of officers would not produce the number now required, and since it was felt that special steps should be taken to encourage French-speaking Canadians to become officers, plans had been prepared whereby the service colleges and certain universities would provide two-year courses to produce line officers and degree courses to produce officers requiring a technical education. New entries would be enrolled in the Services as cadets and be provided with tuition, books, uniforms and rations as well as quarters or a subsistence allowance. They would be paid $30 a month during the first academic year to cover incidentals but their summer pay should be sufficient to take care of these in subsequent years and, probably, part of it would be held back for this purpose. Cadets receiving assisted education would be required to serve for three years after graduation. Some 10 percent of those at the service colleges would continue to attend at their own expense and join the reserve on graduation.

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At Quebec City, cadets would be accommodated at the Citadel and take two- and four-year courses at Laval University. These facilities would be open to some English-speaking cadets. The programme would be carried out on a small, experimental basis at first. It was expected that the Chancellor and the Rector of Laval would agree to these plans which, while not going quite as far as to involve the establishment of a French-speaking service college, should have considerable appeal in view of the association with Laval University. Somewhat similar arrangements were contemplated in the case of Dalhousie University and the Universities of Western Ontario, Saskatchewan and British Columbia.

In addition, it was planned to establish a preparatory course, which might be run by the Service authorities at St. John's P.Q., designed to permit such French-speaking Canadians as lacked the required mathematics, and others from provinces where the university entry standard is junior matriculation, to reach the standard required for admission to the two- and four-year courses at the universities and service colleges. This course would include some six months of academic training.

If these plans were considered satisfactory, he would discuss them the following day with the Laval authorities and there would be immediate discussions with the other universities involved with a view to reaching agreement.

5. The Prime Minister thought that, in any announcement, some prominence should be given to the fact that if any English-speaking applicants wished to have their training in French, they would be considered for the Laval courses.

6. The Minister of Veterans Affairs suggested that, as the preparatory course proposed might be labelled as one for "backward boys", it might be preferable to provide a preparatory course at Laval and some of the other universities mentioned. In addition, since under the new plans it would still be possible for some men to attend the service colleges at their own expense and join the reserve forces on graduation, similar opportunities should be provided for persons taking courses at the universities. Under such a scheme it would be possible for some students accommodated at the Citadel in Quebec City to pay their way.

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7. The Cabinet, after further discussion, noted the report of the Minister of National Defence regarding officer production plans and the comments thereon of the Minister of Veterans Affairs, and agreed that the defence authorities investigate the possibilities of appropriate agreements in the matter with the universities concerned.

Expression of appreciation to Mr. Norman Robertson

8. The Prime Minister remarked that Mr. Norman Robertson would be leaving later in the day to take up his duties as High Commissioner for Canada in the United Kingdom. He wished, therefore, to take this opportunity to express his appreciation and that of his colleagues for the outstanding services Mr. Robertson had rendered to all members of the government while Secretary to the Cabinet and Clerk of the Privy Council during the past three years. He had been appointed to the position he was now vacating at Mr. St-Laurent's express request. Mr. Robertson had been of great assistance to him and he would regret his departure for London were he not aware that he would render, in that post, great service to the people of Canada.

9. The Cabinet joined with the Prime Minister in an expression of appreciation to Mr. Norman Robertson for the services he had performed as Secretary to the Cabinet and Clerk of the Privy Council.

N. A. Robertson,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 28th, 1952

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, May 28th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Acting Secretary to the Cabinet
(Mr. R. G. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Commonwealth; meeting of Prime Ministers

1. The Prime Minister said that he had received a message from the Prime Minister of the United Kingdom suggesting that the Prime Ministers of Commonwealth countries might usefully meet immediately following the Coronation ceremonies in the month of June 1953. It would then be approximately two years since the previous meeting.

2. The Secretary of State for External Affairs pointed out that the nature of the Commonwealth had been appreciably modified during the past few years. There was some uncertainty as to whether Mr. Nehru would attend the Coronation ceremonies and, in view of the rather troubled situation in South Africa, there was also the possibility that Mr. Malan might find it impossible to attend.

3. Mr. St-Laurent thought Mr. Churchill might be informed that, if a meeting of Commonwealth Prime Ministers were arranged, Canada would be glad to participate.

4. The Cabinet, after discussion, agreed that the Prime Minister of the United Kingdom be informed that, if arrangements were completed to hold a meeting of Commonwealth Prime Ministers in London following the Coronation ceremonies in June of 1953, Canada would be glad to participate.

Legislation; Immigration Act revision

5. The Minister of Citizenship and Immigration, referring to the discussion at the meeting of May 8th, 1952, submitted a reprint of the Immigration Act revision.

He suggested that since Part I of the revision applied only to the admission of persons to Canada, all references to individual rights to remain in Canada in section 3 of the bill should be deleted.

He pointed out that section 4(6), as presently drafted, provided that any person, other than a natural born Canadian citizen, who ceased to be a Canadian citizen shall be deemed to have lost Canadian domicile at the time he ceased to be a Canadian citizen. It might be inadvisable to provide an automatic loss of domicile at the time of loss of citizenship, and this sub-section should be re-written to provide that domicile would only be lost in certain prescribed circumstances.

6. The Secretary of State for External Affairs noted that section 51 of the revision provided certain

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penalties for offences committed by immigration officers abroad. Officials of the Departments of External Affairs and Trade and Commerce abroad were not subject to such penalties and the discrepancy in the treatment given government officials serving different departments was anomalous and seemed clearly undesirable. Consideration might usefully be given to establishing some general provision which would apply indiscriminately to all government officials abroad.

7. The Prime Minister suggested that section 51 might remain in the Immigration Act revision and, if necessary, the Minister of Citizenship and Immigration might state in the House that the law officers of the Crown were now reviewing the situation in order to determine whether some general provision could be made to apply to all government officials.

8. Mr. Harris said section 5(1), relating to members of subversive organizations, although not completely satisfactory, seemed to be the most acceptable provision which could be made in this connection.

9. Mr. Pearson thought that, unless required for some good purpose, the words "unlawful opposition to" in sub-section (m) of section 5 might advisably be deleted therefrom, since their insertion would almost certainly give rise to sharp criticism and since, in any event, their inclusion did not appear to extend powers which were not already extended by the remainder of the sub-section.

10. Mr. Harris said that the Minister of Labour was concerned about the numbers of assisted-passage immigrants who did not complete their employment contracts after arrival in Canada and had suggested that consideration be given to the possibility of inserting some provision in the Immigration Act under which such persons would be subject to deportation.

This suggestion had been resisted in the Immigration Department since it would almost certainly have an injurious effect on Canada's immigration programmes. On the other hand, it was appreciated that certain elements of Canadian public opinion might feel that immigrants who did not live up to agreements should be dealt with more severely and the absence of a clause such as that which the Minister of Labour had in mind might possibly give rise to criticism when the measure was debated in the House. It should be possible, however, to provide some means of dealing with delinquent immigrants without actually inserting the suggested clause in the Act.

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11. The Cabinet, after considerable further discussion:

(a) approved for introduction the resolution to precede the Immigration Act revision;

(b) agreed that the measure be reprinted to include, inter alia, the following changes:

(i) section 3 to be re-written as suggested by the Minister of Citizenship and Immigration;

(ii) section 4 (6) to be redrafted to specify the circumstances in which loss of citizenship should entail loss of domicile;

(iii) the words "unlawful opposition to or" to be deleted from paragraphs (l) and (m) of section 5 and from paragraph (a) of sub-section 1 of section 19;

it being understood that no provision would be included in the revision respecting the deportation of immigrants who failed to carry out the terms of their employment agreements.

Parliament; legislation

12. The Acting Secretary submitted certain draft legislation.

13. The Cabinet, after discussion, approved the following measures for introduction in Parliament

bill to amend the Criminal Code (Race Meetings) (for introduction in the Senate in the first instance); and

bill to amend the Canada-France Income Tax Convention Act, 1951.

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Legislation; amendment to the Act respecting the International Joint Commission

14. The Secretary of State for External Affairs reported that, in accordance with a Cabinet decision of May 6th, 1952, a draft measure was being prepared to provide for an increase in the salaries of the International Joint Commission. Consideration might be given to the desirability of providing, at the same time, for certain other useful amendments to the legislation. For example the Act provided for an annual appropriation of $75,000 to cover salaries and other expenses incurred by the Commission. This sum was now inadequate, and for the year 1951 additional appropriations totalling $6,000 had to be obtained from Parliament. It seemed to him that it might be amended to delete therefrom any specific ceilings on annual appropriations on the understanding that the Commission would have to obtain its funds by means of yearly Parliamentary votes in the same manner as other government departments and agencies.

15. The Prime Minister pointed out that, if the proposed amendment to the Act respecting the International Joint Commission was to be dealt with by Parliament during the current session, introduction of the measure would have to take place at an early date. The Secretary of State for External Affairs might usefully discuss the matter of the Commission's yearly appropriation with the Minister of Finance.

16. The Cabinet, after discussion:

(a) noted the report by the Secretary of State for External Affairs on proposed amendments to the Act respecting the International Joint Commission; and,

(b) agreed that the suggested amendment to section 6 of the Act regarding the Commission's yearly appropriation be discussed by the Secretary of State for External Affairs with the Minister of Finance.

Legislation; Combines Investigation Act amendment

17. The Minister of Justice, referring to the discussion at the meeting of April 8th, 1952, submitted a measure to amend the Combines Investigation Act.

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He referred to section 29 relating to the Governor in Council's power to remove or reduce customs duties and to section 30 relating to offences arising out of the use of patents and trade marks, both of which had been revised to comply with the recommendations of the MacQuarrie Committee on Combines.

18. The Minister of Trade and Commerce noted that the present section 29 provided that the existence of a combine had to be established before the Governor in Council could remove or reduce customs duties, whereas the intended new section would give the Governor in Council such powers provided the Governor in Council was satisfied that it was in the public interest to remove or reduce the tariff on any article. He thought that this was a dangerous provision, since it would allow the executive to make permanent changes in the tariff, whereas it had been the practice of long standing to explain and defend each individual change in the tariff in Parliament.

19. The Prime Minister suggested that, since relevant provisions in the Customs Act and the existing section 29 of the Combines Investigation Act taken together would probably be adequate to meet any situation which could be foreseen at this time, it would be preferable to leave section 29 unchanged. He further suggested that since the new section 30 appeared to do nothing but achieve more acceptable language from the purely drafting point of view, it might also be preferable to leave this section unchanged.

20. Mr. Garson added that, following discussion at the meeting of April 8th, the proposal that certain sections of the Criminal Code be incorporated in the Combines Investigation Act had been reconsidered. It was now felt that it would be preferable not to include these provisions in the combines legislation.

21. The Cabinet, after discussion:

(a) approved for introduction the resolution to precede the bill to amend the Combines Investigation Act; and,

(b) agreed that the measure be reprinted and that suggested amendments to sections 29 and 30 of the Combines Investigation Act be deleted therefrom.

Government procedural questions; preparation of reference book

22. The Prime Minister pointed out that there was not at present any government reference book

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in which could be found details of the procedures to be followed when various events occurred, usually at rather infrequent intervals, on which the government had to take specific action. The recent demise of the Crown had been an obvious example. Others were such things as the appointment of a Governor General, the dissolution of the House of Commons and so forth. There were a great many things of that sort in which a number of departments were involved.

It would be desirable to arrange for the temporary employment, during the summer, of a qualified person to begin work on such a reference book which could be completed and kept up thereafter in the Privy Council Office. It was understood that J. R. Mallory, Associate Professor of Political Science in McGill University might be available for the work and it was proposed to approach him.

23. The Cabinet noted with approval the remarks of the Prime Minister concerning the desirability of having work begun on a reference book on government procedures.

Combines Investigation Commission; tabling of report on rubber trade

24. The Minister of Justice reported that he had now received from the Combines Investigation Commission its report on alleged combines in the manufacture, distribution and sale of certain rubber products and that, under the relevant provisions, the report would have to be tabled very shortly in Parliament.

25. The Cabinet noted the report of the Minister of Justice that he would shortly be tabling in Parliament the report of the Combines Investigation Commission regarding alleged combines in the rubber trade.

Legislation; Customs Act amendment

26. The Minister of National Revenue, referring to discussion at the meeting of May 22nd, 1952, said it was not at present considered necessary to introduce, during the current session, an amendment to the Customs Act with a view to restricting end-of-season imports of seasonal goods at reduced prices. If additional information was received concerning the interpretation of the customs amendment in the United States

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further consideration could be given to legislation here.

27. The Cabinet noted the report of the Minister of National Revenue that it was not at present considered necessary to introduce an amendment to the Customs Act during the current session.

Legislation; Trade Marks bill

28. The Secretary of State mentioned that it was hoped a draft Trade Marks bill would be ready for consideration during the following week. It was now proposed that it be introduced but not proceeded with during the current session.

29. The Prime Minister suggested that, after the draft had been considered, it be introduced in the Senate with an indication that it would not be disposed of finally this session.

30. The Cabinet, after further discussion, noted the report of the Secretary of State that drafting of a Trade Marks bill was nearing completion and agreed that, when the draft had been approved for introduction, it be introduced in the Senate with an indication that it would not be disposed of finally during the current session.

Legislation; revision of the Act for Regulation of Vehicular Traffic on Dominion Property

31. The Minister of Public Works explained that the Act for the Regulation of Vehicular Traffic on Dominion Property, 1930, empowered the Governor-in-Council to make regulations for traffic on Federal property over which there was no public right of way. The provisions of the Act did not go far enough, however, and regulations passed since that time had proved inadequate for the enforcement of traffic control of Parliament Hill. He recommended that the Department of Justice prepare a revision of the Act and that responsibility for its administration be assumed by the Department of Justice.

32. The Prime Minister suggested that an enforceable measure be prepared by the Department of Justice and that the question of responsibility for its administration be dealt with subsequently.

33. The Cabinet, after further discussion, agreed to the recommendation of the Minister of Public Works that the Department of Justice prepare a revision of the Act for the Regulation of Vehicular Traffic on Dominion Property; the question of responsibility for administration of the Act to be dealt with subsequently.

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C.N.R.: Newfoundland coastal service; purchase of ships

34. The Prime Minister recalled that at the meeting of June 7th, 1951, it had been agreed that two new ships be provided for the Newfoundland coastal service and that the Canadian National Railways should submit a recommendation as to arrangements for their purchase based on commercial considerations alone. The C.N.R. had now received a number of tenders, the lowest being those of Hall, Russell & Co. of Scotland ($823,200 per ship subject to escalator clause) and Marine Industries Ltd., Sorel, P.Q. ($1,262,000 per ship subject to escalator clause). The U.K. firm might be able to improve on its quoted delivery date of mid-1955. In view of the tenders and the decision regarding purchase on a commercial basis, the C.N.R. had recommended that the order be placed with the U.K. firm on the understanding that an effort would be made to improve on the delivery date quoted.

The Minister of Transport had asked for a decision as to whether the C.N.R. should be authorized to place an order on his behalf with the U.K. firm on the financial terms mentioned.

An explanatory memorandum had been circulated.

(Memorandum, Minister of Transport, May 20, 1952 - Cab. Doc. 159-52).

35. Mr. St-Laurent suggested that the C.N.R. be informed that it was for their decision with which company an order should be placed and that the government would have no objection to whatever decision reached if it were made on business grounds.

36. The Cabinet, after further discussion, noted the report of the Prime Minister regarding recommendations of the Canadian National Railways regarding purchase of two ships for the Newfoundland coastal service and agreed that:

(a) the President of the C.N. Railways be informed that it was for the Company to decide with which shipbuilding company an order should be placed and that the government would have no objection as long as the decision were based on business grounds;

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(b) an item be included in the Supplementary Estimates of the Department of Transport for 1952-53 to cover payments on the ships expected to fall due during that year, on the understanding that, as required, financial provision would be made in subsequent estimates to cover the balance of the costs of purchase.

Steamship freight service; Mulgrave-Guysborough-Queensport, N.S.; subsidy

37. The Prime Minister said traffic on the steamship freight service between Mulgrave, Guysborough and Queensport, N.S., had so declined in recent years that no provision for continued subsidy had been made when the Main Estimates for 1952-53 were under consideration. It had since been found necessary to continue the service to transport the produce of two new fish plants and fishermen's supplies. The Department of Fisheries felt that discontinuance would be a serious obstacle to expanding production. The Minister of Transport, on the advice of the Maritime Commission, had recommended that a subsidy of $16,000 ($500 less than last year) be provided in the Supplementary Estimates for 1952-53.

An explanatory memorandum had been circulated.

(Memorandum, Minister of Transport, May 23, 1952 - Cab. Doc. 161-52).

38. The Minister of Resources and Development agreed with Mr. Chevrier's views as to the need for maintaining the service.

39. The Cabinet, after further discussion, approved the recommendation of the Minister of Transport and agreed that provision be made in the Supplementary Estimates of 1952-53, under the heading of "steamship subventions", for a subsidy of $16,000 for the steamship freight service between Mulgrave, Guysborough and Queensport, N.S.

R.C.A.F.; appointment of successor to Chief of Air Staff; loan of A/V/M Slemon for North Atlantic Treaty manoeuvres

40. The Minister of National Defence, pointed out that Air Marshal W. A. Curtis had served as Chief of the Air Staff for more than the normal period of four years. He proposed that Air Vice Marshal C. R. Slemon, Air Officer Commanding Training Command, be

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appointed as successor about September or October, 1952, and, meanwhile, in accordance with a request received, that the latter be made available for three months to command a large force participating in North Atlantic Treaty combined manoeuvres due to begin shortly in Western Europe.

41. The Prime Minister thought it would be useful for A/V/M/ Slemon to participate in the N.A.T.O. exercise as proposed but that it was not necessary to make a commitment at this stage as to a successor to the Chief of Air Staff.

42. The Cabinet, after further discussion:

(a) deferred decision regarding the appointment of a successor to the Chief of the Air Staff; and

(b) agreed that Air Vice Marshal Slemon, Air Officer Commanding Transport Command, be made available for three months for North Atlantic Treaty combined manoeuvres.

Vancouver Hotel; status of labour dispute

43. The Prime Minister, referring to discussion at the meeting of March 18th, 1952, said a report had been received from the Department of Labour on the labour dispute involving the Vancouver Hotel. The majority report of the conciliation board concerned was considered reasonably satisfactory. It provided for adjustments in rates for various classifications, which the two national railways were willing to grant, and for a 40-hour week without an increase in rate to give the same take-home pay during the shorter week. It also recommended a general increase of 5.31 percent to cover increased living costs. This, added to 2.94 percent which it would cost to adjust rates, would mean a total increase of 8.43 percent. While the union had accepted the board's recommendations, the railways had not yet indicated their decision and it had now been indicated that a strike would be called at midnight on June 3rd, 1952.

44. The Cabinet noted the report of the Prime Minister regarding the present status of the labour dispute involving the Vancouver Hotel and the possibility of a strike on June 3rd, 1952.

U.N.I.C.E.F.; Canadian contribution, 1952

45. The Secretary of State for External Affairs put forward a proposal that, subject to certain conditions, provision be made in the Supplementary Estimates for 1952-53 for a contribution of $500,000 to the United

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Nations International Children's Emergency Fund for the agency's financial year 1952. This was the amount Canada had contributed for 1951. The U.S. government was asking Congress to approve a U.S. contribution of $12 million towards the Fund's budget of $20 million for 1952.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 10, 1952, Cab.Doc.149-52)

46. The Minister of National Revenue wondered if it would not be more appropriate for the World Health Organization to undertake the projects designed to aid governments in establishing national health and welfare services presently being carried out by U.N.I.C.E.F.

47. Mr. Pearson said U.N.I.C.E.F. was working in close collaboration with the World Health Organization and other U.N. agencies but had distinct functions and was not duplicating the work of W.H.O. As it had been established as an emergency organization and extended only until the end of 1953, the question of its future would go before the General Assembly in that year. He felt Canada should adopt the position that U.N.I.C.E.F's functions should be taken over by W.H.O. and other appropriate agencies but this was likely to be opposed by the poorer countries.

48. The Prime Minister considered there was a danger that too many agencies were operating in the same general field. Canadian policy should be to press for other U.N. agencies to absorb U.N.I.C.E.F.'s functions. The Minister of Finance had indicated to him that he would not oppose the proposed 1952 contribution.

49. The Cabinet, after further discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) provision be made in the Supplementary Estimates for 1952-53 for a $500,000 contribution to the United Nations International Children's Emergency Fund for that agency's financial year 1952;

(b) in pledging this contribution it should be made clear that it did not commit Canada to support the continuation of U.N.I.C.E.F. after 1953 as a separate agency;

(c) the Executive Director of U.N.I.C.E.F. be asked to use the contribution for purchases in Canada and, to the extent appropriate to the agency's programme, to give due attention to any suitable Canadian commodities in surplus supply; and,

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(d) Canadian representatives at future meetings of U.N. bodies concerned with U.N.I.C.E.F. continue to stress the need for keeping U.N.I.C.E.F. administrative expenditures to a minimum.

Veterans Benefits Regulations amendment; payment of benefits to Regular Force

50. The Minister of National Defence referring to proposals for amendment of the Veterans Benefits Regulations outlined by the Minister of Veterans Affairs at the meeting of March 25th, 1952, reported that, with increasing numbers of men of the Regular Force returning from the Far East under the rotation system, there were now approximately 400 applications for war service gratuities and re-establishment credits on which it had not yet been possible to take action. The restriction on payments to such persons was resulting in members of the Special Force, who otherwise would transfer to the Regular Force, taking their discharge and subsequently re-enlisting, with consequent additional and unnecessary work at personnel depots. The present conditions were not comparable to those in an all-out war. Members of the Regular Force returning from Korea under the rotation system would remain in Canada for at least a year. It was desirable that any benefits to which they might be entitled as a result of service in Korea be available to them so as to facilitate re-establishment of their families.

In the circumstances, he recommended that the regulations be amended to provide that war service gratuities and re-establishment credit be paid to members of the Regular Force who had service in a theatre of operations on the strength of the Special Force on termination of service in the theatre.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 23, 1952 - Cab. Doc. 162-52).

51. The Prime Minister said such an amendment would establish a new principle that the benefits in question, which were intended to further the re-establishment of veterans in civil life after a war, would be given in the course of hostilities whenever a man returned from a theatre of operations. In effect the benefits would become a form of combat pay. Those who had enlisted in the Special Force were in a different position because they were returning to civilian life and needed their benefits for re-establishment purposes. It would seem preferable for the benefits to be available to members of the Regular Force upon their retirement from that force.

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52. Mr. Claxton thought there would be serious difficulties if payment were so deferred. Members of the Regular Force would feel that they were treated less favourably than those who had enlisted in the Special Force.

53. Mr. St-Laurent suggested that the matter be discussed again at the next meeting when the Ministers of Finance and Veterans Affairs would be present.

54. The Cabinet, after further discussion, noted the recommendation of the Minister of National Defence regarding the amendment of the Veterans Benefits Regulations and agreed to discuss the matter further at the next meeting.

Korea; use of Canadian troops at prisoner-of-war camp

55. The Secretary of State for External Affairs reported on action taken in connection with the recent movement of a company of the 25th Brigade from the Korean mainland to the Koje Island prisoner-of-war camp for guard duties. The first intimation of the move had been a report from the officer commanding the brigade that he had received an order, originating with the Unified Command, to despatch the troops, and that he was, accordingly, assigning a company to the island. The Unified Command should have known that, when offering the brigade to the United Nations, the government had indicated it wanted it to be kept together except in a case of military emergency.

An effort had been made by the Canadian Embassy in Washington to have the order countermanded but this had proved impracticable since it had already been made public. As the Unified Command had also despatched units to the island from the forces of other countries it was clear that it was done for political reasons. When it was found that execution of the order could not be prevented, a note had been delivered to the State Department expressing the government's concern over the despatch of the Canadian unit without prior consultation, its hope that it would be re-united with the brigade as soon as possible, and its desire that no similar orders be given in future without prior consultation.

It was now known that the State Department would shortly give a formal assurance that, if it were proposed in future to detach any Canadian forces from Canadian command and control for military or other duties, this would be done only with the prior consent of the Canadian government, except in a military emergency when there was no time for consultation.

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56. The Cabinet noted with approval the report of the Secretary of State for External Affairs regarding action taken in connection with the movement of a Canadian unit to the Koje Island prisoner-of-war camp on the order of the Unified Command in Korea.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

May 30th, 1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Friday, May 30th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Cote).

The Acting Secretary to the Cabinet
(Mr. R. G. Robertson,)
Mr. Paul Pelletier, Privy Council Office,
Mr. C. C. Eberts, Privy Council Office.

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Emergency Powers Act; extension

1. The Minister of Justice submitted a recommendation for extension of the Emergency Powers Act to May 30th, 1953, in accordance with addresses of the Senate and House of Commons to the Governor General.

2. The Cabinet, after discussion, agreed that an Order in Council be passed for the extension of the Emergency Powers Act until May 30th, 1953.

(Order in Council P.C. 3197, May 30, 1952).

Legislation; resolution seeking approval of N.A.T.O. protocol respecting European Defence Community

3. The Secretary of State for External Affairs submitted a draft resolution seeking Parliamentary approval of the N.A.T.O. protocol respecting the European Defence Community.

4. The Cabinet, after discussion, approved for introduction in both Houses resolutions seeking Parliamentary approval of the N.A.T.O. protocol respecting the European Defence Community as submitted by the Secretary of State for External Affairs.

Legislation; Immigration Act revision

5. The Minister of Citizenship and Immigration submitted a reprint of a bill to revise the Immigration Act.

6. The Cabinet, after discussion, approved for introduction the measure to revise the Immigration Act as submitted by the Minister of Citizenship and Immigration.

Legislation; Unemployment Insurance Act amendment

7. The Minister of Labour submitted a resolution and draft bill amending the Unemployment Insurance Act, 1940, and suggested that an additional amendment to section 88 of the Act prohibiting discrimination against or in favour of workers on racial, religious or political grounds might usefully be included in the draft measure.

8. The Minister of Finance said he was not clear as to what effect section 13 of the bill, relating to classes of persons entitled to supplementary benefits, might have.

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9. Mr. Gregg explained that this amendment was required merely for administrative purposes in view of the extension of the termination date of the supplementary benefit period from April 1st to April 15th in each year.

10. The Cabinet, after discussion:

(a) approved for introduction the resolution respecting the Unemployment Insurance Act amendment; and,

(b) agreed that the bill to amend the Unemployment Insurance Act be reprinted to include proposed amendments to section 88 as recommended by the Minister of Labour.

Legislation; Companies' Creditors' Arrangement Act amendment

11. The Minister of Justice said for some years past the Boards of Trade of the cities of Toronto and Montreal had requested repeal of the Companies Creditors' Arrangement Act. The Dominion Mortgage and Investment Association, however, wanted the legislation retained.

After reviewing the problem together, the two groups had reconciled their views and had now suggested that certain amendments be made to the legislation.

Even if the government approved the recommendations of the Boards of Trade and the Mortgage and Investment Association, it might be felt undesirable to introduce such legislation at this late stage in the session.

12. The Prime Minister suggested that the Minister of Justice submit the details of the proposal to Cabinet at its next meeting at which time a decision could be reached as to whether the legislation should be proceeded with.

13. The Cabinet, after discussion, agreed that consideration be given at the next meeting to the desirability of introducing during the course of this session a measure to amend the Companies' Creditors' Arrangement Act.

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Legislation; C.N.R. Capital Revision Act 1952

14. The Minister of Transport submitted a resolution and bill to provide for recapitalization of the Canadian National Railways in accordance with a decision reached at the Cabinet meeting of May 6th, 1952.

15. The Minister of Finance said that he had not yet had sufficient time to consider fully all the provisions of the legislation and suggested that decision on introduction of the measure be deferred until early the following week.

16. Mr. Chevrier thought that, in order to save time, the resolution might be placed on the Order Paper immediately.

17. The Prime Minister pointed out that before the resolution was placed on the Order Paper a decision should previously have been reached on the substance of the measure, since the details set out in the resolution would commit the government in advance to most of the provisions for recapitalization of the government railways.

18. The Cabinet, after discussion:

(a) agreed that the resolution respecting the C.N.R. Capital Revision Act 1952 be forwarded to the Clerk of the House for inclusion on the Order Paper later that day provided the Minister of Finance and the Minister of Transport, after consultation, agreed to such a course of action; and,

(b) deferred consideration of the bill entitled the C.N.R. Capital Revision Act 1952 until the next meeting.

Parliament; legislative programme; extension of sitting hours

19. The Prime Minister, referring to discussion at the meeting of May 28th, 1952, reviewed the list of legislative proposals yet to be introduced in Parliament during the current session.

(Memorandum, Privy Council Office, May 29, 1952)

20. The Cabinet, after discussion:

(a) agreed that the following measures be introduced during the current session of Parliament:

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Agriculture:	Cold Storage Act amendment.
External Affairs:	Protocol to North Atlantic Treaty re European Defence Community (Resolution).
	Amendment to Act respecting the International Joint Commission.
Finance:	Bill re Tax Rental Agreements with Provincial Governments.
	Currency and Exchange Fund Bill.
	Marine and Air War Risk Insurance Bill.
	CNR Financing and Guarantee Bill.
Justice:	Government Property Traffic Bill
Labour:	Unemployment Insurance Act amendment
National Health and Welfare:	Food and Drug Act revision.
Resources and Development:	Northwest Territories Act amendment.
Transport:	Legislation re Bellville Harbour Commissioners.
	CNR Capital Revision Act 1952.
Veterans Affairs:	Army Benevolent Fund Act amendment

(b) agreed that the following legislative proposals be not proceeded with during the course of this session:

Agriculture:	Canada Dairy Products Act amendment (it being understood that a similar measure now before the Senate would be supported by the government subject to certain modifications).
Citizenship and Immigration:	Canadian Citizenship Act amendment

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External Affairs: bill to provide diplomatic immunity for Commonwealth representatives.

Resolution re 1949 Geneva (Red Cross) Conventions respecting victims of war.

Resolution re Protocol to the North Atlantic Treaty respecting status of armed forces in relation to N.A.T.O. headquarters.

Justice: Juvenile Delinquents Act amendment

Labour: Merchant Seamen Compensation Act amendment

Government Annuities Act amendment

Secretary of State: Legislation re patent rights of public servants.

Transport: CNR Act amendment - (spur lines).

Canada Shipping Act amendment.

(c) agreed that the following measures would be proceeded with provided they could be introduced in the reasonably near future:

Fisheries: International convention for the high seas fisheries of the North Pacific Ocean (an appropriate resolution to be introduced during the current session provided the report to the House by the Standing Committee on Marine and Fisheries was unanimous.

Justice: Companies Creditors Arrangement Act amendment (decision on introductions to be reached at next meeting)

Resources and Development: Eastern Rocky Mountain Forest Conservation Act amendment (a bill to be introduced provided the negotiation with Alberta of a revised agreement is completed in time).

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Secretary of State: Trade Marks Bill (a measure to be introduced in the Senate but not disposed of finally at this session, provided the measure can be completed and introduced at a reasonably early date).

(d) deferred decision, pending further consideration, on introduction of a measure to revise the Civil Service Superannuation Act:

(e) agreed that towards the end of the following week, the Prime Minister announce in the House what measures remained to be introduced before the end of the session; and

(f) agreed that the Prime Minister move to have morning sittings begin on Monday, June 9.

St. Lawrence Development Project; clarification of the Canadian commitment to construct the deep waterway

21. The Minister of Transport, referring to discussion at the meeting of May 20th, said that the Canadian Ambassador at Washington had suggested that the best means of clarifying the nature of the Canadian commitment in respect of the St. Lawrence Seaway, insofar as U.S. officials were concerned, might be for Mr. Wrong to address a letter to the Chairman of the U.S. Inter-Agency Committee on the St. Lawrence Project containing a brief statement on the scope and intent of the Canadian government's proposal for an alternative all-Canadian deep waterway. The Interdepartmental Committee on the St. Lawrence Seaway and Power Project had concurred in this suggestion and had prepared a draft letter which was submitted for consideration and approval.

The letter would make it clear that the application to the International Joint Commission now contemplated in both Canada and the United States was an application for the development of power in the International Rapids Section of the St. Lawrence River and not an application for the development of navigation and power. As a consequence, the United States suggestion that the International Joint Commission be asked to allocate costs as between power and navigation was unacceptable, although Canada would agree to the applicants requesting the I.J.C. to allocate between the power developing entities the costs of all the works and undertakings for which those entities were to be responsible.

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The letter would go on to explain that the Canadian proposal was based on the assumption that approval of the 1941 agreement was not possible in the near future and that, since it has been determined that power could be developed economically as an independent project in the International Rapids Section and since there was clear evidence that agencies in both Canada and the United States were anxious to develop power on such a basis, the Canadian government had, with Parliamentary approval, committed itself to build whatever additional works were required to allow uninterrupted 27-foot navigation between Lake Erie and the Port of Montreal provided arrangements could be completed to ensure development of power on the basis outlined in detail in the December 1951 Canada-Ontario Agreement on Power. It was the Canadian government's expectation that all the costs of the works and undertakings relating to power development, as set out in that Agreement and in the Annex thereto, would be borne equally by the power developing agencies in both countries.

An explanatory note was circulated.

(Memorandum, May 30, 1952, Chairman, Continuing Committee on the St. Lawrence Seaway and Power Project. Cab.Doc. 168-52)

22. The Secretary of State for External Affairs thought it likely that the opponents of the project in the United States would argue before the Federal Power Commission and the International Joint Commission that the Canadian proposal would result in charging power with certain costs which should rightfully be allocated to navigation.

23. The Prime Minister agreed that U.S. opponents of the project would no doubt seize upon every opportunity to block the development of the deep waterway. The Canadian Government should nonetheless, at least for the time being, maintain its position and simply offer a clear explanation of the nature of the Canadian proposal as outlined in the draft letter submitted by the Minister of Transport.

24. The Cabinet, after discussion, agreed that the Canadian Ambassador at Washington be instructed to forward immediately to the Chairman of the U.S. Inter-Agency Committee on the St. Lawrence Project the explanatory message as submitted by the Minister of Transport.

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Agriculture; designation of Special Assistant to Minister

25. The Minister of Agriculture submitted a recommendation for the designation of the Chairman of the Agricultural Prices Support Board as Special Assistant to the Minister.

26. The Cabinet, after discussion, agreed that an Order in Council be passed designating Mr. A.M. Shaw, Chairman of the Agricultural Prices Support Board, as Special Assistant to the Minister of Agriculture at his present salary of $10,000 per annum.

(Order in Council P.C. 3210, May 30, 1952).

Post Office; rural mail couriers

27. The Postmaster General reported that repeated requests had been made in the House of Commons for the appointment of a special committee to enquire into the methods of payment of rural mail couriers.

There were basically two different methods which could be adopted: the tender and contract system as at present, or a fixed price system under which the Post Office would determine the rate to be paid, advertise the service, receive applications and select the successful candidate on the basis of merit. There were several advantages and disadvantages to both systems, although there seemed to be little doubt that the fixed price system would improve the quality of service considerably. This latter system, however, would also be more costly and would involve an additional annual expenditure of between $1 and $1.5 million.

An explanatory note had been circulated.

(Minister's memorandum, May 26, 1952 - Cab. Doc. 167-52).

28. The Prime Minister thought that it would be inadvisable to set up a special committee to look into the problem of rural mail couriers at this late stage in the session and that the Postmaster General might, if necessary, state in the House that the government would sponsor the establishment of such a committee at the next session.

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29. The Cabinet, after discussion, agreed that, if it seemed to be desirable, the Postmaster General might state in the House that the government would agree to the appointment at the next session of Parliament of a special committee to consider and report on the question of rural mail couriers.

Government contracts regulations; Public Works Act

30. The Minister of Finance submitted a recommendation for the establishment of government contracts regulations under section 39 of the Financial Administration Act. An explanatory memorandum and copies of the regulations had been circulated.

(Privy Council memorandum, May 27, 1952 and attached schedules - Cab. Doc. 165-52).

31. Mr. Abbott said it was recommended that the regulations and the new section 36 of the Public Works Act come into effect as of June 1st. The Financial Administration Act had come into force on April 1st. The regulations would apply to all departments as defined in sub-section 2 (f) of the Financial Administration Act. The staffs of the Senate, House of Commons and Library of Parliament were excepted. The Minister of Defence Production would continue to enter into contracts as provided in section 17 of the Defence Production Act. The regulations would delegate to Treasury Board the powers of the Governor in Council to approve entry by Ministers into construction, purchase and service contracts and leases of real property by the Crown. The provisions about contracts that could be entered into by Ministers without the approval of Treasury Board would be altered and would differ as between the various types of contract.

The regulations would place additional responsibilities on Treasury Board. To ensure that there would be no undue delay in approving contracts it would be necessary to have two meetings of the Board per week. It should also be understood that the Board would not consider the essentiality of a contract at the time it was submitted for approval. That question was primarily for departments and for consideration at an earlier stage.

32. The Minister of Resources and Development remarked that delays in Treasury Board were substantially greater than in Council. It would be important to ensure that they did not undiy hold up business. Certain of the provisions of the regulations were at variance with the National Film Board Act and might cause difficulty in operation.

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Section 21 of the regulations might cause difficulty in the leasing of quarters in the north where they had to be provided for temporary purposes because of the lack of hotel accommodation. Section 11 on monthly reports would involve a great deal of work. Instead of requiring a report on all contracts exceeding $5,000 entered into with the approval of Treasury Board it might be preferable to set the limit at $10,000.

33. The Prime Minister said Section 21 was clearly intended to apply to the leasing of premises as living quarters in ordinary circumstances. Treasury Board could issue an explanatory note saying it was not intended to apply to the leasing of accommodation in circumstances such as those in the north where, in effect, the accommodation was a substitute for hotel accommodation and could be regarded as a part of traveling expenses. So far as the National Film Board and Section 11 were concerned, the desirable course might be to approve the regulations in order that they might come into effect on June 1st with the understanding that the points Mr. Winters had raised would be considered and an amending Order prepared if it seemed to be desirable.

34. The Minister of Public Works submitted a recommendation that the Act to amend the Public Works Act be proclaimed to come into effect on June 1st.

35. The Cabinet, after discussion, approved the recommendations of the Ministers of Finance and Public Works and agreed that:

(a) a proclamation be issued declaring that the Act to amend the Public Works Act come into effect on June 1st, 1952; and,

(b) the Government Contracts Regulations be approved as submitted by the Minister of Finance on the understanding that a directive would be issued by Treasury Board concerning the application of section 21 and that consideration, would be given to the desirability of having an amending order passed about the provision in section 11 for monthly reports on contracts exceeding $5,000 and the application of the regulations to the National Film Board; Orders in Council to be passed accordingly.

(Orders in Council P.C. 3208 and P.C. 3209, May 30, 1952)

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Beef and pork position; support prices; sales

36. The Minister of Agriculture said it was more than three weeks since the last known case of foot and mouth disease had been dealt with. Compensation for animals would amount to approximately $400,000 and other costs of the control programme to the end of May were estimated at $240,000, not including salaries and expenses of veterinary officers and members of the police.

The inspected slaughter of cattle to May 17th was 10.4 percent below inspected slaughter for the same period a year ago. Exports of live cattle were down from 119,771 to 14,314. Domestic beef consumption in January and February had been 17 percent less than in 1951 but for March and April it was approximately the same as a year previous. Some 17,500,000 pounds of carcass bone-in beef had been purchased for delivery to the United Kingdom. It now appeared that New Zealand would have about 80 million pounds of beef available for diversion instead of 40 million pounds as previously estimated.

So far as pork was concerned, marketings thus far were 32.7 percent above 1951. During the last four weeks they had been 37.5 percent higher. Domestic consumption was about the same as a year ago. Purchases of canned pork to May 24th totalled 30,196,531 pounds. Fresh frozen Wiltshire sides purchased to May 24th totalled 15,122,563 pounds. Storage stocks of domestic cuts were up on May 1st from 27 million pounds in 1951 to 35 million pounds. It was estimated that marketings from now until September 30th might run about 25 percent over 1951 which would leave a surplus during that period of 100,000 hogs. This would be in addition to the surplus of existing storage stocks totalling some 35 million pounds.

On April 30th the Cabinet had directed the Department of Agriculture to investigate possible sales of canned pork at reduced prices. Canners had on hand about 8 million pounds of canned pork valued at from 55¢ to 57¢ a pound estimated to be sufficient to supply the Canadian market until the beginning of September. In view of that, it was recommended that no attempt be made to begin domestic sales of canned pork at reduced prices until that time.

To provide 50 percent of the U.S. dollar profit on sales of New Zealand beef in canned pork under the three-way agreement it was necessary

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to agree on a price with the United Kingdom. The British took the position they ought to secure the canned pork at not more than the price they were paying for a similar product elsewhere. This would amount to about 42¢ a pound at Canadian seaboard. It was recommended that the Department of Agriculture negotiate with the British Ministry of Food on the price, subject to Cabinet approval.

An explanatory memorandum was circulated.

(Minister's memorandum, May 28, 1952 and attachments - Cab. Doc. 169-52).

37. Mr. Gardiner said the support price for beef had been set at 25¢ with the understanding that it would be firm to June 30th but subject to review on a monthly basis thereafter. It would provide stability if he could announce that the price would continue to August 31st. With the U.S. price on pork going up there appeared to be no reason for concern about our support price and it would be helpful to announce that it would remain firm until September 30th at 26¢.

38. The Minister of Trade and Commerce thought it would be worth considering whether to reduce the pork support price by 2¢. At the present time that was about the margin that kept Canadian canned hams, and other products out of the U.S. market.

39. The Prime Minister said that, with the U.S. price rising, it did not appear possible to reduce the support price. The best course might be to say nothing about the price for pork at present in case it became necessary to reduce it at a future time. Export prices below domestic prices would in the normal course meet U.S. countervailing duties. It might, however, be desirable to have representatives of Agriculture and Trade and Commerce see whether there would be any possibility of disposing of moderate amounts of canned pork products in the United States at a reduced price without bringing down countervailing duties on the ground that it was made necessary by the foot and mouth disease problems.

40. The Cabinet, after considerable discussion, noted the report of the Minister of Agriculture concerning foot and mouth disease control and the beef and pork situation and agreed that:

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(a) the Minister be authorized to announce that the support price for beef would be continued at $25.00 per hundred pounds for good steers basis Toronto and Montreal up to August 31st;

(b) no statement be made concerning the support price for pork;

(c) negotiations be undertaken with the United Kingdom on the valuation to be placed on canned pork to be provided by Canada in settlement of the 50 percent share of net dollar earnings on the sale of New Zealand beef in the United States, it to be understood that the price would be subject to approval by the Cabinet;

(d) domestic sales of canned pork at 50¢ to 52¢ per pound be deferred until packers' supplies of their own canned pork had been exhausted; sales of canned pork for export to be made at the reduced prices whenever possible; and

(e) representatives of the Departments of Trade and Commerce and Agriculture discuss with U.S. officials the possibility of allowing entry to the United States of limited amounts of canned pork at reduced prices without the imposition of countervailing duties on the grounds that such exports were necessary to meet the problems created by foot and mouth disease.

Food and agriculture meetings; attendance of Dr. G.S.H. Barton

41. The Secretary of State for External Affairs, proposed with the concurrence of the Minister of Agriculture, that Dr. G.S.H. Barton, who would be in Rome in June in connection with business of the Food and Agriculture Organization, represent Canada at certain meetings of the Organization to be held in Rome during that month and also attend N.A.T.O. meetings on food and agriculture matters in Paris.

42. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs, as concurred in by the Minister of Agriculture, and agreed that Dr. G.S.H. Barton represent Canada at the 19th Meeting of the Committee on Commodity Problems of the Food and Agriculture Organization, and at the 15th Session of the Council of F.A.O., to be held in Rome in June, 1952, and

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that he attend a meeting on food and agriculture matters to be held in Paris during the same month under the auspices of the North Atlantic Council; Treasury Board to be informed accordingly.

Foot and mouth disease; Board of Valuators; appointments

43. The Minister of Agriculture recommended that Mr. W.J. Ball and Mr. R.S. Rideout be appointed as alternates to Mr. G.W. Robertson and Mr. G.W. Stead, respectively, on the Board of Valuators established in connection with the campaign against foot and mouth disease, and that Mr. Lionel Stilborn be appointed to the position of valuator, at a salary of $400 per month, to assist the Board.

44. The Cabinet, after discussion, noted the recommendations of the Minister of Agriculture regarding appointments in connection with the Board of Valuators concerned with the foot and mouth disease campaign, and agreed that, subject to the approval of the Minister of Finance, Orders in Council be passed authorizing these appointments.

ECOSOC; 14th Session; proposed international development fund and international finance corporation; instructions to delegation

45. The Secretary of State for External Affairs said that at the 6th Session of the United Nations General Assembly, despite the opposition of the economically-advanced countries, the under-developed countries had secured adoption of a resolution for an international development fund to provide grants and long-term loans to under-developed countries. While it was necessary to avoid widening the existing gap between the poorer and richer free countries on this issue, the fund was a project Canada was unlikely to support in the foreseeable future.

It was proposed to instruct the Canadian delegation to the 14th Session of the Council, that, provided other advanced countries participated in drafting recommendations for the proposed fund, it should also take part. It should indicate Canada's countined opposition to the scheme, explaining its preference for bilaterial economic aid,its intention to continue its support for aid to under-developed countries through various U.N. agencies, and its readiness to take part in an annual discussion of international development programmes in the Council based on a summary of current programmes to be prepared by the Secretary-General. The delegation should not participate in

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discussions of the size of the proposed fund or the nature or size of contributions. It should not seek, but not refuse, membership in any working groups set up to draft proposals for a fund.

It was also proposed that, if the delegation found the division regarding the fund was continuing or being sharpened it should, if there were sufficient support, propose as an alternative the establishment of a U.N. advisory board on the economic development of under-developed countries. This would not have any funds but all donor and recipient countries would consult it regarding their programmes and undertake to consider its recommendations seriously.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 23, 1952 - Cab. Doc. 164-52).

46. The Minister of Finance thought it undesirable for Canada to take the initiative in proposing an advisory board, it would likely provide a means for recipient countries to press for greatly increased aid. It seemed preferable for the delegation to follow the lead of the other donor countries, reassert Canada's opposition to the proposed fund and explain its intention to continue supporting existing U.N. agencies, concerned with aid to under-developed countries.

47. The Prime Minister thought it desirable to defer decision on the question of an advisory board until reports were received as to the trend of the Council's discussions.

48. Mr. Abbott further reported that at its 13th Session, ECOSOC had adopted a resolution on economic development, designed to encourage the flow of international investment capital, which request the International Bank to consider whether an international finance corporation could make a significant contribution. The Bank had now submitted its report which would be considered by the Council at its 14th Session. The failure of private capital since the war to play its traditional role in economic development had lead to several proposals for the expansion of facilities for providing international public capital, of which that for an international finance corporation was the most realistic. The corporation would seek to stimulate private investment by bringing together investment opportunities, capital and experienced management and helping to finance private undertaking through equity investments and loans without government guarantees. The funds would come initially from

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capital subscribed by member governments. The Bank's report suggested that a total capitalization of some $400 million would be reasonable. Of this amount, one-third would be paid in initially and the balance would be subject to call, with participating members subscribing to the corporation in proportion to their subscriptions to the stock of the Bank. Canada would be expected to subscribe roughly $15 million to the stock of the Corporation, of which $5 million would be the initial subscription.

The corporation would fill an important gap in existing machinery for financing economic development by making available to private investors some equity capital and some loan capital without government guarantees. He recommended that the Canadian delegation be authorized to support the proposal subject to certain conditions.

An explanatory memorandum had been circulated.

(Privy Council Office memorandum, May 26, 1952 - Cab. Doc. 163-52).

49. Mr. Pearson expressed agreement with Mr. Abbott's recommendation.

50. The Cabinet, after further discussion, approved the recommendations of the Secretary of State for External Affairs and the Minister of Finance as to instructions to be sent to the Canadian delegation to the 14th Session of the Economic and Social Council with regard to proposals for an international development fund and an international finance corporation, on the understanding that:

(1) a decision on the desirability of the delegation taking the initiative in raising the question of a United Nations advisory board on economic development would be deferred pending reports as to the trend of discussions in the Council on the proposed international development fund;

(2) the delegation should support the proposal for an international finance corporation if it were regarded favourably by other countries, including the United States and the United Kingdom, and subject to the following further conditions:

(a) the corporation would be an affiliate of the International Bank with substantially the membership and voting powers now obtaining in the case of the Bank;

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(b) rather than establish elaborate machinery, the corporation would draw on the technical and administrative staff of the Bank;

(c) the corporation's total capitalization would be limited to the equivalent of U.S. $400 million to be subscribed by members in proportion to their subscriptions to the stock of the Bank and the Canadian subscription would not exceed $15 million, initial paid-in capital not to exceed $5 million.

Veterans Benefits Regulations; payment of benefits to members of the Regular Force; clothing allowance

51. The Prime Minister referring to discussion at the meeting of May 28th, 1952, explained to the Minister of Finance and the Minister of Veterans Affairs that, in their absence the Cabinet had again considered the proposal that the Veterans Benefits Regulations be amended to provide that war service gratuities and re-establishment credit be paid to members of the Regular Force on termination of their service with the Special Force. It had been pointed out that this would mean making the benefits a form of combat pay. The Minister of National Defence had indicated that lack of such a provision was an inducement to members of the Regular Force to retire and to members of the Special Force to take their discharge before transferring to the Regular Force.

52. The Minister of Finance expressed the view that the amendment was undesirable as transforming the benefits into combat pay.

53. The Minister of Veterans Affairs said he appreciated the problem facing the Department of National Defence. It was not certain that the amendment would be a precedent of general application. During the last war, clothing allowances, had been paid with discharge cheques as a temporary measure and it had been found necessary to retain the clothing allowance provisions after introduction of war service gratuities and re-establishment credits. Nevertheless, the clothing allowancewas not payable to veterans of the Korean campaign.

54. The Cabinet after further discussion, deferred decision on the proposal for amendment of the Veterans Benefits Regulations until the Minister of National Defence could be present.

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Justice; judicial appointment

55. The Minister of Justice submitted a proposal for a judicial appointment.

56. The Cabinet, after discussion, approved the recommendation of the Minister of Justice and agreed that John de Navarre Kennedy, Esq., Q.C., of Toronto be appointed Judge of the County Court for the County of Peterborough, Ont., and a Local Judge of the High Court of Justice for Ontario during his tenure of office as Judge of the County Court; an Order in Council to be passed accordingly.

(Order in Council P.C. 3206, May 30,1952)

C.N.R.; Newfoundland coastal service; purchase of ships

57. The Minister of Transport, referring to the decision at the meeting of May 28th, 1952 on the purchase of two ships by the Canadian National Railways for the Newfoundland coastal service, said Marine Industries Ltd., which had made the lowest Canadian tender, would be able to make delivery much sooner than the Scottish firm that had submitted the lowest tender. There might be criticism if the C.N.R. placed an order for the ships outside the country.

58. The Prime Minister pointed out that, the price quoted by Hall, Russell and Company was almost $450,000 per ship lower than that of the Canadian firm. The decision had been that the C.N.R. be informed that the questions of price and delivery date were matters on which it should decide and that the government would have no objection to whatever decision the C.N.R. reached if it were based on business considerations. This appeared to be the appropriate position for the government in the circumstances.

59. The Cabinet, after further discussion, noted the comments of the Minister of Transport on the purchase of two ships by the Canadian National Railways for the Newfoundland coastal service and agreed that the decision of May 28th, 1952 should stand.

Proposed Yarmouth, N.S. - Bar Harbor, Maine, ferry

60. The Minister of Transport, referring to discussion at the meeting of December 20th, 1951 on a proposed automobile ferry service between Yarmouth, N.S., and Bar Harbor, Maine, said a letter

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had been received from the U.S. owners of the land on which it was proposed to construct the Bar Harbor terminals and approaches, indicating that they had received an offer to buy the lands for other purposes and enquiring as to Canadian plans for the proposed ferry service. An interim reply had been sent to the effect that sale of the lands for other purposes would affect Canadian plans. When it had been agreed to defer construction, one of the main considerations had been the shortage of steel. As the steel position was now better, it appeared desirable to proceed with the service. Only a small amount would have to be provided in Supplementary Estimates for 1952-53 and the main expenditures would arise in 1953-54.

61. The Prime Minister suggested that, before a decision were taken, Mr. Chevrier arrange for a memorandum in the matter to be distributed for consideration at an early meeting; this to include an outline of the proposals and estimates of the costs involved and of the time at which the government might be in a position to provide the service.

62. The Minister of Resources and Development said that he was in favour of early provision of the ferry service.

63. The Cabinet , after further discussion noted the proposal of the Minister of Transport that the proposed ferry service between Yarmouth, N.S. and Bar Harbor, Maine, now be provided and agreed that he arrange for a memorandum in the matter to be distributed for consideration at an early meeting; this to include an outline of the proposals, estimates of the costs involved and of the time at which the government might be in a position to provide the service.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 3rd, 1952

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Items discussed

National Gallery; Governor General to be honorary president 2.

Legislation; Civil Service Superannuation Act revision 2.

Legislation; Companies' Creditors Arrangement Act amendment 2.

Parliament; legislation 3.

Legislation; Eastern Rocky Mountain Forest Conservation Act amendment 3.

Legislation; C.N.R. Capital Revision bill 4.

Legislation; Belleville Harbour Commissioners bill 4.

Legislation; Cold Storage Warehouses bill 5.

Legislation; Food and Drug Act revision 5.

Grants to universities 6.

Agriculture; construction of Newfoundland exhibition buildings 6.

War Service Grants Act; payment of gratuities to members of the Regular Force 7.

Yarmouth, N S - Bar Harbor, Maine ferry service 8.

Consumer Credit (Temporary Provisions) Act; extension 10.

Legislation; Terrace-Kitimat, B.C. railway bill; amendment 10.

Television policy 11.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber Tuesday, June 3rd, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C.C. Eberts, Privy Council Office.

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National Gallery; Governor General to be honorary president

1. The Prime Minister said it had been brought to the attention of the Minister of Citizenship and Immigration that at a recent meeting of the Board of Trustees of the National Gallery a resolution had been adopted suggesting that, with the consent of the government, Mr. Vincent Massey be asked to accept the honorary presidency of the National Gallery during his term of office as Governor General.

(Letter, Minister of Citizenship and Immigration to Prime Minister, June 2, 1952).

2. The Cabinet approved the proposal of the Board of Trustees of the National Gallery that Mr. Vincent Massey be asked to accept the honorary presidency of the National Gallery during his term of office as Governor General.

Legislation; Civil Service Superannuation Act revision

3. The Minister of Finance submitted a proposed revision of the Civil Service Superannuation Act.

An explanatory note had been circulated.

(Minister's memorandum, May 26, 1952 - Cab. Doc. 166-52).

4. Mr. Abbott said he would like to proceed with introduction of this measure during the current session, although there was a possibility that preparation of the bill might not be completed in sufficient time for Parliament to deal with it before prorogation.

5. The Cabinet, after discussion, approved in principle the proposed revision of the Civil Service Superannuation Act as submitted by the Minister of Finance, a draft measure to be prepared accordingly, but decision as to its introduction to be reserved.

Legislation; Companies' Creditors Arrangement Act amendment

6. The Minister of Justice, referring to discussion at the meeting of May 30th 1952, said it was proposed to amend the Companies' Creditors Arrangement

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Act in two respects. The first amendment would provide for a more satisfactory definition of "unsecured creditor". A second amendment would restrict the applicability of the legislation to certain well-defined categories of debtor companies.

(Memorandum, Department of Justice, June 2, 1952).

7. Mr. Garson further suggested that the bill might be introduced in the Senate in the first instance and referred to an appropriate committee in order that interested parties might be given an opportunity of being heard.

8. The Cabinet, after discussion, approved in principle proposed amendments to the Companies' Creditors Arrangement Act as submitted by the Minister of Justice; a draft measure to be prepared accordingly for introduction in the Senate in the first instance.

Parliament; legislation

9. The Secretary submitted certain draft measures.

10. The Cabinet, after discussion, approved the following for introduction in Parliament:

resolution and bill entitled "The Tax Rental Agreement Act, 1952"; and

bill entitled "The Government Property Traffic Act" for introduction in the Senate in the first instance.

Legislation; Eastern Rocky Mountain Forest Conservation Act amendment

11. The Minister of Resources and Development referring to discussion at the meeting of May 20th, 1952 submitted a draft measure to amend the Eastern Rocky Mountain Forest Conservation Act. It would be recalled that the question had been raised as to the advisability of reconstituting the Board as had been suggested by the government of Alberta.

12. The Minister of Finance said that after reconsidering the proposal, he had no objection to the proposed change in the composition of the Board and in the financial responsibilities of the various

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governments as put forward by the government of Alberta.

13. The Cabinet, after discussion, decided not to dispose of the bill to amend the Eastern Rocky Mountain Forest Conservation Act until the agreement had been concluded with Alberta but agreed that the bill be introduced in Parliament during the current session provided the agreement was concluded and this could be done sufficiently in advance of prorogation.

Legislation; C.N.R. Capital Revision Bill

14. The Minister of Transport submitted a bill entitled the "C.N.R. Capital Revision Act, 1952," designed to provide for recapitalization of the Canadian National Railways in accordance with the decision reached at the meeting of May 6th.

It would be noted that the measure made no provision for assumption of the annual operating deficit of the Cabot Strait Ferry by the Government. He assumed that in the light of the decision reached at the meeting of May 6th a suitable item would be included in the supplementary estimates to cover this liability.

15. The Cabinet, after discussion, approved for introduction the bill entitled the Canadian National Railways Capital Revision Act 1952."

Legislation; Belleville Harbour Commissioners bill

16. The Minister of Transport said legislation governing the Harbour of Belleville passed in 1889 was inadequate to meet present needs. It was proposed to repeal this legislation and to introduce a new measure to incorporate the Belleville Harbour Commissioners with powers similar to the powers of the Port Alberni Harbour Commissioners which was established under an Act of incorporation passed in 1947.

An explanatory note had been circulated.

(Minister's memorandum, May 30, 1952-Cab. Doc. 170-52).

17. The Cabinet, after discussion, approved in principle the legislative proposal respecting the incorporation of the Belleville Harbour Commissioners as submitted by the Minister of Transport; a draft measure to be prepared accordingly.

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Legislation; Cold Storage Warehouses Bill

18. The Minister of Resources and Development, as Acting Minister of Agriculture, submitted a measure entitled the Cold Storage Warehouses Act. Current legislation would be repealed by the new measure which would provide, inter alia, that subsidies in respect of cold storage warehouses might be 33 1/3 percent of total cost as opposed to 30 percent under the present legislation and that such subsidies might be paid in a lump sum rather than over a five-year period as was presently the case.

19. The Prime Minister thought it would be difficult to reach a decision on some of the more contentious features of the bill in the absence of the Minister of Agriculture. In the circumstances, he suggested that it might be preferable to introduce, in place of the proposed new measure, a simple amendment to existing legislation to provide for an increase in subsidies from 30 percent of total cost to 33 1/3 percent and for payment of such subsidies in lump sums instead of in installments.

20. The Cabinet, after discussion, noted the Prime Minister's suggestion that in view of the apparently contentious nature of some of the provisions of the proposed new Cold Storage Warehouse Act it might be preferable at this time simply to amend existing legislation to provide for an increase in subsidies and for single instead of installment payment of such subsidies, and agreed that the Acting Minister obtain the views of the Department of Agriculture thereon.

Legislation; Food and Drug Act revision

21. The Minister of National Health and Welfare submitted a measure to revise the Food and Drug Act.

He suggested that the revision might be introduced in the Senate in the first instance on the understanding that it would not be disposed of finally during the current session.

22. The Cabinet, after discussion, approved for introduction in the Senate in the first instance, subject to certain revisions, a measure to revise the Food and Drug Act as submitted by the Minister of National Health and Welfare, it being understood that the bill would be referred to the appropriate Senate committee in order to give interested parties an opportunity of being heard and that the bill would not be disposed of finally during the current session of Parliament.

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Grants to universities

23. The Prime Minister said it was necessary to have an item in the estimates to provide for grants to universities during the next year. A draft item had been prepared that differed from that of 1951 in several respects. It would dispence with the need for regulations by the Governor in Council.

(Secretary's memorandum, June 2, 1952 - Cab. Doc. 171-52).

24. The Cabinet, after considerable discussion, agreed that an item be included in the estimates to provide for grants to universities in the coming year; the item to be in the following terms:

> "To provide grants to institutions of higher learning recognized in each province by the government of Canada and the government of the province as being universities or institutions of equivalent standing equal to an amount, for each province, not exceeding 50¢ per head of its population as certified by the Dominion Bureau of Statistics divided among the recognized institutions of the province proportionately to their enrolment of full time intramural students in personal attendance at the recognized institution or at an institution in the same province affiliated with it who are registered in courses of university level recognized as leading to and counting year for year toward a university degree awarded by a university in Canada and the Minister of Finance may for this purpose more particularly define the term 'university level' and 'university degree' .....$7,250,000."

Agriculture; construction of Newfoundland exhibition buildings

25. The Minister of Resources and Development as Acting Minister of Agriculture stated that Order in Council P.C. 36/4211 of August 17th, 1951 had authorized the Minister of Agriculture to enter into an agreement with the Newfoundland Exhibition Association under which the government would contribute one-third of the cost of the exhibition buildings to be built up to a maximum of $10,000 per year for a period of 10 years. Treasury Board had referred the proposed agreement to Cabinet for direction as it did not provide for proration of costs in proportion to benefits accruing from

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agricultural as opposed to non-agricultural uses of the building as was the usual practice. The Board considered the building described as an exhibition rink building would be used predominantly for purposes other than agriculture in view of the limited importance of agriculture in Newfoundland.

(Letter, Secretary, Treasury Board to Secretary to the Cabinet, May 29, 1952).

26. Mr. Winters said there was ample precedent for a contribution in a case such as the present and arrangements had proceeded on the assumption that the contribution would be made as planned.

27. The Minister of Finance thought the government was committed in the present instance. It would, however, be desirable to re-examine the general policy and to ensure that no further commitments for contributions were made until decisions on policy had been taken.

28. The Cabinet, after discussion, agreed that:

(a) the proposed agreement with the Newfoundland Exhibition Association, under which the federal government would contribute one-third of the cost of exhibition buildings, subject to certain limitations, be approved; and,

(b) no further commitments be made for contributions to the construction of exhibition buildings until the general policy had been re-examined; Treasury Board to be informed accordingly.

War Service Grants Act; payment of gratuities to members of the Regular Force

29. The Minister of National Defence, referring to discussion at the meeting of May 30th 1952 stressed that deferment of payment of gratuities to members of the Regular Force would be an inducement to leave the service. With reliance on a voluntary system of enlistment, it was desirable that official bias should be in the direction of any reasonable course to retain men in the forces. The alternative proposal of the Interdepartmental Committee on Re-establishment which the Department of National Defence recommended provided for payment of gratuities and re-establishment credits on the

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termination of combat service in Korea. A possibility might be to have gratuities paid but re-establishment credits deferred.

30. The Minister of Veterans Affairs said his understanding was that discussions had centred on payment of gratuities and it had been assumed that re -establishment credits would be deferred.

31. The Prime Minister pointed out that, while the proposal would alter the principle underlying the re-establishment credits when they were established, it was important not to create inducements to men to leave the armed forces. So far as re-establishment credits were concerned, they were payable only for specific purposes, many of which would not apply to a person remaining in the Regular Force. There might not be any strong objection to payment in the cases where qualification would be possible.

32. The Secretary of State for External Affairs said, if immediate payment were made in the present case, it would be difficult not to do something similar for members of the 25th Brigade, now in Germany.

33. Mr. Claxton thought a distinction could be maintained as the payments were for service in a theatre of operations.

34. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence that gratuities be paid to all members of the Regular Force entitled to them on termination of service in Korea, and agreed that the Minister of National Defence consult further with the Minister of Veterans Affairs that day about whether re-establishment credits should also be paid where a suitable use could be shown; a further report on re-establishment credits to be made thereafter to the Cabinet.

Yarmouth, N.S. - Bar Harbor, Main ferry service

35. The Minister of Transport, referring to discussion at the meeting of May 30th, 1952, said design drawings and specifications for a steel ferry with capacity for 150 automobiles and 600 passengers for the proposed service between Yarmouth, N.S. and Bar Harbor, Maine were complete. Bar Harbor had bought lands for the U.S. terminal facilities, the Maine legislature had passed

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a bill relating to construction of a causeway and pier and a decision to order the ferry would reassure Bar Harbor as to Canadian intentions and enable it to press for an early start on its terminal. Last December it had been agreed that the Minister of Public Works consider what might be done to acquire property at Yarmouth for construction of a pier and terminal facilities and preliminary surveys were now underway.

When the project was first discussed, in 1949 the Nova Scotia government had agreed to contribute 50 percent of the cost of the ship up to a maximum of $1.5 million and had suggested that it be built in Nova Scotia. As the Halifax Shipyards Limited now had plenty of work, the Maritime Commission felt tenders should be invited. A rough estimate was that, at present prices, the ferry might cost $4.35 million, including about $300,000 for shop-working drawings.

The Minister recommended that he be authorized to invite tenders for construction of the ferry or, alternatively, should it be decided to allocate without tenders that the Department of Defence Production place the contract with Halifax Shipyards Ltd. and his department be authorized to call for tenders on shop-working drawings.

An explanatory memorandum was circulated.

(Minister's memorandum, June 3, 1952-Cab. Doc. 172-52)

36. The Minister of Resources and Development was inclined to doubt that the Premier of Nova Scotia would feel there was a commitment to build the ship at Halifax, and believed that, in any case, Mr. Macdonald would not press the point in view of increased shipbuilding at Halifax, It appeared preferable to invite tenders.

37. The Prime Minister remarked that, in view of the steel situation in the United States, it might be difficult to obtain reasonable tenders if early delivery were specified.

38. The Minister of Defence Production said it was difficult to anticipate the steel position for the remainder of this year but that there should be an improvement in 1953. He thought tenders might be invited. If they were unsatisfactory it would still be possible to allocate the contract.

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He believed $4.35 million was too much to spend on the ferry and that the architects should be asked to prepare designs for a ship costing not more than $3 million.

39. Mr. St-Laurent suggested that Mr. Chevrier inform the Premier of Nova Scotia of the discussion and what the government was disposed to do.

40. The Cabinet, after further discussion, noted the recommendations of the Minister of Transport for construction of a ferry for a service between Yarmouth, N.S. and Bar Harbor, Maine, and agreed that he inform the Premier of Nova Scotia that the government was prepared to have the Department of Transport invite tenders for a ferry costing about $3 million, of which Nova Scotia would contribute a maximum of $1.5 million.

Consumer Credit (Temporary Provisions) Act; extension

41. The Minister of Justice submitted a recommendation for extension of the Consumer Credit (Temporary Provisions) Act up to July 31st, 1953, in accordance with addresses of the Senate and House of Commons presented to the Governor General.

42. The Cabinet, after discussion, approved the recommendation of the Minister of Justice and agreed that the Consumer Credit (Temporary Provisions) Act be extended to July 31st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 3236, June 3, 1952).

Legislation; Terrace - Kitimat, B.C. railway bill; amendment

43. The Leader of the Government in the Senate reported that the previous day Senator Stambaugh had moved that section 9 of the Terrace - Kitimat, B.C. railway bill, exempting the Canadian National Railway Company from fencing the right-of-way of the new line to Kitimat, be deleted. Those opposing retention of this section felt that the new line should come under the provisions of section 274 of the Railway Act which provided that a railway must provide and maintain fences on any right-of-way but that the Board of Transport Commissioners could relieve them of this obligation temporarily or otherwise, in localities where it considered fences unnecessary. It had been noted in the Senate that, earlier, an official of the company had intimated to the House

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committee concerned that the C.N.R. would not object to the new line being governed by section 274.

44. The Minister of Transport was of the opinion that it was possible to justify retention of section 9 of the bill on the grounds that it would result in economies for the C.N.R., the line would pass through an area where there was very little population and that similar provisions were included in existing legislation regarding certain other branch lines laid down for development purposes.

45. The Prime Minister, pointed out that section 9 would provide a permanent exemption from fencing. He felt present and future communities in the Kitimat area deserved as much protection as those on main lines and, in the circumstances, that the new line should come under the general law. Where fencing was unnecessary on the new line, the Transport Board would be able to grant exemptions.

46. The Cabinet, after further discussion, noted the report of the Leader of the Government in the Senate and agreed that there would be no objection to a proposed amendment of the Terrace - Kitimat, B.C. railway bill involving deletion of section 9 exempting the Canadian National Railway Company from providing fences on the new line.

Television policy

47. Dr. McCann, referring to discussion at the meeting of May 20th, 1952, suggested there was a need for early decisions on the proposals made by the Board of Governors of the Canadian Broadcasting Corporation that a television licence fee of $15 be set, that eight additional C.B.C. television stations be established at Ottawa, Hamilton, London, Windsor, Quebec City, Winnipeg, Vancouver and Halifax; that an additional development loan be made for the Montreal and Toronto stations in 1952-53 ($1 million if a $7.50 licence were established for that year) and that a capital loan of $850,000 be made in 1952-53 for the additional stations, not including that in the Maritimes.

He now felt it might be preferable not to charge a fee of more than $10 at the outset although this would mean some overall increase in the remaining development loans required.

48. The Minister of Mines and Technical Surveys suggested it would be desirable for the stations in the east to be made as self-supporting as possible in the early stages when no service would be available in the western provinces.

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49. Dr. McCann said that, with the Montreal and Toronto stations, the eight other stations proposed would be able to reach over one half of the national population. The C.B.C. believed that after a period such a network would be self-supporting as regards operating expenses and that it could ultimately repay the capital loans as it had done in the case of the earlier capital loans for the sound broadcasting network. The question of ownership and location of any further stations required in the western provinces could be determined at a later stage.

50. The Ministers of National Health and Welfare and Trade and Commerce expressed the view that to extend C.B.C. television coverage to wide areas at this time would incur considerable opposition.

51. Dr. McCann thought that, in the light of the tentative plans for an extended C.B.C. network recently made known to the House of Commons Special Committee on Broadcasting and the interest in a national television system aroused by the work of the Royal Commission on National Development in the Arts, Letters and Sciences, it would be unfortunate if it were now announced that no C.B.C. stations were to be established except Montreal and Toronto. Advantage should be taken of the fact that the communications between the Montreal and Toronto stations would pass through Ottawa to provide a transmitting station in the capital. If this were done other communities could be expected to press for the Montreal - Toronto network to be extended to them.

52. The Minister of Finance, pointed out that sooner or later, partly in view of the need for supplementary estimates for 1952-53, it would be necessary to face the fundamental question of whether Canada was to have a predominantly public or predominantly private television system. The problems of how to finance the system and the tempo at which it should be extended were of secondary importance.

53. The Prime Minister said he considered that, ultimately, it would be necessary to agree that the system be predominantly public, since, in his view, a substantial majority of the population would be opposed to confining C.B.C. activities to two or three cities. This view was strongly endorsed by the Ministers of Finance and Justice.

He thought in the circumstances, it might be agreed to add Ottawa to the Montreal-Toronto network but defer a final decision on further expansion. Mr. Abbott and Dr. McCann might work out

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suitable recommendations for the additional development loan required for the Montreal and Toronto stations and the capital loan needed for the Ottawa station, together with the amount of the licence fee to be charged in the areas to be served. Dr. McCann was to find out whether additional legislative authority would be required to charge a fee for television service, and to report at an early meeting.

54. The Cabinet, after considerable further discussion, noted Dr. McCann's recommendations on television policy and agreed that:

(a) a transmitting station at Ottawa be added to the Montreal-Toronto network; final decision on further expansion of the network to be deferred;

(b) the Minister of Finance and Dr. McCann work out suitable recommendations with regard to the further development loan required in 1952-53 by the Canadian Broadcasting Corporation for the Montreal and Toronto stations, for a capital loan in 1952-53 for the Ottawa station, and for the licence fee to be charged in the areas to be served by these stations;

(c) Dr. McCann to find out and report whether additional legislative authority would be required to charge a television licence fee.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 4th, 1952

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Items discussed

Bow River irrigation project; development of townsite 2.

Recapitalization of the C.N.R.; Cabot Strait Ferry deficit 2.

Legislation; Marine and Aviation War Risks Insurance bill 2.

Vancouver Hotel; labour dispute 3.

Legislation; Companies' Creditors Arrangement Act amendment 3.

Parliament; legislation 4.

Animal Contagious Diseases Act; supplementary compensation to Ontario and Nova Scotia poultrymen 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, June 4th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Bow River irrigation project; development of townsite

1. The Prime Minister said a recommendation had been received from the Department of Agriculture on the proposed development of a townsite in the central section of the Bow River irrigation project. All lands involved were Crown property and authority was sought to subdivide and sell them as business or residential lots.

(Submission to Council from Minister of Agriculture. May 30, 1952).

2. Mr. St-Laurent suggested that, in order to ensure that consistent policies in these matters were followed by various government departments, the submission should be submitted to Treasury Board for consideration.and report.

3. The Cabinet, after discussion, agreed that the submission to Council of the Minister of Agriculture on the development of a townsite in connection with development of the central section of the Bow River irrigation project be referred to Treasury Board for consideration and report to Cabinet.

Recapitalization of the Canadian National Railways; Cabot Strait Ferry deficits

4. The Prime Minister,referring to discussion at the meeting of the previous day, said that, in view of the decision which had been reached in Cabinet on May 6th, the Minister of Transport, when introducing the C.N.R. Capital Revision bill in the House should probably state that, in addition to the various recapitalization measures contained in the bill the government intended to assume annual operating deficits of the Sydney-Port aux Basques Ferry.

5. The Cabinet, after discussion, noted with approval the Prime Minister's suggestion that, at an appropriate time during discussion of the C.N.R. Capital Revision bill in the House of Commons, the Minister of Transport indicate that, in addition to the recapitalization measures provided for in the legislation the government intended to ask Parliament annually to provide funds to defray whatever deficit there might be in operating the Sydney-Port aux Basques Ferry.

Legislation; Marine and Aviation War Risks Insurance bill

6. The Secretary submitted a resolution and bill on Marine and Aviation War Risks Insurance.

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7. The Minister of Transport said he had no objection to the measure as submitted, although there was some divergence of views between his Department and the Department of Finance as to the desirability of providing for the establishment of an escrow fund by regulations to be made under the terms of the Act. The Department of Transport and the Canadian Maritime Commission felt that the establishment of such a fund was essential for the successful operation of the proposed insurance and re-insurance scheme.

8. The Cabinet, after discussion:

(a) approved for introduction the resolution and bill entitled "The Marine and Aviation War Risks Act"; and,

(b) noted the remarks by the Minister of Transport on establishment of an escrow fund by regulations to be made under the terms of the new Act.

Vancouver Hotel; labour dispute

9. The Prime Minister reported that the threatened strike by employees of the Vancouver Hotel had been averted and a settlement had been reached two hours before the strike deadline. The agreement provided for the same work week of 44 hours but with a more satisfactory arrangement in regard to time off. The agreement also provided for certain wage increases which would total approximately $65,000 a year. The new agreement was to cover a one year period from June 1st, 1952.

(Memorandum, Department of Labour, June 4, 1952).

10. The Cabinet, after discussion, noted the Prime Minister's report on the recent settlement of the labour dispute between employees and management of the Vancouver Hotel.

Legislation; Companies' Creditors Arrangement Act amendment

11. The Minister of Justice submitted a measure to amend the Companies' Creditors Arrangement Act. He suggested that, before approving the measure for introduction, it might be desirable to ascertain whether the Senate would be in a position to dispose of the measure in sufficient time for the bill to be considered and passed by the House of Commons prior to prorogation.

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12. The Cabinet, after discussion, deferred decision on introduction of the bill to amend the Companies' Creditors Arrangement Act pending a report by the Minister of Justice on the likelihood of the measure being considered and passed by both Houses of Parliament before the end of the Session.

Parliament; legislation

13. The Secretary submitted certain draft measures.

14. The Cabinet, after discussion, approved for introduction in the House of Commons the following resolutions and bills:

Combines Investigation Act amendment
Unemployment Insurance Act amendment
resolution and bill entitled "The Northwest Territories Act"; and
resolution to precede introduction of a bill to amend the International Boundary Waters Treaty Act.

Animal Contagious Diseases Act; supplementary compensation to Ontario and Nova Scotia poultrymen

15. The Minister of Resources and Development, as Acting Minister of Agriculture, reported that, following the carrying out of a new vaccination programme in Nova Scotia and Ontario, there had been numerous outbreaks of Newcastle disease amongst flocks to which the vaccine had been administered. It was now suggested that, in addition to the amount of $72,738.89, which would be paid in accordance with the provisions of the Animal Contagious Diseases regulations, supplementary compensation totalling $67,179.00 be paid to Nova Scotia and Ontario poultrymen who had suffered losses which could be attributed, partially, to the new vaccination programme.

(Submission to Council, Acting Minister of Agriculture, May 30, 1952).

16. The Prime Minister suggested that, as the proposal involved payments in excess of those legally permissible under the terms of the Animal Contagious Diseases Act, the matter should be referred to Treasury Board for consideration.

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17. The Cabinet, after discussion, agreed that the submission to Council from the Acting Minister of Agriculture for authority to pay supplementary compensation to Ontario and Nova Scotia poultrymen who had suffered losses through outbreaks of Newcastle disease resulting from the administration of a new vaccine be referred to Treasury Board for consideration.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 5th, 1952

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Items discussed

Yarmouth, N.S. - Bar Harbor, Maine ferry; contract for construction of vessel 2.

Surplus Canadian meats for Allied troops in Korea 3.

NA.T.O.; financing of barracks and airfields for Canadian troops in Western Europe 3.

Korea; developments at Koje Island 3.

Parliament; legislation 4.

Legislation; Cold Storage Act amendment 4.

Butter; government purchases; proposed turn-over of government held stocks 5.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, June 5th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Yarmouth, Nova Scotia - Bar Harbor, Maine ferry; contract for construction of vessel

1. The Minister of Transport, referring to discussion at the meeting of June 3rd, said he had had a telephone conversation with the Premier of Nova Scotia and that Mr. Macdonald would prefer to have the contract for the construction of the Yarmouth-Bar Harbor ferry given to Halifax Shipyards Ltd., but would probably rather have tenders called than have the whole project postponed.

From information gathered to date, it seemed fairly certain that, if tenders were to be called Halifax Shipyards would not be the lowest bidders.

2. The Minister of Trade and Commerce suggested that since most Canadian shipyards now had on hand relatively large orders, it would be preferable to call for tenders in the normal manner.

3. The Prime Minister thought Mr. Macdonald might be informed of the agreement of the government sometime ago to allocate orders to Canadian shipyards without calling for tenders so that all shipyards might obtain a share of available contracts, The situation had since changed considerably however, and all shipyards seemed to be relatively busy. In the circumstances, the government were prepared to call for tenders for construction of the vessel for the Yarmouth-Bar Harbor ferry service, but if this were unacceptable to the government of Nova Scotia, the federal government might have to reconsider its decision to proceed at this time with the project.

4. The Cabinet, after discussion, agreed that the Minister of Transport write to the Premier of Nova Scotia informing him that, since the Halifax shipyard now appeared to have on hand a relatively large volume of orders, it did not seem appropriate to make an allocation to Halifax Shipyards Ltd., of a contract for construction of the vessel to be used in the proposed new Yarmouth, Nova Scotia - Bar Harbor, Maine ferry service but that the government was quite prepared to call for tenders in the normal manner for construction of the vessel; it being understood that if this course of action were unacceptable to the government of Nova Scotia, the federal government might have to reconsider the advisability of proceeding at this time with the project.

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Surplus Canadian meats for Allied troops in Korea

5. The Minister of National Defence, referring to discussion at the meeting of April 22nd, 1952, said that, under U.S. law, it would not be possible for Congressional appropriations to be used for the purchase of Canadian or any other foreign foods for use by U.S. troops. However, it was thought probable that a scheme might be worked out under which Canada would supply canned and other Canadian meats to Allied troops other than U.S. in Korea, and be re-imbursed by a reduction in maintenance charges payable in respect of Canadian troops in Korea by an equivalent amount.

6. The Cabinet, after discussion, noted with approval the report by the Minister of National Defence on the suggested arrangement for the supply of surplus Canadian meats to Allied troops, other than U.S., in Korea.

N.A.T.O.; financing of barracks and airfields for Canadian troops in Western Europe

7. The Minister of National Defence reported briefly on progress being made in settling the problem of financing barrack and airfield requirements of Canadian troops in Western Europe. The question of barrack financing seemed to have been settled satisfactorily with the Germans and construction would proceed immediately. With respect to airfields, there were still some difficulties to be overcome, but it was hoped that satisfactory arrangements could be made in order to ensure provision of the required number of airfields for the R.C.A.F. by the spring and summer of 1953.

8. The Cabinet, after discussion, noted the report by the Minister of National Defence on the financing and construction of barracks and airfields for Canadian troops serving with N.A.T.O. forces in Western Europe.

Korea; developments at Koje Island

9. The Minister of National Defence reported that General Cassels, Commander of the Commonwealth Division, had recently visited the Koje Island prisoner compounds. He found the situation still troublesome, as General Boatner had not yet had time to overcome difficulties which had arisen as a result of bad administration in the past.

Compounds were much too large, many containing 6,000 prisoners. New strong compounds were being built to contain not more than 4,000 prisoners and each compound would be subdivided into 8 small compounds. General Cassels was impressed with General Boatner and thought

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that the latter would eventually get things under control, although it was possible that force might have to be used. General Boatner had the equivalent of approximately one division at his disposal on Koje Island.

Companies of the Royal Canadian Regiment and the King's Shropshire Light Infantry were getting every possible help from U.S. units and would probably go on guard duty early in June.

10. The Cabinet, after discussion, noted the report by the Minister of National Defence on a recent visit to the Koje Island prisoner of war compounds by General Cassels.

Parliament; legislation

11. The Secretary submitted certain draft measures.

12. The Cabinet, after discussion, approved the following for introduction in the House of Commons:

resolution and bill to amend the Army Benevolent Fund Act; and

bill to amend the International Boundary Waters Treaty Act.

Legislation; Cold Storage Act amendment

13. The Minister of Justice, referring to the discussion at the meeting of June 3rd, said there was some doubt as to the constitutional validity of certain regulatory sections of the current Cold Storage legislation. The Law Officers of the Crown were inclined to the view that, if it were now intended to make the payment of subsidies in a lump sum instead of in installments over a period of years, the constitutionality of these sections of the legislation might be even more open to question than at present. It was thought, however, that the powers to inspect and regulate provided for in the Act need not in practice be used and that it would be possible to include in the subsidy contracts the various conditions to be fulfilled by recipients.

14. The Prime Minister believed that the constitutional problem referred to by the Minister of Justice was not really of serious practical consequence and that the proposed amendment to the Cold Storage Act for an increase in the amount of the subsidy from 30 to 33-1/3 percent of total cost and payment of such subsidies in lump sums should be proceeded with during the course of the current session of Parliament.

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15. The Cabinet, after discussion, approved for introduction the revised resolution and bill to amend the Cold Storage Act.

Butter; government purchases; proposed turn-over of government held stocks

16. The Minister of Resources and Development, as Acting Minister of Agriculture, referring to discussion at the meeting of June 4th, said that during 1951 and up to April 30th, 1952, the Agricultural Products Board had purchased the following quantities of butter from abroad:

Sweden	-	3,024,000 pounds
Denmark	-	3,000,032 pounds
The Netherlands	-	998,512 pounds
New Zealand	-	5,433,289 pounds

The New Zealand butter went directly into storage from port of landing. Because of doubt as to the keeping quality of the European butter, arrangements were made with the trade to put this butter directly into consumption and take in exchange the same quantities of Canadian butter which would stand storage for longer periods. To make the exchange, European butter was sold by the Agricultural Products Board and Canadian butter was purchased by the Agricultural Prices Support Board under authority of Order in Council P.C. 4557 of August 29th, 1951. The amount of Canadian butter purchased under this arrangement was 6,932,608 pounds. In addition, the Agricultural Prices Support Board purchased 283,024 pounds of Canadian butter before the end of the dairy year April 30th, 1952. Since May 1st, 1952, approximately 4 million pounds of butter had been purchased by the Agricultural Prices Support Board at the support price of 58 cents, basis delivery Montreal.

(Memorandum, Agriculture, June 5, 1952).

17. The Prime Minister suggested that, in so far as the proposed turn-over of government held stocks of butter was concerned, decision might be deferred until the return to Ottawa of the Minister of Agriculture.

18. The Cabinet, after discussion, -

(a) noted the report by the Acting Minister of Agriculture on butter purchases by the Agricultural Products Board and the Agricultural Prices Support Board; and,

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(b) deferred decision on the proposed turn-over of government held stocks of butter pending return to Ottawa of the Minister of Agriculture.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 11th, 1952

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Items discussed

Parliament; legislation	2.
Use of blocked balances in Europe for fellowships and scholarships	2.
Coal; increase in transportation subventions	4.
House of Commons; salary of the Sergeant at Arms	5.
East Building, Wellington Street; revision of contract	5.
Post Office; purchase of multi-coloured postage stamps	6.
Parliamentary retiring allowances plan	7.
National Defence; training of officers	9.
War Veterans' Allowance Act; change in amending legislation	9.
Central Mortgage and Housing Corporation; appointment	10.
Extradition Treaty with the United States; objections in Senate	10.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, June 11th, 1952, at 10.30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Parliament; legislation

1. The Secretary submitted certain draft resolutions and bills.

2. The Minister of Finance said that, as the Belleville Harbour Commissioners bill was based on the Port Alberni Harbour Commissioners Act, it appeared that a standard form was being established for such legislation. There were some provisions in the bill, particularly section 16, that should be more closely examined before they were accepted as adequate for any future legislation of this nature.

3. The Cabinet, after discussion:

(a) approved for introduction in both Houses of Parliament a resolution seeking Parliamentary approval of an Agreement for the Promotion of Safety on the Great Lakes by Means of Radio between Canada and the United States;

(b) approved for introduction in the Senate in the first instance the bill entitled "The Trade Marks Act";

(c) approved for introduction the bill entitled "The Belleville Harbour Commissioners Act" subject to discussion between the Ministers of Finance and Transport concerning the re-drafting of certain sections; and,

(d) agreed that the bill to amend the Companies' Creditors Arrangement Act be not proceeded with at the current session of Parliament.

Use of blocked balances in Europe for fellowships and scholarships

4. The Secretary of State for External Affairs reported that an interdepartmental committee had considered means by which part of the blocked balances of the government in France, the Netherlands and Italy might be used for fellowships and scholarships. At March 31st, 1952, the balances available in local currency for educational and other restricted purposes were: in France (U.S.) $5,535,000; in the Netherlands (Can.) $1,368,000; in Italy (Can.) $1,100,000. The Royal Society had offered to constitute a selection committee. It was recommended that the Society's offer be accepted, with the suggestion that, in its selection procedures, it be aided by representatives of the National Conference of Canadian Universities and the Canadian Arts Council, and that not more than

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40 scholarships be tenable each year. It was proposed that the awards be of two types; fellowships for advanced work in the arts, humanities, social sciences, sciences and professions to the value of approximately $4,000 a year; and scholarships for advanced students in the humanities, social sciences and sciences to a value of approximately $2,000 a year. It was recommended that the Awards Office of the National Research Council undertake the administrative work and that certain conditions be attached to the awards, as submitted.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 10, 1952 - Cab. Doc. 174-52)

5. Mr. Pearson said officials in the Departments of Finance and Justice had advised that it would be adequate legally to have the plan established by means of an item in the estimates. It was, however, an important matter for which legislation would be justified if it were not for the delay of approximately a year that would result.

6. The Prime Minister suggested that an appropriate procedure might be to establish the plan by an item in the estimates on the understanding that legislation would be introduced after experience in administration might have disclosed any adjustments that ought to be made in the arrangements. An appropriate item for inclusion in the Supplementary Estimates had been submitted.

7. The Cabinet, after discussion:

(a) approved the recommendation of the Secretary of State for External Affairs that a system of fellowships and scholarships be established as proposed for work and study by Canadian citizens in France, the Netherlands and Italy through the use of blocked balances owned by Canada in those countries; and,

(b) agreed that an item in the following terms be included in the Supplementary Estimates for External Affairs for the current year:

"To authorize and provide for the payment from foreign currencies owned by Canada and available only for governmental or other limited purposes in France, the Netherlands, and Italy of fellowships and scholarships and travelling expenses to enable Canadians to study in those countries, and for payment to the Royal Society of Canada of amounts not to exceed $4,000 in all to meet travelling and other administrative costs incurred by the Society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships .....$44,000."

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Coal; increase in transportation subventions

8. The Minister of Mines and Technical Surveys said it had been the policy to equalize the laid-down cost of Canadian coal with imported coal in the markets of Ontario and Quebec. The competitive position of Nova Scotia and New Brunswick coal in those markets had deteriorated since the subventions were established by Orders in Council P.C. 6125 and P.C. 6124 of December 1st, 1949, because of the increase in the exchange value of the Canadian dollar and higher costs for labour, materials and shipping. To enable Maritime coal to continue to compete, it was recommended that as of April 1st, 1952, the rates of subvention be increased.

The present subvention on Alberta coal for use by the railways applied to movements to Manitoba and Ontario. Under present conditions Alberta coal without subvention was at a competitive disadvantage in a considerable area of Saskatchewan on the lines of the C.N.R. It was recommended that subvention assistance be given on the movement to Saskatchewan.

The estimated increases in cost in 1952-53 were: for Nova Scotia coal $2,110,000; for New Brunswick coal $1,000; and for Alberta coal $100,000.

An explanatory memorandum had been circulated.

(Departmental memorandum, undated, - Cab. Doc. 173-52).

9. Mr. Prudham pointed out that $8 million had been advanced by the Federal government for mechanization of coal mining in the Maritimes. The programme was not yet complete and it was necessary that operations there be supported until the benefits of this programme could become effective. The rates of subvention assistance had been closely calculated by the Coal Board and were substantially below the figures that the companies had sought.

10. The Minister of Finance thought the Maritime problem was largely a sociological one and that the increased subventions were probably unavoidable. He was reluctant to see them being further extended in the west.

11. The Cabinet, after discussion, approved the recommendation of the Minister of Mines and Technical Surveys and agreed that:

(a) the subventions on transportation of Nova Scotia and New Brunswick coal to the Provinces of Ontario and Quebec, as established by Orders in Council P.C. 6125 and P.C. 6124 of December 1st, 1949, be increased by raising

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the rate of assistance for all rail movement to 45 percent of the freight rate with a maximum of $2.50 per net ton; by increasing the maximum subvention on water movement from $2 to $3 per net ton; and by raising the maximum subvention rate on shipment to the railways for their own use from $2.50 to $3 per net ton; the subvention on the transhipment of water-borne Nova Scotia coal to points in Quebec outside the market areas of ports to be retained at the same rate and assistance on the transhipment of water-borne coal by rail to points in Ontario and points west of Montreal to be rescinded; and,

(b) the subvention on the shipment of Alberta coal to the railways for use in locomotives in the provinces of Manitoba and Ontario be extended to provide assistance on movement to Saskatchewan;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 3253, P.C. 3252, and P.C. 3254, June 11, 1952).

House of Commons; salary of the Sergeant-at-Arms

12. The Prime Minister said the committee that had examined salaries set by Order in Council had inadvertently omitted consideration of the salary of the Sergeant-at-Arms. It was now recommended that it be fixed at $8,000. The Speaker and the Clerk of the House of Commons concurred.

(Secretary's memorandum, June 5, 1952).

13. The Cabinet agreed that the salary of the Sergeant-at-Arms of the House of Commons be set at $8,000 effective January 1st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 3304, June 11, 1952).

East Building, Wellington Street; revision of contract

14. The Prime Minister reported that the Minister of Public Works had submitted a recommendation to Treasury Board for entry into an agreement to revise the contract for construction of the East Building now being erected on Wellington Street. The contract had been entered into on June 23rd, 1950 for an amount of $5,185,000 with completion on May 16th, 1952. After the outbreak of war in Korea

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shortages of steel and later construction controls had held up the work. The contractor had advised that work stoppages had caused and would cause additional costs in the amount of $1,211,613. The Department of Public Works did not admit that figure and a formula had been worked out to allow the application of the index of rise in construction costs to the value of the uncompleted work as of December 31st, 1951 and to the value of the work completed previous to that date. The formula resulted in a figure of $925,515. The Minister recommended that an amendment to the contract be made on that basis but subject to an audit after completion of the work with a possible downward adjustment in the amount of the increased payment. The completion date would be extended to August 16th, 1953.

(Submission to Treasury Board, Minister of Public Works, June 3rd, 1952 - Cab. Doc. 182-52)

15. The Cabinet, after discussion approved the recommendation of the Minister of Public Works and agreed that authority be granted to enter into an agreement with Angus Robertson Limited supplementary to the contract for the construction of the East Building on Wellington Street, Ottawa, to extend the contract to August 16th, 1953, in consideration of the payment to the contractor of the sum of $925,515 by way of compensation for increased costs, subject to possible downward adjustment pursuant to audit of the contractor's books on the completion of the work, with payment of the amount of $107,857 upon execution of the supplementary agreement and of the balance periodically in proportion to work completed from time to time; Treasury Board to be informed accordingly.

Post Office; purchase of multi-coloured postage stamps

16. The Postmaster General reported that Canadian postage stamps had been engraved for many years by the Canadian Bank Note Company. Neither it nor any other company in Canada had the facilities to produce multi-coloured stamps by the photogravure process. The Post Office Department had been encouraging Canadian artists to develop postage stamp designs representative of Canadian flora and Indian symbols and art. It was considered that these could be presented satisfactorily only on stamps printed in several colours. A Swiss firm was prepared to manufacture such stamps at a cost of 80.5 cents per thousand for an issue of 50 million, a total cost of $40,250. Costs for stamps produced by the company in Canada were 29.5 cents

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per thousand or $14,750 for 50 million. It was for consideration whether the Post Office Department should be authorized to purchase multi-coloured stamps from other than a Canadian company in limited quantities for special issues. The proposal had been referred to Cabinet by Treasury Board for a decision.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 10, 1952 - Cab. Doc. 175-52)

17. The Minister of Finance said he would be reluctant to see orders for Canadian stamps placed outside Canada. The bank note companies had secured equipment somewhat in excess of current government needs to be in a position to produce stamps and bank notes in Canada. There was also the question of security. It would be harder to ensure that adequate precautions were taken with production in another country.

18. Mr. Cote suggested that a possibility might be to ask the Canadian companies to consider securing equipment that would enable them to produce multi-coloured stamps.

19. The Cabinet, after discussion, agreed that the Post Office Department should not be authorized to purchase multi-coloured postage stamps produced by the photogravure process from other than Canadian manufacturers but that it explore with Canadian producers, the possibility of their installing equipment to enable such stamps to be produced in Canada; Treasury Board to be informed accordingly.

Parliamentary retiring allowances plan

20. The Prime Minister, referring to discussion at the meeting of May 6th, 1952, submitted a summary of the plan that had been prepared for retiring allowances for Members of Parliament. Under it Members would contribute 6 percent of their sessional indemnities up to a maximum contribution of the amount of one indemnity. The government would match Members' contributions and pay 4 percent interest on the balance in the allowances' account. Contributions could be made in respect of past service at the rate of 6 percent of indemnities actually received, plus interest at 4 percent. When eligible, a Member would receive an annual allowance equal to 75 percent of the total contributions he had made, subject to reduction at age 70 by the amount of any pension payable under the Old Age Security Act. On the present basis the maximum pension would thus be $3,000. To be eligible a Member would

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have to have contributed or have elected to contribute for service in more than two parliaments. No pension would be payable during any period in which a former member was serving as a senator, judge, commissioner, or in any governmental post or Crown company. Provisions were included for a refund of contributions on retirement of a Member ineligible for an allowance, and other matters.

An explanatory memorandum had been circulated.

(Secretary's memorandum, June 10, 1952 - Cab. Doc. 181-52).

21. The Minister of Citizenship and Immigration pointed out that Ontario Members had not been unanimous about the proposed plan. Members had, moreover, not been consulted on the possibility of having an increase in sessional indemnities instead of a plan for retirement allowances. There should be consultation to see whether an increase would not be preferred.

22. The Minister of Finance thought that the question of an increase in the indemnities was one that would have to be faced whether the retirement plan were introduced or not.

23. The Minister of Justice felt that the government should not risk the double onus of proposing pensions at one time and increased indemnities on a later occasion.

24. The Minister of Trade and Commerce and the Minister of Fisheries believed an increase in sessional indemnities was more important than a retirement plan. Many Members were in a difficult financial position.

25. The Prime Minister suggested that, if an increase in sessional indemnities were to be made, it would probably be necessary to eliminate the present annual tax free payment of $2,000. That payment, together with the $4,000 indemnity, was equivalent to about $7,000 of taxable income. To provide any substantial improvement, with all payments subject to normal taxes, it would probably be necessary to raise indemnities to about $10,000 per year. Consideration would have to be given to the possible effects on wage negotiations of any increase in indemnities of Members of Parliament. His thought had been, not that any decision be taken to introduce a measure for the retirement plan, but that a motion be made to refer the subject matter of the question to the Standing Committee on Banking and Commerce.

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26. The Cabinet, after discussion, agreed that introduction of a motion to refer the subject matter of the plan for retiring allowances for Members of Parliament to the Standing Committee on Banking and Commerce be deferred pending further discussion of the plan with Members of Parliament. and subsequent consideration by Cabinet.

National Defence; training of officers

27. The Minister of National Defence, referring to discussion at the meeting of May 22nd, 1952, said representatives of the Canadian universities had accepted the proposed arrangements for training officers. It was proposed that an announcement be made, outlining arrangements for training of candidates for appointment to commissions at the Royal Military College, Royal Roads, and in universities. The new features were the provision of assistance for candidates who engaged to serve at least three years or more in the regular forces; the acceptance of two years' qualifications for non-technical branches of the service; and the inauguration of a new services' college at St. Johns, Quebec.

28. The Secretary of State for External Affairs thought it would be desirable to make it clear in the announcement that the training at St. Johns would be primarily in French, or in some other manner to refer to the bilingual character of the training.

29. The Cabinet, after discussion noted the report of the Minister of National Defence concerning consultation with representatives of the universities on arrangements for the training of candidates for commissions and agreed that an announcement concerning them be made the following day along the lines proposed with modification in the light of the discussion.

War Veterans' Allowance Act; change in amending legislation

30. The Minister of Veterans Affairs reported that objection had been taken in the committee considering the bill to amend the War Veterans' Allowance Act to the deletion of a section in the old Act providing for exemption of unearned income to the amount of $25.00 a year. The provision had originally been inserted to encourage some persons in receipt of War Veterans' Allowances to invest money in government bonds. The intention had been to achieve the same result by regulation

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but the committee wished to have the provision retained in the legislation.

31. The Cabinet, after discussion, agreed that the legislation to amend the War Veterans' Allowance Act be modified to restore the provision for the exemption of unearned income of recipients of allowances to the amount of $25.00 a year.

Appointment; Central Mortgage and Housing Corporation

32. The Minister of Resources and Development submitted a recommendation for appointment of a director of the Central Mortgage and Housing Corporation.

33. The Cabinet approved the recommendation of the Minister of Resources and Development and agreed that W.J. Waines, Esquire, of Winnipeg be appointed a director of the Central Mortgage and Housing Corporation effective that day, for a term expiring March 31st, 1955; an Order in Council to be passed accordingly.

(Order in Council P.C. 3289, June 11, 1952).

Extradition Treaty with the United States; objections in the Senate

34. The Leader of the Government in the Senate reported that certain Senators were opposed to the effect of the Extradition Treaty with the United States in making persons who might be extraditable for fraud under the new provisions subject to the jurisdiction of United States courts. They had proposed as an alternative, that a new provision be introduced in the Criminal Code making it an offence in Canada for a person, while in Canada, to commit a fraud in the United States. The person would then be subject to the jurisdiction of Canadian courts.

35. The Minister of Justice said he had explained that extradition arrangements with the United States had been in effect for over a century and there had been no similar objection to making Canadians subject to the jurisdiction of United States courts for extraditable offences. Fraud had been made extraditable in 1889 and the new provision simply defined it with more precision in certain respects. It would be undesirable to attempt to modify the Treaty as suggested.

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36. The Prime Minister pointed out that, constitutionally, ratification was an executive action by the Crown. Approval by Parliament was not legally necessary. A convention had been established by which important international arrangements were placed before the House of Commons and the Senate for the expression of their views before the government decided whether to ratify. In the present case the House of Commons had passed a resolution approving the Treaty. If the Senate should decide not to pass a similar resolution it would still be for the government, on its own responsibility, to determine what action ought to be taken about ratification.

37. The Cabinet noted the report of the Leader of the Government in the Senate and the Minister of Justice concerning objections in the Senate to certain features of the Extradition Treaty with the United States and the comments of the Prime Minister concerning the constitutional responsibility of the government to decide whether to ratify international arrangements entered into by Canada.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 13th,1952

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Items discussed

Members of Parliament; long service pension plan 2.

Legislation; C.N.R. Financing and Guarantee bill 3.

Parliament; Royal Assent to constitutional amendment 3.

N.A.T.O. Secretariat; provision for salary of Canadian members 3.

War Claims Fund; establishment 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, House of Commons on Friday, June 13th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs,
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Members of Parliament; long service pension plan

1. The Prime Minister, referring to discussion at the meeting of June 11th, said it appeared, after discussion with Members of Parliament, that a substantial majority was in favour of a retirement plan along the lines outlined at the previous meeting.

If the scheme were to be approved by Parliament during the present session, presumably it should be made effective as of the beginning of the next session.

In view of the fairly general support by members of all political parties he felt the government should now arrange to have this matter considered by Parliament. Perhaps the most convenient method would be for him to move that the suggestion of a pension plan for Members of Parliament be referred to the Standing Committee on Banking and Commerce. It would probably be advisable to make a short statement when introducing the motion.

A draft motion and statement was submitted.

2. The Minister of National Defence suggested it would be advisable to avoid using the word "retirement" in connection with the proposal. Some such expression as "pensions" or "long service pensions for Members of Parliament" would seem preferable.

3. The Minister of Citizenship and Immigration was of opinion that the electorate in the rural areas of Ontario would probably disapprove of any pension scheme. If a decision were reached to proceed at this time with the scheme, every effort should be made to ensure that the public was fully informed that the plan had the full support of all political parties and that the government was doing nothing more than meeting repeated requests of a majority of the Members of Parliament in supporting a pension plan which appeared to be reasonable, actuarily sound and much less generous than the Civil Service superannuation legislation.

4. The Minister of Justice agreed with Mr. Harris and thought the rural population of Manitoba and probably throughout Canada would generally be opposed to the plan. He thought it essential that wide publicity be given to the fact that the scheme would only be of benefit to a very few Members of Parliament with long years of service and that all other Members would, in effect, be contributing to the pensions of the few who would benefit from the plan. If it were at all possible, he would prefer to have consideration of the scheme held over until after the next general elections.

5. The Minister of Trade and Commerce restated his view that a pension plan for Members of Parliament was not a satisfactory solution of the problem and that instead it would be preferable to increase substantially Parliamentary indemnities. However, the government had sought the opinion of Members of Parliament on the subject and, in view of the large support for the plan, he thought that it should now be proceeded with.

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6. The Cabinet, after considerable further discussion, agreed that:

(a) the Prime Minister move in the House, early the following week, that the subject of a pension plan for Members of Parliament after long service based on contributions by all Members be referred to the Standing Committee on Banking and Commerce; and

(b) the motion and draft statement to be made by the Prime Minister in this connection be revised in accordance with suggestions made during the course of discussion and circulated by the Secretary to all Ministers for early comment.

Legislation; C.N.R. Financing and Guarantee bill

7. The Secretary submitted a draft resolution and bill.

8. The Cabinet, after discussion, approved for introduction the resolution and bill entitled "Canadian National Railways Financing and Guarantee Act, 1952".

Parliament; Royal Assent to constitutional amendment

9. The Prime Minister said Royal Assent would be given to certain measures during the course of the following week. It was important to ensure that the constitutional amendment on representation in the House should be given Royal Assent before Parliament considered the Redistribution Bill.

10. The Cabinet noted with approval the Prime Minister's suggestion that the constitutional amendment on representation in the House of Commons should be given Royal Assent prior to Parliament giving consideration to the Redistribution Bill.

N.A.T.O. Secretariat; provision for salary of Canadian members

11. The Secretary of State for External Affairs said an arrangement had been worked out with the North Atlantic Treaty Organization whereby Canada paid the salaries of Canadian members of the N.A.T.O. Secretariat direct and N.A.T.O. reimbursed Canada a sum equivalent to the aggregate of the remuneration of such staff, had their salaries been paid by N.A.T.O. This arrangement enabled Canada to make income tax legislation applicable to the salary of such personnel. However, because of the certain higher salaries paid by Canada and on account of certain removal and travelling expenses, a discrepancy of $55,000 existed between the payment made by N.A.T.O. and the total salaries and expenses disbursed by Canada on account of Canadian members of the N.A.T.O. Secretariat.

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He sought authority for inclusion of an item of $55,000 in the supplementary estimates for this purpose.

12. The Cabinet, after discussion, agreed that provision be made in the supplementary estimates for $55,000 to meet certain requirements in connection with salaries and removal expenses of Canadian members of the N.A.T.O. Secretariat as recommended by the Secretary of State for External Affairs.

War Claims Fund; establishment

13. The Minister of Finance reported that one of the recommendations of the Right Honourable J.L. Ilsley, as Advisory Commissioner on War Claims, had been that a War Claims Fund should be established immediately to which would be transferred liquidated enemy assets and reparations. An early decision was required on this particular recommendation in order that an appropriate item might be placed in the supplementary estimates for 1952-53.

An explanatory note was circulated.

(Memorandum, Secretary of State, June 10th, 1952 - Cab. Doc. 183-52).

14. The Cabinet, after discussion, agreed that a dollar item, of which the text was submitted, be included in the supplementary estimates for 1952-53 to provide for the establishment, by the Minister of Finance, of a War Claims Fund as recommended by the Advisory Commissioner on War Claims, and for payments out of such Fund on terms and conditions to be approved by the Governor in Council, and for the repayment out of such Fund to Vote 128 (miscellaneous, minor and unforeseen expenses) of all amounts that have been paid out of that Vote pursuant to the War Claims Interim Compensation Regulations.

J.W. Pickersgill,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

June 17th, 1952

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Items discussed

Legislation; Currency, Mint and Exchange Fund bill	2.
Legislation; Eastern Rocky Mountain Forest Conservation Act amendment; signature of agreement with Alberta	2.
Federal District Commission; appointment	2.
Yarmouth, N.S. - Bar Harbor, Maine ferry	3.
Export of arms to Pakistan	3.
Grain storage facilities; expansion	3.
Ottawa Seminary; leasing for government offices	4.
Immigration policy	5.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, House of Commons on Tuesday, June 17th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. C.C. Eberts, Privy Council Office.

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Legislation; Currency, Mint and Exchange Fund bill

1. The Secretary submitted a draft resolution and bill.

2. The Cabinet, after discussion, approved for introduction in the House of Commons the resolution and bill entitled "The Currency, Mint and Exchange Fund Act"; it being understood that the bill would be referred to the Standing Committee on Banking and Commerce if requested.

Legislation; Eastern Rocky Mountain Forest Conservation Act amendment; signature of agreement with Alberta

3. The Minister of Resources and Development, referring to discussion at the meeting of June 3rd, 1952, recommended that he be authorized to enter into an agreement with Alberta amending the agreement of June, 1947 confirmed by The Eastern Rocky Mountain Forest Conservation Act.

He planned to bring forward the draft amendment to this Act in the immediate future with a view to its being approved for introduction.

4. The Cabinet, after discussion:

(a) approved the recommendation of the Minister of Resources and Development and agreed that he enter into an agreement with the Province of Alberta amending that concluded on June 19th, 1947 and confirmed by The Eastern Rocky Mountain Forest Conservation Act; an Order in Council to be passed accordingly;

(Order in Council P.C. 3333, June 17th, 1952).

(b) noted the Minister's intention to bring forward in the immediate future the draft amendment to this Act with a view to its being approved for introduction.

Federal District Commission; appointment

5. The Prime Minister submitted a proposal for re-appointment of a member of the Federal District Commission.

6. The Cabinet approved the recommendation of the Prime Minister and agreed that Dr. Charles Camsell, C.M.G., of Ottawa, be re-appointed a member of the Federal District Commission for a further term of five years, effective July 31st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 3331, June 17th, 1952).

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Yarmouth, N.S. - Bar Harbor, Maine ferry

7. The Minister of Transport, referring to discussion at the meeting of June 5th, 1952, said that he had written to the Premier of Nova Scotia. In writing to Mr. Macdonald, Mr. Chevrier had pointed out that Halifax Shipyards Ltd. was now engaged upon a number of defence contracts and did not need the contract to maintain operations. Mr. Macdonald had now replied that his government had noted that it would not be appropriate to allocate the contract for the vessel for the proposed Yarmouth-Bar Harbor ferry service to Halifax Shipyards Ltd. It was regretted that this position was being taken as the Nova Scotia government considered that such allocation had formed part of the original understanding, but, as the Federal government would be paying the greater share of the cost of the ferry, it was felt that the latter's view should prevail.

8. The Cabinet noted the report of the Minister of Transport on the reply he had received from the Premier of Nova Scotia and agreed that the Department of Transport invite tenders for the construction of a ferry costing about $3 million for the proposed Yarmouth, N.S. - Bar Harbor, Maine ferry service.

Export of arms to Pakistan

9. The Secretary of State for External Affairs reported that the government of Pakistan wished to purchase in Canada certain military items to the value of some $5 million. The Department of Defence Production had indicated that this proposal raised no supply problem. He recommended that it be approved.

10. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that there was no objection to the government of Pakistan purchasing in Canada certain ammunition, charges and fuzes for field guns to the value of $5,052,551.60.

Grain storage facilities; expansion

11. The Minister of Transport, referring to discussion at the meeting of May 2nd, 1952, reported that the question of additional grain storage facilities at Montreal and Halifax had been discussed further with the National Harbours Board and additional information as to cost and procedure was now submitted. The Board considered the most practical solution would be construction of additions to two elevators in Montreal and provision of a further elevator in Halifax. Estimated costs of additions to elevators "B" and "3" at Montreal, to increase

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capacity there by 5 million bushels, would be around $6 million (including $1 million for additional conveyor galleries). This would be $3.75 million less than a new elevator complete with workhouse. A new 2 million-bushel elevator at Halifax would cost some $2 million. The programme might involve the use of approximately 1750 tons of reinforcing steel and 500,000 bags of cement.

To set construction underway without undue delay a contract for the design would have to be given soon. However, the time required for investigations and the preparation of plans by consulting engineers would mean that no more than the foundations of the additions in Montreal and the elevator in Halifax could be completed by the end of the fiscal year and the new capacity would not be available before late in 1953.

An explanatory memorandum was circulated.

(Minister's memorandum, June 17, 1952 - Cab. Doc. 187-52).

12. The Minister of Finance pointed out that the Supplementary Estimates were already high. He felt the storage projects should have been considered in connection with the Main Estimates. Agreement for preparation of plans and pouring of foundations in the current fiscal year really meant approval of the whole storage programme proposed.

13. The Minister of Trade and Commerce considered the proposed construction necessary to ensure a steady flow of grain shipments. He thought only about $1.5 million would need to be included in the Supplementary Estimates for 1952-53.

14. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that additions be made to grain elevators "B" and "3" at Montreal to provide capacity for a further 5 million bushels and a 2 million-bushel elevator be constructed at Halifax; the total cost to be about $8 million of which some $1.5 million would be included in the Supplementary Estimates for 1952-53 to cover cost of preparation of plans and laying down of foundations for the three structures involved.

Ottawa Seminary; leasing for government offices

15. The Minister of Public Works, referring to discussion at the meeting of April 30th, 1952, said negotiations with the Roman Catholic Episcopal Corporation of Ottawa on lease of the Ottawa Seminary for the Royal Canadian Mounted Police had resulted in the Corporation offering the building and heating plant, together with 31 acres, at a maximum annual rental of $370,000, for a period of 5 years, with options to renew the lease and to purchase the property. The government would have to spend

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some $270,000 in adapting the building to its needs. The expenditures involved could be covered by Item 332 in the Main Estimates for 1952-53. He recommended that authority be given for the leasing of the premises on the terms contemplated and for the carrying out of the work required to adapt the building to the needs of the R.C.M.Police.

(Minister's submission to Treasury Board, June 12, 1952).

16. The Minister of Trade and Commerce suggested that no option to purchase the building be included in the lease.

17. The Cabinet, after further discussion, approved the recommendations of the Minister of Public Works and agreed that:

(a) the Ottawa Seminary, its heating plant and 31 acres be leased from the Roman Catholic Episcopal Corporation for a period of 5 years at an annual rental of $370,000 subject to the terms and conditions proposed, but without an option to purchase;

(b) the premises be adapted to the needs of the R.C.M.Police at an estimated cost of $270,000;

Treasury Board to be advised accordingly.

Immigration policy

18. The Minister of Citizenship and Immigration recalled that, at the meeting of February 26th, 1952, it had been agreed, inter alia, that some 145,000 immigrants would be admitted in 1952 and that, unless conditions changed materially, workers would not be encouraged to immigrate after October 1st. During the first quarter about 62,000 persons had arrived and ~~immigrated~~, since the target figure might be passed at this rate, instructions were issued on May 16th to immigration offices overseas that immigrants requiring assistance in finding employment after arrival must be qualified in specified occupations.

Under these instructions British subjects and U.S and French citizens eligible for admission under Order in Council P.C. 2856 of June 9th, 1950, and Dutch nationals selected in agreement with their government were not subject to restricted selection; Belgian, Swiss, Danish, Norwegian and Swedish nationals could immigrate subject to certain conditions, including ability to enter specified occupations; and selection of nationals of other countries was restricted to agriculturalists with capital, agricultural workers, domestics, nurses and nurses' aides who could pay their travel costs and maintain themselves temporarily. To reduce further the number of workers coming

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forward, the instructions had established priorities for issue of visas to certain sponsored and unsponsored classes. All other immigrants were to be informed that their applications would be held in abeyance. In view of the large number of Italians coming forward, special instructions were issued to the Rome office to confine processing to certain close relatives, although special movements of workers previously authorized were to be completed. Assisted passage loans had been restricted to agricultural workers, domestics and movements specially authorized. It was felt that the foregoing restrictions and controls should be maintained as long as necessary, the special regime applicable to Italians to be continued throughout 1952.

It was now considered desirable, for security reasons, to adopt certain measures to control entry of persons from countries in which there was no immigration office. Admission of such persons, where application was made here, would be restricted to certain close relatives. Where security clearance was waived, applicants would be granted visas by Canadian or U.K. consular representatives in their country of residence after a medical check-up. Where it was not waived, they would be allowed to proceed to an immigration office in Europe to obtain visas after a medical examination. In all other cases, except those of bona fide refugees, applicants would have to satisfy visa officers that they had resided continuously for two years in the country where they applied for visas.

As there had been a reduction in the number of U.K. and French nationals applying for visas, it was considered advisable to extend the assisted passage loan scheme to British subjects and French citizens with special qualifications.

A proposal had been made for the opening of immigration offices in the United States but he did not wish to raise this at present.

The large number of workers who had arrived in advance of their dependents and who were now applying for their admission, might make it difficult to keep the movement of dependents in line with numbers authorized. It was considered that, for humanitarian reasons, the admission of dependents should not be restricted. At the same time, it was necessary to place certain restrictions on the classes of immigrants for whom application could be submitted in Canada.

Certain groups were considered to be less adaptable to Canadian life, for instance Asians, whose admission was restricted under Order in Council P.C. 2115 of September 16th, 1930, to the wife, husband or unmarried children under 21 of Canadian citizens, and negroes, who were dealt with under paragraph 4 of Order in Council P.C. 2856 of 1950.

At present their admission under this Order was restricted to a few classes of close relatives. In view of representations received, it was proposed to extend these somewhat.

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In 1951 it had been agreed that, in certain cases, children of Canadian citizens of Chinese origin could be admitted if not over 25, and the practice was to pass an order waiving the provisions of P.C. 2115 in each case. Chinese Canadians had now had adequate opportunity to apply for the entry of children between the ages of 21 and 25. Further, there were cases of substitute children being sent forward and some of the older children had been trained in subversive activities. It was considered, therefore, that henceforth P.C. 2115 should be applied strictly to Chinese and that only cases of exceptional merit should be submitted to Council.

Under present policy, waiver of P.C. 2115 was recommended in the case of certain classes of Armenians, Syrians and Lebanese. It was proposed that this policy be continued with respect to the same categories of close relatives as would be admissible in the case of negroes or, preferably, agree that, henceforth, Armenians, Syrians, Assyrians and Lebanese be not treated as Asians for the purposes of the Order. This had already been done for Jews.

There had been criticism that immigrants did not always remain a full year in their first job in Canada and it had been suggested that, as in the United States and Australia, an undertaking be obtained from immigrants to remain in the employment for which they were selected for a specific period. Those failing to comply would be deported. The disadvantages of such a policy appeared to outweigh the advantages. It was proposed, however, that all immigrants coming to Canada for placement complete a form which would include their personal history, an occupational undertaking and a warning as to the penalties for misrepresentation, on the understanding that failure to fulfil the undertaking would not entail deportation except in the case of those receiving assisted passage. Alternatively, while all persons coming to Canada for placement might be required to complete the form, only those receiving assisted passage might be required to complete the occupational undertaking.

Memoranda had been prepared on the questions of advisory committees on immigration and on revision of the Settlers' Effects Regulations. It was not desired to raise the former question at this time and the proposed revision was being referred to the Interdepartmental Committee on External Trade Policy for consideration prior to its discussion in the Cabinet.

Explanatory memorandum had been circulated.

(Minister's memoranda of June 6th and 16th, 1952, on immigration policy, and four memoranda of June 10th, 1952, on restricted classes, labour contracts, advisory committees, settlers' effects - Cab. Doc. 180-52 177-52, 179-52, 178-52, and 176-52).

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19. Mr. Harris said the present policy of providing assisted passage loans to selected Canadians in Europe who desired to return to Canada and were qualified for specified occupations could be continued if desired.

In view of probable criticism from minority groups, it appeared desirable to withdraw section 61 (h) of the Immigration bill now before Parliament, which would empower the Governor in Council to make regulations to control immigration by quotas. Under section 61 (g) the government would still have the power to make regulations prohibiting or limiting the admission of persons for reasons of nationality, etc.

The Royal Canadian Mounted Policy had suggested that all new immigrants and aliens in Canada be fingerprinted. This would have an advantage from the point of view of security and would provide a means of ensuring the deportees did not re-enter. He was, however, opposed to the adoption of such a policy.

20. The Secretary of State for External Affairs thought action to exempt Armenians, Syrians, Assyrians and Lebanese from the provisions of P.C. 2115 would point up the position of Turkish citizens still governed by this Order. As Turkey was now a member of the North Atlantic alliance, it appeared desirable to exempt its citizens from P.C. 2115.

There would probably be representations from Italy in view of the special restrictions imposed on Italian immigration.

It was clear from recent remarks of Japanese officials that the Japanese government would seek to renew the pre-war arrangements which had provided for the admission to Canada of a small quota of Japanese each year.

21. The Prime Minister thought that, if representations were received from the Italian government, it could be explained that Canada had not adopted a quota system, and was planning to admit a reasonable proportion of Italians during the current year, and that it was a long-standing policy of Canada to maintain its existing population pattern.

It appeared desirable to require only immigrants receiving assisted passage loans to complete the proposed form embodying an occupational undertaking. Such a form might discourage other classes of potential immigrants from coming to Canada. Infringement of an occupational undertaking should not be made a deportable offence.

An attempt to fingerprint new immigrants and other aliens in Canada would be likely to lead to criticism of police-state methods.

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22. The Cabinet, after further discussion, noted the proposals of the Minister of Citizenship and Immigration on immigration policy and agreed that:

(a) existing restrictions and controls on immigration outlined by the Minister be continued as long as necessary;

(b) existing special restrictions and controls on the movement of Italians be maintained throughout 1952;

(c) proposed controls on the movement of persons who were nationals of countries in which there were no Canadian visa offices be put into effect immediately, except in the case of bona fide refugees; 2 year rule

(d) immigration from the United Kingdom and France be encouraged and increased and the assisted passage loan scheme extended to persons eligible for admission in paragraphs 1 and 3 of Order in Council P.C 2856 of June 9th, 1950;

(e) admission of wives, children and fiance (e)s of workers who arrived in advance of their dependents be unrestricted but the classes of immigrants for whom application may be submitted in Canada be restricted as proposed;

(f) classes of negroes admitted under paragraph 4 of Order in Council P.C. 2856 be as proposed, provided application for admission were submitted by a legal resident of Canada able to receive and care for them; and applications for admission of persons not within the classes proposed be dealt with on their individual merits;

(g) Order in Council P.C. 2115 of September 16th, 1930, as amended, be applied strictly in the case of Chinese, and only cases of exceptional merit be submitted to Council for waiver of the provisions of the Order;

(h) admission of Armenians, Syrians, Assyrians, Lebanese and Turks to be no longer governed by P.C. 2115;

(i) immigrants receiving assisted passage loans be required to complete the proposed labour contract form but not be deportable for breach of a labour contract; the Minister to give further consideration to the question of a form suitable for other immigrants;

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(j) existing policy on provision of assisted passage loans to Canadians in Europe be maintained;

(k) section 61 (h) of the Immigration bill, regarding quotas, be deleted; and,

(l) a policy of fingerprinting new immigrants and other aliens on arrival in Canada be not adopted at present.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

June 18th, 1952

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Items discussed

Legislation; Eastern Rocky Mountain Forest Conservation Act amendment 2.

International Joint Commission; Saint John River reference 2.

St.Lawrence development project; modification in financial basis of Canadian proposal 3.

Vocational training; proposed increase in federal grants 6.

U.N.E.S.C.O.; Conference on Universal Copyright Convention 8.

Surplus Canadian meats; proposed supply to Canadian and Commonwealth Forces in Korea 9.

Korea; despatch of part of Canadian 25th Infantry Brigade to Koje Island 10.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, House of Commons on Wednesday, June 18th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Legislation; Eastern Rocky Mountain Forest Conservation Act amendment

1. The Minister of Resources and Development, referring to the discussion at the meeting of June 17th, submitted a bill to amend the Eastern Rocky Mountain Forest Conservation Act.

2. The Cabinet, after discussion, approved for introduction in the Senate in the first instance the bill to amend the Eastern Rocky Mountain Forest Conservation Act.

International Joint Commission; Saint John River reference

3. The Secretary of State for External Affairs said the International Joint Commission by a reference dated September 28th, 1950, had been asked to conduct an investigation and recommend what projects for conservation and regulation of the waters of the Saint John River system above Grand Falls, New Brunswick, would be practical in the public interest. The Premier of New Brunswick had now requested enlargement of the scope of the reference to include all that portion of the Saint John River system above tidewater near Fredericton. It would thus be possible for the Commission to review storage possibilities on the Aroostook River, the largest State of Maine tributary of the St. John River, and their relation to the down-stream power sites in New Brunswick. Preliminary field studies by the U.S. Corps of Engineers had indicated that such a review might be of major importance in the development of New Brunswick's power potential.

He recommended, with the concurrence of the Ministers of Public Works and of Resources and Development, that approval be given to extension of the reference, as requested by the Premier of New Brunswick, and that the government of the United States be asked to join in this action.

An explanatory note had been circulated.

(Minister's memorandum, June 16, 1952 - Cab. Doc. 188-52).

4. The Cabinet, after discussion, approved extension of the Saint John River reference of September 28th, 1950, to the International Joint Commission to include all that portion of the Saint John River system above tidewater near Fredericton, and agreed that the government of the United States be requested to join with the Canadian government in expanding this reference.

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St. Lawrence Development Project; modification in financial basis of Canadian proposal

5. The Prime Minister, referring to discussion at the meeting of May 30th, reported that the U.S. Senate had, that day, effectively killed for the time being the 1941 Great Lakes-St. Lawrence Basin Agreement by voting 43 to 40 in favour of referring S.J. Resolution 27 back to the Foreign Relations Committee for further study. He hoped this new evidence that early Congressional approval of the Agreement would not be possible would help to expedite filing with the International Joint Commission, the Canadian and U.S. applications for development of power in the International Rapids Section of the St. Lawrence River which was a necessary pre-requisite to the construction of the all-Canadian deep waterway.

During the latest meeting between members of the Canadian Interdepartmental Committee and the U.S Inter-Agency Committee on the St. Lawrence, held in Washington on June 11th, it had been pointed out that the U.S. government might not find it possible to agree to filing with the Commission an application which involved charging to power the cost of all the features contained in the 1951 Canada-Ontario Power Agreement and the annex thereto. U.S. officials had stated categorically that neither the government nor the New York State power authorities would be able to reimburse the Canadian government for half the amount which would be saved because construction of the deep waterway by Canada made continuance of 14-foot navigation unnecessary. In addition, they suggested that, out of a total of approximately $75 million of dredging and excavation in the river bed, about $25 million was required exclusively for the purposes of the deep waterway and the whole of this sum should therefore be allocated to navigation rather than to power. It was further suggested that, since power experts disagreed as to the need for a control dam at Iroquois purely for power purposes, approximately half of the cost of this dam ($10.5 million) should also be allocated to navigation. It was finally suggested, but not pressed very strongly, that navigation might be charged with an additional amount of approximately $10 million representing alleged savings in constructing the waterway which would result from concurrent construction of navigation and power works.

Together with the Ministers of Trade and Commerce, Transport and Finance, he had, the previous day, discussed the details of the U.S. proposal with members of the Interdepartmental Committee. It had been felt that, since 14-foot navigation would not in actual fact be continued, it would be difficult to insist that New York reimburse Canada for half the amount

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which would otherwise have been expended in continuing present shallow-draft navigation. Furthermore, since Canadian engineers were of opinion that approximately $18 million of the channel excavations to be done in the International Rapids Section might not be required for power purposes alone, it might be indicated that Canada was prepared to contribute approximately $15 million to the cost of the dredging to be undertaken jointly by Ontario and New York in that section of the river. In view of the opinion expressed by our engineers that the control dam at Iroquois could not be considered an aid to navigation and that its essential purposes were to provide adequate protection for downstream power interests and to help control water levels in Lake Ontario, he did not think Canada should agree to allocation of any part of the cost to navigation. In so far as alleged savings resulting from concurrent construction of navigation and power works were concerned, these would, in all probability, be more than nullified by the speeding up of construction of navigation works in order not to interfere with early development of the full power potential at Barnhart Island. In the circumstances, no additional allocation of costs to navigation should be made on this score.

He pointed out that, under the terms of Article XII of the 1951-Canada-Ontario Agreement, the Province of Ontario could probably be required to reimburse Canada the total estimated cost of continuing 14-foot navigation. If, however, it was now agreed that New York should be relieved of reimbursing half of the savings, consideration should be given to whether or not the Province of Ontario should have similar treatment or whether there would be justification for attempting to collect from Ontario either the whole or half of the cost of continuing 14-foot navigation. No decision need be reached in this matter immediately.

If New York State and the Province of Ontario were treated in precisely the same manner, the net effect of the proposed modifications would be to reduce the cost of producing power in the International Rapids Section from an estimated $403 million to $374 million and to increase Canada's investment in the seaway from an estimated $245 million to approximately $274 million. To this last figure would have to be added another $1.5 million if Canada undertook the dredging yet reamining to be done on the U.S. side of the boundary in the Thousand Islands Section. It had already been indicated informally to Washington that if, for any reason, the United States could not do this work, Canada was prepared to undertake it. The addition of $30-odd million

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to the total estimated cost of the deep waterway would probably necessitate an increase of 8 or 9 percent in toll rates.

It had also been suggested that further discussions at the official level of the remaining differences between the Canadian and U.S. positions would serve no useful purpose and that the matter might now be taken up by the Prime Minister with President Truman. He thought the Canadian Embassy at Washington might ascertain whether the suggested further concessions would be acceptable to the U.S. administration and, in the event of an affirmative answer, it might not be necessary for him to see the President. There might nonetheless be advantage in having the Minister of Transport go to Washington in order to reach formal agreement with the Secretary of State of the United States as to the contents and time of filing of the joint applications to the International Joint Commission.

An explanatory note was circulated.

(Memorandum, Privy Council Office, June 18, 1952 - Cab. Doc. 190-52).

6. The Minister of Transport thought the Province of Ontario might be willing to bear the whole cost of reimbursing Canada in lieu of continuance of 14-foot navigation if U.S. agreement could be secured to Ontario Hydro having exclusive use of the additional waters resulting from the Ogoki-Long Lac diversions.

7. Mr. St-Laurent believed it inadvisable to interject this question in to any discussions he might have with the President. However, it was not impossible that following submission of the applications to the International Joint Commission, Ontario Hydro and the New York State power authorities might reach some agreement on this question.

8. The Cabinet, after discussion, noted the Prime Minister's report on United States suggestions for modifications in the financial basis of the Canadian government's commitment on construction of the St. Lawrence deep waterway and agreed that;

(a) it be indicated to Washington that Canada was prepared to agree that reimbursement in lieu of continuance of 14-foot navigation be excluded from the total costs to be allocated between the Canadian and U.S. power-developing entities and that, in addition, the Canadian government was prepared to make a contribution of approximately $15 million to the costs of dredging to be undertaken in the International Rapids Section by the power-developing entities; and,

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(b) the Prime Minister arrange an early interview with President Truman, if this were felt to be necessary, in order to reach agreement on the terms of the proposed joint applications to the International Joint Commission for the development of power in the International Rapids Section of the St. Lawrence River.

Vocational training; proposed increase in Federal grants

9. The Minister of Labour said that Treasury Board had recently considered a recommendation for increase in the Federal contribution to costs of approved vocational school projects from $2 million to $4 million per annum for a period up to April 1st, 1960, and that, in addition, the departments concerned consider the advisability of providing at the next session of Parliament for the capital expansion needs of vocational training projects. The Board had directed that the proposal be referred to Cabinet for consideration.

He felt this recommendation should be approved because on the one hand, organized training programmes for skilled workers undertaken by Canadian industry appeared to fall seriously short of meeting future requirements for skilled workers while, on the other, additional skilled workers would be required to meet current and future expansion in national output. Furthermore, there was an increased trend towards domestic manufacture of various products formerly produced by skilled workers in other countries. In addition, should it become necessary to expand production on a war-time mobilization basis, serious production bottlenecks from shortages of skilled workers would almost immediately develop.

An explanatory note had been circulated.

(Memorandum, Department of Labour, June 17, 1952 - Cab. Doc. 186-52).

10. Mr. Gregg said he fully appreciated Treasury Board's reasons for being hesitant to approve the increased programme up to 1960 in view of the heavy demands placed on the Canadian economy by defence requirements, but suggested that approval might be given for a trial period of at least one year.

11. The Prime Minister considered that this proposal re-opened the question of the relationship of grants in aid to the general agreements on taxation with the provinces. There was no doubt that, vocational training was an excellent thing and should be encouraged to the greatest extent possible. However, it should be borne in mind that

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education was one of the fields in which the provinces had undisputed jurisdiction. In 1945, the Federal government had justified its contribution to the vocational training field on a rather large scale because of the necessity of providing various rehabilitation measures for the benefit of veterans. This consideration, no longer applied.

12. The Minister of Finance felt the generous tax-rental agreements now offered the provinces threw an entirely different light on the nature of Federal participation in Exclusively Provincial fields such as education. The basic purpose of the Tax agreements was to provide all provinces, particularly the less wealthy ones, with adequate means to discharge the various responsibilities placed on them by the constitution. It could be said that direct grants, such as those for vocational training, constituted to a large extent a duplication of what tax-rentals were designed to achieve. All provinces,excepting Ontario and Quebec, had now entered into new agreements for a five-year period and it was anticipated that Ontario would also agree to rent its taxation fields in the near future. In the circumstances and in the light of the extremely heavy demands placed on the economy by current and anticipated defence requirements, he thought that there was a real danger of the Federal government getting itself into an impossible budgetary position unless the line were drawn firmly on increases in undertakings such as vocational training.

There were those who attacked the basic principle underlying the tax-rental system. He agreed that there were many disadvantages but it had the undisputed merit of providing the less economically buoyant provinces from accumulating large deficits year after year and that furthermore the country as a whole would probably not be in nearly so prosperous a condition had it not been possible for the Federal government to regulate and control, on a year to year basis, the various taxation fields and thus avoid the expensive conflicts in taxation policies which otherwise would probably have occurred.

13. Mr. St-Laurent pointed out that large private business organizations derived their profits from the whole of Canada. Consequently, it was only fair that the revenues from corporation taxes should be distributed amongst all provinces even though the majority of the larger corporations were located in the two central provinces.

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He thought that it would be to the interest of Canadian industries if they bore, themselves, a large share of vocational training costs. In actual fact, a good number of industries had taken this step already and, in many cases, were increasing vocational training facilities for their employees, since it had been established that such programmes were profitable in the long run.

14. The Minister of National Revenue suggested that rather than increase Federal grants in respect of vocational training, it might be useful to devise some form of tax relief in respect of vocational training programmes carried out directly by private industry.

15. The Cabinet, after discussion, noted the report of the Minister of Labour and agreed that Federal grants towards operational costs of approved vocational school projects be not increased at this time.

U.N.E.S.C.O.; Conference on Universal Copyright Convention

16. The Secretary of State for External Affairs reported that the United Nations Educational, Scientific and Cultural Organization had convened an inter-governmental diplomatic conference to meet in Geneva on August 18th, 1952, for the purpose of preparing and signing a universal convention to set up an adequate world-wide system of copyright protection, complementary to the international systems already in force.

He recommended that Canada participate in this conference and that the Canadian delegates be authorized to sign the Universal Copyright Convention which might be adopted at the said Conference.

(Minister's submission to Council, undated.)

17. The Cabinet, after discussion, agreed that Canada be represented at the Conference on Universal Copyright Convention to be held at Geneva, August 18th, 1952, by the following delegates and adviser; it being understood that the Canadian delegates were authorized to sign the Universal Copyright Convention which might be adopted at that Conference:

DELEGATES

Dr. V.Dore	- Canadian Minister to Switzerland
Mr. C. Stein, Q.C.,	- Under Secretary of State for Canada
Mr. G.G. Beckett	- Vice-Chairman of the Administration Board and Associate Counsel, Custodian's Office, Department of the Secretary of State.

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ADVISER

Dr. H.G. Fox, Q.C., - St. Catherines, Ontario;

An Order in Council to be passed accordingly.

(Order in Council P.C. 3385, June 23,1952.)

Surplus Canadian meats; proposed supply to Canadian and Commonwealth Forces in Korea

18. The Minister of National Defence, with reference to his report at the meeting of June 5th said discussions were held in Washington on June 12th, and 13th with U.S. Army officials to consider the supply of Canadian meat to the Korean theatre during the period of the meat emergency in Canada. Mr. Pace, Secretary of the Army had confirmed in writing the arrangements arrived at in Washington.

It was agreed that Canada could supply Canadian forces in Korea with their meat requirements and the value of such meat, to be determined by the cost of equivalent quantities had they been secured in the United States during the contract period in which shipment was made, would be excluded from the charge for rations from the U.S. Army to the Department of National Defence. The Agricultural Prices Support Board would charge the Department of National Defence for the cost of the meat or for the amount of the deduction from the U.S. account, whichever was the lower. Meat requirements for Canadian forces in the Korean theatre would amount to 100,000 pounds monthly.

It had also been agreed that there would be no objection to Canada making similar arrangements in respect of the meat requirements of the Korean forces of other Commonwealth countries. The meat so supplied by Canada would be deducted from the capitation charges on such Commonwealth countries. Negotiations were under way to ascertain whether suitable operating and financial arrangements could be made with Commonwealth countries in this respect. The monthly meat requirements of Commonwealth forces other than Canadian would total 226,000 pounds.

19. The Minister of Agriculture said the arrangement under which New Zealand meat was being diverted to the United States and replaced on the U.K. market by Canadian meat was not preceeding any too satisfactorily and it would therefore be very useful if arrangements could be completed as soon as possible along the lines mentioned by the Minister of National Defence, for the supply of Canadian meats to Commonwealth forces in the Korean theatre of operations.

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20. The Cabinet, after discussion, noted with approval the report by the Minister of National Defence on arrangements made with the United States for the supply of Canadian meats to Canadian and other Commonwealth forces in the Korean theatre of operations.

Korea; despatch of part of Canadian 25th Infantry Brigade to Koje Island

21. The Secretary of State for External Affairs, referring to discussion at the meeting of May 28th said a reply had now been received to the note of that day which the Canadian Ambassador at Washington had delivered to the U.S. Secretary of State and which sought assurances from the U.S. government that in future Canadian ground forces would not be detached from the 25th Brigade without prior consultation with the Canadian government except in the event of a military emergency which did not permit time for such consultation.

The U.S. reply, dated June 17th, was to a certain extent contradictory. The State Department was obviously desirous of meeting the Canadian request in so far as the exigencies of the military situation permitted whereas the Department of Defence rather implied that military operations could not be carried out successfully in Korea if the Unified Command was placed under the obligation of securing the consent of the Canadian government before ordering a deployment of troops which entailed separating any part of the 25th Canadian Infantry Brigade from the main body.

22. The Cabinet, after discussion, noted the report by the Secretary of State for External Affairs on the United States reply to the Canadian note of May 28th, which sought assurances from the U.S. government that in future Canadian ground forces would not be detached from the 25th Canadian Infantry Brigade without prior consultation with and consent of the Canadian government except in the event of a military emergency which did not permit time for such consultation, and agreed that he indicate the U.S. reply was more or less satisfactory, but that it should not be published in extenso.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

June 19th, 1952

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Items discussed

Water levels on the Great Lakes; reference to the International Joint Commission - 2.

Colombo Plan; recommendations for aid to Ceylon 2.

Canadian Overseas Telecommunication Corporation; expansion and improvement of facilities 4.

South Pacific Air Transport Conference; contribution by Canada 5.

Ceylon and Indonesia; Canadian representation 5.

Legislation; amendment of Immigration bill 6.

National Defence; purchase of new aircraft carrier 7.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201. House of Commons on Thursday, June 19th, 1952, at 2.30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),,
Mr. R.G. Robertson, Privy Council Office.

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Water levels on the Great Lakes; reference to the International Joint Commission

1. The Secretary of State for External Affairs, referring to discussion at the meeting of April 30th, 1952, said the United States Embassy had submitted a draft of the proposed reference to the International Joint Commission on the high water level of Lake Ontario. The draft had been revised and put in a form to ensure that the Commission would neither delay consideration of the St. Lawrence project nor entertain a discussion of alterations in the project as a result of the present reference. The U.S. government was desirous of having the reference submitted to the Commission as soon as possible. It was recommended that the draft be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 16, 1952 and attached draft reference to the International Joint Commission - Cab. Doc. 189A-52)

2. The Minister of Transport felt it would be desirable, if at all possible, to have the reference on the St. Lawrence project reach the Commission first. The present reference might be held up a few days to see if the other could be made ready.

3. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that a reference be made to the International Joint Commission, in the terms submitted on the high water level of Lake Ontario; submission of the reference to be deferred for a few days and that on the St. Lawrence project to be presented first if at all possible.

Colombo Plan; recommendations for aid to Ceylon

4. The Secretary of State for External Affairs reported that the government of Ceylon had requested extension of economic aid to that country by Canada under the Colombo Plan programme for 1952-53. Three projects had been put forward by Ceylon:

(a) A fisheries development project which had been recommended by a Canadian expert. It called for the organization of a research and pilot project as a first step in the modernization of the fishing industry. The Canadian contribution would include two fishing craft and a trawler with fishing gear, machinery and equipment for an ice-making and fish cold storage plant and

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other material, as well as assistance from experienced fishermen and technicians. Cost would be between $700,000 and $1 million.

(b) A rural development scheme consisting of a pilot project of 10 village units. Canadian assistance would be mainly in the form of consumer goods which, when sold, would result in counterpart funds for local financing. Total assistance requested was the equivalent of about $500,000.

(c) A rural electrification scheme in connection with which Canada was asked to provide equipment and materials not locally available to distribute 5,000 kilowatts of electric energy. The estimated cost was approximately $1 million.

All three projects appeared to be acceptable in principle. It might be advisable to defer final approval of the rural electrification project and of the rural development pilot project to allow the programmes for India and Pakistan to be worked out so that total Canadian aid to Ceylon could be determined in the light of the requirements of all three countries. There was no reason to delay decision on the fisheries development project.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 10, 1952 - Cab. Doc. 191-52).

5. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) economic aid be made available under the Colombo Plan to Ceylon during 1952-53 in conformity with the Statement of Principles agreed upon with the governments of India and Pakistan;

(b) participation in a fisheries development project be approved as recommended for inclusion in the 1952-53 programme and up to $1 million be provided therefor out of Vote 114; and,

(c) decision on the proposals for a rural electrification scheme and a rural development pilot project be deferred pending further consideration in the light of the programmes to be submitted by India and Pakistan for assistance by Canada under the Colombo Plan during 1952-53.

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Canadian Overseas Telecommunication Corporation; expansion and improvement of facilities.

6. The Minister of Transport pointed out that the telecommunication facilities of the Commonwealth as a whole centred on London, and the main channels to the Far East ran through the Suez Canal and the Red Sea. Considerations of security for Canadian external telecommunications as well as those of the Commonwealth as a whole, required expansion and improvement of the facilities of the Canadian Overseas Telecommunication Corporation. The improvements proposed by the Corporation would cause increased revenues from present traffic and encourage the development of new traffic. The programme as submitted by the Corporation was for:

(i)	Transfer of Harbour Grace Cable Station to St. John's, Nfld:	$ 322,000.00
(ii)	Construction of a Radio Station at Vancouver, B.C. and removal of Pacific Cable Control from Bamfield to the proposed Vancouver Traffic Office Building:-	1,341,300.00
(iii)	Construction of Office and Control Building at Halifax, N.S.:-	252,650.00
(iv)	Inauguration of Direct Wireless Telegraph Circuits with Europe and South America:-	317,200.00
(v)	Extensions at Drummondville and Yamachiche Transmitting and Receiving Stations:-	484,000.00
		$2,717,150.00

Of the cost, $1,081,219 was available as the residue of $4.5 million provided under section 14 of the Canadian Overseas Telecommunication Corporation Act. The Corporation would seek additional funds by appropriation to the extent of $150,000 in 1954-55 and $300,000 in 1955-56. The residue would be covered by funds accumulated by the Corporation as reserves for depreciation and for increased cost of replacements.

It was recommended that the programme as submitted by the Corporation be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 13, 1952 - Cab. Doc. 184-52)

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7. The Cabinet, after discussion, approved the recommendation of the Minister of Transport and agreed that the programme of the Canadian Overseas Telecommunication Corporation for expansion and improvement of external facilities at a cost of $2,717,150 be approved as submitted; financing to be as recommended by the Corporation.

South Pacific Air Transport Conference; contribution by Canada

8. The Minister of Transport reported that, in 1949, Canada had declined to contribute to the cost of construction of an airport at Fiji but had agreed to contribute $112,500 per year toward operational and maintenance costs of trunk facilities for air transport in the Pacific. The South Pacific Air Transport Conference was at present in session and the question of contribution had again arisen. Because of the complicated bookkeeping system involved it was difficult to determine the Canadian share exactly, but the appropriate amount appeared to be $122,500. It was recommended that authority be given for an annual contribution of that amount for 5 years. If no contribution toward maintenance and operations were made, Canadian Pacific Airways would have to withdraw from the Pacific service.

9. The Minister of Finance pointed out that Canadian Pacific Airways had only one flight a week and the annual contribution looked very large on the basis of only 52 landings a year. The Canadian share had gone up and it should be considered whether a prestige service was justified at so high a cost. If a contribution were to be made it should be only on a year-to-year basis.

10. The Cabinet, after discussion, agreed that the Canadian delegate to the South Pacific Air Transport Conference be authorized to state that Canada would contribute the sum of $122,500 toward maintenance and operating costs of the trunk facilities for air transport in the Pacific in the coming year; consideration to be given at a later date to the desirability of continuing to make contributions in subsequent years.

Ceylon and Indonesia; Canadian representation

11. The Secretary of State for External Affairs said it was important that Canada be adequately represented in the Council of the Colombo Plan. For this reason it was most desirable that, when changes in postings were considered, the representative

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of Trade and Commerce in Ceylon should be a person who might perform that task and, possibly be designated as Acting High Commissioner.

Indonesia was rich in natural resources and trade possibilities might become important. Consideration should be given to establishing Canadian representation there. If this were approved in principle a specific recommendation would be submitted at a later date.

12. The Minister of Trade and Commerce agreed with the remarks concerning Canadian representation in Ceylon. Possibilities of trade with Indonesia could not be ignored and the question of representation there would have to be examined.

13. The Minister of Finance said there was provision in the Estimates for representation in Indonesia if it were decided on.

14. The Cabinet noted with approval the remarks of the Secretary of State for External Affairs concerning Canadian representation in Ceylon and agreed that it would be desirable to have some form of representation in Indonesia; consideration to be given at a later date to a specific proposal.

Legislation; amendment of the Immigration bill

15. The Minister of Citizenship and Immigration reported that the bill to revise the Immigration Act had been considered in the Select committee and would shortly be before the House of Commons. A number of amendments had been put forward respecting the obligations of transportation companies. He had undertaken to have it provided that costs of deportation should not be charged against transportation companies in any case where deportation occurred more than five years after arrival, or within the period of five years if the cause of deportation was not one that had existed at the time of entry. He would move an amendment to enable transportation companies to make agreements with passengers by which the costs of return transportation would be payable by the deportee rather than by the company. There would also be pressure to have it provided that costs should not fall on the transportation companies in cases where immigrants had been examined before their departure for Canada by Canadian immigration officials. A provision to this effect was included in the new United States legislation, which might or might not come into effect.

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16. Mr. Harris said that he would prefer to see no change made on the last point. Departmental examination in countries of origin had greatly reduced possible costs to the transportation companies. They knew that such pre-examination was simply a precaution and did not constitute approval for admission. In 1951 there had been only 467 deportations compared with 194,000 arrivals. The proportion was so low that it did not constitute a serious burden on the companies and it was a factor that could be insured against. The provision had been in effect for many years and the possible liabilities of transportation companies imposed a measure of responsibility that assisted in keeping the number of deportable persons down.

17. The Cabinet, after discussion, noted the report of the Minister of Citizenship and Immigration concerning amendments respecting the obligations of transportation companies it was proposed to make in the bill to revise the Immigration Act and agreed that no amendment be made to relieve such companies of costs of deportation in cases where immigrants had, before their departure for Canada, been examined by Canadian immigration officials.

National Defence; purchase of new aircraft carrier

18. The Minister of National Defence said it had been agreed at the meeting of the Cabinet Defence Committee of April 23rd, 1952, that, rather than undertake extensive changes and improvements in the aircraft carrier "Magnificent", which was under loan from the United Kingdom, a new carrier should be purchased. It now appeared that a new carrier would cost between $20 and $21 million rather than the $15 million originally estimated. Notwithstanding this increase, it was the view of the Department of National Defence, with which the Department of Finance concurred, that it would be preferable to acquire a new carrier outright rather than to carry out the costly modifications of the present carrier and continue on a loan basis.

19. The Minister of Finance suggested that, as a contract to the amount of $20 million or $21 million would be placed in the United Kingdom for the aircraft carrier, there should be discussions with the U.K. authorities to see whether increased purchases could be arranged of items that the United Kingdom had decided to forego or curtail because of the dollar shortage.

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20. The Cabinet, after discussion:

(a) approved the recommendation of the Minister of National Defence and agreed that, notwithstanding the probable increase in the cost of acquisition of a new aircraft carrier, no change be made in the decision to acquire one rather than to modify and continue the loan of the "Magnificent"; and.

(b) agreed that there be discussions with the United Kingdom authorities on the possibility of their using part of the dollar proceeds of the contract for the new aircraft carrier to purchase from Canada items that had been removed from or reduced in the United Kingdom import list because of the British dollar shortage.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 25th, 1952

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International Joint Commission; application re St.Lawrence project and reference re water levels in Lake Ontario 2.

Newfoundland; appointment of Administrator 3.

Legislation; Members of Parliament Retiring Allowances bill; position of former members of Newfoundland House of Assembly 3.

Newfoundland coastal service; purchase of ships 4.

War claims report; procedures 5.

Parliament; adjournment 6.

External Affairs; appointments 7.

International Red Cross Conference; 18th Session, Toronto, July-August, 1952; government representation 7.

Licensing of commercial air services 8.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Wednesday, June 25th, 1952, at 3.15 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe)
The Minister of Agriculture
(Mr. Gardiner)
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office,
Mr. C.C. Eberts, Privy Council Office.

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International Joint Commission; application re St.Lawrence project and reference re water levels in Lake Ontario

1. The Prime Minister, referring to discussion at the meeting of June 19th said information had been received from the Canadian Embassy at Washington that the latest Canadian proposal on the St. Lawrence seaway and power development appeared to have been accepted by all U.S. Federal agencies concerned. The Chairman of the New York State Power Authority was absent and it had not been possible as yet to clear with him. However, U.S. officials had arranged a meeting with him in New York City on June 26th.

It was possible that complete agreement on the terms of the joint applications to the International Joint Commission might be reached by Friday, June 27th, at which time it might be advisable for the Minister of Transport to proceed to Washington and meet formally with the Acting Secretary of State of the United States. The publicity attendant upon such a meeting might be advantageous both in Canada and the United States.

2. The Secretary of State for External Affairs reported that a statement had been made in Congress that day on the U.S. reference to the International Joint Commission on water levels in Lake Ontario. In the circumstances, he suggested that the Canadian reference, the terms of which had been approved by Cabinet on June 19th, be forwarded immediately to the Commission and that a public statement be made pointing out that the Canadian government had agreed to refer this question on the express condition that the joint applications on the St. Lawrence project, if and when submitted, would take priority over consideration of the Lake Ontario water levels reference.

3. The Cabinet, after discussion,-

(a) noted the Prime Minister's report on recent developments on the St. Lawrence seaway and power project and agreed that, as soon as final arrangements could be made, possibly during the next few days, the Minister of Transport should proceed to Washington and meet with the Acting Secretary of State of the United States for the purpose of formally reaching final agreement on the terms of the joint applications to the International Joint Commission; and,

(b) agreed that the Canadian reference to the International Joint Commission on water levels in Lake Ontario be forwarded to the Commission immediately and that a public statement be made, as suggested by the Secretary of State for External Affairs, to the effect that the reference was made on the express condition that the joint applications on the St. Lawrence project, if and when submitted, would take priority over the reference in question.

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Newfoundland; appointment of Administrator

4. The Secretary of State reported that the Lieutenant Governor of Newfoundland would be away from St. John's from June 28th to July 31st, 1952, and recommended that the Chief Justice of Newfoundland be appointed to administer the provincial government during this period

5. The Cabinet approved the recommendation of the Secretary of State and agreed that, the Hon. Sir Albert Walsh, Kt., Chief Justice of Newfoundland, be appointed to administer the government of the province from June 28th to July 31st, 1952, or such earlier date as the Lieutenant Governor might be able to resume his duties; an Order in Council to be passed accordingly.

(Order in Council P.C. 3402, June 25, 1952).

Legislation; The Members of Parliament Retiring Allowances Bill; position of former members of Newfoundland House of Assembly.

6. The Secretary submitted a draft resolution and bill.

7. The Prime Minister said, in view of feeling among certain Members of Parliament from Newfoundland, the Department of Finance had drafted a paragraph that might be added to the bill and would have the effect of counting sessions of the former House of Assembly in Newfoundland as sessions of Parliament for the purposes of the bill.

(Letter to Secretary from Assistant Deputy Minister of Finance, June 25, 1952).

8. The Minister of Trade and Commerce thought sessions of the former Newfoundland House would have to be treated like sessions of the Legislative Assemblies of the other provinces which were excluded from the operations of the bill.

9. The Minister of Finance suggested that, as only three Newfoundland Members of Parliament were affected, the proposed change should be studied further and not included in the present bill.

10. The Prime Minister pointed out that the House committee which had considered the bill had not seen fit to recommend an addition of the type drafted. If it did so during a later session, the matter could be considered further.

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11. The Cabinet, after further discussion:

(a) approved the bill entitled "The Members of Parliament Retiring Allowances Act"; and

(b) agreed that no action be taken during the current session with a view to having sessions of the former House of Assembly of Newfoundland counted as sessions of Parliament for the purposes of this measure.

Newfoundland coastal service; purchase of ships

12. The Prime Minister, referring to discussion at the meeting of May 30th, 1952, said he had received messages from ten firms and organizations in the shipbuilding field complaining about the decision of the Canadian National Railways to order the two new vessels for the Newfoundland coastal service in the United Kingdom.

He proposed to reply that the policy of allocating contracts to the various Canadian yards for the ships required by the government had stabilized the shipbuilding industry, increasing employment in it by 70 percent since 1949; it had been considered that it was for the C.N. Railways to decide where the two ships should be built, it being the government's policy to avoid interfering in their internal management; in reporting on the matter, the President of the C.N.R. had given a detailed statement regarding the Railways' economic study of tenders received, pointing out that every attempt had been made to favour Canadian bidders; and the wide variance between the U.K. price and the lowest Canadian tender had made it impossible for the Railways to justify ordering the ships in Canada.

13. The Minister of Transport mentioned that, according to a report now received from the President of the C.N.Railways, it appeared that the U.K. firm from which the ships were being ordered envisaged a cost-plus contract.

14. Mr. St-Laurent pointed out that, nevertheless, it was estimated, at present prices for labour and materials in the United Kingdom, that the total U.K. price for the two ships would be some $752,000 lower than the fixed price offered by the lowest Canadian tenderer.

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15. The Cabinet, after further discussion, approved the general lines of the reply that the Prime Minister proposed to send to firms and organizations in the shipbuilding field which had complained about the decision of the Canadian National Railways to order two new vessels for the Newfoundland coastal service in the United Kingdom.

War claims report; procedures

16. The Prime Minister recalled that there were certain matters arising out of the report of the Advisory Commissioner on War Claims on which decisions were required.

It had been suggested that it would be useful to have a small committee to examine and report to the Cabinet on departmental comments about the report and on any representations by claimants. The Interdepartmental Committee on Reparations and Peace Treaty Implementation could be reconstituted with one representative from each of the following departments; Finance, Justice, Secretary of State (Custodians Office), External Affairs, Veterans Affairs and National Defence, with a secretary from the Privy Council Office. As the prime interest was now financial, it was suggested that the Department of Finance name the chairman.

The report recommended appointment of a Chief Commissioner and Deputy Commissioners and the establishment of War Claims Tribunals to be presided over by such deputies. Decision in these matters could be deferred until the Interdepartmental Committee was ready to report.

The Queen's Printer had proposed sending a leaflet to all claimants on file in the War Claims Branch to inform them that the printed report was available and to give an indication of its contents. The War Claims branch had suggested that, if this were done, claimants be restricted to those whose losses arose from the last war (thus excluding pre-war debts or nationalization claimants). The contents of the leaflet might be considered by the Interdepartmental Committee and submitted to the Minister of Finance for approval.

An explanatory memorandum had been circulated.

(Secretary's memorandum June 24, 1952 - Cab. Doc. 194-52).

17. The Minister of Finance suggested that Mr. K.W. Taylor, Assistant Deputy Minister of Finance serve as chairman of the reconstituted committee.

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18. The Cabinet, after further discussion, noted the report of the Prime Minister on proposals made in connection with the report of the Advisory Commissioner on War Claims and agreed that:

(a) the Interdepartmental Committee on Reparations and Peace Treaty Implementation be reconstituted as the Interdepartmental Committee on War Claims with representation from Finance, Justice, Secretary of State (Custodian's Office), External Affairs, Veterans Affairs and National Defence; Mr. K.W. Taylor, Assistant Deputy Minister of Finance to serve as chairman and a secretary to be provided from the Privy Council Office; and,

(b) the committee consider and report to Cabinet on comments from departments about the War Claims report and on representations from claimants and prepare a promotional leaflet for approval by the Minister of Finance.

Parliament; adjournment

19. The Prime Minister pointed out that it would be necessary for the government to indicate whether Parliament, on completion of current business should prorogue or adjourn. Although it was not expected that it would have to meet before the autumn, there were obvious advantages in the second alternative in view of the fact that sudden international or domestic emergencies might arise.

20. The Secretary of State for External Affairs thought the international situation was likely to be sufficiently tense during the summer to make adjournment the preferable course.

21. Mr. St-Laurent suggested that, as there was some feeling that most of the dangers to the Western countries had now passed, it would be useful to bring to the attention of Parliament that this was not the case.

He thought adjournment until November 20th, 1952. should be proposed and that the government should let it be known that it was planned to prorogue Parliament and start the next Session on that date; to deal only with the Speech from the Throne at that time; to start the Christmas recess about December 15th and to end the new session about April 30th, 1953. It would be a healthy development if this sort of time-table were to become established as normal, since Members of Parliament would then be free to attend to their own affairs in the spring.

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22. The Cabinet, after further discussion, noted with approval the proposals of the Prime Minister:

(a) for introduction of a motion calling for adjournment of Parliament, on completion of current business, until 11:00 a.m., on November 20th, 1952; and,

(b) regarding the time-table for the next session.

External Affairs; appointments

23. The Secretary of State for External Affairs submitted proposals for certain appointments in the foreign service.

24. The Cabinet approved the proposals of the Secretary of State for External Affairs and agreed to the following appointments:

(a) Mr. E M. Reid, Deputy Under-Secretary of State for External Affairs, to be High Commissioner at New Delhi;

(b) Mr. H.O. Moran, Assistant Under-Secretary of State for External Affairs, to be Ambassador at Ankara;

(c) Mr. T.A. Stone, Minister at Stockholm, to be Ambassador at The Hague;

(d) Mr. W.D. Matthews, Minister at Washington, to be Minister at Stockholm;

(e) Mr. J.B.C. Watkins, Head of the European Division of the Department, to be Minister at Oslo;

(f) Mr. G.S. Patterson, recently Consul-General at Shanghai, to be Consul-General at Boston;

Orders in Council to be passed accordingly.

International Red Cross Conference; 18th Session, Toronto, July-August, 1952; government representation

25. The Secretary of State for External Affairs said the 18th Session of the International Red Cross Conference would be held in Toronto between July 23rd and August 9th, 1952. It would be attended by the International Committee of the Red Cross, representatives

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of the League of Red Cross Societies (the Canadian Red Cross Society acting as host) and representatives of many of the governments with which Canada had close associations. As the session would not be primarily for government representatives and some delicate political questions were likely to be raised by representatives of communist countries he recommended that the government be represented by three officials acting as observers rather than full delegates, these officials to be drawn from the departments of National Health and Welfare, National Defence (probably from the office of the Judge Advocate General) and External Affairs. It might be left to the departments concerned to agree among themselves as to the officials who should attend and the chairmanship of the official delegation.

26. The Cabinet, after discussion, approved the recommendations of the Secretary of State for External Affairs and agreed that three officials, to be drawn from the departments of National Health and Welfare, National Defence and External Affairs, attend as observers at the 18th Session of the International Red Cross Conference beginning in Toronto on July 23rd, 1952; the departments concerned to agree among themselves in consultation with appropriate Ministers, as to the three officials who should attend and the chairmanship of the official delegation.

Licensing of commercial air services

27. The Minister of Transport recalled that, in 1943, the government had announced that all international, transcontinental and other main-line air services, where traffic volume justified, would be reserved for Trans-Canada Airlines and that no competition would be permitted between scheduled services over the same route. After the war, the government had authorized Canadian Pacific Airlines to operate two routes in the Pacific and, during this period, all major, and most secondary, traffic points in Canada had been designated for TCA service.

The expansion of air traffic that had taken place since indicated that, in the interests of all, a small measure of regional competition might be permitted to develop gradually. At the same time, TCA still needed protection for its transcontinental passenger and mail operations. Both TCA and private carriers needed protection on some of the regional routes where traffic remained relatively light.

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In the circumstances, he recommended, inter alia, that transcontinental air services of the type now provided by TCA should continue to be reserved for that company, but that government policy should not completely preclude the gradual development on a regional basis of a limited amount of competition between scheduled services where justified by publicconvenience and necessity.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 18, 1952, Cab. Doc. 192-52)

28. Mr. Chevrier added that new policies of the United Kingdom government went much further than these proposals in providing for competition by private carriers.

29. The Minister of Trade and Commerce agreed that a region of Canada should not be denied adequate service simply because introduction of an additional service would result in some competition for an existing service. It would be most desirable, however, to permit competition only in cases where publicconvenience and necessity justified such action, and the convenience and financial position of private airlines should not be the governing factor. The very substantial capital tied up in existing services should also be borne in mind.

30. The Prime Minister suggested that when the Air Transport Board had under consideration borderline cases where the public convenience and necessity of permitting competition was in doubt, and controversy might arise, the applications should be referred to the Cabinet for consideration.

31. The Cabinet, after further discussion, noted the proposals of the Minister of Transport and agreed that:

(a) transcontinental air services of the type now provided by Trans-Canada Airlines should continue to be reserved for TCA, but this should not preclude the gradual development, on a regional basis, of a limited amount of competition between scheduled air services in cases where this was justified strictly by public convenience and necessity; it being understood that when the Air Transport Board had under consideration borderline cases where the public convenience and necessity of permitting competition was in doubt, and controversy might arise, the applications should be referred to the Cabinet for consideration;

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(b) international scheduled services should be provided by TCA within the Atlantic area generally and by Canadian Pacific Airlines within the Pacific area generally; TCA continuing to operate the major trans-border scheduled services to the United States; and,

(c) in carrying out the above policies, the Air Transport Board should, under normal circumstances, deal with matters of licensing and economic regulation for all carriers, particularly where any conflicting interests might arise, and should continue to apply a basis of common procedures and policies for all.

J.W. Pickersgill,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

June 26th, 1952

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Pork; supply position and proposed action	2.
Beef; present supply position; plans for disposition	4.
Commonwealth economic conference; proposal by the Prime Minister of the United Kingdom	5.
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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Thursday, June 26th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. C.C Eberts, Privy Council Office.

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Regulation of traffic on government property

1. The Minister of Justice said that before regulations were issued under the new Act for the regulation of traffic on government property it would be desirable to have a small committee consider the provisions that ought to be made with regard to parking on Parliament Hill.

2. The Prime Minister thought it should not be necessary to allocate places to individuals. That would mean in many cases that spaces were left vacant. It would be preferable to have areas set aside for particular categories of persons.

3. The Cabinet, after discussion, agreed that the regulations for parking on Parliament Hill be considered in the first instance by a committee representative of the Speakers of the Senate and House of Commons, the Privy Council Office and the Department of Public Works and Justice.

Pork; supply position and proposed action

4. The Minister of Agriculture, reported that pork marketings to date in 1952 had amounted to 2,978,622 hogs, which was 33.4 percent above the same period in 1951. Domestic consumption had been slightly higher. As of June 1st, holdings of surplus pork were: pork cuts, 30,339,000 pounds; Wiltshire sides, 15,255,000 pounds; canned pork, 35,714,000 pounds. It was forecast that hog marketings in the third quarter would be 25 percent over 1951 and leave a surplus over domestic consumption of 476,446 hogs.

The Wiltshire sides in store had been put up in anticipation that some sale in the United Kingdom might be possible on the basis of diversion of pork from New Zealand to the United States. No pork would be available for diversion. In the circumstances, it was proposed that the Wiltshire sides be taken out of store and the hams and backs cured for sale in the United States, as far as possible. The balance and the surplus of fresh pork coming to market would have to be canned. It was recommended that the authorization for purchase by the Agricultural Prices Support Board of canned pork be extended by a further 15 million pounds.

Explanatory memoranda had been circulated.

(Minister's memoranda, June 23 and June 24 and submission to Council, June 24-Cab. Docs. 199-52, 200-52 and 201-52).

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5. The Prime Minister said that following the Cabinet decision of May 30th, 1952, an enquiry had been made in the United States as to the possibility of selling canned pork there at less than the 64 cents cost without imposition of countervailing duties. Informal advice from the U.S. Commissioner of Customs was that canned pork in limited amounts would probably be admissible to the United States without countervailing duties if the price at which it entered was about the market price in the United States and not less than the price at which it was being sold at the same time in Canada. It was important to begin getting rid of the canned pork as soon as possible. When the question of its sale at a reduced price had been discussed at the Cabinet meeting, it was decided to defer action because of advice that the packers held about 8 million pounds of their own canned pork on which they would suffer loss. They had now had a month to liquidate their stocks. The matter was of such urgency that the government should take any canned pork they held if that were necessary to enable sales to begin.

A further matter for consideration was the level of the support price for pork. It remained at 26 cents per pound until altered.

6. The Minister of Agriculture considered the price was not out of line with the U.S. price and the original plan had been to leave it in effect until September. He thought there ought to be no change at present.

7. The Minister of Trade and Commerce said it would be desirable, as soon as the sale of canned pork at the reduced price began, to start an energetic advertising campaign in Canada. It would not be desirable to do so in the United States as that might imperil the freedom from countervailing duties of the movement there.

8. The Cabinet, after discussion:

(a) approved the recommendation of the Minister of Agriculture and agreed that the Orders in Council for purchase of canned pork be amended to authorize the Agricultural Prices Support Board to purchase a total quantity of canned pork not to exceed 50 million pounds; an Order in Council to be passed accordingly;

(Order in Council P.C. 3410, June 26, 1952).

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(b) agreed that the Department of Agriculture begin immediately the sale and advertising of canned pork in Canada at a price that would enable it to be sold in the United States at the market price for similar products there and that the Department be authorized to take over any stocks of canned pork owned by packers in Canada on which a loss to the packers would otherwise result; such pork to be taken over at its cost price to the packers, provided that in no case should that price exceed the cost to the government of canned pork owned by it and that the Department of Trade and Commerce arrange at once for exports to the United States; an Order in Council to be passed if required; and,

(c) agreed that no change be made for the time being in the support price for pork; the matter to be reviewed in September.

Beef; present supply position; plans for disposition

9. The Minister of Agriculture reported that inspected slaughterings of cattle in Canada from January 1st to May 3rd were lighter than in 1951. The price in Toronto on June 21st was above the support price - $26.50 as compared with $25.00. To June 28th, 33,184,743 pounds of beef had been bought for shipment to the United Kingdom under the tripartite exchange arrangement. Of this, 11,357,758 pounds had been shipped. It appeared that the total amount available for diversion from New Zealand would be 60.5 million pounds rather than 80 million pounds as originally estimated. This would probably take care of things until about October.

10. The Minister of National Defence said he had reported on June 18th on his discussions with the U.S. Secretary of Defense about supplying meat to Canadian forces in Korea. The United States had indicated that they would be prepared to have Canada supply meat to other Commonwealth forces as well. Aides memoire on this matter had been given to Lord Alexander and Mr. Menzies and the High Commissioner in Canberra had been directed to take the question up with those in charge of the pool for the financing of supplies to the Commonwealth forces in Korea. He had also discussed with Lord Alexander the possibility of having Canadian forces in Europe supplied with Canadian meat rather than with meat from the United Kingdom. He had pointed out that it would reduce the strain on U.K. meat supplies. Lord Alexander had said that it would involve a dollar question but that he would have it looked into.

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11. The Cabinet noted the reports of the Minister of Agriculture on the beef position and of the Minister of National Defence concerning the possibility of supplying meat to Canadian and Commonwealth forces in Korea and to Canadian forces in Europe and agreed that discussions of possible arrangements be continued.

Commonwealth economic conference; proposal by the Prime Minister of the United Kingdom

12. The Prime Minister, said he had received a message from the Prime Minister of the United Kingdom in which Mr. Churchill stated he was convinced of the need for a Commonwealth economic conference. The balance of payments outlook for the sterling area was a cause of concern. The situation was not temporary and there would be severe economic difficulties for some years ahead. It was necessary to examine the fundamental policies that would have to be adopted by the various countries in order to ensure that action taken by each would not inflict damage on the others . The meetings of the Commonwealth finance ministers had been valuable but it was now necessary to broaden discussions and examine the whole field of financial and economic policy including questions relating to the Monetary Fund, the International Bank, the General Agreement on Tariffs and Trade and proposals for closer association of the United Kingdom in the economic affairs of Europe. A conference of Prime Ministers had been proposed to follow the Coronation but the economic difficulties were urgent and could not wait until then. Discussions would be desirable with the United States government after the election and it would be best if the Commonwealth conference could have taken place first. Mr. Churchill expressed the hope that the Prime Minister would attend the conference and suggested that it take place in London during the second half of November. He also proposed that there should be preparatory work for the conference by officials from as many of the Commonwealth countries as wished to be represented.

13. The Secretary of State for External Affairs thought preparatory work by officials would be most important. The reply might stress the necessity of their putting things in shape for decision if the conference were to be of any real value.

14. The Minister of Finance believed that Canada's part in the proposed conference would probably be very much the same as in the conference of finance ministers. The discussions would be mainly between the Commonwealth countries that were within the sterling area. We had, however, a very direct interest in the

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decisions they might take and should undoubtedly be present.

15. The Cabinet, after discussion, agreed that the Prime Minister in his reply to the message from the Prime Minister of the United Kingdom state that:

(a) Canada would be represented at a Commonwealth economic conference if it were the general desire of the Commonwealth countries to have one, as proposed, during the latter part of November;

(b) the possibility of his being present would depend on demands relating to the session of Parliament and other matters in Canada; and,

(c) it was of great importance to have adequate preparatory work done by officials and Canada would be prepared to participate in this work.

Butter; present position; disposal of storage stocks

16. The Minister of Agriculture, referring to discussion at the meeting of June 5th, said butter production in Canada in 1952 had been approximately 10 percent over 1951. Storage stocks on June 1st were 25.7 million pounds as compared with 16.4 million pounds in 1951. The total in storage included 12.8 million pounds of government-owned butter, made up of 8.9 million pounds carried over as of May 1st and 3.9 million pounds of the current make purchased during May. Imports during 1951-52 had been 12.5 million pounds by the government and 4.5 million pounds by the trade.

An explanatory memorandum had been circulated.

(Memorandum, Department of Agriculture, June 14, 1952 - Cab. Doc. 185-52).

17. The Prime Minister thought that, to avoid any possibility of deterioration, it was important that butter in store from the 1951-52 season should be sold at an early date. If it were desirable it could be replaced by new purchases. He understood that it would have to be reprocessed at a cost of about 2 cents a pound.

18. The Cabinet, after discussion, noted the report of the Minister of Agriculture on the production and present supplies of butter and agreed

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that, to avoid any possibility of deterioration, butter held by the government from the 1951-52 season be sold as soon as possible, or turned over and replaced by butter from current production.

St. Lawrence seaway; progress of discussions

19. The Secretary advised that he had just received from the Ambassador in Washington a report on discussions with the New York power authorities. They were trying to get concession of another $10 million on excavation costs. The Ambassador advised that if the government remained firm on the position it had taken, the New York authorities seemed likely to accept the present offer.

20. The Cabinet noted the report concerning progress of discussions with the power authorities in New York State on the St. Lawrence seaway and agreed that no modification be made in the proposals as approved.

Trading relations with Japan; most-favoured-nation treatment

21. The Prime Minister said a report had been received from the Interdepartmental Committee on External Trade Policy on the course to be taken about the enquiry from the Japanese government of April 24th. The Japanese had asked whether Canada intended to revive the Treaty of Commerce and Navigation to which we had acceded in 1913 and which extended reciprocal most-favoured-nation treatment. If Canada did not revive the treaty Japan was obliged, under Article 12 of the Peace Treaty, to give most-favoured-nation treatment only to the extent that we did the same.

The report of the Committee outlined the history of trading relations between Canada and Japan since 1913. With most-favoured-nation treatment trade had developed to a point in 1929 where Canadian exports to Japan were worth $42 million while imports from Japan were $18 million. In the 1930's trade relations had deteriorated and a tariff war had developed. The report also analyzed the principal imports from Japan, the extent of their competition with Canadian industry, and the major exports to Japan. Japan was Canada's fourth largest market in 1951. Our exports totalled $73 million as compared with imports of less than $13 million. Wheat was the largest single export item, amounting to $30 million in 1951.

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The Committee had agreed that merely to send an economic mission to Japan might be regarded as stalling, might alienate the Japanese government and possibly endanger the Canadian export market. They were also of the view that revival of the Treaty of 1911 would not be an appropriate or satisfactory course. The Committee recommended that the safest course would be to start talks with the Japanese with a view to arriving at a bilateral arrangement according most-favoured-nation treatment with respect to rates of duty but retaining the right for Canadian authorities to fix valuations for customs purposes over a certain range of products. After the talks had begun, or at the same time as they began, there would be advantage in having a Canadian economic mission visit Japan.

Copies of the report had been circulated.

(Memorandum, Chairman, Interdepartmental Committee on External Trade Policy, June 25, 1952 - Cab. Doc. 197-52).

22. The Minister of Trade and Commerce thought the recommendations of the Committee were on the right line. It would be necessary to have some restrictions on most-favoured-nation treatment, particularly to protect the Canadian textile industry. It was, however, very important to get a new agreement. The agreement should go beyond tariffs to ensure equal treatment in all matters that could influence the flow of trade.

23. The Minister of Agriculture agreed that it was most important not to endanger the Canadian export market in Japan.

24. The Secretary of State for External Affairs considered it probable that the Japanese would raise the question of immigration during the discussions. It would be very hard to stand on the present policy of total exclusion and it might be necessary to return to something like the pre-war position.

25. The Cabinet, after discussion, approved the recommendations of the Interdepartmental Committee on External Trade Policy concerning trading relations with Japan and agreed that:

(a) a reply to the Japanese note of April 24th be despatched in the near future indicating that

(i) the Canadian government was not disposed to revive the Treaty of Commerce and Navigation of April 3rd, 1911, between the United Kingdom and Japan so far as Canada was concerned; and,

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(ii) the Canadian government was prepared to start talks in Ottawa with the Japanese authorities with a view to arriving at mutually satisfactory arrangements to govern trading relations between the two countries;

(b) at the same time the note was handed over, the Japanese representative be advised orally that

(i) successful conclusion of the talks would depend upon the creation in Canada of a favourable atmosphere for Japanese trade and that, for this purpose, the Canadian government considered it might be desirable at an early stage in the talks, or at the same time as they began, to arrange for a semi-official or unofficial economic mission to visit Japan;

(ii) the Canadian government was contemplating giving most-favoured-nation treatment with respect to rates of duty, accompanied by fixed valuations on certain commodities included in a list which was in the course of preparation;

(c) the Department of Finance, in consultation with the Department of National Revenue, prepare an initial list of the products on which it might be desirable to retain the right to fix values for duty purposes;

(d) the Department of Trade and Commerce prepare an initial list of Canadian products on which it might be desirable to secure unconditional most-favoured-nation treatment from Japan; and,

(e) the Interdepartmental Committee review the material prepared under (c) and (d) above and present in the near future recommendations on those matters and on the detailed arrangements for the proposed discussions and mission.

Canadian Pacific Air Lines; Korean airlift

26. The Minister of National Defence reported that, in March, 1952, the Cabinet Defence Committee had discussed the desirability of continuing the contract under which Canadian Pacific Air Lines provided airlift in support of the United Nations action in Korea, and had agreed to renewal of the contract up to June 30th, 1952.

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The U.S. Military Air Transport Service had since stated that it would be extremely disappointed if the C.P.A. portion of the U.N. airlift were terminated, since the available airlift was being used fully and as any reduction would have to be met by an attempt to increase the frequency of other commercial flights. Furthermore the present situation in Korea presented dangers. C.P.A. had now indicated a willingness to continue for six months the present frequency of service (4 round-trips weekly), with the government paying for 3 trips after July 1st, instead of 3½ as at present, and diversion of the extra half round-trip to civil use, on the understanding that the details of this diversion would be worked out with the R.C.A.F. This scheme would result in a saving of some $314,500 in a period of twenty-six weeks and, if it were accepted, C.P.A was prepared to discuss a further slight reduction in the charge per mile.

He recommended that this proposal be approved, the detailed arrangements to be worked out by the R.C.A.F , the Air Transport Board and C.P.A.

An explanatory memorandum had been circulated.

(Minister's memorandum, undated, - Cab. Doc. 193-52)

27. Mr. Claxton added that, while the R.C.A.F. was not in favour of maintaining the C.P.A. airlift, the Canadian Army considered it necessary because it now had smaller reinforcements in the Korean theatre and large-scale fighting might be resumed. He understood that the Minister of Transport and the Minister of Trade and Commerce were in favour of extending the contract.

28. The Prime Minister said the Department of External Affairs felt that any really significant reduction in the overall Canadian contribution to the U.N. action would have an unfortunate effect at a time when negotiations were coming to a head and there was a risk of renewed operations on a large scale. Termination of the C.P.A. airlift would not only produce an unfavourable reaction in the United States but would not go unnoticed in North Korea.

29. The Cabinet, after further discussion, approved the proposals submitted by the Minister of National Defence regarding extension of the contract for the Canadian Pacific Air Lines airlift to the Far East for a further six month period as from July 1st, 1952; detailed arrangements to be worked out by the Royal Canadian Air Force, the Air Transport Board and Canadian Pacific Airlines with a view to reducing the present cost to the Crown by virtue of the longer contract and increasing somewhat the space allocated to civil use.

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Mutual aid programme for 1952-53

30. The Minister of National Defence recalled that Cabinet had already approved certain plans for mutual aid covering military equipment from Canadian production, aircrew training and contributions to infrastructure and North Atlantic Treaty Organization budgets, involving expenditures in 1952-53 of $191,366,700. Approval had also been given for the transfer of Canadian Army stocks of U.K.-pattern equipment as mutual aid, and it was estimated that such equipment to the value of $64,979,500 would be transferred in 1952-53, although this would depend on production of replacements.

As the expenditure of a total of $324 million on mutual aid in 1952-53 had been approved, it was now recommended that, in addition to the foregoing items, R.C.N. and R.C.A.F. stocks of old-pattern equipment valued at $15,341,329, and new-pattern R.C.N. and Army equipment, valued at $44,006,508 (of which items to the value of about $31.5 million would have to be replaced for the use of the Canadian forces) be offered to N.A.T.O. with the reservation that, in some cases, production difficulties or urgent Canadian military needs might prevent delivery. It was suggested that if bids were received for the coast defence guns listed in the tables submitted, they be removed from their emplacements and made available f.o.b. seaboard.

Approval of the above programme for 1952-53 would mean that $8,306,463 of the $324 million would remain unallotted, but there were now proposals for transfer of additional 25-pounder ammunition and the training of N.A.T.O. radar observers which, if approved, would involve earmarking most of this balance.

In 1951, at the urgent request of the War Office, Canada had shipped 200,000 rounds of 25-pr. ammunition to Korea for the Commonwealth Division on the understanding that the War Office would provide replacements wherever Canada wished and that the amounts of ammunition required for Canadian mutual aid transfers to N.A.T.O. countries would be drawn from the replacements. Early in 1952, approval had been given for the transfer of 108,152 25-pr shells, with cartridges, valued at $6,921,534, to seven N.A.T.O. countries.

In May, 1952, the Cabinet Defence Committee had been advised that the United Kingdom was short of 25-pr ammunition and, in view of the need to maintain adequate reserves of such ammunition for the 27th Canadian Brigade in Germany pending supply of 105 mm ammunition, the Committee had approved the withholding of further transfers of 25-pr ammunition as mutual aid. The War Office had now proposed that it transfer

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from the ammunition owed to Canada the amount that Canada had allocated as mutual aid, and that the remaining 91,848 rounds, valued at about $3.7 million, be transferred to the United Kingdom as mutual aid, on the understanding that the War Office would provide a 25-pr ammunition reserve for the 27th Brigade, on the same basis of priority as for U.K. formations in Germany, until the Canadian Army changed to 105 mm. ammunition. He recommended approval of this proposal, the allocation to the United Kingdom of mutual aid to be subject to a favourable recommendation by the Standing Group.

Canada was providing 1,000 vacancies a year for the training of N.A.T.O. air navigators. The Standing Group now proposed that Canada train N.A.T.O. (all-weather) radar observers throughout 1953 and 1954. The R.C.A.F. had indicated that this request could be met by providing an additional twelve-week course for 204 graduate navigators a year and reducing the navigator intake rate to 782. Additional accommodation would not be required for this project, although it would be necessary to obtain 15 more U.S. radar-equipped aircraft and 7 airborne radar sets, at a total estimated cost of $4 million. There were sufficient unallocated mutual aid funds to finance this operation for at least two years. The R.C.A.F. would need this type of radar training eventually in connection with the build-up of its all-weather squadrons, although it might not require the additional aircraft for its own purposes. He recommended approval of the Standing Group proposal as part of the mutual aid programme.

Explanatory memoranda were circulated.

(Minister's memorandum, June 17, 1952, - Cab. Doc. 203-52; undated, Cab. Doc. 209-52; memorandum, June 26, 1952-Cab. Doc. 210-52).

31. The Prime Minister pointed out, in connection with the proposal to earmark most of the remaining $8,300,000, that the vote covering part of the mutual aid funds was so worded as to make it possible to devote a portion of it to any extraordinary infrastructure expenses that Canada had to assume and that there was the possibility that the N.A.T.O. annual review would lead to requests for further Canadian contributions.

32. The Minister of Agriculture said farm organizations had enquired whether it would be possible to include food in the mutual aid programme. He had told them that this was unlikely, but wondered how best to explain that only arms were being provided to N.A.T.O. countries.

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33. Mr. St-Laurent said the position was that the government had informed N.A T.O. that Canada would provide the $324 million for mutual aid to its allies on the understanding that N.A.T.O. would decide on the priorities as between various possible items of aid. N.A.T.O. had recommended that only military equipment should be provided and the government was following this recommendation in the belief that it was thereby providing the best support it could give to the alliance. There had been the one reservation that N.A.T.O. would not be free to decide that Canada should supply items which would reduce its dollar earnings.

The proposed training of radar observers in place of air navigators seemed to be the kind of task it was sensible for Canada to undertake.

34. The Minister of Trade and Commerce and Defence Production thought the proposed arrangements with the United Kingdom regarding 25-pr.ammunition were reasonable.

The additional aircraft required for training of N.A.T.O. radar observers would probably be needed by the R.C.A.F. in any case to meet wastage. It was doubtful that it was worth thinking in terms of the United States lending these aircraft. The balance of defence orders between the two countries was now turning in Canada's favour.

35. The Cabinet, after further discussion, noted the recommendations of the Minister of National Defence and approved:

(a) the proposed mutual aid programme for 1952-53 (Cabinet Document 203-52) as the basis for an offer to be made to the North Atlantic Treaty Organization, with the reservation that, in some cases, production difficulties or urgent Canadian military needs might prevent delivery of items;

(b) the proposed arrangments with the United Kingdom regarding 25-pr. ammunition, the allocation to the United Kingdom of 91,848 rounds as mutual aid to be subject to a favourable recommmendation by the Standing Group; and

(c) the plan submitted for training N.A.T.O. radar observers during 1953 and 1954 as part of the mutual aid programme.

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17-pounder guns; release to Denmark or Israel

36. The Minister of National Defence said certain 17-pounder self-propelled guns had been offered to N.A.T.O. as part of the 1952-53 mutual aid programme and the Standing Group had since recommended their allocation to Denmark. A suggestion had now been made, however, that these guns be sold to Israel. There would be some embarrassment in withdrawing the offer made to N.A.T.O.

37. The Secretary of State for External Affairs saw no objection to the guns being transferred to Denmark provided it were ascertained that Denmark would put them to serious use, but felt that if it were learned that Denmark did not have a real need for the guns, consideration should be given to the proposal respecting Israel.

38. Mr. Claxton said that the question of Denmark's intentions could be taken up with the Standing Group.

39. The Cabinet, after further discussion, noted the report of the Minister of National Defence and agreed that:

(a) approximately twenty-six 17-pounder self-propelled guns be transferred as mutual aid to Denmark, as recommended by the Standing Group, if an assurance could be obtained that Denmark would put the guns to serious use; and,

(b) if such an assurance were not obtainable, consideration be given to selling the guns to Israel.

U.S. government pipeline; Fairbanks-Haines, Alaska

40. The Secretary of State for External Affairs reported that the U.S. Section of the Permanent Joint Board on Defence had indicated that its government wished to build an eight-inch oil pipeline from Fairbanks to the port of Haines, Alaska; that this project was considered essential to the defence of Alaska; and that the water route was not considered sufficiently safe to ensure the delivery of petroleum products to Alaska in wartime. The line would cross portions of British Columbia and the Yukon. Officials had suggested that Canada should construct and have responsibility for the control of the section of the line crossing Canadian territory. If the United States were given unrestricted rights with respect to this section, this might be regretted later when the economic future of the area became clearer. The U.S. authorities had asked for an early reply as Congress had provided funds to permit construction to begin by the autumn.

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An explanatory memorandum had been circulated.

(External Affairs memorandum, June 24, 1952 - Cab. Doc. 196-52).

41. The Minister of Trade and Commerce thought there would not be much advantage in Canada owning and controlling a pipeline whose terminals were in U.S. territory. He was in favour of the project as it would tend to lower the present high prices of petroleum products in the northwest, The nearest oil supply available to the proposed line would be Alberta oil at Vancouver.

42. The Minister of Resources and Development felt Canada should derive some revenue from an operation involving its territory. The White Pass and Yukon Railway, which had for some years been carrying petroleum products from Skagway to the Alaska Highway at Whitehorse, Y.T., might be brought into the proposed operation. The Railway's position was precarious because the United States was interested in switching its traffic from the Skagway to the Haines route and in year-round maintenance of the latter route.

43. Mr. Howe thought Canada might reserve the right to have the proposed pipeline designated a common carrier and to tap the line in Canadian territory.

44. Mr. Pearson suggested that the Panel on Economic Aspects of Defence Questions be asked to prepare at the earliest possible date, a memorandum on the whole subject, with the assistance of officers of the Departments of Trade and Commerce and Resources and Development and of other appropriate departments.

45. The Cabinet, after further discussion, noted the report of the Secretary of State for External Affairs on the desire of the U.S. government to start construction of an oil pipeline between Fairbanks and Haines, Alaska, and agreed that the Panel on Economic Aspects of Defence Questions be asked to prepare at the earliest possible date, with the assistance of officers of the Departments of Trade and Commerce and Resources and Development and of other appropriate departments, a memorandum setting forth the economic, strategic and political factors involved in the project, together with suggestions as to possible arrangements that might be proposed to the United States.

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Immigration; settlers' effects regulations

46. The Prime Minister, referring to discussion at the meeting of June 17th, 1952, said that, since Tariff Item No. 705 on settlers' effects precluded the duty-free entry of machinery and other equipment required by present-day immigrants to Canada, the Minister of Citizenship and Immigration had referred to the Interdepartmental Committee on External Trade Policy a recommendation that Item No. 705 be amended to provide for free entry of items essential to an immigrant's establishment in Canada that may be bought with blocked funds in the immigrant's country of origin; this provision to apply only to immigrants from countries imposing restrictions on the export of emigrants' capital. The committee had now reported that it favoured this proposal. As the aim was to encourage immigrants with capital to come forward, it was felt that it would be preferable not to set a maximum figure for the value of the effects that may be brought in by any one person under Item No. 705 if this could be avoided. If a ceiling were unavoidable, the committee considered it should be quite high - about $10,000. As the amendment proposed would require legislation not obtainable before the next session, the committee had recommended that, in the interim, duties be remitted - by Order in Council in each case - on such items as would be admissible duty free under Mr. Harris' proposal.

Explanatory memoranda had been circulated.

(Memorandum, Minister of Citizenship and Immigration, June 10, 1952 - Cab. Doc. 176-52; memorandum, Chairman, Interdepartmental Committee on External Trade Policy, June 24, 1952 - Cab. Doc. 195-52).

47. The Minister of National Revenue said the ceiling proposed might be a little high. Some items, such as greenhouses, should perhaps not be admitted under the new policy.

48. The Minister of Trade and Commerce thought the change suggested might lead to cases of immigrants selling, without payment of duty, items brought in duty free.

49. The Cabinet, after further discussion, noted the report of the Prime Minister on proposals of the Minister of Citizenship and Immigration, as reported on by the Interdepartmental Committee on External Trade Policy, for changes in Tariff Item No. 705 on settlers' effect and approved in principle the remission of duty on items essential to an immigrant's

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establishment in Canada which might be purchased with blocked funds in his country of origin; the details to be worked out between the Departments of Citizenship and Immigration and National Revenue, and, on the basis of experience with cases of remission; an amendment to Item No. 705, providing for duty-free entry of these classes of items, to be prepared for introduction during the next session.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 27th,1952

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Items discussed

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, of the House of Commons on Friday, June 27th, 1952, at 2.00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Fisheries; British Columbia canned salmon surplus

1. The Minister of Fisheries pointed out that the salmon canning industry had lost the U.K. market for the foreseeable future and saw little prospect of reopening markets in Australia, New Zealand and Africa. Other European and foreign markets outside of the United States offered little hope. Although the U.S. import duty had been reduced from 25 percent to 15 percent the industry had to date been able to do very little business there. Price levels of canned salmon in Canada and the United States were approximately equal and the premium on the Canadian dollar, together with U.S. inspection restrictions and other barriers, complicated the entry of Canadian canned salmon into that market. In 1951 there had been a record pack and there was at present a carry-over of 700,000 cases. The industry was intensifying efforts to expand the domestic market and to enter the U.S. market but had difficulty in carrying the present and prospective inventories until that expansion could be achieved. The industry had proposed that the government buy from each packer half the present inventory with the packers agreeing to buy it back before July 1st, 1957 at the going export price at the time of repurchase. In effect this would be an advance of $6,122,750 of working capital, interest free, and the government would share the risks of inventory losses. It was also proposed that the government bear the cost of insurance, storage, etc. - about $300,000 per year.

The burden of carrying the inventory was a heavy one for the industry. The proposals were constructive in that they left sales problems still in the industry's hands. If nothing were done, the inventory in a year might be larger and forced lower prices would lead to demands for price support.

If the proposals were approved, it was recommended that they be modified at least to the following extent:

(a) the purchase be at 80 percent of market prices;

(b) the quantity be increased to leave the value of the government purchase at about $6,122,000;

(c) the industry be permitted to repurchase the quantities at any time at the original "loan" price;

(d) the clause dealing with use of stocks by the government agency for relief or by the defence force to be clarified;

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(e) the stocks to be replaced with a new pack every two years.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 27, 1952 - Cab. Doc. 205-52).

2. The Minister of Trade and Commerce said acceptance of the proposals would set a precedent. Other industries, such as the textile industry, had inventory problems. It was his impression that the canned salmon could be moved if prices were reduced. The packing companies were for the most part in a strong financial position.

3. The Minister of Finance was doubtful whether the government should get into the position of guaranteeing one industrial group against inventory losses and of advancing them operating capital, interest free. Assistance had been refused to Gaspe operators and the best course appeared to be to let the salmon packers take whatever loss might be involved.

4. The Prime Minister felt that if the proposals were adopted it would be awkward to refuse requests from other industries for the advance of working capital. It would be preferable to have interest payable on any advance but only if the rate were at or about a commercial one. It would be desirable for representatives of the Departments of Fisheries, Finance and Trade and Commerce to discuss the proposals further and to see whether the proposals could be modified and made acceptable. Possibly new elements could be brought in that would make the arrangment less susceptible of serving as a pattern for other industries.

5. The Cabinet, after discussion, agreed that decision be deferred on the proposals of the Minister of Fisheries for assistance to the B.C. canned salmon industry pending further consideration and report to Cabinet by officials of the Departments of Fisheries, Finance and Trade and Commerce.

Fisheries; assistance in respect of east coast storm damage

6. The Minister of Fisheries, referring to discussion at the meetings of Cabinet in March and April on federal assistance to fishermen for storm damage during the winter of 1951-52, reported that the extent of abnormal losses to the lobster fishery in south-west Nova Scotia was estimated at $222,000 and in Cumberland, Colchester and Pictou counties at $28,000.

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The government of Nova Scotia proposed that the government of Canada assume responsibility for grants to assist the rehabilitation of the lobster fishery as a whole and the government of Nova Scotia provide loans to assist the restoration of productivity and earning power in individual cases.

Acceptance of the proposal would be a precedent. It would be difficult to justify the confinement of aid to lobster traps and gear in particular districts while ignoring losses of boats and even life. The overall catch figures showed that no serious reduction in the value of catch had occurred in any particular county. It was reported that the fishermen themselves were not complaining about the losses nor seeking compensation.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 27, 1952 - Cab. Doc. 206-52).

7. The Minister of Resources and Development said the fishing industry in the Maritimes was one of the most depressed in Canada and the fishermen had very little security. There was a feeling that they had not received the consideration that would have been extended to western farmers in similar circumstances. There was also resentment at the impression that both the Federal and Provincial governments were denying any responsibility for them. He had told representatives of the fishermen that the government would not be able to give grants. However, some fishermen had been completely wiped out and if loans to them could be assisted it would help.

8. The Prime Minister suggested the government might guarantee loans extended by the province to assist individual fishermen. It could offer to share losses to the extent of 50 percent. In making the offer reference might be made to the fact that there was not at present any type of fishermen's insurance and that work was being done to see what might be possible. Once insurance was available the Federal government should not be expected to assume any responsibility in what was properly a provincial field.

9. The Cabinet, after discussion, noted the reports of the Ministers of Fisheries and Resources and Development and agreed that the proposal of the government of Nova Scotia that the government of Canada assume responsibility for grants to assist the rehabilitation of the lobster fishery as a whole be not approved but that the Provincial government be informed that the Federal government would be prepared to share equally in the losses on loans extended by the government of Nova Scotia to assist the restoration of productivity and earning power of lobster fishermen in individual cases.

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Canned pork; sale at reduced prices

10. The Prime Minister referring to discussion at the previous meeting, said he understood that officials of the Department of Agriculture had already been discussing with representatives of the packing industry the arrangements for selling canned pork at reduced prices in Canada in order to permit sales in the United States at the market prices there. Apparently the packers had only about one million pounds of their own canned pork on hand and it would not be necessary for the government to take it over.

11. The Minister of Agriculture stated that was correct. He thought there should be no difficulty about having the arrangements completed quickly. It appeared that the market price in the United States was lower than had been thought - about 42 cents for certain types of canned meat. The items so priced might not be strictly comparable and he had directed that the objective should be to get the best price possible in the United States and not to aim at under-selling whatever might be current prices for products that might not be of the same quality.

12. The Cabinet noted with approval the reports of the Prime Minister and the Minister of Agriculture concerning arrangements for the sale of canned pork at reduced prices in Canada and for its export to the United States.

Secretary of State; date for Thanksgiving Day

13. The Secretary of State said he had received a number of enquiries as to the date for Thanksgiving Day. For the past twenty years, with one exception, it had been set on the second Monday of October. It might be desirable to establish a fixed date for this celebration. If that were not approved it would be desirable if the date for 1952 could be set and an announcement made.

An explanatory memorandum had been circulated.

(Departmental memorandum, June 18, 1952- Cab. Doc. 202-52).

14. The Cabinet, after discussion, agreed that:

(a) no action be taken at present to fix a date for the celebration of Thanksgiving day for future years; and,

(b) Thanksgiving Day 1952 be the second Monday in October, and an announcement made forthwith.

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Federal District Commission; further financial assistance to the City of Ottawa for sewer projects

15. The Prime Minister reported that, at the meeting of December 29th, 1951, the Cabinet had approved a proposal for financial assistance to the City of Ottawa to enable certain large-scale sewer projects to be carried out at an earlier date than the city would have executed them were it not for the requirements of the National Capital Plan. The projects then approved amounted to $2.2 million and the assistance by the Federal government was to be by annual grants of 3.7 percent of expenditures over a period of 8 to 12 years. The city had now made a further application in respect of similar large-scale projects on which the estimated expenditures amounted to a total of $1,860,000 over a 12-year period. The Commission had studied the application and recommended that annual grants of 3.7 percent be approved.

(Letter, Chairman of the Federal District Commission to the Clerk of the Privy Council, June 23, 1952, and attached submission.)

16. The Minister of Finance said the proposal was in accord with the principals that had been approved.

17. The Cabinet approved the endorsement by the Prime Minister of the recommendation of the Federal District Commission to Treasury Board that annual grants be paid to the City of Ottawa for a period of 12 years at the rate of 3.7 percent of yearly expenditures approved by the Commission for the following projects:

West Nepean collector extension	$1,100,000
Rideau River collector extension	700,000
South Nepean collector extension	60,000
	$1,860,000;

Treasury Board to be informed accordingly.

Salaries; Canadian Broadcasting Corporation; Trade and Commerce

18. The Prime Minister said the Committee that had examined salaries fixed by statute and Order in Council had recommended that the salary of the Chairman of the Board of Governors of the Canadian Broadcasting Corporation be set at $17,500 effective July 1st, 1952. Other recommendations of the report had been implemented but this one had been held until near the effective date.

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19. The Minister of Trade and Commerce pointed out that the salary of the Deputy Minister of Trade and Commerce had been set at $15,000 when Mr. Mackenzie held the office. Mr. Bull's appointment had been at a salary of $13,500. He recommended that the salary be altered effective July 1st, 1952; to the figure previously established for the office.

20. The Cabinet:

(a) approved the recommendation of the Prime Minister and agreed that the salary of the Governor and Chairman of the Canadian Broadcasting Corporation be $17,500 per annum, effective July 1st, 1952; and,

(b) approved the recommendation of the Minister of Trade and Commerce and agreed that the salary of the Deputy Minister of Trade and Commerce be $15,000 per annum, effective July 1st, 1952;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 3429 and 3430, June 27, 1952)

Judicial appointments

21. The Prime Minister submitted a recommendation for appointment of a Chief Justice and the Minister of Justice submitted a recommendation for a judicial appointment.

22. The Cabinet approved the recommendations of the Prime Minister and the Minister of Justice and agreed that:

(a) the Honourable Colin Campbell McLaurin of the Trial Division of the Supreme Court of Alberta be appointed Chief Justice of that court; and,

(b) Ernest B. Wilson, Esquire, Q.C., be appointed a Judge of the Trial Division of the Supreme Court of Alberta and ex officio a Judge of the Appellate Division of that Court;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 3427 and 3428, June 27, 1952).

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

June 30th,1952

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Items discussed

St.Lawrence project; application to International Joint Commission re power development 2.

National Housing Act; proposed increase in interest rates 3.

Glen Allan Dam, Conestoga River; Federal participation 5.

Fisheries; B.C. canned salmon 6.

Commonwealth economic conference; preparatory work 7.

Commonwealth Parliamentary Association meetings; government hospitality 8.

Legislation; establishment of Cabinet Committee 8.

Tax Rental Agreements; authorization for signature 8.

International Pacific Salmon Fisheries Commission; appointment 9.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Monday, June 30th, 1952, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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St. Lawrence Project; Applications to International Joint Commission re power development

1. The Prime Minister, referring to discussion at the meeting of June 25th reported that all U.S. Federal agencies concerned had now accepted the terms of the latest Canadian proposal on power development in the International Rapids Section of the St. Lawrence River and the extent of the Canadian government's undertaking regarding the 27-foot waterway. Although reluctant at first, the New York State Power Authority had accepted the proposal on Friday, June 27th. The following day, June 28th, President Truman had given his formal approval to the arrangement.

That morning he had signed, for the Secretary of State for External Affairs, the two originals of the Canadian application which had now been forwarded to the offices of the International Joint Commission in Ottawa. The two U.S. originals would be signed later that day by Mr. Bruce, the Acting Secretary of State of the United States, and forwarded to the Washington offices of the International Joint Commission.

The Minister of Transport, accompanied by Mr. R.A.C. Henry, was now in Washington and would at 3:00 p.m., that day meet formally with the Acting Secretary of State of the United States. At that time, the Canadian Ambassador at Washington and Mr. Bruce would formally exchange notes which outlined fully the terms of the agreement respecting development of power in the International Rapids Section and the extent of Canada's undertaking in respect of the deep waterway to be provided between Lake Erie and the Port of Montreal.

The following day he proposed to table in the House of Commons the text of the Canadian application and of the notes to be exchanged in Washington. He would also at that time make a brief statement outlining the more important developments in connection with the St. Lawrence project.

(Memorandum, Privy Council Office, June 30,1952).

2 The Cabinet, after discussion, -

(a) noted the report by the Prime Minister on recent developments in the preparation of joint applications to the International Joint Commission for development of power in the International Rapids Section of the St. Lawrence River; and,

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(b) agreed that the text of the applications and of the notes to be exchanged in Washington that day be tabled in the House of Commons by the Prime Minister the following day, and that he make a brief statement at that time outlining the more important developments in this connection.

National Housing Act; proposed increase in interest rates

3. The Minister of Resources and Development reported that in the second quarter of 1951 lending institutions had virtually withdrawn from operations under the National Housing Act because of what they considered to be an unfavourable interest rate relative to other investments. By an Order in Council passed in June last year, the lending rate on National Housing Act loans had been changed from 4½ percent to 5 percent, which had the effect of the lending institutions re-entering the field with a net yield of 4 3/4 percent after mortgage expenses. That was the rate presently in effect and compared with a yield of approximately 3.5 percent on fifteen-year theoretical Government of Canada bonds.

The interest situation had become less attractive to the lending institutions than it was a year ago and there was some question as to how long these institutions would maintain their investment in National Housing Act loans.

The Minister of Finance had now suggested that the 3½ percent rate paid by Central Mortgage and Housing Corporation on borrowings from the government was insufficient and that the rate should more properly be 3 3/4 percent. The suggestion had also been made that the interest rate of lending institutions might also be increased by one-quarter of 1 percent, since these institutions operated in the same field of interest levels as the Corporation. These changes would have the effect of moving the borrowing rate payable by the public from 5 percent to 5¼ percent on joint loans, 4 3/4 percent to 5 percent on rental insurance loans and 3½ percent to 3 3/4 percent on loans to limited dividend companies. An increase of one-quarter of 1 percent would have the effect of increasing the monthly carrying charges on a twenty year basis by about twelve cents per month por thousand, or about $1 per month on the average residence financed under the National Housing Act.

The advantage in the proposed increase would be to bring N.H.A. interest rates in line with the current interest rate structure and also, perhaps, to attract more lending institution money because of the higher interest rates.

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On the other hand, such, an increase at this time might be interpreted by the public as just another hurdle placed in the way of prospective home-owners by the government. In any event, it seemed inadvisable to make the change, if approved, in the middle of the building season and it might be better to postpone any such increase until around November. Furthermore, it would seem unwise to effect any increase in the rates unless it was anticipated that the new rate pattern would continue for some time to come.

An explanatory note had been circulated.

(Minister's memorandum, June 25, 1952-Cab. Doc. No. 204-52).

4. Mr. Winters said that, although there had been a reduction in starts in 1951, housing was now going rather well. There were still a few areas where it was difficult to obtain loans from lending institutions. A plan had now been put into effect whereby the government advanced the money wherever lending institution money was not available. These government loans were processed and handled entirely by the lending companies.

5. The Minister of Finance pointed out that the principle that had been followed consistently in recent years was for the government to lend at the going rate plus a modest charge. In conformity with this policy, interest rates on loans of the Farm Loan Board, the Canadian Broadcasting Corporation, the Canadian National Railways and others had recently been increased. The National Housing Act was a notable and perhaps the only exception to this rule. Furthermore, if the interest rate on N.H.A. loans were not raised, it could be argued that the government was subsidizing urban home owners and thus placing them in a preferred position to farmers who now had to pay the higher rates under the Farm Loan Act.

6. The Minister of Mines and Technical Surveys agreed that the amount of money involved in the proposed increase was not great, but that any such increase would have a bad psychological effect on the building trades where some unemployment was now being felt and that the increase should, therefore, not take place at this time.

7. The Prime Minister agreed that the government's policy of not subsidizing interest rates was sound and should be maintained. The only question appeared to be the timing of the proposed increase. Perhaps the decision as to the effective date might be left to the Minister of Finance and the Minister of Resources and Development.

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8. The Cabinet, after discussion, noted the report of the Minister of Resources and Development and;

(a) approved in principle the proposed increase of one-quarter of 1 percent in the interest rate on National Housing Act loans; and,

(b) agreed that such increase become effective on a date to be agreed upon by the Minister of Finance and the Minister of Resources and Development in consultation.

Glen Allan Dam, Conestoga River; Federal participation

9. The Minister of Resources and Development said that investigations by the Grand River Conservation Commission of the Province of Ontario had resulted in a plan to alleviate flood hazards on that river and to increase summer flow to meet municipal, domestic and manufacturing needs. As a primary step, the plan called for construction of the Shand and Luther Marsh Dams on the Grand River and the Glen Allan Dam on the Conestoga River.

Both the Shand Dam and the Luther Marsh Dam had now been completed with the Federal government contributing 37½ percent or $771,183 to the former, and 37½ percent or $92,671 to the latter.

The Province of Ontario had now formally requested the Federal government to contribute to the cost of the Glen Allan Dam on the basis that the Federal and Provincial governments would assume 37½ percent and the Grand River Conservation Commission 25 percent of the total cost. The total estimated cost of the Dam was $5,009,500. A 37½ percent contribution by the Federal government would, therefore, amount to $1,878,562.50.

The Commission's overall plan would involve an integrated conservation programme comprising reforestation, construction of farm ponds, rebuilding of old mill dams, assistance leading to proper use of land, and educational work to acquaint the people of the watershed with the needs and advantages of the programme. It had been represented that this programme would not be entirely successful without the construction of the Glen Allan Dam.

It was recommended that the Federal government participate in the construction of the Dam on the basis recommended by the Province of Ontario, provided adequate conservation measures constituted an integral part of the overall Grand River programme.

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An explanatory note had been circulated.

(Minister's memorandum, June 25, 1952 - Cab. Doc. No. 207-52).

10. The Minister of Finance believed that, although the lines of Federal and Provincial responsibility in the field of conservation and rehabilitation had never been defined clearly, the basis on which it was suggested the Federal government might participate in the construction of the Glen Allan Dam seemed sound and furthermore was supported by a number of precedents.

11. The Prime Minister felt that, as a matter of general principle, it was advisable to get the public interested in and aware of the desirability of providing conservation measures of this nature and that the Federal government might advisedly participate in the proposed undertaking provided adequate conservation measures were an essential feature of the project.

12. The Cabinet, after discussion, noted the report of the Minister of Resources and Development and agreed that the Federal government contribute 37½ percent of the cost of constructing the Glen Allan Dam on the Conestoga River provided that,-

(a) the maximum Federal contribution would not exceed $1,878,562.50;

(b) 37½ percent of the cost of the Dam would be assumed by the Provincial government and 25 percent by the Grand River Conservation Commission;

(c) agreement was reached on the prosecution of an adequate overall programme of conservation in the watershed of the Grand River with particular reference to reforestation; and,

(d) Federal participation would not in any way be regarded as establishing a precedent.

Fisheries; British Columbia canned salmon surplus

13. The Minister of Fisheries, referring to discussion at the meeting of June 27th, said the proposal of the Fisheries Association of British Columbia for Federal aid in connection with the B.C. canned salmon surplus had been discussed further with officials of the Departments of Finance and Trade and Commerce. Neither Department seemed to favour the proposal and, in the circumstances, he suggested that final decision in this matter be deferred until after the salmon fishing season had closed in the Fall when the plan could be reconsidered in the light of experience during the current season.

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14. The Prime Minister mentioned that he had received a memorandum from the Department of Trade and Commerce which suggested that if a new plan along the lines suggested by the Fisheries Association of British Columbia were to be approved, it should provide, in addition to the provisions suggested by the Minister of Fisheries that the original purchase price by the government should not exceed 80 percent of current market prices, that inventory losses would be borne by the government but interest and carrying charges should be paid semi-annually by the industry and further it be understood that the government could, at its discretion, sell, barter or in any other way supply to the United Kingdom any stocks of canned salmon so held.

15. The Cabinet, after discussion, noted the report of the Minister of Fisheries and deferred decision on the proposal of the British Columbia Fisheries Association for Federal aid in connection with the B.C. canned salmon surplus pending further consideration in the Autumn after the current fishing season had closed.

Commonwealth Economic Conference; preparatory work

16. The Prime Minister referred to a decision taken at the meeting of June 26th that Canada participate in the Commonwealth Economic Conference to be held in London the following November.

Although the decision appeared to be sound, Canada's position would be difficult since this country was not a part of the sterling block and had particularly close economic relations with the United States and since it was understood that an effort would be made at this Conference to increase rather than decrease special trading relationships within the Commonwealth.

In the circumstances, it was recommended that the Interdepartmental Committee on External Trade Policy be made responsible for the initiation of any preparatory work required in anticipation of the meeting of Commonwealth officials which was to be held for the purpose of preparing for the Conference.

(Memorandum, Under Secretary of State for External Affairs to Prime Minister, June 28, 1952).

17. The Cabinet, after discussion, agreed that the Interdepartmental Committee on External Trade Policy be made responsible for the initiation of any preparatory work required in anticipation of the Commonwealth Economic Conference to be held in London the following November.

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Commonwealth Parliamentary Association meetings; government hospitality

18. The Prime Minister reported that the Commonwealth Parliamentary Association would meet in Ottawa from the 7th to the 14th of September, 1952.

He proposed that a reception be held at 24 Sussex Street on September 13th for members of the Association and suggested that a government dinner might be given at the Country Club during the week the Association would be in Ottawa. Since he himself would be absent at the time, the Leader of the House (Mr. Fournier) might appropriately act as host.

19. The Cabinet, after discussion, noted with approval the Prime Minister's suggestion that a reception be given at 24 Sussex Street and a government dinner at the Country Club for members of the Commonwealth Parliamentary Association which would meet in Ottawa from the 7th to the 14th of September, 1952.

Legislation; establishment of Cabinet Committee

20. The Prime Minister proposed that, in order to ensure a more orderly preparation of the government's legislative programme for future sessions, a new Cabinet Committee on Legislation be established immediately.

The functions of such a Cabinet Committee would be to prepare, for Cabinet consideration and approval, the legislative programme for future sessions, to keep the legislative programme under constant review and to undertake a detailed examination of all draft bills.

(Memorandum, Privy Council Office, June 30, 1952).

21. The Cabinet, after discussion, agreed that a Cabinet Committee on Legislation be established immediately to prepare, for Cabinet consideration and approval, the government's legislative programme for future sessions, to keep the legislative programme under constant review and to undertake a detailed examination of all draft bills; the composition and terms of reference of the Committee to be determined by the Prime Minister.

Tax Rental Agreements; authorization for signature

22. The Minister of Finance said a formal Order in Council would be required to authorize him to sign the new tax rental agreements to be entered into by 8 of the 10 provinces.

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23. The Prime Minister suggested that an appropriate draft Order in Council be prepared for approval after the Tax Rental Agreements Act, 1952, had been given Royal Assent.

24. The Cabinet, after discussion, agreed that an Order in Council be passed immediately after Royal Assent had been given to the Tax Rental Agreements Act, 1952, for the purpose of authorizing the Minister of Finance to sign the new agreements to be entered into by 8 of the 10 provinces.

International Pacific Salmon Fisheries Commission; appointment

25. The Minister of Fisheries submitted a recommendation for an appointment to the International Pacific Salmon Fisheries Commission.

26. The Cabinet, after discussion, agreed that an Order in Council be passed appointing Mr. H.R. MacMillan of Vancouver, B.C., as a member of the International Pacific Salmon Fisheries Commission for a period of two years.

(Order in Council P.C. 3455, June 30, 1952).

J.W. Pickersgill,
Secretary to the Cabinet

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TOP SECRET

CANADA
CABINET CONCLUSIONS

VOL. XXXI

SECRET

CABINET CONCLUSIONS

Meeting

July 8th,1952

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Dairy Products Act; proclamation; regulations 3.

Legislation; report on establishment of Cabinet Committee 4.

Korean political crisis 4.

Korea; armistice negotiations; commission on prisoners of war; U.N. Command 5.

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Canadian Army; training area requirement 10.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, July 8th, 1952, at 11:30 a.m.

Present:

The Minister of Trade and Commerce
and Minister of Defence Production
and Acting Prime Minister
(Mr. Howe) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence and
Acting Secretary of State for External Affairs
(Mr. Claxton),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development and
Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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St.Lawrence development project; denunciation of 1941 Agreement; procedure at International Joint Commission hearings

1. The Acting Prime Minister submitted and read a message which the Secretary proposed to send to the Canadian Ambassador at Washington. The message pointed out that the Prime Minister felt we should take the earliest appropriate opportunity to let the United States government know that the Canadian government could no longer regard itself as bound by the 1941 Agreement once detailed engineering work had begun on the all-Canadian waterway and that Canada was anxious to get this work under way as quickly as possible. In view of President Truman's eleventh-hour message to Congress, the Prime Minister realized that it might be inopportune to give such notice immediately. Nonetheless, Mr. Wrong was advised that he should make our position clear to the State Department as soon as that could be done without jeopardizing the project in any way.

The Prime Minister had also concurred in a recommendation of the Interdepartmental Committee on the St. Lawrence Seaway and Power Project to the effect that the application for power development should be presented before the International Joint Commission by counsel representing the Canadian government. Mr. St-Laurent had suggested that the Minister of Justice might ascertain whether the government of Ontario would wish to appoint an associate counsel who would represent provincial and hydro interests. In so far as Canada was concerned, Ontario-Hydro engineers would appear quite openly at International Joint Commission hearings, although "under the wing" of the Federal government. It was suggested that the Canadian Ambassador make this proposed procedure known to the State Department and ascertain whether Washington would proceed on parallel lines or whether they had any suggestions for a different line of procedure.

It was further reported that, in view of the U.S. Administration's desire to get on immediately with hearings on Lake Ontario water levels before the International Joint Commission, General McNaughton had suggested informally that hearings should be started in Toronto both on the St.Lawrence power application and on the lake levels and that these hearings should be followed quickly by hearings in Rochester on the lake levels question. General McNaughton thought that this concession on water levels would be greatly appreciated by his American colleagues on the Commission and might help to facilitate consideration of the St.Lawrence application.

(Telegram, Secretary to the Cabinet to the Canadian Ambassador at Washington, EX-1504, July 8, 1952).

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2. The Minister of Justice said that it might be difficult to retain the services of appropriate counsel outside the government service during the summer months. In any event, the real difficulties were not likely to occur at International Joint Commission hearings but rather at the hearings to be held later by the U.S. Federal Power Commission in connection with the granting of an enabling license to the New York State Power Authority.

In the circumstances, it might be preferable to appoint someone from the public service as Federal counsel to present the application to the International Joint Commission.

3. The Cabinet, after discussion,-

(a) noted with approval the proposed message from the Secretary to the Canadian Ambassador at Washington respecting Canada's withdrawal from the Great Lakes-St.Lawrence Basin Development Agreement of 1941 and the procedure Canada proposed to follow in presenting its application to the International Joint Commission;

(b) agreed that a member of the government service be nominated as counsel to represent Canada at International Joint Commission hearings on the joint applications for the development of power in the International Rapids Section of the St.Lawrence River; and

(c) agreed that the Minister of Justice approach the Attorney General of Ontario to find out whether the Ontario government would wish to appoint an associate counsel to represent that Province and the Hydro-Electric Power Commission of Ontario at International Joint Commission hearings on the St.Lawrence power project.

Dairy Products Act; proclamation; regulations

4. The Minister of Resources and Development as Acting Minister of Agriculture submitted recommendations for the bringing into effect on July 14th, 1952, of the Canada Dairy Products Act and for the establishment on the same date of regulations under that Act.

5. The Minister of Finance suggested that final decision be deferred until he had had an opportunity of examining the proposed new regulations.

6. The Cabinet, after discussion, deferred to the next meeting decision on the proposed new regulations under the Canada Dairy Products Act to enable the draft to be considered by the Minister of Trade and Commerce and the Minister of Finance.

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Legislation; report on establishment of Cabinet Committee

7. The Acting Prime Minister reported that in accordance with a decision reached at the meeting of June 30th, the Prime Minister had determined the terms of reference and the composition of the new Cabinet Committee on Legislation. The Committee's terms of reference were:

> "To prepare, for Cabinet consideration and approval, the government's legislative programme for future sessions, to keep the legislative programme under constant review and to undertake a detailed examination of all draft bills."

The Committee consisted of the Minister of Justice as Chairman and the Minister of Citizenship and Immigration and the Postmaster General as members with the Leader of the House (Mr. Fournier) as a member *ex officio*, although the latter was not expected to attend at all times. In addition, a minister or ministers sponsoring legislation which was under consideration by the Committee would participate in the Committee's deliberations.

(Memorandum, Secretary to the Cabinet to Mr. Howe, July 7, 1952).

8. The Minister of Justice thought that the main difficulty to overcome in ensuring an orderly preparation of the government's legislative programmes was that many departments did not seek approval in principle of their proposals far enough in advance of the opening of each session. He suggested the desirability of establishing a series of deadlines beyond which, barring certain exceptions, explanatory memoranda seeking approval in principle, printed bills, etc., would not be considered by Cabinet.

9. Mr. Howe thought that Cabinet would no doubt wish to approve any sanctions or methods of procedure which the new Cabinet Committee might think desirable.

10. The Cabinet, after discussion, noted with approval the terms of reference and composition of the Cabinet Committee on Legislation as determined by the Prime Minister.

Korean political crisis

11. The Minister of National Defence as Acting Secretary of State for External Affairs said that the United States had in the last week consulted its allies concerning the attitude that should be adopted if intervention by the U.N. Command in the political crisis in Korea were to become necessary. A reply had been sent to the effect that if intervention did become

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necessary it was important that the United Nations character of all action in Korea should be maintained, that the maximum use of Republic of Korea army personnel should be made and that there should be a restoration of the complete authority of the Korean government as soon as possible. The telegram emphasized the importance of keeping the other nations with forces in Korea informed. If intervention became necessary it was important that the U.N. Command should give support to the faction best able to preserve order in Korea.

12. The Cabinet noted with approval the report of the Acting Secretary of State for External Affairs concerning the statement of the Canadian position as to action that might have to be taken if intervention by the U.N. Command became necessary in the Korean political crisis.

Korea; armistice negotiations; commission on prisoners of war; U.N. Command

13. The Minister of National Defence said the armistice negotiations in Korea had resumed on July 2nd. The North Korean representative had made a statement that seemed to be accommodating and it raised new hopes that the prisoners of war issue might be settled.

Canada had been asked by the U.N. Command to nominate an officer of the rank of major or lieutenant-colonel to be a member of a commission to deal with prisoners of war who had committed crimes during their period of imprisonment. The request had been discussed with the Prime Minister. As it appeared to be a purely military matter it had been decided that it would be appropriate to nominate an officer of the rank of major as requested.

In the course of his visit, Lord Alexander had taken up with the U.S. authorities the possibility of having a member of the Commonwealth forces appointed to the staff of the U.N. Command. It had subsequently been announced that a senior British officer would be made available. It had been made clear that he would not be Deputy U.N. Commander but Deputy Chief of Staff. Canadian approval of the arrangement had been indicated.

14. The Cabinet:

(a) noted the report of the Minister of National Defence concerning the renewal of Korean armistice negotiations and the appointment of a British officer as Deputy Chief of Staff to the U.N. Commander in Korea; and,

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(b) approved the reply that had been sent to the effect that Canada would be prepared to nominate an officer of the rank of major to act as a member of a commission to consider the cases of prisoners of war who had committed crimes during the period of their imprisonment.

Airfields in Germany; financing

15. The Minister of National Defence as Acting Secretary of State for External Affairs referring to the meeting of March 12th, 1952, said that in accordance with S.H.A.P.E. allocations Canada had made plans to deploy 12 R.C.A.F. squadrons in Europe. Two airfields in France and two in Germany had been allocated for the purpose. There were insufficient funds in the occupation budget in Germany to meet the total needs of all N.A.T.O. nations and Canadian requirements for facilities could be met only at the expense of the present occupying powers. For the one firm site allocated in Germany, at Zweibrucken in the French zone of occupation, the French had agreed to set aside DM 6 million (roughly $1½ million) a month for four months out of their share of the occupation budget. This was on the assumption that the occupation might end as of October 31st. This would leave a balance of DM 6 million to meet the total estimated cost of the airfield. The French were unwilling to commit themselves to that further amount without a guarantee of reimbursement by Canada should the occupation come to an end as of October 31st. Failure to provide the amount now would mean that the airfield would not be ready for occupancy by March 31st, 1953, which was necessary.

The Canadian Ambassador in Germany said it was very unlikely that a guarantee by Canada would have to be implemented and he recommended that it be provided. The proposal for a guarantee might be accepted subject to certain conditions that were set forth.

(Memoranda, External Affairs, July 5, 1952 and National Defence, July 7, 1952).

16. The Minister of Finance said that if Canada had to implement the guarantee to provide DM 6 million the amount could be charged against mutual aid or any future contribution to infrastructure. It appeared desirable to provide the guarantee but subject to the conditions that had been stated.

17. The Cabinet, after discussion, approved the recommendation of the Acting Secretary of State for External Affairs and agreed that the Canadian Ambassador to Germany be authorized to state that Canada would guarantee reimbursement to France of an amount of DM 6 million to be provided in addition

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to the amount of DM 24 million that had been offered for the financing of an airfield at Zweibrucken for the use of the R.C.A.F. subject to the conditions that:

(a) if the occupation period did not come to an end by October 31st, 1952 the DM 6 million to complete the airfield would be available from the occupation budget; and,

(b) in the event that Canada had to implement the guarantee, the right was reserved to reopen the matter in the North Atlantic Council and elsewhere so as to be assured of equal treatment with respect to the construction of airfields; in particular that the right be reserved to claim credit for the amount under any future infrastructure financial agreement adopted by N.A.T.O. or from any mutual aid to be provided by Canada.

Development of maritime aircraft

18. The Minister of National Defence said that Canada had undertaken to provide two squadrons of maritime aircraft to be employed on anti-submarine and patrol work. Sixty Lancasters had been converted for the purpose on an interim basis. The only aircraft that was designed for such work was not a great deal better than the Lancasters. Due to normal wastage they would have to be replaced some time after 1955. The United Kingdom had a good transport aircraft available, the Bristol 175, which might be suitable. It was recommended that funds be made available to enable one of the aircraft to be secured and tests made to see whether it would be suitable for maritime purposes, with a view to undertaking production about 1955-56 if it was. There would be no commitment involved in any tests that might be made.

19. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that the Department of National Defence be authorized to make arrangements to enable the investigation of the suitability of the Bristol 175 transport aircraft for use for maritime aircraft purposes.

Haines-Fairbanks pipeline

20. The Acting Prime Minister, referring to discussion at the meeting of June 26th, said the Panel on Economic Aspects of Defence had considered the U.S. proposal for construction of an 8 inch oil pipeline from Haines to Fairbanks. About 250 miles of the pipeline would be in British Columbia and the Yukon and the cost of that section, including telephone lines, was estimated at $12,430,000. Alternative possibilities of U.S. construction, joint construction and ownership, and Canadian construction had been considered. He did not think that Canadian construction would be justified. A suitable arrangement

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would be to have the right-of-way purchased and provided by Canada with an easement to the United States to construct the pipeline on it. It was understood that the old Canol pipeline would cease to be necessary and it would be desirable, as part of the arrangement, to ask to have this pipeline and possibly also the 3 inch pipeline from Whitehorse to Haines Junction, transferred to Canadian ownership and to ensure that Canada would be given the same rights in respect of the U.S. section of the 4 inch pipeline from Skagway to Whitehorse as were given to the United States in respect of the new pipeline in Canada. It should also be arranged that the Canadian military requirements of the area would be taken care of by the new pipeline on the same basis as the U.S. military requirements in Alaska and that in peace time the pipeline would be operated on a common carrier basis in so far as there was capacity in excess of military requirements.

21. The Minister of Finance agreed that there would not be justification for having construction of the pipeline undertaken or paid for by Canada.

22. The Minister of National Defence as Acting Secretary of State for External Affairs said it would be desirable to inform the United States that construction of the pipeline had been approved in principle in order that preliminary arrangements could begin. An interdepartmental committee might be established to consider the conditions to be attached.

(Acting Minister's memorandum, July 8, 1952 - Cab. Doc. 212-52).

23. The Cabinet noted the report of the Acting Prime Minister concerning the proposal by the United States for construction of a pipeline from Haines to Fairbanks and the comments by him and the Minister of Finance concerning the undesirability of having construction undertaken or paid for by Canada and agreed that:

(a) construction of a pipeline be approved in principle and the United States informed accordingly in order that preliminary arrangements could begin forthwith; and

(b) an interdepartmental committee under the chairmanship of the Under Secretary of State for External Affairs study the project further, especially the conditions which should be attached; the committee to report to the Cabinet at the next meeting.

Unemployment; Federal relations with provinces and municipalities; statistics

24. The Minister of Labour reported that in February, 1952, when direct pressure from municipalities, particularly in Ontario, was being made for assistance

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in coping with winter unemployment, the Cabinet had agreed that the then Clerk of the Privy Council convene ad hoc meetings of departmental representatives most immediately concerned for the purpose of ensuring consistency in the various departmental responses to requests of this nature.

There was now some prospect that there might be fairly serious unemployment problems in certain regions next winter. In the circumstances, he suggested that the Secretary be asked to discuss with officials of the Department of Labour and other departments concerned the general problem of the relationship which should exist between the Federal government on the one hand and the various provinces and municipalities on the other as regards unemployment matters. In this connection the rather general policy which had been tentatively adopted in anticipation of the 1950 Federal-Provincial Conference might usefully be reviewed.

There might also be some advantage in having the same group of officials reconsider the question of unemployment statistics in order to remove the inconsistency which had long existed between the figures put out by the National Employment Service and the unemployment statistics published quarterly by the Bureau of Statistics.

A report on both these matters should probably be prepared for submission to Cabinet later during the course of the summer.

25. The Minister of Finance suggested that in preparing their report to Cabinet, the ad hoc committee of officials suggested by the Minister of Labour should keep in mind that, not only in connection with unemployment matters but in all other fields as well, municipalities should not normally deal direct with Federal authorities but only through their respective provincial governments.

26. The Minister of Trade and Commerce said that the 1951 Census had demonstrated the remarkable accuracy of the quarterly unemployment figures published by the Bureau of Statistics. In the circumstances, he thought that it would be advisable to request the Bureau to publish its unemployment figures monthly rather than on a quarterly basis and that these be the only unemployment statistics to be made public. The National Employment Service figures could continue to be compiled but only for the internal purposes of the Department of Labour and possibly as a comparative check against the sample surveys of the Bureau. Such a system would be beneficial only if it were agreed that no unemployment figures except those prepared by the Bureau were to be made public.

27. Mr. Gregg agreed that D.B.S. sample surveys be the only figures to be made public provided these surveys could be completed rapidly and on a monthly basis rather than quarterly as at present.

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28. The Cabinet, after discussion,-

(a) agreed that the Secretary convene an *ad hoc* committee of officials representing the departments most immediately concerned to consider and report on:

(i) the extent of the Federal government's responsibility in respect of unemployment and particularly the relationship which should exist between the Federal government on the one hand and the provinces and municipalities on the other; and

(ii) the problem of ensuring accuracy and consistency in the unemployment figures published from time to time by various government departments and agencies; and

(b) approved in principle the proposal that the sample surveys of the Bureau of Statistics be the only unemployment figures to be made public, provided such surveys could be completed rapidly and on a monthly basis rather than quarterly as at present.

Canadian Army; training area requirement

29. The Minister of National Defence said Canadian N.A.T.O. undertakings required the Canadian Army to train in Canada a division, less the one-third in Europe, to full battle fitness. There had not previously been a requirement of this magnitude in Canada and there was no training area available of sufficient size to enable divisional training to be carried out during all seasons of the year. All areas were too small except at Wainwright and Shilo, and there the severe winter climate interfered with training of troops preparing for battle in temperate theatres. As training was with a view to operations in Europe, the most desirable location for a training area would be southern New Brunswick or Nova Scotia. The minimum size required would be 30 by 20 miles.

Six areas had been investigated: Sackville, Yarmouth, Utopia, Annapolis Valley, Guysboro and Gagetown. Costs in the Annapolis Valley would be prohibitive. Conditions in the areas of Sackville, Yarmouth, Utopia and Guysboro were not satisfactory for a number of reasons. The only area that appeared to meet requirements was that of Gagetown, N.B. The terrain and climate were suitable, the area had good communications and in the southwest corner provided a suitable accommodation site sufficiently close to St.John. It was sparsely populated. It was estimated that the cost of clearing land would be about $4.5 million and that of developing accommodation for the units which it was planned to locate there permanently would be about $26 million. Financial

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provision to cover the acquisition of land and development of needed accommodation was available in current Army appropriations. It was recommended that approval be given to the immediate acquisition of the land for a divisional all-weather training area and the progressive development of suitable troop accommodation and training facilities.

An explanatory memorandum was circulated.

(Minister's memorandum, July 7, 1952 - Cab. Doc. 211-52).

30. Mr. Claxton said he had spoken to the Premier of New Brunswick about the project and he would be anxious to see it located in that province. It might be felt desirable to consider the proposal at some length and take definite decisions at a later meeting.

31. The Minister of Finance said that if the plan were to be implemented he thought that the area proposed was suitable.

32. The Cabinet, after discussion, noted the recommendation of the Minister of National Defence that a training area be provided in the vicinity of Gagetown, New Brunswick, to enable divisional training in Canada at all seasons of the year of forces to meet Canadian undertakings to N.A.T.O. and agreed that decision be deferred to a meeting at which the Prime Minister was present.

Combines Investigation Act; report

33. The Minister of Justice said he had received a report by the Commissioner under the Combines Investigation Act that a combination in restraint of trade existed in Winnipeg when members of a bakery workers' union had threatened strike action to prevent a reduction in the price of bread. The facts of the situation were generally known in the Winnipeg area. It was proposed to make a statement to the press concerning receipt of the report and to say that consideration was being given to it.

As the alleged combine had operated entirely within the Winnipeg area, it was proposed to draw the report to the attention of the Attorney General of Manitoba and to ask whether the provincial authorities proposed to take action in view of their responsibility for the administration of justice in the province.

34. The Cabinet noted the report of the Minister of Justice concerning a press statement to be issued and the communication to be made to the Attorney General of Manitoba concerning the report that a combination in restraint of trade had existed in Winnipeg on the part of members of a bakery workers' union which had acted to prevent a reduction in the price of bread.

J.W. Pickersgill,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, of the House of Commons on Tuesday, July 15th, 1952, at 10:00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
and Acting Minister of Finance,
(Dr. McCann),
The Secretary of State for External Affairs
(Mr. Pearson),.
The Minister of Citizenship and Immigration
(Mr. Harris),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Quebec; Provincial elections

1 The Minister of Public Works pointed out that the question had arisen of giving civil servants who resided in Hull and region time to vote. The Quebec electoral laws provided that every employer in the province must allow his employees at least three hours off in addition to the normal lunch period for the purpose of casting their votes. Although Provincial legislation was wider than the equivalent Federal laws in this respect, he thought it would be advisable to allow Federal civil servants resident in the Province of Quebec the length of time prescribed in the Provincial legislation.

2. The Minister of National Defence raised a similar question regarding troops at Petawawa. Camp.

3. The Prime Minister thought it might be agreed that the Federal government would not object to Federal civil servants availing themselves of the provisions of the Quebec legislation on time off for voting purposes.

4. The Cabinet, after discussion, agreed that there would be no objection to Federal civil servants availing themselves of the provisions in the Quebec legislation on time off for voting purposes, and that they should not be penalized for doing so; and left the question of troops to be decided administratively by National Defence.

Treasury Board; revision of membership

5. The Prime Minister submitted a recommendation for appointment of members and alternate members of Treasury Board in accordance with the provisions of the Financial Administration Act.

6. The Cabinet, after discussion, agreed that an Order in Council be passed appointing with the Minister of Finance, Mr. Fournier, Dr. McCann, Mr Gregg, Mr. Garson and Mr. Harris as members of Treasury Board and all other members of the government with the exception of the Prime Minister, the Minister of Trade and Commerce, the Minister of Agriculture, the Minister of National Defence and Senator Robertson, as alternate members.

(Order in Council P.C. 3547 July 15, 1952).

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Appointments; Acting Minister of Justice and Acting Minister of Finance

7. The Prime Minister submitted recommendations for the appointment of an Acting Minister of Justice and of an Acting Minister of Finance.

8. The Cabinet, after discussion, agreed that an Order in Council be passed:

(a) authorizing Mr. Harris to act as Minister of Justice in the simultaneous absence from Ottawa of the Minister of Justice and of the Acting Minister of Justice (Mr. Lapointe); and

(b) authorizing Dr. McCann to act as Minister of Finance in the simultaneous absence from Ottawa of the Minister of Finance and of the Acting Minister of Finance (Mr. Garson).

(Order in Council P.C. 3553, July 15, 1952).

Appointment; Board of Trustees, National Gallery

9. The Minister of Citizenship and Immigration submitted a recommendation for an appointment to the Board of Trustees of the National Gallery.

10. The Cabinet, after discussion, agreed that an Order in Council be passed appointing John A. MacAulay, Esq., Q.C., of Winnipeg to be a member of the Board of Trustees of the National Gallery of Canada.

(Order in Council P.C 3518, July 15, 1952).

Nova Scotia; appointment of Lieutenant-Governor

11. The Prime Minister reported that he had been in communication with the Honourable J.A.D. McCurdy regarding the appointment of his successor in the post of Lieutenant-Governor of the Province of Nova Scotia. Mr. McCurdy would soon have completed five years and it had been suggested to him that the new appointment might be made during the month of August. In correspondence exchanged during the past few months, Mr. McCurdy had indicated that he would prefer not having this done for some time to come. Taking into account all circumstances, however, it was thought advisable and it had been suggested to Mr. McCurdy that a successor be appointed effective October 1st, 1952. No reply had yet been received,

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12 Mr St-Laurent suggested that approval in principle be given now to the appointment of Mr. Alistair Fraser Q.C., as Lieutenant Governor of Nova Scotia effective October 1st, 1952, but that the appropriate Order in Council and announcement be withheld until such time as the matter had been cleared finally with Mr McCurdy.

13 The Cabinet, after discussion, noted the report of the Prime Minister and agreed that, after the matter had been cleared finally with the present Lieutenant-Governor of Nova Scotia, an Order in Council be passed appointing Mr. Alistair Fraser, Q.C., as Lieutenant-Governor of Nova Scotia, effective October 1st, 1952, and that an appropriate announcement be made at that time.

Dairy Products Act; regulations

14. The Minister of Trade and Commerce, referring to discussion at the meeting of July 8th, reported that, after reviewing the matter, he had no objection to the proposed new regulations under the Canada Dairy Products Act.

15. The Prime Minister said that the Department of Finance had pointed out that Part III of the regulations, dealing with imports, prescribed specifications which were perhaps too detailed for containers of imported dairy products. It was also thought that the discretionary power vested in the Minister in respect of approval of the types of packages in which these imported goods must be packed was perhaps too wide.

The Department of National Health and Welfare had pointed out that there was discrepancy between the fat content of ice cream as prescribed in the present regulations under the Food and Drugs Act and the proposed new regulations under the Dairy Products Act. The Food and Drugs regulations required 13 percent minimum for vanilla ice cream and 11 percent for fruit and nut flavours, whereas the Dairy Products regulations would permit a minimum of 10 percent for all flavours.

(Memorandum, Privy Council Office, July 14,1952).

16. The Secretary stated that, in discussing the matter further with Finance officials it had been ascertained that, with the exception of whole milk powder and evaporated milk which were not being imported in any event, the present regulations on specifications for containers were in no way more restrictive than regulations in effect for many years. With reference to the fat content in ice cream it was pointed out that the proposed 10 percent was a minimum only and would have no effect on the production of premium quality

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ice creams for which there is an established market. The new minimum, however, would result in a product of high quality, of a fat content approximately the same as required in most of the States in the United States. Fat being one of the most expensive ingredients in ice cream, by reducing the standard it was hoped that the price of cones would be reduced from 7 - 6 cents to 5 cents with a corresponding reduction in packaged goods. It was also felt that with the establishment of the new standard there would be less likelihood of ice cream manufacturers substituting vegetable oils for milk fat in this product which is a definite threat to the industry. The Department of National Health and Welfare were quite prepared to amend their regulations to agree with the new fat content provisions being written into the Dairy Products regulations.

17. The Cabinet, after discussion, agreed that, as recommended by the Minister of Agriculture, Orders in Council be passed,-

(a) authorizing the bringing into effect of the Canada Dairy Products Act, Chapter 39 of the Statutes of 1951, on July 15th, 1952;

(b) establishing, effective July 15th, 1952; "Canada Dairy Products Regulations" in accordance with the powers conferred by the said Act; and

(c) amending the Regulations under the Food and Drugs Act to conform with the new regulations for ice cream in the Dairy Products Regulations.

Canadian magazines; financial position

18. The Prime Minister referred to the interview he and the Minister of Finance had had on March 19th with a delegation from the Magazine Publishers Association of Canada, at which time a brief was submitted on the financial position of national Canadian magazines. The brief had been referred to the Interdepartmental Committee on External Trade Policy for consideration and report.

The Committee was of opinion that most of the remedies suggested by the Association were either impractical or would not achieve the results desired. The Committee concluded that there were only two means available to the government of providing some measure of assistance.

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The first would involve calling the public's attention to national Canadian magazines through programmes and commentaries on the C.B C. network with the hope thereby of raising their circulation. The Chairman of the Canadian Broadcasting Corporation had indicated that this could be done and details were now being worked out.

The second measure would involve diverting a larger amount of government advertising to Canadian magazines of general character. This diversion would not include Canadian editions of U.S magazines such as Time and Reader's Digest. It was noted, in this latter connection, that Canadian government advertising in 1952 amounted to $4,723,000 of which $382,000, or 8 percent, went to Canadian magazines and Canadian editions of U S magazines combined. In 1953, government advertising had dropped to $4,311,000 but the share to Canadian magazines and Canadian editions had dropped much more sharply to $195,000, or about 4.5 percent.

An explanatory note had been circulated.

(Memorandum Secretary to the Cabinet, July 10, 1952 - Cab. Doc. 213-52).

19. The Cabinet, after discussion, noted the Prime Minister's report on the financial position of national Canadian magazines and agreed that:

(a) an effort be made to increase the circulation of national Canadian magazines by arranging with the Canadian Broadcasting Corporation to provide programmes and commentaries calling the public's attention to them; and,

(b) without increasing the overall amount of government advertising, additional advertising to the total of approximately $100,000 per annum be directed to national Canadian magazines rather than to other media; it being understood that this diversion would not include Canadian editions of U.S magazines and that the departments with the largest advertising programmes (National Defence, Resources and Development, Finance, Labour, Citizenship and Immigration, Post Office, Royal Canadian Mounted Police, Trade and Commerce and National Revenue) be directed to carry out this diversion on a more or less pro rata basis.

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Meteorological information; wartime security

20. The Minister of Transport said the Interdepartmental Meteorological Committee had submitted recommendations as to the policy which might govern dissemination in Canada of meteorological information in wartime. The recommended policy was similar to that which had been in existence during World War II In general terms its aim was to deny useful meteorological information to the enemy while at the same time providing the maximum of weather information to Canadian users such as the forestry and agricultural industries.

He recommended that the policy, as submitted by the Committee, be approved for inclusion in the Government War Book.

An explanatory note had been circulated.

(Memorandum, Transport, May 12, 1952 - Cab. Doc. 214-52)

21. The Prime Minister suggested that paragraphs 2 (b) and 6 (b) of the draft submitted might usefully be reworded to remove possible ambiguity in respect of the degree to which radio transmissions were subject to interception.

(Secretary's note, July 15, 1952).

22. The Cabinet, after discussion, approved the statement of policy on wartime arrangements for the security of meteorological information as submitted by the Minister of Transport and agreed that it be included in the Government War Book after revision of paragraphs 2 (b) and 6 (b) as suggested by the Prime Minister.

St. Lawrence Project; application to International Joint Commission; engineering plans for the Seaway

23. The Prime Minister, referring to discussion at the meeting of July 8th, said information had been received from the Chairman of the Canadian section of the International Joint Commission that arrangements had been made to hold a hearing on the Lake Ontario water levels reference in Rochester on Tuesday, July 22nd and hearings on both the water levels reference and the St. Lawrence applications in Toronto on Wednesday, July 23rd, and on the St. Lawrence applications alone in Ogdensburg on Thursday, July 24th, and in Cornwall on Friday, July 25th Mr. D.W. Mundell, Senior Counsel of the Department of Justice, had been nominated to act as Federal Counsel in the presentation of Canada's application for power development in the International Rapids Section. He would be assisted by Mr. Leslie Blackwell, Q.C. who had been retained by the Ontario Hydro Electric Power Commission to represent Provincial and Hydro interests. It was further suggested that the Departments of Transport and External Affairs each nominate one of their legal officers to assist Mr. Mundell in the presentation of the Canadian case at the hearings.

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He added that the Director of the Special Projects Branch of the Department of Transport had submitted a memorandum outlining the various engineering tasks which should be put in hand without delay if construction of the deep waterway were not to delay production of power in the International Rapids Section. It had been suggested that the engineering personnel of the Special Projects Branch would undoubtedly form the nucleus of the much larger engineering staff which would eventually be required by the St. Lawrence Seaway Authority when appointed. In order to allow necessary design and planning to proceed without delay it might be advisable to move the Branch to Montreal, which would eventually be the headquarters of the Seaway Authority, and request Mr. R.A.C. Henry to assume direction of this personnel in furthering preparations for construction of the deep waterway. The present Head of the Branch Mr. Guy A. Lindsay, might more usefully remain in Ottawa as a special assistant to the Minister or to the Deputy Minister of Transport with a view to acting as an expert consultant in all matters relating to the St. Lawrence Seaway and Power Project. It had been ascertained that Mr. Henry would be agreeable to such an arrangement if approved by the government.

(Memorandum, Secretary to Prime Minister, July 12, 1952).

24. The Minister of Transport agreed that, in view of the short time available before the first hearing on the St. Lawrence project, it was preferable to entrust the presentation of the Canadian case to a Senior Counsel of the Department of Justice. However, at a later date, it might be found advisable to appoint some well known lawyer from outside the government service to handle the case.

He added that, in all probability, it would be possible to secure space in Montreal at an early date to house the engineering staff in the immediate future and the St. Lawrence Seaway Authority personnel later.

He also thought that further efforts might usefully be made at this time to hasten the naming of the U.S. power-developing entity by the United States government.

25. Mr. St-Laurent thought it unlikely that President Truman would wish to announce the identity of the U.S. agency until after conclusion of the Democratic Presidential Convention later that month.

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26. The Cabinet, after discussion:

(a) noted with approval the nomination of Mr. D.W. Mundell, Senior Counsel of the Department of Justice, as Federal Counsel to present the Canadian case before the International Joint Commission at hearings on the application for the development of power in the International Rapids Section of the St. Lawrence River, and agreed that the Departments of Transport and External Affairs should each nominate one of their legal officers to assist Mr. Mundell in this connection;

(b) approved in principle the proposal that the engineering staff of the Special Projects Branch of the Department of Transport be transferred to Montreal and placed under the general supervision of Mr. R.A.C. Henry, for the purpose of preparing the detailed designs and plans required in connection with construction of the 27-foot waterway, and that the present Director of the Special Projects Branch be appointed special assistant to the Minister or Deputy Minister of Transport, and retained in Ottawa in the capacity of expert consultant on all matters relating to the St. Lawrence Seaway and Power Project; and,

(c) agreed that the Minister of Transport endeavour to obtain suitable accommodation in Montreal for the engineering staff to be transferred to that City.

Canadian Army; training area requirement; Gagetown site

27. The Minister of National Defence referring to discussion at the meeting of July 8th, reviewed the proposals he had put forward then for the establishment of an Army training area in New Brunswick.

He added that Premier McNair of New Brunswick, who had been kept informed of the possible acquisition of the Gagetown, N.B. area as an all-weather Army training area, favoured the proposal. The removal of some 550 to 600 families would undoubtedly present problems, but it was thought that the establishment of a training area of this size would, in the long run, be beneficial to the Province of New Brunswick as a whole and would, therefore, probably be viewed with favour by the population generally.

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28. The Prime Minister agreed that setting up of an Army establishment of this size in New Brunswick would no doubt be helpful economically to that Province but, in view of reports that Premier McNair would, the following day, recommend the dissolution of the Legislature, it might be advisable to withhold any active steps towards acquisition and any announcement until a later date.

29. The Cabinet, after discussion, approved in principle the acquisition of the Gagetown area in the Province of New Brunswick to serve as an all-weather training area for the Canadian Army as recommended by the Minister of National Defence; it being understood that no positive steps towards acquisition would be taken and no announcement made until there had been further consultation with the Provincial government.

Haines-Fairbanks pipeline

30. The Secretary of State for External Affairs, referring to discussion at the meeting of July 8th, said the Interdepartmental Committee had completed study of the conditions that should be attached in the agreement with the United States for construction of the pipeline from Haines to Fairbanks. It was recommended that there be no alienation of Canadian land to the United States and that title to lands not already owned by the Crown in the Right of Canada be acquired by the government; detailed plans and specifications of the Canadian section of the pipeline should be acceptable to the Canadian authorities in advance of construction; the United States should have the right to own the pipeline for a specified term of years; Canadian defence requirements should be accorded equal priority with U.S. requirements, the line should be treated as a public carrier at the request of the Canadian government in so far as military requirements permitted. The agreement should also provide that the Canadian government could take over, without charge, the Canadian section of the 4 inch line from Skagway to Whitehorse as well as certain other lines already in existence. In addition, a number of conditions regarding construction were recommended.

Copies of the report were circulated.

(External Affairs memorandum, July 14, 1952 - Cab. Doc. 215-52).

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31. The Minister of Trade and Commerce was doubtful as to the value or desirability of an option for Canada to acquire title to the facilities on payment of fair compensation after a fixed period, such as ten years. This condition ought not to be stressed if the United States objected.

32. The Minister of Citizenship and Immigration suggested that the condition about application of Canadian law should not include the proviso "except when expressly waived by Canada". If the United States wished to have exemptions in some respects it was for them to urge the matter.

33. The Cabinet, after discussion:

(a) approved the report of the Interdepartmental Committee on certain conditions that should be attached to the construction by the United States through Canadian territory of a pipeline from Haines to Fairbanks, subject to the comments of the Ministers of Trade and Commerce and Citizenship and Immigration; and,

(b) agreed that a further report on the arrangements be made to the Cabinet after they had been discussed with the United States authorities.

North Atlantic Treaty; protocol on status of International Military Headquarters

34. The Secretary of State for External Affairs reported that the Parties to the North Atlantic Treaty had subscribed in 1951 to agreements on the status of the civilian staff of N.A.T.O. and of forces of a member state sent into the territory of another member. A protocol had now been prepared to make the N.A.T.O. Status of Forces Agreement applicable mutatis mutandis to allied headquarters and their staff, both military and civilian. It was in principle a desirable instrument and the present text was acceptable. There was no likelihood that the protocol would have to be implemented in Canada since the only N.A.T.O. headquarters contemplated for this country was a small establishment under the Supreme Allied Commander Atlantic in Halifax which would be staffed with Canadian personnel. It was recommended, with the concurrence of the Ministers of National Defence and Finance, that the protocol be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, June 26, 1952 - Cab. Doc. 208-52).

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35. The Cabinet, approved the recommendation of the Secretary of State for External Affairs as concurred in by the Ministers of National Defence and Finance and agreed that, whenever it became open for signature by member states, Canada subscribe to the protocol to the North Atlantic Treaty Organization Status of Forces Agreement making it applicable to allied headquarters under N.A.T.O. and their staffs.

N.A.T.O. Annual Review; completion of questionnaire by Canada

36. The Secretary of State for External Affairs said the North Atlantic Council had been examining the procedure for carrying out the review of the requirements for building and maintaining adequate defensive strength as agreed on at Lisbon. Canada had objected in a number of respects to the questionnaire prepared for the review but it had been approved despite our objections. It had originally been designed to include estimates for 1954 and 1955 but, as a result of a U.S. submission, it was agreed that it would not call for information on the cost of meeting force goals for 1954 and 1955 but only for the forces planned to December 31st, 1953. Detailed costing of the December 1953 force goals was one of the principal elements in the annual review exercise. The Canadian force goals for 1953 had been approved by the government and reported at Lisbon and the requested information as to the physical programme could be provided. Costing figures could be given to March 31st, 1953. From then to December 31st, 1953 no estimated appropriations had been approved as a basis for calculation. If no cost figures were given for 1953, Canada would be in a position of isolation in that respect in N.A.T.O. Moreover, if the physical programme were given without costing figures it would be costed elsewhere with the likely result that Canadian defence expenditures would appear much lower than they would according to our own calculations. Canada's failure to give costing information would weaken the position of the United States in its attempt to encourage the European allies to the greatest defence contribution in the common cause.

An explanatory memorandum was circulated.

(Minister's memorandum, July 10, 1952-Cab. Doc. 220-52).

37. The Minister of National Defence pointed out that figures from April 1st to December 31st, 1953 would cover only three-quarters of that fiscal year. It was not feasible to make a realistic breakdown of expenditures for a fraction of a year.

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Canada was in a completely unique position within N.A.T.O. Apart from the United States, it was the only country entirely, paying its own way. European countries all had an incentive to supply large figures as a means of securing added assistance from the United States. The U.S. government did not have complete constitutional authority to ensure the fulfilment of figures that might be estimated in advance. The defence expenditures for 1953 would have to be considered in the light of all other budgetary requirements and there would have to be room for adjustment. In the circumstances it appeared that there should not be any attempt, in the near future, to give any estimates of expenditures for the period after March 31st, 1953.

38. The Minister of National Revenue as Acting Minister of Finance said the Department of Finance agreed that figures for the first nine months of the fiscal year 1953-54 would not have any validity. The defence appropriations could be considered only in the light of other expenditures, the estimated yield of taxes and possible changes in the tax structure. In the circumstances the Department considered that data should be given on the major items of equipment in the programme and that financial figures be made available only when the estimates to be submitted to Parliament had been prepared and accepted by the government.

39. Mr. Pearson stressed that the proposed position would leave Canada isolated. It would, moreover, amount to the argument that we could not do this year what had been done the previous year at Paris. The Canadian position would become public and would be misrepresented to the effect that Canada was beginning to default.

40. The Prime Minister said that, while that might be so, it was nevertheless the case that the government was not in a position to determine at the present time what the budget would be for the fiscal year 1953-54. It would have to be explained to N.A.T.O. that the next Canadian budget would probably have to be submitted to the Canadian people at an election and that the government would have to be much closer to the next fiscal year than at present before saying what the country would be asked to support. Canada was not retiring from the physical programme. There were, however, some hopes that the costs might be reduced. Above all it was essential that the Canadian plans for N.A.T.O. expenditures be such that they had a reasonable chance of being approved by the people. It might be that by December 1952, the Minister of Finance would be in a position to indicate what Canada would be able to do in 1953-54. In the meantime, it was not possible even on the basis of an estimate to say what would be done.

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41. The Cabinet, after considerable discussion, agreed that, in reply to the questionnaire to be completed for the N.A.T.O. annual review costing figures be provided only for the period to March 31st, 1953 and it be explained to the members of N.A.T.O. that, for the period thereafter to December 31st, 1953, it would not be possible to provide estimates of expenditure until they had been prepared for submission to Parliament and approved by the government, but that Canada intended to carry out and pay for the planned physical programme already announced.

U.S. import restrictions; action under G.A.T.T.

42. The Secretary of State for External Affairs, referring to discussion at the meeting of February 12th, reported that the amended version of the U.S. Defence Production Act, which entered into force on July 1st, contained a section substantially similar to section 104 of the 1950 Act restricting imports of fats, oils, cheese and other dairy products. At the Intersessional Committee of the G.A.T.T. in February 1952, a working party had been established, of which Canada was a member, to receive any notifications by Contracting Parties of their intention to suspend application of concessions to the United States. The Danish government had now enquired whether Canada intended to request the convening of the working party and, if not whether Canada would support a Danish initiative along similar lines.

The Interdepartmental Committee on External Trade Policy had considered the question and agreed that there would be little purpose in having the special working party convened at this time since the regular session of the Contracting Parties was scheduled to open on October 2nd. It was recommended that a reply be sent to the Danish note accordingly.

An explanatory memorandum was circulated.

(Minister's memorandum, July 14, 1952 - Cab. Doc. 219-52).

43. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that a reply be sent to the Danish note on the convening of the working party under G.A.T.T. to consider import restrictions imposed by the U.S. Defence Production Act stating that:

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(a) the Canadian government thought it would be desirable to postpone discussions until October or November when the next regular session of the Contracting Parties was expected to be held; but that

(b) as a member of the special working party, Canada would be willing to participate in any discussion which might be held in advance of the regular session at the request of a complaining contracting party.

Meat; present position

44. The Prime Minister said memoranda had been received from the Department of Agriculture on the present meat position.

Hog marketings were declining in keeping with the normal seasonal trend but continued about one-third over 1951. Storage stocks of pork cuts had been reduced by 7 million pounds during June and stocks of Wiltshire sides were being offered back into the trade. Purchases of canned pork to June 28th were 38 million pounds. As the higher priced cuts were now being absorbed in current trading the price of canned pork had been reduced from 61.8 cents to 57 cents per pound effective July 7th. Government-owned canned pork had not as yet been offered for sale either in Canada or the United States but a number of problems had been solved or partly solved and it was hoped that sales could be undertaken at an early date. It appeared that the Canadian price would have to be approximately 40 cents per pound f.o.b. Canadian factories to sell in the United States in competition with established brands. Sale in Canada would have to be at the same price to avoid countervailing duties.

Inspected slaughterings of beef had declined during June and were not now greatly above domestic requirements. The Agricultural Products Board were receiving about 3 million pounds of beef a week for sale to the United Kingdom under the tripartite arrangement. In view of the lower marketings the Board was now limiting acceptance to carcasses of 600 pounds or more instead of the 500 pound minimum prevailing up to the previous week. Up to July 11th 42,809,090 pounds had been bought for sale to the United Kingdom of which 25,861,390 pounds had been shipped. The price in Toronto for the week ending July 5th was $26.34 as compared with the floor of $25.00.

Explanatory memoranda was circulated.

(Memoranda, Department of Agriculture, July 14 and July 15, 1952 - Cab. Docs. 216-52 and 217-52).

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45. Mr. St-Laurent felt it was essential that the sale of canned pork in both Canada and the United States begin immediately. Whatever the problems were they had to be cleared up at once and sale begun notwithstanding the substantial drop in price that would have to be accepted. So far as beef was concerned, he understood the packers were competing for the reduced marketings and pushing prices above the floor. The surplus over domestic requirements had to be sold at the floor price but the packers covered the difference through higher prices on sales of beef for current domestic consumption. In the circumstances it appeared that the government's support of the market was having the effect of pushing retail prices higher than they should be in relation to the floor.

46. The Cabinet, after discussion, noted the report of the Department of Agriculture concerning the present meat position and agreed that:

(a) notwithstanding the substantial drop in price that would have to be accepted to enable canned pork to be sold in the United States, measures be taken at once to begin selling immediately; and,

(b) the Minister of Trade and Commerce enquire into the operation of the floor price for beef to ascertain whether it was being used, at the present time, to enable prices to consumers to be pushed substantially above their proper relation to the support level and whether any change in policy or practice would be desirable.

Cheese; additional guarantee by the Province of Ontario

47. The Prime Minister reported that the Ontario government had, on July 10th, approved a guarantee to banks on behalf of the Ontario Cheese Producers Association Limited of 6 cents per pound on cheddar cheese additional to the Federal guarantee of 24 cents. The agreement between the Federal government and the Ontario Cheese Producers Association provided that the Association would make no payment to cheddar cheese producers subsequent to the initial payment unless it were approved by the Governor in Council. The Ontario guarantee was subject to such approval and to assurance that no New Zealand cheese would be imported into Canada during the term of the Federal agreement with the Association. The Minister of Agriculture recommended that the necessary authority be given. He felt that the question of New Zealand imports was an entirely separate matter.

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An explanatory memorandum was circulated.

(Memorandum, Minister of Agriculture, July 15, 1952 - Cab. Doc. 218-52).

48. Mr. St-Laurent pointed out that the 30 cent guarantee would tend to operate to some extent as an incentive price which would increase cheese production and thus lower the market price to some degree. If that tendency went far enough it might increase the risk of the Federal government having to implement its guarantee to pay the difference between the market price and 24 cents. The Deputy Minister of Agriculture thought the tendency in this direction would not be very serious and that there was little risk that cheese would go below 24 cents. However, it should be made quite explicit, if the Ontario arrangement were authorized, that the Federal government would have no liability whatever as long as the price secured for cheese were 24 cents or more. As to approval of the arrangement, it seemed difficult for the government to take a position that would make it appear to be preventing the cheese producers from receiving an additional 6 cents which they had been offered by the government of Ontario.

(Memorandum, Privy Council Office, July 15, 1952)

49. The Secretary of State for External Affairs said the present arrangement under which New Zealand was not shipping cheese to Canada was a purely informal one. If there were to be any firm condition against imports, the New Zealand authorities should be consulted.

50. The Cabinet, after discussion, agreed that the Ontario Cheese Producers Association be authorized to make a payment to cheese producers, subsequent to the initial payment, in the amount guaranteed by the government of Ontario on the understanding that the payment did not in any way increase the liability of the Federal government under the terms of the agreement entered into between it and the Association on June 14th, 1952, but that passage of the Order in Council granting such approval be withheld pending further discussion by the Department of External Affairs with the New Zealand authorities on the condition desired by the Province of Ontario that there be no imports of cheese from New Zealand during the term of the Federal agreement with the Association.

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Yarmouth - Bar Harbor ferry; U.K. tenders

51. The Prime Minister, referring to discussion at the meeting of June 17th, said he understood that Canadian shipbuilders were anxious to have tenders on the Yarmouth-Bar Harbor ferry restricted to domestic shipbuilders. It had been suggested that specifications should be prepared in such a way that only Canadian builders would be able to tender. If U.K. yards could build the type of vessel that was wanted, within the necessary time limit, under better terms than Canadian builders they should not be excluded from the contract. It had been desirable before Korea to give Canadian shipyards a measure of protection in order to keep a nucleus in Canada for expansion in an emergency. The industry, was, however, substantially beyond what had been considered to be the essential nucleus. The yards had ample business at the moment and it was desirable that they should feel the compulsion to get into a competitive position. It was most important for Canadian interests generally that the United Kingdom should be in a position to earn dollars with which to buy Canadian products. In tendering on the contract any U.K. yards should be expected to submit a firm price and not tender on a cost-plus-basis.

52. The Minister of Trade and Commerce agreed with the remarks of the Prime Minister. As long as Canadian shipbuilders felt that there would be no competition on tenders their prices would continue to be high.

53. The Minister of Transport thought that if the ferry were entirely open to U.K. tenders there was little doubt but that the contract would go to a U.K. yard. If, it was the desire of the government that U.K. builders be enabled to tender, arrangements would be made accordingly.

54. The Cabinet, after discussion, agreed that:

(a) specifications for the Yarmouth-Bar Harbor ferry should not be drawn so as to exclude the possibility of construction of the vessel in the United Kingdom and that U.K. builders should not be otherwise prevented from tendering; and,

(b) the specifications should be drawn in such a manner as to require delivery within a suitable period and construction on a firm price basis and should be open for tenders from builders both in Canada and the United Kingdom.

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Korea; withdrawal of Canadian company from Koje Island

55. The Minister of National Defence said advice had been received that "B" Company, 1st Battalion of the Royal Canadian Regiment had handed over its responsibilities on Koje Island. It was now en route to rejoin the remainder of the Battalion. The Red Cross representative stated that the enclosure was very well operated.

56. The Cabinet, noted the report of the Minister of National Defence that the company of the Royal Canadian Regiment had handed over its responsibilities of Koje Island to an American unit on July 8th.

Radio receiving and sending stations; operation by citizens of the United States

57. The Minister of Transport submitted regulations under the Radio Act to carry out and make effective the terms of the convention of February 8th, 1951 between Canada and the United States on the operation of radio equipment.

58. The Cabinet, approved the recommendation of the Minister of Transport and agreed that regulations be passed for the operation of certain radio stations in Canada by citizens of the United States and for the operation of certain private receiving stations installed in motor vehicles owned by tourists; and Order in Council to be passed accordingly.

(Order in Council P.C. 3546, July 15, 1952).

Radio broadcasting stations; authorization of renovations

59. The Minister of Transport said an application had been received from Radio Nord at Rouyn and Amos for permission to erect steel towers as part of a renovation programme at each station. The Company had the steel available. It was still the policy to refuse to license new broadcasting stations because of the steel requirements involved. If the present application were approved there were several others for renovations and extensions that would be pressed at once. It might also endanger the general policy on the licensing of new stations.

60. The Minister of Trade and Commerce thought there was no objection to the present application since the company had the necessary steel. It might not be necessary to continue the restrictive policy on new stations much longer.

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61. The Cabinet, after discussion, agreed that the Minister of Transport should consider on its merits each application for authorization to carry out renovations of radio broadcasting stations which would involve the use of substantial quantities of steel but that no change be made for the time being in the general policy limiting the establishment of new radio broadcasting stations.

War Claims Fund; transfer of assets from the Custodian

62. The Minister of National Revenue as Acting Minister of Finance submitted a recommendation for the transfer of certain assets vested in the Custodian of Enemy Property.

63. The Cabinet, approved the recommendation of the Acting Minister of Finance and agreed that, under the authority of Vote 696 of the Appropriation Act, No. 4, 1952, the Custodian of Enemy Property transfer to the Minister of Finance the following assets now vested in him in respect of World War II:

(a) bonds of Canada of the total par value of $5 million being securities formerly owned by German enemies or acquired with the proceeds or earnings of former German enemy assets;

(b) bonds of Canada of the total par value of $2,680,000 being securities formerly owned by Japanese enemies or acquired with the proceeds or earnings of former Japanese enemy assets; and,

(c) cash in the amount of $320,000 being former Japanese enemy assets or the proceeds or earnings thereof.

Treasury Bills; authorization of issue

64. The Minister of National Revenue as Acting Minister of Finance submitted a recommendation for authorization to issue and sell certain Treasury Bills.

65. The Cabinet approved the recommendation of the Acting Minister of Finance and agreed that approval be given for the issue and sale by public tender of Treasury Bills to the amount of $75 million to pay and redeem Treasury Bills maturing on July 18th, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 3554, July 15, 1952).

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

July 22nd,1952

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Items discussed

Appointment; Acting Minister of Justice 2.

Nova Scotia; appointment of Lieutenant-Governor 2.

Government annuities; establishment of interdepartmental committee

Canadian Merchant Marine; degaussing and stiffening of merchant ships 3.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, July 22nd, 1952, at 11:00 a.m.

Present:

The Minister of Public Works
and Acting Prime Minister
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Appointment; Acting Minister of Justice

1. The Minister of Public Works as Acting Prime Minister submitted a recommendation for the appointment of an Acting Minister of Justice.

2. The Cabinet, after discussion, agreed that an Order in Council be passed appointing Mr. Chevrier Acting Minister of Justice in the simultaneous absence from Ottawa of the Minister of Justice and the Acting Minister of Justice (Mr. Lapointe).

(Order in Council P.C. 3593, July 22, 1952).

Nova Scotia; appointment of Lieutenant-Governor

3. The Minister of Transport, referring to the approval in principle which was given at a meeting held on July 15th to the appointment of Mr. Alastair Fraser as successor to Mr. McCurdy as Lieutenant-Governor of Nova Scotia, said that expropriation proceedings had already been instituted in respect of certain lands owned by Mr. Fraser in Nova Scotia. These lands, 32 acres in all, were rich in gravel and fill which it was intended to use in connection with the construction of the Canso causeway. The Department of Transport had valued the land at $12,800. There was a possibility, however, that this valuation might not be acceptable to Mr. Fraser and an awkward situation might arise in the event the matter was not settled prior to the latter's appointment as Lieutenant-Governor.

4. The Secretary said that at the Prime Minister's direction he had communicated with the Premier of Nova Scotia and informed him of Mr. Fraser's impending appointment and had added that an Order in Council would likely be passed and an announcement made on July 22nd or 23rd. However, in view of the possible difficulties surrounding the purchase of certain properties owned by Mr. Fraser in Nova Scotia, it might be preferable to withhold the appointment and announcement for a week or so.

5. The Minister of Public Works suggested that the Minister of Transport might communicate direct with Mr. Fraser with a view to settling the purchase of the property and that Mr. Chevrier might report back to Cabinet the following week.

6. The Cabinet, after discussion, agreed that the Order in Council appointing Mr. Alastair Fraser Lieutenant-Governor of Nova Scotia, effective October 1st, 1952, be withheld until the Cabinet meeting of July 30th, at which time it was hoped the Minister of Transport would have successfully completed negotiations for the purchase of certain lands owned by Mr. Fraser in Nova Scotia.

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Government annuities; establishment of interdepartmental committee

7. The Secretary referred to a statement made in the House of Commons by the Minister of Labour, as reported on Page 3212 of Hansard of June 13th, 1952, to the effect that the latter was arranging to have set up an ad hoc interdepartmental committee composed of officials from the departments of government most immediately concerned with government annuities and related problems and that this committee would report direct to the Minister. At the time, Mr. Gregg had consulted the Minister of Finance, the Minister of National Health and Welfare and the Minister of Justice who had concurred in the proposal.

The normal practice in the past had been to have interdepartmental committees report through Cabinet rather than through an individual minister as it was thought inappropriate for departmental officials to be responsible to a minister other than their own. In the circumstances, Cabinet might wish to sanction the establishment of the interdepartmental committee on government annuities on the understanding that the committee would report to Cabinet rather than direct to the Minister of Labour. The Deputy Minister had advised that this would be acceptable to the department.

8. The Cabinet, after discussion, noted with approval the establishment of an ad hoc interdepartmental committee to consider and report on government annuities and related problems; the committee to comprise representatives of the government departments most immediately concerned together with Mr. Cunningham of the Privy Council Office; the committee to report to Cabinet.

Canadian Merchant Marine; degaussing and stiffening of merchant ships

9. The Minister of Transport, referring to discussion at the meeting of April 22nd, said that in reviewing the policies adopted by other N.A.T.O. countries in respect of the degaussing and stiffening of merchant ships it had been ascertained that:

(a) the United Kingdom had stockpiled a considerable amount of degaussing cable and had set up a programme which would permit 3,000 existing United Kingdom vessels being equipped with degaussing;

(b) the United States had set up a general policy of fitting degaussing, but actual ships to be taken in hand had not yet been decided upon - it was reported that all merchant ships under the operational control of the United States Military Sea Transport Service had been degaussed, and that certain subsidised United States passenger liners which were earmarked for transports in war had also been degaussed-;

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(c) no definite information was available regarding the policy or accomplishment of other N.A.T.O. countries, but it was believed that nothing had so far been done by them - it had, however, been reported that Sweden was now commencing to degauss new construction and certain selected existing vessels.-.

An explanatory note was circulated.

(Minister's memorandum, July 21, 1952 - Cab. Doc. 221-52).

10. The Cabinet, after discussion, noted the report by the Minister of Transport on the policies adopted by other N.A.T.O. countries in respect of the degaussing and stiffening of merchant ships and agreed that the degaussing and stiffening of existing Canadian sea-going merchant ships should now be proceeded with as recommended at the meeting of April 22nd.

J.W. Pickersgill,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

July 31st, 1952

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Trade agreement with Japan; Canadian negotiating team	4.
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Mutual aid for France; diversion of certain items to Indo China	5.
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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, July 31st, 1952, at 10:30 a.m.

Present:

The Minister of Trade and Commerce,
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe) in the chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office,
Mr. C.C. Eberts, Privy Council Office.

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Cheese; Ontario proposal for additional guarantee

1. The Acting Prime Minister, referred to discussion at the meeting of July 15th, 1952, on the proposal by the government of Ontario to provide a guarantee to the Ontario Cheese Producers Association of 6 cents a pound for cheddar cheese. The Deputy Minister of Agriculture had informed the Minister of Agriculture of Ontario by telephone that the Federal government was prepared to give the Association authority to make an additional payment of 6 cents a pound if the Provincial government would implement the guarantee without a further commitment from New Zealand or other formal provision against New Zealand imports. The Premier of Ontario had written to the Prime Minister under date of July 18th stating that the Provincial government felt it could hardly undertake the guarantee on the basis of so informal an arrangement as the one currently in effect with New Zealand and that a definite understanding with the Federal government would be needed. The Prime Minister had been consulted and had expressed himself strongly in favour of some undertaking to Ontario that would enable them to pay the extra six cents. A draft reply had been prepared for consideration.

The reply would stress the importance to cheese producers of regaining their previous access to the United States market and of not taking any action that would weaken Canadian efforts to get the U.S. restrictions under the Defence Production Act removed. It would point out that the New Zealand agreement had been effective thus far and that there was no reason to assume that it would not continue to be effective until the end of the calendar year. If it should prove not to be effective there was adequate legal authority for measures to be taken if they were necessary. By the end of the year conditions might have changed substantially but, if not, there would still be opportunity to consider what might be necessary during the further period covered by the agreement with the Cheese Producers Association. The letter would suggest that the condition against New Zealand imports was adequately covered by the present undertaking by New Zealand plus the authority of the Canadian government to take effective measures if circumstances required them in the general interest.

An explanatory memorandum had been circulated.

(Memorandum, Secretary to the Cabinet, July 29, 1952 - Cab. Doc. 223-52).

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2. The Secretary reported that, as the matter was urgent, he had, at the direction of the Acting Prime Minister, sent a copy of the draft letter to the Premier of Ontario on July 30th. The Acting Premier of Ontario had telephoned earlier that morning and had been advised that he would be informed by telephone of any changes the Cabinet wished to make in the letter or of approval of the letter. The Ontario Cabinet would then be able to take decisions at their meeting later in the morning.

3. The Minister of Resources and Development as Acting Minister of Agriculture suggested certain changes in the wording of the reply.

4. The Secretary of State for External Affairs proposed an amendment to the final paragraph. He thought it would be desirable to inform the New Zealand High Commissioner's office of the substance of the letter to the Premier of Ontario as soon as it had been dispatched. This might be done on Friday, August 1st.

5. The Cabinet, after further discussion:

(a) noted the report of the Acting Prime Minister concerning the communication from the Premier of Ontario with regard to implementation of the Provincial guarantee of 6 cents a pound for cheddar cheese and agreed that a reply be sent by the Acting Prime Minister in the terms submitted, subject to minor revision as suggested; *

(b) agreed that, upon receipt of information that the reply was acceptable to the government of Ontario, an Order in Council be passed to authorize the Ontario Cheese Producers Association to make a payment to cheese producers, subsequent to the initial payment, in the amount authorized by the government of Ontario;

(Order in Council P.C. 3552 of July 31, 1952)

(c) authorized the Secretary of State for External Affairs to inform the New Zealand High Commissioner's Office of the substance of the arrangement;

(*The decision of the Cabinet was communicated by telephone to the Acting Premier of Ontario and the government of Ontario, after discussion, indicated that they were prepared, on the basis of it, to implement their guarantee.)

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Western wheat; infection by stem rust

6. The Minister of Resources and Development, as Acting Minister of Agriculture, said he had received a report on the infection of wheat by stem rust in southern Manitoba and southeastern Saskatchewan.

7. The Acting Prime Minister commented that the attack did not appear to have attained serious proportions.

8. The Cabinet, noted the report of the Acting Minister of Agriculture, regarding the infection of wheat by stem rust in southern Manitoba and southeastern Saskatchewan.

Trade agreement with Japan; Canadian negotiating team

9. The Acting Prime Minister, referring to discussion at the meeting of June 26th, 1952, said the Under Secretary of State for External Affairs had recommended that, in line with traditional policy, the Canadian team to negotiate a trade agreement with Japan consist of one representative each from the departments of External Affairs, Finance and Trade and Commerce that the External Affairs representative be recognized as chairman. The Deputy Ministers of Finance and Trade and Commerce had concurred in this suggestion and had nominated Mr. J.J. Deutsch and Mr. C.M. Isbister respectively. External Affairs had nominated Mr. A.E. Ritchie. The Prime Minister had recommended approval of this proposed team so that it might initiate at once advance preparations for the negotiations.

(Memorandum Secretary to the Cabinet to the Acting Prime Minister July 29, 1952).

10. The Cabinet, after discussion, noted the report of the Acting Prime Minister and agreed that the Canadian team to negotiate a trade agreement with Japan consist of:

Mr. A.E. Ritchie, Department of External Affairs (Chairman),

Mr. J.J. Deutsch, Department of Finance.

Mr. C.M. Isbister, Department of Trade and Commerce.

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Nova Scotia; appointment of Lieutenant-Governor

11. The Secretary, referring to discussion at the meeting of July 22nd, 1952, reported that the legal representatives of Mr. Alistair Fraser, whose appointment as Lieutenant-Governor of Nova Scotia had already been approved in principle, had now indicated that Mr. Fraser was not satisfied with the government's offer of compensation for certain of his lands in Nova Scotia which it had expropriated. Mr. Fraser preferred to let the matter go before the Exchequer Court for decision. The Prime Minister considered that it would be satisfactory to proceed with Mr. Fraser's appointment in advance of a decision by the Exchequer Court.

12. The Cabinet, after discussion, noted the report of the Secretary and approved the recommendation of the Prime Minister that a Commission under the Great Seal of Canada issue appointing Alistair Fraser, Esq., of New Glasgow, N.S., Lieutenant-Governor of Nova Scotia, and that, upon his having taken the prescribed oaths and entered upon his duties, his Commission supersede that of August 12th, 1947, appointing the Honourable J.A.D. McCurdy; an Order in Council to be passed accordingly.

(P.C. 3586, July 31, 1952).

Mutual Aid for France; diversion of certain items to Indo China

13. The Secretary of State for External Affairs reported that the French government had proposed recently that some of the Canadian military equipment allocated to it under the mutual aid programme be diverted to Indo China in the interests of expediting the delivery of materiel to that front. On the direction of the Prime Minister and with the concurrence of the Minister of National Defence the French Embassy had been informed that the equipment in question could be loaded for Indo China on a French ship calling at Montreal for the purpose, if France undertook to make a replacement in kind to their N.A.T.O. forces in Europe acceptable to the Standing Group as a satisfactory equivalent or to make payment of the actual value, the conditions of payment to be determined at a later date. The French government had not yet indicated whether it planned to proceed on the basis of either of these alternatives.

14. The Cabinet, after discussion, noted with approval the report of the Secretary of State for External Affairs regarding action taken on a French proposal for the diversion of certain Canadian mutual aid supplies to Indo China.

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Meat position

15. The Minister of Resources and Development, as Acting Minister of Agriculture, referring to discussion at the meeting of July 15th, 1952, said the Department of Agriculture had submitted a report on the machinery for the sale of government stocks of canned pork and a memorandum raising the question of the beef support price.

Explanatory memoranda were circulated.

(Memoranda, Department of Agriculture, July 30th, 1952 - Cabinet Docs. 228-52 and 230-52).

16. The Acting Prime Minister, thought it very desirable to have an early discussion of the position of both pork and beef with the Minister of Agriculture present. Mr. Gardiner had indicated that, if considered necessary, he could come to Ottawa for the purpose during the following week.

17. Mr. Winters also reported that the Department of Agriculture had provided copies of a statement on foot and mouth disease in Saskatchewan, made by Mr. Gardiner on July 22nd, 1952. This indicated, inter alia, that there had been no indications of foot and mouth disease since May 3rd, 1952, and that, if there were no further evidence of the disease, Canada would be declared free of it on August 19th, 1952. Under their legislation the U.S. authorities would be in a position to remove the restrictions on imports of Canadian meat sixty days after that date.

Copies of the statement were circulated.

(Memorandum, Department of Agriculture, July 30th, 1952 - Cab. Doc. 229-52)

18. The Cabinet, after further discussion;

(a) noted the reports on the meat position and the situation regarding foot and mouth disease submitted by the Department of Agriculture; and,

(b) agreed that:

(i) the Acting Prime Minister ask the Minister of Agriculture to come to Ottawa for a meeting of the Cabinet to be held on the morning of August 6th to discuss the beef and pork situation;

(ii) the Acting Minister of Agriculture find out whether the U.S. authorities had been approached with a view to ensuring the resumption of Canadian meat shipments to the United States sixty days after August 19th, 1952, and that the Secretary of State for External Affairs arrange, in any case, to have the matter taken up at a high level in Washington.

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Legislation; procedure

19. The Minister of Justice, referring to discussion at the meeting of July 8th, submitted the details of a new procedure to govern the preparation, submission to Cabinet and introduction in Parliament of all government legislation.

The main purpose of the new procedure, which had been recommended by the Cabinet Committee on Legislation, was to ensure that the process of preparing legislation was extended over the whole year rather than confined to the short period immediately preceding and during the session in which it was intended to have the legislation enacted, thus enabling the government to have all or at least the major portion of its legislative programme ready in printed bill form well in advance of each session of Parliament. It would depart from existing procedure in two important respects. First, all legislative proposals would henceforward be considered by the Cabinet Committee on Legislation before being submitted to Cabinet for approval and, secondly, no legislative proposals except budgetary proposals and unforeseeable measures would normally be approved for introduction at a session unless they were submitted for consideration at least one month before the opening of that session.

An explanatory note was circulated.

(Memorandum, Cabinet Committee on Legislation, July 30, 1952, Cab. Doc. No. 227-52).

20. Mr. Garson added that, at the Prime Minister's direction, the Secretary had written to all departments on July 2nd informing them of the establishment of the Cabinet Committee on Legislation and requesting early information as to the various legislative items which departments might wish to have introduced during the course of the session opening November 20th. On the strength of information contained in the written or oral replies which the Secretary had received from eleven departments, thirty-four legislative proposals had been placed tentatively on the list of measures to be introduced at the coming session and one item on the list for introduction during the session to be convened late in 1953 or early in 1954.

It would help to expedite the preparation of the programme for the coming session if the seven departments from which no reply had yet been received could give an early indication as to their intentions regarding legislation to be introduced at the next session.

21. The Cabinet, after discussion, approved with one amendment the new procedure to govern the preparation, submission to Cabinet and introduction in Parliament of all government legislation as recommended by the Cabinet Committee on Legislation and agreed that a Cabinet Directive issue immediately bringing the new procedure to the attention of all government departments and agencies.

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National Film Board; Appointment

22. The Minister of Resources and Development submitted a recommendation for an appointment to the National Film Board.

23. The Cabinet, after discussion, agreed that an Order in Council be passed appointing Mr. L.D. Wilgress as a member of the National Film Board to fill the unexpired three-year term of Mr. A.D.P. Heeney which began October 14, 1950.

(Order in Council P.C. 3687 of July 31,1952).

Great Lakes Mississippi Watershed; proposed increase in Chicago diversion

24. The Secretary of State for External Affairs reported that, since the Chicago diversion had been reduced to 1500 cubic feet per second in 1938, several efforts had been made by the Sanitary District of Chicago to obtain statutory authority to increase the diversion. These efforts had been opposed both in Canada and the United States and various measures placed before Congress had never come to a vote. However, at the last session of Congress, the House Committee on Public Works had reported favourably on a bill which was supported by the U.S. Corps of Engineers as a compromise measure and which would authorize a diversion of 2500 cubic feet per second in addition to all domestic pumpage. This increase of 1000 c.f.s. over existing levels would be for a period of three years at which time the Corps of Engineers would study the effects of the increase and report to Congress.

As there was a possibility that this measure might be approved by the 82nd Congress should it be reconvened, it was recommended that the Canadian Ambassador at Washington be instructed to inform the U.S. State Department of the Canadian view that the suggested increase in the Chicago diversion would probably have no effect whatever in alleviating high water levels in the Great Lakes since, by the time the effect of the diversion could be felt, the high water period would probably have passed and that, on the other hand, long-term injury would likely result in respect of navigation and power in both Canada and the United States.

A draft note from the Canadian Ambassador to the Secretary of State was submitted and read.

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An explanatory memorandum had been circulated.

(Minister's memorandum, July 21, 1952, Cab. Doc. 222-52).

25. The Cabinet, after discussion, agreed that the Canadian Ambassador at Washington be instructed to inform the U.S. State Department of Canadian views regarding proposals for an increase in the Chicago diversion of water from Lake Michigan along the lines recommended by the Secretary of State for External Affairs.

St. Lawrence Project; removal of Gut Dam

26. The Acting Prime Minister said that at hearings held in Rochester, New York, on July 22nd on the Lake Ontario water levels reference to the International Joint Commission vehement representations had been made in favour of the removal of the Gut Dam. This dam had been constructed in 1904 by the Canadian government between two islands in the St. Lawrence River just below Prescott, Ontario and it would be recalled that at the time of construction, Canada undertook to indemnify any U.S. residents who suffered injury as a result thereof and to construct any remedial works if required to do so by the U.S. Secretary of State for War. During the course of the Rochester hearings, opposition to the power project was threatened if Canada did not cooperate in the removal of the dam. At the end of the hearings the U.S. section of the Commission pressed the Canadian section for an immediate interim recommendation under the water levels reference for removal of the dam.

General McNaughton, the Chairman of the Canadian section had suggested to the Counsel for Canada on the St.Lawrence power application that the Canadian government might at this time consider a unilateral offer to remove the Gut Dam. This proposal had been considered by an ad hoc committee comprising representatives of the departments most immediately concerned. As there was some likelihood that an awkward request might be forthcoming from the United States to remove the dam, in which event Canada would have no alternative but to comply with the request, and with a view to facilitating early approval of the St. Lawrence application by the International Joint Commission, it was recommended that General McNaughton be authorized to inform the U.S. section that instructions had been given to the appropriate Canadian agencies to ascertain as quickly as possible whether the dam could be removed in advance of the construction of the power project without injury to navigation, to the power project itself or to downstream power and other interests. It would

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seem that removal would have to take place progressively in order to avoid the danger of serious flooding in the Lachine and other areas downstream. It was further recommended that an engineering committee comprising representatives of the government of Canada and of the Provinces of Ontario and Quebec be established immediately to consider and report on the possibility of removing the dam and on the manner in which such removal might take place.

A draft letter from General McNaughton to the Chairman of the U.S. Section of the International Joint Commission was submitted.

An explanatory memorandum was circulated.

(Memorandum, Privy Council Office, July 30, 1952, Cab. Doc. 226-52).

27. The Secretary of State for External Affairs generally favoured the suggestion regarding early removal of the Gut Dam but thought that the letter proposed to be sent by General McNaughton to Senator Stanley might usefully be modified in certain respects.

28. Mr. Howe, said the Minister of Transport, after consultation with General McNaughton and Mr. R.A.C. Henry, had recommended that the National Research Council be asked to build a model which would be required to ascertain the effects that removal of the dam might have particularly regarding flooding and navigation.

(Memorandum, Minister of Transport, to Acting Prime Minister July 29, 1952).

29. The Cabinet, after discussion,-

(a) agreed in principle that an early start be made on the removal of the Gut Dam providing this could be done without injury to navigation, to the proposed development of power in the International Rapids Section or to power and other interests downstream;

(b) agreed that the Chairman of the U.S. Section of the International Joint Commission be informed of this decision, it being understood that the Secretary of State for External Affairs would revise the proposed letter to Senator Stanley in consultation with General McNaughton; and,

(c) agreed that an engineering committee comprising representatives of Canada, Ontario and Quebec be established immediately to consider and report on the possibility of removing the dam and the manner in which such removal should take place.

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Immigration; proposed decrease during winter months

30. The Minister of Citizenship and Immigration, referring to discussion at the meeting of June 17th, said that during the past year a larger number than usual of immigrant workers for open placement had arrived during the winter months and, on account of winter conditions, some had experienced difficulties in getting established. With a view to controlling arrivals during the winter, he recommended that, save in exceptional circumstances, no visa be granted to immigrant workers for open placement which would result in the immigrants arriving in Canada between October 1st and March 1st and that British subjects and French citizens, who did not require visas, be informed of the difficulties of establishment in Canada during the winter months but that they be not prevented from coming forward if they so desired.

An explanatory note was circulated.

(Minister's memorandum, July 30, 1952, Cab. Doc. 225-52).

31. The Acting Prime Minister thought there might soon be some scarcity of workers in certain fields and that the restrictions on winter movement of immigrants were perhaps unnecessarily severe.

32. The Minister of National Revenue suggested that the period during which visas would be granted to immigrant workers for open placement might be lengthened by one month from October 1st to November 1st.

33. The Cabinet, after discussion, agreed that,-

(a) except in special circumstances, no visa be granted to immigrant workers for open placement which would result in the immigrants arriving in Canada between November 1st and March 1st; and,

(b) British subjects and French citizens who did not require visas be informed of the difficulties of establishment in Canada during winter months but that they be not prevented from coming forward if they so desired.

Canadian citizens of Japanese race; return to Canada

34. The Minister of Citizenship and Immigration, reported that Order in Council P.C. 4364 of September 14th, 1950, had the effect of prohibiting the return to Canada of Canadian citizens of Japanese race who had served in enemy armed forces. Canadian citizens of German race who had served in enemy forces had from time to time been allowed to return to Canada and it was now recommended that the same privileges be accorded

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Canadian citizens of Japanese race as, under the provisions of the Immigration Act, Canadian citizens were re-admissible to Canada as a matter of right.

An explanatory note was circulated.

(Minister's memorandum July 30, 1952, Cab. Doc. 224-52).

35. The Secretary of State for External Affairs agreed that, in principle, Canadian citizens of Japanese race should not be treated on any different basis than Canadian citizens of any other nationality but suggested that, in practice, it would be advisable that the war records of any Canadian citizens of Japanese race who wished to return to Canada be examined carefully and that if such examination resulted in any persons being found to be clearly undesirable some means should be found to prevent their return to this country.

36. The Cabinet, after discussion, agreed that,-

(a) passports may henceforward be issued to Canadian citizens of Japanese race notwithstanding the fact that they served in enemy forces; it being understood that if an examination of his war record proved any such person to be clearly undesirable, every effort would be made to prevent his return to Canada; and ,

(b) an Order in Council be passed revoking Order in Council P.C. 4364 of September 14, 1950.

(Order in Council P.C. 3689 of July 31,1952).

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

August 6th, 1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, August 6th, 1952, at 10:30 a.m.

Present:

The Minister of Trade and Commerce,
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe) in the chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
and Acting Minister of Resources and Development
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
and Acting Secretary of State
(Mr. Cote).

The Acting Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C.C. Eberts, Privy Council Office.

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Meat; price support policy; access to the United States market

1. The Acting Prime Minister, referring to discussion at the meeting of July 31st, 1952, said it had seemed desirable to consider support price policy on beef, particularly since recent buying by the Agricultural Prices Support Board appeared to have had the effect of pushing the price above the floor that had been decided on. The purchase policy should be examined also because about three-quarters of the beef that New Zealand expected to be able to divert for sale in the United States had already been bought. The remaining quarter would have to cover the excess of supply over domestic needs for some time.

2. The Minister of Agriculture reported that beef purchases by the Agricultural Prices Support Board in recent weeks had been reduced from about 3 million pounds per week to 750,000 pounds. At the present time beef coming to market was about equal to domestic consumption and, as long as that situation continued, he thought there was no real need for purchases under the export arrangement. He accordingly proposed to announce that, during the next few weeks, purchases would be reduced from their present levels.

It was desirable to consider what should be done about the beef support price during September. He recommended that it be continued at the existing level for that month. It was not desirable that the government should be in the position of having to announce a change in price one month in advance. It could be made clear in the announcement that the level of the support price after September 30th would be announced sometime during September. The announcement would re-affirm the statement of April 22nd that a support price would continue for the duration of the United States embargo against Canadian cattle. It was also proposed to emphasize in the announcement, once again, the desirability of farmers continuing to hold cattle on the farms.

There had been a report in the press that foot and mouth disease had broken out in New Zealand. Advice had now been received that this was without foundation.

3. The Acting Prime Minister said that the first shipment of New Zealand beef had just arrived in the United States and had been condemned as dirty. Apparently it would have to be unwrapped, thawed, cleaned and refrozen before it could be sold there. The cost might be up to 4½ cents per pound. As Canada took delivery of the beef at New Zealand seaboard, the cost would fall entirely on the Canadian government.

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4. The Secretary of State for External Affairs reported that, in accordance with the decision of the Cabinet of July 31st, 1952, the Embassy in Washington had been instructed to raise with the U.S. government the question of removing the embargo on the importation of Canadian animals and products. There had been discussions on August 4th with the Acting Secretary of Agriculture and officials. The results were not encouraging. The Acting Secretary had stated only that the matter would be given sympathetic consideration. The Assistant Chief of the Bureau of Animal Industry had indicated that the matter had not been given any real thought up to the present. He had pointed out that foot and mouth disease could lie dormant and undetected for many months and then spring up again. There was thus technical reasons to wait for some time. There was also pressure by U.S. producers, whose livelihood was dependent on inter-state shipment of livestock which would cease should a case of foot and mouth disease be discovered in their state. This was added cause for great caution. Altogether it appeared unrealistic even to hope that the Secretary of Agriculture would consider declaring Canada free of foot and mouth disease at any early date after August 19th.

5. The Minister of Agriculture said the report was not too encouraging but it had to be expected that an attitude of caution would be expressed at the present time. He thought that the end of the calendar year was the earliest that could be counted on for opening the U.S. border but it was possible it might take place as early as November 30th. He did not believe there was any risk that the U.S. market would still be closed in the summer of 1953.

6. The Cabinet, after considerable discussion:

(a) agreed that the present floor price for cattle be continued until September 30th;

(b) agreed that, depending on cattle marketings, beef purchases for export under the tri-partite arrangement be further reduced from the current level of 750,000 pounds per week to ensure that prices would not be pushed above the floor that had been established;

(c) approved the announcement to be made by the Minister of Agriculture concerning the floor price and purchases for export; and,

(d) noted the report of the Secretary of State for External Affairs that the reaction of United States authorities in discussions in Washington had not been optimistic about the possibility that the U.S. market would be opened to Canadian animals and products in the near future.

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Canadian Pacific Air Lines; Service to Latin America

7. The Minister of Transport reported that Canadian Pacific Air Lines wanted to initiate scheduled service from Vancouver to Mexico City and thence to Peru and Brazil. The main purpose of the route was to develop direct through connections between the Orient, particularly Japan, and the Latin American countries. To obtain the necessary authorizations from these countries, designation of Canadian Pacific Air Lines by the Canadian government for the route was necessary.

It was thought that provisional permits for Canadian Pacific Air Lines could be obtained without any difficulty from Peru and Brazil. In the case of Mexico, it was expected that an agreement could be worked out since that country was interested in obtaining a Canadian permit for the Mexico City-Montreal route. In view of the fact that it had been agreed some time ago that C.P.A. should be the designated Canadian carrier for operations generally within the Pacific area, it was recommended that approval be given to its designation for the development of the proposed route, providing satisfactory arrangements could be made with the countries concerned.

An explanatory note had been circulated.

(Minister's memorandum, August 5, 1952, Cab. Doc. 232-52).

8. The Acting Prime Minister thought, in view of the decision that, generally speaking, C.P.A. should be the designated Canadian carrier for Pacific operations, there would be no objection to allowing the line to establish a schedule service from Vancouver to Mexico, to Peru and even to Chile. He doubted, however, that it would be advisable to allow an extension to Brazil as it was in the Atlantic area in which Trans-Canada Airlines had been accepted as the Canadian carrier. If Mexico were granted a permit to operate into Montreal as a result of the proposed C.P.A. service between Vancouver and Mexico City, this might prejudice the likelihood of T.C.A. later obtaining a permit to establish a service into Mexico City from Toronto or Montreal. However, this did not appear to be a serious objection.

9. The Secretary of State for External Affairs thought it would be useful to obtain T.C.A. views before designating C.P.A. for the proposed route.

10. Mr. Chevrier said if the Air Transport Board were informed that the government had no objection in principle to C.P.A. being designated for the proposed

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new route the Board would hold hearings at which the views of T.C.A. could be ascertained and reported to Cabinet for a final decision.

11. The Cabinet, after discussion, agreed that,-

(a) the Air Transport Board be informed that the government had no objection in principle to Canadian Pacific Air Lines being designated for the development of a scheduled service from Vancouver to Mexico City, Peru, and Chile but not to Brazil; and,

(b) a final decision as to the designation of C.P.A. for the line be deferred pending a report on the views of Trans-Canada Air Lines.

National Harbours Board; shipment of high explosives

12. The Minister of Transport said the National Harbours Board had reported from time to time, particularly since the establishment of the North Atlantic Treaty Organization, that complaints had been received from civic authorities and other local interests against the increasing movement of high explosives and other dangerous goods through national harbours. Most explosives were produced, packed, marked, labelled, etc., in conformity with official regulations and approved practices established under authorities other than the National Harbours Board. The view of the Board was that it should not, by harbour regulations, prevent the movement of commodities for which other official regulations had been established. It was pointed out that in the United States the Coast Guard required, amongst other conditions, that explosives be shipped only from wharves remote from populated areas. The Board had recommended that the matter be considered and reported on by a special interdepartmental committee comprising representatives of the government departments and agencies most immediately concerned.

An explanatory note had been circulated.

(Minister's memorandum, August 1, 1952 - Cab. Doc. 233-52).

13. The Cabinet, after discussion, approved the establishment of a special interdepartmental committee comprising representatives of the following departments and agencies to consider and report on the regulations and practices which now governed the shipment of high explosives and other dangerous goods from national harbours:

Trade and Commerce
National Defence
Defence Production
National Revenue (Customs Division)
Mines and Technical Surveys (Explosives Division)

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Canadian Arsenals Limited
Transport Controller
Board of Transport Commissioners for Canada
Board of Steamship Inspection
Canadian Maritime Commission
National Research Council
Royal Canadian Mounted Police
National Harbours Board

Baie Comeau Airport; ex gratia payment to North Shore Construction Company Limited

14. The Minister of Transport reported that the North Shore Construction Company of Montreal, which had been awarded a contract for the development of the Baie Comeau Airport, had requested payment of $219,898.92 representing losses allegedly incurred in carrying out the work. Under the terms of its firm contract, the company was entitled to payment of $279,723.10. The company had claimed that costs actually incurred had totalled $599,621.92. Treasury Board had not wished to make any decision but had submitted the question to Cabinet.

There were two main reasons for the losses. The subsoil had proved much worse than expected, and considerable deep excavation had been required. The original tender for the excavation work (31 cents per cubic yard) was low even under the best conditions, so the loss may have been due in part simply to the normal risk of bidding too low. The amount of bad ground encountered was, however, much above average. The second main cause of loss was that the contractor had been unable to use a source of gravel,which he claimed he had had permission to use but which the owning company subsequently decided to use for its own purposes.

15. The Minister of Finance pointed out that the general policy followed by the Treasury Board in dealing with proposed ex gratia payments to contractors during recent years had been to confine them, so far as possible, to cases where the government as one party to the contract had, by act or by omission, caused extra and abnormal costs to the contractor. The Baie Comeau Airport contract did not appear to fall within this category, although it was admitted that excavation at the airport site had proved to be much more difficult and expensive than could reasonably have been foreseen.

(Letter, Minister of Transport to Minister of Finance, April 7, 1952).

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He was inclined to view with disfavour any ex gratia payment. In any event, as recommended by Treasury Board, before any final decision were reached the contractor's accounts should be audited and the results made known to the Cabinet.

(Memorandum, Treasury Board, August 1, 1952, Cab. Doc. 235-52.)

16. The Acting Prime Minister said there was no justification for any payment for losses incurred by the contractor on gravel. If some payment were made for excavation costs, at least some of the loss so incurred should be assumed by the contractor, since his bid of 31 cents per cubic yard for excavation appeared to be low even under the best conditions. Subject to the results of the audit, a payment on some part of a residual figure might be justified.

17. The Cabinet, after further discussion, of the proposed ex gratia payment to the North Shore Construction Company Limited of Montreal in respect of losses allegedly incurred in developing the Baie Comeau Airport:

(a) agreed that no payment be made in respect of the portion of loss alleged to have been incurred through inability to use sources of gravel the company had expected to have available; and

(b) deferred decision as to the desirability of making a payment in respect of any part of the remaining loss pending submission of:

(i) the results of a cost audit of the contractor's accounts; and,

(ii) details as to the bids submitted by other companies at the time tenders had been called for the development of the Baie Comeau Airport.

Saskatoon Airport; proposed ex gratia payment to Tomlinson Construction Company Limited

18. The Minister of Transport, referring to discussion at the meeting of March 31st, said it would be extremely difficult, if not impossible, to carry out a cost audit of the accounts of the Tomlinson Construction Company Limited of Toronto in respect of a contract awarded in June of 1948 for additional developments at the Saskatoon Airport, Saskatchewan.

(Letter, Minister of Transport to Secretary, July 29, 1952).

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19. The Acting Prime Minister thought, in the circumstances, it would be inadvisable to approve any ex gratia payment.

20. The Cabinet, after discussion, agreed that no ex gratia payment be made to the Tomlinson Construction Company Limited of Toronto, for losses allegedly incurred by that Company in carrying out a contract awarded in June of 1948 for additional development of the Saskatoon Airport, Saskatchewan.

Custodian of enemy property; transfer of World War I enemy assets to Minister of Finance; disposition of records

21. The Postmaster General, as Acting Secretary of State, reported that, during the years 1932 to 1937, certain World War I enemy assets in the form of cash or securities had been transferred to the Receiver General by the Custodian of Enemy Property. The Custodian still held the balance of enemy assets from World War I in the form of cash and securities, against some of which claims were outstanding.

It was recommended that the balance be now transferred to the Minister of Finance to be set aside as a special fund to cover outstanding claims. It was also recommended that the administration by the Custodian of the Internment Operations Fund and the Prisoners of War Funds be turned over to the Minister of Finance.

Files and records concerned would be disposed of in accordance with recommendations already approved by the Public Records Committee.

An explanatory note had been circulated.

(Joint memorandum, Acting Secretary of State, and Minister of Finance August 5,1952, Cab. Doc. 231-52).

22. The Cabinet, after discussion, noted the report of the Acting Secretary of State and agreed that,-

(a) the balance of World War I enemy assets in the form of cash and securities still held by the Custodian of Enemy Property be transferred to the Minister of Finance who would set up in a special fund a sufficient amount in cash and securities to cover outstanding claims; and,

(b) the administration by the Custodian of the Internment Operations Fund and the Prisoners of War Funds be also transferred to the Minister of Finance; an Order in Council to be passed accordingly.

(Order in Council P.C. 3718 of August 6,1952).

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Richelieu River-Lake Champlain Waterway; suggested further reference to the International Joint Commission

23. The Secretary of State for External Affairs reported that, in a note dated June 3rd, 1952, the U.S. Embassy at Ottawa had enquired whether the Canadian government would join in a request to the International Joint Commission to restudy the proposal for a 12-foot channel in the Richelieu River and Lake Champlain with a view to having Canada deepen the Richelieu River to twelve feet and having the United States dredge certain portions of Lake Champlain and to submit a further report thereon to the two governments.

As 99 percent of the expenditures still required to complete a twelve-foot waterway from the Hudson River to the St. Lawrence would be on works wholly within Canada and as all the works requiring the approval of the International Joint Commission had already been so approved, the Canadian government should not join in the further reference. The Commission had stated that any recommendation as to the desirability of the improvement of the Richelieu River-Lake Champlain waterway in the future should await the completion of the St. Lawrence seaway. He recommended, with the concurrence of the Minister of Transport and the Acting Minister of Resources and Development, that the U.S. Embassy at Ottawa be informed accordingly.

An explanatory memorandum had been circulated.

(Minister's memorandum July 30, 1952, Cab. Doc. 234-52).

24. The Cabinet, after discussion, agreed that the U.S. Embassy be informed that the Canadian government felt it inappropriate, for the reasons outlined by the Secretary of State for External Affairs, to refer again to the International Joint Commission the proposed twelve-foot Richelieu River-Lake Champlain waterway.

N.A.T.O.; R.C.A.F. airfield in Luxembourg

25. The Minister of National Defence, referring to discussion at the meeting of March 12th, 1952, recalled that it had been planned for the R.C.A.F. to have two airfields in France and two in Germany. Construction was underway on one airfield in each of these countries but the other two sites had proved unsuitable. SHAPE had now suggested a site in Luxembourg and it was understood that the Luxembourg government would be prepared to permit Canada to use it. It was proposed, therefore, that the Department of External Affairs arrange for the Canadian Minister to Luxembourg to ask

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for permission for a team under the R.C.A.F. to carry out a technical survey of the site.

26. The Cabinet, after discussion, noted the proposal of the Minister of National Defence and agreed that the Department of External Affairs instruct the Canadian Minister to Luxembourg to request permission for a team under the R.C.A.F. to conduct a technical survey there of an airfield site recommended by SHAPE for the use of the R.C.A.F.

Regular Force; war service gratuity and re-establishment credit

27. The Minister of Veterans Affairs, referring to discussion at the meeting of June 3rd, 1952, said his department had now re-examined its position on the question of payment of re-establishment credit to members of the Regular Force who had served in Korea, and he recommended that an Order in Council be passed under the Veterans Benefit Act and the regulations thereunder prescribing for the purpose of the Act, the conditions of eligibility for benefits of members of the Regular Force who had served in a theatre of operations on the strength of the Special Force and whose service was not terminated or terminated on other than medical grounds.

28. The Cabinet, after discussion, approved the recommendation of the Minister of Veterans Affairs and agreed that, in certain circumstances as recommended, war service gratuity and re-establishment credit be paid to members of the Regular Force who have served in a theatre of operations on the strength of the Special Force; an Order in Council to be passed accordingly.

(Order in Council P.C. 3681, August 6,1952).

By-elections; issue of writs

29. The Acting Prime Minister said that consideration would have to be given at an early date to the issue of writs for certain by-elections in Quebec. The Prime Minister had recommended that October 6th be set for the by-elections.

30. The Cabinet, after discussion, approved the recommendation of the Prime Minister, as reported by the Acting Prime Minister, and agreed that:

(a) writs, dated August 11th, 1952, be issued for by-elections in the electoral districts of Outremont-St. Jean and Richelieu-Vercheres, the polling day to be October 6th, 1952; Orders in Council to be passed accordingly;

(Orders in Council P.C. 3734,3735, August 6,1952)

(b) an announcement be made on August 11th, 1952.

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Unemployment Insurance Act amendment; bringing into force

31. The Acting Prime Minister said the Minister of Labour had recommended the issue of a proclamation bringing into force certain provisions of the Act to amend the Unemployment Insurance Act, 1940, passed during the last session.

32. The Cabinet approved the recommendation of the Minister of Labour, as reported by the Acting Prime Minister, and agreed to the issue of a proclamation bringing into force, on September 1st, 1952, Sections 3 and 17 of the Act amending the Unemployment Insurance Act, 1940; an Order in Council to be passed accordingly.

(Order in Council P.C. 3712, August 6, 1952).

Unemployment Insurance Benefit Regulations, 1949; amendment

33. The Acting Prime Minister reported that the Minister of Labour had recommended approval of certain amendments to the Unemployment Insurance Benefit Regulations made by the Unemployment Insurance Commission on July 25th, 1952.

34. The Cabinet, after discussion, agreed that decision be deferred on the approval of certain amendments to the Unemployment Insurance Benefit Regulations pending consideration at a meeting at which the Minister of Labour was present.

Apprenticeship Training Advisory Committee; establishment

35. The Acting Prime Minister said the Minister of Labour had recommended that, pursuant to The Vocational Training Co-ordination Act, 1942, he be authorized to appoint an Apprenticeship Training Advisory Committee, consisting of representatives of provincial governments, employers and organized labour, to make a study of apprenticeship training and report to the Vocational Training Advisory Council.

36. The Minister of Finance pointed out that the Minister of Labour had also recommended that the members of the proposed committee receive, in addition to travelling expenses incurred in connection with the committee's work, an allowance of $10.00 for each day that they were absent from home on such work. He felt that, while it was quite in order for the committee to receive its travelling expenses, it was undesirable for members of a committee of this type, who were in receipt of regular salaries, be paid a per diem allowance.

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37. The Cabinet, after further discussion, approved the recommendation of the Minister of Labour, as reported by the Acting Prime Minister, and agreed that the Minister of Labour be authorized to appoint an Apprenticeship Training Advisory Committee, consisting of five representatives of provincial governments, three representatives of employers and three representatives of organized labour as proposed by the Minister of Labour, to make a study of apprenticeship training and report to the Vocational Training Advisory Council; members of the Committee to receive expenses but no per diem allowance; an Order in Council to be passed accordingly.

(Order in Council P.C. 3600, August 6, 1952).

Department of Transport; appointment

38. The Minister of Transport, referring to discussion at the meeting of July 15th, said he now recommended that the present Director of the Special Projects Branch be appointed his Special Assistant. Treasury Board and the Civil Service Commission were prepared to take appropriate action in the matter if the Cabinet agreed in principle.

39. The Cabinet, after discussion, approved in principle the proposal of the Minister of Transport that, effective August 1st, 1952, the Director of the Special Projects Branch, Mr. Guy A. Lindsay, be appointed Special Adviser to the Minister of Transport on the Great Lakes - St. Lawrence Seaway Development at a salary of $12,000 a year.

S.S. "Aorangi"; discontinuance of service to Australasia

40. The Minister of Transport, recalled that at the meeting of November 12th, 1951, it had been agreed to renew the subsidy to the S.S. "Aorangi" for a further year beginning April 1st, 1952. He had now received notice that the service provided by the ship would be permanently withdrawn during the present month.

41. The Cabinet, noted the report of the Minister of Transport that the Canadian Pacific Railways had given notice that the subsidized service provided by the S.S. "Aorangi" between Canada, Australia and New Zealand would be permanently withdrawn during the present month in view of the age of the vessel and the high cost of reconditioning.

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South Saskatchewan Development Commission; appearance of P.F.R.A. officials at public hearings

42. The Minister of Agriculture, referring to discussion at the meeting of August 22nd, 1951, reported that Saskatchewan government authorities would likely request that federal officials administering the Prairie Farm Rehabilitation Act appear at further public hearings that the South Saskatchewan Development Commission planned to hold shortly. The appearance of officials could be embarrassing, but their non-appearance could be misrepresented. He considered that, at most, such officials should appear in order to open the proceedings by giving an outline of the P.F.R.A. report on the proposed South Saskatchewan River project. He thought it would be desirable to get the views of the Prime Minister on the question.

43. The Acting Prime Minister was opposed to Federal officials appearing at a public hearing of the Commission. Their information and advice could be made available privately.

44. The Minister of Finance thought it inappropriate for the official advisers of a Federal Minister to give evidence at public hearings for or against the development project or to be cross-examined before the commission. The P.F.R.A. report had already been filed with the Commission.

45. The Cabinet, after further discussion, noted the report of the Minister of Agriculture as to the likelihood that the Saskatchewan government would press for the appearance of Federal officials at the next public hearings of the South Saskatchewan Development Commission and the views of the Acting Prime Minister and the Minister of Finance that such appearance would not be proper, and agreed that Mr. Gardiner submit the matter for the views of the Prime Minister.

1952 Income Tax Return forms; inclusion of references to old age security tax

46. The Minister of National Revenue said it was proposed that the 1952 short income tax form provide for a statement of income tax payable "including old age security tax".- The "Tax Table" and "Rates of Tax" would show the combined income tax and old age security tax payable without separate figures for each. A note at the beginning of the tax table and in the rates of tax table would indicate that for 1952, the old age security tax was 1 per cent of taxable income with a maximum of $30.00. Handling the two jointly in this way was the most efficient method. Separate items would be confusing. The 1951 Income Tax Return forms had called for separate statements of income tax and defence surtax payable, with the result that a large number of taxpayers had overlooked paying the surtax.

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47. The Minister of Finance said he would have to examine his statements to the House of Commons since it was his impression he had stated that the old age security tax would be kept quite separate from the income tax.

48. The Minister of National Defence thought that, irrespective of any undertaking that might have been given, it seemed desirable to have the forms provide for separate statements of income tax and old age security tax payable.

49. The Minister of Citizenship and Immigration thought it might be desirable for 1952 at least, to show the two taxes separately. If this resulted in a failure by many to pay the old age security tax, and if a great deal of administrative work was created, a change could be made in 1953.

50. The Cabinet, after further discussion, noted the proposals of the Minister of National Revenue concerning the handling of the old age security tax in the 1952 short Income Tax Return forms and agreed that he consider the matter further with the Minister of Finance and submit a report, including draft forms, at the next meeting.

Jasper Park Lodge; replacement of main building

51. The Minister of Transport reported that the Board of Directors of the Canadian National Railways proposed the immediate construction of a new fire-proof building, at an estimated cost of $3.1 million, to replace the main building at Jasper Park Lodge destroyed by fire. The Company had $1,253,250 in its insurance fund and wished to include the balance in its 1953 capital budget. It proposed to give a contract to Poole Engineering Company which expected to complete the building by May, 1953. The new building would be somewhat larger than the original one.

52. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that he inform the Canadian National Railways there was no objection to its proposal for the replacement of the main building at Jasper Park Lodge by a building estimated to cost $3.1 million or to the inclusion of $1,846,750 for this purpose in the company's capital budget for 1953.

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Provision of additional runways at Gimli and Portage La Prairie, Man. and Sudbury, Ont.

53. The Minister of Transport reported that, at present, two companies were constructing runways for the R.C.A.F. advanced flying schools at Gimli and Portage la Prairie, Man., It had now been determined that an additional runway would be desirable at each airfield as the best means of increasing training capacity economically. The question was whether to call for tenders for the additional work or to negotiate with the companies already on the spot. It appeared preferable to negotiate since the companies had their equipment at the sites and the work was really an extension of what they were engaged on.

54. The Secretary of State for External Affairs mentioned that an airstrip was being built for the R.C.A.F. near Sudbury. He had been informed by a competent official of the Department of Transport that with the exception of Goose Bay, the site was the best natural one for an airport that he had seen in Canada. If the R.C.A.F. required more training facilities, it might be preferable for them to extend the Sudbury field which would be of greater value for civil purposes than the two western fields.

55. The Minister of National Defence said that would involve very heavy costs as buildings were not available for personnel at the Sudbury field and would have to be built.

56. Mr. Chevrier suggested he make a proposal to the Sudbury authorities that the government would be prepared to provide a second strip at Sudbury to increase the value of the field for purely civil purposes if the municipality would assume responsibility for the field and provide an administration building.

57. The Cabinet, after further discussion:

(a) agreed that the Department of Transport negotiate with the two companies already engaged on runway construction at Gimli and Portage la Prairie to arrange terms for the construction of an additional runway at each airfield; the terms to be submitted to the Cabinet for consideration in due course; and,

(b) noted the intention of the Minister of Transport to take up with the Sudbury authorities the possibility of their assuming responsibility for the field there and constructing an administration building, if the Federal government provided a second airstrip.

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Parliamentary and National Libraries

58. The Minister of Public Works reported that the cause of the recent fire in the Parliamentary Library had not yet been determined. More study would be required before a worthwhile estimate of the cost of reconstruction could be made.

59. The Acting Prime Minister thought this would be an opportune time to announce that plans for an early start on the National Library were being made. He suggested that the Department of Public Works study the whole question and prepare for the next meeting reports on reconstruction of the Parliamentary Library and on the possibility of starting construction of the National Library. One possibility that might be studied was that of combining a new Parliamentary Library with the National Library.

60. The Cabinet, after further discussion, noted the report of the Minister of Public Works and agreed that his department prepare for the next meeting reports on reconstruction of the Parliamentary Library and on the possibility of proceeding at an early date with the National Library; consideration also to be given to combining a new Parliamentary Library with the National Library.

Formation of U.K.-Canadian air transport company; issue of charter licence

61. The Minister of Transport said he had been informed by the Air Transport Board that the Lancashire Aircraft Corporation of the United Kingdom and Maritime Central Airways had reached agreement on the establishment of a company to own and operate four-motor aircraft on non-scheduled work in Canada. The new company would shortly be applying for licence authorizing it to charter aircraft to existing licensed operators in Canada. To date the Board had adhered to a policy of not licensing companies unable to show that substantial ownership (not less than 60 per cent) and voting control were in Canadian hands.

While M.C.A. would hold 60 per cent and the U.K. firm 40 per cent of the common stock, the latter would hold 75 per cent of the preferred shares and, if the company incurred a deficit above a given figure, the preferred shares would acquire votes and the U.K. firm would control over 50 per cent of the votes. As regards ownership, the U.K. firm would provide up to three used "York" aircraft valued at $90,000 each (in consideration for which it would have three-quarters of the preferred shares) and for each of these aircraft M.C.A. would provide $30,000 as a direct cash investment. Thus there would be Canadian ownership

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of only some 25 per cent of the investment.

Licensing the new company would involve, therefore, a marked departure from present policy and the Board was opposed to granting a licence unless the company could qualify under that policy.

62. The Acting Prime Minister considered that it would be desirable to accept the Board's advice in the matter.

63. The Cabinet, after further discussion, noted the report of the Minister of Transport and agreed that it would be undesirable for a licence to be issued to the new company being formed by the Lancashire Aircraft Corporation of the United Kingdom and Maritime Central Airways, for the purpose of chartering aircraft to existing licensed operators in Canada, unless the company were able to qualify under the existing policy requiring applicants for licences to show that substantial ownership and control is in Canadian hands.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

August 14th, 1952

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Commonwealth economic conference; amendments to proposed agenda 2.

Japanese application for accession to G.A.T.T. 3.

Mutual Aid; diversion of certain items to Indo-China 4.

Yugoslavia; provision of military equipment 5.

International Convention re Contract Debts; adherence of German Federal Government 5.

Unemployment Insurance Benefit Regulations, 1949; amendment 6.

Foot and mouth disease; removal of restrictions in affected areas 7.

C.N.R.; proposed purchase of new equipment 7.

Citizenship and Immigration; appointment of Acting Minister 8.

Parliamentary and National Libraries; alternative proposals; rehabilitation of books 8.

Canadian Chamber of Commerce; request for comments on resolutions 9.

1952 Income Tax Return forms; inclusion of reference to old age security tax 10.

B.C. canned salmon; 1951 surplus 11.

Pakistan; request for assistance re wheat requirements 13.

Canadian Pacific Airlines; service to South America 14.

National Defence; St.Jean d'Iberville Service College 14.

Railways; labour dispute 15.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, August 14th, 1952, at 10:30 a.m.

Present:

The Minister of Trade and Commerce, Minister of Defence Production and Acting Prime Minister (Mr. Howe) in the chair,
The Minister of Public Works (Mr. Fournier),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue (Dr. McCann),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Minister of Fisheries (Mr. Mayhew),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Justice (Mr. Garson),
The Postmaster General (Mr. Cote).

The Acting Secretary to the Cabinet (Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office,
Mr. C.C. Eberts, Privy Council Office.

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Commonwealth Economic Conference; amendments to proposed agenda

1. The Acting Prime Minister said the United Kingdom High Commissioner's office had on August 5th, 1952, transmitted the agenda which the U.K. government proposed for the Commonwealth Economic Conference in November. It had been considered by the Interdepartmental Committee on External Trade Policy, which was of the view that it tended to direct attention too much toward problems outside the countries of the sterling area and to afford insufficient scope for discussion of their internal policies which the Canadian government thought to be of primary importance if any real solutions were to be found to the sterling area difficulties. The Interdepartmental Committee had recommended a number of amendments, principally to the commentary on the agenda which served to indicate the character of matters for attention under the various items. If the proposed amendments were approved it was intended to have them submitted to the Prime Minister for his consideration and thereafter transmitted to the High Commissioner in London for communication to the U.K. government. In the telegram of transmittal the purpose of the modifications would be explained. The High Commissioner would also be informed that the Canadian government did not favour publication of any detailed agenda in advance of the Conference. It would be suggested that, as an alternative, a general statement concerning the purposes of the Conference might be issued after consideration by the participating governments.

An explanatory memorandum had been circulated.

(Acting Secretary's memorandum, August 12, 1952 and attachments - Cab. Doc. 237-52).

2. The Minister of Finance agreed with the proposed modifications. At an early date consideration would have to be given to the line to be followed by the Canadian representatives at the official meetings in September and at the Conference itself. On earlier occasions, Canada had indicated some of the measures it was thought had to be taken by the sterling area countries but the points had been put forward with some restraint and diffidence. It was for consideration whether the Canadian position should be put more directly at the coming Conference.

3. The Secretary of State for External Affairs also agreed with the general character of the modifications. While they would not commit the government specifically, they did indicate a line that Canada would be expected to follow after having made the suggestions.

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4. Mr. Howe said it seemed probable that the U.K. government would be suggesting an increase in reliance on imperial preferences and a withdrawal from certain of the principles and obligations of G.A.T.T. Any such line of development would be contrary to the interests of Canadian trade. He agreed that consideration should be given to the line to be followed at the meetings. The Interdepartmental Committee on External Trade Policy would be considering the matter at meetings on August 15th and August 22nd and would have a report for consideration by the Cabinet on or about August 26th.

5. The Cabinet, after discussion, approved the recommendations of the Interdepartmental Committee on External Trade Policy for amendments to the draft agenda for the Commonwealth Economic Conference and the draft explanatory telegram to the Canadian High Commissioner in the United Kingdom; the proposed amendments and draft telegram to be submitted for the approval of the Prime Minister before transmission.

Japanese application for accession to the General Agreement on Tariffs and Trade

6. The Acting Prime Minister said that on July 19th, 1952, a telegram was received from the Executive Secretary of the G.A.T.T. advising that Japan had signified its desire to accede to G.A.T.T. A Canadian reply was required within 30 days unless an extension of a further 30 days was requested. Under the procedures for dealing with applications between G.A.T.T. sessions, consideration of an application would be deferred until the next regular session of the Contracting Parties if three or more Contracting Parties so requested. It was understood that the United Kingdom and France had already requested such deferment. It seemed highly probable that before August 18th a third country would have made the same request. In that eventuality Canada would not have to make a formal reply.

The Interdepartmental Committee on External Trade Policy recommended that, in the light of the forthcoming negotiations between Canada and Japan, it would be inadvisable to give Japan the impression unnecessarily that Canada was obstructing its accession to G.A.T.T. The Committee accordingly recommended that no reply be sent before a late hour on August 18th and that if, by that time, three countries had requested deferment no reply be sent at all. If three countries had not registered that view by late on August 18th a Canadian reply should be sent to the effect that the Japanese application should be deferred until the next regular session.

An explanatory memorandum had been circulated.

(Memorandum, Chairman, Interdepartmental Committee on External Trade Policy, August 13, 1952 - Cab. Doc. 238-52).

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7. The Secretary of State for External Affairs agreed with the recommendations. From reports as to the position of various governments it seemed almost certain that there would be at least the minimum of three objections to use of the intersessional procedure before August 19th.

8. The Cabinet, after discussion, approved the recommendations of the Interdepartmental Committee on External Trade Policy concerning the attitude to be taken by Canada with regard to the Japanese application for accession to the General Agreement on Tariffs and Trade and agreed that:

(a) the Japanese application should be deferred until the next regular session of the Contracting Parties;

(b) if at least three other Contracting Parties had recorded that view by August 18th, and thereby secured the desired deferment of the application, no Canadian reply be made;

(c) if by a late hour on August 18th less than three other Contracting Parties had registered that view, a Canadian reply be sent to the Executive Secretary requesting deferment; and,

(d) no reply be given regarding Canada's willingness to participate in tariff negotiations with Japan; the matter to be left for discussion at the regular session of the Contracting Parties.

Mutual aid; diversion of certain items to Indo-China

9. The Secretary of State for External Affairs, referring to discussion at the meeting of July 31st, 1952, said consideration had been given subsequently, to the possibility of France making a payment for the equipment diverted to Indo-China. It had been concluded, however, that this would not be a practical solution. Sale of the equipment would yield a comparatively small payment and a credit would not be established in favour of the Department of National Defence. In the circumstances, a formula had been suggested whereby the equipment would be transferred as mutual aid and the Standing Group would indicate to the Canadian government in writing that it had no objection to the diversion because it would have a correspondingly beneficial effect on French forces in Europe. The Department of Justice had now given an opinion that such a transfer could properly be made under the Defence Appropriation Act, 1950. This formula, which was acceptable to French officials, would safeguard the government's position under the Act, avoid the establishment of an undesirable precedent and permit use of the Canadian equipment on an active front, where

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it was urgently needed. He suggested that this formula be approved on the understanding that he would seek the concurrence of the Prime Minister.

10. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs that certain Canadian military equipment offered to France as mutual aid be diverted to Indo-China on the understanding that a statement be obtained from the Standing Group endorsing the transfer and agreed that, subject to the concurrence of the Prime Minister, to be sought by Mr. Pearson, the formula be adopted as submitted.

Provision of military equipment to Yugoslavia

11. The Minister of National Defence, referring to discussion at the meeting of October 3rd, 1951, reported that, from time to time, enquiries were received as to whether Canada would provide military equipment to Yugoslavia, either direct or through the U.S. government. In these cases he had always taken the position that no equipment could be provided unless Canada had items that N.A.T.O. did not require. In any such case there would have to be Cabinet approval of the transfer. He did not feel it would be feasible to make direct shipments to Yugoslavia although there might be cases in which deliveries could be made through the United States. His department was under instructions to do what it could to discourage such proposals.

12. The Cabinet noted with approval the report of the Minister of National Defence that, in connection with enquiries as to whether Canadian military equipment could be provided to Yugoslavia, the Department of National Defence took the position that no items could be considered for transfer unless they were not required by N.A.T.O. and the Cabinet approved the transfer of them, and that the department was under instructions to try to avoid such enquiries.

International Convention re Contract Debts; adherence of German Federal government

13. The Secretary of State for External Affairs reported that the German Federal government had signified to the Netherlands, the depository state of the International Convention Respecting the Limitation of the Employment of Force for the Recovery of Contract Debts (1907), its desire to adhere to the Convention. Canada was, and pre-war Germany had been, a party. The Allied High Commission was willing to allow the West German government to seek the consent of other signatories for its adherence to certain agreements to which pre-war Germany had been a party, subject to the High Commission's approval.

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He recommended, with the concurrence of the Minister of Finance, that it be indicated that Canada had no objection to West Germany adhering to the Convention subject to the High Commission's approval.

An explanatory memorandum had been circulated.

(Minister's memorandum, August 11,1952 - Cab. Doc. 236-52).

14. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs, as concurred in by the Minister of Finance, and agreed that the Netherlands government be informed that Canada had no objection to the German Federal government adhering to the International Convention Respecting the Limitation of the Employment of Force for the Recovery of Contract Debts, subject to the approval of the Allied High Commission.

Unemployment Insurance Benefit Regulations, 1949; amendment

15. The Acting Prime Minister said that at the meeting of August 6th, 1952, approval of certain amendments to the Unemployment Insurance Benefit Regulations had been deferred because it had been desired to discuss, with the Minister of Labour present, the proposed payment of benefit on days for which no pay is received during a plant shut-down for a holiday.

16. The Minister of Finance said he understood that opinions in the Unemployment Insurance Advisory Committee had been divided on this proposal.

17. The Minister of Labour suggested that consideration of the matter be deferred but that the other amendments made by the Unemployment Insurance Commission on July 25th, 1952 be approved.

18. The Cabinet, after further discussion, approved the recommendation of the Minister of Labour and agreed that:

(a) certain amendments to the Unemployment Insurance Benefit Regulations, made by the Unemployment Insurance Commission on July 25, 1952 - excluding the amendment regarding payment of benefit during a plant shut-down for a holiday - be approved; an Order in Council to be passed accordingly;

(Order in Council P.C. 3702, August 14, 1952).

(b) the Chief Commissioner of the Unemployment Insurance Commission, the Chairman of the Unemployment Insurance Advisory Committee and the Assistant Deputy Minister of Finance (Mr. Taylor), consult on the proposed payment of benefit during a plant shut-down for a holiday, and prepare a report for consideration by the Cabinet at a subsequent meeting.

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Foot and mouth disease; removal of restrictions in affected areas

19. The Acting Prime Minister said that, on the basis that all traces of foot and mouth disease had been eradicated from Canada, the Acting Minister of Agriculture recommended that all restrictions be removed on the movement of certain animal products into and out of certain areas in Saskatchewan, which had been quarantined as a result of the outbreak of the disease in that Province the previous winter.

20. The Cabinet, after discussion, approved the recommendation of the Acting Minister of Agriculture and agreed that an Order in Council be passed, to take effect on August 19th, 1952, revoking Order in Council P.C. 1513 of March 13th, 1952, which prohibited the movement of certain animal products into and out of certain areas in the Province of Saskatchewan.

(Order in Council P.C. 3812 of August 14, 1952).

Canadian National Railways; proposed purchase of new equipment

21. The Acting Prime Minister submitted a recommendation by the Minister of Transport, concurred in by the Minister of Finance that authority be granted to the Canadian National Railway Company to place orders for equipment at an estimated aggregate cost of $123,135,170 and that amounts payable under contracts entered into for the purchase of such equipment be included in the annual capital budget of the C.N.R. in the year in which such amounts would become due and payable.

22. Mr. Howe noted that the C.N.R. had made provision inter alia for the purchase of several hundred freight cars. It might be advisable to draw the railway's attention to the fact that this year's wheat crop would probably exceed by far the largest crop harvested in past years. It would be difficult if not impossible to move the whole crop during the coming autumn and winter because of the scarcity of railway equipment and shipping. In the circumstances, both railways might advisedly be asked to keep future freight requirements in mind when preparing their equipment purchasing programmes.

23. The Cabinet, after discussion:

(a) agreed that an Order in Council be passed authorizing the Canadian National Railway Company to place orders for equipment at an estimated total cost of $123,135,710; it being understood that amounts payable under such contracts would be included in the annual capital budget of the C.N.R. in the year in which such amounts would become due;

(Order in Council P.C. 3770, August 14,1952).

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and,

(b) noted with approval the Acting Prime Minister's suggestion that the railways be asked to keep in mind, when preparing their equipment purchasing programmes, the heavy demands which would probably be made on railway equipment by the movement of the large wheat crop being harvested this year and to have in mind also the possibility of equally great demands in future years.

Citizenship and Immigration; appointment of Acting Minister

24. The Acting Prime Minister submitted a recommendation for the appointment of an Acting Minister of Citizenship and Immigration.

25. The Cabinet, after discussion, agreed that an Order in Council be passed authorizing the Honourable S.S. Garson to act as Minister of Citizenship and Immigration in the simultaneous absence from Ottawa of the Minister and Acting Minister (Mr. Bradley) of Citizenship and Immigration.

(Order in Council P.C. 3815, August 14, 1952)

Parliamentary and National Libraries; alternative proposals; rehabilitation of books

26. The Minister of Public Works, referring to discussion at the meeting of August 6th, said that his Department had prepared estimates of the costs involved in three alternative proposals concerning the repair, reconstruction or replacement of the Parliamentary Library.

The estimated cost of repairing the damage to the Parliamentary Library and replacing the structure in the same condition, without making any provisions for fire-proofing, would be about $50,000. It would cost approximately $950,000 to recondition the present library and make it fire-proof without altering its outward appearance. A third alternative, which had been considered at some length, would involve removing the present structure entirely and replacing it by a new building, the exterior design of which would be such as to harmonize with the existing Parliamentary Buildings and which would serve the dual purposes of the National Library and the Parliamentary Library. This new building would be joined to the main body of the Centre Block at each end by two wings which would provide much needed office space for both the Senate and House of Commons. The total cubic footage of such a building would exceed substantially the minimum estimated requirements put forward by Dr. Lamb. The total cost would be approximately $6 million.

(Memorandum, Public Works, August 13, 1952, and attached documents and plans).

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27. The Acting Prime Minister said he favoured the third course of action, since it seemed to be the most practical solution to the dual problem of the fire hazard of the present structure and the growing need for a National Library.

The drying and repair of damaged books was going to be a very large task and he suggested that he be authorized to arrange with the Garden City Publishing Company to repair the most badly damaged books in the Parliamentary Library and to store such books on the Company's premises until they could be replaced, either in a reconditioned or in a new building.

28. The Secretary of State for External Affairs thought that, although the proposed new structure at the rear of the Parliamentary Buildings might serve the immediate purposes of both the Parliamentary and National Libraries, the site might not allow for the degree of expansion which might be required in years to come. This should be considered carefully before reaching a final decision.

29. The Minister of National Defence said that the people of Canada might attach a good deal of importance to the preservation of the current Library of Parliament building which was one of the very few public buildings in the capital dating from before Confederation and amongst the most important historic monuments in Canada.

30. The Cabinet, after discussion:

(a) deferred decision upon the alternatives put forward by the Minister of Public Works for reconditioning of the Library of Parliament or the construction of a new combined Parliamentary and National Library until such time as the Prime Minister could be present;

(b) agreed that the Prime Minister be informed that the members of the Cabinet present were inclined on balance to favour the removal of the existing structure and the construction on the same site of a new structure which would serve the purposes both of the Library of Parliament and of the National Library; and

(c) agreed that the Acting Prime Minister make such arrangements as seemed desirable with the Garden City Publishing Company for the repair and storage of damaged books in the Parliamentary Library.

Canadian Chamber of Commerce; request for comments on resolutions

31. The Acting Prime Minister said that the Minister of Resources and Development had recently received requests from the Canadian Chamber of Commerce for comments on certain resolutions which

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had been submitted to the Prime Minister and other Ministers by representatives of the Chamber on December 10th, 1951. Mr. Winters had not submitted comments as requested because he felt it improper that organizations should expect that policy statements be made in this manner. Mr. Winters was rather inclined to the view that Ministers should not be drawn into making comments of detail on general presentations of the character of that made by the Chamber of Commerce in December 1951.

An explanatory note had been circulated.

(Memorandum, Acting Secretary to the Cabinet, undated, Cab. Doc. 239-52).

32. The Minister of Labour pointed out that, as a general practice, a considered reply was sent to labour union representations, over the Prime Minister's signature, after consultation with the various departments concerned.

33. The Minister of National Defence said a practice similar to that outlined by the Minister of Labour was followed in respect of representations made from time to time by the Canadian Legion.

34. The Cabinet, after discussion, agreed that, as a general rule, Ministers should not commit themselves to comment in detail on representations made from time to time by organizations such as the Canadian Chamber of Commerce and particularly should not, in comments, make commitments with regard to future policy, but that non-commital replies should in all cases be made and that such replies might with advantage be sent out from the Prime Minister's Office in the case of submissions made to the government as a whole.

1952 Income Tax Return forms; inclusion of references to old age security tax

35. The Minister of National Revenue submitted for consideration a draft short income tax form for 1952. The tax tables of the form showed the income tax and old age security tax payable as one rather than as separate figures and contained other references to the old age security tax in the manner he had described at the meeting of August 6th.

Copies of the income tax forms had been circulated.

36. The Minister of National Defence said it was his impression that it had been considered the old age security tax should be shown separately in order to emphasize to taxpayers the cost of the old age security provisions. It would also make it clear that income tax rates had not been increased. In a recent brief conversation, the Prime Minister had indicated that he favoured showing the old age security tax as a separate item.

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37. The Minister of Finance said he had stated in Parliament that it was intended to include a separate item in tax forms identifying the old age security tax. After examining Dr. McCann's proposals, he considered them the only practical solution. It would be very complicated to show the old age security tax separately, and probably physically impossible on the present form. A great increase in administrative work would result. He thought the special notes carried out his undertaking to Parliament. Identification of the old age security tax would be clearer if the heading "Calculation of Income Tax", on page 3 of the draft form, were expanded to include the words "and Old Age Security Tax".

38. The Cabinet, after further discussion, approved for inclusion in the 1952 Short Income Tax form the references to old age security tax proposed by the Minister of National Revenue, subject to the heading on page 3 of the draft form being expanded to read "Calculation of Income Tax and Old Age Security Tax", and to the concurrence of the Prime Minister in the decision.

British Columbia canned salmon; 1951 surplus

39. The Minister of Fisheries, referring to discussion at the meetings of June 27th and 30th, 1952, recalled the proposals he had made at that time in connection with a request of the Fisheries Association of British Columbia that the government buy, at a cost of $6,122,750, half the surplus remaining from the 1951 B.C. salmon pack, the packers to repurchase government holdings before July, 1957. The object was to assist the industry while it adjusted its processing and marketing procedures with a view to expanding the domestic market and obtaining a U.S. market to compensate for the loss of the U.K. and other markets.

As it was now clear that the 1952 pack would be large, there was a danger that the industry would soon feel that it could not continue to finance the 1951 carryover and would cease operations. This would lead to unemployment in the packing plants and demands for price support for salmon. It was desirable, therefore, to consider the proposals again rather than wait until autumn.

According to the latest reports, the 1951 carryover amounted to some 600,000 cases. The 1952 pack now stood at 750,000 cases and it appeared likely that by the end of the season it would total approximately 1.3 or 1.4 million cases. He believed North America would consume all the canned salmon available once the revised processing and merchandising methods contemplated by the B.C. industry took effect. The industry had already shown what it could do by increasing, between 1948 and 1952, Canadian consumption of canned salmon to a rate 40 per cent in excess of the pre-war average.

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The industry agreed that it should be responsible for surpluses, but it would have difficulty in carrying the whole of the $12 million 1951 surplus in addition to a probable $24 million surplus for 1952. He had advised the industry to urge the banks to continue to carry the small packers on the understanding that steps were being taken to liquidate stocks in due course.

The position of the fishing industry elsewhere in the country was at present satisfactory, although it might prove necessary to consider means of re-opening seven small sardine plants which had recently closed in the Maritimes.

40. The Minister of Finance said that while, in principle, he was opposed to the suggested assistance, he recognized that it was necessary to take into consideration the possibility that, if assistance were not given, the government might face requests for price support. He thought that, if Mr. Mayhew's proposals were accepted, arrangements would have to be made to protect the government's inventory position. He felt that the industry should try to establish a U.S. market in less than five years. To enter that market, however, its price would have to be some 19 per cent lower than the U.S. price to cover the duty and 4% difference in the currencies. With the proposed assistance there might be some risk of U.S. countervailing duties. Assistance could probably not be provided until money was voted by Parliament. It was very likely to lead to similar requests from other industries. The B.C. packers had been in a very strong position for a number of years and should have taken appropriate steps at an earlier date in anticipation of the present difficulties.

41. The Acting Prime Minister suggested that an alternative solution might be an arrangement with the banks whereby they would assist the B.C. industry and the government would guarantee their loans to a maximum of approximately $6.1 million. Direct assistance by the government with the 1951 pack would likely lead to requests for assistance with the 1952 pack. If the government bought a proportion of the 1951 stocks, it should retain the right to dispose of them as and when it wished.

42. Mr. Mayhew doubted that the small packers would have confidence that the banks would continue to carry them under a loan guarantee arrangement.

43. The Cabinet, after further discussion, deferred decision on the proposals of the Minister of Fisheries regarding the provision of assistance to the British Columbia salmon-canning industry in connection with its 1951 pack and agreed that the Departments of Finance, Fisheries and Trade and Commerce consider the whole matter - including provisions required to protect the government's inventory position, the question of the government remaining free to dispose of its holdings, the type of Parliamentary action required and the risk of U.S. countervailing duties - and submit for early consideration by the Cabinet concrete proposals as to the best method of providing assistance.

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Pakistan; request for assistance re wheat requirements

44. The Secretary of State for External Affairs reported that, on July 21st, the High Commissioner for Pakistan had conveyed a request from his government for Canadian assistance in purchasing some 300,000 tons of wheat valued at $20 to $25 million to be delivered to Pakistan for the end of March 1953. The High Commissioner had suggested several possible courses of action. None of the suggestions seemed to be practicable or advisable. However, in view of the important bearing which the prospective shipment of Canadian wheat would have on the well-being and stability of the south-Asian area, he strongly recommended that some means be found to come to the assistance of Pakistan in this instance. One possibility might be the issuance of a contract of insurance or a guarantee against which credit could be secured from commercial banks under the terms of the Export Credits Insurance Act. The Act had not been used in the past to finance purchases of this character or to cover a period as long as the five to seven years suggested in this case. If it were thought undesirable to create a precedent by resorting to such a course of action, it might be possible to finance some of Pakistan's other purchases from Canada, such as certain arms purchases, through this channel, thus releasing funds which could be used to buy at least part of the amount of wheat.

An explanatory note was circulated.

(Minister's memorandum, August 1952, Cab.Doc.258-52).

45. The Minister of Finance said Canadian wheat sales had always been made on a cash basis. He thought it would be undesirable to disturb this practice. The only practical solution he could see would be to increase Canadian contributions to the Colombo Plan, thus enabling a portion or all of the 300,000 tons to be brought under the Plan. This would involve a new and unforeseen cash disbursement by the Federal Treasury without any immediate compensating revenue from other sources. Parliamentary approval would be required.

46. The Acting Prime Minister said the Export Credits Insurance Act was not intended for this sort of transaction and that, in any event, it seemed to him unwise to introduce an element of credit into transactions involving wheat or metals.

47. The Cabinet, after discussion, noted the request of the Pakistan government for Canadian assistance in supplying 300,000 tons of wheat to that country and agreed that the suggestion of the Secretary of State for External Affairs concerning the possibility of financing certain suitable Pakistan purchases in Canada through the Export Credits Insurance Act, thus enabling the Pakistani government to use the funds so released for the purpose of Canadian wheat, be explored and a report submitted to the Cabinet.

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Canadian Pacific Airlines; service to South America

48. The Acting Prime Minister said that, following the decision reached at the meeting of August 6th, he had discussed further the proposed new CPA route to South America with Trans-Canada Airlines, the Canadian Pacific Airlines and the Air Transport Board. Both Airlines and the Air Transport Board were of opinion that there would be no objection to CPA flying into Brazil provided that country were prepared to enter into a bilateral agreement with Canada authorizing two Canadian air routes into Brazil and presumably two Brazilian air routes into Canada. It would thus be possible for TCA later to extend its Carribean air service to Brazil as planned.

In the circumstances, it might be advisable if the Secretary of State for External Affairs could ascertain, through the Canadian Embassy at Rio de Janeiro, whether the Brazilian government would be prepared to enter into a bilateral agreement with Canada along the lines suggested.

(Memorandum, Privy Council Office, August 14, 1952).

49. The Cabinet, after discussion, noted the report by the Acting Prime Minister on the proposed new Canadian Pacific Airlines route to South America and agreed that the Secretary of State for External Affairs ascertain through the Canadian Embassy at Rio de Janeiro whether the government of Brazil would be prepared to enter into a bilateral air agreement with Canada involving double Canadian entry into Brazil and double Brazilian entry into Canada.

National Defence; St.Jean d'Iberville Service College

50. The Minister of National Defence, referring to discussion at the meeting of June 11th reported that 200 firm applications had already been received for enrolment in the recently announced service college at St. Jean d'Iberville. Because of physical limitations, it would not be possible to accept more than 125 candidates. Although English and French-speaking applicants had been about equally divided, it was proposed, for the first year at least, to select approximately 80% of the candidates amongst French-speaking and the balance amongst English-speaking applicants. From the manner in which the new service college had been received by both the prospective candidates and the public generally, it seemed obvious that it would be most successful. In the circumstances, it might be advisable to make an announcement immediately that the new college would be placed on exactly the same basis as Royal Roads, thus enabling cadets to take the complete three-year officer course at St. Jean. This suggestion had been concurred in by the Prime Minister.

51. The Minister of Public Works agreed that for the first year it might be advisable to select approximately 80% of the cadets amongst French-speaking

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candidates but as a normal practice in future years a more acceptable percentage might be 60% French-speaking and 40% English-speaking. It would thus be possible to ensure greater intermingling of both English and French-speaking student officers which would have beneficial effects. Even after St. Jean was in full operation, it would probably be desirable to continue sending a certain number of French-speaking cadets to Kingston and Royal Roads.

52. The Cabinet, after discussion,-

(a) noted the report by the Minister of National Defence on applications for admission to the new service college at St. Jean d'Iberville;

(b) agreed that for the first year selection of candidates be made on an informal basis of approximately 80% French-speaking and 20% English-speaking; it being understood that in future years the balance would be brought to roughly 60% French-speaking and 40% English-speaking; and,

(c) agreed that an announcement be made immediately to the effect that the St. Jean college would give the full three-year officer course and would in other respects be placed on precisely the same basis as Royal Roads.

Railways; labour dispute

53. The Minister of Labour, reported that negotiations in the current railway labour dispute were progressing fairly well. Discussions handled by the conciliator had reached a stage where agreement seemed possible when the grant of higher steel wages and the increase in the cost of living altered the position. It had then been decided that a conciliation board should be set up. Mr. Paul S. Smith had been designated as the management representative and Mr. David Lewis as the union representative. It had been intimated to both the management and labour representatives that it would be preferable if they could reach agreement on a chairman. There seemed to be good prospects of a solution being reached at an early date to the satisfaction of both management and the railway unions.

54. The Cabinet, after discussion, noted with approval the report by the Minister of Labour on progress being made in the current railway-labour negotiations.

R.G. Robertson,
Acting Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

August 21st, 1952

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Trades and Labour Congress convention; discussion of use of right to strike 3.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, August 21st, 1952, at 10:30 a.m.

Present:

The Minister of National Defence and Acting Prime Minister (Mr. Claxton), in the chair,
The Minister of Transport (Mr. Chevrier),
The Minister of National Health and Welfare (Mr. Martin),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue (Dr. McCann),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Veterans Affairs (Mr. Lapointe),
The Postmaster General (Mr. Cote).

The Acting Secretary to the Cabinet (Mr. Robertson),
Mr. C.C. Eberts, Privy Council Office.

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Commonwealth-Iraq war graves agreement; signature

1. The Secretary of State for External Affairs submitted for approval a draft agreement between certain Commonwealth countries and Iraq modifying an agreement of 1935 and authorizing a Commonwealth-Iraq Committee of the Imperial War Graves Commission to provide for the care in Iraqi territory of Commonwealth cemeteries, graves and memorials of the two world wars. The Department of Veterans Affairs agreed that the proposed agreement should be signed.

(Minister's memorandum, Aug. 21, 1952 - Cab. Doc. 259-52).

2. The Cabinet approved the draft agreement between certain Commonwealth countries and Iraq regarding the care in Iraqi territory of Commonwealth graves of the two world wars as submitted by the Secretary of State for External Affairs, and agreed that the U.K. Ambassador in Baghdad sign the agreement on behalf of Canada.

Noranda Mines Ltd.; exemption from portion of duty on U.S.-refined copper

3. The Minister of National Revenue said he had received a letter from Noranda Mines Ltd. stating that, as a result of a work stoppage at its copper refinery in Montreal, production there had been suspended indefinitely on July 14th. In order to provide copper for the defence programme and other important projects, the copper anode production of the Noranda smelter had been diverted, for refining, to a New York company which was expected to start returning refined copper to Canada about September 8th. Noranda requested that special authority be given whereby import~~ant~~ duty would be payable only on the U.S. refining costs.

The strike had taken place because the Montreal refinery would not recognize the Congress of Industrial Organizations as bargaining agent and had entered an appeal in the matter which was still pending in the Superior Court of Quebec.

4. The Cabinet, after discussion, noted the report of the Minister of National Revenue regarding the diversion by Noranda Mines Ltd. of its copper anode production to a U.S. refinery in view of a strike at its Montreal refinery and agreed that, unless after study the Minister of Labour wished the matter to be further considered by the Cabinet, the Department of National Revenue take the position that duty on refined copper to be returned to Canada after processing by the U.S. company would be payable only in respect of U.S. refining charges.

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Railway labour dispute; selection of chairman of conciliation board

5. The Minister of Transport, referring to discussion, at the meeting of August 14th regarding the establishment of a conciliation board for the current railway labour dispute, reported that the management and labour representatives had not yet agreed on a chairman. The previous day the President of the Canadian National Railways had indicated that prospects of a settlement were good, had said he felt that a senior judge should be selected as chairman, and had suggested the names of the Honourable O.S. Tyndale, Associate Chief Justice of Quebec and the Honourable Gordon Sloan, Chief Justice of British Columbia, among others.

6. The Cabinet, after discussion, noted the report of the Minister of Transport concerning the selection of a chairman for the conciliation board in the current railway labour dispute, and agreed that:

(a) decision be deferred until the next meeting; but,

(b) should a selection have to be made as a matter of urgency in the meantime, it be made by the Minister of Labour with the concurrence of the Prime Minister and the Minister of Transport.

Trades and Labour Congress Convention; discussion of use of right to strike

7. The Minister of Labour reported that when, earlier in the week, he had addressed the current Winnipeg convention of the Trades and Labour Congress, he had spoken of the importance of the defence production and development programmes, pointing out the need for additional workers and the advantages that would accrue from increased harmony between labour and management. Subsequently the President of the Congress had made a statement on Mr. Gregg's comments regarding labour-management harmony in which he had emphasized that labour would continue to exercise its right to strike. Mr. Bengough had apparently considered it necessary to make this statement but he did not think it indicated any real dissent. The incident had been inflated much beyond what was justified.

8. The Cabinet noted the report of the Minister of Labour regarding discussion at the convention of the Trades and Labour Congress on the right to strike and the present need for industrial harmony.

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Mutual aid; diversion of certain items to Indo-China

9. The Secretary of State for External Affairs, referring to discussions at the meeting of August 14th, reported that the Prime Minister did not agree with the formula then considered for the diversion of certain mutual aid items from France to Indo-China. Mr. St-Laurent preferred one or other of the two formulae discussed at the meeting of July 31st, under which the equipment would be sold to France or France would provide replacements in Europe satisfactory to the Standing Group. In the circumstances, it was planned to review the question at the meeting of the Cabinet Defence Committee on August 26th.

10. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs that the formula for the diversion of certain Canadian mutual aid items from France to Indo-China discussed at the meeting of August 14th, 1952, was to be reviewed by the Cabinet Defence Committee on August 26th.

Commonwealth Economic Conference; amendments to proposed agenda

11. The Secretary of State for External Affairs reported that, with minor changes, the Prime Minister had agreed to the proposed amendments to the draft agenda for the Commonwealth Economic Conference which had been approved at the meeting of August 14th, 1952. The Canadian High Commissioner in London had now communicated the Canadian proposals to the U.K. authorities. A memorandum was being prepared by the Committee on External Trade Policy, which would be ready for August 27th, on the line to be followed by Canada at the Conference.

12. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs that the Canadian proposals for amendments to the draft agenda for the Commonwealth Economic Conference had been communicated to the U.K. government and that material concerning the line to be taken by Canada at the Conference would be available for consideration at the next meeting.

St. Lawrence Seaway Development; announcement of arrangements

13. The Minister of Transport, referring to discussion at the meetings of July 15th and August 16th, 1952, reported that he planned to announce certain of the new organizational arrangements relating to the St. Lawrence Seaway Development.

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14. The Cabinet noted the report of the Minister of Transport that he planned to announce the removal of the Special Projects Branch of his department to Montreal where, under the supervision of Mr. R.A.C. Henry, it would prepare detailed plans for the St. Lawrence Seaway; the appointment of Mr. Guy Lindsay as Special Adviser to the Minister of Transport on the Great Lakes - St. Lawrence Seaway Development; and the appointment of Mr. H.W. Lea to make a study of the effects of removal of the Gut dam.

National Harbours Board; construction of shed, Quebec City; award of contract

15. The Minister of Transport reported that the National Harbours Board had called for tenders for the construction of a transit shed at Quebec City. When the five tenders had been opened publicly, it had appeared that Emile Frenette Ltd. of Quebec had made the lowest bid ($530,576) with F.H. McGraw of Canada Ltd., a subsidiary of a U.S. Company, the second lowest bidder ($539,093). The Chairman of the Board had explained at the time that tenders were subject to detailed examination prior to award of a contract. On analysis, it had turned out that the McGraw bid was actually the lowest. The explanation was that one item called for indication of a lump sum fixed fee for renovation of structural steel. The renovation was to be on a cost plus fixed fee basis. McGraw had included not only a fixed fee of $5,600 but also a figure of $48,000 representing estimated costs. To get comparable figures for the tenders, $48,000 had thus to be deducted from the McGraw total.

His opinion and that of the Board was that the contract should be awarded to McGraw. At the same time, it was necessary to take into account the fact that public opening of the tenders had led to a general belief that Frenette was the lowest and would receive the contract.

16. The Minister of Veterans Affairs said that if the contract were awarded to McGraw it would be impossible to make the trade believe that the company had been allowed to change its tender. The instructions on completion of the tenders had been clear and it was difficult to understand how a subsidiary of a large and experienced U.S. company could have made such a mistake. Serious embarrassment must be expected if the contract were not awarded to Frenette.

17. The Minister of Finance suggested it might be desirable to modify the requirements in the National Harbours Board Act regarding opening of tenders in public since, on subsequent analysis, tenders often proved not to be directly comparable or to contain mistakes.

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18. The Acting Prime Minister pointed out that similar mistakes had occurred in tenders for some defence contracts and that it had been necessary to award them to persons who had appeared to be the second lowest bidders on opening the tenders. It was difficult to see how an explanation could be given in Parliament of the award of a contract to Frenette if he were not in reality the lowest bidder.

19. The Cabinet, after discussion, noted the report of the Minister of Transport on difficulties that had arisen from an error in one of the tenders received for construction of a transit shed at Quebec City for the National Harbours Board and deferred decision in the matter pending return of the Prime Minister.

Gander Airport; award of concessions for operation of accommodation and related facilities

20. The Minister of Transport said tenders had been initiated for the operation of the restaurant, bars, Skyways Hotel, laundry and dry cleaning plant and bakery at Gander airport under commercial concessions. Of the eight tenders received, those of Commercial Caterers and James Karfilis, both of Toronto, and of R. Simmonds of Gander, the present manager of the laundry and dry cleaning plant, were the highest. Karfilis had bid on all the facilities, Commercial on all but the laundry and dry cleaning plant and Simmonds on the plant alone. Thus Simmonds' bid fitted in with that of Commercial Caterers.

The percentage tendered by Karfilis was lower than that bid by Commercial for each facility except the restaurant and bars, although higher for those two items, and, unlike Commercial's tender, Karfilis did not offer an additional payment of 30 percent of net profit in excess of 7 percent of gross revenue. At the same time, since the restaurant and bars were the largest items from the point of view of business, it was tentatively estimated that Karifils' tender would yield about $88,700 and Commercial's and Simmonds' combined, a total of only $67,200 on the basis of the previous year's business.

He and his department were in favour of accepting Commercial's and Simmonds' tenders because the venture involved was of some importance and required considerable experience and resources. Commercial possessed these. Unlike Karfilis, it had made an appraisal of costs on the spot. Karfilis' tender in relation to the restaurant and bars appeared too high and likely to result in an early request for renegotiation of the rate. Acceptance of Commercial's tender would make it possible to give a concession to a local resident - Simmonds.

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21. The Cabinet, after discussion, noted the recommendation of the Minister of Transport on the award of concessions for commercial operation of accommodation and related facilities at Gander airport and agreed that the tender received from Commercial Caterers covering all facilities except the laundry and dry cleaning plant, and the tender received from R. Simmonds for that plant, be accepted.

R.G. Robertson,
Acting Secretary to the Cabinet

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CABINET CONCLUSIONS

meeting

August 27th, 1952

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, August 27th, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce and
Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue and
Acting Minister of Resources and Development
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour and
Acting Minister of Fisheries
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. P. Pelletier, Privy Council Office.

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Commonwealth Parliamentary Association Meeting; arrangements

1. The Prime Minister referring to discussion at the meeting of June 30th recalled that he would be absent in the West during the meetings of the Commonwealth Parliamentary Association in Ottawa early in September. He suggested that he might be represented by the Secretary of State for External Affairs at the opening meeting of the Conference on September 8th.

2. The Minister of National Revenue said he had received a communication from the Executive of the Canadian Branch of the Association seeking remission of duty on three sleeping cars which were being brought in from the United States in order to provide sleeping car facilities for all members of the Conference while travelling in Canada. The Canadian National Railway had insufficient equipment of this kind to meet the Conference's requirements.

3. Mr. St-Laurent stated that he had informed the Canadian members of the Association some time ago that the government would not contemplate seeking funds from Parliament in addition to the $150,000 already voted for the Conference's meetings. However, if it were ascertained that the Canadian National Railway would not absorb the duty (which amounted to approximately $5,400) it might be advisable to grant the Conference's request for a remission as it seemed obvious that normal sleeping car facilities should be made available to the delegates.

4. The Minister of Citizenship and Immigration said he understood that migration problems would be discussed during the course of the association's meetings. He, as Minister of Citizenship and Immigration, might be asked to outline Canada's immigration policies. This might give rise to an awkward situation in view of the presence at the meeting of representatives of Asian and West Indies countries.

5. Mr. St-Laurent thought it would be preferable to avoid any statement on Canadian immigration policy and simply to thank the Association for bringing to the attention of the Canadian government the view held by various Commonwealth countries in this important matter and to assure the Association that such views would be given serious consideration by the government.

6. The Cabinet, after discussion, agreed that:

(a) the Secretary of State for External Affairs represent the Prime Minister at the opening meeting of the Commonwealth Parliamentary Association Conference on September 8th;

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(b) duty be remitted on the three sleeping cars to be brought in from the United States for the convenience of members of the Conference provided it were ascertained that the Canadian National Railway could not absorb the cost of such duty and that sleeping car facilities could not otherwise be provided for Commonwealth representatives attending the Conference; and

(c) the Minister of Citizenship and Immigration endeavour to avoid having any specific statement on Canadian immigration policy made during the course of the association's meetings in Ottawa.

Commonwealth Economic Conference; Canadian representation at preparatory meeting

7. The Prime Minister, referring to discussion at the meeting of August 21st said that, after consultation with the Minister of Finance and the Secretary of State for External Affairs, a list of Canadian officials to represent Canada at the preparatory meeting of the Commonwealth Economic Conference had been drawn up.

(Memorandum Secretary to Prime Minister Aug. 27,1952).

8. The Cabinet, after discussion, agreed that Canada be represented by the following officials at the preparatory meeting for the Commonwealth Economic Conference to be held in London during the month of November:

Mr. N.A. Robertson,
High Commissioner for Canada at London (Chairman)

Mr. W.F. Bull,
Deputy Minister of Trade and Commerce

Mr. J.J. Deutsch,
Department of Finance

Mr. L. Rasminsky,
Bank of Canada

Mr. D.V. Le Pan,
Canadian Embassy Washington, to serve as Secretary.

Unemployment Insurance Benefit Regulations 1949; amendment re holiday shut-down

9. The Minister of Labour referring to discussion at the meeting of August 14th, submitted a further recommendation to amend the Unemployment Insurance Benefit Regulations 1949.

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10. The Cabinet, after discussion, agreed that an Order in Council be passed amending the Unemployment Insurance Regulations, 1949, with respect to benefits available to comparable workers on five and six-day weeks and to enable workers to receive benefit for non-compensated days during holiday shut-down periods of at least one week.

(Order in Council P.C. 3874, August 27, 1952).

National Harbours Board; award of contract at Quebec City

11. The Minister of Transport referred to the discussion at the meeting of August 21st on difficulties that had arisen in the award of the contract for the construction of a transit shed at Quebec City. The bids of both Frenette Limited and McGraw of Canada Limited were substantially below the departmental estimates of $590,000 for the work to be done.

12. The Cabinet, after considerable discussion, agreed that a contract for the construction of a transit shed in Quebec harbour for the National Harbours Board be awarded to Emile Frenette Limited of Quebec, P.Q., as the lowest tender submitted in the form prescribed by the advertisement.

Wartime seizure of Finnish ships "Ericus" and "Carolus"; proposed settlement

13. The Minister of Transport recalled that two Finnish ships the "Ericus" and the "Carolus" had been seized in prize at Sydney, N.S., on August 8th and 9th, 1941 and operated for the Canadian government. The "Carolus" had been sunk by enemy action of October 9th, 1942 and the "Ericus" was now laid up in the United Kingdom. At the time of seizure, the ships were owned by the A.B. Ohlson Steamship Company which has now been wound up. All the company's assets have been transferred to Sir Eric Ohlson, the original owner.

By Order in Council P.C. 5361 of November 23rd, 1948, authority was granted for settlement on the basis of release to the owners of the "Ericus" and of the insurance moneys totalling $225,660 which had been collected in respect of the "Carolus"; such settlement to be subject to the payment of costs of certain other conditions.

Sir Eric Ohlson had now submitted a claim for additional compensation including the payment of interest, totalling approximately $60,678 to June 30th, on the insurance moneys. This further claim had been considered by an interdepartmental committee which has recommended against payment of interest.

(Memorandum, Department of Transport, August 22, 1952).

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14. Mr. Chevrier supported the stand taken by the interdepartmental committee and thought that it would be improper in the circumstances to pay any interest on insurance moneys which had been held since October, 1942.

15. The Prime Minister was of the opinion that payment of interest to Sir Eric Ohlson could only be contemplated in the event that the insurance moneys in question had actually been invested and returned interest.

16. Mr. Chevrier reported that this had not been the case and the insurance moneys had been paid into the Consolidated Revenue Fund.

17. The Cabinet, after discussion, agreed that settlement for the two Finnish ships "Ericus" and "Carolus" seized in prize in 1941, be on the basis that the "Ericus" be released to Sir Eric Ohlson as the vessel now lay and that the cash recovery of $225,660 on the "Carolus" be transferred to Sir Eric subject to certain conditions; and that no interest be paid on the insurance moneys held since October 1942.

St. Lawrence Development Project; application to International Joint Commission

18. The Secretary submitted a progress report on recent developments respecting hearings held by the International Joint Commission on Canada's application for the development of power in the International Rapids Section of the St. Lawrence River.

The counsel for Canada at the hearings, Mr. Mundell had sought direction on certain problems that had arisen.

It appeared that removal of the Gut Dam, although not relevant to the power application, had now become a very important matter in the eyes of the United States section of the Commission. United States counsel had suggested that it would greatly facilitate Canada's application and probably dispose completely of the Gut Dam issue if it could be stated on behalf of the Canadian government at forthcoming hearings to be held at Albany, N.Y., that Canada would be prepared to accept, as a condition of the order of approval, that the Gut Dam be removed as early as adequate engineering precautions would allow. Canadian engineers were now studying the matter to determine whether it could be removed without prejudicing navigation, power and other interests above and below the dam and without necessitating any fundamental changes in the power development plans as presently drawn. In the event the engineering reports on this matter were favourable and in view of Canada's approval in principle to early removal of the Dam it was recommended that counsel for Canada be authorized to make a statement, whenever it appeared to be

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desirable, to the effect that the Canadian government would not object to inclusion in the International Joint Commission's order of approval of a condition requiring removal of the Gut Dam provided engineering studies revealed that such removal could take place without projudice to navigation, power and other interests above and below the Dam.

A decision would also be required as to whether or not Ontario's claim for exclusive use for power purposes of the Ogoki and Long Lac diversion waters should be raised in conjunction with the request to be placed before the International Joint Commission by Canada and the United States for allocation of costs between the power developing agencies under Section 11 of the joint applications. There seemed to be little likelihood of the United States agreeing to exclusive use by Ontario of these waters, but, in the improbable event that such a concession were made it was quite clear that a sine qua non condition would be that Ontario would bear a proportionately greater share of the total cost of the works. The situation was rendered more difficult by the fact that, under the terms of the Boundary Waters Treaty, the International Joint Commission had no alternative but to allocate waters equally between the two countries. For this and other reasons therefore it was thought that the Ogoki and Long Lac problem should not be interjected into International Joint Commission discussions. However, with a view to keeping Ontario's claim open, an effort might usefully be made to have the International Joint Commission's order allocating costs equally between Ontario and New York, qualified by a reference to the possibility of such allocation being altered in the future by a collateral agreement between the Canadian and United States governments. This course of action was recommended as the most practical and certainly the least likely to delay further consideration of the joint applications.

(Secretary's memorandum Aug. 26, 1952 - Cab. Doc. 266-52).

19. Mr. Chevrier also referred to a letter which the Premier of Quebec had addressed to the Commission in which Mr. Duplessis seriously questioned the constitutional jurisdiction of the Commission to deal with the St. Lawrence application.

(Letter, Premier of Quebec to Secretary, I.J.C. Aug. 15, 1952).

20. The Prime Minister said he had been given to understand that Mr. Duplessis had not intended to place any difficulties in the way of the St. Lawrence Project but merely wished to have counsel for the Province appear before the Commission and state that the Province of Quebec would insist on prior consultation with that province in any project or development which would have an effect within the boundaries of Quebec.

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21. The Secretary of State for External Affairs stated he agreed with representations made to him a few days previously by the Minister of Transport that renewed efforts might usefully be made at this time, on a high level, to obtain from the United States administration the naming of the power developing entity in the United States without delay. Early naming of the United States entity was of importance in view of the stand which it was understood had been taken both by the United States and Canadian members of the International Joint Commission that the Commission could not properly hand down an order of approval on the application until the identity and credentials of the power developing agencies in both countries had been established formally.

He might be proceeding to Washington shortly on other business and if this was thought advisable he could, at that time, see the Secretary of State and impress upon him the importance the Canadian government attached to the early naming of the United States entity. If, for any reason, he were unable to see Mr. Acheson, the Canadian Ambassador at Washington could be directed to take the matter up with the Secretary of State.

22. The Cabinet, after further discussion:

(a) agreed that counsel for Canada at hearings of the International Joint Commission on the joint Canada-United States applications for power development in the International Rapids Section of the St. Lawrence be authorized,-

(i) to state that the Canadian government was prepared to agree that a condition be attached to the order of approval of the International Joint Commission to the effect that the Gut Dam be removed at an early date provided current engineering studies established that such removal could take place without prejudice to navigation, power and other interests above and below the Dam; and,

(ii) to agree to an equal allocation of costs without any mention of Ontario's claim to exclusive use of the Ogoki-Long Lac diversion waters; it being understood that an effort would be made to have included in the final order of approval a qualification expressly referring to the possibility of such allocation of costs being varied in the future by agreement between the Canadian and United States governments;

(b) agreed that the Secretary of State for External Affairs attempt to obtain from the Secretary of State of the United States an undertaking that the United States power developing entity would be named in the near future in order that the International Joint Commission might act without delay on the joint applications of June 30th; it being understood that if Mr. Pearson were unable to see Mr. Acheson, the Canadian Ambassador at Washington would raise the matter with the United States authorities.

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Television; expansion programme; licence fees; co-operation with National Film Board

23. Dr. McCann, referring to the discussion at the meeting of June 3rd, reported that the Canadian Broadcasting Corporation television service would be inaugurated formally on September 5th in Montreal and on September 8th in Toronto. In view of the statement he had made in the House of Commons on July 4th, it would be advisable to reach a decision now as to whether licence fees or some other method should be approved for the financing of national television. In this connection, it was interesting to note that during the year 1951, licence fees for radio produced a total revenue somewhat in excess of $5 million, whereas the excise tax on radios and television sets was in the neighborhood of $8 million.

In view of difficulties which would undoubtedly be experienced if an attempt were made to impose a fairly high licence fee for television sets, serious consideration should be given to the possibility of foregoing this direct form of levy and resorting instead to a special tax on the instruments themselves. Such a tax or levy would of course not be recurring, since many of these sets, particularly the better machines, might have a life of up to twenty or twenty-five years but this drawback might be overcome by imposing a special levy on the cathode tube which was the essential part of any television receiving set. These tubes cost approximately $50 in Canada and had an average life of from eighteen months to two years. Any tax imposed on tubes would therefore produce a more or less continuing revenue.

It would be recalled that in his statement he had pointed out also that the government had by no means discarded the C.B.C. suggestion that television stations be established, in addition to Toronto, Montreal and Ottawa, in Hamilton, London, Windsor, Quebec, Halifax, Winnipeg and Vancouver, but that it was felt, before embarking on such an expansion, it was desirable to gain more experience in the operation of television at the Montreal and Toronto stations. With the beginning of these operations, there would undoubtedly be strong public reaction in favour of extension of television to Western Canada and the Maritimes. Consideration should be given to the desirability of announcing that the C.B.C. would begin immediately preparing for the establishment of three more stations - one in Vancouver, another in Winnipeg and a third in the Maritime Provinces.

24. The Prime Minister felt it would be difficult to refuse to allow private enterprise to develop television in Western and Eastern Canada unless the government were prepared to authorize the C.B.C.

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to extend its television activities to these areas. The spirit of the Massey Commission report would probably be implemented if the government agreed to have the C.B.C. establish a relatively few key stations from coast to coast and then allow private enterprise to establish subsidiary net-works to diffuse C.B.C. productions. It might now be advisable to announce that Parliament would be asked to provide the funds by means of loans to enable the C.B.C. to establish television stations in Vancouver, Winnipeg and the Maritimes, it being understood that if private interests wished to do so, they could feed C.B.C. television programmes to other areas.

25. The Minister of Trade and Commerce believed it might well prove ruinous to provide for too extensive a C.B.C. television net-work and that consideration might usefully be given to giving a freer hand to private enterprise.

He also thought that imposition of a special tax or levy on either television sets or cathode tubes would have the undesirable effect of widening the already substantial margin between U.S. and Canadian prices and of encouraging smuggling.

26. The Minister of National Health and Welfare agreed that, in principle, the establishment of television on a national basis by the C.B.C. was desirable but was apprehensive of the implications of the collection of licence fees. There were certain areas in Canada such as Vancouver, Windsor, and Hamilton where television from U.S. sources had been enjoyed for a year or two without the payment of any tax or fee. There would undoubtedly be strong public reaction to the imposition of a television fee at this time.

27. Mr. St-Laurent suggested that, if it were eventually agreed to establish a television licence fee, it should be made to apply only to those areas in Canada which were serviced by C.B.C. television transmitters or by private Canadian stations televising C.B.C. material.

28. The Minister of Finance was of the opinion that, if it were agreed that television be financed by means of special licence fees on television sets, there would be every advantage in announcing the establishment of such fees at an early date, coupling such an announcement with a statement to the effect that the existing fees on radio sets would be abolished. There seemed to be every justification in financing the C.B.C.'s radio activities out of general revenue since 95 percent or more of Canada's population had access to radio sets. On the other hand with the extremely limited number of television sets in operation

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in Canada, it would seem inequitable to ask all tax payers to finance a venture which was of benefit to a small proportion of the total population. In several years' time, television might have expanded to the point where the C.B.C.'s television operations might fairly be financed out of general revenue.

29. The Minister of National Defence thought the C.B.C. should be asked to produce detailed reports on the proposed expansion programme, its cost, the relationship of the programme to methods of financing, etc., before a final decision were reached, both as to the degree of television expansion and the best method to finance its operations.

30. Mr. Howe suggested that the C.B.C., the Department of National Revenue and the Department of Finance might together consider and report on the various possible alternatives for financing of television.

31. Mr. St-Laurent submitted and read a draft statement which he might possibly make during the course of his forthcoming visit to Vancouver to the effect that, with the successful coming into operation of the Montreal and Toronto television activities, the government now felt justified in asking Parliament to provide for the construction of three new television stations, one on the Pacific Coast, one in the Prairie Provinces and one in the Atlantic Provinces. The statement would go on to say that as national television will, in the initial stages at least, cover only a part of Canada, the government considered that its cost should not be financed out of general revenues and that the precise method of financing was still under consideration, but that, in any event, the remaining months of the current fiscal year would be regarded as an experimental period. It might also usefully be stated at the same time that the government was considering the part which private enterprise should play in the expansion of national television.

32. Mr. St-Laurent added that he had received a communication from the Minister of Resources and Development voicing some concern about the relationship between the C.B.C. and the National Film Board in television matters. Mr. Winters had recommended that this whole question might usefully be referred to the interdepartmental committee on government information abroad for study and report.

(Letter, Minister of Resources and Development to the Prime Minister, Aug. 12, 1952).

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33. Dr. McCann said that he had discussed this matter with the Chairman of the C.B.C. recently. The latter thought that the question of liaison between the C.B.C. and the National Film Board in television matters could easily be resolved by Mr. Dunton and Mr. Irwin.

34. Mr. St-Laurent suggested that the Chairman of the C.B.C. and the Government Film Commissioner should confer on this matter and report back to Cabinet through Dr. McCann.

35. The Cabinet, after considerable further discussion:

(a) approved the statement on expansion of national television services as submitted by the Prime Minister; it being understood that Mr. St-Laurent would make the statement during the course of his forthcoming visit to Vancouver;

(b) deferred decision on the method of financing C.B.C. television activities pending the submission of a detailed report by the C.B.C. after consultation with National Revenue and Finance officials on the proposed expansion programme; its over-all costs, the relationship of such a programme to methods of financing, etc; and,

(c) agreed that the Chairman of the C.B.C. and the Government Film Commissioner confer and report on the degree and nature of the co-operation which should exist between the C.B.C. and the Film Board in television matters.

Combines Investigation Act; report on Winnipeg bakery workers' union

36. The Minister of Justice, referring to the discussion at the meeting of July 8th, said the report which had been submitted to him on July 7th by the Combines Investigation Commissioner stated that in 1951 the local bakery workers' union in Winnipeg had been guilty of a breach of the Combines Investigation Act with respect to the distribution and sale of bread and other bakery products.

The whole matter had been discussed at some length with Mr. Mosher and Mr. MacDonald the President and Secretary of the Canadian Congress of Labour who had first taken the view that the action of the union came within the purview of Section 4 of the Combines Investigation Act which provided certain exemptions in respect of employees, unions and organizations which took certain steps for the purpose of protecting their own interests. Mr. Mosher and Mr. MacDonald had since been convinced the Commissioner was right and a circular had been distributed by the executive of the C.C.L. to all its unions across the country drawing

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attention to the relevant provisions of the Combines Investigation Act and enjoining all union members to abstain from any action which might possibly result in an infringement of the legislation. The circular was, in effect, an endorsement of the government's policy in respect of combines. In the circumstances he did not feel inclined to prosecute.

37. The Cabinet, after discussion, noted the report by the Minister of Justice regarding the report of the Combines Investigation Commissioner of July 7th, 1952 respecting local bakery workers' union in Winnipeg and agreed that no prosecution be instituted by the government in this case.

Judiciary; resignation and appointments

38. The Minister of Justice submitted recommendations for a judicial resignation and for certain appointments.

39. The Cabinet after discussion, agreed that Orders in Council be passed accepting the following resignation and making the following appointments:

(a) Chief Justice R.S. Robertson of the Province of Ontario to resign as of September 1st, 1952, with an annuity of $7,111.11;

(Order in Council P.C. 3698, August 27,1952)

(b) Honourable J.T. Beaubien, a Judge of the Court of Queen's Bench for Manitoba, to be a Judge of the Court of Appeal for Manitoba and ex officio a Judge of the Court of Queen's Bench for Manitoba, effective October 1st, 1952;

(Order in Council P.C. 3915, August 27, 1952)

(c) G.E. Tritschler, Esquire, Q.C., of Winnipeg, to be a Judge of the Court of Queen's Bench for Manitoba, effective October 1st, 1952;

(Order in Council P.C. 3916, August 27, 1952)

(d) F.G. MacKay, Esquire, Q.C., of Owen Sound, to be a Judge of the Supreme Court of Ontario and a member of the Court of Appeal for Ontario and ex officio a member of the High Court of Justice for Ontario;

(Order in Council P.C. 3917, August 27, 1952)

(e) Georges Hebert, Esquire, Q.C., of Meadow Lake, Saskatchewan, to be a Judge of the District Court of the Judicial District of Gravelbourg.

(Order in Council P.C. 3918, August 27, 1952)

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Combines Investigation Act; proclamation in force; appointment of Restrictive Trade Practices Commission

40. The Minister of Justice said it was proposed to proclaim the new Combines Investigation Act in force on November 1st, 1952 and submitted recommendations for the appointment of the Restrictive Trade Practices Commission provided under the new legislation.

41. The Cabinet, after discussion, agreed that Orders in Council be passed:

(a) providing for the proclamation in force of the Act to amend the Combines Investigation Act, chapter 39 of the Statutes of Canada, 1952; and,

(b) appointing C. Rhodes Smith, Esquire, Q.C., of Winnipeg, Guy Favreau, Esquire, of Montreal, and A.S. Whiteley, Esquire, of Ottawa as members of the Restrictive Trade Practices Commission, effective November 1st, 1952; and also appointing T.D. MacDonald, Esquire, Q.C., of Ottawa, as Director of Investigation and Research, effective November 1st, 1952.

(Orders in Council P.C. 3911 and 3912, August 27, 1952.)

C.N.R.; re-appointment of Directors

42. The Minister of Transport submitted a recommendation for the re-appointment of certain Directors of the Canadian National Railway Company.

43. The Cabinet, after discussion, agreed that an Order in Council be passed re-appointing R.B. Brenan, Esquire, of Saint John, N.B., and W.J. Parker, Esquire, of Winnipeg, Manitoba, as Directors of the Canadian National Railway Company.

(Order in Council P.C. 3840, August 27, 1952).

Alberta Conservation Board; assessment against Crown lands re oil development

44. The Minister of Mines and Technical Surveys reported that Wartime Oils Limited, which had been established by the Federal government during World War II for the purpose of encouraging the production of oil, had entered into an arrangement under which, after successful drillings had been completed, the productive lands had been turned over to petroleum companies on the condition that the costs incurred by Wartime Oils Limited in developing such lands would constitute a first claim against revenues accruing to these companies.

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Practically all the costs incurred by Wartime Oils Limited had now been repaid and the Alberta Conservation Board, which levied an assessment on oil leases, had claimed, through the government of Alberta, that Wartime Oils Limited should be subject to the assessment as well as private firms. The Alberta government had also pointed out that, although the amount of money involved was small, there was a question of principle which the Provincial government thought should be maintained, particularly in view of the fact that other Federal lands administered by the Indian Affairs Branch of the Department of Citizenship and Immigration, and the Department of Veterans Affairs, might also be subject to similar assessments. The government of Alberta claimed that the Conservation Board's assessment was not in any sense a tax, but simply a fee for services rendered and that there could not therefore be any objection to the assessment being made against lands vested in the Crown in right of Canada. On the other hand, the Department of Justice had given an opinion to the effect that the Provincial assessment could rightly be considered a tax. In the circumstances, a decision should now be reached as to whether or not the Provincial assessment should in fact be paid by Wartime Oils Limited and by the Departments of Citizenship and Immigration and Veterans Affairs.

45. The Prime Minister felt that, if the lands in question were indeed vested in the Crown in the right of Canada, it would be improper for any such payment to be made. If, however, the lands were not truly Crown lands, but merely administered by the government, and this might be the case in respect of certain Indian lands, the assessment might quite properly be paid.

46. The Cabinet, after discussion, noted the report by the Minister of Mines and Technical Surveys on requests made by the Alberta government that the Alberta Conservation Board's assessments on oil lands should be paid in respect of Crown lands in that Province, and agreed that no such payment be made unless the lands in question were not in fact Crown lands in the right of Canada, but merely entrusted to various government departments or agencies for administration purposes.

Indian band memberships; appointment of Commission of Inquiry

47. The Minister of Citizenship and Immigration reported that the Indian Register, which had been prepared and posted in accordance with the provisions of the new Indian Act, had led to over 700 individual protests, the majority on the grounds that individuals who claimed to be Indians had been left off the Register. Section 9 of the Act provided that, in the event of such protests,

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an Investigation should be made into the matter by the Registrar who should render a decision in each case. In view of the fact that this was the first posting of the Register under the new legislation and because of the large numbers of protests received, he thought that it would be inadvisable to have the investigation carried out by members of the public service and recommended that, instead, commissioners be appointed under Part II of the Inquiries Act to consider and report on the various protests.

An explanatory memorandum was circulated.

(Minister's memorandum, Aug. 27, 1952 - Cab. Doc. 268-52).

48. The Cabinet, after discussion, approved in principle the appointment of Commissioners under Part II of the Inquiries Act for the purpose of inquiring into and reporting on protests respecting the Indian Register which had been made in accordance with section 9 of the Indian Act; the Minister to make specific recommendations in due course.

Parliamentary Library and National Library

49. The Minister of Trade and Commerce referred to previous discussions at the meetings of August 6th and 14th concerning the fire in the Parliamentary Library and possible courses of action, either for its repair or reconstruction, or for the erection of a building to combine both the Parliamentary and National Libraries. A possibility that had been raised, since the last discussion, was that of constructing a combined library building that would incorporate the structure of the present Parliamentary Library. An early decision should be made and he suggested that it might be desirable to employ a consulting architect to advise on technical details.

50. The Prime Minister agreed with the suggestion It was necessary to consider carefully all possible alternative solutions and it might be useful to set up a committee with which the consulting architect could work and which would report on action that might be taken. Whatever action was decided on whether to construct a combined Parliamentary and National Library or to repair the Parliamentary Library, it would be desirable to build fireproof underground storage for the books to be kept on Parliament Hill.

51. The Cabinet, after discussion, agreed that:

(a) a committee be appointed to report to the Prime Minister or the Acting Prime Minister on action that might be taken with regard to the Parliamentary and National Libraries; the committee to consist of Dr. Lamb (Chairman), Mr. Desrochers, Mr. Hardy, Mr. E.A. Gardner, Mr. Fiset and Mr. R.G. Robertson;

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(b) the Prime Minister be authorized to engage a consulting architect, as recommended, to work with the committee; and,

(c) fireproof undergound storage space for books of the Parliamentary Library be provided on Parliament Hill and plans for it be prepared for consideration by the Cabinet as soon as possible.

Statistics of unemployment

52. The Minister of Labour said the Special Committee had now submitted the first of the reports called for by the Cabinet decision of July 8th on unemployment statistics and unemployment policy. The Committee had made a number of recommendations about unemployment statistics. Among other things they recommended that the Labour Force Survey be taken monthly rather than quarterly and the data presented in a new form; that there be further refinement of the National Employment Service figures of applications; that the Labour Force Survey and National Employment Service figures be published simultaneously in the same document; that special surveys be conducted with a view to improving the statistics; and that a standing committee be established to consider information derived from the statistics and other questionsfrom time to time.

Copies of the report had been circulated.

(Secretary's memorandum, August 25, 1952 - Cab. Doc. 262-52).

53. The Cabinet, after discussion:

(a) approved the recommendations of the Special Committee on statistics of unemployment and agreed that they be put into effect as recommended beginning with the Survey and figures for November, 1952; and,

(b) agreed that the Special Committee constitute a standing committee to consider employment and unemployment conditions and questions relating to the collection and presentation of information thereon.

Economic and Social Council; Ad Hoc Committee on Restrictive Business Practices

54. The Minister of Justice reported that the Interdepartmental Committee on External Trade Policy had considered the position to be taken by the Canadian delegation to the next meeting of the Ad Hoc Committee

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on Restrictive Business Practices established by the Economic and Social Council. The Interdepartmental Committee thought that the plan for dealing with restrictive business practices that had been advanced by the United States was not one that should be supported by Canada. The previous record of Canadian support for the general principle of having a convention on restrictive business practices made it necessary to consider what measures short of support for the U.S. plan might be taken. It was recommended that the Canadian delegate maintain the attitude that the Ad Hoc Committee was a working body, and that he had no instructions upon which to commit his government on any point. If it appeared desirable, he might advance a plan for an ad hoc handling of complaints about restrictive business practices on a consultative basis or, alternatively, a modified version of the U.S. plan in terms that were outlined.

An explanatory memorandum had been circulated.

(Minister's memorandum, undated, Cab. Doc. 265-52).

55. The Secretary of State for External Affairs said he concurred in the recommendations in the memorandum. In general the proposal was that the Canadian delegation hold back at the coming meeting and discourage anything along the lines the U.S. had under consideration. He thought there would be many other delegates in the same position.

56. The Cabinet:

(a) approved the recommendations of the Minister of Justice as concurred in by the Secretary of State for External Affairs, concerning the instructions to the Canadian delegate to the next meeting of the Ad Hoc Committee on Restrictive Business Practices set up by the Economic and Social Council; and,

(b) agreed that the Canadian delegate to the meeting be the Commissioner of the Combines Investigation Act, with the Deputy Commissioner as alternate delegate, assisted, if required, by advisers from departments with a special interest in the questions under discussion.

Pipeline; Haines to Fairbanks Alaska

57. The Secretary of State for External Affairs, referring to discussion at the meeting of July 15th, 1952, said there had been further discussion with U.S. authorities of the terms for construction of the proposed

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oil pipeline from Haines to Fairbanks. The principal issues had developed around the conditions which had been stipulated in the report approved by the Cabinet with respect to tenure for the proposed pipeline and disposal of the existing Canol pipelines. It would be difficult for the United States to agree to abandon the pipeline after twenty years. A formula was accordingly proposed under which a 20-year minimum period would be provided with consideration by the Permanent Joint Board on Defence if either government wished to discontinue the arrangement after that time. With regard to the Canol lines, the Canadian proposals had been formulated on the understanding that the United States intended to discontinue operation of certain of them. That was not the case. The United States had proposed arrangements with regard to the transfer of certain lines, if and when they decided to discontinue their operation. It was proposed that disposition in the event of termination of operation should be generally subject to the arrangements in the exchange of notes of November 7th and December 30th, 1946.

An explanatory memorandum had been circulated.

(Minister's memorandum Aug. 20, 1952 - Cab. Doc. 257-52)

58. The Cabinet, after discussion, approved the recommendations of the Secretary of State for External Affairs and agreed that the proposals with respect to tenure of the Haines to Fairbanks pipeline and concerning the supply of Canadian defence requirements and civil needs be approved, and that, if, the United States agreed to the terms indicated, Canada should not press for acquisition of the existing 4-inch line from Skagway to White Horse and the 3-inch line from White Horse to Fairbanks.

Agricultural Products Co-operative Marketing Act; agreement with the Cooperative Monteregienne of Rougemont, P.Q.

59. The Prime Minister said the Department of Agriculture had submitted a recommendation for approval of an agreement, under the Agricultural Products Co-operative Marketing Act with the Cooperative Monteregienne of Rougemont, P.Q. for the marketing of the 1952 apple crop. A similar agreement had been entered into in 1951 without loss to the government. The basis of the agreement would be a guarantee of $1.30 per bushel of apples which, including 15 cents to the grower as an initial payment, would amount to $1.45 per bushel or 60 percent of the average prices over the past three years. It was expected that the agreement would not involve any loss to the government.

An explanatory memorandum was circulated.

(Memorandum, Department of Agriculture, Aug. 26, 1952 - Cab. Doc. 264-52).

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60. The Minister of Finance said he approved of the recommendation.

61. The Cabinet agreed that an arrangement be entered into under the Agricultural Products Co-operative Marketing Act with the Cooperative Monteregienne of Rougemont, P.Q. for the marketing of the 1952 crop of apples in accordance with the terms submitted; an Order in Council to be passed accordingly.

(Order in Council P.C. 3913, August 27, 1952).

Pork; authorization for additional canning

62. The Prime Minister said the Department of Agriculture had reported that hog marketings continued to be substantially above those of a year ago and that, in the period up to September 30th, it was expected that there would be a surplus of 35,000 to 40,000 hogs. Thus far 48.4 million pounds of pork had been canned out of the authorization of 50 million pounds. It was recommended that authority be granted to can an additional 15 million pounds. Thus far 12.2 million pounds of canned pork had been sold. None had yet been exported to the United States apparently because, with the exception of a few tins under one commercial label, the labels thus far on the cans did not meet U.S. requirements. A new national label had been devised, and should be ready within a matter of days, which would allow exports to take place.

An explanatory memorandum was circulated.

(Memorandum, Department of Agriculture, Aug. 26, 1952 - Cab. Doc. 263-52).

63. Mr. St-Laurent pointed out that the undertaking on support price for pork extended only to the 30th of September. Any authorization for canning on the present basis should be limited to that date. 15 million pounds was approximately 2½ times the estimated surplus of 40,000 hogs. The desirable basis of approval would appear to be a maximum of 15 million pounds to provide plenty of leeway but with a terminal date of September 30th.

64. The Cabinet, after discussion, agreed that the Agricultural Prices Support Board be authorized to purchase additional quantities of pork canned up to September 30th, 1952, the total quantity of pork so purchased, together with quantities purchased under previous authorizations, not to exceed 65 million pounds; an Order in Council to be passed accordingly.

(Order in Council P.C. 3914, August 27, 1952).

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Canned salmon; proposal for inventory assistance

65. The Minister of Labour as Acting Minister of Fisheries, referring to discussion at the meeting of August 14th, 1952, said a formula for government assistance with the 1951 carry-over of canned salmon had been prepared by the Departments of Trade and Commerce, Finance and Fisheries, and discussed with representatives of the canners and the fishermen's co-operative associations. The formula provided for offers to "purchase" up to 6 million pounds of canned salmon of the 1951 pack at 80 percent of average wholesale prices, with options to the canners to repurchase at any time within five years and an obligation to repurchase the total quantity not later than the end of the five years at the prices paid by the government, plus interest, storage and insurance costs. There were provisions with regard to marketing during the period and replacement of stocks. The agency of the government would be the Canadian Commercial Corporation.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Aug.25, 1952 - Cab. Doc. 261-52)

66. The Minister of Trade and Commerce thought the scheme was of doubtful merit and would be a dangerous precedent. He doubted, moreover, if the Canadian Commercial Corporation could legally purchase if it was not in a position to sell.

67. The Minister of Finance agreed that the principle involved was not desirable. With regard to the position of the Canadian Commercial Corporation, he understood that it could legally act if it were doing so as an agent of the government. One way would be to secure an appropriation from Parliament of the funds required with the Corporation to act as agents of the government. An alternative would be for the Fisheries Prices Support Board to advance money to the Corporation to finance its operations as the government agent. If the scheme were approved, the former appeared to be the best method of handling it.

68. The Prime Minister said the final sentence of paragraph 4 of the proposed formula appeared to conflict with the remainder of it. If the plan were approved it should be without that sentence.

69. The Cabinet, after considerable discussion, agreed that the Prime Minister discuss further with the Minister of Fisheries, the proposed arrangement under which assistance would be given to British Columbia salmon canners with respect to the carry-over from the 1951 pack and inform the Minister that, while the general feeling of the Cabinet was against approval of the arrangement, they did not wish to have any final decision taken without further

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consideration with him.

United Nations Assembly; Canadian delegation to Seventh Session

70. The Secretary of State for External Affairs submitted a recommendation for the composition of the Canadian delegation to the Seventh Session of the General Assembly of the United Nations.

71. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that the Canadian delegation to the Seventh Session of the General Assembly of the United Nations consist of:

(a) as representatives:

The Secretary of State for External Affairs (Chairman)
The Minister of National Health and Welfare
Senator Gouin
Mr. Andrew McLean, M.P.
The Canadian Permanent Representative to the United Nations;

(b) as alternate representatives:

The Assistant Deputy Minister of Finance (Mr. Taylor)
The Canadian Ambassador to Mexico
The Assistant Under-Secretary of State for External Affairs (Mr. Leger)
Professor Edgar McInnis
Madame Berger; and,

(c) advisers to be appointed as circumstances required.

External Affairs; Canadian embassies in Colombia and Venezuela

72. The Secretary of State for External Affairs recalled that Cabinet had approved in principle on January 23rd, 1952 the raising of the Canadian missions in Colombia and Venezuela to the status of embassy. He now submitted recommendations concerning appointments of ambassadors.

73. The Cabinet approved the recommendations of the Secretary of State for External Affairs and agreed that:

(a) Mr. Edmond Turcotte, Consul General in Caracas, be appointed Canadian Ambassador to Colombia; and,

(b) Harry Norman, Esquire, be approached to ascertain whether he would accept appointment as Canadian Ambassador to Venezuela.

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Control of electro-magnetic radiations in event of attack

74. The Secretary of State for External Affairs reported that Cabinet Defence Committee had agreed on March 21st to the conclusion of an understanding with the United States on control of electro-magnetic radiations in the event of attack on either country. The Permanent Joint Board on Defence had now submitted a plan and it was recommended that it be approved.

An explanatory memorandum was circulated,

(Minister's memorandum, Aug. 21, 1952 - Cab. Doc. D.354).

75. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that the Canadian Section of the Permanent Joint Board on Defence be authorized to inform the U.S. Section that the government had approved the Board's recommendation regarding control of electro-magnetic radiations in the event of attack on either country.

Transport; grain storage facilities in Montreal

76. The Minister of Transport, referring to discussion at the meeting of June 17th, said it appeared after examination that what was required to improve grain handling in Montreal was not so much an increase in storage space but improvement in the loading and unloading facilities, increased berthage and other improvements. It was recommended that the approval of the increase in grain storage capacity be revoked and that certain other measures be approved.

An explanatory memorandum was circulated.

(Minister's Memorandum, Aug. 27, 1952 - Cab. Doc. 269-52).

77. The Minister of Finance pointed out that, of the measures proposed, the one for raising the low level Laurier Pier involved work which would not start until the other proposals had been carried out. This should not be approved at the present time but held for consideration with the Estimates.

78. The Cabinet, after discussion, approved the recommendation of the Minister of Transport that the previous decision to increase the grain storage capacity in Montreal by 5 million bushels be revoked and agreed that:

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(a) one car dumper be installed at each of Elevators 1 and 2 at Montreal at a total cost of $800,000; and,

(b) the low level timber wharf at Sections 40, 41 and 42 be replaced with high level wharves with grain galleries at a cost of $5 million; the expenditure for this purpose to be further considered in connection with the Main Estimates of the Department of Transport.

Civil Service Recreational Association; construction of recreation centre

79. The Minister of Finance reported that the Civil Service Recreational Association had established a trust fund of $75,000 for the construction of a recreation centre and wished to launch a campaign to collect another $225,000. To do so they would need to have a promise from the government of a loan to cover the remainder of the financing - about $500,000. He recommended that such a loan be promised.

80. The Cabinet agreed that the Minister of Finance inform the Civil Service Recreational Association that the government would undertake to lend the association $500,000 to complete the financing of a recreation centre if the Association succeeded in raising the remaining funds that would be required.

National Housing Regulations; rate of interest; agreements with lending institutions

81. The Minister of National Revenue as Acting Minister of Resources and Development referred to discussion at the meeting of June 30th about the rate of interest on loans under the National Housing Act. It was recommended that the regulations be amended, effective September 1st, to increase interest rates provided for by regulations 17 to 22 inclusive by one-quarter of one per cent. The recommendation had the concurrence of the Minister of Finance.

It was also recommended that approval be given to the entry into agreements with lending institutions under the new rates.

82. The Cabinet approved the recommendations of the Acting Minister of Resources and Development concerning the increase by one quarter of one per cent of rates of interest on loans under the National Housing Act and the entry into agreements with lending institutions under the new rates; Orders in Council to be passed accordingly.

(Orders in Council P.C. 3907 and P.C. 3908, August 27, 1952).

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International Air Transport Association; 1953 annual meeting

83. The Minister of Trade and Commerce said the President of Trans Canada Air Lines had suggested that T.C.A. be authorized to invite the International Air Transport Association to hold its annual general meeting for 1953 in Canada. He recommended that the invitation be authorized.

84. The Minister of Transport concurred.

85. The Cabinet approved the recommendation of the Minister of Trade and Commerce and agreed that Trans Canada Air Lines be authorized to invite the International Air Transport Association to hold its general meeting in Canada in 1953.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

September 13th, 1952

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TOP SECRET

CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber at 10:30 a.m. and 2:30 p.m. on Saturday, September 13th, 1952.

Present:

The Prime Minister
(Mr. St-Laurent), in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier) (for morning meeting only)
The Minister of National Defence
and Acting Secretary of State for External Affairs
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier) (for morning meeting only)
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),(for morning meeting only)
The Minister of Citizenship and Immigration
(Mr. Harris).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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New Brunswick forests; control of spruce budworm infestation; Federal assistance

1. The Minister of Resources and Development, reported that forests in New Brunswick had become increasingly infested during the past several years with the spruce budworm. More than 4,000 square miles of forest were now seriously affected. From evidence available, it appeared that, unless preventive measures were taken soon, a large proportion of the forests would be destroyed within the next few years.

During the spring of 1952, the government of New Brunswick, in cooperation with private industry had undertaken an experimental spraying programme covering some 200,000 acres of forest in the infested area. Technical officers of the Federal and Provincial governments and of the private companies concerned were agreed that the experiment had been successful and that spraying from the air presented the best means of attacking the problem.

The New Brunswick government had now formally requested Federal assistance towards a major spraying programme on the grounds that such a programme was beyond the financial capabilities of the province and because the forest industry in New Brunswick represented 60 percent of the provincial economy. It had suggested that Federal aid might be on the basis of 50 percent of the costs incurred. Cost of the whole programme would be from $8.5 to $9 million spread out over a period of two years, and the forests in the 4,000 square mile area affected had a stumpage value of approximately $100 million and a consumer value of some $2.5 billion.

As the area to be sprayed was owned or leased by privately owned pulp and paper companies, he considered that these industries should participate financially and that the Federal government's share should be limited to one-third of the cost, with a maximum contribution of $3 million. In addition he recommended that the Science Service of the Department of Agriculture, the Forestry Branch of the Department of Resources and Development and the Department of Transport should provide technical advice and assistance without charge. If this recommendation were considered favourably, he suggested that an amount of $108,334 be placed in the Further Supplementary Estimates of his Department for 1952-53 to cover the Federal share of the estimated cost of constructing five airstrips which would be required in the spraying programme to be carried out in the spring of 1953.

An explanatory memorandum had been circulated.

(Minister's memorandum, Sept. 8, 1952 - Cab. Doc. 279-52).

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2. The Prime Minister said that Federal policy in recent years in matters of this kind had been to extend assistance only in those cases where coping with the disaster was clearly beyond the financial capabilities of the local authorities and where the magnitude was such as to be of concern to the nation as a whole.

3. The Minister of Labour pointed out that the spruce budworm now attacked mainly balsam fir trees which constituted approximately 85 percent of the northern New Brunswick forests. He thought that the problem could be considered to be of national concern in view of the fact that if the infestation were not checked the whole economy of the Province would be seriously crippled for a number of years.

4. The Minister of Agriculture said that Federal aid was not usually extended for the control of pests such as grasshoppers. In these cases, however, one crop only was affected whereas the spruce budworm infestation in New Brunswick menaced a whole industry for a number of years. In the circumstances, he thought that Federal assistance was warranted.

5. The Cabinet, after discussion, noted the report of the Minister of Resources and Development and agreed that the Federal government contribute one-third of the cost of spraying programme to be carried out during 1953-54 over the 4,000 square miles of the forests of New Brunswick infested with spruce budworm the total Federal contribution, however, not to exceed $3 million; it being understood that an item of $108,334 would be placed in the Further Supplementary Estimates of the Department of Resources and Development for 1952-53 to cover the Federal share of the estimated cost of constructing five airstrips required in connection with the spraying programme.

Yarmouth, N.S. - Boston, Mass., freight steamship service; increase in subsidy

6. The Minister of Transport said that, since March 1945, a regular weekly freight service had been operated by the Himmelman Supply Company, Ltd., of La Have, N.S. between Yarmouth, Nova Scotia and Boston, Mass. Originally the government provided an annual subsidy of $43,000 but in 1947 this was reduced to $28,000 because of new alternative services provided by other companies.

The Canadian Maritime Commission had reported that, due to increased costs of operation, Himmelman suffered a loss of $4,000 the previous year and that the Company was unable to continue the service without

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increased assistance. After a full investigation, the Commission had recommended that a subsidy of $36,000 was required for the nine months winter service.

A sum of $28,000 had been provided in the Main Estimates for the fiscal year 1952-53 for this service, of which amount $9,334 had been expended, leaving $18,666. He recommended that an additional amount of $5,334 required for this fiscal year be placed in the Further Supplementary Estimates, 1952-53, and a sum of $36,000 in the Main Estimates, 1953-54, for this service.

An explanatory memorandum had been circulated.

(Minister's memorandum, Sept. 3, 1952 - Cab. Doc. 281-52).

7. The Minister of Resources and Development said the Yarmouth-Boston service was important to the fishing industry in Nova Scotia and he thought that the increase in the subsidy should be approved.

8. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that the subsidy for winter freight service provided by the Himmelman Supply Company between Yarmouth, Nova Scotia, and Boston, Mass., be increased from $28,000 to $36,000 per annum and that appropriate items be placed in the Further Supplementary Estimates for 1952-53 and the Main Estimates for 1953-54 for the Department of Transport.

Provisional Intergovernmental Committee for the Movement of Migrants from Europe; continued Canadian participation

9. The Minister of Citizenship and Immigration, referring to discussion at the meeting of January 23rd, 1952, reported that, at meetings to be held in Geneva beginning October 13th, member countries would be called upon to reach a decision as to the continuation of the Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME) during 1953 and as to the scope of the organization's operations if continued.

The Interdepartmental Advisory Committee on Immigration had considered the agenda for the October meetings of P.I.C.M.M.E. and had submitted recommendations regarding four important matters on which the Canadian delegation would be called upon to vote at Geneva.

An explanatory memorandum was circulated.

(Minister's memorandum, Sept. 13, 1952 - Cab. Doc. 289-52).

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10. The Cabinet, after discussion, agreed that the Canadian delegation to the Fourth Session of the Provisional Intergovernmental Committee for the Movement of Migrants from Europe to be held at Geneva beginning October 13th be instructed,-

(a) to indicate that Canada would agree to participate in P.I.C.M.M.E. for another year provided the United States and other responsible members of the organization offered clear evidence that P.I.C.M.M.E. facilities were of real practical value to emigrating and immigrating countries generally and provided further that it was clearly understood that operations would continue on their present limited basis for one year only and would be subject to review at the end of that period;

(b) to press strongly for a reduction in the Canadian contribution to the administrative budget to a scale more consistent with the more limited uses likely to be made of P.I.C.M.M.E. during 1953 and to examine the organization's administrative budget with care to ensure that the scope of operations was no greater than required to meet the reduced demand and that no reasonable opportunities for economy were overlooked;

(c) to indicate that Canada would not object to P.I.C.M.M.E.'s shipping facilities being used for the movement of European refugees from non-European countries nor to the administrative costs of such movements being charged to the regular P.I.C.M.M.E. administrative budget, provided that no additional assessments were made for such movements, that Canada was not committed to accept any of the migrants so moved and that the actual operating costs of such movements were financed on the same basis as any other movement; and

(d) to resist strongly any attempt to have P.I.C.M.M.E. participate in any land settlement scheme, such as that proposed by Australia, beyond the provision of shipping facilities on precisely the same basis as they would be available for any other movement coming within the organization's present terms of reference; and

(e) as a general instruction, to consider any new proposals put forward at the Geneva meetings in the light of the specific instructions set out above, it being understood that the delegation should seek further directions if principles not covered by these or previous instructions arose during the course of the meetings.

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Warsaw Convention, 1929, re International Carriage by Air; Recognition of adherence by West Germany

11. The Minister of Transport said the Allied High Commission for Germany had agreed to the exercise of traffic rights at Dusseldorf by a Canadian air line and Trans-Canada Air Lines had been designated to operate an international air service between Canada and the territory of the Federal Republic of Germany on the Montreal-London-Dusseldorf route. Trans-Canada Air Lines had now been duly certified to operate the service and proposed to commence operations on November 1st, 1952.

In order that T.C.A. might avail themselves of the protection afforded by the Warsaw Convention of 1929 re International Carriage by Air, he recommended, with the concurrence of the Secretary of State for External Affairs, that authority be given for the recognition by Canada of the Federal Republic of Germany as a party to the Warsaw Convention. The Federal Republic of Germany had indicated its desire to give effect to the said Convention on a reciprocal basis between itself and such signatories as agreed.

An explanatory memorandum had been circulated.

(Minister's memorandum, Aug. 20, 1952 - Cab. Doc. 280-52).

12. The Prime Minister thought the recommendation should be supported as it represented another step in the gradual integration of the Federal Republic of Germany in the orbit of democratic western countries.

13. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed

(a) that Canada recognize the Federal Republic of Germany as a party to the Warsaw Convention of 1929 on International Carriage by Air in order to ensure that Trans-Canada Air Lines be given the protection afforded by the said Convention on the new Montreal-London-Dusseldorf route to begin operations on November 1st; and,

(b) the required action be taken to ensure that the Convention was reciprocally binding between Canada and the Federal Republic of Germany to the same extent as if the Federal Republic had acceded to the said Convention.

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East Marsh drainage system, Point Pelee, Ontario; Federal assistance

14. The Minister of Agriculture, reported that the Township of Mersey, Essex County, Ontario had requested Federal and Provincial aid in constructing certain protective works for the East Marsh drainage system near Point Pelee. Abnormally high water levels and frequent storms on Lake Erie had broken existing embankments with inundation and damage to property and farm lands. Repairs other than of a temporary nature were beyond the financial ability of the Township. The Province of Ontario had offered to share equally with the Federal government in the cost, which was estimated at around $310,000.

He recommended that the special Agricultural Vote of $250,000 for land protection and reclamation, be increased by $100,000 to cover Federal assistance towards such protective works on the understanding that the government of Ontario contributed an equal amount.

(Minister's submission to Council, Aug. 21,1952)

15. The Minister of Finance thought the proposed works were purely local in character. Federal assistance in this case would undoubtedly create an other embarrassing precedent which would make it increasingly difficult to resist similar demands in other areas.

16. Mr. Gardiner pointed out that the Federal government had participated in construction of the drainage system in the 1930's as part of the government's unemployment relief measures at that time.

17. The Prime Minister said there were a number of projects in which the Federal government had participated during the depression years of the 1930's purely for relief purposes. He did not feel, however, that such participation in itself should establish any Federal responsibility for all or any part of the maintenance of such projects.

He suggested that the matter be looked into further by the Minister of Agriculture and the Minister of Finance in consultation with the Minister of Resources and Development.

18. The Cabinet, after discussion, deferred decision on proposed Federal assistance towards protective works for the East Marsh drainage system at Point Pelee, Ontario, pending further consideration by the Minister of Agriculture and the Minister of Finance in consultation with the Minister of Resources and Development.

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Provision of accommodation for the Canadian Joint Staff and representatives of Department of Defence Production, Washington, D.C.

19. The Minister of National Defence reported that, at the present time, the Canadian Joint Staff at Washington was housed in two separate buildings and that premises in a third building were occupied by representatives of the Department of Defence Production. One of the buildings occupied by the Joint Staff was owned by the Australian government and Australian authorities had indicated that use of the building would be required on termination of the present lease.

With a view to reducing overhead expenses and increasing efficiency, it had been suggested that both the Joint Staff and Defence Production might be housed in the same building if suitable premises could be found. An intensive survey of the real estate situation indicated no suitable building and it was thought that the most practical and economical way would be to purchase land and to erect an office-type building. Two suitable sites had been found. The proposed building would be of standard, simple, fireproof construction and designed in such a manner as to allow for additions if the requirements of the Canadian Joint Staff and the Department of Defence Production should increase. Should these requirements decline in future years, it would be possible to accommodate the Chancery in the new building and to dispose of the present Chancery which had an estimated present value of $400,000 to $800,000.

An explanatory note had been circulated.

(Ministers' memorandum, Sept. 11, 1952 - Cab. Doc. 286-52).

20. The Cabinet, after discussion,-

(a) agreed that negotiations be begun to purchase the site at 2500 Massachusetts Avenue, Washington, D.C., at a price of approximately $130,000; and,

(b) approved in principle the erection on the site of an office-type building to house both the Canadian Joint Staff and representatives of the Department of Defence Production; it being understood that details concerning the new building would be subject to further study by the Department of National Defence and the Department of Finance.

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Permanent accommodation for Army Active Force field units

21. The Minister of National Defence said that additional accommodation was required as a result of the substantial increase in the number of field units in the Canadian Army Active Force. Up to the present time, requirements had been met by overcrowding in existing permanent accommodation, by the use of temporary wartime accommodation and by separating units in numerous sub-unit locations wherever accommodation could be found. Experience had shown that the lack of permanent home stations for these units during their period of service in Canada had resulted in frequent unit moves and continued separation from dependents after service abroad. In consequence there had been dissatisfaction and loss to the Army of highly trained personnel.

In order to meet the need for additional accommodation and to overcome problems of morale and administration inherent in the use of isolated camps as permanent stations for field units, it was now recommended that certain existing wartime accommodation be rehabilitated to meet immediate requirements as an interim measure, that permanent construction be undertaken at new locations where no temporary accommodation was available and that temporary accommodation be replaced gradually at selected locations by permanent construction.

The long-range plan was to establish the headquarters of the various Active Force field units at permanent camps located near urban centres. Whenever personnel of these units were rotated either to Korea, Europe or elsewhere outside of Canada, the dependents of the personnel so moved would remain at the permanent H.Q. locations and would be reunited when the military personnel returned to the permanent base following termination of service abroad.

To implement this programme it was estimated that expenditures of approximately $100 million would have to be made for the rehabilitation of temporary accommodation and the provision of new construction over a period of some five to ten years. It was now proposed that the permanent headquarters of various field units would be located at or near Vancouver, Chilliwack, Calgary, Edmonton, Winnipeg, London, Borden, Petawawa, Brockville, Quebec, Valcartier, Saint John - Gagetown and Aldershot.

An explanatory note had been circulated.

(Minister's memorandum, Sept. 11, 1952 - Cab. Doc. 287-52).

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22. The Prime Minister said careful consideration should be given to the proposed locations of permanent headquarters in order to ensure that they were distributed throughout the country with a view to obtaining the most efficient arrangement possible and at the same time avoiding dissatisfaction on the part of certain provinces or municipalities which might feel that they had been overlooked.

23. The Minister of Citizenship and Immigration thought serious consideration should be given to the principle of establishing permanent headquarters of field units near urban centres before a final decision was reached. Furthermore, it seemed to him inadvisable to approve the details of a programme which might take five to ten years to complete.

24. The Minister of Finance pointed out that the expenditures involved in the suggested programme would cover a relatively long period. However, before a start could be made on implementation of such a programme, a decision by the government was required both as to the various locations suggested as permanent headquarters and as to the general programme of rehabilitation and construction.

25. The Minister of Fisheries felt that, before a decision was reached, a detailed report should be submitted showing the existing situation in so far as accommodation for all three services was concerned and the extent of the gap which existed between that situation and the final results it was hoped to obtain through the suggested relocation programme.

26. The Cabinet, after considerable further discussion, deferred decision on the provision of permanent accommodation for Army Active Force field units at or near various urban centres throughout Canada, as recommended by the Minister of National Defence, pending submission of a detailed report on present and proposed permanent accommodation for the various Active Force units of the three branches of the Armed Forces.

War graves; Commonwealth-Danish Agreement

27. The Minister of National Defence as Acting Secretary of State for External Affairs recommended that the Canadian Minister at Copenhagen be authorized to sign on behalf of Canada the Agreement which had now been reached between the various Commonwealth governments and the government of Denmark regarding the care within Danish territory of the graves of members of the Commonwealth Armed Forces who had fallen in the wars of 1914-1918 and 1939-1945.

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An explanatory note had been circulated.

(Memorandum, Secretary of State for External Affairs, Sept. 8, 1952 - Cab. Doc. 282-52).

28. The Cabinet, after discussion, agreed that the Canadian Minister at Copenhagen, Denmark, be authorized to sign on behalf of the government of Canada the agreement which had been reached between the various governments of the Commonwealth and the government of Denmark regarding the care within Danish territory of the graves of members of the Commonwealth Armed Forces who had fallen in the wars of 1914-1918 and 1939-1945.

Defence Production; sale of tungsten-bearing ores to Canadian Exploration Limited

29. The Minister of Defence Production reported that, pursuant to Order in Council P.C. 1941 of April 18th, 1951, certain tungsten-bearing ores at Salmo, British Columbia, had been purchased by the government from Canadian Exploration Limited, which had constructed a mill and other facilities and operated them for the government. Other ore deposits had now been discovered by the company, which had eased the supply position. The company had offered to purchase the government's ores for the sum of $1,200,000, as compared with the purchase price of $650,000, and to reimburse the government for pre-production expenses. The total price offered was $1,614,000. The sale was in the public interest and it was recommended that it be approved.

30. The Cabinet approved the recommendation of the Minister of Defence Production and agreed that he be authorized to enter into an agreement with Canadian Exploration Limited for the sale to it of tungsten-bearing ores owned by the Crown at Salmo, British Columbia, for a total purchase price of $1,614,000; an Order in Council to be passed accordingly.

(Order in Council P.C. 4039, Sept. 13, 1952)

Commonwealth Economic Conference; Canadian statement

31. The Prime Minister reported that a draft statement of Canadian views for submission to the Commonwealth Economic Conference had been prepared by the Interdepartmental Committee on External Trade Policy for consideration by the Cabinet. It was intended, if approved by the Cabinet, for distribution to the representatives of the other governments at the meeting of officials beginning in London, on September 22nd.

Copies of the draft had been circulated.

(Memorandum, Chairman, Interdepartmental Committee on External Trade Policy, and attached draft statement; Sept. 11, 1952 - Cab. Doc. 283-52).

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32. The Minister of Trade and Commerce thought the draft was, on the whole, satisfactory. He was of the opinion that the possible additional paragraph - paragraph 34 - ought to be included. He felt it would be difficult to avoid an indication of willingness to assist in making a different policy work after stating so definitely what was considered to be wrong with the policy the sterling area had followed thus far.

33. The Minister of Agriculture suggested that paragraphs 22 and 23 on foods and raw materials should be revised somewhat. As they stood at present they appeared to suggest that United Kingdom purchases of agricultural products from Canada should be reduced.

34. The Leader of the Government in the Senate believed the document did not make it adequately clear why the great industrial recovery in the United Kingdom and the rise in exports had not resulted in a more satisfactory financial position.

35. The Minister of Finance felt this matter might be clarified by additional reference to the loss of substantial income from investments and other invisible items.

36. The Minister of Justice, thought it would be desirable if there could be some reference to the fact that Canadian post-war credits to the United Kingdom had been extended for the purpose of putting the United Kingdom in a position where restrictive and discriminatory policies would not be necessary.

37. The Minister of Fisheries said the statement was, in general strongly critical in character, It should be put in the form that would be least likely to cause offence or lead to criticism.

38. The Cabinet , after considerable discussion, agreed that the draft statement of Canadian views for submission to the Commonwealth Economic Conference be revised in accordance with the discussion and submitted for further consideration at the next meeting.

Wheat for Pakistan

39. The Minister of National Defence as Acting Secretary of State for External Affairs, referred to discussion at the meeting of August 14th, concerning the request from Pakistan for assistance in financing the procurement of some 300,000 tons of wheat from Canada. In accordance with the decision, investigation had been made of the possibility of providing assistance through enabling Canadian exports to Pakistan other than wheat to be financed under the Export Credits Insurance Act thus releasing costs for the wheat purchase.

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It appeared that the possibility of providing assistance in this indirect manner was not promising. The United States government was contemplating a loan of $15 million to Pakistan at a low rate of interest to finance the purchase of 160,000 tons of wheat there. The U.S.S.R. was arranging for an exchange of jute and cotton against wheat. It appeared desirable that some assistance be provided by Canada and it was recommended that Pakistan be authorized to use the facilities of the Export Credits Insurance Act to assist in financing 75,000 tons of wheat from Canada between now and March 31st and that payment be over a period of 5 to 10 years.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Sept. 10, 1952 - Cab. Doc. 284-52).

40. Mr. Claxton said the Secretary of State for External Affairs was very anxious that the most sympathetic consideration should be given to the request for financial assistance. The position of Pakistan was of the greatest importance in relation particularly to the situation of the Moslem countries and South-East Asia. He personally agreed with Mr. Pearson's view and thought the continued strength and good will of Pakistan was of vital importance.

41. The Minister of Finance thought it quite improper for the Export Credits Insurance Act to be used to finance a wheat purchase. If that were done, a very undesirable precedent would be established and it would be difficult to refuse future requests from other countries. If special assistance were to be given, it would be preferable to have a special vote in the estimates. He understood, however, that it was not likely that the full amount of Canadian assistance to Pakistan under the Colombo Plan could be expended during the present fiscal year on the projects for which it had been allocated. In the circumstances the desirable course might be to allow Pakistan to use $5 million for the purchase of wheat and to hold over to the next fiscal year some engineering order which could not, in fact, be ready during the present year.

42. The Cabinet, noted the recommendation of the Acting Secretary of State for External Affairs concerning the desirability of providing special assistance to Pakistan to finance purchases of Canadian wheat and agreed that:

(a) no arrangement be made to enable Pakistan to use the provisions of the Export Credits Insurance Act for the purchase of wheat, but,

(b) the government of Pakistan be informed that the Canadian government would permit $5 million of the appropriation for assistance to Pakistan under the Colombo Plan to be used for the purchase of wheat during the fiscal year 1952-53, if a similar sum in Pakistani funds was set aside for development under the Colombo Plan.

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Colombo Plan; wheat for India

43. The Minister of National Defence, as Acting Secretary of State for External Affairs, reported that in 1951-52, the Canadian contribution to India under the Colombo Plan had consisted of $10 million worth of wheat and $15 million worth of equipment for special projects. The Indian government had asked that Colombo Plan funds during the current year be used to buy two thirds of the 300,000 tons of wheat it was hoping to procure from Canada under the International Wheat Agreement. This would absorb the whole of the expected contribution to India. While such a use of funds would not be out of line with the possibilities that had been indicated when the Plan was established, it lacked the psychological advantages which provision of Canadian equipment would have. It was accordingly recommended that the Indian government be informed that $5 million worth of wheat could be procured under the Colombo Plan funds in accordance with certain understandings.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Sept. 10, 1952 - Cab. Doc. 285-52)

44. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs and agreed that:

(a) $5 million worth of wheat be supplied to India during the current fiscal year under the Colombo Plan;

(b) the quantity of wheat be additional to any amounts India might be purchasing from Canada under the International Wheat Agreement;

(c) Canadian officials work out urgently with the Indian authorities recommendations concerning other projects to constitute the remainder of Canada's contribution to India under the Colombo Plan in 1952-53; and,

(d) the Indian government be warned that for any future years it should plan on the assumption that wheat would not continue to be available from Canada under the Colombo Plan.

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British Columbia canned salmon surplus

45. The Minister of Fisheries, referring to discussion at the meeting of August 27th, said the canned salmon situation had changed since the proposal for inventory assistance had last been considered. It now appeared that there would be a carry-over similar to 1951 but without any hope of sales in Europe. There was a strike on at present as fishermen were refusing to catch fish at the current prices which were 5½ cents per pound below 1951. If fishing continued, the surplus would grow; if it did not, demands for assistance could be expected from the fishermen. The plan originally submitted would not be adequate in present circumstances. There now appeared also to be inventory problems facing some vegetable and fruit canners and that was an additional factor making it undesirable to provide inventory assistance to the salmon canners.

He had had some investigation made of price changes in the salmon industry. Prices had undoubtedly gone up more than for most other canned items. Taking the 1935-39 average as 100, prices in 1946 had been 146; in 1947, 219; in 1948, 291; in 1949, 329; and in 1951, 350. Canned vegetables and fruits appeared to have gone up to an index ranging from about 160 - 205. Prices of raw fish had moved from about 45 cents per sockeye salmon, or 2½ cents a pound in 1939, to 25 cents a pound in 1951. Comparable changes for cohoe salmon were from 25 cents a fish to 18 cents per pound. The same sort of thing had happened in the case of pink and chum salmon. It was difficult to say, as things now stood, what measures might have to be adopted to deal with the situation.

46. The Cabinet noted the report of the Minister of Fisheries concerning developments in the salmon canning industry in British Columbia.

Agricultural products; present position

47. The Minister of Agriculture submitted reports on beef, pork, butter, cheese and eggs.

Cattle marketings had dropped substantially from 1951. The total of inspected slaughter, plus exports of live cattle, for the first six months had dropped from 709,887 to 566,154. From July 1st to August 23rd the drop had been from 202,252 to 190,398. At the beginning of the year cattle prices in Canada were above U.S. prices but had later declined to a more normal relationship. Following the imposition of an embargo by the United States Canadian prices had gone below their normal differential, but from mid-June to mid-August had been above it again. Since mid-August they had again declined to somewhat below the normal relationship. 47,478,380 pounds of beef

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had been purchased for shipment to the United Kingdom. Only 860,000 pounds of New Zealand beef had thus far been sold in the United States. It was too early to know how the proceeds would compare with expectations.

Pork marketings to the first week in September had been up 34 percent over 1951. U.S. prices were the equivalent of $26.25 in Canada, which was just over the support price. To date 53 million pounds of canned pork had been purchased out of the authorization of 65 million pounds. More than 16 million pounds had been released for distribution in the domestic market. None had yet been sold in the United States but labels had been designed that would meet U.S. specifications and allow entry to the U.S. market. It was estimated that marketings during the fourth quarter would be about 25 percent above 1951, leaving an over-all surplus until the end of the year of 45 to 55 million pounds. Preliminary reports on June - November farrowings indicated that a decline in hog marketing could be expected in the early part of 1953.

Butter in storage on August 1st was 12,954,000 pounds over the figure for that date in 1951. Production had been about 9 percent over 1951 from January to July but current reports showed a general decrease from a year ago. Disappearance had been up by 3.3 percent. There had been enquiries for butter from Western Germany and France but it was not recommended that any export permits be granted at present.

Cheese production was down by 23 percent. Storage stocks on August 1st were, however, 5,886,000 pounds over those for 1951. Unofficial reports suggested that, while the Ontario Cheese Producers Association held about 8 million pounds of cheese, they would be able to dispose of all or nearly all the supply.

Egg marketings to date had been 17 percent over 1951 and 3 percent over 1950.

48. Mr. Gardiner said it would be necessary to take decisions at the meeting of September 24th on the support price policy for pork and beef after September 30th. It was of great importance that there be no prior indication as to the policy that would be adopted. He would have discussion with the Minister of Finance and others most directly concerned and submit recommendations at that meeting.

Copies of the Minister's reports were circulated.

(Minister's memoranda, September 12, 1952 - Cab. Docs. 290-52, 291-52, 292-52, 293-52).

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49. The Cabinet noted the reports of the Minister of Agriculture on the current position with respect to beef, pork, butter, cheese and eggs.

St. Lawrence Seaway; retention of consulting engineer

50. The Minister of Transport recommended that authority be provided for the retantion of a consulting engineer for the preparation of plans for the St. Lawrence Seaway.

51. The Cabinet approved the recommendation of the Minister of Transport and agreed that he be authorized to pay a retaining fee of $2,000 per annum, effective August 1st, 1952, to Mr. R.A.C. Henry as consulting engineer for the preparation of detailed plans in connection with the Great Lakes-St. Lawrence Seaway project and, in addition, the sum of $100 per day plus travelling expenses when Mr. Henry was engaged on such duties; an Order in Council to be passed accordingly.

(Order in Council P.C. 4041, Sept. 13, 1952).

Judicial retirement

52. The Minister of Justice submitted a recommendation concerning a judicial retirement.

53. The Cabinet approved the recommendation of the Minister of Justice and agreed that the resignation of the Honourable Louis J.C.E. Boyer, a Judge of the Superior Court of Quebec, be accepted as in the public interest, and that an annuity of $9,600 be paid to him commencing immediately after his resignation; an Order in Council to be passed accordingly.

(Order in Council P.C. 4040, Sept. 13, 1952).

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

September 17th, 1952

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, September 17th, 1952, at 10:30 a.m.

Present:

The Minister of Trade and Commerce,
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe), in the Chair
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State for External Affairs
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Grain handling at the Lakehead; labour dispute

1. The Acting Prime Minister reported that there was a deadlock in discussions on wage rates for grain handlers at the Lakehead. He had got in touch with the representatives of the union to ascertain what they would take as a basic wage to settle the dispute. They had finally agreed to accept $1.35. This had then been discussed with the companies but the representatives of the Manitoba Wheat Pool refused to go beyond $1.32. This had been turned down by the union. After that exchange he had wired both sides urging them to accept the $1.35 basis in order to avoid a strike at the present time. Word had just been received that the union was still prepared to accept. No reply had yet come from the companies.

2. The Cabinet noted the report of the Acting Prime Minister concerning developments in the dispute concerning wages of grain handlers at the Lakehead.

Commonwealth Economic Conference; submission of Canadian views

3. The Acting Prime Minister, referring to discussion at the meeting of September 13th, said the document for submission to the Commonwealth Economic Conference had been considerably revised in the light of the views expressed at that time. It seemed now to be in very much better form. A telegram had been received from the High Commissioner in London in which he expressed the view that it would be preferable to omit the final paragraph of the paper. Mr. Robertson also thought that inadequate attention was given to the burden of rearmament as a factor in the United Kingdom situation. The second point could be met by modifications to paragraphs 3 and 4.

4. The Cabinet, after considerable discussion, approved the draft statement of Canadian views for submission to the Commonwealth Economic Conference with revision of paragraphs 3 and 4 as proposed to give increased emphasis to the burden of rearmament as a factor in the United Kingdom situation, and the redrafting of paragraphs 34 and 35 into a single paragraph in the form agreed; the statement to be submitted for final consideration by the Prime Minister before release for submission to the meeting of Commonwealth officials.

Goose Bay; stationing of U.S. fighter squadron

5. The Minister of National Defence recalled that, at the meeting of February 22nd, the Cabinet had authorized the lease to the United States of 7,000 acres at Goose Bay for the erection of Air Force buildings.

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The lease as drawn up included provisions regarding rights of access, rights to station personnel, maintenance of internal security, and other things. The lease was to be made final by an exchange of notes later in the day. It now appeared that the United States interpreted the lease to include the right to station a fighter squadron at Goose Bay for defence of the leased premises. The Department of External Affairs agreed with the interpretation of the lease. The United States had given notice of intention to place a squadron at the base in October.

6. Mr. Claxton said it had not been his understanding that the lease was intended to accord the right to station a fighter squadron. If the Cabinet had not so understood it, the matter was one that ought to be considered. One possibility would be to take the position that defence of the area would be taken care of by Canada and that, if a fighter squadron was required, the R.C.A.F. would station one there. That could not be done before 1953.

7. The Acting Prime Minister and the Minister of Finance thought that, although it had not been made clear as a right accorded in the lease, the stationing of a fighter squadron by the United States would not be a matter of too great concern.

8. The Minister of Agriculture said the stationing of a squadron was not in itself disturbing. It was the suggestion that the United States had a right under the lease to take such action without needing to seek the permission of the Canadian government and without the right by the government to withhold permission.

9. The Ministers of National Health and Welfare and Citizenship and Immigration expressed similar views.

10. The Minister of Justice was of the opinion that, if the lease were to include a right to station a fighter squadron, it was of sufficient importance to be dealt with specifically and the conditions affecting it spelt out. The right to station forces was, in a sense, a derogation from Canadian sovereignty and any such derogation ought to be clearly specified and defined.

11. The Cabinet, after further discussion, agreed that the Minister of National Defence have the exchange of notes postponed and consider further the terms of the lease to the United States of certain facilities at Goose Bay and the character of the rights accorded and, if he thought, it desirable, discuss with the Prime Minister the questions that had been raised with regard to the right of the United States under the lease to station a fighter squadron at Goose Bay for defence of the leased area.

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East Marsh drainage system Point Pelee, Ontario; Federal assistance

12. The Minister of Agriculture, referring to discussion at the meeting of September 13th, said he had now looked further into the background of the protective works and drainage system at Point Pelee, Ontario, and it appeared that the Federal government had not participated in any way in their construction. He was satisfied that there was not direct claim in that way for assistance now.

13. The Minister of Finance pointed out that, while the contribution sought was not large in itself, the precedent would be most unfortunate. It was difficult to know where this sort of thing could be stopped. He thought it would be undesirable to try to take a decision in the absence of the Prime Minister.

14. The Cabinet agreed that decision be deferred to the next meeting on proposed Federal assistance toward protective works for the East Marsh drainage system at Point Pelee, Ontario.

United Nations; Canadian delegation

15. The Minister of National Health and Welfare said the Canadian delegation to meetings of the United Nations Assembly usually included representatives of the opposition parties as advisers. Their representation on the delegation to the next Assembly had been discussed with the Prime Minister and he had agreed that there be two persons from the Official Opposition, on the understanding that they not be present simultaneously, and one representative from each of the other two opposition parties in the House of Commons on the same understanding. There would also be two representatives from among government supporters as advisers.

16. The Cabinet noted the report of the Minister of National Health and Welfare concerning advisers from members of the various political parties to be included on the Canadian delegation to the Assembly of the United Nations and agreed that the representation from members supporting the government be discussed further at a subsequent meeting.

Immigration; agreement with the Netherlands; consultation with representatives of interested bodies in Canada

17. The Minister of Citizenship and Immigration stated that it had been the practice in recent years to enter into an agreement with the government of the Netherlands as to the minimum number of immigrants from that country to be received during the following

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year. The number had grown from 7,000 to 9,000 in the initial years to 19,000 last year. The Netherlands government had proposed 24,000 for 1953 but this seemed high. It was suggested that the minimum figure be set at 14,000. If it was found that more could be handled, they would be taken.

18. Mr. Harris also recalled that he had submitted a memorandum to the Cabinet in June stating that certain Canadian labour organizations and the premiers of two provinces had felt wider consultation would be desirable on questions affecting the movement of immigrants into Canada. It did not appear to be desirable to have any formal arrangements for consultation or to have any general meetings that would give an impression that immigration policy did not continue to be entirely the responsibility of the Federal government. However, consultation from time to time with provincial governments, labour organizations and other interested bodies on a separate and informal basis seemed desirable.

(Minister's memorandum, June 10, 1952 - Cab. Doc. 178-52).

19. The Cabinet, after discussion:

(a) noted with approval the proposal of the Minister of Citizenship and Immigration that the figure for Netherlands immigrants in 1953 to be included in the agreement with the Netherlands government be 14,000;and,

(b) agreed that the Minister of Citizenship and Immigration make arrangements to call to Ottawa from time to time, as required, representatives of provincial governments, labour organizations, employers' organizations, and other organizations or associations, for consultation on immigration matters; it being understood that the arrangements for consultation would not be formal and would not be through meetings with such representatives collectively.

General Agreement on Tariffs and Trade; Seventh Session; Canadian delegation

20. The Minister of National Defence, as Acting Secretary of State for External Affairs, submitted recommendations as to the composition of the Canadian delegation to attend the Seventh Session of the contracting parties to the General Agreement on Tariffs and Trade which would begin at Geneva on October 2nd. He also submitted proposed instructions to the delegation for that meeting.

An explanatory memorandum had been circulated.

(Memorandum, Acting Secretary of State for External Affairs, Sept. 16, 1952 - Cab. Doc. 296-52).

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21. The Cabinet, after discussion,-

(a) agreed that the Canadian delegation to the Seventh Session of the Contracting Parties to the General Agreement on Tariffs and Trade to begin at Geneva on October 2nd be composed of the following officials:

Chairman: Dr. C.M. Isbister,
Director of International Trade Relations Branch,
Department of Trade and Commerce.

Delegates: Mr. D.V. LePan,
Department of External Affairs.

Mr. S.S. Reisman,
Department of Finance.

Mr. A.R. Kilgour,
Department of External Affairs,
(Secretary to the Delegation.)

(b) approved the detailed instructions to the delegation, as submitted by the Acting Secretary of State for External Affairs, respecting balance of payments import restrictions, the European coal and steel pool, United States import restrictions on dairy products, Belgian import restrictions and accession of Japan to G.A.T.T.; it being understood that the delegation would keep the government informed of significant developments at the Geneva meetings and would seek guidance with respect to any important issues not specifically covered in the detailed instructions referred to above.

International Telecommunications Union; Canadian participation in Second Plenipotentiary Conference

22. The Minister of National Defence, as Acting Secretary of State for External Affairs, submitted recommendations on Canadian participation in the Second Plenipotentiary Conference of the International Telecommunications Union which had been convened to meet in Buenos Aires on October 1st next.

An explanatory memorandum was circulated.

(Memorandum, Acting Secretary of State for External Affairs, Sept. 16, 1952 - Cab. Doc. 297-52).

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23. The Cabinet, after discussion, approved the recommendations of the Acting Secretary of State for External Affairs, concurred in by the Minister of Finance and the Minister of Transport, that,

(a) Canada participate in the Second Plenipotentiary Conference of the International Telecommunications Union to be held in Buenos Aires beginning October 1st; the Canadian delegation to consist of the following:

Head of Delegation: Maj.Gen. the Honourable L.R. LaFleche, D.S.O., Canadian Ambassador to Argentina.

Delegates: Mr. C.J. Acton, Chief, Frequency Allocation and Transmitting Licence Section, Department of Transport.

Mr. L.R. Coffey, Executive Assistant to the Controller of Telecommunications, Department of Transport,

Mr. C.C. Langille, Canadian Embassy, Buenos Aires.

Mr. M.G. Clark, Department of Finance

(b) the Canadian Ambassador to Argentina be authorized to sign in the name of the government of Canada any agreements arising out of the deliberations of the I.T.U. Conference.

Canadian Services Colleges: appointments to Advisory Board

24. The Minister of National Defence submitted recommendations for appointments to an Advisory Board to be established in accordance with the Canadian Services Colleges regulations made by Order in Council P.C. 2512 of May 19th, 1950.

An explanatory memorandum was circulated.

(Minister's memorandum, Sept. 16, 1952 - Cab. Doc. 301-52).

25. The Cabinet after discussion, noted the recommendations of the Minister of National Defence for appointments to an Advisory Board to be established under regulations governing the Canadian Services Colleges and deferred decision pending further consideration at a subsequent meeting.

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College Royal Militaire, St. Jean; report on enrolment and opening

26. The Minister of National Defence reported that 400 of the numerous applicants for enrolment at the new College Royal Militaire at St. Jean had qualified. Because of physical limitations, it would not be possible to accept more than 125 students. A selection had now been made and of the total roll of 125,80 would be French speaking and 45 English speaking.

Arrangements had been made with the Governor General to open the new College officially on November 13th.

27. The Cabinet noted the report by the Minister of National Defence on enrolment at and the formal opening of the new College Royal Militaire at St. Jean, Quebec.

Canadian Airfields in Europe

28. The Minister of National Defence referring to the meeting of July 8th, reported that the first of four Canadian airfields in Europe, located at Grostenquin, France would be completed by mid-October. The three squadrons posted to this field would proceed overseas towards the end of the month. These squadrons would be the first to bring F-86 jet aircraft to Europe.

The second airfield was to be located at Zwebrucken in the French zone of Germany. Construction was proceeding and it was expected that the station would be completed by the Spring of 1953. It was now thought total costs of construction would be lower than had originally been estimated and it was possible that all the costs involved might be met out of the D.M. 24 million provided for the station in the French occupation budget.

A firm decision had not yet been reached as to the exact locations of the third and fourth stations. In all probability one would be in Luxembourg and the other either in the Coblenz area or at or near Baden-Solingen in the French zone of Germany. According to present plans, both stations were required by the month of August 1953.

Construction was now proceeding on the headquarters of the air division which would be located at Metz.

29. The Cabinet noted with approval the report by the Minister of National Defence on progress being made with respect to the four airfields ultimately to be used by Canadian squadrons in Europe.

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Yugoslavia; provision of Canadian arms

30. The Minister of National Defence, referring to discussion at the meeting of August 14th, said from time to time the United States enquired as to the possibility of Canada making some of its surplus armaments available to Yugoslavia. At the present the Canadian Army had available a certain number of 25 pounder guns surplus not only to Canadian but also to N.A.T.O. requirements. Both the United Kingdom and the United States favoured transfer of this equipment to Yugoslavia and would even be prepared to arrange for movement of the guns to Yugoslavia in the event Canada was reluctant to make a direct transfer.

He thought that even though the 25 pounders were surplus to our needs and to N.A.T.O. requirements and that both the United States and the United Kingdom favoured the transfer of this equipment it would be inadvisable to approve such a transfer either directly from Canada to Yugoslavia or indirectly through the United Kingdom or the United States, as it would almost certainly be viewed unfavourably in certain parts of Canada.

31. The Minister of Finance supported the view put forward on a previous occasion by the Prime Minister to the effect that as a matter of general policy Canada should channel through the North Atlantic Treaty Organization any movements of Canadian armaments to other countries.

32. The Cabinet after discussion, noted the report of the Minister of National Defence and agreed that it would not be possible at this time to consider favourably any transfer of surplus Canadian armaments to Yugoslavia either directly to that country from Canada or indirectly through the United Kingdom or the United States.

Japan; status of Commonwealth troops

33. The Minister of National Defence reported that for some time United States authorities had been negotiating with Japan in an endeavour to obtain for military personnel of Commonwealth countries now stationed in Japan the same rights and privileges as had been granted to the armed forces of the United States. To date these negotiations had not met with any success.

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He thought that, if the stalemate continued for any length of time, Canada might discuss the matter with United Kingdom authorities with a view to opening direct negotiations with Japan on this matter.

34. The Cabinet noted the report by the Minister of National Defence on the unsuccessful attempts made by the United States to obtain from Japan an agreement that military personnel of Commonwealth countries now stationed in Japan be granted the same rights and privileges as had been extended to United States troops.

National Defence; permanent accommodation for Active Force field units

35. The Minister of National Defence referring to discussion at the meeting of September 13th, submitted a report giving details on present and planned accommodation for Active Force units in Canada.

He recommended that approval in principle be given to the general plan of distribution of the accommodation, it being understood that specific detailed proposals would be submitted to Treasury Board for consideration and approval from time to time over the next few years.

An explanatory memorandum was circulated.

(Minister's memorandum, Sept. 17, 1952 - Cab. Doc. 300-52).

36. The Minister of Citizenship and Immigration reiterated his view that serious consideration should be given to the social implications of locating large concentrations of troops near urban centres.

37. The Minister of Agriculture said criticism was frequently heard in Saskatchewan that the Province had not been given proportionately as great a share of military establishments as the other Western Provinces. It would be recalled that an Army establishment of some size had been moved during the war from Regina to Calgary. As he understood the general plan now put forward it was proposed to move the Calgary units to Edmonton. He felt this particular phase of the plan should be reviewed and an effort made to locate at least one of the units at Regina or some other place in Saskatchewan.

38. The Minister of Resources and Development noted that it was argued, in support of the new plan, that Army accommodation near urban centres could be converted to civilian use in the event military requirements decreased in years to come. He thought this argument was none

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too valid because Army barracks were often unsuitable for conversion to civilian uses and also because in some cases, such as at Aldershot, the barracks were located too far from urban centres to be of any practical value for civilian housing.

39. The Minister of Public Works said that when the plan for permanent accommodation for Active Force units had been considered by Treasury Board, members of the Board thought there should be reasonably definite assurance that the Canadian Armed Forces would remain permanently as large as at present before approval was given to a construction and rehabilitation programme costing approximately $100 million.

40. The Minister of Finance thought there was little likelihood of the Armed Forces being reduced in numbers for at least another five years. In the circumstances, the government had an obligation to provide accommodation for these troops. It seemed to him, quite apart from considerations of morale and recruiting incentive, that the general plan put forward by the Minister of National Defence for locating permanent headquarters of the various units near relatively large urban centres was the most economical approach to the problem. It would thus be possible to avoid the necessity of providing facilities, such as schools, churches, theatres and shops for military personnel and their families as these could avail themselves of such services already in existence in urban centres. In any event, there were two methods of checking the sizeable expenditures to be made under the new plan. The first check was the detailed examination given to main appropriations annually and the second was the day to day review of individual undertakings by Treasury Board.

He added that Treasury Board would consider at a meeting the following day, the details of those proposals to be undertaken immediately and suggested that decision in this matter might be deferred until after this meeting and pending further consideration by Ministers of the detailed report circulated by the Minister of National Defence.

41. The Cabinet, after considerable further discussion, deferred decision on the general proposals for the provision of permanent accommodation for Active Force units in Canada pending further consideration at a subsequent meeting, it being understood that the Treasury Board would deal with the proposals for immediate action.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

September 24th, 1952

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Items discussed

Pork; support price 1.

Beef; support price 4.

Government contracts; non-discrimination clause 6.

Legislation; report of Cabinet Committee on programme for 1952-53 session 7.

Legislation; bill to incorporate a Canadian Disaster Relief Fund 9.

Legislation; repeal of Yukon Quartz Mining Act and Yukon Placer Mining Act 9.

Legislation; Yukon Act amendment 10.

Legislation; Water and Soil Conservation measure 12.

Legislation; Canadian National Railways Act amendment 14.

Legislation; Educational Grants for pensioned children of deceased veterans 16.

Legislation; Veterans Housing bill 17.

Uruguay; opening of Canadian Diplomatic Mission 18.

Canada Grain Act; revocation of deferred weigh-over under Emergency Powers Act 19.

Appointments; judiciary 19.

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TOP SECRET

CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber on Wednesday, September 24th, 1952, at 10:30 a.m. and 2:30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson), (for afternoon meeting only)
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Pork; support price

1. The Minister of Agriculture, referring to previous discussion, at the meeting of September 13th, said that the government's commitment to support the price of pork would expire on September 30th, 1952. As the United States embargo continued to be in effect and as there was a substantial surplus of pork, further support would be necessary. Quite a number of hogs that had been produced in Ontario and Quebec on the basis of the $26 price had not yet come to market. In order that there might be no charge of discriminatory action, he recommended that the price be continued at $26 until November 30th and reduced to $24 thereafter. The prices were for warm dressed weight from Grade A carcasses, basis Toronto and Montreal.

Canadian prices for hogs in the past year had been higher than U.S. prices until about the end of April, but since then had been lower by varying amounts. In September the price was under the U.S. equivalent by about $1.31 in the first week, 77 cents in the second, and 59 cents in the third. The premiums paid on Grade A and B hogs were not a part of the price. They amounted to $2 per hog for Grade A and $1 for Grade B, which was approximately 1 cent and ½ cent per pound respectively.

If the extension in the support price and the change after November 30th were approved, both should be announced immediately. Advance announcement of the drop in the price would not bring any substantial number of hogs to market that would not otherwise come. They were delivered when they reached 200 - 220 pounds and there was very little leeway as to time. Early notice would leave the government least open to criticism.

2. The Prime Minister pointed out that the original $26 support level had been intended to cover the hog year, which, it had been understood, was up to September 30th. There had been some feeling that the price had been put too high and that advantage ought to be taken of the fact that the commitment did not extend beyond that date. So far as the premiums were concerned, he understood they had been instituted to encourage the production of a better type of hog for the United Kingdom market. It seemed doubtful whether they should be continued when there was no U.K. market. The view of the Department of Financewas that the $26 level ought not to be extended beyond September 30th. After that date it was thought the support should not be higher than $23 and should extend only till the spring of 1953, with review at that time.

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3. The Minister of Trade and Commerce felt the support price ought to be at such a level that the opening of the United States market would be a cause of gratification to the producers. That would not be the case if the floor were too high. He was of the view that it ought to be reduced as of September 30th and that the level should probably be $22, although $23 might be safe,

4. The Minister of Justice suggested that the support price be set in relation to United States prices. It could be stated as the Chicago price less a fixed differential which would take into account the difference in exchange, customs duties, freight and any other charges. That would leave the determination of the price to the operation of market forces and would ensure that it was not out of line with U.S. prices when the embargo was removed.

5. The Minister of Citizenship and Immigration pointed out that when the support price had been fixed foot and mouth disease had not yet broken out. The price had not been related to it. Those who had been producing on the basis of the support price and who had not yet sold their output might feel that adequate consideration had not been given to their position if the $26 support level was not extended somewhat. The price clearly had to go down for next year's production.

6. The Minister of Agriculture said that a pork price related to the U.S. price would be almost impossible to operate. In any event the U.S. market had not traditionally been the controlling factor over the Canadian price the United Kingdom market was the determinant, until it had been lost. He also thought the quality premiums ought not to be interfered with at this particular time.

7. The Prime Minister suggested, that, with the government so deeply involved in the support of the pork market, the direct cost of an extension of the $26 price for a further two or three months instead of an immediate reduction by $2 or $3 would not be substantial. It appeared more important to ensure that producers felt that they had been fairly dealt with in relation to the 1952 production and to ensure that the price thereafter was at a sufficiently low level that it would not serve as an incentive. The best course might be to extend the current level for three months rather than two, and thereafter set the price at $23 rather than $24 as recommended.

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8. The Cabinet, after considerable discussion,

(a) agreed that price support for pork be extended beyond September 30th, 1952, and that the Agricultural Prices Support Board be authorized to prescribe prices under Section 9 (1) (a) of the Agricultural Prices Support Act as follows:

(i) for the period from October 1st to December 31st, 1952, equivalent to $26 per hundred pounds warm dressed weight from Grade A carcasses, basis Toronto and Montreal; and

(ii) equivalent to $23 per hundred pounds on the same basis thereafter, with appropriate differentials for other principal public stockyards throughout Canada;

an Order in Council to be passed accordingly;

(Order in Council P.C. 4141, Sept. 24, 1952)

(b) approved a draft press release to be issued by the Minister of Agriculture concerning the support prices for pork.

Beef; price support

9. The Minister of Agriculture referring to previous discussion at the meeting of September 13th, recommended that price support for beef be continued at the present level of $25 per hundred pounds for heavy steers and heifers grading A, B and C, during the period from October 1st to November 15th. This would meet the situation of farmers who had held back cattle in response to the appeal of the government. It would apply only to animals having a live weight of 1200 pounds and up. With regard to other cattle, he recommended that support after September 30th be on the basis of $24 per hundred pounds for good steers at Toronto until March 31, 1953 and thereafter at $26 until May 31st or the lifting of the United States embargo, whichever was the earlier.

10. The Minister of Trade and Commerce said that the U.S. price for equivalent cattle had dropped by about $3 since the Canadian floor had been fixed. In the circumstances the prices recommended would mean that Canadian producers would be receiving more than they would have got had the U.S. market been open. He thought the best course would be to set the Canadian price at intervals on the basis of the Chicago price less a differential of about $5 as the equivalent of the charges

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involved in getting Canadian beef into the U.S. market. As an incentive to hold beef back during the winter, the differential might be wider than $5 in the next few months with notice that it would be narrowed in the spring.

11. Mr. Gardiner felt it would be an extremely difficult thing to determine beyond doubt the livestock classifications and prices that corresponded exactly to the types of Canadian cattle coming to market here. It would be very hard to persuade producers that any price being set for them was what they were properly entitled to under such an arrangement. There were, in addition, technical difficulties in any such basis of support.

One suggestion had been that no support price whatever be maintained during the months from September 30th until the spring of 1953. That would undoubtedly provide an incentive to hold cattle back, but producers would think it did not comply with the government's undertaking to maintain a support price until the U.S. embargo had been lifted. The Department of Finance had suggested that the price following September 30th ought to be dropped to $21 with an indication that it would be set higher - possibly about $24 in the spring. He thought there would be very great dissatisfaction if the interim price were below $23. At the present time U.S. prices justified a Toronto price of about $25.08. To provide an incentive for farmers and feeders to hold stock back, there should probably be a differential of about $2 between the winter price and that promised in the spring. A suitable arrangement might perhaps be to have the price at $23 and $25 rather than $24 and $26 as recommended. A differential of $3 with prices of $22 and $25 would be considered too great.

12. Mr. Gardiner read a draft press release he proposed to issue if an arrangement were approved as recommended.

13. The Cabinet, after considerable discussion;

(a) agreed that price support for beef be extended beyond September 30th, 1952, and that the Agricultural Prices Support Board be authorized to pay prices as follows:

(i) equivalent to $25 per hundred pounds live weight for heavy steers and heifers (carcasses 700 pounds and up, cold dressed weight, fat in basis, including Grades A, B and C) from October 1st through November 15th, 1952;

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(ii) equivalent to $23 per hundred pounds live weight for "good" (finished) steers at Toronto (with the exception of heavy steers marketed before November 15th, 1952) from September 29th, 1952 through March 31st, 1953; and

(iii) equivalent to $25 per hundred pounds live weight for "good" steers at Toronto after April 1st, 1953;

with appropriate price differentials in the case of items (ii) and (iii) for other grades and markets throughout Canada; the support so established to terminate on May 31st, 1953 or upon the lifting of the United States embargo, whichever was the earlier; an Order in Council to be passed accordingly;

(Order in Council P.C. 4142, Sept. 24, 1952)

(b) approved, subject to minor modifications, the press release to be issued by the Minister of Agriculture announcing the support policy for beef.

Government contracts; non-discrimination clause

14. The Minister of Labour said there had been recommendation by a large number of labour organizations for legislation prohibiting discrimination by employers against, persons seeking employment on grounds of race, national origin, colour or religion. Questions of legislative jurisdiction and other problems made it doubtful whether legislation should be attempted, though he intended to put forward a proposal for legislation shortly. A measure that might be taken was to have a clause inserted in all government contracts requiring the contractor to avoid such discrimination in the hiring or employment of labour for the execution of the contract. It was recommended that an Order in Council be passed to that effect.

15. The Minister of Trade and Commerce felt care would have to be exercised in any determination by the Minister of Labour under such a provision that there had been discrimination. Strict definition was difficult and there was a likelihood that people not given employment might attempt to use the clause as a means of making unfounded complaints.

16. The Minister of Justice suggested that it might be desirable to provide for review by a court of a decision by the Minister of Labour that there had been discrimination in any particular case.

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17. The Cabinet, after further discussion, approved the recommendation of the Minister of Labour and agreed that Order in Council P.C. 5547 of November 3rd, 1949 be amended to provide that a clause be inserted in all contracts entered into on behalf of the government of Canada on or after January 1st, 1953, to which the provisions in schedules A and B of the Order applied, to the effect that in the hiring and employment of labour for the execution of the contract the contractor would not refuse to employ or otherwise discriminate against any person in regard to employment because of race, national origin, colour or religion; the clause also to state that any complaint of failure to comply with its provisions would be decided by the Minister of Labour but with the possibility of reference of the question to a judge on request of the contractor and that failure of the contractor to comply with the clause would constitute a material breach of the contract; an Order in Council to be passed accordingly.

(Order in Council P.C. 4138, Sept. 24, 1952)

Legislation; report of Cabinet Committee on programme for 1952-53 session

18. The Minister of Justice reported that, from information made available to the Cabinet Committee on Legislation, it appeared that close to 60 legislative items might be put forward by various government departments and agencies for introduction during the course of the session of Parliament opening on November 20th. The Cabinet Committee had now reviewed 30 of these proposals. Three had been held or referred back to the originating departments for further consideration. The balance, consisting of 27 proposals emanating from eight different departments, were submitted for consideration and approval in principle.

An explanatory memorandum had been circulated.

(Memorandum, Chairman, Cabinet Committee on Legislation, Sept. 23, 1952 - Cab. Doc. 303-52).

19. The Cabinet, after discussion, approved in principle the legislative proposals set out hereunder and agreed that draft measures be prepared accordingly:

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CITIZENSHIP AND IMMIGRATION

Citizenship Act amendment (Cab. Doc. 298-52)
Indian Act amendment (Cab. Doc. 288-52)

FINANCE

Public Service Superannuation Act revision - the drafting of this measure to be given priority by the Department of Justice (Cab. Doc. 273-52)'

Farm Improvement Loan Act amendment (Cab. Doc. 271-52)
Loan Companies Act amendment (Cab. Doc. 270-52)
Trust Companies Act amendment (Cab. Doc. 272-52)

FISHERIES

Customs and Fisheries Protection Act revision (Cab. Doc. 255-52)
Resolution and implementing legislation re International Convention for the High Seas Fisheries of the North Pacific Ocean (Cab. Doc. 256-52)

JUSTICE

Canada Evidence Act amendment (Cab. Doc. 248-52)
Companies' Creditors Arrangement Act amendment (Cab. Doc. 249-52)
Judges Act amendment (Cab. Doc. 250-52)
Prisons and Reformatories Act amendment (Cab. Doc. 245-52)
Criminal Code revision - To be introduced in the Senate in the first instance.(Cab. Doc. 244-52)

RESOURCES AND DEVELOPMENT

Historic Sites and Monuments Board legislation (Cab. Doc. 278-52)
National Housing Act amendment (Cab. Doc. 274-52)

TRADE AND COMMERCE

Statistics Act amendment (Cab. Doc. 242-52)
Canadian Wheat Board Act amendment - To be extended from August 1st, 1953, for a further period of four years (Cab. Doc. 243-52)
Resolution respecting possible new International Wheat Agreement (Cab. Doc. 241-52)

TRANSPORT

Canadian Overseas Telecommunication Corporation Act amendment (Cab. Doc. 294-52
Auditors for National Railways (Cab. Doc. 251-52)

VETERANS AFFAIRS

Veterans Benefit Act - To be extended for another year to the last day of the first session of Parliament in 1954 (Cab. Doc. 240-52)

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Legislation; bill to incorporate a Canadian Disaster Relief Fund

20. The Minister of Justice said that strong representations had been made to him that it would be desirable to introduce legislation during the coming session to incorporate a Board of Trustees for the purpose of administering for the benefit of Canada as a whole the unexpended balance of the Manitoba Relief Fund. The trustees of the Fund now had on hand an unexpended balance of $1.5 million. There were also funds remaining from the Fraser Valley flood funds. As these surpluses could not be returned to the donors, the suggestion that they be transferred to a national fund for the relief of disasters occurring in any part of Canada appeared to have merit.

A decision would be required, however as to whether the government should sponsor the measure or whether the trustees should proceed by way of a private bill and also as to whether the government should retain some control over the activities of the corporation.

An explanatory memorandum had been circulated.

(Minister's memorandum, Aug. 6, 1952 - Cab. Doc. 246-52)

21. The Cabinet, after discussion:

(a) approved in principle the proposal that a national Board of Trustees be incorporated by Act of Parliament to administer for the benefit of Canada as a whole the unexpended balances of the Manitoba Relief Fund and other similar funds; and,

(b) deferred decision as to whether the measure should be introduced in the form of a government-sponsored bill and as to whether the government should retain some degree of control over the activities of the proposed new corporation.

Legislation; repeal of Yukon Quartz Mining Act and Yukon Placer Mining Act

22. The Minister of Resources and Development said he had submitted to the Cabinet Committee on Legislation a recommendation that legislation be introduced during the coming session to repeal the Yukon Quartz Mining and Yukon Placer Mining Acts and to modify the Territorial Lands Act to enable mining regulations to be made under that legislation for both the Northwest Territories and the Yukon.

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He had little doubt that the proposal was desirable from the point of view of achieving the flexibility needed in the control of mining and also to ensure uniformity in the regulation of mining throughout the Canadian northland. However, he agreed with the Committee's view that notwithstanding the real advantages to be gained through this proposal, it might possibly give rise to objections in the House on the grounds that powers which should be exercised by Parliament were being delegated to the executive.

In the circumstances he thought that this proposal might usefully be held for consideration at a later date.

Explanatory memoranda had been circulated.

(Memorandum, Cabinet Committee on Legislation, Sept. 23, 1952 - Cab. Doc. 303-52; Minister's memorandum, Sept. 5, 1952 - Cab. Doc. 276-52).

23. The Cabinet, after discussion, noted the report by the Minister of Resources and Development on the proposed repeal of the Yukon Quartz Mining Act and Yukon Placer Mining Act and deferred decision pending further consideration at a subsequent meeting.

Legislation; Yukon Act amendment

24. The Minister of Resources and Development reported that he had submitted for consideration by the Cabinet Committee on Legislation certain proposed amendments to the Yukon Act. One would provide that appeals in civil cases could be taken to the Supreme Court of Alberta as well as to the Court of Appeal of British Columbia, which latter Court was the only avenue of appeal open to the Yukon in civil cases under the present legislation. The Cabinet Committee had thought that dual and equal appeal jurisdiction might have the practical result of setting up conflicting jurisprudence in the Yukon and had referred the proposal back to the Department for further consideration.

(Minister's memorandum, Sept. 5, 1952 - Cab. Doc. 275-52).

25. The Minister of Justice said the Cabinet Committee after looking into the matter further, had noted that, in so far as criminal cases were concerned, the Court of Appeal for the Yukon Territory was the British Columbia Court of Appeal only, whereas, in the case of the Northwest Territories, appeals in criminal cases could be taken to Manitoba, Saskatchewan, Alberta or British Columbia for that part of the Territories

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lying west of the 89th meridian, and to Ontario, Quebec, Nova Scotia, New Brunswick or Prince Edward Island for that portion of the Territories lying east of the 89th meridian.

The Committee had felt that, even though in practice most appeals would be taken to Alberta because of the concentration of population in a relatively small sector of the Northwest Territories it was undesirable in principle to have several courts with equal jurisdiction in the matter of appeals for the same area. The Committee had, therefore, directed that not only the proposed amendments to the Yukon Act but also the Criminal Code revision be reconsidered with this in mind.

26. The Minister of National Health and Welfare enquired whether it was within the powers of the Federal government to direct provincial courts to deal with matters arising outside the territorial jurisdiction of such courts.

27. The Prime Minister felt the question raised by the Minister of National Health and Welfare should be looked into carefully. If it were found that the present system of setting up provincial courts as the Court of Appeal for the Yukon and Northwest Territories was legally questionable, consideration might be given to establishing the Exchequer and Supreme Courts of Canada as the Courts of Appeal for the Northwest Territories and the Yukon.

28. Mr. Garson pointed out that, because of the distance and difficult communications involved, the Province of Alberta seemed to be the logical place to have appeals heard in the case of both the Yukon and the Northwest Territories. There were other considerations involved, however, and the Cabinet Committee had considered a suggestion that the boundaries of the Western Provinces be projected northward to the Pole and that both civil and criminal appeals be heard, say, in the Province of Saskatchewan if the trial had taken place in an area in the Northwest Territories lying between the northern projections of the Manitoba-Saskatchewan and Alberta-Saskatchewan boundaries.

29. The Minister of Resources and Development thought it might be more practical to divide the Northwest Territories into three or four areas based on concentrations of population and to establish only one Court of Appeal in respect of any one of such areas. The matter, however, should probably be looked into further before a final decision were reached.

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30. Mr. St-Laurent was of opinion that litigants should not be free to choose amongst several courts of appeal either in civil or criminal cases and agreed that proposed amendments to the Yukon Act and the Criminal Code revision should be reviewed with this in mind.

31. The Cabinet after further discussion, agreed that the Departments of Justice and Resources and Development reconsider proposed amendments to the Yukon Act and that the Department of Justice review the Criminal Code revision for the purpose of ensuring that neither the Yukon nor the Northwest Territories be given dual or multiple avenues of appeal in criminal or civil cases.

Legislation; Water and Soil Conservation measure

32. The Minister of Resources and Development recommended that a measure be introduced during the coming session to provide for cooperation with and assistance to Provincial governments in the field of water conservation. In conjunction with the Canada Forestry Act, such a measure would provide indirect but valuable assistance to soil conservation. At the present time, Federal legislation related to water conservation included the Eastern Rocky Mountain Forest Conservation Act, the Prairie Farm Rehabilitation Act and the Maritime Marshland Rehabilitation Act. However, each of these acts had been designed to deal with a special area problem and did not provide for any general coverage of water conservation problems on a national basis.

On the other hand, assistance in this field had already been given in several cases through the provision of specially earmarked funds by Parliament. There would probably be other similar projects and there seemed to be good grounds for continuing Federal aid. In the circumstances, it was considered that the most suitable authority for extending such assistance was by way of general legislation providing primarily for Federal participation with the Provincial governments in the construction of major water conservation projects.

It was further thought that the following major provisions should be included in any such proposed legislation:

(a) Federal participation in any project would be dependent upon guarantees from the Provincial government that ancillary measures in forest and soil conservation would be undertaken in the area affected by the project. Federal participation would also be on the condition that the water conservation measures of any project provided adequate protection for fish and wildlife resources;

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(b) Federal participation would be limited to 37½ percent of the cost of the water conservation portion of any conservation project. This 37½ percent would be apart from assistance granted under the Canada Forestry Act for ancillary measures;

(c) The Federal government would not engage in actual construction work under the proposed legislation. This work would be the responsibility of the Provincial government concerned;

(d) Federal participation would be reduced accordingly if revenue-producing power or irrigation schemes were associated with a project; and,

(e) Federal participation would be limited to major schemes, which would have the greatest national value from an economic point of view and which the Provinces might not reasonably be expected to carry out alone.

Explanatory memoranda had been circulated.

(Memorandum, Cabinet Committee on Legislation, Sept. 23, 1952 - Cab. Doc. 303-52 Minister's memorandum, Sept. 5, 1952,- Cab. Doc. 277-52)

33. The Minister of Agriculture pointed out that the question of soil conservation was primarily an agricultural matter and that not only the Federal Department of Agriculture but also Provincial Departments of Agriculture were the only agencies possessing the technical knowledge and personnel required to carry out such projects. The problem was also tied in with the agricultural colleges and experimental stations located at various points throughout Canada.

34. The Minister of Justice said the Cabinet Committee on Legislation had been concerned with the overlapping of jurisdictions in this field. The Departments of Public Works, Agriculture and Resources and Development all appeared to have some interest and carry out certain water and soil conservation projects. Furthermore, at Cabinet's direction, the Interdepartmental Committee on Resources Development had reviewed and reported on January 31, 1952, on a proposal submitted by the Minister of Agriculture for the extension to the whole of Canada of the Prairie Farm Rehabilitation Act and the Maritime Marshland Rehabilitation Act in somewhat modified form. That report had not yet been considered by Cabinet.

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35. The Minister of Public Works said that his Department obtained yearly from Parliament a general vote for remedial works against erosion. He thought that it would be inadvisable to alter this arrangement at the present time.

36. Mr. Garson pointed out that the Department of Public Works undertook such remedial works only in cases where it could be established that the damage to shore lines was caused either by navigation or by Federal works. This vote did not appear to present the same danger as the proposals put forward by the Ministers of Agriculture and Resources and Development that the Federal government might gradually be called upon to assume responsibilities and liabilities greater than should constitutionally be attributed to the Federal authorities.

37. The Prime Minister noted that up until the present time, the government had approved various projects relating to water and soil conservation on their individual merits. He wondered whether the government was ready and whether this was the opportune time to take the important decision of establishing an overall national programme of water and soil conservation in statutory form.

He suggested that, to enable the proposal to be looked at in its detailed implications, the Department of Resources and Development prepare legislation in rough draft form for consideration at a subsequent meeting.

38. The Cabinet, after considerable further discussion, deferred decision on introduction of proposed legislation respecting water and soil conservation pending submission by the Department of Resources and Development of a draft measure for consideration at a subsequent meeting.

Legislation; Canadian National Railways Act amendment

39. The Minister of Transport said that Section 21 of the Canadian National Railways Act now provided that the C.N.R. before constructing and operating railway lines, branches and extensions or other railway facilities, must obtain prior authorization of the expenditures by Parliament and the approval of the Governor in Council. Under the Railway Act, on the other hand, a railway company may construct a branch line not exceeding six miles from the main line of the railway subject to the prior approval of the Board of Transport Commissioners. This provision of the Railway Act did not apply to the Canadian National Railways Company.

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It was now recommended that Section 21 of the Canadian National Railways Act be amended to provide that the Company may, with the approval of the Governor in Council, construct, maintain and operate railway lines, branches and extension not exceeding in any one case six miles in length from any C.N.R. line. Capital expenditures made in respect of such branch lines not exceeding six miles would be reported to Parliament in subsequent annual budgets.

Explanatory memoranda had been circulated.

(Memorandum, Cabinet Committee on Legislation, Sept. 23, 1952 - Cab. Doc. 303-52; Minister's memorandum, Aug. 11, 1952 - Cab. Doc. 252-52)

40. The Minister of Justice reported that when this proposal had been considered by the Cabinet Committee on Legislation it was felt that if it were deemed undesirable to open up the C.N.R. Act during the coming session there would probably be no great hardship in leaving the present situation unchanged.

41. The Prime Minister thought that if any change were to be sought in respect of construction of spur lines under Section 21 of the Canadian National Railways Act it might be preferable simply to make the C.N.R. subject to the general provisions of the Railway Act in the same manner as any other railway company. This would result in the Canadian National Railways having to obtain the approval of the Board of Transport Commissioners before construction of spur lines was undertaken. Such a course of action would seem to be more consistent with the policy which had been followed, as evidenced by the recent recapitalization of the C.N.R. capital structure and other measures, of making the Canadian National Railways a relatively independent and competitive transportation organization.

He suggested that the matter be discussed further by the Minister of Transport with the President of the Canadian National Railways to ascertain whether there existed any valid reason why the C.N.R. should not be made subject to the general provisions of the Railway Act with respect to the construction of spur lines; also whether the whole matter might not be deferred.

42. The Cabinet after discussion, noted the proposed amendment to Section 21 of the Canadian National Railways Act with respect to construction of branch lines not exceeding six miles in length and deferred decision pending submission of a report by the Minister of Transport, after consultation with the President of the Canadian National Railways, as to whether there was any valid objection to making the C.N.R. subject to the general provisions of the Railway Act in so far as the construction of spur lines was concerned; and as to whether early action was really desirable.

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Legislation; educational grants for pensioned children of deceased veterans

43. The Minister of Veterans Affairs recommended that legislation be introduced during the coming session to provide bursaries which would enable the pensioned children of veterans who died as a result of war service to obtain post-secondary education in Canada. The proposal had been recommended strongly for a number of years by responsible veterans organizations and the scale of benefits would closely parallel the bursaries suggested in the Massey Commission Report. The cost was estimated at less than $2.5 million spread over a period of twelve years. This estimate was based on the expectation that 10 percent of pensioned children, or a total of 1,150, would take advantage of these benefits.

Explanatory memoranda had been circulated.

(Memorandum, Cabinet Committee on Legislation, Sept. 23, 1952 - Cab. Doc. 303-52; Minister's memorandum July 31, 1952 - Cab. Doc. 240-52)

44. The Minister of National Health and Welfare thought it might be preferable to withhold any legislation of this character until such time as the government had reached a decision on the Massey Commission recommendations on scholarships and bursaries generally.

45. The Minister of Justice said the Cabinet Committee on Legislation had been concerned with the fact that the proposal, as put forward, did not involve any selection standards. All eligible children who had a pass mark on completion of their high school courses would be entitled to the bursaries.

46. The Prime Minister noted that both the Imperial Order of the Daughters of the Empire and the Canadian Legion provided scholarships for veterans' dependents. These organizations should probably be consulted in order to avoid any conflict between existing benefits and the bursaries proposed by the Minister of Veterans Affairs.

47. The Minister of Fisheries thought that, if Mr. Lapointe's proposal were approved some consideration should also be given to the dependent children of totally disabled veterans. It seemed to him that these children might, in many cases be in greater need of educational assistance than the pensioned children of deceased veterans.

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48. Mr. Lapointe said no special provision had been made for this category of veterans' dependents. It should be borne in mind, however, that there were very few veterans in receipt of 100 percent disability pensions and that many of those in this category were in a position to supplement their pensions with other income.

Another category which had not been considered were the dependent children of veterans' widows who subsequently remarried. He thought, off-hand, that it would be difficult to withhold the bursaries from children in this group.

49. The Minister of National Health and Welfare suggested that, if the bursaries for university education were approved, consideration should also be given to making provision for pensioned children who could not undertake university training but who could with profit be given vocational training.

50. Mr. St-Laurent felt it important that any scheme of bursaries should be such as not to establish any class distinctions.

51. The Cabinet, after consideration, deferred decision on proposed legislation respecting educational grants for the pensioned children of deceased veterans, as recommended by the Minister of Veterans Affairs, pending further consideration in the light of the suggestions made during the course of discussion.

Legislation: Veterans Housing Bill

52. The Minister of Veterans Affairs said a majority of veterans were in need of standard urban housing and not the small holdings provided for under the Veterans Land Act. This had given rise to anomalous situations since the war and it was now recommended that a new measure be introduced during the course of the coming session which would enable veterans, whose resources and income were adequate, to build a house, of which the greater part of the cost would be financed by a National Housing Act loan under the standard terms. Veterans could use their re-establishment credits as down payment and would be given a grant, conditional on seven years satisfactory occupancy, of an amount which would make the benefits comparable to those which they could enjoy under the Veterans Land Act.

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If the scheme were approved, he recommended that the new legislation be made effective for a period of, say, two years and that at the same time steps be taken to terminate the Veterans Land Act in 1956 or approximately 10 years following cessation of hostilities.

Explanatory memoranda had been circulated.

(Memorandum, Cabinet Committee on Legislation, Sept. 23, 1952 - Cab. Doc. 303-52; Minister's memorandum, July 31, 1952 - Cab. Doc. 240-52)

53. Mr. Lapointe added that the Minister of Finance was strongly opposed to the proposal and in view of this and because he wished to discuss the matter further with his officials in the light of the comments made during the course of discussion at a meeting of the Cabinet Committee on Legislation, the previous week, decision might be deferred to a subsequent meeting when the Minister of Finance could be present.

54. The Cabinet, after discussion, deferred decision on proposed new veterans housing legislation submitted by the Minister of Veterans Affairs pending further consideration at a subsequent meeting when the Minister of Finance could be present.

Uruguay; opening of Canadian Diplomatic Mission

55. The Secretary of State for External Affairs, referring to discussion at the meeting of January 23rd, 1952, said that, in view of the appointment in the near future of Canadian Ambassadors to Venezuela and Colombia, it was desirable at this time to accredit the Canadian Ambassador to Argentina as Ambassador to Uruguay and at the same time to open a small Canadian Mission at Montevideo which would be under the supervision of a foreign service officer as charge d'affaires. The Department of Trade and Commerce also proposed to post a foreign service trade officer at Montevideo as soon as a suitable transfer could be arranged. It was thought advisable that the new Mission be opened by December 15th prior to the forthcoming Latin-American tour of the Minister of Trade and Commerce.

An explanatory note had been circulated.

(Memorandum, Acting Secretary of State for External Affairs, Sept. 22, 1952 - Cab. Doc. 304-52)

56. The Cabinet, after discussion, agreed that the Department of External Affairs open an office at Montevideo, Uruguay, increase its establishment to provide the required additional staff and provide in its estimates for the expenses of maintaining that office.

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Canada Grain Act; revocation of deferred weigh-over under Emergency Powers Act

57. The Minister of Trade and Commerce recommended, having regard to present requirements for the transportation of both grain and defence supplies, that the deferred weigh-over provision made by Order in Council under the authority of the Emergency Powers Act now be revoked.

58. The Cabinet, after discussion, agreed that the Board of Grain Commissioners continue to be authorized to grant supplementary licences for wheat storage but that the authority granted by Order in Council P.C. 5122 of September 26th, 1951, to defer weigh-over beyond the time limits specified in the Canada Grain Act, be revoked; an Order in Council to be passed accordingly.

(Order in Council P.C. 4116, Sept. 24,1952)

Appointments; judiciary

59. The Prime Minister and the Minister of Justice submitted certain recommendations for judicial appointments.

60. The Cabinet, after discussion, agreed that Orders in Council be passed making the following appointments:

(a) J.W. Pickup, Q.C., of Toronto, Ontario, to be a judge of the Supreme Court of Ontario and Chief Justice of the Court of Appeal for Ontario;

(Order in Council P.C. 4144 of Sept. 24,1952

and

(b) A.B. Gerein of Regina, Saskatchewan, to be a judge of the District Court of the Judicial district of Humboldt in Saskatchewan.

(Order in Council P.C. 4128, Sept. 24, 1952)

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 1st,1952

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Items discussed

U.N. General Assembly; attendance of Parliamentary observers 2.

Legislation; educational grants for pensioned children of deceased veterans 2.

Legislation; veterans housing bill 4.

Agriculture; grants to fairs and exhibitions 5.

War claims; payment to Hong Kong veterans 6.

East Marsh drainage system; Point Pelee, Ontario; Federal assistance 6.

U.N.E.S.C.O.; Seventh Session of the General Conference; Canadian delegation 8.

Secretary of State; request by the Winnipeg Ballet for permission to use the prefix "Royal" 8.

Pork; possible sale of stocks; authorization for additional canning 9.

Foot and mouth disease; U.S. embargo 10.

Canadian Maritime Commission; re-appointment of Chairman 10.

Department of Transport; security considerations relating to licences to operate aircraft and radio transmitters 10.

Transport; licences for airline operation to Mexico 11.

Wheat; problems of movement; additional storage space 11.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, October 1st, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of Labour
(Mr. Gregg),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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United Nations General Assembly; attendance of Parliamentary observers

1. The Secretary of State for External Affairs referring to discussion at the meeting of September 17th, submitted recommendations on the appointment of Parliamentary observers to attend the forthcoming meeting of the United Nations General Assembly.

It was proposed that two Liberal Members of Parliament should attend at all times, that one of two Conservative appointees attend alternately and that either a C.C.F. or a Social Credit M.P. should also be in attendance. Certain names were submitted for consideration.

2. The Prime Minister suggested that the actual designation of Parliamentary observers might be left for decision by the Secretary of State for External Affairs.

3. The Cabinet, after discussion, noted with approval the proposal by the Secretary of State for External Affairs regarding attendance of Parliamentary observers at the forthcoming meeting of the United Nations General Assembly and agreed that actual nominations be left for decision by Mr. Pearson; it being understood that Mr. Roch Pinard and Mr. James Byrne would be approached first.

Legislation; educational grants for pensioned children of deceased veterans

4. The Minister of Veterans Affairs, referring to discussion at the meeting of September 24th, reported that the Imperial Order of the Daughters of the Empire granted one bursary of $400 annually in each of the ten provinces. Each bursary was for a maximum period of four years. The bursaries were awarded primarily on the basis of need and of the war record of the deceased parent. In addition, individual chapters of the I.O.D.E. also awarded a certain number of bursaries some of which were for lesser amounts.

The Dominion Command of the Canadian Legion also awarded annually one bursary of $400 in each of the provinces. In addition, Provincial commands awarded a certain number of other bursaries. He had been informed by the Legion that this year the Dominion and Provincial commands of the Canadian Legion had awarded 27 bursaries in the Province of Ontario for which there had been 300 applicants. It was felt therefore that legislation proposed in respect of bursaries would usefully supplement what was already being done by the Canadian Legion and the I.O.D.E. The Legion itself

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felt that if the government sponsored legislation of this sort, the Legion could focus its attention and assistance on the really needy cases.

The bursaries were primarily intended to enable pensioned children of deceased veterans to obtain university education following successful completion of high school studies. In addition, however, it was proposed to award bursaries for certain types of vocational training which required prior high school education, such as nursing and teaching. It was not proposed to award bursaries for technical training which did not require such education and which, in any event, was usually provided gratis by Provincial departments of education.

5. The Minister of National Health and Welfare pointed out that there might be certain types of technical training which could usefully be made available to veterans' dependents and which was not normally provided free by Provinces.

6. The Minister of Finance felt the proposal, meritorious as it might be in itself, was perhaps put forward prematurely. It would probably be preferable to wait until such time as the government had considered and taken action on the general scholarship and bursary recommendations of the Massey Commission. He added that Canada had one of the most generous and costly veterans benefit programmes in existence in the world and, small as the amount involved in the new proposal was, it represented another addition to the sum total of social and other services which had to be financed out of general taxation. He felt every such additional claim on the taxpayer's dollar should be examined most critically as levels of taxation could obviously not be raised much higher.

7. The Prime Minister thought Provincial jurisdiction in matters of education should be kept in mind when considering proposals of this character. Furthermore, it was possible that, if the proposed bursaries for veterans' dependents were put into effect now, it might give rise to the accusation that the government was side-stepping implementation of the general scholarship recommendations of the Massey Commission. It was for consideration whether it might not be preferable at this stage to withhold special bursaries for veterans' dependents and appoint, in the near future, the Canada Council, whose fifteen members and Advisory Board could consider at leisure and report on the numerous matters which would have to be looked into before a national scholarship and bursary scheme could be implemented.

8. Mr. Lapointe believed that, inasmuch as veterans had been considered, in the past, an exclusive Federal responsibility, there was little likelihood of any constitutional difficulties arising out of the proposed bursaries for veterans' dependents.

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13. The Cabinet, after discussion, deferred decision on proposed housing legislation for veterans as submitted by the Minister of Veterans Affairs pending further consideration and report by officials of the Department of Veterans Affairs, the Department of Finance and Central Mortgage and Housing Corporation.

Agriculture; grants to fairs and exhibitions

14. The Minister of Agriculture referred to discussion at the meeting of June 3rd, 1952, when it had been agreed that no further grants to agricultural fairs and exhibitions should be made under Orders in Council P.C. 2294 and P.C. 2295 of June 6th, 1947, until the general policy followed in these matters had been reviewed.

He thought the decision was rather unfair to some of the smaller exhibition associations which had not been in a position to avail themselves previously of the benefits under the above Orders in Council, while many of the larger associations had received substantial assistance.

In the circumstances, he recommended that the two Orders be revoked and that a new Order in Council be passed authorizing the Department of Agriculture to enter into agreements with exhibition associations for the payment of building grants of amounts not exceeding $20,000 with the understanding that fairs which had already received substantial grants would be excluded for a period.

He further recommended that, prior to implementation of the suggested new general policy, the Portage Industrial Exhibition of Portage La Prairie, Manitoba, be granted assistance in financing its capital expenditures under the terms of Order in Council P.C. 2294.

An explanatory note had been circulated.

(Minister's memorandum, Sept. 17, 1952 - Cab. Doc. 302-52).

15. The Minister of Finance suggested that decision on assistance to the Portage Industrial Exhibition be deferred until such time as recommendations on the policy governing building grants had been prepared and submitted by officials of the Departments of Agriculture and Finance in consultation.

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Furthermore, he did not feel that there could be any conflict between the proposed bursaries and the general recommendations of the Massey Report since the former could be considered as a completely independent programme affecting veterans only and representing a simple extension of existing benefits.

In recent years the cost of higher education had increased to a point where, in most cases, pensions received by veterans' dependents were insufficient even to cover university fees. The proposed bursaries would be for $500 per annum. Average university fees were $300 per annum which would leave $25 a month for eight months for other purposes. Bursaries on this scale did not seem to be unduly generous in view of the fact that the average cost of post secondary education, including fees, living and other expenses, was approximately $1,500 per school term.

9. Mr. St-Laurent agreed that, if anything were done along the lines suggested by the Minister of Veterans Affairs, it should probably be done now as a large number of veterans' dependents would probably, at this time, be reaching university age.

He noted that the cost involved was small i.e., approximately $2.5 million over a period of 12 years and that a proposal of this kind involving as it did widowed mothers and the children of deceased soldiers would probably be well received by the public generally.

10. The Minister of Fisheries noted that such a proposal would assist in overcoming the financial difficulties experienced by many widowed mothers as a result of Family Allowances and dependents pensions being discontinued when children reach university age.

If it were felt undesirable to proceed at this time with the proposed bursaries, consideration might be given to establishing a rotating loan fund from which grants could be made to veterans' dependents on condition that the grants be repaid into the fund without interest after graduation.

11. The Cabinet, after considerable further discussion, approved in principle the legislation proposal for establishing bursaries for pensioned children of deceased veterans as recommended by the Minister of Veterans Affairs and agreed that a draft measure be prepared accordingly.

Legislation; Veterans Housing Bill

12. The Minister of Veterans Affairs, referring to discussion at the meeting of September 24th, suggested that, before his proposals relating to housing legislation for veterans were considered again by Cabinet, it might be advisable to have the plan discussed further by the Deputy Minister of Veterans Affairs with the Deputy Minister of Finance and the President of Central Mortgage and Housing Corporation.

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21. The Minister of National Health and Welfare explained the Member of Parliament from the area had apparently given his constituents some reason to think that a contribution might be forthcoming out of the general vote for Federal assistance for land reclamation works. The residents of the area knew what had been done for the Burk drainage works and different treatment would be embarrassing.

22. The Minister of Finance pointed out that the contribution for the Burk drainage works had been made solely because of an offer by the Minister of Agriculture in 1949 which had not been explicitly withdrawn. It had been felt that the government was involved to such a degree that assistance would have to be given. Such was not the case in the present instance. This was a matter entirely outside the Federal field and the Provincial government was well able to take care of it. Payment in the present case would strengthen the precedent and make it almost impossible not to embark on a general policy of assistance. He thought no contribution ought to be made.

23. The Minister of Citizenship and Immigration thought the statement by the Prime Minister in reply to a question in the House of Commons on April 7th had been taken out of its context and interpreted as meaning that the Federal government would consider granting assistance in any case such as this if the municipal authorities made representations to the Province and the Provincial government requested assistance from the Federal government. The essential part of the statement about a situation being beyond the capacity of the Provincial authorities to finance had been lost sight of. It would undoubtedly be embarrassing if assistance could not be given. It was desirable to see whether there was not some way in which the request could be met.

24. The Secretary of State for External Affairs felt the granting of assistance would make it very difficult to refuse other claims such as one that had been put forward by residents in the area of Sault Ste. Marie, which alleged that damage to this property had resulted from certain works that came within the jurisdiction of the International Joint Commission.

25. The Minister of Trade and Commerce thought assistance ought not to be accorded.

26. The Cabinet, after considerable discussion, agreed that the Minister of National Health and Welfare inform the Member of Parliament representing the constituency in which the East Marsh drainage system at Point Pelee, Ontario, was located, that, after prolonged discussion, the Cabinet had been unable to agree that any assistance should be afforded by the Federal government as requested.

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16. The Cabinet, after discussion:

(a) agreed that the Departments of Agriculture and Finance review and report on policy governing building grants to fairs and exhibition associations as set forth in Orders in Council P.C. 2294 and P.C. 2295 of June 6th, 1947; and,

(b) deferred decision on proposed assistance to the Portage Industrial Exhibition of Portage La Prairie pending receipt and consideration of the above report.

War claims; payment to Hong Kong veterans

17. The Minister of Finance reported that the Interdepartmental Committee on War Claims expected to be able to report to the Cabinet shortly on the report of the Advisory Commissioner. One group of claims it would be desirable to have paid urgently were those by Hong Kong veterans and others whose claims were to be recognized automatically. It had been recommended that the Hong Kong veterans receive payment of $1 a day for the period they were held prisoner by the Japanese. It would be desirable to have the payments made before the opening of the session of Parliament, if at all possible, since it was a matter in which there would be general interest.

18. The Prime Minister suggested that the Minister to handle the payments as well as the administration of other claims should be the Secretary of State.

19. The Cabinet approved the recommendation of the Minister of Finance and agreed that arrangements be made to begin payment at the earliest possible date of automatic claims including veterans of the Hong Kong campaign for the period of their imprisonment by the Japanese; the recommendation of the payments and the administration of the claims generally to be under the jurisdiction of the Secretary of State.

East Marsh drainage system; Point Pelee, Ontario; Federal assistance

20. The Minister of Agriculture, referring to discussion at the meeting of September 17th, 1952, said there was little to add to the information already given about the Point Pelee question. The Federal government had not been involved at any time in construction of the dykes. The problem arose because of the Federal assistance that had been given to protect the Burk drainage works. The only reason for considering the present application was the feeling there might be that the government had discriminated in making assistance available in the one case and not in the other.

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30. The Prime Minister thought there was an argument in favour of submitting the request in order to give encouragement to the development of such cultural activities. The Winnipeg Ballet was the oldest organization of the type in Canada. On the other hand, it would undoubtedly cause some ill-feeling among organizations in other parts of the country. He understood that the Sadlers Wells Ballet, although not entitled to use the prefix "Royal", did have certain other privileges of a similar character. It might be desirable to ascertain what they were and to see whether they could be accorded to the Winnipeg Ballet.

31. The Cabinet after discussion, agreed that decision be deferred on the request by the Winnipeg Ballet to be permitted to use the prefix "Royal" pending further information as to the privileges accorded to the Sadlers Wells Ballet and the possibility of arranging for identical treatment for the Winnipeg Ballet.

Pork; possible sale of stocks; authorization for additional canning

32. The Minister of Agriculture said an offer had been received from a concern in Toronto to purchase all the canned pork presently held by the government at 32 cents a pound over a two-year period. The concern would buy one-third outright and put up a bond for subsequent payments. Canned pork that was being sold locally netted about 33 cents a pound. What had been sold in the United States had netted 37 to 38 cents. It seemed doubtful whether much could be sold in the United States and it might be desirable to look further into the offer.

33. The Minister of Trade and Commerce thought it would be dangerous to accept the offer. If the U.S. embargo were removed, pork would become more readily saleable and a 32 cent price would look like a bad bargain. The concern would have no opportunities for sale in the United States that were not available to the government and he saw no advantage in the arrangement.

34. Mr. Gardiner said that, while there was some doubt whether the last Order in Council for price support of pork did not in itself permit the purchase of canned pork, he thought it best that there be a specific Order since the former authorization had been of that character and had expired on September 30th.

35. The Cabinet, after discussion, agreed that:

(a) the Minister of Agriculture examine further the offer to purchase government stocks of canned pork at a price of 32 cents a pound and, if he thought it had any merit and ought to be considered, secure such additional information as seemed desirable; and

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U.N.E.S.C.O.; Seventh Session of the General Conference; Canadian delegation

27. The Secretary of State for External Affairs submitted a recommendation concerning the Canadian delegation to the Seventh Session of the General Conference of the United Nations Educational, Scientific and Cultural Organization to be held in Paris from November 12th to December 10th, 1952.

An explanatory memorandum was circulated.

(Minister's memorandum, Sept. 30, 1952 - Cab. Doc. 307-52)

28. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that he be authorized to appoint a delegation to represent Canada at the Seventh Session of the General Conference of U.N.E.S.C.O.; the delegation to consist of:

(a) the following officials of the Public Service:

Dr. Victor Dore	Chairman
Mr. E.H. Norman	Vice-Chairman
Mr. Rene Garneau	Cultural Adviser
Mr. J.G. Hardy	Financial Adviser
Mr. Blair Seaborn	Secretary and Adviser

(b) the following non-governmental representatives:

Dr. Garnet Page	Delegate (National Sciences)
Mr. Paul Gerin-Lejoie	Delegate (Social Sciences)
Miss M.R. Conway	Alternate (Education);

and

(c) an additional official of the Public Service or a Member of Parliament to act in the place of the Dominion Archivist who would not be able to be a member of the delegation as originally intended.

Secretary of State; request by the Winnipeg Ballet for permission to use the prefix "Royal"

29. The Secretary of State, referring to discussion at the meeting of May 2nd, 1952, said a petition had been received from the Winnipeg Ballet for permission to use the prefix "Royal". This did not come under the objections by the Palace to use of the prefix by athletic organizations and perhaps it could be put forward.

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41. The Cabinet, after discussion, agreed that the security questions raised by the Minister of Transport relating to the granting of licences to operate aircraft and radio transmitters be referred to the Security Panel for consideration and report.

Transport; licences for airline operation to Mexico

42. The Minister of Transport, referring to discussion at the meeting of August 6th, said temporary licences were being secured for Canadian Pacific Air Lines' operation to Mexico, Brazil and Peru. In the case of Mexico, this would be in exchange for the grant to that country of entry for a line to Montreal. A question for consideration was the measures that ought to be taken with regard to a licence for Trans-Canada Air Lines to operate a line to Mexico. One possibility was to conclude arrangements for the temporary licence to C.P.A. and the Mexican entry to Montreal, and leave the T.C.A. matter for later discussion. An alternative would be to make the temporary arrangements on the understanding that they would be conditional upon discussion at a later date of arrangements for T.C.A. to have entry to Mexico from eastern Canada. There would probably have to be permission for Mexican entry to western Canada in order to secure it.

43. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that,

(a) the government of Mexico be informed that, if they accorded a temporary licence for Canadian Pacific Air Lines to establish a line from Vancouver to Mexico, the Canadian government would be prepared to give a temporary licence for a Mexican air line to enter Canada at Montreal;

(b) the arrangement with regard to temporary licences to be on the understanding that, when a bilateral agreement was under discussion with Mexico, the Canadian government would wish to make arrangement for a licence for Trans-Canada Air Lines to establish a line from eastern Canada to Mexico; and,

(c) if the Mexican government were unable to agree to such a line, the arrangements with regard to the temporary licences would have to be reconsidered.

Wheat; problems of movement; additional storage space

44. The Minister of Trade and Commerce said there were going to be very difficult problems in the movement of the unusually large wheat crop. It seemed clear that a large amount could not be moved to market. The most important limiting factor was shortage

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(b) authorization be accorded for the purchase of additional quantities of canned pork to meeting storage requirements during the next few weeks; an Order in Council to be passed accordingly.

(Order in Council P.C. 4217, Oct. 1, 1952).

Foot and mouth disease; United States embargo

36. The Minister of Agriculture reported that the United States government had asked to have two officials of the Department of Agriculture to go to Washington to discuss matters relating to the U.S. embargo on Canadian meat. The officials were now there. It seemed clear that the matter must relate to possible lifting of the embargo.

37. The Cabinet noted the report of the Minister of Agriculture concerning the visit by Canadian officials to Washington to discuss matters relating to the U.S. embargo on Canadian animals and animal products.

Canadian Maritime Commission; re-appointment of Chairman

38. The Minister of Transport recommended the re-appointment of the Chairman of the Canadian Maritime Commission for a term of five years.

39. The Cabinet approved the recommendation of the Minister of Transport and agreed that Mr. Jean-Claude Lessard, Deputy Minister of Transport, be re-appointed a member and Chairman of the Canadian Maritime Commission, without additional remuneration, for a period of five years from November 1st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 4216, Oct. 1st, 1952)

Department of Transport; security considerations relating to licences to operate aircraft and radio transmitters

40. The Minister of Transport reported that one holder of a Canadian licence to operate aircraft had a background of Communist activity which appeared to raise security questions. He had recently applied for a licence to operate a radio transmitter. It seemed doubtful whether he ought to be allowed to take the examination for a radio operator's licence, and there also seemed to be question whether his licence to operate an aircraft ought to be revoked.

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of elevator space, particularly at the lakehead, on the west coast and at eastern ports. During the war accelerated depreciation had been allowed to encourage the construction of terminal elevators and he recommended that the same policy now be instituted so that additional storage space might be available for future years.

45. The Cabinet, after discussion, noted with approval the recommendation of the Minister of Trade and Commerce and agreed that, subject to the concurrence of the Minister of Finance, accelerated depreciation be permitted to encourage the construction of additional grain storage space at the lakehead, on the west coast and at eastern ports.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

October 9th, 1952

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Items discussed

Canadian Federation of Mayors and Municipalities; meeting with the government 2.

Library of Parliament and National Library 2.

War claims; report of Interdepartmental Committee 4.

Regulations for the acquisition of land by government departments 5.

Public Service; employee suggestion plan 6.

Passports for travel to iron curtain countries 6.

Wheat for Yugoslavia 7.

United Nations General Assembly; instructions to Canadian delegation to the Seventh Session 9.

(a) General Instructions 9.

(b) Tunisia and Morocco 9.

(c) South Africa 10.

(d) Korea 10.

United Nations; Parliamentary observers 11.

External Affairs; opening of new Missions in Austria, Ceylon, Indonesia and Spain 11.

Legislation; Canadian National Railways Act amendment; possible amendment to the Railway Act 13.

Legislation; proposed measure respecting liability of the Crown 14.

Legislation; rural mail contracts 15.

Legislation; Canada Shipping Act amendment 16.

Parliament; legislation 17.

Cabinet Committee on Legislation; additional appointments 17.

Capt. K.W. Scott; petition to Governor General 18.

National Defence; employment of airwomen in Europe 18.

Currency, Mint and Exchange Fund Act; proclaimed in force; regulations 19.

Judiciary; appointment; retirement 19.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, October 9th, 1952, at 10:00 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier)
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of Fisheries
(Mr. Mayhew),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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4. Mr. St-Laurent suggested that, if the recommendation were accepted in favour of retaining the building of the Library of Parliament, renovation that would make it substantially fire-proof was the desirable course. So far as the National Library was concerned, there had been some discussion of the desirability of having a national competition for plans. However, if the site recommended by the committee were approved, it would impose limitations on the type of building that could be erected and a competition might not be desirable.

5. The Secretary of State for External Affairs felt the proposed location for the National Library would be a bit crowded. The committee indicated that it preferred the site on which No. 1 Temporary Building was now located. It might be preferable not to press ahead immediately but to defer action until the best site could be used.

6. The Minister of Citizenship and Immigration said that, if an architect were retained to prepare plans for the renovation of the Parliamentary Library, it should be understood that the plans would come back to the Cabinet, or to a committee designated for the purpose.

7. The Cabinet after considerable discussion, noted the report of the special committee on action to be taken with regard to the Library of Parliament and the National Library and agreed that:

(a) there be no attempt to combine the Library of Parliament and the National Library in a single structure on Parliament Hill;

(b) [an architect be retained by the Department of Public Works to prepare detailed plans for the renovation of the Library of Parliament building which would retain the exterior appearance exactly as at present, provide additional space in the basement in the course of replacing the floor, as recommended in the report, and result in a substantially fire-proof structure; the detailed plans to be put before Cabinet for further consideration;] and,

(c) decision be deferred on the location and construction of the National Library, but the architect retained to prepare plans for the Library of Parliament be directed also to report on measures that should be taken to provide adequate protected storage space for books to be removed from the Library of Parliament for transfer to the National Library.

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Canadian Federation of Mayors and Municipalities; meeting with the government

1. The Prime Minister said the Executive Director of the Canadian Federation of Mayors and Municipalities had submitted a request that members of the government meet a delegation as had been done in other years, to receive resolutions passed at the recent conference of the Federation. The dates originally suggested were November 21st or 22nd. Since that time a further telegram had been received stating that November 28th would be equally suitable.

2. The Cabinet agreed that the Canadian Federation of Mayors and Municipalities be informed that members of the government would meet a delegation of the Federation in the Prime Minister's Office in the East Block during the morning of Friday, November 28th, to receive resolutions passed at the recent conference of the Federation.

Library of Parliament and National Library

3. The Prime Minister, referring to discussion at the meeting of August 27th, said the report had now been received of the special committee established to report on action that might be taken with regard to the Library of Parliament and the National Library. The committee recommended against any attempt to combine the two Libraries in a single structure on Parliament Hill because of lack of adequate space on the site. With regard to the Library of Parliament, they recommended against destruction of the present building, largely because of the historic place the structure had as the sole remaining part of the original Centre Block, dating back to Confederation, and of its noteworthy character as one of the few large round buildings in the world. A new building would also cost more than the renovation as recommended. While the library could be repaired for about $50,000. a substantial fire hazard would remain. The committee accordingly recommended in favour of a renovation that would make the building almost completely fire-proof at an estimated cost of about $950,000. They considered that the exterior should be left exactly as at present and the interior woodwork made fire-resistant and put back in place.

With regard to the National Library, the committee recommended a site overlooking the Ottawa River at the end of Bank Street. It would involve the demolition of the old Supreme Court Building, which was in bad shape. Schematic plans of a library had been prepared and it was clear that an adequate and efficient building could be made available on the site. Secure underground storage could be provided.

Copies of the report had been circulated.

(Report of the special committee, Oct. 7, 1952 - Cab. Doc. 317-52).

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War claims; report of Interdepartmental Committee

8. The Prime Minister, referring to discussion at the meeting of June 25th said the committee then designated had now submitted its report on action to be taken for payment of war claims. The committee recommended that the government adopt the proposals of the Advisory Commission on War Claims, subject to a few modifications of detail which were attached to the report.

Copies of the report had been circulated.

(Report, Chairman of the Interdepartmental Committee on War Claims, Sept. 30, 1952 - Cab. Doc. 310-52).

9. Mr. St-Laurent recalled that it had been agreed at the last meeting to begin payment as soon as possible of automatic claims for maltreatment. To implement that decision and to establish procedures for the other aspects of payment, it would be necessary to pass an Order in Council establishing the necessary regulations. Draft regulations had been submitted which followed the lines of the interdepartmental committee report, with one or two minor modifications needed to complete details overlooked at the time the report was prepared.

A press release would be desirable, including a statement that claims should be sent to a commission that would be established and that they should be received not later than December 31st, 1953. A draft release was read.

10. The Minister of Finance said he understood payment of the automatic claims could begin early the following week. It would be desirable in the press release to be as precise as possible about the time that cheques would start to go out, particularly to Hong Kong veterans.

11. The Minister of National Defence thought it desirable for the press to be informed of the probable magnitude of payments to Hong Kong veterans. However, this should not be a part of the release itself.

12. The Minister of Justice suggested that it be made clear that payments would be from a fund established through sale of enemy assets and not from the general revenues.

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13. The Cabinet, after discussion:

(a) approved the report of the Interdepartmental Committee on War Claims and agreed that regulations be made to govern payment of compensation from the War Claims Fund to such claimants as might be found to have valid claims; an Order in Council to be passed accordingly;

(Order in Council P.C. 4267, Oct. 9th, 1952)

(b) agreed that an announcement be made concerning payment of war claims along the lines of the draft submitted, but subject to modification to indicate the date on which payments for maltreatment would begin to veterans qualified to receive them, and to make it clear that payments would be from a fund established by the sale of enemy assets and would not be a charge upon the general revenues.

Regulations for the acquisition of land by government departments

14. The Prime Minister said that, after discussion between the Department of Finance and the Privy Council Office, the Minister of Finance had submitted proposed regulations for the acquisition of land by government departments. They would provide that, with certain exceptions, no land should be purchased for a department without authority of Treasury Board. The principal exceptions would be in cases of purchase or expropriation where the price or amount of compensation did not exceed $15,000. Acquisition in such cases could be by the Minister without authority of Treasury Board. Ministers would be required to make a report monthly to the Board listing every parcel of land which had been purchased or on which compensation had been paid without its authority during the preceding month.

Copies of the regulations had been circulated.

(Secretary's memorandum, Oct. 7, 1952 and attached regulations - Cab. Doc. 315-52).

15. The Minister of Finance explained that the principal purpose of the new regulations was to make it no longer necessary for Orders in Council to be passed authorizing acquisition of small parcels of land, and to ensure Treasury scrutiny of larger purchases.

16. The Cabinet approved the recommendation of the Minister of Finance for the establishment of regulations relating to the acquisition of land by government departments; an Order in Council to be passed accordingly.

(Order in Council P.C. 4253, Oct. 9, 1952)

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Public service; employee suggestion plan

17. The Minister of Finance reported that several departments were operating plans under which cash awards were paid to civil servants who made acceptable suggestions for improvements in the public service. It was now proposed, under the authority of Section 7 of the Financial Administration Act, to establish a plan throughout the government service. Treasury Board would designate a committee of seven senior officials from various departments to operate it under control of the Board. A schedule of awards would be approved. Total awards were not expected to exceed $10,000 a year and the savings should exceed the amounts awarded.

An explanatory memorandum had been circulated.

(Minister's memorandum, Sept. 30, 1952 - Cab. Doc. 308-52).

18. The Cabinet approved the recommendation of the Minister of Finance and agreed that an employee suggestion plan be established throughout the government service for the payment of awards to civil servants making acceptable suggestions for improvements in methods, procedures or systems.

Passports for travel to iron curtain countries

19. The Secretary of State for External Affairs said there had been some pressure for the imposition of restrictions on the issuance of passports for travel to 'iron curtain' countries. In 1951, it had been announced that passport facilities might be withdrawn from persons who failed to notify the proper Canadian authorities of such travel. The question was whether anything further ought to be done. In the United Kingdom, passports were refused only on extremely rare occasions. The United States for some time had refused to grant passports to known communists and it had been announced that all passports in future would be stamped as not valid for travel to 'iron curtain' countries. Australia had introduced a system of special permission for travel to those countries in 1950 but it had been discontinued as ineffective. If any further restrictions were to be imposed, there were four possible courses:

(a) the refusal of passports to any persons on a prescribed list;

(b) stamping of passports as not valid for travel to certain countries;

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(c) checking all persons returning to ports of entry to see whether they had travelled to 'iron curtain' countries without having given the government notice of their intention to do so; or,

(d) to refuse passports in special cases when the travel abroad of the persons concerned would produce a grave threat to the national security.

An explanatory memorandum had been circulated.

(Minister's memorandum, Aug. 20, 1952 - Cab. Doc. 267-52).

20. Mr. Pearson did not favour alternative (a). Alternative (b) would be a nuisance to a number of people who might wish to travel to an 'iron curtain' country for quite innocent reasons and would not operate as an effective restriction on persons whose activities might be dangerous. Course (d) appeared to be the best, although it would involve problems of distinguishing between marginal cases.

21. The Minister of National Defence thought the limitation of refusals as in (d) to persons whose travels "would produce a grave threat to the national security" was too restrictive. It might be desirable to refuse passports in cases that did not quite meet that description.

22. The Prime Minister suggested that, as no person had a right to a passport and as a passport could be withheld at the discretion of the Secretary of State for External Affairs, course (d) did not require any specific decision. It might be best simply to note the intention of the Secretary of State for External Affairs to refuse to issue passports in certain cases.

23. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs concerning the issuance of passports for travel to 'iron curtain countries' and the information that it was intended, in special cases, to refuse the issuance of passports when the travel abroad of the persons concerned might be a threat to the national security.

Wheat for Yugoslavia

24. The Secretary of State for External Affairs reported an urgent request from the government of Yugoslavia for assistance in financing shipments of wheat to help meet the serious food shortage resulting from a severe drought during the past summer. Yugoslavia wished to secure a credit of $12 million to finance the purchase of about 150,000 tons of Canadian wheat, Manitoba No. 5. They were prepared to undertake repayment of the loan in full in Canadian dollars at the end of one year although they would prefer less strict terms.

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It was important to keep Yugoslavia as strong as possible. It had probably the most effective army on the European continent outside the 'iron curtain' at the present time. Relations with Greece and Turkey were steadily improving and Yugoslavia was an important factor in maintaining the stability of the Eastern European balance. The short term of the credit distinguished the case from that of Pakistan. The kind of wheat involved was one that Canada could well spare.

An explanatory memorandum had been circulated.

(Minister's memorandum, Oct. 8, 1952, Cab. Doc. 318-52).

25. The Minister of Finance understood that, on the basis suggested, the credit could probably be handled under the Export Credits Insurance Act. In the circumstances it might be desirable to meet the request.

26. The Minister of Trade and Commerce said it would be necessary under the Act to have part payment by Yugoslavia or a guarantee. A possibility might be to have Yugoslavia pay 20 per cent down with the remainder over one year, if possible, or two years if necessary.

27. The Prime Minister felt it essential that any assistance should be under the provisions of existing legislation and not involve special arrangements.

28. The Cabinet noted the report of the Secretary of State for External Affairs concerning the request from the government of Yugoslavia for assistance in financing shipments of Canadian wheat and agreed that:

(a) he be authorized to inform the Yugoslav authorities that the government would be prepared to arrange for the purchase of wheat on a short term credit basis if it could be fitted into the provisions of the Export Credits Insurance Act; and,

(b) in discussing arrangements for the credit, it be suggested to the Yugoslav authorities that a down payment of 20 per cent be made with the remainder payable at the end of one year; and if that were not possible consideration be given to a down payment of 20 per cent with 40 per cent payable at the end of one year and the remaining 40 per cent at the end of two years.

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protection and expressing the hope that further constitutional reforms would be worked out by peaceful co-operation between the two parties. A similar and consistent attitude should be adopted in relation to the Moroccan question.

(c) South Africa

Three items would be on the agenda; one relating to South West Africa; one to the treatment of people of Indian origin in the Union of South Africa; and an item sponsored by all 13 Arab-Asian countries concerning the race conflict in South Africa. The first two did not present as great difficulties as the third. With regard to it, it was recommended that the delegation abstain on the vote whether the item be included on the official agenda; that it support a resolution, if proposed, to refer the question to the International Court; that if a vote on an Indian or an Arab-Asian resolution expressing disapproval of South Africa's apartheid policy could not be avoided, the Canadian delegation support it if it were in reasonable terms.

(d) Korea

Basic Canadian policy was to limit hostilities to the Korean peninsula and to support proposals which would facilitate the armistice negotiations, while at the same time opposing demands for the forcible repatriation of prisoners of war. The United States was considering a two-stage proposal: the first a resolution endorsing the stand taken by the United Nations negotiators in Korea and calling on the communists to accept it; and the second, following the expected negative reply or failure to reply by the Communists, a proposal calling for action by the Additional Measures Committee and the General Assembly for further political and economic sanctions against communist China and North Korea. It was recommended that the delegation support the first resolution, if put forward, but strongly resist the introduction in it of any kind of ultimatum to the communists. It should be made clear that this support did not imply any commitment to support the second stage if the United States followed through with it. The delegation should point out the dangers in the Secretary-General's proposal for an appeal for more volunteers for Korea. If the Mexican proposal on asylum for prisoners were brought forward, the delegation should not oppose it but make an effort to ensure that the commitment to give asylum would be the primary responsibility of those countries that had not been able to send military forces to Korea.

31. The Prime Minister said that, so far as the instructions relating to the agenda item on race conflict in South Africa were concerned, the delegation should not be authorized to vote in favour of a resolution expressing disapproval of the South African policy without having referred the actual text of the resolution to Ottawa for consideration. The same applied with regard to possible support for resolutions concerning Tunisia and Morocco. In each case reference should be made for further direction.

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United Nations General Assembly; instructions to Canadian delegation to the Seventh Session

29. The Secretary of State for External Affairs submitted recommendations concerning instructions to the Canadian delegation to the Seventh Session of the General Assembly of the United Nations.

Explanatory memoranda had been circulated.

(Minister's memoranda dated Oct. 8 and Oct. 6, 1952 and attachments - Cab. Docs. 319-52, 320-52, 321-52 and 324-52).

30. Mr. Pearson commented as follows:

(a) General Instructions

The session promised to be a difficult one with a sharper Soviet propaganda offensive as part of their "hate" campaign against the United States. A more dangerous cleavage for the West than that between the Soviet and non-Soviet countries was, however, that between the West and the countries of Asia, Africa and Latin America. The delegation should constantly have in mind the importance of decreasing the difficulties between the West and those countries, even though it would not be in a position to serve that aim on every occasion. On disarmament, the delegation might support a resolution based on the report of the Disarmament Commission approving the initiatives taken by the Western powers. If the Soviet attempted to link the issue with the "peaceful co-existence" theme, the delegation might take a more active line in assisting to expose the intransigence of the position of the Soviet on disarmament. On collective measures the delegation should continue to be guided by the basic principles accepted last year. In matters relating to the Palestine dispute the delegation should aim at solid, rather than rapid, progress in broadening the areas of agreement between Israel and its neighbours. In questions relating to dependent territories, the delegation should continue the effort to bring about some measure of agreement between the administering states and the non-administering group. Other instructions were outlined in relation to legal and economic questions and other matters.

(b) Tunisia and Morocco

Questions on Tunisia and Morocco would raise a number of delicate issues. The delegation should endeavour to go some way to satisfy the Arab and Asian nations that their interest in the struggle of colonial peoples was not being ignored while, at the same time, preventing any action that might produce a crisis in France. The Canadian representative should vote in favour of including the item on the agenda; either abstain or vote in favour of competence depending on circumstances; and might support a mild type of resolution noting the progress in Tunisia under French

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An explanatory note had been circulated.

(Minister's memorandum, Oct. 7, 1952 - Cab. Doc. 322-52).

37. Mr. Pearson explained that it was intended to put the office in Austria under the supervision of a charge d'affaires with the Canadian Minister to Switzerland accredited to that country. A High Commissioner to Ceylon would be appointed eventually with the main function of looking after Canadian interests under the Colombo Plan. The Indonesian Office would be small and was required primarily for trading purposes.

It was thought advisable to establish a Canadian office in Madrid as soon as possible as Spain was the only important European country to which Canada had not yet accredited diplomatic representatives. This was an anomalous situation which presented the further disadvantage of somewhat restricting the field of action of the Canadian Trade Commissioner who had been posted to Madrid some time ago. It was thought that Canadian interests might possibly have fared rather better in the case of Barcelona Traction if this matter had been handled direct by our own representatives rather than through the diplomatic offices of the United Kingdom.

As a general rule, it was not proposed at this time to open any new offices unless such course of action appeared to be desirable in the interests of Canadian trade.

38. Mr. Pearson added that the Department of Trade and Commerce would soon close its Trade Commissioner Office at Los Angeles. As there were approximately 100,000 Canadians in and around Los Angeles and for other reasons, it was thought that Canada should establish a Consulate in that City upon the departure of the Canadian Trade Commissioner.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 7, 1952, - Cab. Doc. 323-52).

39. The Cabinet, after discussion,-

(a) approved in principle the opening of new Canadian Diplomatic Missions in Austria, Ceylon, Indonesia and Spain;

(b) agreed that a Canadian Consulate be established at Los Angeles upon the departure from that City of the Canadian Trade Commissioner; and

(c) authorized the Department of External Affairs to increase its establishment accordingly and to provide in its estimates for the new offices.

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32. The Minister of National Defence thought the second stage of the proposed United States action with regard to Korea was extremely dangerous. There was nothing that held out so much prospect for an extension of hostilities and for bringing on a general war. Any attempt at sanctions or blockade would lead to retaliation and possible Soviet intervention. The delegation should do everything possible to see that the United States did not bring this second stage before the Assembly. With regard to the Secretary-General's proposal of a call for volunteers, the paragraph in the instructions that the Canadian delegation had "no authority to give any commitment regarding the dispatch of additional Canadian forces to Korea" was too mild. There could be no consideration of such a possibility.

33. The Cabinet, after considerable discussion, approved the recommendations of the Secretary of State for External Affairs concerning the general instructions to the Canadian delegation to the Seventh Session of the General Assembly of the United Nations and the particular instructions relating to questions on Tunisia and Morocco on race conflict in South Africa and on Korea; with the understanding that the delegation be directed not to support a substantive resolution concerning the situation in Tunisia or Morocco or a resolution expressing disapproval of South Africa's apartheid policy without first referring the texts of such resolutions to Ottawa for further consideration by the Cabinet.

United Nations; Parliamentary observers

34. The Secretary of State for External Affairs, referring to discussion at the meeting of October 1st, said that, after further consideration, it had been agreed that Mr. J.A. Byrne, M.P., and Mr. L. Bertrand, M.P., should be the two Liberal Members of Parliament to attend the forthcoming General Assembly of the United Nations as Parliamentary observers.

35. The Cabinet noted with approval the proposal of the Secretary of State for External Affairs that Mr. J.A. Byrne and Mr. L. Bertrand attend the forthcoming General Assembly of the United Nations in the capacity of Parliamentary observers.

External Affairs; opening of new Missions in Austria, Ceylon, Indonesia and Spain

36. The Secretary of State for External Affairs, referring to discussion at the meetings of January 23rd and June 19th, 1952, sought authority to make preparations for the opening of new Canadian Missions in Austria, Ceylon, Indonesia and Spain.

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44. The Cabinet, after considerable further discussion, deferred decision on proposed amendments to the Railway Act and to the Canadian National Railways Act pending receipt and consideration of the Board of Transport Commissioners' report on matters relating to the application of Section 18 of the Railway Act.

Legislation; proposed measure respecting liability of the Crown

45. The Minister of Justice said he proposed during the coming session of Parliament to introduce legislation extending the liability of the Crown in respect of torts and civil salvage. The legislation would also permit actions against the Crown to be taken in Provincial county or district courts up to a limit of $1,000. Under the proposed legislation, government employees would also be made liable to garnishee proceedings.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 1, 1952 - Cab. Doc. 309-52).

46. The Minister of Citizenship and Immigration thought that, instead of providing for hearing of claims against the Crown involving amounts not in excess of $1,000 in the lower courts, it might be preferable to provide simply that judicial jurisdiction in respect of claims against the Crown be governed by monetary ceilings established by the various Provinces for their county and district courts.

47. The Prime Minister felt it might be better to have the Federal law provide that all claims against the Crown involving amounts not in excess of $1,000 could be heard in whatever local courts had jurisdiction under Provincial legislation to hear such cases.

He felt the $1,000 ceiling might be tried out for a period and, if the system proved to be practical and economical, it might then be desirable to extend the procedure to claims involving larger amounts.

48. Mr. Garson explained that the proposed legislation would not extend normal garnishee procedures to employees of the government. Rather, it was intended that a court judgment should be obtained before any claims could be pressed. The onus of establishing indebtedness and determining the debtor's capacity to pay would be placed on the courts. Any court judgment in such cases would be merely permissive and would enable the Receiver General to provide legally for retention of a portion of the debtor's salary.

49. The Minister of National Defence, although he favoured the general principle involved in the proposal, thought that, in view of the very large numbers of government employees and members of the Armed Forces involved, it might be preferable to withhold any legislation of this character for the time being.

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Legislation; Canadian National Railways Act amendment; possible amendment to the Railway Act

40. The Minister of Transport, referring to discussion at the meeting of September 24th, said the management of the Canadian National Railways had indicated that there would be no objection to the C.N.R. being made subject to the provisions of the Railway Act in respect of construction of spur lines less than six miles in length. This would result in the National Railways having to obtain prior approval of the Board of Transport Commissioners.

In order not to lose business, the Canadian National Railways was frequently obliged to disregard the provisions of Section 21 of the Canadian National Railways Act and commence construction of spur lines before Parliamentary approval had been obtained as required by the Act. The railway was naturally anxious to have this irregular situation corrected as soon as possible.

In view of the still difficult freight rates situation, however, he doubted that it would be advisable to introduce any railway legislation at this session of Parliament.

An explanatory note had been circulated.

(Secretary's memorandum and attachment Oct. 6, 1952 - Cab. Doc. 316-52).

41. Mr. Chevrier added that it might be found necessary to introduce, at the coming session, legislation to amend Section 18 of the Railway Act in view of difficulties which had arisen in connection with the apportionment of the annual $7 million Federal grant to the C.N.R. and C.P.R. for the so-called railway link between Sudbury and Fort William.

42. The Prime Minister noted that Section 18 of the Railway Act, as drafted, provided that the $7 million annual grant was to be made in respect of maintenance costs incurred by both railways in North-western Ontario. For tactical and other reasons, the Board of Transport Commissioners had not made the apportionment on the basis of maintenance charges but rather on the basis of C.N.R. and C.P.R. track mileage in the area in question. It was now suggested that the legislation should be changed to coincide with the sort of apportionment made by the Board as it was anticipated that the courts would likely find that the law had not been correctly interpreted by the Transport Commissioners.

43. Mr. Chevrier said Chief Commissioner Kearney was now preparing a comprehensive report on the whole matter and decision on this score might advisedly be postponed until that report had been received.

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53. Mr. Cote added that he did not particularly favour the "basic price" formula and thought that it would be unwise to depart completely from the tender system. When the matter had been discussed at a meeting of the Cabinet Committee on Legislation the previous day, the Minister of Resources and Development had suggested that, without abandoning the tender system, a standard minimum mileage allowance might be established, which allowance would be automatic and would not be taken into consideration by prospective rural couriers when tendering. Applicants' bids would cover only the value placed on actual services thus avoiding the possibility of operating losses being incurred by successful contractors. This and several other methods might with advantage be considered in detail before a decision were reached as to the attitude which should be taken by the government and its supporters when this question came up for discussion before the Special Parliamentary Committee.

He suggested that a small ad hoc Cabinet Committee be established to look into the problem and report back to Cabinet.

54. The Prime Minister suggested that, together with the Postmaster General, the Minister of Justice, the Minister of Resources and Development and the Minister of Citizenship and Immigration might consult with the postal officials most immediately concerned and submit recommendations to Cabinet in due course.

55. The Cabinet, after discussion,-

(a) noted the report by the Postmaster General on difficulties experienced in the awarding of rural mail contracts; and,

(b) agreed that the Postmaster General, the Minister of Justice, the Minister of Resources and Development and the Minister of Citizenship and Immigration review the matter in detail and submit recommendations to Cabinet in due course.

Legislation; Canada Shipping Act amendment

56. The Minister of Transport, referring to discussion at a meeting of September 19th, said he was now agreeable to withdrawing the proposed restriction on coastal trade but that he would like to proceed during the course of the coming session with certain other amendments to the Canada Shipping Act.

(Letter, Minister of Transport to Secretary, Sept. 30, 1952).

57. The Cabinet, after discussion, approved in principle proposed amendments to the Canada Shipping Act as recommended by the Minister of Transport and agreed that a draft measure be prepared accordingly; it being understood that provisions for the restriction of coastal trading would not be included.

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50. The Prime Minister pointed out that there were serious differences in garnishee procedures between the various Provinces and although it was desirable to take every practical step to place the Crown as an employer under the same liabilities as any other employer, it might be preferable to withhold introduction of this legislation during the coming session. If the question were raised in the House, the Minister of Justice might indicate that the government favoured the general policy of placing the Crown as an employer in the same position as other employers but that garnishee provisions could not be made applicable to government employees until such time as the matter had been given further consideration in the light of the substantially different treatment given to this matter in various provinces.

51. The Cabinet, after considerable further discussion, approved in principle proposed legislation respecting liability of the Crown as recommended by the Minister of Justice and agreed that a draft measure be prepared accordingly; it being understood that no provision would be made at this time for extension of garnishee procedures to employees of the Crown and members of the Armed Forces.

Legislation; rural mail contracts

52. The Postmaster General remarked that a very difficult postal problem, and one that had attracted much public attention, was the question of rural mail contracts. At the present time, these contracts were awarded on a straight tender basis with the result that a certain number of contractors tendered too low and actually sustained losses on their overall operations. It was now possible to readjust contracts up to $1,000 in value in the light of increases in the cost of living index. This, however, was not a completely satisfactory solution to the problem.

A suggestion had been put forward that an acceptable and workable alternative might be to determine the rates for rural mail routes on a "fixed price" basis. The various routes would be advertised and a per annum rate established in accordance with the basic formula. It was thought that where the rate of payment was less than $2,400 per annum, the selection would be made by the department on the reports of district Post Office inspectors. In the case of rural mail routes involving higher amounts, the appointments could, if desired, be made by the Civil Service Commission. It was estimated that such a "basic price" formula would result in an increase of $1.25 to $1.5 million in annual expenditures.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 2, 1952 - Cab. Doc. 313-52).

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61. The Prime Minister suggested that the Minister of Resources and Development and the Minister of Veterans Affairs act as alternate members and the Minister of Citizenship and Immigration as Vice-Chairman of the Cabinet Committee on Legislation.

62. The Cabinet, after discussion, agreed that the Minister of Citizenship and Immigration act as Vice-Chairman and the Minister of Resources and Development and the Minister of Veterans Affairs as alternate members of the Cabinet Committee on Legislation.

Captain K.W. Scott; petition to Governor General

63. The Minister of National Defence said that Captain K.W. Scott had recently been notified that he would soon be given a compulsory honourable discharge from the Canadian Army. Captain Scott had now submitted a petition to the Governor General seeking redress.

64. The Prime Minister felt that in the light of all the circumstances surrounding this case, the Governor General might well be advised not to grant the redress requested.

65. The Cabinet, after discussion, agreed that an Order in Council be passed advising the Governor General against granting the redress requested by Captain K.W. Scott.

National Defence; employment of airwomen in Europe

66. The Minister of National Defence reported that the R.C.A.F. now had six squadrons stationed in Europe and eventually this number would be increased to a total of twelve. Fairly large numbers of ground crew and administrative personnel would be required to service these twelve squadrons. Many of these ancillary services such as fighter control operations were normally provided by R.C.A.F. airwomen in Canada. He felt that no distinction in this respect should be made as regards the twelve squadrons to be stationed in Europe and that airwomen should be employed overseas in the same manner and in the same relative numbers as they would be in Canada.

67. The Prime Minister agreed that, in the interests of efficient administration, airwomen should be used to service R.C.A.F. squadrons stationed overseas in the same manner as they would be at home.

68. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed that there would be no objection to using R.C.A.F. airwomen overseas to carry out the same functions as in Canada.

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Parliament; legislation

58. The Minister of Justice, as Chairman of the Cabinet Committee on Legislation, submitted certain legislative proposals and draft bills.

Explanatory memoranda and draft bills had been circulated.

(Memorandum, Minister of Labour, Oct. 3, 1952 - Cab. Doc. 312-52; memorandum, Minister of Labour, Oct. 2, 1952 - Cab. Doc. 311-52; memorandum, Minister of Transport, Aug. 27, 1952 - Cab. Doc. 305-52; memorandum, Minister of Transport, Sept. 30, 1952 - Cab. Doc. 306-52)

59. The Cabinet, after discussion,-

(a) approved in principle the legislative proposals set out hereunder and agreed that draft measures be prepared accordingly:

Merchant Seamen Compensation Act amendment
Canadian Vessel Construction Assistance Act amendment
Saint John Bridge and Railway Extension Company bill;

(b) deferred decision on proposed legislation respecting fair employment practices pending further consideration at a subsequent meeting when the Minister of Labour could be present; and,

(c) approved the following draft bills for introduction during the coming session:

Canada Evidence Act amendment
Prisons and Reformatories Act amendment
Companies' Creditors Arrangement Act amendment
Food and Drugs Act revision (for introduction in the Senate in the first instance).

Cabinet Committee on Legislation; additional appointments

60. The Minister of Justice mentioned that difficulties were not infrequently experienced in arranging for meetings of the Cabinet Committee on Legislation because of the Committee's restricted membership. He suggested that alternate members might usefully be appointed who could be called upon to attend meetings whenever regular members were not available. There would also be some advantage in appointing a Vice-Chairman of the Committee who could call meetings in the Chairman's absence.

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Currency, Mint and Exchange Fund Act; proclaimed in force; regulations

69. The Minister of Finance submitted recommendations for the proclamation in force of the Currency, Mint and Exchange Fund Act and for the establishing under the Act of regulations respecting the receipt of gold bullion.

70. The Cabinet, after discussion, agreed that Orders in Council be passed,-

(a) proclaiming the Currency Mint and Exchange Fund Act in force on October 15th, 1952;

(Order in Council P.C. 4268, Oct. 9, 1952)

and

(b) establishing gold bullion regulations under authority of the said Act.

(Order in Council P.C. 4269, Oct. 9, 1952)

Judiciary; appointment; retirement

71. The Minister of Justice submitted certain recommendations for a judicial appointment and retirement.

72. The Cabinet, after discussion, agreed that Orders in Council be passed:

(a) retiring His Honour H.H. Shandley as a judge of the County Court of Victoria, B.C., and providing for an appropriate annuity under the terms of the Judges Act;

(Order in Council P.C. 4270, Oct. 9, 1952)

and

(b) appointing Joseph B. Clearihue of Victoria, B.C., a judge of the County Court of Victoria and a local judge of the Supreme Court of British Columbia.

(Order in Council P.C. 4271, Oct. 9, 1952)

J.W. Pickersgill,
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

October 15,1952

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Appointment; Canadian Ambassador to Japan

1. The Prime Minister, referring to discussion at the meeting of March 18th, said it was necessary to appoint an Ambassador to Japan. It was desirable that he should be familiar with the important matters involved in Canadian relations with Japan and also have an understanding of the attitude on the West Coast of Canada toward Japanese problems. The Minister of Fisheries, who had wished for some time to retire, had agreed to remain in the government until the end of the present Parliament. However he would be particularly suitable for this appointment and, while not prepared to consider it for any long period, would be ready to serve for a year or so. The Queen's approval had been secured and it was recommended that Mr. Mayhew be appointed effective November 15th. The appointment would involve Mr. Mayhew's resignation from the government.

2. The Cabinet approved the recommendation of the Prime Minister and agreed that the Honourable R.W. Mayhew be appointed Canadian Ambassador to Japan effective November 15th, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 4299, Oct. 15, 1952).

Appointments; Minister of Fisheries; Solicitor General

3. The Prime Minister pointed out that, with Mr. Mayhew's resignation, it would be necessary to have new Ministerial representation from British Columbia. It was now the third province in population and had been developing at a much more rapid rate than any other part of Canada. With the very much larger representation for Ontario and Quebec it seemed desirable that British Columbia should have more than one Minister. He accordingly recommended that Mr. James Sinclair be appointed Minister of Fisheries and Mr. Ralph Campney, Solicitor General. It was planned that Mr. Campney should once more become available to assist the Minister of National Defence and it was proposed, during the next session of Parliament to introduce legislation to provide for an Associate Minister of National Defence.

4. The Cabinet approved the recommendations of the Prime Minister and agreed that Mr. James Sinclair, M.P., and Mr. R.O. Campney, M.P., be sworn of the Queen's Privy Council for Canada and that Mr. Sinclair be appointed Minister of Fisheries and Mr. Campney, Solicitor General; Orders in Council to be passed accordingly.

(Orders in Council P.C. 4300, P.C. 4301 and P.C. 4302, Oct. 15, 1952).

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber on Wednesday, October 15th, 1952, at 10:30 a.m. and 2:30 p.m.

Present

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier) (for morning meeting only)
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott)
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg) (for afternoon meeting only)
The Minister of Fisheries
(Mr. Mayhew) (for morning meeting only)
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair) (for afternoon meeting only)
The Solicitor General of Canada
(Mr. Campney) (for afternoon meeting only).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Canadian Services Colleges; appointments to Advisory Board

9. The Minister of National Defence, referring to discussion at the meeting of September 17th, said a number of names had been suggested for appointment to the Advisory Board on Canadian Services Colleges. It would be desirable for approval to be given to those whose nomination could now be definitely made, with the remainder to be agreed at a subsequent meeting.

10. The Cabinet approved the recommendation of the Minister of National Defence and agreed that the following be named among the appointments to the Advisory Board on the Canadian Services Colleges:

Newfoundland	Mr. M.O. Morgan
Prince Edward Island	Mr. W.J. MacDonald
Nova Scotia	Mr. Donald F. MacIsaac
Ontario	Mr. Philip A.C. Ketchum
	Major General Albert B. Matthews
Saskatchewan	Commander N.E. Whitmore
British Columbia	Dr. N.A.M. MacKenzie
Royal Military College	Major General J.V. Young
	Mr. S.H. Dobell
Royal Roads	Mr. W.A. Mather

and that suitable selections be made from New Brunswick, Quebec, Manitoba and Alberta.

Royal Roads; provision of new barrack block

11. The Minister of National Defence reported that accommodation at Royal Roads was not adequate. Even with a great deal of crowding it was not possible to accommodate the number necessary at that College to maintain the required level of officer replacement. Construction of a new barrack block to provide a standard of accommodation similar to that at the Royal Military College would cost $1.2 million.

12. The Minister of Finance said careful consideration would have to be given to all requests for capital expenditures. Those on the civil side would be examined in detail and on the military side it would be equally desirable to defer expenditures that were not immediately necessary.

13. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed that decision be deferred on the proposal to erect a new barrack block at Royal Roads.

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Request for interview with the government

5. The Prime Minister mentioned that the Mayors of a number of gold mining towns had requested an interview with members of the government. They wished particularly to have him and the Minister of Finance present and also the Ministers of Trade and Commerce, of National Revenue and of Mines and Technical Surveys. Any other Ministers who wished to should also attend.

6. The Cabinet agreed that arrangements be made for members of the government to receive a delegation of mayors of gold mining towns in Canada at 12 o'clock noon on Monday, November 10th, 1952, if that date would be suitable for the Minister of Mines and Technical Surveys.

Fisheries; compensation to lobster fishermen for losses of gear in 1951 and 1952

7. The Minister of Fisheries (Mr. Mayhew) referring to discussion at the meeting of June 27th, said that, following the decision at that time, the government of Nova Scotia had been advised that the Federal government would be prepared to share with the Province in losses on loans to lobster fishermen rather than participate in the extension of the loans themselves. The Minister of Trade and Industry of Nova Scotia had replied urging that the Federal government provide half the funds required to make the loans. The Provincial government had advised fishermen to register abnormal losses during the period December 1951 to May 1952 and 1,116 fishermen had registered losses of 77,620 lobster traps valued at $346,275. The province proposed to make loans up to the value of 80 per cent of the number of traps lost with maximum individual loans limited to one hundred traps. The loans would be interest free, repayable over three years with interest chargeable on over-due payments. The probable amount of loans was estimated at $275,000. While Federal participation would create a precedent, the limitation to abnormal losses would make frequent repetition of this type of demand for assistance unlikely. It was accordingly recommended that the government agree to share equally with the Provincial government in providing capital for loans.

An explanatory memorandum was circulated,

(Minister's memorandum, Oct. 14, 1952 - Cab. Doc. 327-52).

8. The Cabinet approved the recommendation of the Minister of Fisheries and agreed that the Federal government share equally with the government of Nova Scotia in loans to fishermen, who had suffered abnormal losses during the winter of 1951-52 and who had not been able to rehabilitate themselves in the lobster fishery, by providing capital for such loans up to a maximum of $150,000; the administration of the scheme to be the responsibility of the Provincial government and the form of agreement for the participation of the Federal government to be settled in consultation with the Minister of Finance.

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were available and, owing to a sharp reduction in the requirements of the R.C.A.F. and U.S.A.F. for training planes, there was surplus output.

The Permanent Joint Board on Defence at its last meeting had dealt with questions relating to the Goose Bay lease and Torbay. The desire of the United States to base a fighter squadron at Goose Bay under authority of the lease had been discussed at the Cabinet meeting on September 17th, 1952. It seemed desirable to have the squadron there. The best course appeared to be to go through with the lease, which had been held up, and to have an agreement with the United States that the terms would not affect the general arrangements regarding clearance of defence and operational activities. It could also be agreed that, as a temporary measure, the fighter squadron might be stationed at Goose Bay.

The U.S. Air Force wished to undertake a very large development at Torbay. This desire arose because the United States Navy wished to have sole use of Argentia and McAndrew Field. The proposed development was of such a size that it was quite alarming. The P.J.B.D. was examining the need and trying to ascertain whether the U.S. Air Force would not be able to use McAndrew Field or Harmon Field instead.

There had been discussion in the Committee of the status of Canadian forces in Germany. It was agreed to recommend to the Cabinet that negotiations be initiated in Germany for drafting an agreement to provide that Canada assume directly all the rights and obligations accruing to the forces of a Power Concerned under the terms of the Forces Convention, subject to arrangements being completed with the United Kingdom, United States and France for the exercise of those obligations which Canada did not wish to assume or discharge directly. The agreement in draft form would be submitted to the Cabinet for approval. The Committee recommended that the government re-affirm that the policy of Canada paying the costs of maintenance of Canadian forces stationed in Germany was applicable to the post-occupation period as well as to the occupation period and to the Air Force as well as the Army.

There was need for additional hospital facilities for the forces and for the Department of Veterans Affairs at Ottawa and Kingston. Following consideration by a special committee, the Defence Committee agreed that there should be constructed in Ottawa a service hospital to teaching standards to serve as a professional centre for the armed forces medical services, and which would take into account existing facilities and future needs of the Department of Veterans Affairs. Plans would be prepared and submitted to the Treasury Board.

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Proposed construction of H.M.C.S. "Queen" at Regina

14. The Minister of National Defence reported that, within the 23 Naval Reserve Divisions, new barracks were urgently required at Regina, Charlottetown and London. No new barracks had been constructed for the Navy since 1944. The division at Regina was very active and a new armory there had been planned for the last five years. The division was at present accommodated in temporary huts which were in extremely bad condition. The City of Regina and the Provincial government had joined in making available five acres of land on a very good site on Wascana Lake. Cost of the barracks would be about $500,000 and it was recommended that they be proceeded with.

15. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that authorization be given for the construction of H.M.C.S. "Queen" for accommodation of the Naval Reserve Division at Regina at an estimated cost of $500,000.

Cabinet Defence Committee; report on discussions

16. The Minister of National Defence outlined discussions at the last meeting of the Cabinet Defence Committee.

A recent statement of United Kingdom views on global strategy, which gave greater emphasis to the place of atomic weapons, was resulting in a re-examination of plans for the defence of Europe. It would not in any event affect present Canadian defence planning.

The cost-sharing formula for all N.A.T.O. civilian and military headquarters agencies had been discussed. It had been agreed that Canada accept the present cost-sharing formula for 1953 on condition that it would not prejudice a review of the formula in future and that payments beyond a percentage representative of the Canadian share on a current capacity-to-pay basis would be made as a general contribution to N.A.T.O. from Canada's mutual aid appropriation, without any resultant increase in that appropriation. The sharing of infrastructure costs was going to present a very difficult problem. The whole plan was being examined as it appeared to be considerably inflated.

The Committee had agreed that there be included in the Canadian mutual aid programme 150 Wasp engines at an estimated cost of $2,674,290, of which approximately $1,273,970 would be charged to the mutual aid account for 1953-54. The Standing Group would be asked to recommend allocation of the engines. Facilities for production

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At the request of the Department of National Defence, the Standing Group of N.A.T.O. had recommended that the 25-pounder guns and ammunition which the Canadian Army had declared available for transfer be allocated to France, Belgium and Portugal. The Committee agreed that the equipment be transferred, with allocations as recommended, and that the replacement value to the amount of $3,096,509 be charged under Section 3 of the Defence Appropriation Act, 1950; the resulting credit in the special account to be used to purchase equipment or supplies for the Army service of the Canadian forces.

The Committee had discussed nominations to the Court Martial Appeal Board to replace certain members and to increase its membership. It had agreed that the Minister of National Defence should ask Mr. L.W. Brockington, Judge A.G. McDougall and Mr. M.B.K. Gordon. It would be desirable to have an additional French-speaking member from Ottawa.

The Committee had agreed that the new aircraft carrier for the Royal Canadian Navy be named H.M.C.S."Bonaventure".

17. The Cabinet noted with approval the report of the Minister of National Defence concerning discussion of various matters by the Cabinet Defence Committee at its last meeting and approved the recommendations relating thereto, as submitted.

Korea Medal

18. The Minister of National Defence, referring to discussion at the meeting of March 4th, said a copy of the design of the reverse of the Korea Medal had been received. It would be difficult to add the word "Canada" without disturbing the symmetry of the design. In addition, by custom, nothing but the Royal Title appears on the obverse of a medal bearing the Sovereign's effigy.

It seemed desirable that "Canada" should appear somewhere on the decoration and the best course might be to add a suspension bar to the Medal bearing this word similar to the suspension bar on the Canadian Efficiency Medal.

He recommended that the basic design of the Medal as used in the United Kingdom be accepted and that authority be obtained from Her Majesty to add such a bar.

19. The Minister of Veterans Affairs suggested that names be not forgotten.

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20. The Cabinet noted with approval the report of the Minister of National Defence on the Korea Medal and agreed that:

(a) the basic design of the Medal as used in the United Kingdom be accepted; and,

(b) authority be obtained from Her Majesty to add a suspension bar to the Medal bearing the word "Canada" similar to the suspension bar on the Canadian Military Medal.

E Pticiency

Canadian Army Unit in Saskatchewan

21. The Minister of National Defence, referring to discussion at the meeting of September 17th, said the original plan had been to station both an infantry and an artillery unit at Winnipeg. Location of the infantry unit there had not been announced and it might be desirable to have it established at Regina instead.

22. The Prime Minister said it was important to keep a full measure of public support for the services. In the circumstances, the location of a unit in Saskatchewan appeared justifiable notwithstanding certain technical considerations which appeared to favour Winnipeg.

23. The Cabinet noted the report of the Minister of National Defence and agreed that the infantry unit originally intended to be stationed at Winnipeg be located instead at Regina.

Sale of canned pork

24. The Minister of Resources and Development as Acting Minister of Agriculture reported that, following discussion at the meeting of October 1st, the buyers who had offered to purchase government stocks of canned pork had been advised that there would have to be an upward price adjustment as well as other modifications in the proposal.

A further offer had been received and, following consideration, a counter offer had been put forward on behalf of the government. Under the counter offer, the Board would sell 35 million pounds of canned pork (about 20 million pounds in regular trade-name labels and about 15 million pounds under the Board's label) on a 2-year contract basis. The price would be 34¢ per pound (U.S.), f.o.b. Canadian warehouse locations, plus 50 per cent of the actual storage charges incurred after the start of the contract. Delivery would be taken on a stated basis over 24 months. Payment would be effected for the full invoice value of each partial shipment made and be met in full on not less than the minimum delivery quantities indicated. A bond of performance of $1,250,000 would be required for deposit with the Board at the start of the contract period. There would be a provision about sale by the Board to other buyers at

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lower prices during the 2-year period and also concerning the possibility of an embargo being placed on the import of canned pork due to special emergency governmental action by the U.S. government affecting canned meats. The buyer would undertake to make all sales of the canned pork outside of Canada.

The representatives of the buyers were advised by letter of the counter offer on October 11th and no word had been received as to their acceptance or as to any further suggested modifications. The price in the counter offer would average about one cent under the net average price the Board was receiving in the domestic market.

An explanatory memorandum was circulated.

(Acting Minister's memorandum, Oct. 14, 1952 - Cab. Doc. 331-52).

25. The Minister of Finance said that, while the price was a bit below what the government was getting currently, it seemed a good price for so large a bulk sale. There would also be a great advantage in having the pork disposed of in outside markets in view of the very large stocks the government held and the additional quantities being received.

26. The Cabinet noted with approval the report of the Acting Minister of Agriculture concerning discussions relating to the sale of stocks of canned pork held by the government.

Capital cost allowances; termination of deferred depreciation

27. The Minister of Trade and Commerce said a special Interdepartmental Committee on Capital Cost Allowances, comprising representatives of the Departments of Finance, National Revenue, Trade and Commerce, Defence Production and the Bank of Canada, had reviewed and reported on the deferred capital cost allowance provisions which had been introduced in the 1951 budget and had been in effect since April 11th, 1951. The scheme had been designed primarily to encourage the deferment of capital expenditures of a low priority type in a period when expenditures on defence and related projects were expected to rise substantially and shortages of certain strategic materials appeared unavoidable.

In view of the substantial improvement in the materials situation and of the relatively moderate rate of expansion in defence and defence-supporting construction, the Interdepartmental Committee had recommended that,-

(a) the deferred depreciation scheme come to an end on December 31st, 1952, when most of the metal restrictions including a good deal of steel control if not all of it was likely to be lifted;

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(b) deferment apply to acquisitions up to and including December 31st, 1952, but not to any acquisitions made after that date irrespective as to when the taxpayer's taxation year ended;

(c) the period of deferment of capital cost allowances be reduced from four to two years, namely, the taxation year in which the property was acquired and the succeeding taxation year; and

(d) the authority of the Minister of Trade and Commerce to grant certificates of eligibility under the regulations ends on June 30th, 1953.

Copies of the report were circulated.

(Special Committee's report, Oct. 8, 1952 - Cab. Doc. 328-52).

28. Mr. Howe concurred in the proposal to terminate the deferred depreciation provisions as of the end of the current calendar year but was not in agreement with the Committee's recommendations as to the method of termination. The regulations had been strictly administered and in his opinion unnecessary hardship and discrimination would ensue should the recommendation of the Committee be carried out. For example, discrimination would arise between the treatment of a taxpayer who had been or was forced by physical reasons to replace a piece of equipment before December 31st, 1952, and a taxpayer who encountered the same necessity after that date. It would be difficult to explain to the first taxpayer why he should continue to be penalized for the current taxation year and a subsequent year while his fellow businessman was free to take capital cost depreciation currently.

If the reason for discontinuing deferred depreciation was that the scheme no longer served any useful purpose, it would in his view be more logical and certainly more equitable to allow normal depreciation after January 1st, 1953, for all capital expenditures incurred either before or after the terminal date of December 31st, 1952.

An explanatory note was circulated.

(Minister's memorandum, Oct. 15, 1952 - Cab. Doc. 329-52).

29. The Minister of Finance felt that if the deferred depreciation restrictions were now completely forgiven in respect of non-essential capital expenditures incurred prior to December 31st, 1952, it might be extremely difficult to re-establish successfully a similar scheme in the future if such a course of action appeared to be desirable. For this and other reasons, he believed it would be inadvisable for the government to go beyond the Committee's recommendation that the deferred depreciation period be reduced from four to

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two years in respect of non-essential capital expenditures incurred prior to December 31st, 1952.

30. Mr. Howe thought that even the reduced two year period of deferred depreciation would give rise to the accusation that the government was discriminating between taxpayers. He did not feel that there was much validity to the argument that a full reversal to normal depreciation practices as of January 1st, 1953, for all capital expenditures incurred either before or after that date would weaken the government's hand in any similar deferred depreciation scheme which might be introduced in future years.

31. The Prime Minister noted that in many cases persons who had incurred non-certificated capital expenditures during the past two years had, in a sense, gone against expressed government policy of reserving strategic materials for defence purposes. It could perhaps, therefore, be argued that persons having incurred such non-essential capital expenditures should not be treated on exactly the same basis as other persons who had voluntarily postponed capital expenditures in order not to add to the drain on scarce materials.

He suggested that, for the time being, approval could be given to the general principle that the deferred depreciation scheme would come to an end on December 31st, 1952, and that an announcement to that effect be included in the Speech from the Throne at the opening of the coming session of Parliament; it being understood that a final decision as to the actual method of termination would be reached when the Order in Council repealing the deferred depreciation regulations was passed.

32. The Cabinet, after considerable further discussion,-

(a) agreed that the provisions for deferred depreciation introduced in the 1951 Budget be repealed as of and from December 31st, 1952; an announcement to that effect to be included in the Speech from the Throne for the opening of the coming session of Parliament; and,

(b) deferred decision as to the actual method of termination pending further consideration.

Legislation; fair employment practices

33. The Minister of Labour suggested that a fair employment practices bill be introduced during the coming session of Parliament. The main purpose of the legislation would be to prevent and eliminate practices of discrimination against persons in regard to employment and in regard to membership in a trade union because of race, national origin, colour or religion. The legislation would only apply to employment in the same classes of works, undertakings and businesses to which the Industrial Relations and Disputes Investigation Act applied, i.e., to those works, undertakings and businesses which were within the legislative authority of Parliament to regulate, and to Crown corporations whose employees did not come under the Civil Service Act.

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A bill in rough draft form had been prepared and submitted to the Department of Justice in order to determine whether such a measure came within the legislative competence of Parliament. The Department of Justice had now given an opinion to the effect that the proposed legislation was well within Federal jurisdiction.

The public generally had reacted very favourably to the recently approved non-discrimination clause in government contracts and he felt that this would be an opportune time to introduce general legislation respecting fair employment practices.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 3, 1952 - Cab. Doc. 312-52).

34. The Minister of Trade and Commerce doubted if there was much practical advantage to be gained by introducing such legislation at this time. Furthermore, such a measure would hold the disadvantage of constituting a further handicap to business generally.

35. Mr. Gregg pointed out that the legislation would only apply to a very small portion of Canadian business. The main groups affected would be inter-provincial or international transportation services other than trucking, telephone companies, radio broadcasting and C.N.R. hotels.

In reply to a question by the Prime Minister he said the Province of Ontario had enacted similar legislation approximately one year ago and that there had since been only five or six alleged cases of discrimination.

36. The Prime Minister agreed that the general principle involved in the proposal was one which everyone supported. However, if a bill along these lines were introduced now, it would probably give rise to representations that it should also cover non-discrimination on grounds of sex. If the government was not prepared to introduce legislation covering this latter point at this time, it might be preferable not to introduce any legislation at all.

In reply to suggestions that fair employment practices should be safeguarded by an appropriate amendment to the Criminal Code, the government had in the past stated that human rights were nowhere better respected than in Canada and that they felt it undesirable to legislate in respect of something which was being done on a voluntary basis in any event.

In view of the difficulties involved, it might be preferable to examine the practical results of the recently established non-discrimination provisions regarding National Employment Offices and government contracts before proceeding with the introduction of general legislation.

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37. The Cabinet, after considerable further discussion, deferred decision on the introduction of a measure regarding fair employment practices pending consideration of a draft bill to be prepared and submitted by the Department of Justice.

Agricultural Products Co-operative Marketing Act; application by Societe Co-operative Avicole Regionale de St. Damase, P.Q.

38. The Minister of Resources and Development, as Acting Minister of Agriculture, said the Societe Co-operative Avicole Regionale de St. Damase in Quebec had applied for an agreement under the Agricultural Products Co-operative Marketing Act in order to benefit turkey producers in the area by providing an initial advance and then paying the balance of the return to them after the sale of the turkeys. The Co-operative would have applied for an agreement for all poultry meats but after discussions with representatives of the Department of Agriculture it was felt that the other operations were too complicated for grading and other reasons to come within the terms of the Act.

It was recommended that the Minister of Agriculture be authorized to enter into an agreement with the St. Damase Co-operative involving initial payments of approximately 40 percent of the estimated average wholesale price over the past three years.

An explanatory note was circulated.

(Acting Minister's memorandum, Oct. 14, 1952 - Cab. Doc. 330-52).

39. The Minister of Finance said he would like to examine the implications of the proposal before a final decision were reached.

40. The Prime Minister suggested that the Acting Minister of Agriculture might arrange for further consideration of the proposal by officials of the Department of Agriculture in consultation with officials of the Departments of Finance and Trade and Commerce.

41. The Cabinet, after discussion, deferred decision on a proposed agreement with the Societe Co-operative Avicole Regionale de St. Damase under the terms of the Agricultural Products Co-operative Marketing Act pending further consideration by officials of the Department of Agriculture in consultation with officials of the Departments of Finance and Trade and Commerce.

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St.Lawrence Development Project; Lake Ontario water levels; removal of Gut Dam

42. The Minister of Transport, referring to discussion at the meeting of August 27th reported that Mr. H.W. Lea, whose services had been retained for the purpose, had now submitted an interim report on the practicability of removing the Gut Dam at an early date. Mr. Lea's preliminary conclusions were to the effect that it was not practical to attempt to remove the Dam by blasting, that it should be removed progressively, that it was doubtful whether any part could be removed this year although some preparatory work could be done and that early removal would not cause any objectionable increase in water levels downstream nor any serious disturbance to navigation although there would be some changes in currents and velocities above the entrance to the Galop Canal. Mr. Lea thought that if removal was to be completed in one open water season (and this should probably be between August 1st and December 15th) the total cost might be approximately $300,000. If the work was to extend over two seasons, the cost would be much greater and might reach a figure of $500,000.

The Chairman of the Canadian Section of the International Joint Commission was rather disturbed by Mr. Lea's suggestion that it would be impracticable to consider removal before the autumn of 1953. General McNaughton feared that it might be difficult, if not impossible, to secure an Order of Approval for the St.Lawrence project from the International Joint Commission unless something more positive was done towards removal before freeze-up this year. He felt confident that if he were authorized to state that the Canadian government was prepared to remove at least a portion of the dam this year, an Order of Approval would probably be issued by the International Joint Commission before the end of October.

If any work was to be done this autumn there would not be time to call for tenders and it would probably be necessary to select a contractor on a cost-plus basis.

43. The Prime Minister noted that several claims for damages caused by high waters along the shores of Lake Ontario had been filed in the United States Court of Claims at Washington. In view of the terms of the 1904 Canada-U.S. Agreement respecting the Gut Dam, Canada might be faced with the obligation of paying substantial damages if the Court of Claims upheld the damage suits now lodged with it.

In the circumstances and in order to ensure early action by the International Joint Commission on the St.Lawrence power application, it might be advisable to authorize General McNaughton to state at the October 20th hearings of the Commission that the Canadian government was hiring a contractor immediately to undertake early removal of the Dam.

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44. Mr. Chevrier mentioned that the Secretary of State for External Affairs had suggested that, in view of the above damage claims, there might be some advantage in asking Mr. Lea to undertake a study of the actual effects of the Gut Dam on Lake Ontario water levels. If, as anticipated, such a study revealed that the Dam had very little if any effect, Mr. Lea's report in this matter should be filed as soon as possible with the U.S. Court of Claims.

45. The Cabinet, after further discussion, agreed that,-

(a) the Minister of Transport retain immediately the services of a competent contractor to undertake early removal of the Gut Dam and that General McNaughton be authorized to state that this was being done at the October 20th final hearings of the International Joint Commission on the St.Lawrence power application; and,

(b) Mr. H.W. Lea be requested to review and report as soon as possible on the actual effects of the Gut Dam on Lake Ontario water levels.

Legislation; Railway Act amendment; Canadian National Railways Act amendment

46. The Minister of Transport, referring to discussion at the meeting of October 9th, said he had now received from the Chief Commissioner of the Board of Transport Commissioners a report and draft legislation on the application of Section 18 of the Railway Act.

As the amendments suggested by the Chief Commissioner would reopen the whole question of freight rates, he felt that it would be preferable not to take any action in this matter during the forthcoming session of Parliament.

47. The Prime Minister pointed out that if an amendment to Section 18 of the Railway Act were introduced in Parliament at this time, the government would be open to the accusation that it was prejudging the courts since the question of apportionment of the Federal $7 million annual grant for the so-called railway link between Sudbury and Port Arthur was now under review by the Supreme Court of Canada.

48. The Cabinet, after discussion, agreed that proposed amendments to the Railway Act and to the Canadian National Railways Act be not proceeded with at this time.

Construction of new bridge between Valleyfield and north shore of St.Lawrence River

49. The Minister of Transport said the Department of Highways of the Province of Quebec were completing construction of a new bridge in the vicinity

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of Valleyfield, P.Q., which would link Ile de Salaberry with the north shore of the St.Lawrence River. The northern end of the bridge would abut on the Soulanges Canal approximately half way between two existing swing bridges at Coteau du Lac and Cascades respectively. A third bridge over the Canal at this point, in the opinion of the Department of Transport would constitute an undesirable impediment to navigation. Furthermore, Quebec authorities apparently contended that construction of the extension of the new bridge over the Canal was the responsibility of Federal government.

An agreement had been reached some time ago with the Ontario government to the effect that whenever increasing traffic or some other reasons necessitated the construction or reconstruction of bridges over canals, the Federal government would contribute a portion of the capital expenditures involved on the understanding that Provincial authorities would assume full responsibility for operation and maintenance of the bridges after construction. No such understanding, however, existed with the Province of Quebec but it was clear that some decision would soon have to be reached in respect of the present case.

50. The Prime Minister suggested that, before this matter were carried any further, the Minister of Transport should ascertain whether the Provincial authorities of Quebec had complied with the provisions of the Navigable Waters Protection Act in respect of the new bridge.

51. The Cabinet, after discussion, noted the report by the Minister of Transport on the construction by the Department of Highways of the Province of Quebec of a new bridge in the vicinity of Valleyfield, P.Q., between Ile de Salaberry and the north shore of the St.Lawrence River and agreed that Mr. Chevrier ascertain from the Department of Public Works whether the provisions of the Navigable Waters Protection Act had been complied with in this instance.

Canadian Legion; meeting with government

52. The Prime Minister mentioned that he had received a communication from the General Secretary of the Canadian Legion stating that the Dominion Executive Council of the Legion would hold its annual meeting in Ottawa from November 11th to 14th and requesting an interview with members of the government sometime during the course of the Ottawa meetings.

(Letter, Canadian Legion to Prime Minister Oct. 14, 1952).

53. The Cabinet, after discussion, agreed that the Canadian Legion be informed that the Prime Minister and other members of the government would receive members of the Dominion Executive Council on Wednesday, November 12th at 12:00 o'clock noon in the Prime Minister's Office.

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National Film Board; reappointment of members

54. The Minister of Resources and Development submitted recommendations for reappointments to the National Film Board.

55. The Cabinet agreed that an Order in Council be passed reappointing Mrs. A.L. Caldwell of Saskatoon, Saskatchewan and Dr. Albert W. Trueman, President of the University of New Brunswick, as members of the National Film Board for a further period of three years effective October 14th, 1952.

(Order in Council P.C. 4291, Oct. 15, 1952)

J.W. Pickersgill,
Secretary to the Cabinet

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TOP SECRET

CANADA
CABINET CONCLUSIONS

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CABINET CONCLUSIONS

Meeting

October 23rd,1952

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Items discussed

Canadian Association of Broadcasters; request for interview with government 1.

Ministry; administration of Ticket of Leave Act; appointment of Acting Ministers 2.

St.Lawrence project; report on final hearings of International Joint Commission; proposed exchange of notes with the United States on early removal of the Gut Dam 3.

Licences for operation of aircraft and radio transmitters; security considerations 6.

Security investigation of government employees; revision of directive 7.

Agricultural Products Cooperative Marketing Act; application by Societe Cooperative Avicole Regionale de St. Damase,P.Q. 8.

Unemployment assistance; representations from the Association of Mayors and Reeves of Ontario 9.

Unemployment assistance; federal policy 10.

Establishment of a French language broadcasting station at Moncton, N.B. 10.

Global communications station; Harmon, Newfoundland; agreement with the United States 11.

Radio Station VOUS; continuance of operation 12.

Wheat for Pakistan 13.

War claims Commission; appointment of Chief Commissioner 14.

Newfoundland Fisheries Board; appointment of Chairman 15.

Dominion Council of Health; re-appointments 15.

Canadian Broadcasting Corporation; reappointments to Board of Governors 15.

Coronation; arrangements 16.

Parliament; legislation 17.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, October 23rd, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier)
The Minister of National Defence and Acting Secretary of State for External Affairs
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson)
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe)
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office
Mr. Paul Pelletier, Privy Council Office,
Mr. W.R. Martin, Privy Council Office.

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Canadian Association of Broadcasters; request for interview with Government

1. The Prime Minister mentioned that the Canadian Association of Broadcasters had requested an interview with members of the government some time between November 17th and 30th. In view of the opening of the new session of Parliament, these dates did not seem appropriate and he suggested the Association be informed that a group of Ministers would be glad to receive representatives some time during the week of November 10th.

2. The Cabinet, after discussion, agreed that the Prime Minister, the Minister of Trade and Commerce, the Minister of Transport, the Minister of Finance and the Minister of National Revenue meet with representatives of the Canadian Association of Broadcasters on Wednesday, November 12th, at 11 a.m. in the Prime Minister's Office; the Association to be notified accordingly.

Ministry; administration of Ticket of Leave Act; appointment of Acting Ministers

3. The Prime Minister submitted recommendations for the designation of a Minister to administer the Ticket of Leave Act and for the appointment of certain Acting Ministers.

4. The Cabinet, after discussion, agreed that Orders in Council be passed,-

(a) to designate the Solicitor General as the member of the government responsible for the administration of the Ticket of Leave Act;

(Order in Council P.C. 4359, Oct. 23, 1952)

(b) to appoint the Honourable R.O. Campney as Acting Minister of Justice and Acting Minister of National Defence;

(Orders in Council P.C. 4358 and P.C. 4357 Oct. 23, 1952).

and

(c) to appoint the Honourable Hugues Lapointe as Acting Minister of National Revenue

(Order in Council P.C. 4356, Oct. 23, 1952).

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St. Lawrence Project; report on final hearings of International Joint Commission; proposed exchange of notes with the United States on early removal of the Gut Dam

5. The Minister of Transport reported on the final hearings of the International Joint Commission on the joint applications for power development in the International Rapids Section of the St. Lawrence River held at Washington on October 20th.

Although it had been expected that these hearings might be fairly lengthy and rather difficult, they had in fact lasted less than one day. Very little serious opposition had been voiced to the project although property-owner associations from both the U.S. and Canadian shores of Lake Ontario had again attempted at some length to establish that the Gut Dam was largely responsible for damage to the property of riparian owners along the shores of Lake Ontario. The Canadian position in this matter was rendered more difficult because of the fact that Senator Stanley, the Chairman of the American Section of the International Joint Commission, had during the course of the final hearings, as on several previous occasions, concurred in the view that much of the damage could be attributed directly to the Dam. Senator Stanley had even indicated privately that he would not agree to an Order of Approval being handed down until after the Canadian government had taken action to remove the Dam. He had since, however, somewhat modified his position although it was not unlikely that the Order of Approval might contain a condition providing for early removal of the Dam. It now seemed probable that the International Joint Commission would issue its Order of Approval in the very near future.

Although it had been reported earlier that, even if work were to be put under way immediately, only part of the Gut Dam could be removed this year. The Canadian engineers who have been studying this matter now were inclined to the view that it might be possible to continue work on the project even after freeze-up on the St. Lawrence. If the project were undertaken in the near future it was thought that removal might be completed by February 1953. The Canadian Dredge and Dock Company of Kingston was now engaged in the preparation of detailed plans in this connection.

There were two matters which should be considered in anticipation of early approval of the power application by the Commission. The first was whether the 1941 Great Lakes-St. Lawrence Basin Agreement should be denounced by Canada following approval. He felt such a course of action might

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advantageously be followed although the matter should probably be discussed by the Secretary of State for External Affairs with the Secretary of State of the United States to ensure that Canadian withdrawal from the 1941 Agreement at this time would in no way jeopardize the successful conclusion of hearings soon to be undertaken by the U.S. Federal Power Commission on the St. Lawrence power development project. Consideration should also be given to the desirability of having Canada represented by counsel at the forthcoming Federal Power Commission hearings on the St. Lawrence power application. Ontario Hydro was anxious that Canadian interests should be protected by active intervention before the Federal Power Commission and he felt that this had perhaps best be done by counsel representing Canada rather than the province or the Hydro-Electric Commission. It was difficult at this stage to forecast how long it would be before the Federal Power Commission concluded its hearings on the project. The view was held in several U.S. quarters that the hearings would doubtless give rise to protracted litigation in the courts and that for this and other reasons the Federal Power Commission would in all probability not be in a position to issue a license for some considerable time, if at all. There were others, including Senator Stanley and the U.S. Ambassador to Canada, who felt that the Federal Power Commission would, in all probability, be in a position to issue a license some time before the spring of 1953.

6. The Prime Minister said that several claims for damages attributed to the Gut Dam amongst other causes had been filed with the U.S. Court of Claims at Washington. In view of the terms of the agreements reached between Canadian and U.S. authorities in 1903 and 1904 respecting the Dam, it seemed likely that Canada would be under obligation to pay damages if the claims now lodged with the U.S. Court of Claims were upheld. Consequently if the Dam no longer served any useful purpose, it seemed desirable to make every effort to have it removed at the earliest possible date.

7. The Minister of Citizenship and Immigration suggested that before the Dam was removed, every effort be made to collect accurate engineering and other evidence as to the actual effects of the Dam on the levels of Lake Ontario. Such evidence might in future be used to advantage in refuting claims for damages.

8. Mr. Chevrier pointed out that Mr. H.W. Lea, whose services had been retained to consider how the Dam could be removed without injury to other interests, had now been asked to review and report on the actual effects of the Dam on the outflow and water levels of Lake Ontario. It was hoped that Mr. Lea's report in this matter would indicate that the Dam had very little if any effect on Lake Ontario levels.

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He added that Mr. R.A.C. Henry was of opinion that the present high water levels on Lake Ontario were in many respects comparable to the high water-level period between the years 1860 and 1875. It could reasonably be expected that the present high levels would continue for several years, perhaps 5 or 6, in which event removal of the Dam now would have no injurious effect on navigation. If, however, extremely low water levels were to occur after removal of the Dam and prior to completion of the power and seaway project, it might be necessary for ships using the Galop Canal to reduce tonnage. In view of all the other circumstances, this seemed to be a calculated risk well worth taking.

9. The Prime Minister said that since removal of the Dam might affect the natural level or flow of the River within the meaning of the Boundary Waters Treaty of 1909, prior agreement would have to be sought from the U.S. Government. This might be achieved by an Exchange of Notes between the two Governments.

An explanatory memorandum and draft note had been circulated.

(Memorandum, Acting Secretary of State for External Affairs, Oct. 22,1952 - Cab. Doc. 341-52)

10. Mr. St-Laurent thought that, before the Note was delivered to the U.S. Ambassador to Canada it might with advantage be examined carefully by the Department of Justice to ensure that it would not in any way jeopardize Canada's chances of resisting successfully the various claims for damages now lodged with U.S. courts.

11. The Secretary said that one of the main purposes of the Note was to withdraw from the position taken in an earlier Note sent to the U.S. Embassy in October 1951 in which it had been admitted specifically that the Gut Dam did have the effect of increasing the levels of Lake Ontario by several inches.

12. The Cabinet, after discussion, -

(a) noted the report by the Minister of Transport on the final hearings of the International Joint Commission held at Washington on October 20th on the application for power development in the International Rapids Section of the St. Lawrence River;

(b) agreed that a Note be sent to the U.S. Ambassador to Canada seeking the concurrence of the U.S. Government in early removal of the Gut Dam; the Department of Justice to ascertain before despatch of the Note that it was in such terms as not to jeopardize a successful defence against the various claims for damages now lodged with U.S. courts; and,

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(c) agreed that Canada be represented at forthcoming hearings of the U.S. Federal Power Commission on the application of the New York State Power Authority for the development of power in the St. Lawrence River and at proceedings of the U.S. Court of Claims on damage suits now lodged with that Court; the Secretary of State for External Affairs to take the steps required to arrange for such representation.

Licences for the operation of aircraft and radio transmitters; security considerations.

13. The Prime Minister, referring to discussion at the meeting of October 1st, said the Security Panel had now reported on security questions relating to the granting of licences to operate aircraft and radio transmitters to Communists and persons suspected of being Communists.

The Panel recommended that any pilots licences or certificates of proficiency in radio held by persons who were known, or who became known, to the R.C.M. Police from overt sources and without any doubt to be Communists be revoked, and that any such applicants for such licences or certificates be rejected. With regard to persons who were not clearly Communists but who were believed to be or suspected of being so, or who could only be proved such from secret police sources, it was recommended that there be no revocation or rejection, but that the persons be listed by the R.C.M. Police for attention as a first priority in time of emergency.

No screening was recommended, except in the case of an applicant for first and second class certificates of proficiency in radio. It was recommended that names of such applicants be submitted by the Department of Transport to the R.C.M. Police for security screening before applications were granted. If derogatory information was obtained, it should be referred to the Security Panel for decision.

To implement the recommendations about revocation and rejection of licences and certificates it was recommended that an Order in Council be passed under the Emergency Powers Act to give the necessary authority to the Minister of Transport.

An explanatory memorandum was circulated.

(Memorandum, Chairman of the Security Panel, Oct. 22, 1952 - and attached draft Order in Council - Cab. Doc. 342-52).

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14. The Minister of Transport pointed out that, if the policy were adopted as recommended it would probably be necessary for him to be in a position to disclose the evidence on which a licence or certificate was revoked or refused. That would appear to be possible under the recommendation. He would, however, like to have an opportunity to consider the policy further.

15. The Minister of Citizenship and Immigration understood that the language of the proposed Order was in accord with that used in the Immigration Act in describing Communists and similar persons. He would like to ensure that there was no difference that could be a source of embarrassment.

16. The Minister of Justice suggested that the draft Order might be unduly restrictive in limiting refusals and revocations to cases where a person "is known" to be of the sort described. It might be possible to use language that would be less limiting while not going beyond the general lines desired.

17. The Cabinet after discussion:

(a) approved in principle the recommendations submitted by the Security Panel concerning security considerations in the granting and revocation of licences to operate aircraft and certificates of proficiency in radio; and,

(b) agreed that decision on the Order in Council to implement the recommendations be deferred, pending further consideration of its terms.

Security investigation of government employees; revision of directive.

18. The Minister of Justice reported that the Security Panel had had under consideration Cabinet Directive No. 4 of March 5th, 1948, and No. 4A of April 6th, 1948, on security investigation of government employees. After an initial attempt to adhere strictly to the requirements laid down in these directives it had become clear that they involved screening obligations that were substantially beyond the capacity of the R.C.M. Police. A backlog of applications for screening had accumulated to such an extent that an informal modification of the policy had had to be introduced by the Security Panel about a year ago. While the R.C.M. Police had caught up considerably, a return to the requirements of the 1948 directives would put an unbearable strain on the police. It was not desirable to have the formal directive lay down standards which could not be met.

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The Panel did not consider that it would be justified in recommending an increase in the police force for the specific purpose of doing more screening, in view of the other needs which the R.C.M. Police had to meet. Even under the limited requirements in effect latterly about 60,000 to 70,000 persons per year had been screened. The proposed form of the directive would enable screenings to be provided in more cases than at present if additional capacity became available in future.

An explanatory memorandum had been circulated.

(Memorandum, Chairman of the Security Panel, Oct. 16, 1952 and attached draft directive - Cab. Doc. 332-52).

19. The Cabinet approved the recommendation of the Minister of Justice and agreed that the Secretary issue a Cabinet directive in the terms submitted to supersede Directives No. 4 and 4A of March 5th, and April 6th, 1948, concerning the security investigation of government employees.

Agricultural Products Co-operative Marketing Act; application by Societe Co-operative Avicole Regionale de St. Damase, P.Q.

20. The Prime Minister, referring to discussion at the meeting of October 15th, said the Department of Finance had now advised the Acting Minister of Agriculture that they had no objection to the approval of the proposed agreement with the Societe Co-operative Avicole Regionale de St. Damase. As the recommendation was based on approximately 40 percent of the average price as compared with the maximum allowed under the Act of 80 percent of the average of the last three years, it was considered that the proposed initial payment was quite safe. There was some urgency about the matter as the agreement was to be made effective for deliveries starting October 6th.

An explanatory memorandum had been circulated.

(Secretary's memorandum, October 22, 1952 - Cab. Doc. 340-52).

21. The Cabinet approved the recommendation of the Acting Minister of Agriculture, and agreed that authority be granted to the Minister of Agriculture to enter into an agreement, in the terms submitted, with the Societe Co-operative Avicole Regionale de St. Damase for the marketing of turkeys produced in Quebec during 1952, and that the auditing service of the Rural Economics Division of the Department of Agriculture of the Province of Quebec be appointed to inspect and audit the books and accounts of the Co-operative; an Order in Council to be passed accordingly.

(Order in Council P.C. 4303, Oct. 23, 1952).

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Unemployment assistance; representations from the Association of Ontario Mayors and Reeves

22. The Prime Minister said he had received a letter enclosing four resolutions adopted at the 1952 Conference of the Association of Ontario Mayors and Reeves concerning assistance for unemployed persons and other related matters. The resolutions stated that the Federal government had assumed entire responsibility for assistance to unemployed employables. They went on to suggest that the alleged responsibility had not been met and the burden on municipalities for relief and assistance to unemployed persons had been very severe These resolutions demonstrated a remarkable misunderstanding of the extent of the Federal government's responsibility and of the responsibilities of local governments and also failed to recognize the very extensive measures taken by the government in recent years which were of assistance to unemployed persons. It seemed desirable to send a reply that would clearly set out the present constitutional position and what the Federal government was doing in the field. A draft letter and memorandum had been prepared for the purpose.

An explanatory memorandum had been circulated.

(Secretary's memorandum, Oct. 21, 1952 with attached letter and resolutions, and proposed reply and memorandum - Cab. Doc. 336-52).

23. The Minister of Labour thought the memorandum gave a good summary of the position and should be sent. It would also be desirable for a copy of the resolutions and the memorandum to go to the Premier of Ontario. A submission by the Association of Ontario Mayors and Reeves to the Provincial government on January 18th, 1952 had indicated that the Association understood at that time that the Federal government did not have total responsibility for unemployed employables, and was urging the Provincial government to take measures to get the Federal government to assume such full responsibility.

24. The Cabinet after discussion, agreed that the letter and memorandum be sent, in the terms submitted, in reply to the letter and resolutions from the Association of Ontario Mayors and Reeves concerning assistance to unemployed persons and that copies of the exchange of correspondence be referred for the information of the Premier of Ontario and the Provincial Ministers of Municipal Affairs and Public Welfare.

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Unemployment assistance; Federal policy

25. The Prime Minister reported that, as directed by the Cabinet on July 8th, 1952, the Secretary had convened a Committee to consider questions relating to the policy of the Federal government with regard to assistance to unemployed persons. A report by the Committee was now available for consideration.

Copies of the report had been circulated.

(Memorandum, Chairman, Committee on Unemployment Questions, Oct. 22, 1952 and appendix - Cab. Doc. 339-52).

26. The Minister of Labour suggested that it might be desirable to defer consideration of the report until a meeting at which the Minister of Finance was present. He felt however that it would be desirable for the government to consider carefully whether it might not be useful to prepare a plan for federal assistance to unemployed persons at a time when the problem had not reached serious proportions and provincial finances were in relatively good shape. It would be especially useful if the matter could be considered before the opening of the session of Parliament, at which questions might be expected to arise.

27. The Cabinet agreed that consideration be deferred, until a meeting at which the Minister of Finance was present, of the report by the Committee on Unemployment Questions on the policy of the Federal government with regard to assistance to unemployed persons.

Establishment of a French language broadcasting station at Moncton, N.B.

28. Dr. McCann said there was need for a French language broadcasting station to serve French-speaking listeners in the Maritime Provinces. The Royal Commission on National Development in the Arts, Letters and Science had recommended the establishment of such a station by the Canadian Broadcasting Corporation. It was recommended that one be established near Moncton, to be operated as a basic station on the French network.

In February 1951, it had been agreed to limit the establishment of new broadcasting stations because of the restrictions then imposed on steel. At the meeting of July 15th, 1952 it had been agreed that the Minister of Transport consider, on the merits of each case, applications for the renovation of stations involving substantial quantities of steel but that no change be made in the general policy limiting establishment of new stations.

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Treasury Board had approved the scale of purchase for the site and construction of the transmitter.

An explanatory memorandum had been circulated.

(Secretary's memorandum, Oct. 21, 1952 - Cab. Doc. 334-52).

29. The Minister of Trade and Commerce pointed out that all restrictions on the use of steel would likely be lifted by the end of the calendar year. It would be much better to hold up the station until then rather than make an exception to the general policy now as this would appear to discriminate in favour of the C.B.C. as against private broadcasters.

30. The Minister of Transport expressed agreement with that view. There were a number of applications outstanding for construction of radio stations and an exception in the present case would not be understood.

31. The Prime Minister suggested that, as Treasury Board had approved purchase of a suitable site at a price not exceeding $10,000, as well as construction of the transmitter, it might be desirable to go ahead with that part of the preparatory work and defer decision on the actual construction of the station.

32. The Cabinet noted the recommendation of Dr. McCann that a French language broadcasting station be established near Moncton, N.B. to be operated as a basic station on the French network and agreed that, while the Canadian Broadcasting Corporation might proceed, as authorized by the Treasury Board, to purchase the site and to construct the transmitter itself decision on construction of the station be deferred until removal of restrictions on the use of steel or until the general policy in relation to establishment of new stations was altered.

Global communications station; Harmon , Newfoundland; agreement with the United States

33. The Minister of National Defence as Acting Secretary of State for External Affairs reported that, on November 8th, 1951, the Cabinet Defence Committee had considered a request by the United States for permission to establish global communications stations near Harmon and Pepperrell Leased Bases, Newfoundland. It had not been possible at that time to reach agreement on conditions relating to tenure . Since then the request for a station at Pepperrell had been dropped and a station within the proposed U.S. leased area at Goose Bay was to be constructed.

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There was still for consideration the request for a station near Harmon. The area within the leased base there was not adequate for the purpose. About 1020 acres were required and the U.S. Air Force proposed to spend approximately $15 million. A formula on tenure had been drafted which was acceptable to the U.S. government. It would provide that, in the event either government wished to discontinue the arrangement, the question of continuing need would be referred to the Permanent Joint Board on Defence. If either government decided following consideration by the Board that the facilities were no longer necessary for mutual defence the land together with any immoveable facilities on it would, on 12 months' notice, revert to the use of the Canadian government. It was recommended that authority be given for an exchange of notes with the U.S. Ambassador to conclude the arrangement.

An explanatory note had been circulated.

-(Acting Minister's memorandum Oct. 17, 1952 - Cab. Doc. 335-52)

34. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs and agreed that he be authorized to proceed with an exchange of notes with the U.S. Ambassador as submitted concerning arrangements for the establishment of a global communications station near Harmon Leased Base, Newfoundland.

Radio station VOUS; continuance of operation

35. The Minister of National Defence said the U.S. Air Force had established Radio Station VOUS at their Pepperrell base in Newfoundland for broadcasting to their forces. The station could be heard in St. John's and was very popular. There were stations also at Harmon and Argentia. The U.S. authorities had contended that they were entitled to continue broadcasting up until six months after the end of hostilities with Germany and it was proposed to suspend operations on October 21st, 1952. However it was agreed that the station continue on a day-to-day basis. The U.S.A.F. was considering with the State Department whether to apply for permission to broadcast in Canada. His own view was that it would be undesirable to have a U.S. service broadcast from facilities located in Canada. Programmes for the forces on the bases could probably be provided by wire services. If an application for permission to broadcast were likely to be turned down it was preferable that it be not made at all.

36. The Prime Minister pointed out that, if a licence to broadcast were granted, it would have to be subject to the usual C.B.C. regulations. Compliance with the regulations might, in some respects, be embarrassing for the U.S. Air Force. It would be desirable to have the C.B.C. report on what the implications and difficulties would be if a licence were to be granted.

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37. The Cabinet, after discussion, agreed that the U.S. authorities be asked to ensure that no application be made by the U.S. Air Force for permission to continue the operation of radio station VOUS and the stations at Argentia and Harmon until there had been an opportunity to consider further what policy ought to be followed and to determine what the implications would be of the granting to the U.S. Air Force of permission to broadcast; a memorandum on the subject to be submitted by the ad hoc Committee that had been considering the whole question.

Wheat for Pakistan

38. The Minister of National Defence, as Acting Secretary of State for External Affairs, referred to a decision of October 9th that $12 million of Canadian No. 5 wheat be delivered to Yugoslavia on the basis of a 20 percent cash payment and the remaining 80 percent to be paid at the end of one year, the whole transaction to be under the Export Credits Insurance Act. In reply to an earlier request from Pakistan for assistance in the financing of the procurement of some 300,000 tons of wheat to that country, Cabinet had agreed on September 13th that, in the absence of any suitable alternative, Pakistan be informed that the Canadian government would be prepared to allow the use of up to $5 million of the proposed Canadian contribution under the Colombo Plan to finance the purchase of a portion of the required wheat from Canada.

Although no reply had yet been received from Pakistan in this matter, the High Commissioner for Pakistan had indicated that the impression would probably be created that Pakistan was being treated less generously than Yugoslavia.

It was for consideration whether it would not now be advisable to make an offer to the Pakistan Government somewhat along the lines of the arrangement with Yugoslavia.

An explanatory note had been circulated.

(Acting Minister's memorandum, Oct. 22, 1952 - Cab. Doc. 338-52).

39. The Minister of Trade and Commerce felt strongly that the arrangement with Yugoslavia for purchase on credit of $12 million of Canadian No. 5 wheat had been ill advised. Wheat was a commodity which should not normally be sold on any other basis than cash payments. In any event, this had always been the practice in wheat exporting countries and it now seemed quite clear that anything short of cash on delivery would inevitably lead to difficulties.

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If it were felt that political reasons were strong enough to warrant delivery of the Canadian wheat on credit to Commonwealth or other countries, he suggested that a special appropriation be sought to cover such sales.

40. The Prime Minister said that, in cases where cash sales of wheat were not possible, it would probably be inadvisable for the Canadian government to go beyond agreeing to the financing of a portion of wheat deliveries under the Colombo Plan as had been done with India.

41. The Cabinet, after discussion agreed that -

(a) Canada could not go beyond the offer made to the Pakistan Government on September 17th for the financing of a certain portion of wheat deliveries to that country under the Colombo Plan; and,

(b) as a matter of general practice in future, the government would not agree to any alternative to the cash payment basis other than the sort of Colombo Plan financing arrangements recently made with India.

War Claims Commission; appointment of Chief Commissioner

42. The Prime Minister submitted a recommendation for the appointment of a Chief War Claims Commissioner.

43. The Cabinet agreed that an Order in Council be passed, -

(a) establishing a War Claims Commission;

(b) appointing Chief Justice Thane A. Campbell as Chief Commissioner of the said War Claims Commission;

(c) delimiting the terms of reference of the said War Claims Commission; and,

(d) empowering the said Commission to engage a secretary and other personnel.

(Order in Council P.C. 4354, Oct. 23, 1952.)

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Newfoundland Fisheries Board; appointment of Chairman

44. The Prime Minister submitted a recommendation of the Minister of Fisheries for the appointment of a Chairman of the Newfoundland Fisheries Board.

45. The Cabinet agreed that an Order in Council be passed appointing L.S. Bradbury, Esq., to be a member and Chairman of the Newfoundland Fisheries Board effective October 10th, 1952, and also to be Chief Supervisor of Fisheries in the Province of Newfoundland.

(Order in Council P.C. 4329, Oct. 23, 1952).

Dominion Council of Health; reappointments

46. The Prime Minister submitted a recommendation of the Minister of National Health and Welfare for certain reappointments to the Dominion Council of Health.

47. The Cabinet agreed that an Order in Council be passed making the following reappointments for a further term of three years to the Dominion Council of Health:

(a) Dr. Robert D. Defries of Toronto, Ont., effective July 1st, 1952;

(b) C.E. Gillmore, Esq., of Clandeboye, Man., effective September 1st, 1952; and

(c) Mrs. Louis Berger of Quebec, P.Q., effective October 1st, 1952.

(Order in Council P.C. 4336, Oct. 23, 1952).

Canadian Broadcasting Corporation; reappointments to the Board of Governors

48. The Minister of National Revenue submitted recommendations for reappointments to the Board of Governors of the Canadian Broadcasting Corporation.

49. The Cabinet agreed that an Order in Council be passed making the following reappointments to the Board of Governors of the Canadian Broadcasting Corporation:

(a) Rene Morin, Esq., of Montreal, P.Q., for a further term of three years from November 1st, 1952; and

(b) F.J. Crawford, Esq., of Toronto, Ont., for a further term of three years from November 2nd, 1952.

(Order in Council P.C. 4330, Oct. 23, 1952).

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Coronation: arrangements

50. The Prime Minister reported on arrangements being made for the Coronation of Queen Elizabeth in 1953.

Information had been received that he and three representatives from Canada would be invited as royal guests. It had been suggested that the three other representatives be the Minister of Trade and Commerce, the Chief Justice and the Leader of the Opposition, and that the whole official delegation would comprise the following:

The Prime Minister
The Secretary of State of Canada (ex officio)
The three senior Cabinet Ministers (Mr. Howe, Mr. Gardiner, Mr. Fournier)
The Government Leader in the Senate
The Chief Justice of Canada
The Leader of the Opposition
The Speaker of the Senate
The Speaker of the House of Commons
The High Commissioner for Canada in the United Kingdom
The Under-Secretary of State

It was for consideration whether the Leader of the Opposition in the Senate should be included.

51. The Minister of National Defence thought it might be advisable to include Senator Haig in the official delegation.

52. Mr. St-Laurent added that 300 seats would now be available in Westminster Abbey with the possibility that another 100 might be provided. He felt these seats should be allocated by following the Table of Precedence until the available number had been exhausted. Any other arrangement would probably cause difficulties.

There was some question as to whether or not the Chiefs of Staff should be given seats in the Abbey as had been done in 1937. The matter was now under discussion at Service levels in the United Kingdom and Canada.

The Governor General as had been done in the past had been requested to stay in Canada to take part in whatever local celebrations might be arranged here.

Lieutenant-Governors and Provincial Premiers, or their representatives, should be offered seats if they wished to attend.

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It had also been suggested that arrangements should be made for the attendance of General Crerar who was the only Canadian Aide de Camp General to Her Majesty.

8,000 seats along the route of the procession had been reserved for Canada. It was proposed to sell these seats on a first-come-first-served basis to Canadian residents in Canada and to Canadians serving abroad. Any seats remaining after a pre-agreed cut-off date would be made available to Canadians resident in England. In addition, arrangements were being made to construct 500 seats at Canada House. The only free seats at Canada House or on other parts of the route would be for the staff of the delegation in London on duty, and members of the staff of Canada House concerned with Coronation arrangements.

(Aide Memoire, Oct. 20, 1952)

53. The Cabinet, after discussion, -

(a) noted with approval the report by the Prime Minister on the proposed arrangements for Canadian participation in the Coronation of Queen Elizabeth in 1953; and,

(b) agreed that the Leader of the Opposition in the Senate be included in the official Canadian delegation to the Coronation; and

(c) noted that the Prime Minister would have a private discussion with the Leader of the Opposition before a meeting of the Coronation Committee was held.

Parliament; legislation

54. The Minister of Citizenship and Immigration, as Vice-Chairman of the Cabinet Committee on Legislation, submitted a report on the legislative programme for the 1952-53 session and certain legislative proposals and draft bills.

Explanatory memoranda and draft bills had been circulated.

(Memorandum, Cabinet Committee on Legislation, Oct, 22, 1952 - Cab. Doc. 337-52; memoranda, Minister of Resources and Development, Sept. 5, 1952- Cab. Docs. 275-52 and 276-52; memorandum, Minister of Trade and Commerce, Sept. 30, 1952 - Cab. Doc. 314-52).

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55. The Cabinet, after discussion:

(a) noted with approval the Legislation Committee's report on the legislative programme for the 1952-53 session, subject to the deletion therefrom of the following measures:

Fair Wages and Hours of Labour Act amendment, and Government Annuities Act amendment;

(b) approved in principle the following legislative proposals, draft measures to be prepared accordingly;

Yukon Act amendment (it being understood that the Court of Appeal of British Columbia would remain as the only Appelate Court for the Yukon and that the exercise by the local government of power to borrow would be subject to the approval of the Governor in Council rather than the Minister)
Repeal of the Yukon Quartz Mining and Yukon Placer Mining Acts
Trans-Canada Air Lines Act amendment

(c) approved for introduction in Parliament the following resolutions and bills:

Loan Companies Act amendment
Trust Companies Act amendment
North Pacific Fisheries Convention bill (and resolution)
Coastal Fisheries Protection bill
Auditors for National Railways bill
Canadian Overseas Telecommunication Corporation Act amendment
Veterans Benefit Act amendment (and resolution)

(d) agreed that, amongst legislative proposals which had now been approved in principle, the Department of Justice give priority to the drafting of the proposed Fair Employment Practices bill.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

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Items discussed

Licences for the operation of aircraft and radio transmitters; security considerations 2.

Unemployment assistance; Federal policy 2.

Radio Station VOUS; Newfoundland; continuance of operation 3.

Revision of Bermuda Agreement, 1945, on telecommunications Canadian signature 3.

North American Regional Broadcasting Agreement, 1950; ratification 4.

Beef; extension of Canada-New Zealand-United Kingdom beef exchange agreement 4.

Canned pork; proposed sale by Agricultural Products Board 5.

Butter; sale of government stocks 6.

Legislation; Water Conservation Assistance bill; proposed amendments to the Prairie Farm Rehabilitation Act 7.

Court Martial Appeal Board; resignation; appointments 9.

Board of Transport Commissioners; appointment 9.

Acting Ministers; appointments 10.

Speech from the Throne; Mover and Seconder 10.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, October 30th, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State for External Affairs
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Agriculture
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney)

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office,
Mr. W.R. Martin, Privy Council Office.

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Licences for the operation of aircraft and radio transmitters; security considerations

1. The Prime Minister referring to discussion at the meeting of October 23rd, said the Department of Justice had now submitted a revision of the wording of the draft Order in Council giving authority to the Minister of Transport to implement the recommendations made by the Security Panel regarding revocation and rejection of licences and certificates.

2. The Minister of Transport considered the revised wording satisfactory.

3. The Cabinet, after discussion approved the revised terms, as submitted by the Department of Justice, of the authority for the Minister of Transport, under the Emergency Powers Act, to revoke and reject on security grounds licences and certificates for the operation of aircraft and radio transmitters; an Order in Council to be passed accordingly.

(Order in Council P.C. 4410, Oct. 30, 1952).

Unemployment assistance; Federal policy

4. The Minister of Labour, referring to discussion at the meeting of October 23rd on the report by the Committee on Unemployment Questions as to policy of the Federal government with regard to assistance to unemployed persons, said it was for decision whether the proposal developed by the Department of Labour and the Unemployment Insurance Commission was feasible and, if this were considered so, should the Committee expand the study it had already made. If it were considered advisable to deal only with the alternative approach suggested by the Committee, which had been developed in 1950, he felt that further elaboration should be made of the four points contained in that approach.

5. The Prime Minister felt it would be undesirable to create any impression that the Federal government considered serious unemployment was likely and was assuming further responsibility for unemployables. If any proposals were put forward they would likely create unnecessary controversy.

6. The Cabinet, after further discussion, decided that the proposal of the Department of Labour was not acceptable and that the government should not depart from its present position of accepting responsibility only for assistance to Provincial and local authorities in an emergency, but agreed that there would be no objection to having the Committee on Unemployment Questions consider an elaboration of the alternative approach presented in the report of October 22nd on Federal government

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policy on unemployment assistance and prepare a factual and statistical report on the present situation; it might also be advisable for the Committee to re-examine the proposals now in effect for supplementary benefits.

Radio station VOUS; Newfoundland; continuance of operation

7. The Minister of National Defence, referring to discussion at the meeting of October 23rd, said the ad hoc Committee, through the Under Secretary of State for External Affairs, had presented an interim report on the problems that might be created if permission were not given for Radio Station VOUS to continue broadcasting in Canada. It was pointed out that the radio stations at Fort Pepperrell, Harmon and Argentia were providing a useful and normal service for the United States armed forces. The programmes were also popular with civilians employed in the areas concerned and with other people in Newfoundland who could hear them. C.B.C. facilities in Newfoundland were not extensive and their programmes could only be heard in a relatively small area. If the stations were closed down, a similar service could not be provided at the moment.

(Memorandum, Under Secretary of State for External Affairs, Oct. 29, 1952).

8. The Cabinet, after further discussion noted the report of the Minister of National Defence and agreed that the United States authorities be advised that they might continue their service broadcasts in Newfoundland pending extension of Canadian Broadcasting Corporation facilities in that Province which would provide adequate coverage from Canadian radio resources.

Revision of Bermuda Agreement, 1945, on telecommunications; Canadian signature

9. The Minister of Transport reported that revision of the Bermuda Agreement had become necessary because of devaluation of the pound sterling and recommended, with the concurrence of the Acting Secretary of State for External Affairs, that signature of the Supplementary Agreement be approved.

An explanatory note had been circulated.

(Minister's memorandum, Oct. 24,1952 - Cab. Doc. 343-52).

10. The Cabinet approved the recommendation of the Minister of Transport and agreed that Canada sign the Supplementary Agreement replacing Article 11 of the London, 1949 revision of the Bermuda Telecommuniation Agreement, 1945, between Commonwealth and United States governments.

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North American Regional Broadcasting Agreement; 1950;ratification

11. The Minister of National Defence, as Acting Secretary of State for External Affairs, recommended with the concurrence of the Minister of Transport, ratification of the North American Regional Broadcasting Agreement of 1950 and Annexes.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Oct. 22, 1952 - Cab. Doc. 347-52).

12. The Minister of Transport said the Agreement was important because it confirmed the use by Canada of channels already available and provided certain new ones in addition. All the nations involved, except Mexico, had signed and, even without Mexico the Agreement would come into force.

13. The Prime Minister enquired if the approval of ratification required a resolution to be presented to Parliament.

14. The Cabinet after discussion, approved ratification of the North American Regional Broadcasting Agreement of 1950 and Annexes and the deposit of an instrument of ratification in accordance with the provisions of the said Agreement, provided the Departments of External Affairs, Justice and Transport, after consultation, agreed that the necessary legal forms and requirements had been fulfilled and that prior Parliamentary approval was not necessary.

Beef; extension of Canada-New Zealand-United Kingdom Beef exchange agreement

15. The Minister of Resources and Development as Acting Minister of Agriculture, recommended that the Department of Agriculture be authorized to request an extension of the Agreement to provide for an additional delivery by Canada of not more than ten million pounds of beef.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Oct, 28, 1952, - Cab. Doc. 344-52).

16. Mr. Winters pointed out that the earliest probable date on which beef might be sold in the United States was February 1st, 1953.

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17. Mr. Abbott said the Treasury was not opposed but he would be interested to know when Cabinet authority had been given to the Agricultural Prices Support Board to purchase lower grades of beef as the memorandum indicated was being done.

18. The Cabinet after further discussion, agreed that the Department of Agriculture be authorized to request an extension of the Canada-New Zealand-United Kingdom Beef Exchange Agreement to provide for an additional delivery by Canada of not more than ten million pounds of beef against delivery by New Zealand of a similar quantity for Canadian account; and directed the Acting Minister of Agriculture to enquire as to the authority for the purchase of lower grades of beef.

Canned pork; proposed sale by Agricultural Products Board

19. The Minister of Resources and Development, as Acting Minister of Agriculture, referring to discussion at the meeting of October 1st, reported that the Agricultural Products Board, on October 10th, had offered to sell to buyers, represented by Lenex Corporation, 35 million pounds of canned pork on a two-year contract involving prices of 34 cents per pound U.S. funds, plus half the actual storage charges incurred after start of the contract; delivery to be taken on a predetermined basis during a two-year period and payments to be made for the full invoice value of each partial shipment. This offer also contemplated, during the two-year delivery period and six months thereafter, that the Board would undertake not to sell to other buyers at a price lower than that paid by Lenex Corporation until such time as it had been offered to the latter on a cash purchase basis. If Lenex Corporation did not avail itself of this opportunity, the Board would then be free to sell at any price. On the other hand, Lenex would undertake to make all sales outside of Canada. The contract would also embody a clause providing extension of the period in the event the product was made subject to embargo by the United States during the two-year period.

The Board had extended the date for acceptance of the offer to October 25th, on which date a representative of Lenex Corporation had indicated that the offer was not acceptable in its present form but that a counter-offer would be submitted within a few days time.

An explanatory note had been circulated.

(Memorandum, Department of Agriculture, Oct. 28, 1952 - Cab. Doc. 345-52).

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20. Mr. Winters said no such counter-offer had been received yet. He recommended that the matter be held open a little while longer in the hope that some satisfactory arrangement could be made with Lenex Corporation.

21. The Cabinet, after discussion, agreed that the proposal for the Agricultural Products Board to sell certain quantities of canned pork to buyers represented by Lenex Corporation during a two year period on certain conditions remain open for the time being in the hope that some satisfactory arrangement could be made.

Butter; sale of government stocks

22. The Minister of Resources and Development as Acting Minister of Agriculture, reported that storage stocks of butter in Canada as of October 1st, 1952, amounted to 77,427,000 pounds, of which 39,523,000 pounds were owned by the government. During October consumption of butter had been slightly in excess of current production and due to the seasonal decline in production it had been necessary in some areas to draw on storage stocks to meet requirements. In the past month, the wholesale price of butter had advanced from the support price level of 58¼ cents per pound to 62 cents per pound basis Montreal. This latter price would return the cost and carrying charges for government-owned butter if sold by April 30th, 1953, and at the same time maintain a reasonable return to producers for current production without unduly increasing the cost to consumers.

As the trade was holding a relatively small proportion of the storage stocks of butter, there was a real possibility that wholesale prices of butter would continue to advance in the absence of any announced policy for the sale of government-owned stocks. It was, therefore, recommended that an Order in Council be passed authorizing the Agricultural Products Board to sell butter at 62 cents per pound.

An explanatory note had been circulated.

(Memorandum, Department of Agriculture, Oct. 28, 1952 - Cab. Doc. 346-52).

23. Mr. Winters added that he understood Mr. Gardiner wished to have the Order as a deterrent to further increases in wholesale prices but that he did not propose to have the Board actually sell any butter at this time.

24. The Minister of Trade and Commerce agreed that an Order should be passed immediately but also felt that the Board should sell freely at the new price.

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25. The Prime Minister suggested that the Order in Council be passed now and that Mr. Winters should inform the Department that members of the Cabinet generally felt that it would be advisable for the Board to sell butter freely at the new price of 62 cents per pound in those areas where shortages developed.

26. The Cabinet after discussion, agreed that,-

(a) the Agricultural Products Board be authorized to sell butter at a price of 62 cents per pound first grade creamery solids, basis Ontario and Quebec, with appropriate price differentials for other markets and other grades; an Order in Council be passed accordingly rescinding P.C. 627 of January 31st, 1952 (which had authorized Board sales of butter at 66 cents a pound).

(Order in Council P.C. 4394, Oct. 30, 1952).

and,

(b) Mr. Winters inform the Department of Agriculture that members of the government generally felt that the Board should sell butter freely at the new price of 62 cents a pound, at least in those areas where shortages developed.

Legislation; Water Conservation Assistance bill; proposed amendments to the Prairie Farm Rehabilitation Act

27. The Minister of Resources and Development, referring to discussion at the meeting of September 29th, said he had discussed his proposal for the introduction of legislation respecting conservation of Canada's water resources with the Minister of Agriculture. Mr. Gardiner did not now have any objections provided the legislation was related exclusively to conservation of water resources and not of soil.

He now wished to submit a draft measure setting forth the details of the proposal, the essence of which was to enable the Minister of Resources and Development to enter into agreements with the Provinces for the implementation of large water conservation projects towards which the Federal government would make contributions not exceeding 37½ percent of the total value of the projects.

A draft bill had been circulated.

(Draft bill, Oct. 8, 1952 - Cab. Doc. 325-52).

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28. Mr.Winters added that, in the event the water conservation measure were approved, Mr. Gardiner would wish at the same time to introduce certain amendments to the Prairie Farm Rehabilitation Act, the main purpose of which would be to extend the applicability of that legislation to the four Western Provinces.

An explanatory note had been circulated.

(Memorandum, Minister of Agriculture, Oct. 28, 1952 - Cab. Doc. 348-52).

29. The Minister of Finance pointed out that the Prairie Farm Rehabilitation Act had been intended to cover only the so-called Palliser Triangle in Alberta and Saskatchewan. In actual practice, the Act had been made applicable to certain projects undertaken beyond its boundaries but he did not feel that there was justification at this time for extending the legislation to the four Western Provinces. In any event, such extension should not go beyond the three Prairie Provinces, as he did not feel that it was possible to justify any extension into the Province of British Columbia.

On the other hand, he rather favoured the water conservation proposal put forward by the Minister of Resources and Development. Legislation of this character would embody in statutory form what was actually being done by the Federal government and would to a certain extent prevent in the future the recurrence of various ad hoc arrangements on conflicting bases.

30. The Prime Minister suggested that final decision on proposed amendments to the Prairie Farm Rehabilitation Act might be withheld until such time as the Minister of Agriculture could be present.

31. The Cabinet, after discussion -

(a) approved in principle the water conservation proposal put forward by the Minister of Resources and Development; a draft measure be prepared accordingly; and,

(b) deferred decision on proposed amendments to the Prairie Farm Rehabilitation Act to a subsequent meeting when the Minister of Agriculture could be present.

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Court Martial Appeal Board; resignation; appointments

32. The Minister of National Defence, referring to discussion at the meeting of October 15th, submitted recommendations respecting a resignation from and certain appointments to the Court Martial Appeal Board.

33. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence,-

(a) for the resignation of Duncan K. McTavish, Esq., Q.C., from the Court Martial Appeal Board; and

(b) for appointment to the Board, as additional members, of Judge A.G. McDougall, Leonard W. Brockington, Esq., Q.C., Brigadier Melville B. Gordon, Q.C., and George Addy, Esq;

Order in Council to be passed accordingly.

(Order in Council P.C. 4409, Oct. 30, 1952).

Board of Transport Commissioners; appointment

34. The Prime Minister submitted a recommendation for the appointment of O.A. Matthews, Esq., as a member of the Board of Transport Commissioners.

35. Mr. St-Laurent said it would be recalled that, in the past, appointments to the Board of Transport Commissioners had been largely on a basis of regional representation. This method had not been entirely satisfactory and the Royal Commission on Transportation had suggested that appointments be on the basis of competence and not regional representation.

At the present time, there were three members of the legal profession on the Board and the Chief Commissioner was particularly anxious that an accountant of high standing be appointed to the current vacancy. Mr. Matthews filled this qualification exceedingly well and he thought that, although both the Western and the Maritime Provinces might feel that a representative of those regions should have been appointed to fill the vacancy, in actual practice the proposed appointee would, because of his high standing in the accounting profession, render better service to the Western and Maritime Provinces than a regional representative who did not possess the same knowledge and reputation in this field.

36. The Cabinet, after discussion approved the appointment of Overton A. Matthews, Esq., of Kingston, Ontario, as a member of the Board of Transport Commissioners, effective January 1st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 4404, Oct. 30, 1952).

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Acting Ministers; appointments

37. The Prime Minister submitted recommendations for the appointment of certain Acting Ministers.

38. The Cabinet, after discussion, approved the appointment of the following Acting Ministers; Orders in Council to be passed accordingly :

(a) The Honourable W.E. Harris to be Acting Minister of Agriculture;

(Order in Council P.C. 4405, Oct. 30, 1952).

(b) The Honourable R.H. Winters to be Acting Minister of Fisheries; and

(Order in Council P.C. 4406, Oct. 30, 1952).

(c) The Honourable M.F. Gregg to be Acting Minister of Veterans Affairs.

(Order in Council P.C. 4407, Oct. 30, 1952).

Speech from the Throne; Mover and Seconder

39. The Prime Minister submitted recommendations respecting the Mover and Seconder of the Speech from the Throne for the opening of the forthcoming session of Parliament.

40. The Cabinet, after discussion, agreed that Mr. J. Deslieres, M.P. and Mr. N.C. Schneider, M.P., be Mover and Seconder, respectively, of the Speech from the Throne to be read at the opening of the next session of Parliament.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

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Items discussed

St. Lawrence project; Canadian withdrawal from 1941 agreement 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

A meeting of the Cabinet was held in the Privy Council Chamber on Friday, October 31st, 1952, at 3:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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St. Lawrence project; Canadian withdrawal from 1941 Agreement

1. The Prime Minister, referring to discussion at the meeting of October 23rd, reported that the International Joint Commission had on the previous Wednesday, October 29th, issued an Order of Approval in respect of the applications submitted by the governments of Canada and the United States on June 30th, 1952, for the development of power in the International Rapids Section of the St. Lawrence River. An application for the development of the U.S. share of the power was now before the U.S. Federal Power Commission. This was the last remaining step to be taken before actual construction could begin on both the seaway and power aspects of the project.

He had received, on October 21st, through the U.S. Ambassador to Canada, a personal message from President Truman regarding the possibility of allocating to navigation a greater share of the costs of the works described in the joint applications for power development in the International Rapids Section. He had replied to Mr. Woodward and later had written to him to the effect that the question of allocation of costs between power and navigation had been settled by the Exchange of Notes of June 30th, 1952.

Mr. McWhorter, one of the members of the U.S. Section of the International Joint Commission had dissented from the Order of Approval signed by the three Canadian members and the other two American members. Although the reason for Mr. McWhorter's dissent was not set out in the Order, it was understood that it was on the grounds that too great a proportion of the overall costs involved in the St. Lawrence development had been allocated to power. The dissent was disturbing in that Mr. McWhorter, in addition to being a member of the International Joint Commission, was also the Chief Engineer of Power of the Federal Power Commission which was now considering the application of the New York State Power Authority.

2. Mr. St-Laurent recalled the agreement reached at the White House on April 22nd during the course of a meeting between the Minister of Transport, the Secretary of State for External Affairs and President Truman. It was agreed at that time that joint applications for power development on the basis of the alternative Canadian proposal would be submitted to the International Joint Commission immediately but that, if Congress approved the 1941 Agreement while the applications were under consideration by the Commission, both governments would agree to withdraw the applications and revert to the 1941 Agreement.

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Now that I.J.C. approval had been secured without favourable action having in the meantime been taken by Congress, it was suggested that the U.S. government be informed that Canada considered the 1941 Agreement as having been completely superseded and, therefore, did not intend henceforward to take any steps towards ratification of that Agreement. In order to avoid the accusation of injecting a controversial issue into the current Presidential elections in the United States or of being influenced by a new Administration in that country, it was further suggested that a formal note declaring Canada's position in this matter be handed to the Secretary of State of the United States on November 4th, the day of the Presidential elections. As a matter of courtesy, he proposed to send a personal letter to Mr. Truman giving him advance notice of the course of action proposed.

A draft letter was submitted and read.

(Draft letter, Prime Minister to President Truman, Oct. 31, 1952)

3. Mr. St-Laurent said he was particularly anxious that Mr. Truman should not feel that the Canadian government had misled him into believing that Canada would still be prepared to revert to joint development and then had withdrawn from the 1941 Agreement as soon as favourable action had been taken by the International Joint Commission. With this in mind, it was made perfectly clear in his letter to the President that it would be unrealistic to expect Canada to revert now to the actual terms of the 1941 Agreement and that a new agreement would have to be negotiated between the two countries before joint development could be considered.

4. The Secretary stated that he was informed that the Federal Power Commission was obliged by its governing statute to give preference to the most inexpensive form of power and the mere existence of the 1941 Agreement consequently prejudiced to a certain extent the chances of success of the current application by the New York State Power Authority. This was one of the arguments in support of early Canadian withdrawal from the 1941 Agreement.

5. The Cabinet, after considerable further discussion, approved, subject to certain changes suggested during the course of discussion, the draft letter proposed to be sent by the Prime Minister to the President of the United States informing the latter

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that Canada intended to send a formal note to the Secretary of State of the United States on November 4th informing the latter that the Canadian government now considered the 1941 Great Lakes - St. Lawrence Basin Development Agreement as having been completely superseded and therefore did not intend to take any action towards ratification of that Agreement; an Order in Council to be passed accordingly.

(Order in Council P.C. 4431, Nov. 3, 1952)

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

NOVEMBER 5th,1952

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St. Lawrence project; progress report 2.

National Library; report on sites 3.

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Butter; sale of government-owned stocks 5.

Recognition of Vietnam, Laos and Cambodia 6.

Ripple Rock, B.C.; engineering study on possibility of removal; engineering studies on improvements in Vancouver Harbour 7.

Legislation; Fair Employment Practices bill 8.

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Chief of Air Staff; appointment 11.

Consul General in New York; appointment 11.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, November 5th, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State for External Affairs,
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
and Acting Minister of Agriculture,
(Mr. Harris),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office,
Mr. W.R. Martin, Privy Council Office.

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Federal District Commission; resignation and appointment

1. The Prime Minister submitted a recommendation for the appointment of a Chairman of the Federal District Commission to replace Mr. D.K. MacTavish who had resigned that post following his election as President of the National Liberal Federation of Canada.

2. The Cabinet, after discussion, approved the appointment of Major-General Howard Kennedy of Ottawa, Ontario, to be a member of the Federal District Commission for a period of five years and Chairman thereof vice D.K. MacTavish, Q.C., resigned, an Order in Council to be passed accordingly.

(Order in Council P.C. 4452, Nov. 5, 1952)

St. Lawrence project; progress report

3. The Minister of Transport, referring to discussion at the meeting of October 31st, reported that, the previous afternoon, the Canadian Ambassador at Washington had handed the Secretary of State of the United States a note to the effect that the Canadian government now considered the 1941 Great Lakes - St. Lawrence Basin Development Agreement as having been completely superseded and that Canada did not, therefore, intend to take any action towards ratification of that Agreement. An announcement and the text of the note had been released to the press the previous evening.

4. The Prime Minister said the Canadian Ambassador at Washington had been informed that, if any questions were raised by the press in this connection, the U.S. State Department proposed to state orally that the Executive Branch of the U.S. government had always believed the joint project would be preferable but, under the circumstances, it did not question the right of the Canadian government to take the steps set forth in its note and it was further considered that the U.S. government should now cooperate fully with the Canadian government in the development of the St. Lawrence as set forth in the Order of Approval of the International Joint Commission.

Such an announcement by the State Department would be very helpful in facilitating favourable consideration of the power development application of the New York State Power Authority currently before the U.S. Federal Power Commission.

5. Mr. Chevrier also reported that work was now progressing on removal of the Gut Dam and it was hoped removal would be completed by January 15th, 1953. As the removal of the dam might possibly alter the nature levels and flows of the River within the meaning of the 1909 Boundary Waters Treaty a note had, the previous day, been forwarded to the U.S. Ambassador at Ottawa seeking the concurrence of the U.S. government in the action being taken in this connection by Canada.

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It was also for consideration whether it would not now be advisable to make another effort to have President Truman designate the power-developing entity in the U.S. at an early date.

6. Mr. St-Laurent noted that the Federal Power Commission had extended to December 1st the deadline for submission of briefs by intervenors. In the circumstances, there did not appear to be much likelihood that Mr. Truman would designate the entity for another month or so. However, it would be of advantage if the President could be prevailed upon, before the expiration of his term of office, to have a representative of the U.S. government appear before the Federal Power Commission for the purpose of formally designating the New York State Power Authority as the entity to be charged with the responsibility of developing the U.S. share of power in the International Rapids Section.

7. The Cabinet, after discussion, noted with satisfaction the reports by the Prime Minister and the Minister of Transport on recent developments regarding the St. Lawrence seaway and power project.

National Library;report on sites

8. The Prime Minister, referring to discussion at the meeting of October 9th, said he had examined with the Minister of Trade and Commerce and Mr. A.S. Mathers of the architectural firm of Mathers and Haldenby of Toronto, the site overlooking the Ottawa River at the end of Bank Street which had been recommended for erection of the proposed new National Library and also the alternative site on which No. 1 Temporary Building is now located. He had since received a communication from Mr. Mathers which confirmed his own view that the Bank Street site was too crowded and might not allow for further expansion. The alternative site appeared well suited for the National Library.

An explanatory note had been circulated.

(Secretary's memorandum, Nov. 3, 1952 - Cab. Doc. 349-52)

9. Mr. St-Laurent remarked that this site had actually been considered by the Committee which had looked into the matter as being preferable from the National Capital planning point of view but had not been recommended because it was felt that it could not be made available for some considerable time.

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However, the Minister of Trade and Commerce now thought it might be possible to demolish No. 1 Temporary Building and make the site available in the next 18 months or so. In view of the considerable amount of money to be spent on the National Library, he felt that the best site possible should be chosen even if this meant delaying construction for a few months.

10. The Minister of Trade and Commerce thought that within approximately a year and a half it would be possible to do without the space in No. 1 Temporary Building and to concentrate the various Defence Production and Trade and Commerce services in the other remaining temporary buildings on Wellington Street.

11. Mr. St-Laurent suggested that the Federal District Commission be asked to consider and report on the suitability of the No. 1 Temporary Building site on Wellington Street for the National Library. If the Capital Planning Committee approved the suggestion, an appropriate announcement might be included in the Speech from the Throne.

12. The Cabinet, after discussion,-

(a) approved the site now occupied by No. 1 Temporary Building on Wellington Street for construction of the proposed new National Library; and,

(b) agreed that, if this choice was concurred in by the Federal District Commission, an appropriate announcement be included in the Speech from the Throne.

Beef; purchase of lower grades by Agricultural Prices Support Board

13. The Minister of Citizenship and Immigration as Acting Minister of Agriculture, referring to discussion at the meeting of October 30th, reported that, by Order in Council P.C. 4142 of September 24th, 1952, the Agricultural Prices Support Board was authorized to purchase cattle and beef in whichever form was considered preferable and in accordance with its specifications on the basis of a price equivalent to $23 per 100 pounds live weight for "good" steers at Toronto, with appropriate price differentials for other grades and markets throughout Canada. Autumn marketings normally included a high percentage of low grade cattle unsuitable for further feeding, which had a depressing influence on prices of better finished cattle. In order to maintain the support price for the better beef, the Board had undertaken to

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purchase, as of October 7th, boneless beef from low grade carcasses.

This beef was being taken on the basis of 37 cents per pound boned, packaged and frozen in storage with one month's storage charges paid at Toronto, with appropriate differentials at other points. This compared with a price of 44.4 cents per pound for Grade A beef, basis Toronto. The boneless beef was being stored with the expectation that when the U.S. embargo was removed it could be distributed with relatively little loss in the domestic market. It was estimated that up to the present time purchases of low grade or boneless beef had totalled approximately 1.75 million pounds.

(Memorandum, Deputy Minister of Agriculture, to Acting Minister Nov. 4, 1952)

14. The Minister of Finance said that, although the Order appeared to provide authority for purchases of low grade beef by the Agricultural Prices Support Board, he had assumed that it would only apply to purchases of red and blue brand beef. It was for consideration whether the Board should be allowed to continue its purchases of the lower grades.

15. Mr. Harris pointed out that many of the smaller farmers could not afford to keep the lower grade cattle over the winter months and, if authority to purchase these lower grades was now withdrawn from the Board, not only might this have an adverse effect on the Support price for the better grades but it also might result in giving many farmers a sense of grievance.

16. The Prime Minister agreed that it might be difficult to explain successfully to the producers of the lower grade cattle that they were not being discriminated against in the event purchases were restricted to the better grade meats.

17. The Cabinet, after discussion, noted the report by the Acting Minister of Agriculture on the authority granted by Order in Council P.C. 4142 of September 24th, 1952 for the purchase of low grade beef by the Agricultural Prices Support Board.

Butter; sale of government-owned stocks

18. The Minister of Citizenship and Immigration, as Acting Minister of Agriculture, referring to discussion at the meeting of October 30th, said the Minister of Agriculture had been informed that other members of the government generally were of opinion that government held stocks of butter should be sold freely by the Agricultural Products Board at the new price of 62 cents per pound at least in those areas where shortages developed. As a result, arrangements had been made whereby the Board would meet immediate demands for butter by selling the carryover of New Zealand butter.

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Generally speaking, the supply of butter in the hands of the trade was sufficient to meet the demand and the wholesale price remained steady at 62 cents a pound, basis Montreal delivery.

19. The Cabinet noted the report by the Acting Minister of Agriculture that government-held butter would be sold at the recently authorized price of 62 cents a pound in areas where shortages might develop.

Recognition of Vietnam, Laos and Cambodia

20. The Minister of National Defence, as Acting Secretary of State for External Affairs, referring to discussion at the meeting of February 23, 1950, reported that, in the light of developments since that time, it was now suggested that favourable consideration be given to early recognition by Canada of Vietnam, Laos and Cambodia.

The United Kingdom had, early in 1950, extended a qualified form of recognition. The actual terms of the formula used by the United Kingdom were as follows:

> "His Majesty's Government in the United Kingdom recognizes the status of Vietnam as an Associate State within the French Union in accordance with the terms of the Agreement dated March 8, 1949, between President Auriol and His Majesty Bao Dai and recognizes the Government of His Majesty Bao Dai as the Government of that state."

This formula had been adopted by a number of other countries including Australia, New Zealand and the Union of South Africa, and fell considerably short of full recognition of a sovereign state and government. The United States had extended diplomatic recognition without qualification or explanation.

Although recognition by Canada at this time might possibly be misinterpreted by certain Asian members of the Commonwealth it was nonetheless recommended not only because it would be extremely helpful to France, which country was experiencing difficulties in carrying out its obligations in Indo China and North Africa and at the same time in fulfilling its N.A.T.O. requirements, but because such recognition by Canada would be further evidence of the solidarity which existed amongst N.A.T.O. countries.

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An explanatory note had been circulated.

(Acting Minister's memorandum, Nov. 1, 1952 - Cab. Doc. 352-52)

21. The Prime Minister thought Canada might well extend qualified recognition at this time as this would merely constitute acceptance of the facts as they now existed. In any event recognition would not likely alter Canada's relationship with those three countries in any way.

22. The Cabinet, after discussion, approved the recommendation of the Acting Secretary of State for External Affairs and agreed that steps be taken to extend qualified recognition by Canada of Vietnam, Laos and Cambodia in accordance with the formula adopted by the United Kingdom.

Ripple Rock, B.C.; engineering study on possibility of removal; engineering studies on improvements in Vancouver Harbour

23. The Prime Minister recalled that, in January, 1946, it had been decided that further operations in testing methods for removal of Ripple Rock, in Seymour Narrows were not justified. It had now been suggested to him that consideration might be given to the desirability of having the National Research Council arrange with the University of British Columbia for an engineering study for a re-examination of possible methods of removal of Ripple Rock.

Previous to the 1946 decision, the Department of Public Works had attempted to remove the rock unsuccessfully and with the loss of some lives. However the Minister of Fisheries and the Solicitor General had pointed out that Ripple Rock represented a hazard to navigation which was a matter of continuing concern in British Columbia and had heartily endorsed the proposal to have a report prepared by the engineering faculty of the University of British Columbia.

24. The Prime Minister also said an engineering study of the Vancouver Harbour would appear to be desirable.

25. The Minister of Trade and Commerce said that, in so far as he knew, the only method by which the rock could be removed would be by the use of plutonium. This was not, however, a practical course of action because of the ensuing contamination by radiation. In any event, and particularly as it seemed unlikely that any report on

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the matter would result in arriving at a solution to the problem, it might be unwise to raise the question at this time.

26. Mr. St-Laurent thought that, even if the proposed engineering study did not produce a practical solution to the problem, it might, nonetheless, be undertaken as it would be evidence that the Federal government was not unmindful of the importance attached to this matter by the population of British Columbia.

27. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that the National Research Council and the National Harbours Board respectively be requested to provide the University of British Columbia with the funds required to undertake a detailed engineering study of means of removing Ripple Rock and improvements to Vancouver Harbour.

Legislation; Fair Employment Practices bill

28. The Minister of Labour submitted a draft measure entitled the "Canada Fair Employment Practices Act".

He pointed out, with reference to discussion at the meeting of October 15th, that certain members of the Canadian Federation of Business and Professional Women's Clubs had represented that this type of legislation should include a provision respecting non-discrimination on grounds of sex. However, this matter had been discussed with the President and other members of the executive of the Federation who agreed with his view that the question of "equal pay for equal work" was not an appropriate matter for inclusion in non-discriminatory legislation of this character. The measure which he recommended for introduction would provide only that in those industries, works and businesses which came within Federal jurisdiction there should be no discrimination in the employment of personnel on grounds of race, national origin, colour or religion. It seemed clear that the question of "equal pay for equal work" had no place in this context.

29. The Minister of Citizenship and Immigration felt strongly that legislation along the lines recommended by the Minister of Labour should be introduced during the course of the coming session.

30. Mr. Gregg thought he might usefully discuss the substance of the legislation with employer and employee representatives before the measure was introduced in the House.

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31. The Prime Minister was of the opinion that it would be improper to make the bill available to labour unions and employer representatives before it was actually introduced in the House but agreed that there might be some merit in ascertaining the views of management and labour on a confidential basis before the bill was actually introduced.

32. The Cabinet, after discussion, approved in principle the introduction, at the forthcoming session of Parliament, of a measure along the lines of the Fair Employment Practices bill submitted by the Minister of Labour; it being understood that some of the more important provisions of the proposed legislation would be discussed on a confidential basis by the Minister with representatives of employers and labour unions before the bill was finally approved and endorsed for introduction.

Legislation; Emergency Powers Act extension

33. The Prime Minister submitted a measure to extend the Emergency Powers Act until May 31st, 1954.

34. The Cabinet approved for introduction a resolution and bill to amend the Emergency Powers Act, as submitted by the Prime Minister.

Government expenditure policy and estimates, 1953-54

35. The Minister of Finance said that, as Ministers would soon be reviewing their estimates for the next fiscal year, it was desirable to have the guidance of Cabinet upon the main lines of policy to be followed in deciding upon the overall size of the estimates and the programmes underlying them.

Revenues were no longer rising at the rates they had in recent years and seemed likely to be only about adequate this year to cover budgetary expenses. Any increase in gross revenues that were likely to occur in the next fiscal year would be needed to meet the growth in social security payments and higher interest costs. The amount left after inescapable expenditures would not seem to allow for any substantial tax reductions. It was important, therefore, in the coming year, to make reductions in expenditures wherever possible and to hold the line against significant increases. No reduction in actual defence expenditures could be expected. The outlook for 1953, while it promised a continued high level of employment and production and of consumer and business expenditure, called for the holding of expenditures at current levels.

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It was suggested that departments and Treasury Board be instructed to seek every opportunity to eliminate any operations no longer considered as necessary as they were, and to reduce the scale of others where possible.

He hoped that all Ministers would impress upon their officials the desirability of making every effort not to request increases in the size of their staffs.

In so far as the capital construction programme was concerned, similar considerations should apply, and requests for buildings and works should be subject to a more than usually severe test of essentiality this year and deferred where possible.

An explanatory memorandum was circulated.

(Minister's memorandum, Nov. 4, 1952 - Cab. Doc. 353-52)

36. Mr. Abbott said that he would like guidance from the Cabinet as to what the general policy should be for the next fiscal year.

37. The Cabinet, after considerable discussion, noted the report of the Minister of Finance and agreed that,-

(a) the overall total of estimated capital expenditures should not exceed that of the fiscal year 1952-53;

(b) Ministers, in considering the priority of the projects for which they were responsible, should make every effort to eliminate those which were not considered absolutely necessary; and

(c) request for increases in the size of staffs would be examined very closely and that departments would be asked to reduce staffs where possible.

Canadian Ambassador to Uruguay: appointment

38. The Minister of National Defence, as Acting Secretary of State for External Affairs submitted a recommendation that the Canadian Ambassador in Argentina be appointed concurrently Ambassador to Uruguay.

39. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs that Major-General the Honourable L.R. LaFleche, D.S.O., Ambassador Extraordinary and Plenipotentiary for Canada in the Argentina be appointed concurrently Ambassador Extraordinary and Plenipotentiary for Canada in Uruguay, effective December 1st, 1952; and Order in Council to be passed accordingly.

(Order in Council P.C. 4427, Nov. 5, 1952)

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Commissioner of the Yukon Territory; appointment

40. The Prime Minister submitted a recommendation for appointment of a Commissioner of the Yukon Territory.

41. The Cabinet agreed that Wilfred George Brown, Esq., of Fort Smith, Northwest Territories be appointed Commissioner of the Yukon Territory effective December 15th, 1952, vice Frederick Fraser, whose appointment as Commissioner of the Yukon Territory would be revoked as of the same date; an Order in Council to be passed accordingly.

(Order in Council P.C. 4455, Nov. 5, 1952)

Chief of the Air Staff: appointment

42. The Minister of National Defence submitted a recommendation for the appointment of the Chief of the Air Staff.

43. The Cabinet approved the recommendation of the Minister of National Defence that Air Vice-Marshal Charles Roy Slemon, C.B., C.B.E., be appointed Chief of the Air Staff, with the rank of Air Marshal, effective January 31st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 4451, Nov. 5, 1952)

Consul General in New York: appointment

44. The Minister of National Defence, as Acting Secretary of State for External Affairs submitted a recommendation for an appointment to be effective in the new year. If approved, it was desirable to make an announcement as soon as possible.

45. The Cabinet, approved the appointment, effective in the new year, of Ray Lawson, Esquire as Canadian Consul-General in New York vice Kenneth A. Greene, Esquire, and agreed that an announcement to this effect be made immediately; an Order in Council to be passed accordingly.

Bar Harbor Maine - Yarmouth, N.S. ferry

46. The Minister of Transport, referring to discussion at the meeting of July 15th, said that, in response to invitations to tender for the Yarmouth - Bar Harbor ferry, six replies had been received.

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The lowest tender was that of the Samuel White and Company, of Cowes, Isle of Wight, England, but delivery varied according to the type of engine supplied, from 26 months for a Fairbanks Morse to 36 months for a Mirrless. The second lowest tender had been received from the Davie Shipbuilding Company, of Montreal who had promised delivery within 18 months.

47. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that acceptance of the second lowest tender for the Yarmouth, N.S.-Bar Harbor, Maine ferry boat, that of the Davie Shipbuilding Company would be desirable as the Company had complied with the specifications set forth in the original notice which had included a requirement that the engines be delivered within a period of 18 months; Treasury Board to be informed accordingly.

Off-shore purchasing; tender for boots

48. The Minister of Defence Production reported that the authorities in the North Atlantic Treaty Organization considered it desirable for the United States and Canada to do as much off-shore purchasing as possible to enable non-dollar countries in N.A.T.O. to earn dollar currencies. The standard invitation to tender on a contract for boots had been sent to a firm in the Netherlands at its own request. A tender had now been received from this firm and the price was 20 per cent lower than any price submitted by any Canadian firm. He pointed out, however, that the Netherlands government provided subsidies for some exports and such subsidies would apply to the proposed purchase.

49. The Cabinet, after discussion, noted the report of the Minister of Defence Production regarding off-shore purchases for Canadian forces in Europe and requested the Minister of National Defence to make further enquiries about the necessity of an additional large order of footwear.

Validation fee on export of spirits

50. The Minister of Finance said that, in 1933, a validation fee of 20 cents per gallon had been placed on all spirits exported from Canada. It had been represented to him that this tax was unfair. Furthermore it contravened an obligation with respect to such fees under one of the articles of the General Agreement on Tariffs and Trade. No legislative action was required for its abolition.

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51. The Prime Minister thought it desirable to remove obstacles which impeded the sale of Canadian products in export markets.

52. The Cabinet, after discussion, agreed that, under provisions of section 161 of the Excise Act, the validation fee of 20 cents for every gallon of spirits of the strength of proof removed for export in bond be abolished, effective November 15th, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 4453, Nov. 5, 1952)

Combines Investigation Act; report by Commissioner; fine paper and rubber industries

53. The Minister of Justice indicated that a report covering an enquiry into the fine paper industry had been received and had to be made public by Friday, November 7th, 1952.

54. Mr. Garson also said that, pursuant to a report on the rubber industry he had with Cabinet approval, made a public statement that the government would after consideration by counsel, decide whether prosecutions should be carried out. It had now been recommended to him that prosecutions in four branches of the industry be undertaken and that a further investigation before a final decision as to whether prosecutions could be taken would have to be made in the two other branches of the industry referred to in the report. He felt that an announcement concerning the action to be taken in the case of the rubber industry should be made now rather than wait until a question was asked in Parliament.

55. The Cabinet, after discussion noted the report of the Minister of Justice that he intended to publish the Combines report on fine papers; and to also make a brief announcement concerning prosecutions to be carried out in the rubber industry pursuant to the report thereon submitted by the Combines' Commissioner.

Speeches from the Throne

56. The Prime Minister submitted draft speeches from the Throne for the closing of the 6th session of the present Parliament and the opening of the 7th session.

57. The Cabinet, after discussion, agreed that the draft speeches be printed and submitted for consideration at a subsequent meeting.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 13,1952

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Parliament; summoning by proclamation; appointment of Commissioners of Internal Economy 3.

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Colombo Plan; future contributions 5.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, November 13th, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
and Acting Minister of Finance
(Mr. Garson),
The Minister of Citizenship and Immigration
(Mr. Harris),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Parliament; legislation

1. The Minister of Justice, as Chairman of the Cabinet Committee on Legislation, submitted certain resolutions and draft measures.

He also said that, with a view to expediting Parliamentary consideration of the relatively large number of government measures which would be ready for introduction on November 20th, the Committee had suggested that all non-money bills which had been approved on or before that date be introduced in the first instance in the Senate and that all other bills be introduced in the normal manner in the House of Commons. It would thus probably be possible for the Senate to consider and pass a certain number of bills while the debate on the Speech from the Throne was proceeding in the House of Commons.

2. The Prime Minister suggested that the Ministers sponsoring the various measures should be consulted as to whether there were any special reasons which would make it preferable to introduce certain non-money bills in the House of Commons rather than in the Senate.

3. The Cabinet, after discussion, -

(a) approved for introduction the following resolutions and bills:

resolution and bill to amend the Farm Improvement Loans Act 1944;

bill to amend the Merchant Seamen Compensation Act (for introduction in the Senate in the first instance); and

resolution respecting Federal assistance for the higher education of the children of certain deceased members of the Armed Forces; it being understood that the draft bill would be reconsidered to determine whether it should apply to the children of parents deceased in or because of World War I;

(b) deferred decision on introduction of a resolution and bill to amend the National Housing Act pending further consideration when the Minister of Resources and Development could be present; and,

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(c) agreed in principle that all non-money bills which had been approved by Cabinet on or before November 20th would be introduced in the Senate in the first instance subject to concurrence by the Ministers sponsoring the various measures.

Parliament; summoning by proclamation; appointment of Commissioners of Internal Economy

4. The Prime Minister submitted recommendations respecting the summoning of Parliament on November 20th and the appointment of Commissioners of Internal Economy for the session opening on that date.

5. The Cabinet, after discussion, approved,-

(a) the issue of a proclamation summoning Parliament to meet on Thursday, November 20th, 1952, at 3 p.m., for the despatch of business; and,

(b) the appointment of Mr. Fournier, Mr. D.C. Abbott, Dr. J.J. McCann and Mr. F.G. Bradley to act with the Speaker of the House of Commons as Commissioners of Internal Economy during the forthcoming session; Orders in Council to be passed accordingly.

(Orders in Council P.C. 4492 and 4493, Nov. 13, 1952).

United Nations; Canadian delegation; policy re apartheid resolutions

6. The Prime Minister recalled that, when discussing the instructions to be given the Canadian delegation to the current General Assembly of the United Nations, Cabinet on October 9th had agreed that the delegation should abstain on any vote as to whether the question of race conflict in South Africa should be included on the official agenda; that it should support a resolution, if proposed, to refer the question to the international court; and that if a vote on an Indian or Arab-Asian resolution expressing disapproval of South Africa's apartheid policy could not be avoided, the delegation should support it if it were in reasonable terms.

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The question had now arisen in New York as to the stand our delegation should take on a resolution recently introduced by the Indian delegate on the subject. This resolution was in very broad terms and called for the establishment of a United Nations Commission "to study and examine the international aspects and implications of the racial situation in the Union of South Africa in the light of the purposes and principles of the Charter and the resolutions of the United Nations on racial persecution and discrimination, and to report its findings to the Eighth Regular Session of the General Assembly".

Although the resolution was rather mild in tone it nonetheless implied condemnation of South African policy in this matter.

7. The Minister of National Health and Welfare said he understood the United States would support the Indian resolution and that the United Kingdom would not. Unfortunately, the general atmosphere prevalent at the United Nations did not lend itself to objective and impartial consideration of the South African problem. Delegates from Iron Curtain countries were taking full advantage of the situation in an attempt to create internal conflict amongst the western democracies. On balance, he was rather inclined to the view that the Canadian delegation should simply abstain on the Indian resolution.

He further reported that South Africa itself was sponsoring a resolution which questioned the competence of the United Nations to deal with apartheid. If this latter resolution were considered on its merits alone, he thought that the Canadian delegation might well vote against it. However, negative action by a majority of delegates on the South African resolution might have implications which would be highly embarrassing to France in respect of the Tunisian and Moroccan problem. It was a delicate question of judgment as to which course of action was the most desirable.

8. Mr. St-Laurent said that presumably the Canadian delegation could vote against the South African resolution but in that case it would no doubt be advisable to make a statement to the effect that Canada did not in any manner wish to prejudge the issue by its negative vote but simply to allow the United Nations an opportunity to determine whether or not the apartheid problem in South Africa was more than a domestic issue. On the other hand,it could be argued that it might be preferable to abstain from voting on the grounds that the resolution was too general.

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It was extremely difficult at this distance to judge accurately all the circumstances surrounding this particular problem. He thought accordingly, that the Canadian delegation to the United Nations should be instructed again to use the Cabinet decision of October 9th as a general guide and that if it appeared desirable to take any action which departed from the general policy so outlined, the matter should be referred to Ottawa for consideration and decision.

9. The Cabinet, after discussion, noted the reports by the Prime Minister and the Minister of National Health and Welfare on various United Nations resolutions respecting the race conflict in South Africa and agreed that the Canadian delegation should be guided by the general policy set out in the Cabinet decision of October 9th; it being understood that, if it was felt desirable in any instance to take action which departed from that general policy, the matter should be referred to Ottawa for consideration and decision.

Colombo Plan; future contributions

10. The Prime Minister reported that an interdepartmental committee, comprising representatives of the departments most immediately concerned, had recently given consideration to the unsatisfactory financial situation which had arisen from the practice followed in providing for our contributions under the Colombo Plan by means of annual Parliamentary votes.

Parliament had voted $25 million for capital assistance under the Colombo Plan for each of the fiscal years 1951-52 and 1952-53. As the first of these fiscal years drew to a close, it became apparent that only $10 million out of the $25 million voted would actually be spent by March 31st, 1952. Last year a special procedure had been adopted and an order in council passed so that the unspent funds would continue to be available to make expenditures against projects agreed on with recipient governments in respect of the first contribution of $25 million. While the procedure adopted could be supported legally and technically, it was open to objection on principle and might draw criticism. What this procedure involved was transferring the unspent funds from the vote to the recipient governments, who agreed in advance to deposit them with the Canadian Commercial Corporation and to spend them only on projects approved by the Canadian government.

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It would be desirable to avoid having to justify the repeated use of such a procedure. The situation of last year had arisen again this year. It now appeared probable that less than $10 million from the current vote of $25 million would actually be paid out by next March 31st. While the unspent money could, of course, be allowed to lapse, this alternative might also raise difficulties. It might be regarded as a reflection on Canadian support for Colombo Plan programmes because the sum voted by Parliament tended to be regarded publicly both here and abroad as a firm contribution. Difficulties might also arise if Parliament were asked to revote the unspent sum of $15 million together with a new annual vote of $25 million for the fiscal year 1953-54. This would mean that a figure of $40 million for the Colombo Plan would have to be included in next year's Estimates.

After consultation with the Secretary of State for External Affairs and the Minister of Trade and Commerce, the Minister of Finance had now suggested that consideration be given to the advisability of sponsoring a measure in Parliament for the purpose of placing future Canadian contributions under the Colombo Plan on a statutory basis. This would circumvent many of the difficulties which had arisen mainly because the most useful projects usually required considerable detailed preparatory work and planning while their actual execution and financing covered several years. In participating in such projects, it was obviously desirable to reach a firm agreement at the outset with the recipient governments covering all aspects of the proposed projects. It was difficult, however, to secure firm undertakings from the receiving country to meet local expenditures for materials and labour in accordance with the principle of self-help, when no authority existed for the contributing country to meet external costs which would come into course of payment in subsequent fiscal years. Furthermore, under the present system, receiving governments, aware that unspent funds might lapse, were under pressure to put forward proposals which might not be soundly conceived or which might require more study before they could be considered seriously. Another advantage of providing for contributions by statutory authority would be that, for budgeting purposes, probably not more than $10 million need be placed in the 1953-54 Estimates. There were other difficulties of an administrative character that could be resolved by appropriate provisions in the new legislation.

An explanatory note was circulated.

(Memorandum, Minister of Finance, Nov. 12, 1952 - Cab. Doc. 360-52).

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11. The Minister of Public Works was inclined to the view that it would be inadvisable at this time to resort to legislation to cover future Canadian contributions under the Colombo Plan. He felt the same results could be achieved by an appropriate rewording of the annual votes to prevent lapsing. He feared that the public generally might react unfavourably to special Colombo Plan legislation in the absence of similar legislation regarding a variety of important domestic undertakings.

12. The Minister of Justice thought that, on balance, it would be preferable to avoid legislating in this matter if there were any other alternative means of allowing unexpended portions of annual votes being carried forward into subsequent fiscal years.

13. Mr. St-Laurent said that, as an alternative to the suggested Colombo Plan legislation, the Department of Finance might be asked to consider and report on the practicability of seeking a Parliamentary appropriation which would not lapse, for $25 million, to be placed in a special fund for the year 1953-54 together with the unexpended portion of the $25 million voted for the fiscal year 1952-53.

14. The Cabinet, after considerable discussion, noted the proposal of the Minister of Finance, as submitted by the Prime Minister, that consideration be given to the desirability of introducing in Parliament a measure to place future Canadian contributions under the Colombo Plan on a statutory basis and agreed that, as a possible alternative to that proposal, the Department of Finance be requested to consider and report on the practicability of seeking a Parliamentary appropriation which would not lapse, of $25 million, for 1953-54 to be placed in a special fund together with the unexpended balance of the $25 million voted for the fiscal year 1952-53; the Minister of Finance to report thereon at an early meeting.

National Cooperative Credit Societies; Federal legislation

15. The Prime Minister said that, since 1950, consideration had been given from time to time to representations that Federal legislation should be enacted to provide for the incorporation on a national basis of Cooperative Credit Unions. It seemed evident that the main functions of a National Cooperative Credit Society would be the receiving of money on deposit from its members and the making of loans, including short-term loans, to its members.

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The Deputy Minister of Justice had expressed the opinion that these two functions were essentially the business of banking. He also pointed out that the primary functions of credit unions, some of which it was proposed would be members of the Federal Cooperative Credit Society were to take money on deposit and to make loans and that these organizations were therefore engaged in the business of banking and fell within the exclusive jurisdiction of Parliament.

After full consideration of the numerous problems involved, the Minister of Finance was of opinion that the most appropriate way of meeting the situation would be to introduce a public bill, in form somewhat similar to the Loan Companies Act, which would provide the financial safeguards and supervision for both the National Cooperative Credit Society and the members which exercised banking functions and, at the same time, to have the sponsors of the proposal arrange for introduction of a private bill to provide for the incorporation of the National Cooperative Credit Society and the validation of its members. The proposed public act would apply to every cooperative credit society incorporated by a private act of Parliament that carried on banking functions in more than a province and to every member of such a society that carried on banking functions.

On the assumption that the sponsors of this proposal were still anxious to arrange for introduction of the required private bill, the Minister of Finance recommended that a government measure to provide for the financial safeguards and supervision required in connection with such a national credit society should be introduced during the course of the forthcoming session of Parliament.

An explanatory note had been circulated.

(Memorandum, Minister of Finance, Nov. 11, 1952 - Cab. Doc. 356-52).

16. Mr. St-Laurent added that introduction of such a measure would be evidence of the government's sympathy for cooperative movements generally and would remove the danger of the government being accused of submitting too willingly to the influence of chartered banks.

17. The Minister of Citizenship and Immigration pointed out that Federal legislation of this character would hold the added advantage of bringing about some much needed control and supervision over the activities of cooperative credit societies.

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18. The Minister of Justice said a legal opinion had been obtained from independent counsel to the effect that the Provincial jurisdiction in this field was adequate. The co-operative members were obviously doubtful that such an opinion could be defended successfully.

19. Mr. St-Laurent pointed out that the public act proposed to be introduced would be mandatory only in respect of credit unions that sought and obtained incorporation by Act of Parliament. In the circumstances, it would not reflect on the validity of existing Provincial legislation.

The intention of the sponsors would be to seek the incorporation of one national union only to which Provincial unions would belong as members.

If the proposal were approved, he suggested that an appropriate reference to the legislation be made in the Speech from the Throne for the opening of the coming session.

20. The Cabinet, after considerable further discussion agreed that:

(a) draft measure be prepared, as recommended by the Minister of Finance, to provide the financial safeguards and supervision for Cooperative Credit Societies and their members engaged in banking activities which might subsequently be incorporated by Act of Parliament (the sponsors of the national credit union proposal to be informed that the government intended to proceed with introduction of such a public bill during the forthcoming session of Parliament provided its conditions would meet their needs);and,

(b) an appropriate reference to this matter be included in the Speech from the Throne for the opening of the next session of Parliament beginning November 20th.

Health grants; proposed revision; report by Minister of National Health and Welfare

21. The Minister of National Health and Welfare reported that when the present National Health Grants Program was inaugurated in 1948 the then Prime Minister, Mr. King had stated that it was the intention to review the proposed Hospital Construction Grant of $13 million per annum at the end of a five-year period, in the expectation that it might be possible to cut it in half at that time.

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In actual fact, the hopes and expectations connected with the Hospital Construction Grant had been more than fulfilled during the five-year period which would terminate on March 31st, 1953. New hospital beds completed, constructed or commenced during this period exceeded 45,000 instead of 40,000, the original target figure.

While the rapid increase in population during the past five years and the accelerated rate of increase anticipated during the next five years meant that additional hospital bed accommodation would still have to be provided, it was anticipated that total additional bed requirements of all kinds during 1953-58 would not exceed 20,000 to 25,000 and that an annual Hospital Construction Grant of $4.5 million would be sufficient to achieve this program.

Consequently there would be a saving of $8.5 million annually in the maximum annual commitment under the National Health Grants Program -- or $42.5 million over the next five-year period.

He felt very strongly that it would be inadvisable during the coming fiscal year to reduce the overall total Federal expenditures on health grants by the amount of this savings ($8.5 million) and that, instead, the savings should be utilized to finance a supplementary series of new health grants covering the fields of - (1) maternal and child health services, (2) diagnostic facilities and services, and (3) rehabilitation services in health and related fields. It would thus be possible to contribute substantially more to some of the very important health measures carried out on a national scale in Canada without increasing the overall cost to the Federal Treasury.

An explanatory note was circulated.

(Minister's memorandum, Nov. 13, 1952 - Cab. Doc. 359-52)

22. The Prime Minister said he had discussed Mr. Martin's proposal with the Minister of Finance. The latter felt the government should not at this time increase the overall Federal expenditures on health measures but at the same time had agreed that it would no doubt be inadvisable to contemplate any decrease in this figure. If this view was accepted, the only remaining decision was as to the manner in which the savings on Hospital Construction Grant should be reallocated amongst other services.

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23. The Minister of Justice, as Acting Minister of Finance, pointed out that the Federal grants towards hospital construction were of a non-recurring capital nature and that the savings proposed to be achieved on this score during the new five-year period were apparently to be reallocated towards operation and maintenance of various health services, which costs would presumably recur ad infinitum.

He added that officials of the Department of Finance with whom he had discussed the proposal held the view that some or all of the savings achieved on the score of the hospital grants might be re-allocated in order of priority to - (a) diagnostic services and (b) maternal and child welfare but were doubtful as to the advisability of increasing Federal aid in respect of rehabilitation which was largely a matter of Provincial concern.

24. Mr. St-Laurent was of opinion that there was much merit in augmenting Federal aid towards extension of diagnostic facilities and services. This might tend to prevent excessive resort to hospitalization which would be a real advantage in the event some form of health insurance was established in the future on a national scale.

25. Mr. Martin also pointed out that the mortality rate amongst infants in Canada was deplorably high compared with such countries as the United States and New Zealand. An increase in Federal grants in this field would, he hoped, result in substantial improvement.

26. The Minister of Labour believed that an increase in grants towards extension of rehabilitation services would be justifiable. The National Committee on Rehabilitation, which comprised representatives of federal Provincial and local governments, had not only achieved some very gratifying results in this field during the past few years but had also succeeded in forestalling to a large extent demands for the outright establishment of a $40 pension for all disabled persons in Canada.

27. The Minister of National Revenue pointed out that the medical aspects of rehabilitation services were very important and on this score alone he felt that increased Federal assistance was warranted.

28. Mr. St-Laurent suggested that, if it were agreed that the total Federal expenditures on health services should remain at the same level during the coming five-year period, an appropriate reference to this matter should be included in the Speech from the Throne.

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A decision as to the detailed reallocation of the savings achieved in the Hospital Construction Grants could be reached at a later date after full consideration of the proposal submitted by the Minister of National Health and Welfare.

29. Mr. Martin thought that in addition to the reference to be included in the Speech from the Throne he might advisedly make a general statement as to the government's intentions in this matter when his departmental estimates were called in the House of Commons; and that he might also intervene in the Debate on the address of what seemed expedient.

30. The Cabinet, after considerable further discussion, noted the report of the Minister of National Health and Welfare on the national health grants programme and,

(a) agreed that there be no reduction in overall Federal expenditures on health services during the next fiscal year;

(b) deferred decision on the specific manner in which the $8.5 million expected to be saved annually on hospital construction grants should be distributed amongst other health services; and,

(c) agreed that an appropriate reference to this matter be included in the Speech from the Throne and that a general statement of the government's intentions be made by the Minister of National Health and Welfare when his departmental estimates were called in the House of Commons; or on some other appropriate occasion.

Television policy

31. The Prime Minister reported on the meeting the previous day of a delegation from the Canadian Association of Broadcasters with members of the government to discuss radio and television policy. It would be desirable to clarify the policy with regard to the issuance of licences to private operators to establish television stations. As recently announced, the Canadian Broadcasting Corporation would be establishing immediately three television stations - on the Pacific coast, on the prairies and on the Atlantic coast-in addition to the stations now operating in Montreal and Toronto and the station to be built in Ottawa. It would be quite some time before the C.B.C. stations could be established. It was not desirable to maintain a policy that would prevent people outside the six centres from having any chance of securing television for a considerable time. It also seemed undesirable to allow

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television facilities to be duplicated in some areas while others were without any service whatever. Once the locations of the three new C.B.C. stations had been definitely established, an appropriate policy might be to allow private stations elsewhere on the basis that they would be outlets for C.B.C. programmes as well as their own. This policy would appear to be in line with the recommendations of the Royal Commission on National Development in the Arts, Letters and Sciences, if it were provided that the private stations could not be subsidiaries of U.S. networks and could have no relations with these networks except through the C.B.C.

The C.B.C. had suggested that licences should not be granted to private stations until C.B.C. outlets had been established in every province. This would mean too great a delay. In general, the position might be that no private station should be licensed within a distance such as 45 - 50 miles from a C.B.C. station or any other private station.

32. The Minister of Trade and Commerce thought the limiting distance ought to be not more than 45 miles. That would enable a private station to be established in Hamilton. Private operators ought also to be allowed to establish stations, if they so desired, in the other larger Ontario centres.

33. The Minister of Transport said some consideration would have to be given to the question whether licences for television stations should be granted to publishers of newspapers and operators of radio stations. It was possible that in some locality, the same person might control the newspaper, the radio station and the television station.

34. The Cabinet, after further discussion;

(a) noted with approval the proposal of the Prime Minister that a suitable policy with regard to licences for private television stations would be to grant them for the establishment of stations in areas not less than a specified distance, such as 45 - 50 miles, from Toronto or Montreal or one of the other four centres in which television stations were to be established immediately by the Canadian Broadcasting Corporation, on the basis that such stations would be subject to regulations to be established by the C.B.C. concerning the broadcasting of C.B.C. programmes, relations with U.S. networks and other matters; and,

(b) agreed that Dr. McCann discuss the matter with the Chairman of the Board of Governors of the Canadian Broadcasting Corporation with a view to having an announcement of policy at an early date.

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Radio relay system for defence and commercial telephone and telegraph services, Ashcroft - Prince George, B.C.

35. The Minister of Transport reported that additional facilities were required to provide for National Defence communications in the Ashcroft - Prince George area in connection with operation "Pine Tree", as well as additional commercial circuits to meet increasing demands from business and private interests in the interior of British Columbia. It appeared that a radio relay system would be the best means of providing for these requirements and it could be established at a cost of approximately $600,000. It was recommended that the system be installed and maintained by the British Columbia Telephone Company and owned by the Crown in order to protect the investment of the Federal government in the B.C. Division of the Government Telegraph and Telephone Service.

Of an estimated annual revenue of $211,000, that from the National Defence circuits would be about $86,000. It was accordingly recommended that $245,000 (an equivalent proportion of the cost) be provided by the Department of Defence Production and $355,000 by the Department of Transport. It was also recommended that the Minister of Transport be authorized to enter into an agreement with the British Columbia Telephone Company on the installation of the system.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 7, 1952 - Cab. Doc. 350-52).

36. The Minister of Defence Production said he agreed with the proposal that the system be established but he was not sure that the basis of division of cost was the best one. The defence part of the appropriation should probably be provided from the National Defence vote.

37. The Cabinet, after discussion, approved in principle the recommendation of the Minister of Transport that a radio relay system be constructed for defence and commercial telegraph and telephone circuits in the Ashcroft - Prince George area of British Columbia under an agreement with the British Columbia Telephone Company and with ownership in the system vested in the Crown in the name of the Department of Transport; the basis of division of the cost of construction to be subject to further consideration when a recommendation to Council to authorize the arrangement was presented.

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Canadian shipping and shipbuilding industries; long-range policy

38. The Minister of Transport submitted a memorandum on the position of the Canadian shipping and shipbuilding industries. It was recommended that a long-term policy be adopted of operational and constructional subsidization for the Canadian merchant marine and that the Canadian Maritime Commission be instructed to prepare a memorandum setting out ways and means whereby financial assistance might be extended to the deep-sea shipping and shipbuilding industries of Canada.

Copies of the memorandum had been circulated

(Minister's memorandum, Nov. 10, 1952 - Cab. Doc. 351-52).

39. The Prime Minister said the memorandum raised a number of important questions of policy. It would be desirable to have the matter discussed by the departments most directly concerned before consideration was given by the Cabinet. Possibly the memorandum should be referred to the Interdepartmental Committee on External Trade Policy.

40. Mr. Chevrier agreed that interdepartmental discussion would be desirable. There was a committee on merchant shipping policy and it might also be a suitable forum for discussion.

41. The Cabinet agreed that the memorandum of the Minister of Transport on Canadian flag deep-sea shipping and the desirability of establishing a long-term policy for the provision of financial assistance to the deep-sea shipping and shipbuilding industries of Canada be referred for consideration by the Interdepartmental Committees on External Trade Policy and Merchant Shipping Policy, sitting jointly, to ensure representation by all departments directly concerned.

Universal Postal Union; 14th Congress, 1957; preliminary arrangements

42. The Prime Minister said the Postmaster General had suggested that an interdepartmental committee be established to make preliminary arrangements for the holding in Ottawa of the 14th Congress of the Universal Postal Union in 1957. He had suggested that the departments to be represented on the committee, in addition to the Post Office, be the Privy Council Office, External Affairs, Finance, Public Works, and the Secretary of State's department.

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43. The Cabinet approved the recommendation of the Postmaster General and agreed that an interdepartmental committee be established to make preliminary arrangements for the holding in Ottawa in 1957 of the 14th Congress of the Universal Postal Union; the committee to consist of representatives of the Post Office, the Privy Council Office, External Affairs, Finance, Public Works, and the Secretary of State's department, with authority to invite other departments to be represented when necessary.

Coronation; possible delegation from the Canadian Branch of the Commonwealth Parliamentary Association

44. The Prime Minister said that in 1937 the United Kingdom branch of the Empire Parliamentary Association had invited eight representatives of the Canadian Branch to attend the Coronation as their guests. For the coming Coronation a similar invitation was likely to be extended to the two Speakers, the Deputy Speaker of the House of Commons, a representative of the provincial groups, and the Clerk of the House of Commons as secretary of the Canadian branch. The question was whether the government should make some financial provision to enable other representatives of the Canadian Parliamentary Association to attend the Coronation in addition to those who could go as guests of the United Kingdom Branch and those who would be included in the official delegation. In 1937, $3600 had been provided for the expenses of those who went as guests of the United Kingdom Branch.

45. The Minister of Transport was of the opinion that no provision ought to be made as suggested to enable more persons to go. The government had already given quite a lot of assistance to the Association in connection with the meeting in Canada during the summer. If assistance were to be provided for a few members to attend, many others would feel injured. It would be very difficult to select who should go.

46. The Minister of Citizenship and Immigration thought it would be desirable to take no firm decision until an approach had been made by the Canadian Branch requesting that some assistance be given.

47. The Cabinet, after discussion, agreed that decision be deferred on the provision of financial assistance to enable members of the Canadian branch of the Commonwealth Parliamentary Association to attend the Coronation; the matter to be considered further if representations for assistance were received from the branch.

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Coronation; celebration of the Queen's birthday in 1953

48. The Prime Minister said the date of the Coronation, June 2nd, 1953, would be a public holiday. The official birthday of the Sovereign was normally celebrated early in June and, if precedent were followed the date would be Monday June 1, or June 8. It was for consideration whether some change should be made in the official observance of the Queen's birthday in 1953. It probably would not be desirable to observe the Coronation and the official birthday on the same date. One possibility might be to have the Queen's birthday celebrated on whatever date would be observed next year as Victoria Day in accordance with the amended Act.

49. The Cabinet, after discussion, deferred decision on arrangements to be made for the official celebration of the birthday of the Queen in 1953 pending consideration of Citizenship Day and Empire Day.

United Nations Expanded Programme for Technical Assistance; Canadian contribution

50. The Prime Minister said the Minister of National Defence, as Acting Secretary of State for External Affairs, had submitted a memorandum recommending that the Canadian delegation to the General Assembly of the United Nations be authorized to pledge an amount up to $850,000 as the Canadian contribution to the United Nations Expanded Programme for Technical Assistance for the year 1953. The contribution authorized in 1950 had been $850,000 and in November 1951 a similar contribution had been authorized for 1952, provided that the exact figure should depend on the amounts pledged by other countries. The actual Canadian contribution had been $750,000. The goal of the programme for 1953 was $25 million, which was an increase of 20 percent over the 1952 target. The U.S. delegation had been authorized to pledge $14.7 million, provided that did not exceed 60 percent of the total contributions for 1953. The U.S. authorization represented an increase of $2.7 million over the U.S. contribution in 1952. The programme was proving effective and it was desirable for Canada to continue to participate.

Copies of the memorandum had been circulated

(Memorandum, Acting Secretary of State for External Affairs Nov. 10, 1952 - Cab. Doc. 358-52)

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51. The Secretary reported that the Minister of Finance had approved the recommendation.

52. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs, and agreed that the Canadian delegation to the General Assembly of the United Nations be authorized to pledge an amount up to $850,000 as the Canadian contribution to the United Nations Expanded Programme for Technical Assistance for 1953; the precise amount of the contribution to depend upon the total amount pledged by other countries.

Appointments

53. The Prime Minister said the Minister of Resources and Development had submitted a recommendation for an appointment to the National Film Board, and the Minister of Veterans Affairs a recommendation for an appointment to the Canadian Pension Commission.

54. Mr. St-Laurent submitted a recommendation for the appointment of an Associate Chief Justice.

55. The Minister of Justice submitted recommendations for two judicial appointments.

56. The Cabinet approved the recommendations submitted and agreed that:

(a) Dr. Leon Lortie be appointed a member of the National Film Board for a term of three years commencing November 14th, 1952;

(b) Dr. W.L. Coke be appointed a Commissioner of the Canadian Pension Commission for a period of ten years commencing November 17th, 1952;

(c) William B. Scott, Esquire, Q.C., be appointed Associate Chief Justice of the Superior Court of Quebec to perform the duties of the Chief Justice of the Superior Court in the District of Montreal as it is constituted for the Court of Queen's Bench sitting in appeal;

(d) His Honour Rene Alexandre Danis, Judge of the District Court of Cochrane, be appointed a Judge of the Supreme Court of Ontario and a member of the High Court of Justice for Ontario and ex officio a member of the Court of Appeal for Ontario; and

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(e) J.A.A. Duranceau, Esquire, Q.C., be appointed Judge of the District Court of Cochrane and a Local Judge of the High Court of Justice for Ontario; Orders in Council to be passed accordingly.

(Orders in Council P.C. 4479, 4497, 4500, 4501 and 4502, Nov. 13, 1952).

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 17,1952

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Items discussed

Visit of the Secretary of State of the United States; arrangements 2.

Capital cost allowances; termination of deferred depreciation; method of application 2.

Television policy; statement; cooperation between Canadian Broadcasting Corporation and National Film Board 3.

Legislation; National Housing Act amendment 3.

egislation; Children of War Dead (Education Assistance) bill 4.

orth Shore Construction Company Limited; ex gratia payment re Baie Comeau Airport 5.

Lake Ontario water levels; claims for damages 7.

Parliament; Speeches from the Throne 8.

Colombo Plan; future contributions 9.

Foreign awards; directive concerning acceptance in connection with the United Nations Korean operations 9.

National Defence; establishment of House of Commons Committee on defence expenditures 10.

Coronation; Service representation 10.

Appointments 12.

Provincial Administrators; standing commissions 12.

Transport; ex gratia payment in respect of air accident at Saskatoon 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, November 17th, 1952, at 2:30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R. G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Visit of the Secretary of State of the United States; arrangements

1. The Prime Minister referred to the coming visit to Ottawa of the Secretary of State of the United States. It was expected that Mr. Acheson would arrive late on Friday morning, November 21st, and would leave Ottawa the following Sunday, November 23rd. The Secretary of State for External Affairs and Mrs. Pearson were giving a dinner at the Country Club on Friday evening in honour of Mr. and Mrs. Acheson. Mr. Acheson had also been invited to attend a special meeting of Cabinet at 12 o'clock noon on Saturday, November 22nd.

It would be desirable that Ministers who could conveniently do so, without interfering with important prior commitments, attend both functions.

2. The Cabinet noted with approval the report by the Prime Minister on arrangements for the forthcoming visit to Ottawa of the Secretary of State of the United States.

Capital cost allowances; termination of deferred depreciation; method of application

3. The Prime Minister, referring to discussion at the meeting of October 15th, said that two alternative draft Orders in Council had been prepared with respect to the termination of deferred depreciation on December 31st, 1952.

Both alternatives provided that normal depreciation could be taken in respect of all properties acquired after December 31st, 1952. With respect to properties acquired before that date, however, the first alternative provided that deferment of taxation would not continue into a taxation year commencing after December 31st, 1952, whereas the second alternative provided that the period of deferment on such properties be reduced from four to two years from the date of acquisition.

An explanatory note had been circulated.

(Secretary's memorandum, and attached draft orders Nov. 15, 1952 - Cab. Doc. 361-52)

4. The Cabinet, after discussion, noted the Prime Minister's report on alternative proposals for the termination of the deferred depreciation provisions of the Income Tax Regulations and agreed that he discuss the matter further with the Minister of Finance and the Minister of Trade and Commerce, who was not present, and report at the next meeting of Cabinet.

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Television policy; statement; cooperation between Canadian Broadcasting Corporation and National Film Board

5. The Prime Minister reported that the Chairman of the Board of Governors, Canadian Broadcasting Corporation had been informed that the government wished to make an announcement at the opening of the next session with respect to television.

Mr. Dunton had submitted a draft statement which outlined a policy along the lines suggested by the government. Such a statement, with any desired amendments, might be used in the course of the debate on the Speech from the Throne.

(Draft memorandum, Chairman, Board of Governors, Canadian Broadcasting Corporation, Nov. 15, 1952)

6. Dr. McCann referring to discussion at the meeting of August 27th, reported that agreement had now been reached between Mr. Dunton and the Government Film Commissioner on the nature and degree of cooperation which should exist between the C.B.C. and the National Film Board in respect of the production, processing, etc., of films for television use.

(Report, Chairman, Board of Governors, Canadian Broadcasting Corporation and Chairman, National Film Board, undated)

7. The Cabinet, after discussion, noted with approval the draft statement on television policy as submitted by the Prime Minister to the effect that Parliamentary approval would be sought for the construction by the Corporation of three new television stations at Halifax, Winnipeg and Vancouver and that the government was further prepared to consider applications for licences for private television broadcasting stations to serve areas which could not be served at this time by C.B.C. stations, and agreed that a statement along these lines might usefully be made during the course of the debate on the Speech from the Throne; at the same time reference might also be made to the arrangements worked out between the Canadian Broadcasting Corporation and the National Film Board for the production, processing, etc., of films for television use.

Legislation; National Housing Act amendment

8. The Minister of Resources and Development submitted a resolution and bill to amend the National Housing Act.

Copies of the draft bill had been circulated.

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9. The Minister of Finance noted that by the proposed amendment to section 12, it would be possible to enter into agreements with municipalities for the clearance of one area and the use of another area for housing development, provided the area cleared was to be used for public purposes. He felt this widening of the slum clearance provisions would have to be administered very carefully in order to ensure that any given community was not furnished, at the taxpayers' expense, with parks and other municipal facilities at bargain prices. There should probably be some provision whereby substantial increases in the value of the land as a result of slum clearance could be recaptured.

10. Mr. Winters, said the problem referred to by the Minister of Finance had been kept in mind in drafting the amendment. It would be noted that, under the new section, it would be possible to switch areas only if the cleared area was to be used for public purposes and not for commercial or industrial developments. In addition, steps would be taken, by regulations under the Act or otherwise, to prevent abuses in the administration of the new section.

11. The Cabinet, after further discussion approved for introduction the resolution and bill to amend the National Housing Act as submitted by the Minister of Resources and Development.

Legislation; Children of War Dead (Education Assistance)bill

12. The Minister of Veterans Affairs , referring to discussion at the meeting of November 13th, said he concurred in a recommendation by the Cabinet Committee on Legislation that the proposed new measure to provide assistance for post-secondary education of the pensioned children of certain deceased members of the armed forces should be made applicable to the dependents of World War I veterans.

13. The Minister of Finance understood that the new legislation would apply in respect to intra-mural education only. He thought section 3 (a) of the bill might be reworded to make that intent clearer.

14. Mr. Lapointe said that it would be possible to provide all the necessary restrictions by regulations to be made under the Act.

15. Mr. Abbott also suggested that consideration be given to the inadvisability of granting allowances to students who followed night courses only and were engaged in gainful employment in the daytime. It seemed to him that in such cases, fees might be paid but not allowances.

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He further suggested that it might be desirable to remove the fifteen-month limitation in section 6 of the bill and to rely exclusively on the age limit prescribed in section 5 to prevent abuses.

16. The Prime Minister noted that the resolution to precede introduction of this measure had been approved at the meeting of November 13th. It might be desirable to postpone final approval of the bill itself pending further consideration by the Minister of Finance and the Minister of Veterans Affairs in consultation.

17. The Cabinet, after further discussion, deferred decision on introduction of the Children of War Dead (Education Assistance) bill pending further consideration and report by the Minister of Finance and the Minister of Veterans Affairs.

North Shore Construction Company Limited; ex gratia payment re Baie Comeau Airport

18. The Minister of Transport, referring to discussion at the meeting of August 6th, said an audit had been carried out by the Cost and Audit Division of the Comptroller of the Treasury on the accounts of the North Shore Construction Company Ltd., for the Baie Comeau Airport contract. The audit report indicated a total loss on the contract of $223,072.98. If the loss of $33,302.72 incurred on gravel were deducted from this total, the amount of the claim outstanding would be $189,770.26.

Original tenders received for the Baie Comeau Airport contract had been as follows:

North Shore Construction Company Ltd.,Montreal....	$212,168.75
H.J. O'Connell Ltd., Montreal.....	$232,723.80
McNamara Construction Company Ltd.,Leaside,Ont....	$279,632.50
Robert A. Guay, Granby, P.Q.....	$321,291.50
Michaud & Simard Inc., Quebec, P.Q.....	$512,390.00

An explanatory note had been circulated.

(Minister's memorandum, Nov. 7, 1952 - Cab. Doc. 354-52)

19. Mr. Chevrier recalled that Cabinet had agreed that no ex gratia payment could be made for the portion of loss alleged to have been incurred through inability to use sources of gravel the Company had expected would be available. However, the Superintendent of Construction of the Department of Transport had stated that the amount of bad ground encountered had been much above average and that the amount of excavation had exceeded by 80 percent what had been estimated. The price of 31 cents per cubic yard quoted by North Shore Construction for excavation was however, considered to be low even

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under the best conditions and some part of the loss incurred could be attributed to the normal risk of bidding too low.

20. The Minister ofFisheries thought ex gratia payments were dangerous in principle. They encouraged unscrupulous contractors to submit ridiculously low tenders in the expectation that losses incurred would later be recovered more or less automatically from the Treasury.

21. The Minister of Resources and Development said that Central Mortgage and Housing Corporation and he himself, as the Minister of the Crown responsible, usually took a pretty firm stand on requests for recovery of abnormal losses incurred by contractors on housing projects. There had been several instances of firms being put out of business on account of such losses. He felt that consideration should be given to the desirability of establishing a committee for the purpose of reviewing the more difficult cases.

22. The Prime Minister thought it would be difficult to reach a decision on the proposed ex gratia payment to North Shore Construction Company on the strength of the information available. He felt an ex gratia payment should be considered favourably only if it were established that the call for tenders had in fact omitted certain items which were later encountered by the contractor while work was in progress and for which no provision had been made. If such was the case and the contractor had been urged nonetheless by the Department of Transport to carry on with the work because of urgency, it would seem that a case in equity might be made to consider some form of compensation. In computing such a payment, however, the unit prices to be fixed for any items omitted from the original specifications should be comparable to the unit price of 31 cents per cubic yard quoted by the contractor on excavation work.

23. The Cabinet, after discussion, noted the report of the Minister of Transport on the audit of the accounts of the North Shore Construction Company for the Baie Comeau Airport Contract and deferred decision on any ex gratia payment pending submission by the Minister of Transport of a report showing,-

(a) whether the original call for tenders had omitted certain items later encountered while work was in progress;

(b) whether, despite this omission, the Department of Transport had instructed the North Shore Construction Company to complete the work on grounds of urgency and public interest; and,

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(c) in the event that the answers to the questions raised in (a) or (b) above were in the affirmative, a computation of the losses actually incurred by the contractor on unspecified items based on prices comparable to the 31cents per cubic yard quoted by the contractor for general excavation work.

Lake Ontario water levels;claims for damages

24. The Prime Minister, referring to discussion at the meeting of October 23rd, reported that, in view of the terms of the 1903-04 agreements on construction of the Gut Dam, the U.S. State Department had been unwilling to forward, as suggested by Canada, a certificate confirming to the District Court of northern New York the sovereign immunity of Canada.

The New York legal firm of Sullivan and Cromwell had been retained to advise in this matter and, following consultation with Mr. Wyatt of that firm the Canadian Ambassador had signed a letter to the Judges and Clerk of the above Court suggesting that, in view of Canada's sovereign immunity, the Court lacked jurisdiction in respect of the claims for damages entered by Oster and Oster. After delivering the Ambassador's suggestion to the Judges and Clerk of the Court, Sullivan and Cromwell had reported to the Deputy Minister of Justice that although the case had not yet been dismissed it was unlikely the plaintiffs would be able to sign any default judgment. In any event, the Court had undertaken to keep the firm informed as to future developments.

At the same time, Sullivan and Cromwell was informing the plaintiffs' solicitor that, in view of the Canadian government's statement that it would be willing to consider claims submitted in a proper forum agreed upon by the Canadian and U.S. governments, he should advise his clients to take the matter up with the State Department and to discontinue court proceedings in northern New York.

With a view to counteracting any unfavourable reaction which the Ambassador's suggestion of lack of jurisdiction might have had, a press release had been issued the previous Saturday outlining in detail the government's position and the desirability of Canada and the United States reaching agreement on the establishment of an appropriate tribunal to dispose of the various claims as expeditiously and equitably as possible.

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It had been suggested by the Under-Secretary of State for External Affairs that it might now be advisable to retain counsel to advise the government generally with regard to claims of U.S. citizens for damages arising out of high water levels on Lake Ontario allegedly caused by the Gut Dam. If the general retainer of counsel (presumably Sullivan and Cromwell) was approved, the Department of External Affairs proposed, in consultation with the Department of Justice, to press the State Department for an early reply to the Canadian request for discussions on the setting up of a tribunal and to proceed with such discussions in Washington as soon as possible after consultation with Counsel.

(Memorandum, External Affairs, Nov. 17, 1952)

25. Mr. St-Laurent thought counsel should be retained immediately as recommended and that the question of reaching agreement on the setting up of a tribunal to hear the various claims for damages arising in the United States should be pursued actively in view of the cases now pending in the U.S. Court of Claims at Washington and in the Court of the northern district of New York at Utica. He did not think that Canada, as a sovereign foreign power, could or should submit to the findings of ordinary domestic courts in the United States.

26. The Cabinet, after discussion,-

(a) noted with approval the report by the Prime Minister on recent developments on the disposition of claims lodged in U.S. courts for damages allegedly attributable to the Gut Dam; and,

(b) agreed that the New York legal firm of Sullivan and Cromwell be retained to advise the Canadian government generally with regard to claims of U.S. citizens and, if required, to act in specific cases.

Parliament; Speeches from the Throne

27. The Prime Minister submitted revised drafts of the Speeches from the Throne for the closing of the Sixth and the opening of the Seventh sessions of the 21st Parliament.

28. The Cabinet, after discussion, noted with approval the draft Speeches from the Throne as submitted by the Prime Minister subject to certain revisions suggested during the course of discussion.

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Colombo Plan; future contributions

29. The Minister of Finance, referring to discussion at the meeting of November 13th, said it appeared that the best way of handling Canadian contributions under the Colombo Plan would be to have an arrangement similar to that made for contributions to the fund for the development of the National Capital.

30. The Cabinet, approved the recommendation of the Minister of Finance and agreed that an item be included in the Further Supplementary Estimates for 1952-53 to transfer to a special account in the Consolidated Revenue Fund the unexpended balance of the Canadian contribution to the Colombo Plan for the fiscal year 1952-53, and that an item be inserted in the Estimates to place in the same special account an amount of $25 million as the Canadian contribution under the Plan for the fiscal year 1953-54; the items to be so drawn that the amounts placed in the Account would be available for use after the end of the fiscal year for which they were appropriated.

Foreign awards; directive concerning acceptance in connection with the United Nations Korean operations

31. The Minister of National Defence, referring to discussion at the meeting of March 12th, 1952, reported that the Awards Co-ordination Committee had now submitted a revised draft directive to govern acceptance of foreign awards in connection with United Nations Korean operations.

An explanatory memorandum had been circulated.

(Secretary's memorandum Nov. 12, 1952 and attached draft directive - Cab. Doc. 357-52).

32. The Cabinet , after discussion agreed that permission be granted to accept foreign awards in connection with United Nations Korean operations only for defined types of service and to apply only to certain categories of persons, viz., Canadian citizens who were members of the Canadian Armed Forces for both operational and non-operational services, Canadian merchant seamen and specified categories of Canadian citizens for exceptionally meritorious services and Canadian citizens for distinguished services in the saving of life, and approved the draft directive along these lines submitted by the Awards Coordination Committee subject to modification to make it clear that persons eligible must have served in the Korean theatre of operations.

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National Defence; establishment of House of Commons committee on defence expenditures

33. The Minister of National Defence said it seemed clear that there would be a demand that a special committee of the House of Commons be established on defence expenditures. In the circumstances he recommended that a motion be placed on the order paper at the opening of the session for the establishment of such a committee.

34. The Cabinet approved the recommendation of the Minister of National Defence and agreed that a motion in the name of the Prime Minister be placed on the order paper of the House of Commons for the establishment of a special committee on defence expenditures.

Coronation; service representation

35. The Minister of National Defence said there would be a meeting of the Coronation Committee on November 18th at which among other things, questions would probably be considered relating to representation of the armed forces at the Coronation. The Commonwealth countries had all been asked to send contingents which were in some degree proportionate to the present size of their armed forces. In 1937 Canada had a contingent of 359, all but 8 of whom had gone from Canada for the purpose. The proposal on the present occasion was for a marching contingent of 400 regular force personnel and for a street-lining contingent drawn from the reserves to the number of 326. Each would be drawn from the Navy, Army and Air Force. Of the total force of 726,it was suggested that 219 of the regular force contingent could come from units in the United Kingdom and Europe. The rest would have to go from Canada. Among those from Canada would be a representation of men who had fought in the Korean operation. The total contingent as suggested was not out of line with that of 1937, taking into account the increase in Canadian armed forces. The services were also asked to provide a mounted escort of 4 officers for the Queen. In 1937 the mounted escort for the King had been 6 in number. It was proposed that the mounted escort for the Prime Minister be made up of R.C.M. Police personnel. A 40-piece band, that of the Royal Canadian Horse Artillery, which was at present in Europe, could be provided.

One question was whether there should be any Headquarters' representation. It had been suggested that the Chairman of the Chiefs of Staff Committee, the Chief of Staff, and General Crerar should attend.

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The proposal was that the Chiefs of Staff would not appear as part of the contingents of the respective countries but would be in an entirely separate group of Chiefs of Staff from all the Commonwealth countries. It was suggested that they too should be mounted.

In 1937 the costs for the Canadian service representation had amounted to $184,887. It was estimated that the proposed contingent would cost $277,000.

36. The Prime Minister agreed that Canada should be represented at the Coronation in an appropriate fashion but it was important that no one should go at public expense whose presence was not genuinely required in a representative capacity. Probably all the Canadian reserve units would have to be considered in relation to the composition of the reserve contingent. For the regular forces, as large a group as possible should be taken from those now in Europe. It was not at all clear that it was necessary for the Chiefs of Staff to be present. It would be desirable to ascertain what the other Commonwealth countries were doing and, unless they were all planning to have their Chiefs of Staff attend and different action by Canada would be conspicuous, the Chiefs of Staff ought not to be sent. So far as the mounted escort for the Prime Minister was concerned, it would be desirable to see whether it could not be dispensed with.

37. The Minister of Justice said the R.C.M. Police would be providing 37 horses for their own contingent at the Coronation. It appeared that there would also have to be 4 horses for the Queen's escort, 4 for the Prime Minister's escort, if it were decided to be necessary, and 5 for the Chiefs of Staff group if they attended and were mounted.

38. The Cabinet, after considerable discussion noted the reports of the Minister of National Defence and the Minister of Justice on Canadian service and R.C.M. Police representation at the Coronation and agreed that:

(a) an attempt be made to ascertain what other Commonwealth countries were doing with regard to service representation at the Coronation before any firm decisions were taken;

(b) provision be not made for the attendance of the Canadian Chiefs of Staff at the Coronation unless it appeared that all other Commonwealth countries would have their own Chiefs of Staff present and that different action by Canada would be conspicuous;

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(c) the High Commissioner in London be directed to ascertain whether mounted escorts for Prime Ministers were felt to be essential and, if not, that they be dispensed with, and,

(d) the Minister of National Defence make only general and guarded reference to the defence contingent at the forthcoming meeting of the Coronation Committee.

Appointments

39. Dr. McCann submitted a recommendation for an appointment as Assistant General Manager of the Canadian Broadcasting Corporation.

40. The Minister of Justice submitted a recommendation for a judicial appointment.

41. The Cabinet approved the recommendations and agreed that:

(a) Ernest L. Bushnell, Esquire, be appointed Assistant General Manager of the Canadian Broadcasting Corporation, effective January 1st, 1953, at a salary of $12,000 per annum; and

(b) Claude Prevost, Esquire, Q. C. be appointed a Judge of the Superior Court of the District of Montreal; Orders in Council to be passed accordingly.

(Orders in Council P.C. 4513 and P.C. 4514 Nov. 17, 1952.)

Provincial Administrators; standing commissions

42. The Secretary of State mentioned that there was not at present any provision for the issuance to the Chief Justices of the Provinces of standing commissions as Administrators, along the lines of the commission issued to the Chief Justice of Canada to act for the Governor General whenever he was absent. There would be advantage in having standing commissions and the Department of Justice advised that they would be legally affective. It was accordingly recommended that communications be sent to the Provinces suggesting that such action be taken in order that the Chief Justices might be in a position to act as Administrators whenever the Lieutenant-Governors might be absent without the need of a new Commission on each occasion .

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43. The Cabinet approved the recommendation of the Secretary of State and agreed that he communicate with the Provincial governments to ascertain whether they would favour the issuance to the Chief Justices of the Provinces of commissions, effective during pleasure, authorizing them to act as Administrators in the absence of a Lieutenant-Governor from a Province.

Transport; ex gratia payment in respect of air accident at Saskatoon

44. The Minister of Transport said two United States citizens had brought action on claims for injuries arising out of an accident that had occurred at Saskatoon airport involving an aircraft owned by one of them. The Judge in the court where the action had originated had dismissed the claims for lack of jurisdiction. In the event that the claims were granted, he assessed the damages at $7,000 in one case and $335 in the other. An appeal had been granted and the Supreme Court of Canada had allowed it in the amount of $7,000 in the one case. In the other instance it did not have jurisdiction as the claim was for less than $500. It had now been represented that an ex gratia payment of $335 ought to be made as the claim was of equal validity with the other and ought not to be avoided because of a lack of jurisdiction.

45. The Cabinet, after discussion, agreed that the Minister of Transport secure advice from the Department of Justice as to whether the claim for $335 damages arising out of an accident at Saskatoon airport was the same in character, except as to amount, as the claim for $7,000 which had been granted by the Supreme Court of Canada and that, if the claim were on the same basis, an ex gratia payment be made.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 19, 1952

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Items discussed

St.Lawrence project; message from President Truman 2.

Capital cost allowances; termination of deferred depreciation 2.

Legislation; Prairie Farm Rehabilitation Act amendment 3.

Legislation; Civil Service Insurance Act amendment 4.

Legislation; Historic Sites and Monuments bill 6.

Parliament; legislation 7.

Trade negotiations with Japan; line to be followed by Canadian negotiators 7.

Canadian International Trade Fair; continuance in 1954 8.

Winnipeg airport development; extension of contract 9.

British Empire Games; grant 10.

Grants to the "Maison des Etudiants Canadiens" in Paris 11.

Civil Service; Five-day week 12.

Transport; revival of the Canadian Seamen's Union 13.

Coinage; authorization of new coins 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, November 19th, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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St.Lawrence project; message from President Truman

1. The Prime Minister, referring to discussion at the meeting of November 5th said that he had received a letter dated November 7th from the President of the United States in which Mr. Truman concurred in the stand taken by the Canadian government in stating that Canada now considered the 1941 Great Lakes - St. Lawrence Basin Development Agreement as having been superseded. Mr. Truman expressed his gratification over the favourable prospects of an early start being made on construction of the project.

(Letter, President Truman to Prime Minister, Nov. 7, 1952).

2. The Cabinet noted the report by the Prime Minister on President Truman's message respecting the St. Lawrence development project and his concurrence in the stand of the Canadian government that the 1941 Great Lakes - St. Lawrence Basin Development Agreement had been superseded.

Capital cost allowances; termination of deferred depreciation

3. The Prime Minister said that subsequent to the meeting of November 17th, he had discussed with the Minister of Trade and Commerce and the Minister of Finance the alternative proposals respecting termination of the deferred depreciation provisions of the income tax regulations. As a result of that discussion, it was now recommended that the income tax regulations be amended to allow capital cost allowances in respect of all properties acquired after December 31st, 1952, and to provide further that the period of deferment in respect of properties acquired before December 31st, 1952, be not continued into any taxation year commencing after December 31st, 1952.

4. The Cabinet, after discussion, agreed the income tax regulations be amended to allow capital cost allowances in respect of all properties acquired after December 31st, 1952, and to provide further that the period of deferment in respect of properties acquired before December 31st, 1952, be not continued into any taxation year commencing after December 31st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 4512, Nov. 19, 1952).

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Legislation; Prairie Farm Rehabilitation Act amendment

5. The Minister of Agriculture, referring to discussion at the meeting of October 30th said that the Prairie Farm Rehabilitation Act was now applicable only to the drought and soil drifting areas in the Provinces of Manitoba, Saskatchewan and Alberta. Despite this limitation, several projects had, during recent years, been undertaken in the northern parts of the Prairie Provinces as well as in British Columbia. Funds to cover the cost of these undertakings had been secured from time to time by special Parliamentary appropriations and the work had actually been carried out by the P.F.R.A. administration. He felt that there would be every advantage in recognizing this situation by seeking extension of the Prairie Farm Rehabilitation Act to the four Western Provinces. He did not think that extension of the legislation would result in any additional expenditures during the current year although subsequently an overall increase of approximately 10 percent might be expected in P.F.R.A. expenditures.

6. The Prime Minister pointed out that this legislation was related to a field of action which was largely within Provincial jurisdiction. The present coverage of the Act could be and had been successfully defended on the grounds that the Federal government had initially been responsible for the perhaps unjudicious placing of settlers in the drought areas of the Palisser triangle. The same argument could be advanced in support of projects undertaken to improve the position of veterans who had been settled on rather unproductive lands in British Columbia. If the legislation were now extended to cover all four Western Provinces, the government might be open to attack on the grounds that it was gradually taking over a Provincial field.

7. The Minister of Finance felt it might be possible to argue in favour of some extension of the legislation within the three Prairie Provinces. He did not think, however, that there was any justification for extending the Act to British Columbia which was a relatively wealthy Province, the natural resources of which had never been administered by the Federal government.

8. The Minister of Justice said that P.F.R.A. had been established for several years now and had become accepted as a proper field of action for the Federal government. He did not feel, in the circumstances, that extension of the legislation would in fact be criticised as representing Federal encroachment on Provincial jurisdiction.

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9. The Minister of Resources and Development held the view that as a general principle it was preferable to avoid direct arrangements between the Federal government and municipalities and that agreements in these matters should be reached initially between the Federal and Provincial governments subject, of course, to whatever arrangements the Provinces and municipalities might see fit to make between themselves.

10. Mr. Gardiner said that the channeling through the Provinces of Federal assistance in respect of water and soil conservation measures held the disadvantage of obscuring in the public's mind the important share contributed by the Federal government. For this among other reasons, he felt that the present direct arrangements under P.F.R.A. should be continued.

11. Mr. St-Laurent said he had been informed by the Secretary of the Royal Commission on the South Saskatchewan development that its report would probably not be ready for submission until mid-December. If the Commission's report was negative, there might be some advantage in seeking some extension of the coverage of the Prairie Farm Rehabilitation Act in order to make it clear that the government was not unmindful of the conservation problems which existed in the Western Provinces.

12. Mr. Gardiner thought, on balance, that it might be preferable to withhold final decision on the proposed extension of the Prairie Farm Rehabilitation Act until such time as the report of the Royal Commission on the South Saskatchewan Development had been received and considered.

13. The Cabinet, after discussion, deferred decision on proposed extension of the Prairie Farm Rehabilitation Act pending receipt and consideration of the report of the Royal Commission on the South Saskatchewan Development.

Legislation; Civil Service Insurance Act amendment

14. The Minister of Finance said it would be necessary to introduce during the coming session of Parliament a bill to amend the Civil Service Insurance Act in order to make that legislation consistent with provisions to be incorporated in the revision of the Civil Service Superannuation Act now in course of preparation.

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He wished to submit for consideration a proposal that, at the same time, the Civil Service Insurance Act be amended to discontinue the present scheme of individual policies and to replace that scheme by a new plan of group life insurance for civil servants. Group life insurance plans were now becoming fairly common in private industry throughout Canada. It was not usual for an employer to provide individual policies for his employees. The Civil Service Insurance Act had been enacted several years ago to provide some form of protection for civil servants. Much of the need for this type of legislation had disappeared with the subsequent enactment of the Civil Service Superannuation Act. It seemed clear that the government would not consider introducing a similar insurance scheme if this were now being done for the first time.

On the other hand, introduction of a group insurance plan would be the best means of meeting the minimum life insurance requirements of civil servants over and above the indirect insurance protection given under the Superannuation Act. Such a scheme was probably the only way of meeting life insurance requirements of temporary civil servants or civil servants in their first five years under the proposed new Public Service Superannuation Act. If such a group insurance plan were introduced, it was proposed to discontinue the present gratuities in respect of public servants who died while still in service. The only additional expenditure involved in such a scheme would be in the case of those civil servants who died in the first two years of employment.

Under the tentative plan now worked out, life insurance for the lesser of $5,000 or the insured's annual salary would be the only amount available to each insured person. It would probably be made compulsory for all males in the Civil Service at the commencement of the plan and for all males and females who entered the service subsequently. In essence, the scheme would be a form of term insurance with provision for gradual stepping down in benefits between the ages of 61 and 70.

An explanatory note had been circulated.

(Minister's memorandum, Nov. 18, 1952 - Cab. Doc. 366-52).

15. The Prime Minister noted that approximately 12,000 individuals only had availed themselves of the opportunity of purchasing policies under the Civil Service Insurance Act. It seemed unlikely that an insurance scheme could remain actuarily sound with such a restricted number of policy holders. The suggestion put forward by the Minister of Finance was probably a step in the right direction but he felt that action along these lines might advisedly be postponed for the time being as it would probably be difficult to explain to the satisfaction of the public that this was a self-supporting scheme and not another form of bonus or gratuitous benefit for the Civil Service.

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16. The Minister of National Revenue felt that the best course of action might simply be to discontinue the Civil Service Insurance Act entirely.

17. Mr. St-Laurent said that if such repealing legislation were introduced, it would probably have to be made effective several years hence in order to give prospective policy holders an opportunity to purchase insurance before the legislation was discontinued.

18. The Cabinet, after considerable discussion, agreed that no action be taken at this time to replace individual policies under the Civil Service Insurance Act by a new scheme of group life insurance, but that a measure to amend the legislation be introduced during the coming session, to provide for changes consequential on the new provisions contained in the proposed new Civil Service Superannuation Act, for revision of premium rates in line with present levels of interest and mortality rates and other minor matters; it being understood that when the measure was introduced in the House, the Minister of Finance might make a statement to the effect that the government was considering the desirability of replacing individual policies under the legislation by some form of group life insurance.

Legislation; Historic Sites and Monuments Bill

19. The Minister of Resources and Development submitted for consideration a resolution and bill entitled the Historic Sites and Monuments Act.

The essential purpose of the measure was to provide for the establishment of the Historic Sites and Monuments Board of Canada on a statutory basis, generally in accordance with the recommendations of the Massey Commission.

He doubted, however, the wisdom of providing that reports of the Historic Sites and Monument Board must be tabled in Parliament (section 9). Such reports usually contained a series of recommendations as to projects and undertakings which the Board felt should be put in hand. The tabling of such recommendations might prove to be embarrassing to the government unless the latter was prepared to support all the suggestions put forward by the Board.

20. The Minister of Trade and Commerce felt that, as a general practice, recommendations by a body such as the Historic Sites and Monument Board should be made to a minister and not to Parliament.

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21. The Cabinet, after discussion,-

(a) approved for introduction the resolution respecting the Historic Sites and Monuments bill; and

(b) deferred decision on introduction of the bill pending reconsideration and report by the Minister of Resources and Development.

Parliament; legislation

22. The Secretary submitted for consideration various draft resolutions and measures.

23. The Cabinet, after discussion,-

(a) approved for introduction in the Senate in the first instance the following bills:

Indian Act amendment
Territorial Lands Act amendment (including repeal of Yukon Quartz and Yukon Placer Mining Acts)
Saint-John Bridge and Railway Extension Company Bill; and

(b) approved for introduction in the House of Commons the following:

Resolution and bill to amend the Judges Act
Resolution and bill entitled the Canada Water Conservation Assistance Act
Resolution and bill to amend the Trans-Canada Airlines Act.

Trade negotiations with Japan; line to be followed by Canadian negotiators

24. The Minister of Trade and Commerce, referring to discussion at the meeting of June 26th, said the Interdepartmental Committee on External Trade Policy now recommended that, rather than attempt to secure a list of products on which Canada would have the right to fix values for duty in the trade agreement with Japan, it would be desirable to try to reserve the right to apply fixed values on any imports which were either causing or threatening to cause serious injury to Canadian industry. There could be a commitment to consult with the Japanese in advance wherever possible. It was proposed that the negotiators seek

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from the Japanese non-discriminatory treatment for Canadian exports to Japan. This would apply to the 100 percent surtax which the Japanese could impose on goods from any country discriminating against Japan. It would also apply to quantitative import restrictions and the allocation of foreign exchange. The starting position would probably be to insist on complete non-discrimination between hard and soft currency countries. As a minimum Canada should secure non-discriminatory allocation of exchange among the hard currency countries. The question whether to retreat that far would have to be decided, if necessary, in the light of the progress achieved in the negotiations as a whole.

The question was raised whether further consideration should be given at present to the question of sending a semi-official or unofficial economic mission to Japan.

An explanatory memorandum had been circulated.

(Secretary's memorandum, Nov. 14, 1952 - Cab. Doc. 362-52).

25. The Cabinet, after discussion:

(a) approved the proposals of the Inter-departmental Committee on External Trade Policy concerning the lines to be followed by the Canadian negotiators in discussions on the trade agreement with Japan in relation to the reservation of the right to apply fixed values on imports causing or threatening to cause serious injury to Canadian industry and the type of assurances that should be received from Japan about Canadian exports; and,

(b) agreed that decision concerning the dispatch of a semi-official or unofficial economic mission to Japan be deferred pending further developments in the negotiations.

Canadian International Trade Fair; continuance in 1954

26. The Minister of Trade and Commerce said the practice had been to provide for part of the expenditures for each trade fair in the Supplementary Estimates and later to provide in the following year for the balance of the expenditures. It would be less confusing and more satisfactory to deal with the costs in a single item. It was accordingly recommended that agreement in principle be given to continuance of the fair in 1954 and that an item be placed in the forthcoming Estimates to provide for the balance of 1953 and the preparation for 1954. It would be understood that approval in principle of the fair for 1954 would not be a commitment that it would, in fact, be held. Definite decision could be taken at a later date.

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An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 15, 1952 - Cab. Doc. 363-52).

27. The Cabinet approved the recommendations of the Minister of Trade and Commerce and agreed that:

(a) approval in principle, but without firm commitment, be given to the continuance of the Canadian International Trade Fair in 1954; and,

(b) Treasury Board be authorized to make provision as recommended for inclusion in a single item in the forthcoming Estimates of an amount to provide for the International Trade Fairs for the balance of 1953 and the preparation of 1954.

Winnipeg airport development; extension of contract

28. The Minister of Transport reported that he had recommended to Treasury Board that authority be given to amend a contract entered into with the Commonwealth Construction Company Limited for the development of the airport at Winnipeg, Manitoba. The original contract had been for an amount of $730,000. To provide for additional developments it had been extended in May 1952 for an amount of $200,000, and in October 1952 for an amount of $59,500. The present recommendation was that the contract be again extended to cover the construction of additional hangar aprons involving an added expenditure of $311,000. The proposal for extension, without calling for new tenders, had been made to avoid delay. The contractor and his equipment were on the spot and in a position to undertake the work at once.

Treasury Board wished to have the matter placed before the Cabinet for consideration because they felt that, if substantial extensions to work under contract could not be foreseen and provided for in the original contract, tenders normally ought to be invited for extensions later desired. To do otherwise would be to violate the principle of competitive bidding.

Notwithstanding the arguments adduced by the Treasury Board, there were substantial reasons for authorizing an extension in the present case. It was probable that a call for tenders would result in higher, rather than lower, costs. There were few contractors on the prairies who could undertake such work and it was desirable to avoid delay.

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(Letter, Secretary of Treasury Board to Secretary, Nov. 14, 1952 and attached submission, Minister of Transport to Treasury Board, Nov. 4, 1952).

29. The Minister of Trade and Commerce thought that, in the circumstances of the case an extension of the contract was justifiable.

30. The Cabinet, after discussion, approved the recommendation of the Minister of Transport and agreed that authority be given to amend the contract entered into with the Commonwealth Construction Company Limited under Order in Council P.C. 4140 of August 15, 1951, as amended, to provide for additional development of Winnipeg airport to meet defence requirements involving a further expenditure of $311,000.

British Empire Games; grant

31. The Minister of Finance said the committee in charge of preparations for the British Empire and Commonwealth Games to be held in Vancouver in the summer of 1954 had requested a grant of $250,000 from the government to assist in meeting expenses. The committee was budgeting for a total cost of about $1.5 million, including about $1 million for capital items. They were seeking grants from the City of Vancouver and the Provincial government. As there were precedents for grants in such cases it was recommended that an initial grant of $100,000 be authorized, with indication that a further grant of the same amount would be sympathetically considered in 1954. The grant would be a contribution to the operating deficit only. For that reason it was desirable not to contribute the entire amount before the actual extent of the deficit could be known.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 18, 1952 - Cab. Doc. 364-52).

32. The Solicitor General advised that the plans of the committee had been altered somewhat and it was now proposed to make additional capital expenditures which would raise the total budget to about $2.25 million. Both the city and the Province were being asked for larger contributions than initially. In the circumstances it would be desirable if the Federal government could contribute $125,000 with an undertaking to consider a similar grant at a later date.

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33. The Minister of National Revenue pointed out that the contributions being sought by the committee from individual citizens would be exempt for income tax purposes, as they were being made in the form of gifts to the city for re-allocation to the committee. The tax loss to the government would amount to something of the order of $200,000 or $300,000.

34. The Cabinet, after considerable discussion, noted the report of the Minister of Finance and

(a) approved, in principle, the inclusion of an item in the Main Estimates for 1953-54 of $100,000 for a grant toward the operating deficit expected from the holding of the British Empire Games in Vancouver in 1954;

(b) agreed that the Minister be authorized to inform the committee in charge of preparations for the games that he would recommend that such an item be included; and,

(c) agreed that the Minister advise the committee that the government would sympathetically consider a further grant in 1954 of a comparable amount; the actual figure to be dependent upon the size of the anticipated deficit as estimated early in 1954.

Grants to the "Maison des Etudiants Canadiens" in Paris

35. The Minister of Finance said a request had been received from the Chairman of the committee responsible for the financing of the Maison des Etudiants Canadiens in Paris for a non-recurrent grant of $100,000 in blocked francs to meet urgent requirements for repair and rehabilitation. The request was supported by the Ambassador in Paris who recommended that funds be also provided for expansion of the building. There was a credit available with the Government of France which could be used for educational purposes. A grant of the type requested seemed appropriate as the building was apparently in serious disrepair. The recommendation for an additional grant for expansion was open to more doubt and it seemed desirable that decision be deferred on it.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 18, 1952 - Cab. Doc. 365-52).

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36. The Cabinet approved the recommendation of the Minister of Finance and agreed in principle, that a grant be made in blocked francs to the Maison des Etudiants Canadiens in Paris; the grant to be authorized in the Main Estimates for 1953-54 and the amount and specific purpose to be determined by the Treasury Board following detailed study of requirements and costs.

Five-day week in the Civil Service

37. The Minister of Finance said various Civil Service associations had asked the government to adopt a 5-day week for its employees with regular working hours not exceeding 40 per week. In the major cities of Montreal, Toronto and Vancouver, and in about a dozen industrial Ontario centres, the 5-day week had become the dominant pattern. Certain government laboratories had been put on a 5-day week for greater efficiency and many government offices in Toronto and Montreal had rearranged office hours within five days where that could be done without increased costs or reduced service to the public.

The introduction of a general 5-day week would require about 5,000 additional employees in operating units but hardly any in office work. The increase in expenditures would be about $10 million per year. It was undesirable to incur such added expenditure at the present time. If the government felt it desirable to take some action, it was suggested that it should be confined to those areas where the 5-day week was the pattern. Adoption of a 5-day week in areas where it was not the usual thing would give civil servants a preferred position over the other residents of the areas. Application of the 5-day week to both office and operating units in certain areas would probably involve about 1,500 to 2,000 extra staff and cost from $3.5 to $5 million.

The Civil Service Commission and Treasury Board staff would prefer not to extend the 5-day week to those groups where it would involve an increase in staff and expense even in areas where the 5-day week was the pattern. The policy now followed in Montreal and Toronto could be extended to Vancouver and to other smaller centres where the 5-day week was the established business pattern. If this were to be done a carefully worded statement of policy should be prepared for further consideration.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 18, 1952 - Cab. Doc. 367-52).

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38. The Minister of Trade and Commerce said he thought there should be quite an element of flexibility in the extension of the 5-day week. It should not be granted other than where it was the predominant pattern, but in those cases it probably would have to be allowed.

39. The Prime Minister said he agreed with the suggestion that the 5-day week should be established only in areas where it was the general pattern and that it should not be provided for operating staffs or for clerical staffs whose work was directly connected with operations.

40. The Cabinet, after considerable discussion, agreed that the Minister of Finance submit for consideration at a later date a statement of policy by the government on the extension of the 5-day week for civil servants; the statement to be on the basis that the government would provide for a limited extension of the 5-day week, on the same basis as it had been allowed in Montreal and Toronto, for clerical workers only and only in centres where the 5-day week was clearly established to be the dominant business practice.

Transport; revival of the Canadian Seamen's Union

41. The Minister of Transport said there were indications that an attempt was being made to revive the Canadian Seamen's Union among Canadian merchant seamen, particularly on the Great Lakes.

42. The Minister of Labour said that in such matters it was advisable for the government to leave it to organized labour to take measures to prevent or to eliminate control of unions by communist elements. It would, however, be possible to ensure that communists did not secure employment on Great Lakes vessels through the application of the security regulations, applying to seamen on the Great Lakes.

43. The Cabinet noted the comments of the Ministers of Transport and Labour concerning reports that attempts were being made to re-establish the Canadian Seamen's Union among Canadian merchant seamen.

Coinage; authorization of new coins

44. The Minister of Finance reported that Orders in Council P.C. 4523 and P.C. 4524 had been passed to provide for the minting of coins bearing the effigy of Queen Elizabeth and to continue the minting of a steel 5-cent coin. The only change in the coins would be in the effigy.

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45. The Cabinet noted the report of the Minister of Finance concerning the passage of Orders in Council to authorize the issuance of coins bearing the effigy of Queen Elizabeth and the continuance of the minting of a 5-cent coin of steel with chromium finish.

(Orders in Council P.C. 4523 and 4524, Nov. 19, 1952).

J.W. Pickersgill
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 22,1952

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Items discussed

Effect of 1952 U.S. elections on Canada - U.S. relations; United Nations; North Atlantic Treaty Organization - remarks by Secretary of State of the United States 2.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Saturday, November 22nd, 1952, at 12:00 noon.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

Also present:

The Secretary of State of the United States of America
(Mr. Acheson),

The Ambassador of the United States of America
(Mr. Woodward),
The Under Secretary of State for External Affairs
(Mr. Wilgress).

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Effect of 1952 U.S. elections on Canada - U.S. relations; United Nations; North Atlantic Treaty Organization; remarks by Secretary of State of the United States

1. The Prime Minister welcomed the Secretary of State of the United States and said his visit was particularly welcome and useful to the Canadian government in times of international tension such as the present.

During and since World War II, the North American Continent had assumed much heavier responsibilities than had been the case prior to that time. The Canadian government was particularly happy and grateful that the President and theSecretary of State of the United States had realized that it was extremely important not only to the United States but to the rest of the free world that the United States accept these responsibilities.

He had been asked recently what results the election of a new Administration in the United States might have on the St. Lawrence seaway and power project. He had replied that the project was only one aspect of our relations with the United States and that a problem of equal if not greater importance was the future of trade relations between the two countries. He voiced appreciation of the cooperation which had been extended to Canada by the current Administration in matters of trade There were several trading goals which had not yet been achieved but he fully appreciated that many of these goals could not be reached overnight and that forcing the pace did not necessarily bring about quicker results.

2. The Secretary of State of the United States after thanking the Prime Minister for his words of welcome, said that with one possible exception, he did not feel the change of Administration in the United States would, in fact, result in serious departures from the essentials of the foreign policy which had been pursued by Mr. Truman and himself. In so far as the St. Lawrence project was concerned, he felt confident that it would be fully supported by the Republican Administration if for no other reason because of Governor Dewey's important position in the party. However, it was Mr. Truman's fond hope that all the essential prerequisites to construction of the seaway and power project could be completed before termination of his term as President in January, 1953. He felt that the only field in which the new Administration in the United States might effect a substantial change would be that of trade. He was not overly concerned on this point, however, as it seemed to him unlikely that in the light of present world requirements and international tension the Republicans

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could, in fact, revert to the restrictive practices which were fairly common Republican policy some 20 years ago. Certainly on the score of defence he did not feel that the Republicans, particularly with General Eisenhower as President, would contemplate any serious cuts in the programme already put under way by the Truman Administration.

Developments which had occurred since the inception of the United Nations at the close of World War II had again demonstrated how frequently institutions developed along lines which could not possibly have been anticipated. One such unforeseen development which was causing him some considerable concern was the growth of voting blocs within the United Nations. Two such blocs i.e., the Latin-American bloc with approximately 20 votes and the Arab-Asian bloc with 13, frequently voted together and thus were in a position constantly to swing the majority vote on important issues against the Western Democracies.

These two voting blocs had in common three characteristics. First, the countries concerned lacked stability and did not have the power to back up the stand they took on various issues. Secondly, they were largely irresponsible in the sense that, by and large, they could not be made to suffer the consequences of their votes. The third characteristic was that most of the Latin-American and Arab-Asian countries rated their own economic development as having precedence over the needs of the free world as a whole. When it was established the United Nations had had two objectives, first and most important, to maintain collective security and to develop an international community; second, and of much less importance, to foster the economic and social well-being of the member states. Under the influence of the blocs to which he referred, the second had assumed the predominant role. The emphasis on economic and social improvement had frequently taken a most regrettable form. He referred particularly to the Arab-Asian attacks on France in respect of Tunisia and Morocco and to the Indian attacks on South Africa. As a result of such attacks, France and South Africa, both of which were important to the continued strength of the Western Democracies, were slowly tending to withdraw from the United Nations. He felt that these attacks on France and South Africa were all the more regrettable as, they would fail to achieve the results hoped for by the Arabs and India. They created tension and animosity without doing any good whatever.

He added that Arab-Asian (particularly Indian) intervention in respect of the Korean prisoner of war problem had to some extent, at least, been responsible for the failure to date to reach agreement on armistice terms. The United States attitude was that the prisoner of war question must be resolved in principle before armistice terms could be agreed to. This view was shared by the Commander in the Field, by the U.S. Chiefs of Staff, by the President and by himself. It seemed to him

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reasonable to expect that the views of the United States should be accorded some considerable weight inasmuch as the United States bore the brunt of the Korean effort. This was not so, however, and the initiative being taken quite properly by the United States in this matter was being seriously frustrated by Arab-Asian interference.

He referred briefly to problems faced by the North Atlantic Treaty Organization and to the difficulties recently experienced in attempting to achieve the political, economic and military unification of Western Europe. In May of this year, great strides were being made towards the unification, particularly in a military sense, of Western Europe. Now, a few months later, innumerable difficulties had cropped up which led one to believe that the various agreements and treaty relating to the European Defence Community were still a long way from becoming a fait accompli. There were signs of growing friction between France and Germany. During recent weeks, there had been developments in the Bundestag which had been interpreted by some as a forewarning that Chancellor Adenauer might be defeated in his efforts to have the E.D.C. agreements approved by Germany. Mr. Schuman had indicated that, unless greater aid were given to France in respect of Indo-China, he did not think that the French Parliament would see its way clear to ratify the Agreement. Italy had indicated that it would not act until agreement had been reached between France and Germany and it seemed quite clear that the Benelux countries could not act in the absence of Franco-German agreement. It might well be that the November 4th elections in the United States had had some injurious effect on defence arrangements in Western Europe. There was little the United States could do directly to counteract this unfortunate European reaction to the elections as no authoritative U.S. voice could make itself heard in matters of foreign policy until some time after the new Administration took over in Washington on January 20th.

In the meantime, he sincerely hoped that the Canadian government would continue in its efforts to hasten the various essential measures yet remaining to be taken to ensure the effective collective security of the N.A.T.O. community.

3. Mr. St-Laurent thanked Mr. Acheson for an outline of the policy of the current U.S. Administration in respect of important recent international developments. He said that Canada would most certainly continue to press for a satisfactory solution of the many difficult problems which faced the free world. Despite the fact that the Canadian people numbered only 14 million, the voice of Canada usually managed to be heard and respected in international forums. The simple explanation was probably that Canada endeavoured to remember always that what was of benefit to the free community of nations was

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also normally of benefit to each member of that community including Canada.

He hoped that, even after the change in Administration early in the new year, it would still be possible for Mr. Acheson in some way to give the United States and other Western countries the benefit of his long experience in the field of international affairs.

4. The Cabinet noted the observations by the Secretary of State of the United States on recent international developments.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

NOVEMBER 24,1952

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Items discussed

National Defence; authority to Solicitor General to exercise the powers of the Minister 2.

Status of Canadian forces in Germany; financial arrangements 2.

St.Lawrence project; hearings before U.S. Federal Power Commission 3.

Modification of basis of assistance to gold producers 3.

Five-day week in the Civil Service 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, November 24th, 1952, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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National Defence; authority to Solicitor General to exercise the powers of the Minister

1. The Prime Minister said a recommendation had been submitted by the Minister of National Defence that the Solicitor General be designated as a person who, in addition to the Minister of National Defence, might exercise the powers of the Minister under the National Defence Act. If the recommendation were approved it was proposed that a statement be made immediately in the House of Commons referring to the forecast of legislation to provide for an Associate Minister of National Defence and explaining the reasons that made it desirable to take the present action. The authorization would continue until the legislation were dealt with by Parliament.

2. The Cabinet approved the recommendation of the Minister of National Defence as submitted by the Prime Minister and agreed that:

(a) the Solicitor General be designated as a person who, in addition to the Minister of National Defence, might exercise any power or perform any duty or function vested in the Minister under the National Defence Act, provided that such exercise or performance should not depart from the manner in which the Minister of National Defence might have previously determined that a power should be exercised or a duty or function performed; an Order in Council to be passed accordingly;

(Order in Council P.C. 4553, Nov. 24, 1952).

(b) a statement in accordance with the terms submitted, concerning the action be made immediately in the House of Commons by the Prime Minister.

Status of Canadian forces in Germany; financial arrangements

3. The Minister of National Defence explained that the Canadian forces in Germany did not come squarely under the terms of the Finance Convention there. It had been drafted to meet the situation of the Three Powers and that of other powers whose forces were completely dependent on the Three Powers forces for their support. Canadian forces came in neither category. It was recommended, with the concurrence of the Minister of Finance, that Canada conclude a multi-lateral agreement with Germany and the Three Powers to provide for a modified application of the provisions of the Finance Convention to the Canadian forces in Germany.

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An explanatory memorandum was circulated.

(Minister's memorandum, Nov. 22, 1952 - Cab. Doc. 368-52).

4. The Cabinet approved the recommendation of the Minister of National Defence and agreed that:

(a) negotiations be initiated with the representatives of the Three Powers in Germany and with the government of the Federal Republic with a view to conclusion of an agreement, within the terms of the Contractual Arrangements and in accordance with the principles set forth in the recommendation to govern the financial status of the Canadian forces in Germany; and,

(b) following negotiations, the draft agreement be submitted to the Cabinet Defence Committee for consideration.

St. Lawrence power project; hearings before the U.S. Federal Power Commission

5. The Prime Minister suggested that it was desirable to appoint a Canadian counsel to act in respect to the hearings of the U.S. Federal Power Commission on the St.Lawrence project. Mr. Mundell was counsel for the government in the hearings before the International Joint Commission and it seemed appropriate to have him named for this purpose as well.

(External Affairs memorandum, Nov. 24, 1952, and attachments).

6. The Cabinet agreed that Mr. D.W. Mundell, Senior Counsel of the Department of Justice, act as counsel for Canada in respect of matters arising out of the St. Lawrence development project including the forthcoming hearings of the Federal Power Commission on the application of the New York State power authority for the development of power in the International Rapids section of the St. Lawrence River.

Modification of basis of assistance to gold producers

7. The Minister of Finance said representations had been received by him and the Minister of Mines and Technical Surveys from representatives of gold producers and by members of the Cabinet from communities in which gold was mined. It had been urged that increased assistance be given to the gold mines, whose costs had increased at the same time as their returns had

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been decreasing due to the increase in the exchange value of the Canadian dollar. The only way in which anything effective could be done was by altering the basis of assistance under the Emergency Gold Mining Assistance Act. The International Monetary Fund had been consulted about a proposed alteration in the assistance and they had no objection. If it were approved, as he recommended, it would be desirable to make an announcement at once. The text of the proposed announcement was read.

8. The Prime Minister mentioned that he had been influenced in hearing the representations by the consideration that, unless assistance were afforded, more mines would be forced to close and movement of persons out of some of the gold mining communities would be essential. At a time of housing shortage that would create considerable difficulty.

9. The Cabinet approved the recommendation of the Minister of Finance and agreed that:

(a) the Emergency Gold Mining Assistance Act be amended effective January 1st,1953 to provide that assistance to gold producers be paid on the basis of 50 percent of the excess of the cost of production over $18.00 per ounce to a maximum of $13.50, rather than on the basis of the excess over $22.00 per ounce with a maximum of $11.50; and,

(b) the Minister of Finance make an immediate announcement in the House of Commons concerning the proposed amendment in accordance with the terms submitted.

Five-day week in civil service

10. The Minister of Finance, referring to discussion at the meeting of November 19th, read a letter that had been prepared for transmission to the Chairman of the National Joint Council of the Public Service setting forth the tentative views of the government on the 5-day week for civil servants. The letter would point out that a general 5-day week would require that operating units, as distinct from offices, reduce their working hours from 44 to 40, which would mean about another 4,100 employees in the Public Service at an estimated increase of the order of $10 million. It would state that the diversity of practice in Canada with regard to the 5-day week and with regard to working hours was so great that it would not be right to ask the taxpayers of the country to assume the burden. The 5-day week was still exceptional in many parts of the country and in most small centres and rural areas. It would add that the government had reached the conclusion that it should authorize the rearrangement of the existing work hours of civil servants

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to bring them within a 5-day week in those centres where it was the clearly established local practice. The government was asking the Civil Service Commission and various departments to make a continuing study of hours of work and planned to re-examine its policy from time to time. The government would review the situation in Ottawa so that whatever arrangements were feasible in the city could be carried out when the practice of the 5-day week had become general in other cities comparable both in size and general character.

Copies of the letter were circulated for comment.

(Draft letter, Nov. 25, 1952).

11. The Cabinet noted with approval the proposal of the Minister of Finance that a letter be addressed to the Chairman of the National Joint Council of the Public Service of Canada setting forth the tentative views of the government on the establishment of the 5-day week for civil servants and agreed that a letter be sent along the general lines submitted with such modification as might be required in the light of comments by Ministers after they had examined it in detail.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

November 28th,1952

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Items discussed

Pork; authorization for further canning 2.

Admission of United States troops including negro personnel 2.

Navy; names of escort vessels; participation in Coronation review 3.

Canadian National hotels; proposed re-organization 3.

Appointments 4.

House of Commons; Christmas adjournment 5.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, November 28th, 1952, at 2:00 p.m.

Present:

The Minister of Trade and Commerce,
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe), in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State for External Affairs,
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Solicitor General
(Mr. Campney),

The Acting Secretary to the Cabinet
(Mr. Robertson).

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Pork; authorization for further canning

1. The Minister of Agriculture, referring to discussion at the meeting of October 1st, said the authorization to can pork up to a total of 75 million pounds had now been exhausted. There was still a surplus of pork coming to market and canning would be required for some weeks yet. It was accordingly recommended that authorization be given to increase the amount to 90 million pounds. It was hoped that this would be the last authorization that would be required. There was, as yet, no further word about the opening of the United States market.

2. The Acting Prime Minister suggested that, as a new government trade name and label had been put on the canned pork that was now being offered for sale, it might be desirable to have an advertising campaign to see if additional amounts could not be sold.

3. The Cabinet approved the recommendation of the Minister of Agriculture and agreed that authorization be given to the Agricultural Prices Support Board to purchase a quantity of canned pork not exceeding 90 million pounds, including purchases previously authorized; an Order in Council to be passed accordingly.

(Order in Council P.C. 4574, Nov. 28, 1952)

Admission of United States troops including negro personnel

4. The Minister of National Defence reported that the United States wished to station army units in Canada for the manning of some of the radar stations and the units would include negroes integrated into white formations. They had enquired whether there would be any objection. There might well be objection to the stationing of negro units but it was difficult to take exception to units that included only a proportion of negroes. He suggested that the U.S. authorities be informed that the units could be brought in but that they be asked informally to ensure that the proportion of negro personnel did not exceed ten percent.

5. The Cabinet noted with approval the remarks of the Minister of National Defence on the admission for the manning of radar stations of U.S. military units, which were predominantly white but which included integrated negro personnel, and the proposal that the United States authorities be asked informally to see that the proportion of negroes did not exceed ten percent.

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Navy; names of escort vessels; participation in Coronation review

6. The Minister of National Defence said two escort vessels were being turned over by the United Kingdom and it was suggested that they be renamed "Cape Breton" and "Cape Beale". For the class of vessels names of capes beginning with the letter B were desired.

A review of the Royal Navy was being planned to take place at Spithead in connection with the Coronation. There would be some Canadian naval vessels in United Kingdom waters at that time, some of which would be there in connection with the transportation of units to the Coronation. It had been asked whether they should participate in the review. There appeared to be no objection.

7. The Solicitor General said he thought it might be possible to secure a name for one of the escort vessels that would refer to a western cape somewhat better known than "Cape Beale". He would try to submit suggestions.

8. The Cabinet, after discussion agreed that:

(a) two escort vessels be named "Cape Breton" and "Cape Beale", unless in place of the latter a preferable name of a cape on the Pacific coast could be suggested; and,

(b) there would be no objection to the participation in the Coronation review at Spithead of Canadian naval vessels that might be in United Kingdom waters at the time.

Canadian National hotels; proposed re-organization

9. The Minister of Transport, referring to discussion at the meeting of April 8th, 1952 recalled that at the time the Cabinet had deferred decision on the proposal by the Canadian National Railways for re-organization of the Canadian National hotel system. It had been considered inadvisable to take a definite decision until the labour disputes then under way had been settled. The one involving the hotels had now been cleared up and it was recommended that the proposal be approved.

10. The Acting Prime Minister pointed out that, while the hotel dispute had been settled, the one involving the non-operating railway brotherhoods had not yet been cleared up. As there was still some resentment about the separation of the hotel question from the railway dispute, it might have an adverse effect on present negotiations if any new policy were announced at this time. The plan could be approved in principle and the railway authorities advised to put any documentation and other material in shape.

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11. The Minister of Labour agreed. He thought it would be better for the plan to be deferred until the labour dispute had been entirely wound up.

12. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that:-

(a) the proposal by the Canadian National Railways for the re-organization of the Canadian National hotel system be approved in principle and the railway advised that preparatory work might be undertaken that would not require any public information that a new plan was being adopted; and,

(b) final decision on the re-organization be deferred pending settlement of the outstanding railway wage disputes.

Appointments

13. The Minister of National Defence, as Acting Secretary of State for External Affairs, submitted a recommendation for an appointment as ambassador.

14. The Minister of Justice submitted recommendations for the retirement of a judge and for a judicial appointment.

15. The Cabinet approved the recommendations and agreed that:

(a) G.R. Heasman, Esq., be appointed Canadian Ambassador to Indonesia;

(b) His Honour Judge Edgar Ainslie Wright of the District Court of Muskoka be retired, effective January 1st, 1953, as he had attained the age of 75 years, and that he be granted an annuity of $5,333.33 pursuant to The Judges Act; and,

(c) D.C. Thomas, Esq., be appointed a Judge of the District Court of Muskoka, effective January 1st, 1953;

Orders in Council to be passed accordingly in respect of the retirement and judicial appointment.

(Orders in Council P.C. 4575 and 4576, Nov. 28, 1952).

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House of Commons; Christmas adjournment

16. The Minister of Public Works enquired as to the date that might be suggested for adjournment of the House of Commons for Christmas.

17. The Cabinet agreed, subject to the possibility of further consideration, that it might be appropriate for the House of Commons to adjourn on December 17th and to resume on January 12th.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 4th, 1952

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Items discussed

U.S. embargo on Canadian animals and animal products; date of lifting 1.

Acting Secretary of State for External Affairs pro tem 2.

Butter; sales of government holdings 3.

Coronation; Canadian contingent 3.

December meeting of the N.A.T.O. Council 5.

Radio broadcasting; establishment of new stations 5.

Immigration policy; number to be admitted in 1953 5.

Tariff agreement with Egypt 6.

Corporation income tax; remission of interest on underpaid instalments 7.

Legislation; Canadian Vessel Construction Assistance Act amendment; Children of War Dead (Education Assistance) bill 7.

Legislation; Crown Liability Act 8.

Criminal Code revision; clauses respecting subversive activities; procedure in Parliament 9.

Window glass; exemption from dumping duty 10.

Yukon headwaters; proposals for hydro-electric power developments 10.

Veterans Affairs; use of Divadale property in Toronto by Canadian National Institute for the Blind 11.

Army training area, N.B.; location of camp site 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Thursday, December 4th, 1952, at 11:00 a.m.

Present:

The Minister of Trade and Commerce,
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe), in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Justice
and Acting Minister of Finance
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Acting Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

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U.S. embargo on Canadian animals and animal products; date of lifting

1. The Minister of Agriculture referred to the announcement that the U.S. embargo on Canadian animals and animal products would be raised on March 1st, 1953. The date was later than had been hoped and he had arranged to go to Washington to see whether it might not be possible to get it advanced. He read a draft letter to the U.S. Secretary of Agriculture. The letter would state that, while the Canadian government had been pleased to learn of the decision to lift the embargo and realized the need for a time between the decision and the actual opening of the border, they were disappointed that the interval was so long. The letter would refer to the need of feeders in the New England area for feed stuffs from eastern Canada and to the interest of dairy farmers in the United States in replenishing their herds from surplus Canadian dairy stock. It would also refer to the desirability of spreading the inflow to the U.S. of the backlog of slaughtered cattle over the winter and early spring months. While decision as to the date could be made only by the U.S. government, it was hoped that a date earlier than March 1st might be possible.

2. The Acting Prime Minister said it had been indicated that the United States would require cattle or meat from the formerly infected area to be passed by a veterinary before being admitted to the United States. It might help if an undertaking could be given that no animals or animal products from that area would be exported to the United States.

3. Mr. Gardiner believed there would be no difficulty about such a limitation. A similar undertaking could be given with regard to hay and feed. Following his return from Washington it would be desirable to discuss several matters relating to the opening of the border and its effect on the meat position.

4. The Cabinet, noted the report of the Minister of Agriculture concerning his visit to Washington and agreed that a letter be transmitted to the Secretary of Agriculture in the terms submitted to urge that the U.S. embargo on Canadian animals and animal products be raised at a date earlier than March 1st, 1953.

Acting Secretary of State for External Affairs pro tem

5. The Acting Prime Minister said that, as Mr. Claxton would be absent from Ottawa after December 5th, it was desirable to appoint an Acting Secretary of State for External Affairs pro tem .

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6. The Cabinet approved the recommendations of the Acting Prime Minister that Mr. Harris be authorized to act as Secretary of State for External Affairs, in the absence from Ottawa of the Secretary of State for External Affairs, until the return of Mr. Claxton; an Order in Council to be passed accordingly.

(Order in Council P.C. 4601, Dec. 4, 1952).

Butter; sales of government holdings

7. The Minister of Agriculture, referring to discussion at the meeting of November 5th, thought it would not be desirable to begin the actual sale of butter at once. The objective he had in mind was for the government to keep control of a sufficient amount of butter so that prices could not get out of hand during the late winter months. If sales were made too extensively now or in January the government's supplies might become exhausted and in March prices might rise sharply.

8. The Acting Prime Minister said what the government had in mind at the time of the previous decision was the importance of ensuring that the butter price remained at about 62 cents. If that objective could best be achieved by postponing sales, that would be satisfactory.

9. The Cabinet noted the remarks of the Acting Prime Minister and the Minister of Agriculture and agreed that sales of butter held by the government might be deferred at the discretion of the Minister of Agriculture on the understanding that the objective would be to ensure that butter prices should be held at approximately 62 cents a pound during the current season and that the government's stocks would be used in the manner best calculated to achieve that result.

Coronation; Canadian contingent

10. The Minister of National Defence, referring to discussion at the meeting of November 17th, said the question of the Canadian contingent to the Coronation had been discussed at the last meeting of the Coronation Committee. The Committee had made no final recommendation as to the size of the entire contingent but had discussed it on the basis of an overall figure of approximately 720.

It was understood that the U.K. Chiefs of Staff would not parade as a body but in groups. It was not certain whether the Australian and New Zealand Chiefs of Staff would attend. It was suggested, therefore, that unless they were present as such and the absence of the Canadian Chiefs of Staff would be an embarrassment,

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the attendance of the latter should be governed by the general recommendations for the active force contribution limiting the rank of officers.

It was suggested that General Crerar be invited to attend as Honorary-Aide-de-Camp General to the Queen. A question was whether the expenses of Mrs. Crerar should be paid. It was suggested that four officers of the Royal Canadian Horse Artillery be provided for the Queen's escort with mounts supplied by the R.C.M. Police. The band of the Royal 22nd Regiment would be in Germany and it was thought that it attend the ceremonies.

For the active force contingent, it was considered that they should be chosen from Canada and Europe on the basis of 10 percent officers, 20 percent warrant officers and sergeants and 70 percent rank and file and that there be no officers of a higher rank than those which would be normally required in the formed bodies of the active force selected to take part. Selection should, as far as possible, give appropriate representation to units, areas and races and be made on account of all-round service records. The marching contingent from Canada should be representative of all units which served in Korea and formed on a platoon basis, giving one platoon to each of the three infantry battalions, with a fourth composite platoon to represent the support and service units. The same general principles should apply to the detachment being provided from Germany and to the R.C.N. and R.C.A.F. Reserves would be provided from Canada and selected in accordance with the preferences set out for the active force.

The cost of a contingent of 500 moved by air would be $253,000 and by sea $249,000. The cost of a contingent of 720 moved by air would be $377,000 and by sea $376,000. It would be very difficult to arrange the type of broad representation that was wanted with a contingent smaller than 720. It was accordingly recommended that the larger number be approved.

11. The Cabinet approved the recommendation of the Minister of National Defence and agreed that:

(a) plans for the Canadian Services Coronation contingent be in accordance with the proposals submitted by the Minister and on the basis that the total contingent would number about 720 officers and men; and,

(b) agreed that General Crerar be invited to attend the Coronation as Honorary Aide-de-Camp General to the Queen and that it be left to the discretion of the Minister of National Defence to determine, after discussion with General Crerar, whether the expenses of Mrs. Crerar should be paid.

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December meeting of the N.A.T.O. Council

12. The Minister of National Defence referred to his departure to attend the meeting of the Council of the North Atlantic Treaty Organization. In the discussions in the Council he would avoid any commitments that would bind Canada with regard to future programmes.

13. The Cabinet noted with approval the remarks of the Minister of National Defence and agreed that, in his attendance at the December meeting of the Council of the North Atlantic Treaty Organization, he avoid any commitment by Canada with regard to future programmes.

Radio broadcasting; establishment of new stations

14. The Minister of Transport recalled that at the meeting of March 19th, 1951, the Cabinet had decided to request the Canadian Broadcasting Corporation not to deal with further applications for the establishment of new radio stations while the steel shortage continued. The shortage had now been alleviated and there were a great many applications that had been held up. It would be desirable to have the decision rescinded so the applications could be dealt with on some priority basis that would have to be established. There had been no requests as yet for the establishment of television stations but application forms had been sought and there would probably be requests for consideration soon.

15. The Cabinet noted with approval the remarks of the Minister of Transport and agreed that the decision of March 19th, 1951 against further consideration of requests for the establishment of radio stations be rescinded in view of the improvement in steel supplies.

Immigration policy; number to be admitted in 1953

16. The Minister of Citizenship and Immigration submitted a memorandum concerning immigration policy and the number of immigrants to be admitted in 1953.

On February 26th, 1952, the Cabinet approved an immigration programme for 1952 which envisaged a movement of 145,000 immigrants. On June 17th the programme had been somewhat modified to restrict the movement which was continuing at a higher rate than the target provided for. During the first nine months of 1952 Canada received 135,296 immigrants, and it was estimated that between October 1st and December 31st an additional 30,000 would arrive. Total immigration for 1952 would thus be about 165,000. It looked as though general

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economic conditions in Canada would continue to be good in 1953 and possibly better than in 1952. For a number of reasons there might be more difficulty in the recruitment of the type of workers and artisans desired by Canada in the coming year. It was accordingly estimated that 160,000 immigrants would be a realistic figure to set as a minimum programme for 1953. If after discussion and in the light of developments, this seemed to be too low, the flow could be stepped up.

(Minister's memorandum, Nov. 21, 1952 - Cab. Doc. 371-52).

17. Mr. Harris said the Department of Labour were rather more cautious but agreed with the figure of 160,000, subject to some adjustment in the numbers of the various categories to be admitted.

While it would be desirable to defer consideration of details of the proposals until the following week, it would be helpful if approval could be given to the approximate number that should be regarded as a target for 1953. That would allow preparations to be made immediately.

18. The Acting Prime Minister thought conditions in 1953 were likely to be better than in 1952 and that the programme was too modest. He thought it would be possible to absorb more than 160,000 immigrants.

19. The Cabinet, after discussion, noted the report of the Minister of Citizenship and Immigration and agreed that:

(a) approval be given to the recommendation that the immigration programme for 1953 be established on the basis of admitting a minimum of 160,000 immigrants during the year; and,

(b) further consideration be given to the details of the programme at a subsequent meeting.

Tariff agreement with Egypt

20. The Minister of Justice, as Acting Minister of Finance reported that, on December 3rd, Canada and Egypt had exchanged notes agreeing to extend to each other most-favoured-nation tariff treatment. It was recommended that provision be made under sections 4 and 11 of the Customs Tariff to extend most-favoured-nation treatment to Egypt effective December 3rd.

21. The Cabinet approved the recommendation of the Acting Minister of Finance and agreed that, effective December 3rd, 1952, articles which were the growth, produce or manufacture of Egypt, should not, on importation into Canada, be subject to higher duties or charges than those levied on like articles the growth, produce or manufacture of any other foreign country; an Order in Council to be passed accordingly.

(Order in Council P.C. 4599 Dec. 4, 1952).

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Corporation income tax; remission of interest on underpaid instalments

22. The Acting Prime Minister reported that, as a result of the tax agreement between Canada and Ontario being made retroactive to January 1st, 1952, a number of corporate taxpayers carrying on business in Ontario had underpaid instalments of Federal income tax. It was unfair to charge them interest on the deficient instalments and the Minister of National Revenue and Acting Minister of Finance recommended that interest be remitted.

He read a statement which the Minister of National Revenue proposed to make concerning the action.

23. The Cabinet noted the remarks of the Acting Prime Minister and agreed that:

(a) provision be made under the Financial Administration Act to remit interest on the deficiency of instalment payments of federal income tax by corporations formerly paying corporation tax in Ontario to the extent that the instalments had been reduced in anticipation of the obligation to pay Ontario corporation tax, provided that their position was corrected before December 31st, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 1/4598, Dec. 4, 1952).

(b) the Minister of National Revenue make a statement in the House of Commons concerning the remission of interest in the terms submitted.

Legislation; Canadian Vessel Construction Assistance Act amendment; Children of War Dead (Education Assistance) Bill.

24. The Acting Secretary submitted certain draft measures.

25. The Cabinet, after discussion, approved the following measures for introduction in the House of Commons:

Canadian Vessel Construction Assistance Act amendment

The Children of War Dead (Education Assistance) Bill.

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Legislation;Crown Liability Act

26. The Minister of Justice submitted a resolution and bill entitled the Crown Liability Act.

27. The Solicitor General noted that Section 4 (4) of the bill provided that no proceedings could lie against the Crown in respect of tort or civil salvage unless certain conditions were met within 7 days after the claim arose. He thought that this period was too short and might have the result of nullifying the new provision in many cases.

28. Mr. Garson said it was important that the Crown should be in a position to examine the circumstances of a claim. This would be particularly important for example in the case of accidents allegedly caused by ice or snow on Crown property. It seemed clear that the Crown should have an opportunity of looking into any such claim before the particular conditions had been altered.

29. The Minister of Citizenship and Immigration pointed out that municipal laws provided periods ranging from 7 to 15 days for the filing of claims in similar cases. Certain provincial laws allowed the judge to relieve the claimant of the necessity of filing within the prescribed limit if circumstances appeared to warrant the granting of such relief.

30. Mr. Harris added that under Section 21 of the bill it was provided that whenever under the Act a writ, notice or other document was required to be served on or sent to the Deputy Attorney General of Canada such service, if by registered post, would not be considered effected until the document has actually been received in the office of the Deputy Attorney General of Canada. The effect of this section would be to place on the claimant the onus of proof that the document had actually been received in the Deputy Attorney General's office. He did not think that such an arrangement was practicable. It was more stringent than similar provisions in provincial laws. He suggested that it would be sufficient to stipulate that receipt of a post office registration card at point of mailing would be sufficient proof of service. If this latter course of action were not followed, it would probably be necessary to allow a longer period for the filing of writs and other documents originating from points far removed from Ottawa.

31. The Acting Prime Minister suggested that the resolution to precede introduction of this measure might be approved and placed on the Order Paper immediately. Final approval of the bill itself might be deferred pending further consideration by the Minister of Justice in consultation with the Minister of Citizenship and Immigration and the Solicitor General.

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32. The Cabinet, after discussion,--

(a) approved for introduction the resolution to precede the bill entitled the Crown Liability Act; and,

(b) deferred decision on introduction of the measure entitled the Crown Liability Act pending further consideration by the Minister of Justice in consultation with the Minister of Citizenship and Immigration and the Solicitor General.

Criminal Code revision; clauses respecting subversive activities; procedure in Parliament

33. The Minister of Justice, reported that a well organized communist campaign had been launched against certain provisions in the Criminal Code revision respecting subversive activities. This campaign took the form of leaflets or pamphlets addressed to trade unions, Members of Parliament and various organizations interested in civil liberties. He thought that, in order to establish the situation clearly he might make a statement in the House of Commons on the sections concerned. The more important labour unions had been very cooperative in counteracting the campaign and he thought he might discuss his statement with the unions before making it.

34. The Government Leader in the Senate said that the Senate Committee on Banking and Commerce had made good progress to date in considering the Criminal Code. Unless it were intended that the Committee should hear representations from interested parties outside Parliament, he thought there was a good prospect of the Senate passing the Criminal Code before the Christmas recess.

35. Mr. Garson recalled that he had already indicated in the House of Commons that an opportunity would be given outside interests to be heard when the Code was under consideration by the appropriate House Committee. It would expedite consideration if the hearing of representations were confined to the lower house.

36. The Cabinet, after discussion,-

(a) noted with approval the proposal of the Minister of Justice that he make a statement in the near future respecting the campaign against certain provisions in the Criminal Code; and,

(b) agreed that, if possible, the hearing of representations by outside interests on the Criminal Code revision be confined to the House of Commons Committee.

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Window glass; exemption from dumping duty

37. The Minister of National Revenue, reported that, in order to facilitate mutually beneficial trading arrangements between Canada and Belgium, an Order in Council had been passed (P.C. 1843 of April 9, 1949) exempting common and colourless window glass from dumping duty. Much of this glass was produced in Belgium at very low cost and exported to Canada. It was now recommended that the exemption be extended to transparent glass up to one quarter inch in thickness. This type of glass was now in high demand in new housing construction.

38. The Cabinet, after discussion, approved the recommendation of the Minister of National Revenue and agreed that exemption from dumping duty be extended to transparent sheet glass not further processed than cut into rectangles; an Order in Council to be passed accordingly.

(Order in Council P.C. 4600 Dec. 4, 1952)

Yukon headwaters; proposals for hydro-electric developments

39. The Minister of Resources and Development said that the President of the Aluminum Company of America was again pressing for Canadian approval of his Company's plan to divert the headwaters of the Yukon through the Coast Range into the Taiya River in Alaska for development of power to be used in the manufacture of aluminum in Alaska. He had recently had discussions with Mr. Wilson and the latter had written under date of November 4th seeking early action in order that ALCOA might proceed with construction of the project.

More recently, Mr. Thayer Lindsley, President of Ventures, Limited, had submitted a proposal involving utilization of the headwaters of the Yukon for development of power on the Alsek River, at sites either in the Yukon Territory or in British Columbia, and to utilize the power for metallurgical industries established in Canada. Mr. Lindsley had obtained a favourable reaction from officials of the government of British Columbia and was now seeking permission of the Federal government to make surveys to determine the project's feasibility. He recommended that Ventures Limited be given permission to carry out the surveys and that the Aluminum Company of America be informed that the permits and approval which that Company sought could not now be granted. A draft reply was submitted.

An explanatory note had been circulated.

(Minister's memorandum, and appendices, Dec. 3, 1952 - Cab. Doc. 370-52).

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40. The Acting Prime Minister thought the proposed reply to the President of the Aluminum Company of America implied that if suitable uses could not be found for the Yukon headwaters in Canada, authority might be granted ALCOA to carry out its project. This was not the case. The government's policy had been for a great number of years, that hydro-electric energy whether in the form of electricity or of water could not be exported except under license. This policy had carried the approval of all parties in the House of Commons and had as far back as 1907 been incorporated in the Electricity and Fluids Exportation Act. As far as he could recollect, the government had never approved any long term export of electricity since 1907. Quite apart from the question of principle involved, he did not think that the government should agree to the ALCOA proposal since a development of this sort would almost inevitably cause harm to the Canadian aluminum industry.

41. The Cabinet, after considerable further discussion, agreed that,

(a) Ventures Limited be given permission to carry out whatever surveys were required to determine the feasibility of utilizing the headwaters of the Yukon River for the development of power on the Alsek River at sites either in the Yukon Territory or in British Columbia to serve metallurgical and chemical industries established in Canada; and,

(b) the Minister of Resources and Development revise his proposed reply to the President of the Aluminum Company of America in accordance with suggestions made during the course of discussion; the revised draft to make it clear that permission would not be granted for the diversion of waters from the Yukon for development of power in Alaska as requested and to be submitted for consideration of Cabinet at a subsequent meeting.

Veterans Affairs; use of Divadale property in Toronto by Canadian National Institute for the Blind

42. The Minister of Veterans Affairs reported that his Department had title to the Divadale property in Toronto which comprised 119 acres of land immediately adjacent to the Sunnybrook Hospital. The Canadian National Institute for the Blind was anxious to purchase for a nominal price approximately 10 acres of this property for the purpose of concentrating all their services in the Toronto area. At the present time, the Institute was inadequately housed in several premises scattered throughout the Toronto urban area.

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It had been suggested that, instead of selling the property outright to the Institute, it might be preferable to give a 49-year lease for a nominal annual rental, renewable at the termination thereof, with the stipulation that any plans for construction be submitted to the Department for approval to ensure that the type of architecture conformed with that of Sunnybrook Hospital and met the requirements of the Town Planning Authorities; and with the further stipulation that, in the event of war or other national emergency, the lease could be cancelled by the lessor without notice and any buildings on the property acquired by the Crown at a valuation to be determined.

An explanatory note had been circulated.

(Minister's memorandum, Nov. 28, 1952 - Cab. Doc. 369-52)

43. Mr. Lapointe said he was not convinced that a 49-year lease at a nominal rental figure was the most desirable course of action. However, he thought that, as his Department could not foresee that the Divadale property would be required for D.V.A. purposes, it might now be agreed in principle that the property would be made available to the Canadian National Institute for the Blind on terms and conditions to be worked out later.

44. The Acting Prime Minister thought it would be inadvisable to grant the Canadian National Institute for the Blind a long-term lease at a nominal figure. If, indeed, the property was not required for D.V.A. purposes, he would favour outright sale to the Institute at the original purchase price, which was considerably below the present value of the land, on the stipulated condition that the land could not be resold for commercial purposes and would be used exclusively to meet the needs of the Institute or of other rehabilitation services of a like nature.

45. The Minister of Justice believed it inadvisable to establish a precedent whereby expensive Crown property was sold or leased for a nominal sum even though the property so sold was to be used for charitable purposes.

46. The Cabinet, after further discussion, agreed that the Minister of Veterans Affairs ascertain and report as to whether outright sale of a portion of the Divadale property in Toronto to the Canadian National Institute for the Blind could be arranged along the lines suggested by the Acting Prime Minister.

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Army Training Area, New Brunswick; location of camp site

47. The Minister of National Defence, referring to discussion at the meeting of July 15th, said considerable pressure had been brought to bear by local interests in Saint John, New Brunswick, to have the camp site of the new Army Training Area, New Brunswick, located near that city. The matter had been looked into carefully by a specially appointed panel of six engineers, two of whom were from the Maritime Provinces. The panel had unanimously advised against the selection of the Saint John camp site as being completely inadequate and favoured instead a camp site at Oromocto approximately 50 miles from the City of Fredericton. This latter site apparently met all requirements in a satisfactory manner.

In the circumstances, he thought that National Defence should proceed with construction of the camp site as recommended.

48. The Cabinet, after discussion, noted with approval the proposal of the Minister of National Defence that the camp site of the new Army Training Area in New Brunswick be located at Oromocto near Fredericton as recommended by the panel of engineers retained for the purpose.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 5th, 1952

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Yukon headwaters; proposal for development	2.
Parliament; procedure	2.
Korea; statement on casualties and ammunition supplies	3.
Television; statement of policy	3.
Radio licences	4.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, December 5th, 1952, at 2:00 p.m.

Present:

The Minister of Trade and Commerce
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe), in the Chair
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Acting Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

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Yukon headwaters; proposals for development

1. The Minister of Resources and Development referring to discussion at the meeting the previous day, submitted a revised text of the reply to the President of the Aluminum Company of America on that Company's request that it be authorized to divert water from the Yukon River to develop electricity for use in the manufacture of aluminum in Alaska.

The letter would simply state that preliminary studies indicated the feasibility of using the Yukon headwaters for development of power within Canadian boundaries; that it was the responsibility of the Canadian government to ensure that development of Canadian resources produced the maximum benefit for the greatest number of Canadians; that Canadian policy as evidenced by the Electricity and Fluid Exportation Act of 1907, which had been supported by all political parties in Canada had consistently been that resources such as hydro-electric energy should not be lost to Canada and that, therefore, the Department of Resources and Development could not recommend to the government that a licence be granted for the diversion of water sought by the Aluminum Company.

A draft letter was circulated and read.

(Draft letter, Minister of Resources and Development to President of the Aluminum Company of America, Dec. 5, 1952)

2. The Cabinet, after discussion, approved, subject to certain minor changes, the reply proposed to be made by the Minister of Resources and Development to the President of the Aluminum Company of America on that Company's request for permission to divert water from the headwaters of the Yukon to Alaska to develop electricity, for the purpose of manufacturing aluminum in Alaska.

Parliament;procedure

3. The Acting Prime Minister, said that in response to a request made the previous day, he proposed to suggest to the House of Commons that a period be set aside each Wednesday during the course of the debate on the Address in Reply to the Speech from the Throne for the purpose of answering questions on the Order Paper.

4. The Cabinet noted with approval the proposal of the Acting Prime Minister to suggest that a period be set aside by the House of Commons each Wednesday during the debate on the Speech from the Throne for the purpose of answering questions on the Order Paper.

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Korea; statement on casualties and ammunition supplies

5. The Minister of National Defence referred to a statement made in the House of Commons the previous day by the member for Winnipeg South Centre on the alleged high incidence of casualties amongst Canadian troops and extreme shortage of ammunition in Korea. In view of the seriousness and inaccuracy of these charges, he thought that a statement should be made forthwith in the House to put the situation in its true light. The facts were that casualties amongst Canadian troops in Korea were much lower than in either World Wars I or II and that U.N. forces in that theatre, including Canadian troops, used ammunition at a much higher rate than had ever been the case before. He proposed to support his statement with detailed figures.

A draft statement was submitted and read.

6. The Cabinet, after discussion, agreed that the Minister of National Defence make forthwith in the House of Commons, a statement to refute the charges made the previous day by the member for Winnipeg South Centre about the alleged high casualty incidence amongst Canadian troops in Korea and the shortage of ammunition in that theatre.

Television; statement of policy

7. Dr. McCann mentioned that a statement on television policy had been prepared for possible use by the Prime Minister in his speech of November 24th. It had not been given and, as a number of enquiries and criticisms had been made concerning the policy, it seemed desirable to have further explanation given. He read the draft statement. It would outline the general policy of the government and its relation to the report of the Royal Commission on National Development in the Arts, Letters and Sciences; indicate that the government would be ready to receive applications for licences from private stations; and explain the reasons why it was not considered desirable at present to license more than one station in a single area.

8. The Cabinet agreed that Dr. McCann make a statement in the House of Commons at an early date concerning government policy on television; the statement to be in the terms submitted.

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Radio licences

9. The Minister of Transport said a question that should be dealt with shortly was that of radio licences. There had been a number of prosecutions of people not paying licences, and, in some cases, magistrates had dismissed the charges, without any reasons given. No appeals had as yet been taken, and it seemed doubtful whether they ought to be if licences were likely to be done away with. It seemed increasingly clear that they should be abolished.

10. The Acting Prime Minister said he was personally of the conviction that radio licences ought to be abolished. However, while the law providing for them remained in effect, it probably should be enforced and appeals taken from decisions of magistrates in cases where there was no justification for dismissing prosecutions.

11. The Cabinet noted the comments of the Acting Prime Minister and the Minister of Transport concerning the desirability of abolishing radio licences and of having appeals taken against dismissals of prosecutions for non-payment of licences so long as they were required by law.

R.G. Robertson,
Acting Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 10,1952

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Wednesday, December 10th, 1952 at 11:00 a.m.

Present:

The Minister of Trade and Commerce
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe) in the Chair
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
and Acting Minister of Finance,
(Mr. Garson),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
and Acting Secretary of State for External Affairs
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Acting Minister of National Defence
(Mr. Campney),

The Acting Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

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Television; policy regarding private stations

1. The Minister of Fisheries referring to discussion at the meeting of December 5th said he thought it would be desirable, at as early a date as possible to explain to the government supporters in the House of Commons the recently announced television policy. The announcement that it was not at this time intended to authorize the building of private stations in any of the five areas where the Canadian Broadcasting Corporation had or would immediately build publicly owned stations was being sharply criticized.

2. The Acting Prime Minister said it had been considered that private stations could not effectively operate in the absence of a network, which could only be provided by the C.B.C. This was one of the practical considerations, apart from the general question of principle, which had entered into consideration. This and other points should be explained.

3. The Minister of National Revenue pointed out that, having regard to present costs, a capital investment of from $500,000 to $1 million was required to establish and operate a television station for the first few years. To his knowledge, theatrical companies such as Famous Players were the only Canadian groups with the required capital readily available.

4. Mr. Sinclair agreed that many persons and groups now proclaiming a desire to establish private television stations in large urban areas would probably not be in a position to do so if given the opportunity. As things now stood, however, the government was being accused of standing in the way of private enterprise.

5. The Minister of Justice said he thought it would be a mistake to give too much weight to the vocal criticism of the policy. Since the C.B.C.'s inception, it had been supported wholeheartedly by such large and important groups as the various agricultural associations and the labour unions. They would almost certainly favour a plan under which the controlling position was left with the C.B.C. There ought not to be any hasty assumption that the policy was wrong.

6. The Cabinet, after considerable further discussion, agreed that the policy of the government in relation to television be fully explained and discussed at a meeting of the supporters of the government in Parliament to be convened the following day.

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Immigration policy; number to be admitted in 1953

7. The Minister of Citizenship and Immigration referring to discussion at the meeting of December 4th, said there were a number of details relating to immigration policy for 1953 which should be considered by the Cabinet.

Immigration during October had been down sharply from 1951 and the figures would continue to be smaller during the winter months - probably about 8,000 to 10,000 immigrants would arrive each month. In the last while agencies could have placed more immigrants than were arriving. The Department of Labour estimated that employment would be up about 3 to 4 percent in 1953. There had been a number of suggestions that the present policy was too restrictive and that a target of about 160,000 for 1953 would be too low. In planning the programme for the next year a factor to be kept in mind was that during the months of June, July and August there would probably be no space for immigrants from U.K. ports to Canada because of the pressure of Coronation travel.

A question of policy arose as to the method of regulating the flow of immigration. It had been handled up to 1950 by means of categories according to relationship to persons in Canada and type of employment. In 1951 the restrictive provisions had been almost entirely removed. When they were restored in 1952 there had been criticism on the differentiation as to categories of admissible persons from the various countries of origin. If the flow were to be kept close to some desired figure there were only two alternatives; to continue the control by means of categories of admissible persons or to shift to an informal quota arrangement based on countries of origin. Under such a scheme immigration offices could be advised as to the expected flow from the countries in which they were located and directed to pass people for migration at a rate that would fit in with that figure. It would not have to be a formally prescribed policy. There should, however, be some announcement soon of the general character of the programme for 1953.

8. The Minister of Labour pointed out his department was primarily concerned with ensuring that immigrants were not brought in beyond employment capacity. They thought the figure of 160,000 as a minimum target for 1953 was somewhat high. However if it were accepted, everything would be done to see that employment was made available. It was especially important to continue to bring in the bulk of immigrants during the months of May to September. Even a few immigrants during the period December to March could be a source of concern.

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9. The Acting Prime Minister was of the view that the figure of 160,000 was too low and that a larger number of immigrants could be taken care of in 1953. In view of the probable transportation situation the movement should be heavy in the months up to June if the intended figures for the year were to be reached. So far as control was concerned, he thought that some informal method of limitation by setting totals from various countries would be desirable.

10. Mr. Harris agreed that the best policy would be to have movement on a generous basis during the spring and early summer months with the possibility of cutting down the flow thereafter if necessary. There would be much more risk in holding immigration down and counting on being able to increase it later in the year.

11. The Cabinet, after considerable discussion:

(a) approved the recommendations of the Minister of Citizenship and Immigration concerning the general character and magnitude of the immigration programme for 1953 on the understanding that the total of 160,000 should be regarded as the minimum to be admitted and that an attempt would be made to have movement at a higher rate during the early part of the 1953 season, subject to the possibility of reducing the flow later in the year should conditions require; and

(b) agreed that an effort be made to have any necessary regulation of the flow of immigrants accomplished by means of informal target figures from the various countries of origin, along the lines suggested by the Minister, rather than through the application of categories that might be regarded as discriminatory.

Legislation; Post Office Act amendment respecting mail contracts

12. The Postmaster General, referring to discussion at the meeting of October 9th, said that he, together with the Minister of Justice, the Minister of Resources and Development and the Minister of Citizenship and Immigration, had examined ways and means of improving the present system of awarding mail contracts.

After considering the advantages and disadvantages of possible alternative methods of dealing with the contracts, the committee had come to the unanimous conclusion that it would be inadvisable to abandon the tender principle and that the present tender and contract system should be preserved with certain modifications designed to meet the more valid criticisms of the method.

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It was recommended, therefore, that the Post Office Act be amended to authorize the Postmaster General to adjust all mail contracts, irrespective of total annual payments involved, provided that at least one year had elapsed since the awarding of the contract, that the total readjusted amount of the contract did not exceed the amount ordinarily paid outside the postal service for services of a like nature in the same area, and that there be only one such readjustment of the original amount obtained by way of tender.

If this plan were approved, it was estimated that the present total commitment of $6,275,109 for all rural routes might be increased by $1.7 million. However, it should be borne in mind that much of this increase would doubtless occur even if the committee's recommendation were not accepted, inasmuch as the monthly average rate of tender on mail contracts had risen more or less steadily since World War II and was continuing to rise.

An explanatory note had been circulated.

(Minister's memorandum, Dec.9,1952 and attached appendices - Cab. Doc. 374-52).

13. The Minister of National Revenue thought it would be more equitable to provide authority for one readjustment for each four year contract period.

14. The Acting Prime Minister agreed that renewed contracts should probably have all the benefits of an original contract, including one readjustment.

15. The Minister of Citizenship and Immigration felt a waiting period of one year in respect of readjustment was probably adequate in the case of original contracts but that renewed contracts should not be entitled to readjustment within less than two years from the date of the renewal.

16. The Minister of Justice suggested that the one year waiting period be made applicable to all existing contracts and that a two year waiting period be made applicable to all contracts entered into after enactment of the amendment whether they be new contracts or renewals.

17. Mr. Cote said he was more or less committed to the establishment of a select committee to consider and report on postal matters. It was for decision whether the proposed new method of awarding mail contracts should be embodied in a bill and referred to the committee after second reading, or whether it would be preferable to have the committee sponsor the plan.

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18. Mr. Harris felt it would be preferable for the government to take the initiative and to introduce the resolution and bill on the understanding that, if need be, the bill would be referred to committee after second reading.

19. Mr. Howe agreed but felt that no action should be taken to refer the measure to a committee unless a request for such reference were made in the House.

20. The Cabinet, after further discussion agreed that;

(a) a draft measure be prepared to amend the Post Office Act to empower the Postmaster General to adjust all mail contracts, irrespective of total annual payments involved, provided that:

(i) in respect of contracts entered into prior to enactment of the amendment at least one year and, in respect of all other contracts, at least two years had elapsed after the awarding of such contracts;

(ii) the total readjusted amount of any contract did not exceed the amount ordinarily paid outside the postal service for services of a like nature in the same area; and,

(iii) there be only one such readjustment in any four year contract period; and

(b) the measure be introduced as a government bill; it being understood that it would be referred to a special committee after second reading only if such reference were requested in the House.

Airport construction; extension of contracts

21. The Minister of Transport reported that Treasury Board, at a meeting held on December 2nd, 1952, had considered his recommendation for extension of two contracts for airport development. The purpose of one amendment was to provide for additional work at a cost of $1.6 million under the contract awarded to Marjorie Tallman, Erven Tallman and D.D. Tallman, of Winnipeg, for the development of the airport at Portage la Prairie, Manitoba. The original contract had been for work at an estimated cost of $2,135,000. The purpose of the other amendment was to provide for additional work at cost of $470,797.10 under the contract awarded to H.J. McFarland Construction Company Limited, of Picton, Ontario, for additional development of the Ottawa (Uplands) Airport. The original contract had been for work at an estimated cost of $2,251,706.05.

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The Board had been concerned at the proposal that no tenders be invited for these substantial extensions and had asked that both cases be referred to Cabinet for consideration.

An explanatory note had been circulated.

(Acting Secretary's memorandum, Dec. 9, 1952 - Cab. Doc. 373-52).

22. The Minister of National Revenue said he and other members of Treasury Board felt that extending contracts without calling for tenders might be justified in remote areas where a competent contractor was already on the site but that the same considerations did not normally apply in urban areas, particularly when large amounts were involved and competitors were readily available. Furthermore, while extensions of this sort might be countenanced when the additional work was of the same character as that covered under the original contract, it was doubtful if they should be approved when they were for a different type of work, as appeared to be the case at Uplands Airport.

23. Mr. Chevrier agreed that the amount of the extension involved at the Portage La Prairie Airport was large and he would not object if it were felt that tenders should be called in this instance. The situation was, however, different at Uplands inasmuch as the extension was required for the construction of a subway beneath a concrete apron to be provided by the McFarland Company under the original contract. It would not be satisfactory to have two different contractors working on exactly the same site.

24. The Minister of Justice as Acting Minister of Finance said that there would be more prospect of getting competitive tenders in Ottawa than Portage la Prairie and to that extent there would be more justification for allowing an extension to the western case than in the other.

25. The Minister of Agriculture felt that, without knowing too much of the details of the Portage la Prairie contract, it might be advisable, as a matter of general principle, to call for tenders when additional works involved such large amounts of money.

26. The Acting Prime Minister thought there was very little practical value in calling for tenders in a case like this in the Prairie Provinces as all Prairie contractors had more work than they could do. A call for tenders for the Portage la Prairie Airport would probably not result in better terms than those available under the Tallman contract. In the Ottawa case the physical circumstances made it desirable to have only one company involved.

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27. The Cabinet, after further discussion, approved the recommendation of the Minister of Transport that extensions be granted under existing contracts to Majorie Tallman, Erven Tallman and D.D. Tallman in respect of additional works required at the Portage la Prairie Airport and to the H.J. McFarland Construction Company Limited in respect of additional works required at the Ottawa (Uplands) Airport.

Coronation; distribution of medal; general arrangements

28. The Acting Prime Minister reported that the Coronation Committee had recommended that the Awards Coordination Committee be asked to propose a scheme for the distribution of the Coronation Medal in Canada. The number of medals suggested for Canada was 19,000.

An explanatory memorandum had been circulated.

(Acting Secretary's memorandum, Dec. 8, 1952 - Cab. Doc. 372-52).

29. Mr. Howe said the Secretary of the Coronation Committee had also suggested that, in connection with the scheme for distribution of the medal and also with regard to the Coronation arrangements generally, it might be desirable to draw upon the experience of General Letson. If he was prepared to give assistance it might be thought desirable to include him among the Committee assistants who would accompany the official delegation to the Coronation.

(Letter, Under Secretary of State to the Acting Secretary, Dec. 3, 1952).

30. The Cabinet, after discussion, agreed that decision be deferred on the proposals submitted by the Secretary of the Coronation Committee for the distribution of the Coronation Medal and the handling of Coronation arrangements until a meeting at which the Prime Minister was present.

United States embargo on Canadian animals and animal products; discussions in Washington

31. The Minister of Agriculture, referring to discussion at the meeting of December 4th, said he had discussed with the Secretary of Agriculture of the United States the possibility of advancing the date on which the United States embargo on Canadian animals and animal products would be lifted. The original intention of the United States authorities had been to have the embargo lifted before the present Administration

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went out of office. It turned out, however, that the earliest the formal measures could be initiated was December 19th or 20th, which would make the actual lifting January 19th or 20th. It was thought that that might be criticized and, consequently, the later date had been set. Mr. Brannan now proposed to discuss the matter with the Secretary of Agriculture-Designate, Mr. Benson, and, if he agreed, to advance the date of lifting to something like the original schedule. If a lifting around January 20th was not agreeable, February 1st or February 15th would be considered. At worst, the date would be the present one - March 1st.

He had spoken to Mr. Brannan about the desirability of admitting hay from eastern Canada for feeders in the New England States. Mr. Brannan agreed that special measures ought to be taken and, subject again to the agreement of Mr. Benson, he would try to have admission made possible immediately.

The original intention of the United States authorities had been to have special provision against the admission of animals and meat from the entire province of Saskatchewan. It had been explained that this would be almost impossible to administer as most of the live-stock from northern Saskatchewan was marketed through Winnipeg. He thought the difficulties had been understood, and that an attempt would be made to eliminate the special provision.

32. The Cabinet noted with approval the report of the Minister of Agriculture concerning his discussions with the United States Secretary of Agriculture relating to the date of lifting the United States embargo on Canadian animals and animal products.

Colombo plan; 1952-53 programme for India

33. The Minister of Citizenship and Immigration as Acting Secretary of State for External Affairs pro tem referred to the discussion at the meeting of September 13th at which the Cabinet authorized the expenditure of $5 million from the 1952-53 Colombo Plan Vote for the provision of wheat for India. Most, if not all, the counterpart funds set aside by India would be required to complete the construction of the Mayurakshi irrigation and hydro-electric project. It was estimated that electrical and generating equipment for the project would cost in the neighbourhood of $5 million. In addition to the generating equipment, the Indian government had requested that Canada supply the transmission lines and related items required to distribute the electric energy to the surrounding district. It was recommended that approval be given for provision of equipment accordingly.

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An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Dec. 9, 1952 - Cab. Doc. 375-52).

34. The Acting Prime Minister said the project had been carefully considered by the Department of Trade and Commerce and appeared to be a sound one. He thought the recommendation should be approved.

35. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs pro tem that, under the 1952-53 Colombo plan programme for India, generating and transmission equipment be provided for the Mayurakshi irrigation and hydro-electric project up to a maximum of $5 million; the total to include the amount of $500,000 that had been allocated for direct capital aid to the project in the 1951-52 programme.

Kingston Penitentiary; disposal of old quarry

36. The Minister of Justice reported that, since 1903, the Kingston Penitentiary had had use of a quarry situated on either side of a street in the municipality under an agreement with the Kingston (formally Portsmouth) authorities whereby the street itself could be quarried on condition that it be returned to the municipality in good condition. The municipality claimed that the Penitentiary had extracted approximately $50,000 worth of stone from the quarry. The property was no longer required and it was hoped that the Department would be relieved of the obligation to restore the former thoroughfare on condition that 4,000 cubic yards of crushed stone be made available to the municipality. This proposal was now under consideration by the Municipal Council of Kingston.

37. The Cabinet noted with approval the report by the Minister of Justice that the Department might be relieved of the obligation of restoring a passable thoroughfare through an old quarry used by the Kingston Penitentiary on condition that 4,000 cubic yards of crushed stone be made available to the municipality.

Legislation; Historic Sites and Monuments bill

38. The Acting Secretary, referring to discussion at the meeting of November 19th, submitted a reprint bill entitled the "Historic Sites and Monuments Act".

Copies of the bill had been circulated.

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39. The Cabinet, after discussion, approved for introduction in the House of Commons the Historic Sites and Monuments bill.

Canadian National Railways; recapitalization

40. The Minister of Justice as Acting Minister of Finance submitted a recommendation concerning rates of interest and other matters relating to the recapitalization of the Canadian National Railways.

41. The Cabinet approved the recommendation of the Acting Minister of Finance and agreed that:

(a) the rate of interest to be payable on the $100 million obligation of the Canadian National Railways under Section 4 of the Canadian National Railways Capital Revision Act, 1952, be 3 5/8 percent per annum;

(b) the terms of the obligation be as set forth in the submission; and,

(c) the Minister of Finance be authorized to transfer to the Canadian National Railways shares of the Canadian National Railways Securities Trust in exchange for five million shares of the capital stock of the company; an Order in Council to be passed accordingly.

(Order in Council P.C. 4615, Dec. 10, 1952).

Appointments

42. The Minister of Citizenship and Immigration as Acting Secretary of State for External Affairs pro tem with the concurrence of the Minister of National Defence, submitted a recommendation for an appointment to the Permanent Joint Board on Defence.

43. The Minister of Veterans Affairs submitted recommendations for two re-appointments to the Canadian Pension Commission.

44. The Cabinet approved the recommendations and agreed that appointments be made as follows:

(a) Rear Admiral W.B. Creery to be Naval Member of the Canadian Section of the Permanent Joint Board on Defence in the place of Rear Admiral H.G. DeWolf; the appointment to be effective January 30th, 1953;

(b) Norman Loris Pickersgill, Esquire and John Murray Forman, Esquire, to be ad hoc members of the Canadian Pension Commission for one year from February 1st, 1953;

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Orders in Council to be passed accordingly.

(Orders in Council P.C. 4612 and P.C. 4616, Dec. 10, 1952).

Television censorship; validity of proposed Quebec legislation

45. The Minister of National Revenue said the Canadian Broadcasting Corporation had requested the advice of the Department of Justice on action they should take with regard to legislation now under consideration in the Quebec Legislature for the censorship of films televised from stations located in Quebec.

A report by the Deputy Minister of Justice was read.

(Memorandum, Nov. 26, 1952).

46. The Acting Prime Minister, suggested that the matter be postponed for further consideration when the Prime Minister could be present.

47. The Cabinet, after discussion, deferred to a meeting when the Prime Minister was present, consideration of possible action with respect to legislation now before the Legislature of Quebec providing for the censorship of films televised from stations located in that Province.

Petawawa Military Camp; Currie report

48. The Solicitor General, as Acting Minister of National Defence, said he had now received the Currie report on the losses of stores at Petawawa Military Camp. A copy had been forwarded to Mr. Claxton in Europe and fifty copies were being mimeographed to permit circulation to members of the government.

The investigation had been ordered by the Minister of National Defence and the report was to him and not to Parliament. However, because of its importance, there was little doubt that it would have to be tabled soon in Parliament. Before that were done, because of the contentious matters covered in the report, it should probably be considered by the Prime Minister, the Minister of National Defence and other members of the government before tabling.

49. The Cabinet noted the remarks of the Acting Minister of National Defence concerning the receipt of the Currie report on the losses of military stores at Petawawa Military Camp.

R.G. Robertson,
Acting Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

December 12, 1952

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Items discussed

Legislation; Judges Act amendment 2.

U.S. embargo on Canadian agricultural products; date of lifting; application to hay 3.

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CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, December 12th, 1952, at 2:00 p.m.

Present:

The Minister of Trade and Commerce
Minister of Defence Production
and Acting Prime Minister
(Mr. Howe), in the Chair
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Acting Secretary to the Cabinet
(Mr. Robertson),
Mr. Paul Pelletier, Privy Council Office.

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Legislation; Judges Act amendment

1. The Minister of Justice mentioned that the bill to amend the Judges Act, which had been approved at the meeting of November 19th, provided simply for the payment of a salary to an additional judge of the Supreme Court of British Columbia. Since then, it had been suggested to him that the Judges Act might usefully be amended further to make it clear that a judge could engage in the teaching of law provided this did not interfere with his judicial duties.

2. The Minister of Veterans Affairs pointed out that the law faculties of many Canadian universities relied heavily on the lectures provided by judges of provincial superior courts. This was notably so in the three universities in the Province of Quebec as well as in law schools of the Province of Manitoba and of the Maritime Provinces. In the circumstances, he thought the suggested amendment should be proceeded with as there seemed little doubt that Section 35 of the Judges Act as it now stood would preclude judges from teaching law, at least on a regular basis.

3. The Acting Prime Minister, said that he disliked the suggested amendment because it might in time make judgeships appear to be part-time functions. Furthermore, Parliament and the public generally might react unfavourably to an amendment of this character in the light of continuing pressure for more judicial appointments.

4. Mr. Garson was of opinion that, in the great majority of cases, the teaching of law in no way interfered with the exercise of judicial functions by judges.

5. The Minister of Transport suggested that, although the suggested amendment might be desirable on its merits, it would be inadvisable to introduce it at this time.

6. The Cabinet, after further discussion, noted the report of the Minister of Justice and the comments thereon and agreed that the suggested amendment to the Judges Act designed to enable judges to engage in the teaching of law provided there was no interference with their judicial duties be not proceeded with at this time.

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U.S. embargo on Canadian agricultural products; date of lifting; application to hay

7. The Minister of Agriculture, referring to discussion at the meeting of December 10th, read a draft statement he proposed to make in the House of Commons on the U.S. embargo on Canadian Agricultural products. The statement would mention the discussions he had had with the Secretary of Agriculture in Washington and say they had been most favourable. The U.S. authorities regarded the measures taken in Canada to combat foot and mouth disease as wholly effective and were anxious to see normal trade resumed at the earliest possible moment. The formal notice of intention to lift the embargo with regard to livestock and meat would be published shortly by the U.S. authorities with indication that representations would be received concerning the action up to January 16th. So far as hay was concerned, recent information of intentions in Washington had been interpreted as meaning that the embargo on its movement had already been lifted. That was not the case. Hay would be admitted after formal notice concerning it had been published which was expected to take place within a few days.

8. The Cabinet noted, with approval, the explanatory statement that the Minister of Agriculture proposed to make in the House of Commons concerning the lifting of the U.S. embargo on Canadian agricultural products.

R.G. Robertson
Acting Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

December 15,1952

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Items discussed

Audience with the Queen	2.
Royal Style and Titles	2.
Commonwealth Economic Conference	3.
National Defence; Currie report	4.
Parliament; Committee on Atomic Energy	4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Monday, December 15th, 1952, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Audience with the Queen

1. The Prime Minister said he had paid the respects of his colleagues in the Cabinet to the Queen during his audience. The Queen had very warm recollections of her visit to Canada. He had formed the impression that she and the other members of the Royal Family regarded themselves as carrying on the work of the late King and were guiding themselves in a manner of which they thought he would approve.

2. The Cabinet noted the report of the Prime Minister concerning his audience with the Queen.

Royal Style and Titles

3. The Prime Minister referred to the announcement of December 12th concerning the agreement reached in London on the Royal Style and Titles. He proposed to table the communique in the House of Commons and to indicate that the government would recommend to Parliament that the matter be dealt with during the course of the present session.

It had become clear at an early point in the special meetings that no single form of title would be generally acceptable to all the countries concerned. The result, in which Canada would be associated in her form of title with Australia and New Zealand, seemed satisfactory. A principal point of discussion with the Prime Ministers of the latter two countries had been whether the three titles should refer simply to the "United Kingdom" or to the "United Kingdom of Great Britain and Northern Ireland". The full style would be used in the United Kingdom title. Mr. Churchill had felt that it would not be possible for the United Kingdom to leave out specific reference to Northern Ireland but he had no objection to the shorter version being used by others. It seemed much preferable not to have a formal declaration by the other countries in their titles that Northern Ireland was a part of the United Kingdom as this was likely to give rise to controversy. Australia and New Zealand had agreed with that view.

The South African title would describe the Queen as "Queen of South Africa and of her other realms and territories" but would not include mention of the United Kingdom nor the phrases "by the grace of God" or "Defender of the Faith". The title of Ceylon would be similar. Pakistan would refer to the "United Kingdom" with no reference to Pakistan specifically. It seemed

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clear that the government of Pakistan felt it would ultimately have to follow the same course as India and recognize the Queen simply as head of the Commonwealth.

There might be some discussion about retention for Canada of the phrase "Defender of the Faith". While in the United Kingdom it had a special connotation through the established church, for Canada it could properly be regarded as referring to the role of the state in protecting the freedom of religious observance and in defending the faiths accepted by her people.

4. The Cabinet:

(a) noted with approval the report of the Prime Minister concerning the agreement on the Royal Style and Titles to be used by the various countries of the Commonwealth; and,

(b) agreed that the final communique be tabled in the House of Commons with indication that action on the Canadian form of the title would be recommended to Parliament during the course of the present session.

Commonwealth Economic Conference

5. The Prime Minister said he proposed to table the official communique issued at the end of the Commonwealth Economic Conference. He would recommend that it be printed as an appendix to Hansard. Every word in the communique had been carefully considered and members of Parliament should have the complete text available for discussion.

Canada had managed to secure a change in wording in paragraph 7. It had originally stated that Commonwealth governments would give consideration to the effects on the export industries of countries of the sterling Commonwealth of import restrictions which some had found necessary. The paragraph had been altered so that consideration would be given to the effects on the export industries of all Commonwealth countries and not simply those of the sterling countries. The United Kingdom had already given up timber controls and would be buying where the best terms could be got. There was hope that something might be done about purchases of cheese, and perhaps salmon. There appeared to be no hope with regard to apples.

6. The Cabinet noted the report of the Prime Minister concerning the official communique issued at the conclusion of the Commonwealth Economic Conference and agreed that it be tabled in the House of Commons.

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National Defence; Currie report

7. The Prime Minister said he had received a copy of the Currie report on the investigation of the army works services shortly before his departure from London. The Minister of National Defence had received a copy at about 4:00 o'clock on December 14th, in Paris. The Minister had sent a telegram saying that, if it were certain that tabling of the report would not prejudice any of the legal proceedings that had been taken or might still have to be taken, he thought it should be tabled at once. It was proposed to do this immediately.

8. Mr. St-Laurent read a statement which he proposed to make in tabling the report. The statement would refer to action taken when the irregularities at Petawawa had been disclosed and would emphasize that the report concerned only one relatively small branch of the Canadian Army. It would mention that there were certain statements of a general character which, taken out of their context, might be used to reflect on the army as a whole and that it was hoped no such reflection would be made on loyal officers and men, as well as many civil servants. It would refer to changes already made in administrative procedures and state that urgent attention would be given to the recommendations in the report.

It was proposed also to read and table a memorandum received from the Chief of the General Staff. The memorandum referred to the statements which might be interpreted as applying to the army as a whole and requested that Mr. Currie clarify whether they were intended to apply generally and, if so, to indicate the facts on which such general reference was based.

When the Committee on Defence Expenditures was set up it would be recommended that the Currie report be referred to it, along with the memorandum.

9. The Cabinet, after discussion, noted with approval the intention of the Prime Minister to table the Currie report on the investigation of army works services, as well as a memorandum from the Chief of the General Staff concerning the report, and agreed that a statement be made in the terms submitted.

Parliament; Committee on Atomic Energy

10. The Prime Minister said there might be a request for the re-establishment of the Committee on Atomic Energy. The Minister of Trade and Commerce would indicate that the committee would be set up, if desired.

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11. The Cabinet noted with approval the report of the Prime Minister that the House of Commons Committee on Atomic Energy would be re-established, if desired.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 17,1952

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Items discussed

Cabinet Defence Committee; appointment	2.
National Library; appointment of architect	2.
Parliament; legislation	2.
Legislation; Yukon Act revision	3.
Television censorship; validity of proposed Quebec legislation	3.
Coronation; distribution of medal; general arrangements	4.
Hog premiums	5.
Medical Council of Canada; appointments	5.
Japan; revival of Agreement re tonnage measurement of merchant ships	6.
Railway-highway crossings; inquiry by Board of Transport Commissioners	6.
St.Lawrence project; export of power by Ontario Hydro-Electric Power Commission to Aluminum Company of America during period of construction	7.
Queen Charlotte Airlines; Federal assistance	9.
Shell eggs; price support	11.
French-language radio station, Moncton, N.B.; authority for construction	11.
Toronto Harbour Commission; appointment	11.
Civil Service; half holiday prior to Christmas and New Year	12.

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CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Wednesday, December 17th, 1952, at 3:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
and Acting Secretary of State for External Affairs
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
and Acting Secretary of State
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Cabinet Defence Committee; appointment

1. The Prime Minister mentioned that, as Mr. Campney had been authorized by Order in Council under Section 5 of the National Defence Act to exercise any power or perform any duty or function that was normally vested in or that might be exercised by the Minister of National Defence, he proposed to add Mr. Campney to the membership of the Cabinet Defence Committee.

2. The Cabinet noted with approval the Prime Minister's proposal that Mr. Campney be a member of the Cabinet Defence Committee.

National Library; appointment of architect

3. The Prime Minister, referring to discussion at the meeting of November 5th, said that although Mr. A.S. Mathers of the architectural firm of Mathers and Haldenby of Toronto had been consulted about early proposals for a National Library no architect had yet been retained formally by the Department of Public Works to prepare plans and specifications.

Now that a site had been chosen and the government's intentions in respect of the National Library announced in the Speech from the Throne, he suggested that the Minister of Public Works arrange to retain the services of Mr. A.S. Mathers of Mathers and Haldenby and that an appropriate item be included in the estimates of his Department for National Library purposes.

(Letter, Dominion Archivist to Secretary, Dec. 16, 1952)

4. The Cabinet, after discussion, agreed, that the Minister of Public Works, in connection with the proposed National Library;

(a) arrange to retain the services of Mr. A.S. Mathers of the architecture firm of Mathers and Haldenby of Toronto to prepare plans; and,

(b) include an appropriate item in his departmental estimates for planning and preliminary work for the National Library.

Parliament; legislation

5. The Secretary submitted certain draft resolutions and bills.

Copies of the draft measures had been circulated.

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6. The Cabinet, after discussion, approved the following for introduction in Parliament:

resolution and bill to amend the Emergency Gold Mining Assistance Act;

bill entitled "Canada Fair Employment Practices Act"; and

bill to amend the Statistics Act (for introduction in the Senate in the first instance).

Legislation; Yukon Act revision

7. The Minister of Resources and Development submitted a resolution and bill to revise the Yukon Act.

He suggested that the resolution might be approved immediately for inclusion on the Order Paper of the House of Commons but that decision on introduction of the bill itself be withheld until he had had an opportunity to consider further the advisability of providing some control over the removal from the Yukon of historic relics.

8. The Cabinet, after discussion,

(a) approved for introduction the resolution respecting the Yukon Act revision; and

(b) deferred decision on introduction of the bill to revise the Yukon Act pending further consideration and report by the Minister of Resources and Development.

Television censorship; validity of proposed Quebec legislation

9. Dr. McCann, referring to discussion at the meeting of December 10th, said that some decision should be reached as to what action, if any, should be taken by the Canadian Broadcasting Corporation or by the government in connection with the new television censorship legislation now under consideration in the Legislature of the Province of Quebec.

A memorandum from the Deputy Minister of Justice setting forth several alternative courses of action was again submitted and read.

(Memorandum, Justice, Nov. 26, 1952).

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10. The Prime Minister suggested that the Minister of Justice might usefully get in touch with the Premier of Quebec and suggest that, with a view to avoiding a controversy on the subject between Federal and Provincial authorities, Mr. Duplessis might wish voluntarily to refer the proposed legislation to the Quebec Court of Appeals for a decision as to its validity. It might be pointed out to the Premier that the proposed legislation apparently applied only to the televising of photographic films or moving pictures, the vast majority of which would have previously been censored in the normal way for showing in cinemas. If Mr. Duplessis did not agree to refer the legislation to the courts, the least objectionable course of action would probably be to do nothing and to have the Canadian Broadcasting Corporation continue television operatinns in Quebec as unprovocatively as possible and await developments.

11. The Cabinet, after discussion, noted the report of the Minister of National Revenue on television censorship and agreed that,

(a) the Minister of Justice should communicate informally with the Premier of Quebec and ascertain whether the latter would be prepared to refer the proposed Quebec legislation on television censorship to the Quebec Court of Appeals for a decision as to the legislation's constitutional validity; and,

(b) in the event Mr. Duplessis did not agree to refer the legislation to the courts, the Canadian Broadcasting Corporation be instructed to continue television operations in Quebec in a normal manner and await developments.

Coronation; distribution of medal; General arrangements

12. The Prime Minister, referring to discussion at the meeting of December 10th, indicated that decision was required on a recommendation of the Coronation Committee that the Awards Coordination Committee be asked to put forward a scheme for the distribution of the Coronation Medal.

It had also been suggested that General Letson might be asked to assist in this work and in Coronation preparations if he were prepared to do this, he might be included amongst the committee assistants who would accompany the official delegation to the Coronation at government expense. However, decision in this matter might be withheld until such time as the Minister of National Defence and the Minister of Finance could be present.

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13. The Cabinet, after discussion,

(a) agreed that the Awards Coordination Committee be asked to recommend to the Coronation Committee a scheme for the distribution of the Coronation Medal; and

(b) deferred decision on the suggestion as to assistance by General Letson in this matter and with Coronation preparations until such time as the Minister of National Defence and the Minister of Finance could be present.

Hog premiums

14. The Prime Minister said that, in order to bring the legal position on payment of premiums for hog carcasses in line with the policy announced by the Minister of Agriculture on March 31st, 1952, it would be necessary to revoke Order in Council P.C. 1264 of March 4th, 1952, which had been passed as a temporary measure to encourage hog producers to retain hogs on farms for further feeding until more normal marketing conditions prevailed.

15. The Cabinet, after discussion, agreed that provision be discontinued for the payment of temporary premiums on hog carcasses of heavier weights, as authorized by Order in Council P.C. 1264 of March 4th, 1952, and that premiums be re-established at the levels in effect prior to that date; an Order in Council to be passed accordingly.

(Order in Council, P.C. 4628, Dec. 17, 1952).

Medical Council of Canada; appointments

16. The Postmaster General, as Acting Secretary of State, submitted a recommendation for appointments to the Medical Council of Canada.

17. The Cabinet, after discussion approved the appointment of Dr. F.A. Carmichael of Ottawa, Dr. E.A. McCusker of Regina and Dr. P.A. McLennan of Vancouver as Federal representatives on the Medical Council of Canada for a four-year term from November 7th, 1952; an Order in Council to be passed accordingly.

(Order in Council P.C. 4603 Dec, 17, 1952).

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Japan; revival of Agreement re tonnage Measurement of Merchant Ships

18. The Minister of Citizenship and Immigration, as Acting Secretary of State for External Affairs, recommended with the concurrence of the Minister of Transport that, as the Treaty of Peace with Japan had now come into effect, the government take whatever steps were required to revive the Agreement with Japan respecting tonnage measurement of merchant ships.

An explanatory note had been circulated.

(Minister's memorandum Dec. 10, 1952, Cab. Doc. 377-52).

19. The Minister of Transport mentioned that tonnage measurement requirements had been written into the Canada Shipping Act and agreed that the Agreement with Japan should be revived.

20. The Cabinet, after discussion, approved the recommendation of the Acting Secretary of State for External Affairs, as concurred in by the Minister of Transport, and agreed that the government of Japan be notified that the Canadian government wished to revive the Agreement between the two governments respecting the Tonnage Measurements of Merchant Ships and Exchange of Notes relating thereto, signed at London, November 30th, 1922, insofar as it applied to ships of Canadian registry.

Railway-highway crossings; inquiry by Board of Transport Commissioners

21. The Minister of Transport reported that, as a result of expanding motor vehicle traffic and public demands for improved highways, the problem of railway-highway crossings had become a matter of national concern. During the past twenty-years, the number of persons killed and injured at such crossings had increased by 75 and 50 per cent respectively. From time to time, representations had been made that the Railway Grade Crossing Fund established under the Railway Act was inadequate to meet present needs.

Under the terms of the Railway Act, nearly all railway-highway crossings in Canada were under the jurisdiction of the Board of Transport Commissioners. In the circumstances, he suggested that, under the provisions of Section 38 of the Act, the problem be referred to the Board for consideration and report.

An explanatory note had been circulated.

(Minister's memorandum, undated, Cab. Doc. 376-52).

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22. The Prime Minister said he had been informed by Chief Commissioner Kearney that the Board proposed to travel extensively throughout Canada to hear representations about the Board's order on equalization of freight rates which was to come into effect on the first of January 1954. It had been suggested that the Board might at the same time look into the level crossing problem.

23. The Minister of Resources and Development noted that although railway-highway crossing accidents had increased during the past years such accidents constituted a progressively smaller proportion of overall highway accidents. Level crossing accidents now represented only 1.6 percent of all highway accidents.

24. The Cabinet, after discussion, noted the report of the Minister of Transport and agreed that he prepare and submit a draft Order in Council directing the Board of Transport Commissioners, under Section 38 of the Railway Act, to investigate and report to the government on all phases of the problem of railway-highway crossings in Canada.

St. Lawrence Project; export of power by Ontario Hydro-Electric Power Commission to Aluminum Company of America during period of construction

25. The Prime Minister mentioned that, during the course of Federal Power Commission hearings of the New York State Power Authority application the previous week, it had become evident that one of the difficulties to be overcome was the fear entertained by the Aluminum Company of America that the supply of power for its plant at Massena would be cut off entirely for a period of 12 to 18 months during construction of the proposed new power works in the International Rapids Section. While he was being cross-examined, the Chairman of the Ontario Hydro- Electric Power Commission had given an undertaking that Ontario Hydro would be prepared to supply whatever power might be required by ALCOA at Massena during the period of construction provided it was not possible for ALCOA to obtain the power elsewhere and provided further that the necessary export permits were granted by the Federal government.

As a decision on the latter point seemed urgently required in Washington, he had after consulting the Minister of Trade and Commerce, authorized counsel for Canada to state before the F.P.C. hearings were concluded that, if the works to be undertaken for the development of power for Ontario in the International Rapids Section of the St. Lawrence River interfered with the supply of power to ALCOA at Massena and if Ontario Hydro was prepared to meet ALCOA power needs temporarily during the period of construction, the Canadian government would be prepared to

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grant whatever permits were required to make that power available.

(Secretary's note, Dec. 16, 1952, and enclosures).

26. The Minister of Transport said he was rather concerned at recent reports that, as soon as Congress reconvened early in January, renewed efforts would be made to obtain Congressional approval for a new agreement with Canada covering navigation alone or navigation and power in the International Rapids Section.

27. Mr. St-Laurent in this connection, submitted and read a draft message the Department of External Affairs proposed to send to the Canadian Ambassador at Washington and in which it was pointed out that, if the Spalinski application for the development of power and navigation in the International Rapids Section was dismissed by the Federal Power Commission later that week, the Commission would then technically be in a position to grant a licence immediately to the New York State Power Authority. As there was some considerable doubt that the Federal Power Commission would take early action, Mr. Wrong's views were sought as to the advisability of having Mr. Pearson approach someone in the incoming U.S. Administration such as Mr. Dulles or Mr. Brownell with a view to having the latter take whatever steps seemed appropriate to hasten F.P.C. action on New York's application. Such an approach would only be made with the knowledge of the current administration.

(Draft message, Secretary of State for External Affairs, to Canadian Ambassador at Washington, December 17, 1952).

28. The Minister of Trade and Commerce thought it would be inadvisable for any approach, even informal, to be made to members of the incoming administration before January 20th. It would be time enough after President Eisenhower's inauguration to make representations at the ministerial level if the Federal Power Commission had not at that time granted a licence to the New York State Power Authority.

29. Mr. Chevrier rather inclined to the view that Mr. Pearson might usefully discuss the matter with Mr. Dulles prior to January 20th inasmuch as he would only be seeking to further the declared objectives of the current administration.

30. The Cabinet, after considerable further discussion,

(a) noted with approval the Prime Minister's report that counsel for Canada had been authorized to inform the U.S. Federal Power Commission that, if the need arose, the Canadian government would do whatever was required to enable the Ontario Hydro-Electric

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Power Commission to export power on a temporary basis to the Aluminum Company of America at Massena during the construction of the power works in the International Rapids Section; and,

(b) agreed that the views of the Canadian Ambassador at Washington be sought as to the advisability of Mr. Pearson seeking support of the incoming U.S. Administration before January 20 in obtaining early action by the Federal Power Commission on the application of the New York State Power Authority, while indicating that Ministers in Canada were not agreed as to the advisability of such an approach.

Queen Charlotte Airlines; Federal assistance

31. The Minister of Fisheries reported that passenger transportation and mail services provided by steamships along the British Columbia coast had grown progressively worse since the conclusion of World War II but on the other hand, air passenger services provided by the Queen Charlotte Airlines had been good. This Company was now threatened with foreclosure by the Royal Bank and although it provided daily passenger service to the west coast and the Queen Charlotte Islands, it did not receive any of the $445,000 subsidy to the various steamship lines which gave service once in ten days to these points. Most of the mail was still delivered by these irregular steamer services. Planes went in daily to many points, but mail was still delivered only once every ten days by boat. Although the Queen Charlotte Airlines was the third largest private airline in Canada, it got the smallest part of its revenues from mail contracts.

Last summer's long logging strike and five fishing strikes had reduced the Company's revenues far below expectations and it had gone heavily into debt to the Royal Bank, which had now indicated intention to take action to protect its loans, totalling $285,000. If this airline went bankrupt, it would have serious repercussions throughout the Province, especially in the logging and fishing industries. On the other hand, the steamship companies had neither the ships nor the crews to offer any improvement in their services.

He suggested that the airline might be given assistance as follows:

(a) allocation to the line of a good part of the $445,000 subsidy now paid to the steamship lines for inadequate service to the west coast of Vancouver Island and the Queen Charlotte Islands, which areas got good daily service from the airline;

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(b) mail contracts for all ports of call on the coast not served by road;

(c) use of Queen Charlotte Airline shops for some of the overhaul and repair work of the R.C.A.F. in British Columbia; and

(d) if such help was given, the Industrial Development Bank might reconsider the possibility of making a loan.

An explanatory note was circulated.

(Minister's memorandum, undated ,Cab. Doc. 379-52).

32. The Minister of Transport felt it would be inadvisable to establish a precedent by granting a subsidy to the Queen Charlotte Airlines. A subsidy was possible under the Aeronautics Act but the relevant provision in this legislation had only been used once to date.

If it were agreed that something should be done he would much prefer that arrangements be made to secure financing by the Industrial Development Bank. If necessary, the government might even go so far as to guarantee all or a portion of any loan by that Bank.

33. The Minister of Trade and Commerce thought there might be some difficulty in securing a loan from the Industrial Development Bank in view of the fact that the Queen Charlotte Airlines' liabilities exceeded its assets.

He suggested that he and the other Ministers most immediately concerned might explore the matter further with officials of the Air Transport Board, the Post Office Department and the Company with a view to arriving at some solution. Following such a meeting, he might get in touch informally with the President of the Royal Bank and suggest that, in the circumstances, the Bank might agree to withhold foreclosure proceedings for the time being.

34. The Cabinet, after discussion, agreed that the Minister of Trade and Commerce, the Minister of Transport, the Minister of Justice, as Acting Minister of Finance, the Postmaster General and the Solicitor General discuss with representatives of the Queen Charlotte Airlines and appropriate officials of the Air Transport Board and the Post Office Department, ways and means of providing assistance to the Airlines; it being understood that if it appeared that some suitable arrangement could be made, the Minister of Trade and Commerce would approach the President of the Royal Bank to see if the latter would agree to withhold foreclosure proceedings for the time being.

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Shell eggs; price support

35. The Prime Minister said the Minister of Agriculture had reported that the price support programme for shell eggs, which had been authorized by Order in Council P.C. 6805 of December 19th, 1951, had been completed with a net loss of approximately $50,000 and recommended that the egg market should continue to be stabilized throughout the 1952-53 marketing season.

36. The Cabinet, after discussion, approved the recommendation of the Minister of Agriculture, as put forward by the Prime Minister, that the Agricultural Prices Support Board be authorized to purchase eggs in 1953 at a price equivalent to 38 cents a dozen for Grade A large eggs with appropriate price differentials for other grades of eggs and egg product plus an allowance not to exceed 5 cents a dozen to cover charges associated with storage; an Order in Council to be passed accordingly.

(Order in Council P.C. 4652 Dec. 17, 1952).

French-language radio station, Moncton, N.B.; authority for construction

37. Dr. McCann, referring to discussion at the meeting of October 23rd, submitted a recommendation for authority to complete the construction of a 5 kilowatt French - language radio transmitting station at Moncton, New Brunswick.

38. The Cabinet, after discussion, approved the construction of a French-language broadcasting station in the vicinity of Moncton, New Brunswick; an Order in Council to be passed accordingly.

(Order in Council P.C. 4633 Dec. 17, 1952).

Toronto Harbour Commission; appointment

39. The Minister of Transport submitted a recommendation for an appointment to the Toronto Harbour Commission.

40. The Cabinet approved the appointment of Mr. Frederick Douglas Tolchard to be a Commissioner of the Toronto Harbour Commission for a term of three-years; an Order in Council to be passed accordingly.

(Order in Council P.C. 4654 Dec. 17, 1952).

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Civil Service; half holiday prior to Christmas and New Year

41. The Postmaster General, as Acting Secretary of State, said many representations had been made to the Civil Service Commission and to the Department of Secretary of State with respect to the decision of last February that the Civil Service be allowed a half holiday only on the afternoon of December 24th rather than prior to both Christmas and New Year's Day which had been the case during the past few years. Representations had come mainly from French speaking Civil Servants who had pointed out that New Year's Day rather than Christmas was observed as the family holiday in French speaking Canada.

42. The Cabinet noted the report of the Acting Secretary of State and agreed that the Civil Service Commission inform all government departments that this year either the afternoon of December 24th or the afternoon of December 31st could be observed as a holiday at the option of individual civil servants and departmental heads.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 22nd, 1952

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South Saskatchewan project; report of Royal Commission 2.

Currie report; enquiry as to premature release to unauthorized persons 3.

Parliament; resolution respecting the establishment of a special committee on atomic energy 4.

Appointment; Acting Minister of Defence Production and Trade and Commerce 4.

Queen Charlotte Airlines; Federal assistance; report of special committee 4.

Winnipeg Ballet; use of prefix "Royal" 5.

Queen's Birthday; Citizenship Day 6.

National Library; proclamation of Act; appointments 7.

Price support for pork 8.

Canadian Embassy, Indonesia; accommodation 9.

Canadian Railways' Pensioners Association; representations for increase in pension allowances 10.

National Revenue; partial exemption from customs duty of equipment for the Edmonton plant; the Canadian Chemical and Cellulose Company 11.

Textiles; protection against imported fibres 12.

Appointment; Central Mortgage and Housing Corporation 13.

Korean air lift; extension of C.P.A. contract 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Monday December 22nd at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
and Acting Minister of Agriculture
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Civil Service; half holidays prior to Christmas and New Year

1. The Prime Minister, referring to discussion at the meeting of December 17th, said he had received a telegram from the President of the Civil Service Association of Ottawa urging that favourable consideration be given to the observance of half holidays in the Civil Service on both December 24th and 31st.

(Telegram, President, Civil Service Association of Ottawa to Prime Minister, Dec. 20, 1952).

He noted that these holidays had been observed generally in the Civil Service for many years.

2. The Cabinet, after discussion, agreed that the Chairman of the Civil Service Commission inform all government departments at once that the afternoon of December 24th and the afternoon of December 31st would be observed as holidays throughout the Civil Service.

South Saskatchewan Project; report of Royal Commission

3. The Prime Minister stated that the Chairman of the Royal Commission on the South Saskatchewan Development Project had, that morning, submitted the Commission's report under date of October 29th. The report comprised only the Commission's findings and recommendations and the balance which included documentary evidence and appendices of various kinds, was in course of printing and would be available later. The Minister of Agriculture had suggested that the report might be circulated to members of both Houses of Parliament as soon as received.

4. The Minister of Justice thought it would be preferable not to publish the Commission's findings until such time as the complete report, including documentary evidence, could be made available.

5. Mr. St-Laurent suggested that note might simply be taken that the report had been received but that it be not formally submitted to His Excellency until Part II had been received. In the meantime, the Printing Bureau might be requested to expedite the printing of Part II in order that the whole report might be tabled in the House as soon as possible after Parliament reconvened on January 12th.

6. The Cabinet, after discussion,-

(a) noted that the Prime Minister had received that day Part I of the Report of the Royal Commission on the South Saskatchewan Development Project; and,

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(b) agreed that the complete report be submitted formally to His Excellency and be tabled in the House of Commons as soon as possible after the House reconvened on January 12th.

Currie Report; enquiry as to premature release to unauthorized persons

7. The Minister of National Defence submitted and read a letter he proposed to send to Mr. Currie enquiring as to the circumstances surrounding the premature release of a draft of the report to persons outside the government and the Department of National Defence.

8. The Prime Minister thought it would be entirely proper for the Minister of National Defence to seek from Mr. Currie an explanation as to how members of the Opposition happened to have in their possession a draft of the report which bore the same date and was produced by the same process as the report actually submitted to the Minister but which differed textually from the latter in some respects.

9. The Minister of Finance felt very strongly that the government should at this stage avoid giving the impression that they were attacking, directly or indirectly the report or its author. Inaccurate and exaggerated as some parts of the report might be, the public generally might be only too willing to endorse the charge that the taxpayer's dollar was being used extravagantly by the Armed Forces. In the circumstances, he felt that the government should take such action as was necessary to convince the public that every effort was being made to improve defence administration generally. In this connection it would be very useful if a prominent and competent businessman could be retained to take charge, at least for a temporary period, of the Army Works Services.

10. The Minister of Justice agreed generally with the view taken by the Minister of Finance and suggested that, during the early part of the Committee's hearings at least, government supporters should avoid any action or statement which might be interpreted as an attack on the report or its author.

11. The Cabinet, after considerable discussion, agreed that the Minister of National Defence address to Mr. Currie a letter along the lines of the draft submitted enquiring as to the circumstances surrounding the release to unauthorized persons of a draft of the report on Army Works Services which differed from the text of the report actually submitted to the Minister and which was released prior to the date on which the signed report was delivered to the Department of National Defence.

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Parliament; resolution respecting the establishment of a special committee on atomic energy

12. The Minister of Trade and Commerce submitted a draft resolution proposing establishment of a special committee of the House on atomic energy.

13. The Cabinet, after discussion, approved for introduction a resolution proposing appointment of a special committee of the House to enquire into and report on governmental operations in the field of atomic energy.

Appointment; Acting Minister of Defence Production and Trade and Commerce

14. The Prime Minister suggested that the Minister of Citizenship and Immigration act as Minister of Trade and Commerce and Minister of Defence Production early in January when both the Minister and Acting Minister would be absent from Ottawa.

15. The Cabinet, after discussion, agreed that the Minister of Citizenship and Immigration act as Minister of Trade and Commerce and Minister of Defence Production during the absence from Ottawa of the Minister and Acting Minister (Mr. Chevrier); an Order in Council to be passed accordingly.

(Order in Council P.C. 4683, Dec. 22, 1952).

Queen Charlotte Airlines; Federal assistance; report of Special Committee

16. The Minister of Trade and Commerce reported that, in accordance with a Cabinet decision of December 17th, he had, together with the Minister of Transport, the Minister of Justice as Acting Minister of Finance, the Postmaster General and the Solicitor General, discussed with representatives of the Queen Charlotte Airlines and appropriate officials of the Air Transport Board and the Post Office Department, ways and means of providing assistance to the Airlines.

It seemed clear that the Company could not carry on certain essential services on the west coast throughout the winter months without financial assistance. Before the low traffic winter season was over, it was thought that losses would be in excess of $100,000. It was hoped that the Post Office Department might make greater use of this airline. Any additional postal contracts, however, would be relatively small in nature probably not involving more than an additional $20,000 to $30,000 a year and while of long term value would not meet the immediate situation.

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After fully considering the various factors involved and in view of the essential nature of many of the services rendered by the Company on the west coast, it was recommended that the Minister of Transport, providing he was satisfied that certain specific essential services were maintained by the Company, be authorized to enter into a contract with the Company providing for a grant of $25,000 monthly for six months commencing November 1st, 1952.

(Memorandum, Air Transport Board, Dec. 19, 1952).

17. Mr. Howe added that alternative steamship services on the west coast were totally inadequate to meet local requirements and, in the circumstances, he personally favoured the suggested subsidy for this year only; it being hoped that by next summer, the Company would be in a position to continue operations unassisted.

18. The Solicitor General agreed with the proposal as the best temporary solution which could be found. However, he pointed out that this was by no means a permanent solution. In his opinion the real cure would lie in a merger of Queen Charlotte Airlines with the two other smaller independent companies operating on the west coast.

19. The Minister of Transport submitted a recommendation to provide, under Section 16 of the Aeronautics Act, a subsidy for Queen Charlotte Airlines as suggested.

(Minister's submission to Council, Dec. 22, 1952).

20. The Cabinet, after discussion, agreed that assistance in an amount of $25,000 a month be provided for the Queen Charlotte Airlines Limited for a period commencing November 1st, 1952, and terminating April 30th, 1953, in accordance with conditions to be set out in an agreement between Her Majesty in right of Canada and the Company, provided that the Company maintained certain specified air services to the satisfaction of the Minister of Transport and in accordance with the terms of the agreement; an Order in Council to be passed accordingly.

Winnipeg Ballet; use of prefix "Royal"

21. The Prime Minister, referring to discussion at the meeting of October 1st said it had been ascertained that the Sadlers Wells Ballet was not entitled to the use of the prefix "Royal" nor did it enjoy any special Royal patronage.

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Granting authority for the use of the word "Royal" to the Winnipeg Ballet was probably not the most desirable form of encouragement to the arts. It held the further disadvantage of perhaps increasing the pressure for Federal financial assistance to a variety of cultural undertakings. In this connection, early consideration should probably be given to the establishment of the Canadian Council suggested by the Massey Commission.

22. The Cabinet, after discussion, agreed that, without making any firm recommendation in the matter, the Secretary of State submit for Her Majesty's pleasure through the usual channels, the request that the Winnipeg Ballet be authorized to use the prefix "Royal".

Queen's birthday; Citizenship Day

23. The Minister of Citizenship and Immigration, referred to the suggestion at the meeting of November 13th that the Queen's birthday be celebrated in 1953 on the same day as Victoria Day, May 18. The provinces had formed the practice of having Empire Day exercises on the last school day before Victoria Day. If they continued that practice the exercises would fall on May 15th, 1953. They might, however, decide to adhere to May 23rd, or the nearest school day. Since 1950, Citizenship Day had been associated with Empire Day. Before fixing the date for 1953 it might be desirable to communicate with the educational authorities in the provinces that were most interested in Empire Day, particularly Ontario and possibly New Brunswick. If they preferred May 22nd, Citizenship Day might be fixed for that date. It would, however, seem somewhat preferable to set May 15th.

24. The Prime Minister felt there would be some merit in having the Queen's birthday celebrated on the day appointed for Victoria Day, since it had originally marked the birthday of the last reigning queen.

25. The Cabinet, after discussion, agreed that:

(a) in 1953, the official birthday of the Queen be celebrated in Canada on the day appointed for the celebration of Victoria Day; and,

(b) the Minister of Citizenship and Immigration consult with the provincial authorities in Ontario primarily concerned with the fixing of Empire Day, on the understanding that Citizenship Day would probably be fixed either on May 15th or May 22nd.

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National Library; proclamation of Act; appointments

26. The Prime Minister recommended that the National Library Act be brought into force on January 1st, 1953, and that the Secretary of State be designated as the Minister responsible for purposes of the Act.

27. Mr. St-Laurent submitted a number of recommendations for appointments and read a draft press release.

28. The Cabinet approved the recommendations of the Prime Minister and agreed that:

(a) the National Library Act be brought into force on January 1st, 1953;

(b) the Secretary of State be designated as the responsible Minister for purposes of the National Library Act;

(c) Dr. W. Kaye Lamb be appointed National Librarian, effective January 1st, 1953;

(d) Dr. Raymond Tanghe be appointed Assistant National Librarian at a salary of $9,000 per annum, effective June 1st, 1953;

(e) appointments be made to the Advisory Council, effective January 1st, 1953, as follows:

for a period of four years:

Miss Isabel Cummings, Regina, Sask.
H. Newell, Esq., St. John's, Newfoundland
Canon Stanley Walker, Halifax, N.S.

for a period of three years:

Miss Elizabeth Dafoe, Winnipeg, Man.
Rev. A.M. Morissette, Ottawa, Ont.
Hon. Thane A. Campbell, Charlottetown, P.E.I.

for a period of two years:

Abbe Arthur Maheux, Quebec, P.Q.
Edgar A. Robinson, Esq., Vancouver, B.C.
W. Stewart Wallace, Esq., Toronto, Ont.

for a period of one year :

Paul Houde, Esq., Montreal, Que.
Mrs. Frank Conroy, Edmonton, Alta.
Alfred G. Bailey, Esq., Fredericton, N.B.

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Orders in Council to be passed accordingly;

(Orders in Council P.C. 4674, 4675, 4676, 4677 and 4678, December 22, 1952)

(f) an announcement concerning the bringing into force of the Act and the appointments be made by the Prime Minister in the terms submitted.

Price support for pork

29. The Minister of Citizenship and Immigration, as Acting Minister of Agriculture, referring to discussion at the meeting of September 24th, said a number of producer representatives had requested that price support for pork be continued at $26 per hundred pounds warm dressed weight after January 1st, rather than being reduced to $23 as had been announced. The request was that the price remain as at present until the opening of the United States market on March 1st. The additional cost to the government was estimated at $930,000. The present floor price at Winnipeg was $24.50 dressed weight. At $23 in Toronto, the Winnipeg price would be $21.50. For purposes of comparison Chicago prices should be compared to Winnipeg and the Chicago live hog price for the week ending December 13th was equivalent to $22.38 warm dressed weight. U.S. prices should have reached their low point by now and should move up somewhat in the New Year.

By the end of 1952 the Agricultural Prices Support Board would have purchased approximately 95 million pounds of canned pork, of which 20 million pounds had been sold. They would also have 35 million pounds of pork cuts in storage, which would virtually exhaust storage space. Assuming that hog marketings for January and February exceed the 1952 period by 15 per cent, there would be a surplus of 200,000 hogs, equal to 20 million pounds of cuts or 17 million pounds of canned pork.

An explanatory memorandum was circulated.

(Acting Minister's memorandum, Dec. 22, 1952 - Cab. Doc. 382-52).

30. The Minister of Transport remarked that producers had waited on him and it had been clear that they were satisfied with the $26 price, but there had been some indication that they would seek assistance from the provincial government if the floor dropped to $23.

31. The Minister of Finance said his information was that Chicago prices were below the Toronto support level, taking into account freight and duties. Canadian pork could not move to the United States unless the domestic price fell. With the present surplus it was undesirable to be encouraging the production of more pork

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through the maintenance of too high prices. It would moreover, be most undesirable for Canadian prices of primary products to be held artificially above world levels.

32. The Cabinet, after considerable discussion, noted the report of the Acting Minister of Agriculture and agreed that no change be made in the decision to reduce the support price for pork to $23 per hundred pounds warmed dressed weight, basis Toronto, after December 31st, 1952.

Canadian Embassy, Indonesia; accommodation

33. The Secretary of State for External Affairs, referring to discussion at the meeting of October 9th, pointed out that to establish an embassy in Djakarta it would be necessary to provide an office, an official residence for the Ambassador, accommodation for two officers and their families and for four Canadian members of the staff. Rented accommodation was almost impossible to obtain and "key money" was exorbitant. The alternative was to purchase existing buildings or land on which to erect suitable buildings. Estimates of cost had been prepared including land and the total, with a provision of $50,000 for drilling of wells, electric lighting and installation of septic tanks, came to $400,000. It was desired to have approval in principle for expenditures to cover the required amounts and it was recommended that such authority be given on the understanding that details would be submitted to the Treasury Board for approval as they became available. No large capital expenditures would be incurred until the situation in Indonesia had become somewhat clearer.

Ah explanatory memorandum had been circulated.

(Minister's memorandum, undated, - Cab. Doc. 378-52).

34. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) authority be granted in principle for expenditure of an amount not to exceed $350,000 for the purchase and conversion of existing buildings, or for the purchase of property and the erection thereon of suitable buildings, during the fiscal years 1953-54 and 1954-55, to provide offices for the Canadian Embassy in Indonesia, an official residence for the Ambassador and living quarters for the officers and other Canadian members of the staff, the details of all transactions to be submitted to the Treasury Board for approval as soon as they became available; and,

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(b) authority be given in principle to the Department of External Affairs to expend a sum not exceeding $200,000 for the above purposes during the fiscal year 1953-54.

Canadian Railways' Pensioners Association; representations for increase in pension allowances

35. The Minister of Transport reported that he had received a delegation from the Canadian Railways' Pensioners Association at Moncton, N.B. seeking increases in pension allowances of former Canadian Government Railway employees retired under the provisions of the Intercolonial and Prince Edward Island Railway Employees Pension Fund Act. At June 30th, 1952 there were 4,219 contributors to the fund and pensioners numbered 3,404. 190 pensioners were receiving the minimum pension of $30 a month and 404 were receiving pensions of under $40 a month.

The delegation had been advised that it would be inconsistent for the government to increase the minimum pensions without providing relief to the larger number of C.N.R. pensioners and retired civil servants now receiving pensions in many cases lower than the Provident Fund pensioners. He had agreed, however, to submit the matter for consideration by the Cabinet.

(Minister's letter to Secretary, Dec. 17, 1952)

36. The Prime Minister thought the government would not be justified in increasing the amounts received under contractual pensions unless it were prepared to deal at the same time with those who had made provision for their old age under arrangements other than Canadian government pension plans.

37. The Cabinet agreed that the Minister of Transport inform the Canadian Railways Pensioners Association of Moncton, N.B. that the government did not consider that it would be justified in increasing the pension allowances of former Canadian Government Railway employees retired under the provisions of the Intercolonial and Prince Edward Island Railway Employees Pension Fund Act.

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National Revenue; partial exemption from customs duty of equipment for the Edmonton plant, the Canadian Chemical and Cellulose Company

38. The Minister of National Revenue said the Canadian Chemical and Cellulose Company had applied for partial remission of duties and taxes on imports equipment to establish their plant at Edmonton. This would be a petrochemical and synthetic fibre plant in which the total investment would be between $50 million and $60 million. Direct imports were estimated at $4.5 million, and the value of components to be imported by first tier suppliers in Canada was estimated at $3 million. Remission had been granted in other cases where companies were establishing new industries for the development of Canadian resources. What was sought in the present case was remission to the extent compatible with other allowances that had been made in similar circumstances.

It was calculated that the amount of duty payable on equipment to be imported would be about $1,237,000. In view of precedents, it was recommended that a refund of 60 percent of customs duties be granted, which would amount to $742,200, but that no refund or remission of sales tax be allowed.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 18, 1952 - Cab. Doc. 380-52)

39. The Minister of Citizenship and Immigration thought careful consideration ought to be given to the principles underlying remissions in cases such as this. In most cases the enterprises would be undertaken whether remissions were granted or not and in many instances it looked like special consideration for large concerns which was not given to smaller businesses.

40. The Minister of Justice felt it would be more preferable to arrive at some definitions that would allow import duties to be removed altogether from certain categories of equipment so as to avoid the need for waivers. There was an appearance of discrimination in allowing waivers as at present.

41. The Minister of Finance agreed but pointed out that in previous consideration of the problem it had not been possible to arrive at any satisfactory definitions that would not involve too heavy revenue losses. The matter could be examined again. In the meantime, in the light of precedents, it seemed desirable to grant the remission that had been sought.

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42. The Cabinet approved the recommendation of the Minister of National Revenue and agreed that:

(a) the Canadian Chemical and Cellulose Company be informed that a refund of 60 percent of customs duty paid would be granted on equipment to be imported for the petrochemical and synthetic fibre plant at Edmonton, subject to the conditions outlined by the Minister, but that no refund or remission of sales tax would be granted; and,

(b) the Departments of Finance and National Revenue consider again whether it might not be possible to select categories of goods and equipment not produced in Canada from which customs duties would be removed in order to render unnecessary remissions of duty in specific cases such as the present.

Textiles; protection against imported fibres

43. The Minister of Transport reported that, in 1952, 8 million pounds of Austrian staple fibre had been imported into Canada. It came into direct competition with fibres produced by a number of Canadian textile concerns and had forced a reduction in price from 41 cents to 36 cents. It appeared that another 8 million pounds had been ordered this year and he was advised that it would mean a complete shutdown on the staple fibre plant in Cornwall. The M.F.N. tariff was 7½ percent and had been fixed in 1947, which was before the Cornwall plant had been built. There had been no industry of the kind in Canada at the time. The imports were being examined to see whether dumping duties were applicable but no decision had been reached as yet. If they were not, there seemed to be two possibilities: to increase the M.F.N. rate to, perhaps, 15 percent or to fix values for duty under Section 43 of the Customs Act on the ground that a Canadian industry was being prejudicially affected.

44. The Minister of Finance said the question raised a number of problems and would have to be looked at carefully. He did not think an increase in the tariff on textiles would be desirable at present. The industry was already highly protected. He would, however, have the matter looked into.

45. The Cabinet noted the report of the Minister of Transport concerning imports of staple fibres which might make it necessary to close certain textile plants in Canada and agreed that the Minister of Finance have the matter investigated.

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Appointment; Central Mortgage and Housing Corporation

46. The Minister of Resources and Development submitted a recommendation for the re-appointment of the President of the Central Mortgage and Housing Corporation at a salary of $20,000 per annum. The salary on Mr. Mansur's initial appointment on January 1st, 1946 had been $18,000. No change had been made since that time and some increase seemed justified. Under the statute, the salary was fixed by the Board of Directors of the Corporation with the approval of the Governor in Council.

47. The Cabinet noted the recommendation of the Minister of Resources and Development and agreed that approval be given to the resolution of the Board of Directors of the Central Mortgage and Housing Corporation re-appointing David B. Mansur, Esq., President of the Corporation at a salary of $20,000 per annum effective January 1st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 4656, Dec. 22, 1952).

Korean air lift; extension of C.P.A. contract

48. The Minister of National Defence, referring to discussion at the meeting of June 26th, said the contract with Canadian Pacific Airlines for 3½ round trips per week to Tokyo would shortly expire. C.P.A. had offered to continue present arrangements at the same rate for a further three months. By April 1st they expected to have new equipment in operation which might enable a reduction of the rate. It was recommended that the contract be extended for three months.

An explanatory memorandum was circulated.

(Minister's memorandum, Dec. 22, 1952 - Cab. Doc. 381-52).

49. The Cabinet approved the recommendation of the Minister of National Defence and agreed that the contract with Canadian Pacific Airlines for the air lift in the North Pacific be extended for a further three months.

Canadian National Railways; financing

50. The Minister of Finance submitted two recommendations relating to finances of the Canadian National Railways.

51. The Cabinet agreed that:

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(a) the Minister of Finance be authorized to make an advance of $213,309. to the C.N.R. under the Canadian National Railways Refunding Act, 1951, for the payment by the Company of obligations of the government of Newfoundland for equipment of the Newfoundland Railway; the advance to be secured by a demand note bearing interest at 3 7/8 percent, and,

(b) the Minister of Finance be authorized under Section 6 of the Canadian National Railways Financing and Guarantee Act, 1952 to make loans to the Company in the period January 1st to June 30th, 1953 not exceeding $59,891,740 for capital expenditures made in the calendar year 1952, and not exceeding $50 million for the purpose of discharging obligations incurred for new equipment prior to January 1st, 1953 that become due and payable before July 1st, 1953; all loans to the Company under Section 6 to be secured by debentures bearing interest at 3 7/8 percent and maturing at the end of 15 years; Orders in Council to be passed accordingly.

(Orders in Council P.C. 4681 and P.C. 4682, Dec. 22, 1952).

Legislation; amendment to the Post Office Act

52. The Postmaster General said he was concerned that the present wording of the amendment to the Post Office Act might remove some of the flexibility there had hitherto been with regard to the adjustment of contracts under $1,000 in amount. His understanding was that it had not been the intention of the Cabinet that any such flexibility should be lost and he wished to examine the terms of the bill to ensure there would be no such result.

53. The Cabinet noted the remarks of the Postmaster General concerning the bill to amend the Post Office Act and agreed that it should be so drafted as to permit adjustment of existing contracts without limiting the flexibility that had hitherto prevailed with regard to contracts under $1,000 in amount.

Statistics of employment; joint monthly release

54. The Minister of Labour reported that the first joint release by the Department of Labour and the Bureau of Statistics on employment would be given to the press on December 23rd. It would relate to the week ending November 22nd. Thereafter the releases would appear each month on a joint basis in accordance with the decision taken by the Cabinet.

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55. The Cabinet noted with approval the report of the Minister of Labour concerning the publication of the joint monthly releases on employment statistics by the Department of Labour and the Bureau of Statistics.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

December 30,1952

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Items discussed

Delegations; meetings with members of the government 2.

Orders in Council; numeration 2.

Appointments 3.

Pork; present position 3.

Governor General; allowances 5.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Tuesday, December 30th, 1952, at 3:30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of National Defence
(Mr. Claxton),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Delegations; meetings with members of the government

1. The Prime Minister said requests had been received that members of the government meet with delegations from the Canadian Chamber of Commerce, the Canadian Weekly Newspapers Association, the Civil Service Federation of Canada and the National Council of Women of Canada.

2. The Minister of Labour added that arrangements would have to be made with the various national labour organizations for their usual meetings with members of the government. His Department would get in touch with them and communicate with the Secretary to the Cabinet.

3. The Cabinet, after discussion, agreed that meetings with members of the government be arranged as follows:

(a) with the executive of the Canadian Chamber of Commerce at noon on January 19th or 20th, according to the preference of the executive; the Prime Minister's Office to advise Ministers' offices after a definite date had been set;

(b) with a delegation representing the Canadian Weekly Newspapers Association on February 24th;

(c) by the Prime Minister, the Minister of Finance and the Secretary of State with a delegation representing the Civil Service Federation of Canada on a date to be arranged by the Prime Minister with the Minister of Finance; and,

(d) with a delegation representing the National Council of Women on January 23rd.

Orders in Council; numeration

4. The Prime Minister reported on certain matters concerning the organization of Orders in Council.

5. The Cabinet noted with approval the report of the Prime Minister that,

(a) to avoid gaps in numeration and also to avoid having recommendations which are held over from one meeting to another being passed at the later date with numbers lower than those passed at an earlier date, it was being arranged that, henceforth, Orders in Council would be numbered consecutively after their passage rather than when the recommendations were received. To simplify reference it also seemed desirable, beginning January 1st, to have the number include the year. Thus the first Order in Council passed in 1953 would be numbered P.C. 1953-1, etc; and,

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(b) by reason of the recent arrangements under which a greater range of matters was settled by the Treasury Board alone, the number of Orders in Council had dropped from some 700 a month to about 200 a month.

Appointments

6. The Prime Minister said it was necessary for the Minister of Finance to have a Parliamentary Assistant. It was recommended that the present Parliamentary Assistant to the Secretary of State for External Affairs be transferred for the purpose. Mr. Pearson had agreed.

7. Mr. St-Laurent submitted a recommendation for an appointment as Deputy Minister of Finance.

8. The Cabinet approved the recommendations of the Prime Minister and agreed to the following appointments:

(a) Jean Lesage, Esq., M.P., to be Parliamentary Assistant to the Minister of Finance, effective January 1st, 1953; his appointment as Parliamentary Assistant to the Secretary of State for External Affairs to be revoked effective the same date; and,

(b) Kenneth Wiffin Taylor, Esq., to be Deputy Minister of Finance and Receiver General, at a salary of $17,500 per annum effective January 1st, 1953;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 4715 and 4714, December 31, 1952.)

Pork; present position

9. The Minister of Agriculture referring to discussion at the meeting of December 22nd, reported that 89,627,000 pounds of pork had been canned out of the authorization of 90 million pounds. Hog marketings had run at high levels in recent weeks. Nearly 35 million pounds of fresh pork cuts had been accumulated in storage. The probability was that marketing would fall off substantially in January but it was still expected that it would exceed consumption by 20 to 30 million pounds during the next two months. It would be necessary to continue canning on some scale and it was recommended that the authorization be extended for a further 20 million pounds.

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Sales of canned pork had amounted to 20,528,000 pounds. 19,940,000 pounds were domestic and 588,000 were export sales. The British Ministry of Food had been approached to buy up to 25 million pounds of Wiltshire sides or fresh frozen sides at 20 cents per pound at Canadian seaboard. If the sale could be completed the loss would be less than on canned pork.

Copies of an explanatory memorandum were circulated.

(Minister's memorandum December 30, 1952 - Cab. Doc. 383-52).

10. The Prime Minister said it seemed evident that a further authorization for canning was required. It should, however, be a clear understanding that canning was a last resort and that all other methods of disposal were to be exhausted first. Sales of canned pork for export should be pushed to the utmost and the Department of Trade and Commerce organization used to the full to assist sales.

11. The Minister of Trade and Commerce thought it should be possible to sell more of the canned pork in the United States at a price. His department would do their utmost but it would have to be understood that prices they could secure would be accepted.

12. The Minister of Finance felt there ought to be every effort to sell the canned pork as quickly as possible even if it meant a substantial loss.

13. The Cabinet noted the report of the Minister of Agriculture concerning the pork position and agreed that:

(a) efforts be continued to sell fresh pork for export at whatever prices could be secured that would result in lower losses than through canning and sales of canned pork;

(b) additional efforts be made through use of the facilities of the Department of Trade and Commerce to sell as much canned pork as possible in export markets at as early a date as possible, notwithstanding that such sales might be effected only at a considerable loss; and,

(c) the Agricultural Prices Support Board be authorized to purchase a quantity of canned pork not exceeding 110 million pounds including purchases previously authorized, on the understanding that pork would be canned only after all other methods of disposal had been exhausted; an Order in Council to be passed accordingly.

(Order in Council P.C. 4716, December 30, 1952)

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Governor General; allowances

14. The Prime Minister pointed out that the allowances of the Governor General had not been adjusted for a great many years. Lord Alexander had encountered some difficulty with the finances and since his departure a number of wage increases for the staff at Government House had been necessary. At present the allowances appeared to be deficient to the extent of about $5,000 a month. The Governor General had requested that immediate consideration be given to an adjustment that would make them adequate to meet the charges of the office and household.

15. The Minister of Finance said he would ask the Treasury Board staff to look into the matter and to advise as to the best means by which the situation could be remedied.

16. The Cabinet noted the report of the Prime Minister and agreed that consideration of the allowances of the Governor General be deferred to an early meeting at which recommendations from the Treasury Board would be available.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 7,1953

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Items discussed

Appointments; Acting Ministers 2.

Legislation; Post Office Act amendment; Trade Marks bill 2.

Post Office; proposed re-establishment of two deliveries a day 2.

Post Office; report of J.D. Woods and Gordon Limited on departmental organization 3.

St.Lawrence project; proposals for U.S. participation in construction of seaway 4.

Saint John Harbour; constrution projects 1953-54 7.

Finance; issue of long-term Government of Canada bonds 8.

Legislation; appointment of Associate Minister of National Defence 9.

South Saskatchewan Report; release to the press 9.

International Convention on Assistance and Salvage at Sea 10.

Restrictive Business Practices; instructions to delegation to the International Committee 11.

Queen's Birthday; Coronation Day 12.

Appointments; Canadian Farm Loan Board; diplomatic and consular 12.

War Claims Commission; appointment of Assistant Commissioner 13.

Coronation; armed forces contingent; allocation of Canadian seats 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, January 7th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
and Acting Secretary of State
(Mr. Cote),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Appointments; Acting Ministers

1. The Prime Minister submitted recommendations for the appointment of Acting Ministers of Trade and Commerce, Defence Production and Transport.

2. The Cabinet approved the following appointments;-

(a) the Honourable Lionel Chevrier to act as Minister of Trade and Commerce and as Minister of Defence Production in the absence from Ottawa of the Right Honourable C.D. Howe and the Honourable Walter E. Harris to act as Minister of both departments in the simultaneous absence from Ottawa of both Mr. Howe and Mr. Chevrier; and,

(b) the Right Honourable C.D. Howe to act as Minister of Transport in the absence of the Honourable Lionel Chevrier and the Honourable Alphonse Fournier to act as Minister of Transport in the simultaneous absence from Ottawa of both Mr. Chevrier and Mr. Howe;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 1953-23 and 24, Jan. 7, 1953).

Legislation; Post Office Act amendment; Trade Marks bill

3. The Secretary submitted certain draft legislation. Copies of the draft bills had been circulated.

4. The Cabinet, after discussion, approved the following for introduction in Parliament:

resolution and bill to amend the Post Office Act; and

bill entitled "An Act relating to Trade Marks and Unfair Competition"(for introduction in the Senate in the first instance).

Post Office; proposed re-establishment of two deliveries a day

5. The Postmaster General referred to representations urging the re-establishment of two mail deliveries a day in urban areas. It would be recalled that, as an economy measure, deliveries had been reduced to one a day some time ago in all but the business sections of urban areas.

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If the former two-a-day system were now reinstituted it would involve an additional expenditure of some $3 million and an increase of approximately 929 in the total number of letter carriers. In considering this matter, it should also be borne in mind that the proposed amendment to the Post Office Act respecting re-adjustment of mail contracts would involve an additional annual expenditure of approximately $1.5 million and that a further $200,000 would probably be required to readjust postal services in the marginal urban-rural areas.

6. The Prime Minister was under the impression that in the Province of Quebec the question of two mail deliveries a day was not really a live issue except possibly in the City of Montreal. He suggested that the two delivery system be not re-established right across the board at this time but that the Post Office Department might use discretion in re-adjusting services which might be somewhat deficient in other respects and might particularly consider widening to some extent the definition of the "business sections" entitled to two deliveries.

7. The Cabinet, after discussion, noted the report of the Postmaster General and agreed that the two delivery a day system be not re-established out-right at this time by the Post Office Department, it being understood that the Department would consider in what other ways services might be improved, for example in two-a-day deliveries now made in the business sections of urban areas.

Post Office; report of J.D. Woods and Gordon Limited on departmental organization

8. The Postmaster General, referring to discussion at the meeting of January 31st, 1952, said he had now received the report of J.D. Woods and Gordon Limited on the organization and administration of the Post Office Department. The report was a very favourable one and it was for consideration whether steps should now be taken to have it tabled in the House or in some other manner brought to the attention of Parliament.

9. The Prime Minister thought it might not perhaps be entirely proper and certainly not the usual practice for the government to take the initiative in tabling a report of this nature. However, there would not seem to be any serious objection to making the report available to Members of Parliament if there was strong demand that this should be done.

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10. The Cabinet noted that the report of J.D. Woods and Gordon Limited on the organization of the Post Office Department had now been received by the Postmaster General and agreed that it be not tabled in the House unless this was specifically requested by Members of Parliament.

St. Lawrence Project; proposals for U.S. participation in construction of seaway

11. The Prime Minister, referring to discussion at the meeting of December 17th, 1952, said that, in his budget message to be delivered to Congress on January 9th, President Truman would include a strong recommendation to Congress for U.S. participation in construction of the St. Lawrence seaway. Furthermore, the new Republican chairmen of the principal congressional committees concerned with St. Lawrence matters had already announced that they intended to introduce legislation immediately covering a joint seaway or a joint seaway and power project. Senator Taft had also stated that he intended to do everything possible to have the St. Lawrence project approved by Congress early in the present session.

In the circumstances, it was thought that the present arrangements for the power project in the International Rapids Section could be jeopardized if the Canadian government failed to respond to the President's proposal which the U.S. Ambassador to Canada had been instructed to bring officially to the attention of the Prime Minister during the next day or so and to similar proposals announced by congressional leaders of the new Administration.

It had, therefore, been suggested that following the U.S. Ambassador's interview with the Prime Minister, Mr. Woodward might usefully be given a memorandum clearly setting forth the Canadian position in the matter.

A draft memorandum was circulated and read.

(Memorandum, Privy Council Office, Jan. 7th, 1952, Cab. Doc. 6-53).

12. The Secretary of State for External Affairs suggested that the draft memorandum was possibly a shade too uncompromising in tone and urged that it should not offer any excuse for delay on the granting of a license by the Federal Power Commission to the New York State Power Authority. This should be avoided at all costs. He suggested certain changes in the wording of the last paragraph including a sentence to be added to the effect that the Canadian Government naturally expected that any discussion on U.S. participation in the construction of the seaway would not be such as to cause undue delay in the construction of the seaway.

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Furthermore, although it had been estimated that some $35 million might be saved if the seaway in the International Rapids Section were constructed in U.S. rather than in Canadian territory, it would be advisable to comment more fully on the Canadian position for the benefit of the press and public here in order that Canadians be not left with the impression that the government was lightly abandoning the all-Canadian scheme which had gained strong support throughout the country.

13. Mr. St-Laurent agreed that the Canadian position could profitably be spelled out more fully for the benefit of the public. In this connection, it should be made quite clear that Canada had a perfectly sound scheme which had been approved by the Parliament of Canada and the Legislature of Ontario and that the government was, of course, prepared to carry out that plan as soon as all the preliminary arrangements had been completed and authorizations obtained, but that if before the plan could be undertaken the U.S. wished to submit an alternative plan involving joint participation in the construction of the seaway (which incidentally might involve a saving of some $35 million) the government would naturally be prepared to discuss such a plan with the U.S. authorities provided that such discussion did not cause any serious delay in the construction of either the power project or the seaway.

14. Mr. Pearson noted that the draft memorandum stated that the Canadian government would be prepared to discuss a joint scheme with the U.S. government once an appropriate entity has been fully authorized and was able to construct the U.S. share of the power development in the International Rapids Section. This would seem to imply that Canada did not contemplate entering into any such discussions until after possible court injunctions against the New York Power Authority had been lifted.

15. Mr. St-Laurent was of opinion that Canada should agree to enter into such discussions once the New York Power Authority had been licensed by the Federal Power Commission and designated by the U.S. Administration even though protracted court actions might prevent New York from undertaking actual construction. Canada's willingness to negotiate under such circumstances might possibly be helpful in hastening the removal of any such injunctions against New York.

16. The Cabinet, after further discussion, noted the Prime Minister's report on various proposals which had recently been made in the United States for joint development of the seaway in the International Rapids Section by both countries and agreed that,-

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(a) following delivery to Congress on January 9th of President Truman's budget message, in which United States participation in construction of the seaway would again be urged, a memorandum be given to the U.S. Ambassador in the following terms:

> "President Truman's observation in his budget message to Congress that there is still an opportunity for the United States to join in building the St. Lawrence Seaway has been noted by the Canadian Government. Various other proposals by members of the Congress for United States participation in the St. Lawrence Seaway have also come to the attention of the Canadian Government.
>
> "While the Canadian Government is of course prepared to discuss, in appropriate circumstances, joint participation in the Seaway, the demand for power in the area to be served by the International Rapids power development is so urgent that the Canadian Government is most reluctant to engage in any discussion which might delay the progress of the plan now under way for the development of power in the International Rapids Section of the St. Lawrence River at the earliest possible moment.
>
> "Once an entity is designated and authorized to proceed with construction of the United States share of the power works, if the U.S. Government wishes to put forward a specific proposal differing from that put forward by the Canadian Government for the construction of the seaway in the international section which proposal would not delay the development of power under arrangements agreed upon in the exchange of notes of June 30th, 1952 and approved on October 29th, 1952 by the International Joint Commission, the Canadian Government will be prepared to discuss such a proposal.
>
> "The Canadian Government would naturally expect the discussion to be such as not to cause any serious delay in the completion of the whole Seaway."

and

(b) the memorandum to the U.S. Ambassador be made public as soon as the President's budget message was made public together with an appropriate indication of the government's position regarding the all-Canadian seaway and any specific alternative that the U.S. government might wish to suggest for joint development of the seaway in the St. Lawrence River.

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Saint John harbour; construction projects 1953-54

17. The Minister of Finance explained that the National Harbours Board estimates for 1953-54, as submitted to Treasury Board, included two major construction projects for Saint John Harbour. The first was the Pugsley terminal extension involving a total expenditure of $3 million of which it was estimated $1.8 million would be spent during the next fiscal year. The second project involved extension of berths 2 and 3 at a total cost of $2.2 million all of which would be spent during 1953-54. A contract had already been awarded for the first project which was under way. Nothing had yet been done, however, on the second and it was for consideration whether this relatively large sum of money should be spent at Saint John harbour in view of the important extensions being carried out, in any event, at the Pugsley terminal in that port.

The National Harbours Board had pointed out that Saint John port facilities were rapidly becoming inadequate to handle the volume of traffic and that, as a matter of fact, some of the traffic which would normally flow through that harbour was being diverted to U.S. Atlantic ports where docking and storage facilities were much better.

Treasury Board had been reluctant to take a decision as to whether or not this item should be included in the estimates for 1953-54 and had, therefore, requested that the matter be referred to Cabinet for consideration.

An explanatory note had been circulated.

(Memorandum, Privy Council Office, Jan. 5, 1953-Cab. Doc. 4-53).

18. Mr. Abbott added that the general principle followed by Treasury Board in preparation of the main estimates for 1953-54 was to hold construction appropriations at approximately the same level as in 1952-53. One of the difficulties involved in respect of the Saint John harbour was that it was not a paying operation and that, therefore, new construction could not be taken care of by profits but had to be paid for out of monies specially appropriated for the purpose by Parliament. Although he felt that the proposed additional extensions to berths 2 and 3 at the harbour would be required in the very near future, it might well be that the $2.2 million involved in this extension could at this time be expended more profitably elsewhere.

19. The Minister of Labour said he had been informed that it was fairly well known in and about Saint John that the National Harbours Board had recommended that the $2.2 million item be included in its estimate for the year 1953-54. In the circumstances, New Brunswick generally and particularly the Saint John area might react unfavourably to negative action by Treasury Board on the proposed additional extension in that harbour.

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20. Mr. Abbott suggested that he might enquire from the National Harbours Board whether it would be possible to do part of the work only this year and to limit the required appropriation to $1 million for 1953-54.

21. The Cabinet, after discussion, -

(a) noted the report by the Minister of Finance on the recommendation of the National Harbours Board that a vote of $2.2 million be included in the main estimates for 1953-54 for the purpose of extending berths 2 and 3 at Saint John harbour; and,

(b) agreed that the Minister of Finance enquire from the National Harbours Board whether it would be possible to do part of the work only this year and to limit the appropriation in this respect to $1 million for the fiscal year 1953-54.

Finance; issue of long term Government of Canada bonds

22. The Minister of Finance pointed out that next year more than $600 million of government loans would become due thus necessitating major financing arrangements. In the circumstances, after carefully looking into the matter, he recommended that as an experiment authority be granted for the issue and sale at this time of up to $100 million of long term Government of Canada bonds in order to test the bond market and gauge the effect that such an issue might have on the long term market. Officials of the Bank of Canada were of opinion that the proposed new issue might have a very slight depressing effect on outstanding long term government bonds but that this effect would, in all probability, not exceed a fraction of 1 percent. In the circumstances, he thought that the proposed new long term issue should be authorized.

It was suggested that the issue be for up to $100 million bearing an interest rate of 3 3/4 percent maturing in 25 years and to be sold at a price of not less than 98 percent. It was intended that the Bank of Canada should first offer $25 million of this issue to banks and other financial institutions in the normal manner. If the sale went well, another $25 million would be put on the market. It was difficult to forecast how this issue would be received but it was hoped that between $50 and $100 million might be sold.

23. The Cabinet, after discussion, noted the report of the Minister of Finance and authorized the issue and sale to the Bank of Canada, at a price of not less than 98 percent, of not more than $100 million Government of Canada 3 3/4 percent bonds dated January 15th, 1953, and maturing January 15th, 1978; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-22, Jan. 7, 1953).

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Legislation; appointment of Associate Minister of National Defence

24. The Prime Minister, referring to the discussion at the meeting of November 24th, 1952, said that a resolution respecting legislation to provide for the appointment in peacetime of an Associate Minister of National Defence might with advantage be placed on the Order Paper when the House reconvened on January 12th.

25. The Minister of National Defence pointed out that section 6 of the National Defence Act now provided for the appointment of not more than three additional Ministers of National Defence "during an emergency";"emergency" being defined as meaning "war, invasion, riot or insurrection, real or apprehended". A simple amendment to provide for the elimination of the words "during an emergency" might be sufficient, together with an amendment to the Salaries Act to make provision for the payment of salaries.

26. The Cabinet, after discussion, agreed that an appropriate resolution to provide for the appointment of an Associate Minister of National Defence be prepared by the Minister of National Defence in consultation with the Prime Minister and forwarded immediately for inclusion on the Order Paper of the House of Commons.

South Saskatchewan report; release to the press

27. The Prime Minister referring to discussion at the meeting of December 22nd, 1952, said he understood that the second volume of the report on the South Saskatchewan River would be available by January 17th. The complete document would be rather complicated and it might be desirable to have a summary in the form of a press release given to the newspapers at the same time as the report itself. If so, it could be prepared by the Secretary to the Commission.

28. The Minister of Agriculture suggested that there had been some general misunderstanding, possibly even in the Commission itself, as to the situation at the time the question was submitted. It had not been a project which the government was proposing to enter upon, but simply one which it seemed desirable to discuss with the provincial government. On May 31st, 1951, he had had a recommendation ready for the Cabinet to the effect that the Saskatchewan project was one that could properly be considered under the general scheme for division of costs on irrigation projects and recommending that the officials handling the Prairie Farm Rehabilitation Act be authorized to proceed with discussions with the government of Saskatchewan on the understanding that no works would be entered into except when provided for by

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Order in Council. The recommendation had not in fact been discussed in Cabinet as he had suggested that the whole project be submitted to the Commission instead. He had not been in a position to say then whether the Federal government ought to proceed with construction of its share of the project and he was not able to say now. It was to be noted that, while the Commission concluded that the costs of the project would be too high, the ones that were most substantially above the original estimates were costs that would fall within the share of the province.

With regard to publication, he was of the view that it would be best to let the report go to the press without any accompanying release. It would be desirable to ascertain the public reaction and that of the Saskatchewan government before giving any indication as to the position of the Federal government.

29. Mr. St-Laurent thought there would be less occasion for dispute about procedure if no press summary were given under official auspices. So far as the report itself was concerned, he got the impression that the Commission did not consider the project to be a real irrigation scheme at all. The 450,000 acres that could in theory be irrigated were only 2/5 of 1 percent of the arable land of Saskatchewan. However, a large fraction of the 450,000 acres could be irrigated only by pumping to substantial heights and this would require a lot of any power that could be developed. If a hydro-electric development were to be part of the scheme, it seemed very improbable that there could be much water drawn off for irrigation at all.

30. The Cabinet, after discussion:

(a) confirmed the decision of December 22nd,1952, that the first volume of the report of the Royal Commission on the South Saskatchewan River be not distributed to ministers or considered pending receipt of the second volume; and,

(b) agreed that, when the complete report was available for release, it be given to the press without any accompanying summary or other explanatory material.

International Convention on Assistance and Salvage at Sea

31. The Secretary of State for External Affairs reported that the German Federal Republic had signified its desire to revive the International Convention of 1910 relating to Assistance and Salvage at Sea as between itself and the other signatory powers. It was recommended

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that the depository state be informed that Canada had no objection to the German Federal Republic re-acceding.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 27, 1952 - Cab. Doc. 1-53)

32. The Cabinet approved the recommendation of the Secretary of State for External Affairs, concurred in by the Minister of Transport, and agreed that the Belgian government be informed that Canada had no objection to the German Federal Republic re-acceding to the International Convention for the Unification of Certain Rules of Law Respecting Assistance and Salvage at Sea and the Protocol thereto, subject to the approval of the Allied High Commission.

Restrictive Business Practices; instructions to delegation to the International Committee

33. The Minister of Justice, referring to discussion at the meeting of August 27th, 1952, said that, pursuant to the decision of Cabinet, the Canadian delegate attended the third meeting of the Ad Hoc Committee on Restrictive Business Practices. The proposal for an international agreement that was favoured by the majority of the Committee was one which the Canadian delegate argued, in accordance with his instructions, to be in some respects premature. The Canadian government had recently received a resume of the decisions tentatively taken by the committee with a request for comments. It appeared premature to make any at the present time. It was recommended that the Secretary General be so advised and that Canadian delegates attend the ensuing meeting of the Committee with instructions as before.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 6, 1953 - Cab. Doc. 5-53)

34. The Cabinet approved the recommendation of the Minister of Justice and agreed that:

(a) the Secretary General of the United Nations be advised that the views of the Canadian government on the decisions of the Ad Hoc Committee on Restrictive Business Practices could not be usefully expressed except in the light of the proposal finally made by the Committee and of the domestic and international situations then existing;

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(b) the Canadian delegate to the next meeting of the Ad Hoc Committee be T.D. MacDonald, Esq., of the Department of Justice, with A.S. Whiteley, Esq., a member of the Restrictive Trade Practices Commission as alternate delegate, assisted by advisers as required; and,

(c) the instructions to the Canadian delegate be to continue to participate in the work of the Committee in the manner previously followed and without committing the Canadian government to any particular plan.

Queen's birthday; Coronation Day

35. The Postmaster General, as Acting Secretary of State, submitted a recommendation concerning celebration of the Queen's birthday and Coronation Day.

36. The Cabinet approved the recommendation of the Acting Secretary of State and agreed that a Proclamation be issued appointing Monday, May 18th, 1953 for the official celebration of the Queen's birthday in Canada, and appointing Tuesday, June 2nd, 1953, as a day of general thanksgiving and rejoicing on the occasion of Her Majesty's Coronation; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-21, Jan. 7, 1953)

Appointments; Canadian Farm Loan Board;diplomatic and consular

37. The Minister of Finance submitted a recommendation for appointment of a member of the Canadian Farm Loan Board.

38. The Secretary of State for External Affairs reported on certain appointments that were contemplated in the diplomatic and consular service.

39. The Cabinet:

(a) approved the recommendation of the Minister of Finance and agreed that Kenneth W. Taylor, Esq., be appointed a member of the Canadian Farm Loan Board for a period of five years, effective January 2nd, 1953; an Order in Council to be passed accordingly;

(Order in Council P.C. 1953-20, Jan. 7, 1953)

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(b) noted with approval the report of the Secretary of State for External Affairs concerning the appointment of James Hurley, Esq., as Canadian High Commissioner in Ceylon; the change in the status of the trade commissioner's office in Los Angeles to a consulate-general and the appointment thereto of L.G. Chance, Esq., as Consul-General; and the appointment of C.C. Eberts, Esq., as Consul-General in San Francisco.

War Claims Commission; appointment of Assistant Commissioner

40. The Minister of Justice said the intention was that the costs of the entire handling of war claims should be deducted from the funds available for distribution. In the circumstances it was desirable that costs be kept to a minimum. It would help if a number of the people required for the administration could be chosen from among judges who were not too pressed with their official duties. He suggested a number of judges who might be considered for appointment as Assistant Commissioner. Subsequently there would have to be Regional Commissioners appointed and similar action should probably be taken with regard to them.

41. The Cabinet noted with approval the report of the Minister of Justice concerning the desirability of trying to select the Assistant Commissioner and Regional Commissioners for the War Claims Commission from among judges whose official duties were not too onerous and agreed that Judge C.W.A. Marion of Rockland, Ontario, be approached to ascertain whether he would be prepared to accept the position of Assistant Commissioner; an Order in Council for the appointment of Judge Marion to be passed if he were willing to act.

Coronation; armed forces contingent; allocation of Canadian seats

42. The Minister of National Defence referring to discussion at the meeting of December 4th, 1952, reported that it had been urged upon him that the contingent to go from Canada from the regular forces of the Army would provide the best appearance if it were drawn from a single unit. While that might be so, he thought a contingent of satisfactory appearance could be made up of personnel from a number of units. He recommended that that course be followed.

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43. The Prime Minister said it appeared that the full number of seats available for Canadians in the Abbey and along the Coronation route might not be filled if applications continued at no more than the present rate. So far as the Abbey was concerned, it would seem desirable to consider notifying persons such as members of provincial legislatures, mayors of cities, etc., of the likelihood of there being space and to ascertain whether they would wish to have places.

44. The Cabinet agreed that:

(a) the regular forces section of the Army contingent for the Coronation be not drawn from a single regular force unit but from a number of units in Canada, on the understanding that all members would be veterans of the Korean campaign; and,

(b) consideration be given by the Coronation Executive Committee to categories of persons who might be notified of the probable availability of seats for Canadians in Westminister Abbey for the Coronation.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 12,1953

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Items discussed

Legislation; appointment of Associate Minister of National Defence 2.

Coronation; general arrangements - 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Monday, January 12th, 1953, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Solicitor General
(Mr. Campney),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Legislation; appointment of Associate Minister of National Defence

1. The Prime Minister, referring to the discussion at the meeting of January 7th, submitted a revised resolution respecting the proposed amendment to the National Defence Act to provide for the appointment of an Associate Minister of National Defence.

2. The Cabinet, after discussion, approved for introduction the resolution as submitted by the Prime Minister respecting a proposed amendment to the National Defence Act to provide for the appointment at any time of an Associate Minister of National Defence and for the payment to him of a salary of $10,000 per annum; a draft bill to be prepared accordingly.

Coronation; general arrangements

3. The Prime Minister, referring to discussion at the meeting of January 7th, raised the question of seats in Westminster Abbey for the Coronation. So far only about 200 out of the 400 allocated to Canada had been requested and the Table of Precedence had been followed to Item 27. Consideration should, therefore, be given to including other categories.

4. Mr. St-Laurent also referred to the discussion on December 17th regarding an approach to Major-General Letson to assist Mr. Stein and the Coronation Executive Committee.

(Draft letter to General Letson, Jan. 12,1953)

5. The Cabinet, after discussion, agreed that:

(a) it be recommended to the Coronation Executive Committee that letters be written to the Premiers of all the provinces indicating that if any of their colleagues in their provincial Cabinets, the Speakers of their Legislatures or the Leaders of the Opposition and the wives of any of them wished to have tickets they might be recommended for invitation; it being indicated at the same time that similar intimations would be made directly to the mayors of the National Capital, the provincial capitals and all the cities in Canada having a population equal to or larger than Brandon, Manitoba; and,

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(b) if Major-General H.F.G. Letson was willing to serve on a voluntary basis he should be invited by the Prime Minister to act as Vice-Chairman of the Coronation Executive Committee and to accompany the official party to the Coronation; travelling and other expenses incurred by General Letson to be met by the government.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 14th,1953

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Items discussed

Royal Style and Titles bill 2.

Cockshutt Plow Company; application for export credit insurance on shipments to Brazil 3.

Ashcroft-Prince George, B.C.; radio relay system 4.

Wood Islands, P.E.I. and Caribou, N.S. ferry service 5.

Appointments 6.

Parliament; Addresses in Reply to the Speech from the Throne 7.

Railway-highway crossings; reference to Board of Transport Commissioners 8.

N.A.T.O. Mutual Aid; inclusion of surplus explosives and miscellaneous equipment and ammunition in Canadian programme for 1952-53 8.

Status of Canadian Forces in Germany; financial arrangements 9.

Korea; engraving of United Nations Service Medal 10.

Coronation; form of oath to be taken by Sovereign 11.

Trade Marks; printing and distribution of committee report 12.

Human rights; various proposals 12.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Wednesday, January 14th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier)
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Legislation; Royal Style and Titles bill

1. The Secretary submitted a draft bill entitled "An Act respecting the Royal Style and Titles", copies of which had been circulated.

2. The Secretary of State for External Affairs said that he had received representations from both points of view with regard to the proposed form of title. Some felt that mention of the United Kingdom before Canada gave an impression of inferiority. Others felt that the establishment of distinct titles went too far in the direction of separatism. Representations had also been made by the Irish Ambassador, who had left a formal note. The main preoccupation of the Irish government was with the United Kingdom form of title in which Northern Ireland would be mentioned. Gratification had been expressed that Canada had not gone that far. Question might arise as to the interpretation to be given to the words "United Kingdom" in the Canadian title, since they were not further spelled out.

Information from the High Commissioner in Pakistan was that there appeared to be a possibility that Pakistan would become a republic even before the Coronation. He reported that there was also about an even chance that Pakistan might leave the Commonwealth. Criticisms in India and South Africa with regard to the new titles were directed in part at the possibility that the British would concentrate on the words "Head of the Commonwealth" and make them the central feature of the Coronation.

3. The Prime Minister thought that, if question arose as to the meaning of the term "United Kingdom" in the title, the position would have to be that the phrase was defined in United Kingdom statutes and that they were relevant in this connection. Under the United Kingdom definitions, the meaning would be "Great Britain and Northern Ireland".

It was quite probable that there would be discussion about the inclusion of the phrase "Defender of the Faith". When that title was first accorded to Henry VIII, the "Faith" to which it referred was really the Christian faith as a whole, since sectarian divisions had scarcely

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developed at that time in western Christendom, There would accordingly be some basis historically for the position he thought should be taken that, so far as Canada was concerned, the term "Faith" did not refer to any special denomination. The phrase referred to the place of the civil power in protecting the right of citizens to their own faiths.

4. The Cabinet, after further discussion, approved for introduction in the House of Commons the bill entitled "An Act respecting the Royal Style and Titles".

Cockshutt Plow Company; application for export credit insurance on shipments to Brazil

5. The Minister of Citizenship and Immigration reported that, during the time he had been Acting Minister of Trade and Commerce, a proposal had come forward for entry into a contract of export credit insurance to finance the sale of approximately $2 million worth of agricultural equipment by Cockshutt Farm Equipment Limited to the Ministry of Agriculture of Brazil. The company had a policy covering shipments to Brazil with the Export Credits Insurance Corporation, but the Corporation had found it necessary to limit its liability. Owing to a backlog of commercial debts in Brazil, which was running about 9 months in arrears, the Corporation was paying out substantial amounts in claims covering shipments to Brazil and was of the opinion that the proposed contract would impose liability for a term and an amount in excess of what the Corporation would normally undertake. Under Section 20A of the Act the Governor in Council could, in cases in the national interest, authorize the Corporation to enter into a contract in excess of what it would normally undertake. In such a case, all moneys required to discharge liabilities under the contract were paid to the Corporation from unappropriated moneys in the Consolidated Revenue Fund.

There appeared no reason to doubt that the Brazilian government intended to permit transfer of funds as soon as possible. It appeared to be in the national interest to authorize the Corporation to enter into a contract of insurance under Section 20A. If the recommendations were approved, a formal submission would be made when the company applied for insurance coverage.

It was understood that the Department of Finance would approve of the proposal. A telegram had been sent to the Minister of Trade and Commerce informing him of it but no reply had been received as yet.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Jan. 10, 1953 - Cab. Doc. 9-53).

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6. The Secretary of State for External Affairs recalled the request by Pakistan to purchase wheat to be financed under the Export Credits Insurance Act. The request had been refused and there might be a feeling of discrimination if the present request were approved.

7. The Minister of Justice thought the two cases were quite different. In the Pakistan case, the commodity involved had been wheat and there was a well-established rule that exports of wheat should be exclusively for cash. Extension of credit would have constituted an exception. In the present instance the rule was quite the reverse. The government had encouraged exports for credit and its extension would be in accordance with the general practice.

8. The Prime Minister agreed that an export of wheat was a different matter. It would look odd if, after sending a trade mission to Brazil, the government did not use the powers it had to encourage trade with that country.

9. The Cabinet, after considerable discussion, approved the recommendation of the Acting Minister of Trade and Commerce that the Export Credits Insurance Corporation be authorized to enter into a contract of insurance with Cockshutt Farm Equipment Limited of Brantford, Ontario, to finance additional sales of agricultural equipment to the Federal Ministry of Agriculture of Brazil to the extent of $2 million, the authorization to be subject to the express approval of the Minister of Finance and to a favourable reply from the Minister of Trade and Commerce; formal action under Section 20A of the Export Credits Insurance Act to be taken after the company had made its application for insurance coverage.

Ashcroft-Prince George, B.C.; radio relay system

10. The Minister of Transport, referring to discussion at the meeting of November 13th, 1952, recalled that the Cabinet had directed that further consideration be given by him and the Minister of Defence Production to the proposed division between their two departments of the estimated cost of $600,000 for the establishment of the radio relay system from Ashcroft to Prince George, British Columbia. In discussion at a subsequent meeting of Treasury Board, it had been agreed that an appropriate basis of division would be to have $355,000 charged to the Department of Transport, as originally recommended, and the balance provided from the Department of Finance vote for loans and investments, rather than charged to the Department of Defence Production.

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11. The Cabinet noted with approval the report of the Minister of Transport that it was proposed that the estimated cost of establishment of a radio relay system from Ashcroft to Prince George, British Columbia, be charged to the extent of $355,000 to the Department of Transport and $245,000 to the vote of the Department of Finance for loans and investments. *

Wood Islands, P.E.I. and Caribou, N.S. ferry service

12. The Minister of Transport said that, at the meeting of February 12th, 1952, the Cabinet had deferred consideration of a recommendation for the construction of a new vessel for the Wood Islands - Caribou ferry service. Further representations had now been received from Prince Edward Island and also from Northumberland Ferries Ltd. who operated the service. The present request was for a 15-year subsidy contract at $345,000 per year, which was an increase of $187,000 over the current year's subsidy, to finance the construction by the company of a new vessel at an estimated cost of $1,086,000. The company also sought assistance in obtaining a temporary vessel while the new one was being constructed.

Traffic over the ferry service had continued to increase. From 1947-1952 the number of trips had increased from 913 to 1056; the number of passengers carried from 54,785 to 82,639; the number of autos from 12,028 to 20,150; and the number of trucks from 3,713 to 7,174. Much traffic was left at the terminals on almost every day of operation. Due to the rates charged on the service it was not self-sustaining. P.E.I. maintained that low rates were essential and in accord with the terms of Confederation.

The Maritime Commission recommended against the proposal for the increased subsidy but favoured construction of a new ferry vessel. If it were operated by the C.N.R., the Department of Transport or a Crown company, costs would be substantially higher because union conditions would have to be introduced. An alternative would be to have operation by a private company on a management-fee basis. The Commission's recommendation was that a new vessel be constructed to be available not later than May 1st, 1955, and that subsequent operation be by the C.N.R.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 9, 1953 - Cab. Doc. 12-53)

*(See Cabinet Conclusions, meeting February 16th,1953)

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13. The Prime Minister said it seemed clear that a new vessel was required but there was some doubt as to what the basis of operation ought to be. In the circumstances the best course might be to proceed with construction and, during the two years before the vessel would be ready, to consider further how operation should be carried on. In the interim, subsidy arrangements should be continued to keep the present ferry service going. So far as operation was concerned, it might be worth suggesting to the government of Prince Edward Island that they take over and operate the service.

14. The Cabinet, after considerable discussion, noted the report of the Minister of Transport and agreed that:

(a) approval be not given to the request by Northumberland Ferries Ltd. for a 15-year subsidy contract to enable the company to finance the construction of a new vessel for the Wood Islands - Caribou ferry service;

(b) the Minister be authorized to begin arrangements with a view to the construction of a new vessel for the Wood Islands - Caribou ferry service at an estimated cost of $1,086,000 to be available for operation by May 1st, 1955, on the understanding that before that date further consideration would be given to the basis on and the agency by which the vessel would be operated; and

(c) pending completion of the vessel and such new arrangements as might then be necessary, assistance continue to be given to maintain the present ferry service in operation.

Appointments

15. The Secretary submitted recommendation for resignation and several appointments.

16. The Cabinet, after discussion, agreed that the following resignation be accepted and appointments made; Orders in Council to be passed accordingly:

(a) the Honourable C.G. MacKinnon to resign as a Judge of the Superior Court of Quebec, effective February 1st, 1953;

(Order in Council P.C. 1953-55, Jan. 14)

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(b) Stuart B. Ralston of Montreal to be appointed a Puisne Judge of the Superior Court for the District of Montreal in the Province of Quebec, effective February 1st, 1953;

(Order in Council P.C. 1953-56, Jan. 14)

(c) Judge C.W.A. Marion of the County Court for Prescott and Russell, Ontario, to be authorized to exercise such powers as may be delegated to him by the Honourable T.A. Campbell as Chief War Claims Commissioner;

(Order in Council P.C. 1953-53, Jan. 14)

(d) J. Grant Glassco of Toronto and Maurice Samson of Montreal to be Auditors of the Bank of Canada for the year beginning February 1st,1953;

(Order in Council P.C. 1953-57, Jan. 14)

(e) D.C. Patton of the Sangamo Company Limited of Leaside, Ontario, to be a member of the Advisory Committee to assist in the administration of the Labour Management Co-operation Service of the Industrial Relations Branch of the Department of Labour; and

(Order in Council P.C. 1953-58, Jan. 14)

(f) Ian Campbell of Ottawa to be a member of the National Advisory Council on Manpower.

(Order in Council P.C. 1953-59, Jan. 14)

Parliament; addresses in reply to the Speech from the Throne

17. The Prime Minister said that addresses of the Senate and the House of Commons in reply to the Speech from the Throne at the opening of the current session of Parliament had now been engrossed and were ready for delivery to the Governor General.

He suggested that the Leader of the Government in the Senate and the Secretary of State arrange to convey the addresses to His Excellency.

18. The Cabinet agreed that the Leader of the Government in the Senate and the Secretary of State arrange to deliver to the Governor General, at an appropriate time, engrossed addresses, of the Senate and the House of Commons, in reply to the Speech from the Throne, at the opening of the current session of Parliament.

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Railway-highway crossings; reference to Board of Transport Commissioners

19. The Minister of Transport referring to discussion at the meeting of December 17th, 1952 submitted a recommendation providing for reference to the Board of Transport Commissioners for enquiry and report of the railway-highway level crossing problem in Canada and setting forth the Commission's terms of reference in respect of such enquiry. He added that if the reference were approved he proposed to table the required Order in Council in Parliament and at the same time to make a statement on the purpose of the reference.

20. The Prime Minister said the level crossing fund was becoming more and more inadequate as highway traffic increased and he understood that Chief Commissioner Kearney proposed to discuss the problem fully with provincial authorities during the course of the next few months.

21. The Cabinet, after discussion agreed that:

(a) the Board of Transport Commissioners be directed to make an investigation and report on all phases of the problem of railway-highway crossings which are under the jurisdiction of the Parliament of Canada and approved the terms of reference for such investigation as submitted by the Minister of Transport; an Order in Council to be passed accordingly;

(Order in Council P.C. 1953-52, Jan. 14)

and

(b) agreed that copies of the Order in Council providing for such a reference be tabled in the House of Commons that afternoon by the Minister of Transport who would, at the same time, give a brief outline of the purposes of the investigation.

N.A.T.O. Mutual Aid; inclusion of surplus explosives and miscellaneous equipment and ammunition in Canadian programme for 1952-53

22. The Minister of National Defence, reported that there was at present in Canada a stockpile of 1600 net ~~metric~~ tons of RDX/TNT - Composition B, an explosive used for shell filling and produced by Canadian Arsenals Limited. As Canadian Arsenals, when in full production, had a capacity of 135 tons a month against a Canadian requirements of only 60 tons a month , it was recommended that a quantity of 1200 net ~~metric~~ tons of this explosive (estimated value $2.16 million) be approved for inclusion in the Canadian mutual aid programme for 1952-53 as direct military aid.

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An explanatory note had been circulated.

(Minister's memorandum, Dec. 9, 1952-
Cab. Doc. 11-53)

23. Mr. Claxton added that, although the Canadian Army portion of the Mutual Aid programme for 1952-53 had envisaged making available items of equipment to a total value of approximately $86.8 million, it now appeared that Canadian contributions on this portion of the programme would not exceed $46,030,791 by March 31st, 1953. However, a detailed review had indicated that certain additional items to a total value of approximately $14 million could now be offered as mutual aid without prejudice to Canadian defence plans and without immediate replacement from new productions. He recommended therefore that approval be granted for such items to be substituted in the Canadian Mutual Aid programme for 1952-53 to replace a portion of other items in the approved programme which could not be released before March 31st, 1953.

An explanatory note had been circulated.

(Minister's memorandum, Dec. 2, 1952 -
Cab. Doc. 10-53).

24. The Cabinet, after discussion, agreed that:

(a) a quantity of 1200 ~~metric~~ net tons of RDX/TNT - Composition B, at an estimated total value of approximately $2.16 million be included in the Canadian Mutual Aid programme for 1952-53 as direct military aid and that the Secretary General of the North Atlantic Council be notified of this offer and be asked to recommend allocations to North Atlantic Treaty nations; and

(b) that a portion of those items in the approved Canadian mutual aid programme for 1952-53 which could not be released before March 31st, 1953, be replaced by the equipment and ammunition at a total value of $14,074,547 as listed in Cabinet Document 10-53 of December 2nd, 1952.

Status of Canadian Forces in Germany; financial arrangements

25. The Minister of National Defence, referring to discussion at the meeting of November 24th, 1952, said that, after preliminary negotiations, it had been reported by the Canadian Ambassador at Bonn that a single multilateral agreement between Canada, the Three Powers, and the Federal Republic of Germany, which had originally been considered to be in order, might be unacceptable to the Three Powers as not conforming with the terms of the Finance Convention. In the circumstances, it was recommended that

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authority be granted, in the event a five-power agreement proved to be impracticable, to negotiate towards conclusion of an agreement with the Three Powers and an agreement with the Federal Republic; such agreements to be in accordance with the principlesapproved by Cabinet on November 24th, 1952, to govern the financial status of the Canadian Forces in Germany. If such authority were granted, draft agreements resulting from the negotiations would be submitted to the Cabinet Defence Committee for consideration.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 12, 1953-
Cab. Doc. 13-53).

26. The Cabinet, after discussion, noted the report by the Minister of National Defence on preliminary negotiations which had taken place on the status of Canadian Forces in Germany and agreed,-

(a) that authority be granted, if a five-power agreement proved impracticable, to negotiate with the representatives of the Three Powers in Germany and with the representatives of the Federal Republic of Germany towards conclusion of an agreement with the Three Powers and an agreement with the Federal Republic, within the terms of the Contractual Arrangements and in accordance with the principles approved by the Cabinet on November 24th, 1952, to govern the financial status of the Canadian Forces in Germany; and,

(b) that following negotiations, draft agreements be submitted to the Cabinet Defence Committee for consideration.

Korea; engraving of United Nations Service Medal

27. The Minister of National Defence said that in view of the Cabinet decision of March 4th, 1952 that the Korean Medal authorized by the Queen be inscribed with the name of recipients,it was for consideration whether similar engraving be authorized in respect of the United Nations Service Medal.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 7, 1953 -
Cab. Doc. 7-53)

28. The Cabinet, after discussion, noted the remarks of the Minister of National Defence and, agreed that the United Nations Service Medal, which had now

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been received for distribution to officers and men of the Canadian Forces who qualified for the award by virtue of service in Korea, be engraved with the name of the recipients prior to distribution as was being done in the case of the Korean Medal authorized by the Queen.

Coronation; form of oath to be taken by Sovereign

29. The Prime Minister said he had been informed by the High Commissioner for the United Kingdom at Ottawa that it had been proposed by the United Kingdom that the oath to be taken by Queen Elizabeth during the Coronation ceremonies be in the following terms:

> "Will you solemnly promise and swear to govern the peoples of the United Kingdom of Great Britain and Northern Ireland, Canada, Australia, New Zealand, the Union of South Africa, Pakistan and Ceylon (,) of Your possessions and the other territories to any of them belonging or pertaining according to their respective laws and customs."

The oath was probably acceptable from a constitutional and legal point of view but it seemed somewhat archaic and ambiguous in form. The ambiguity to which the proposed text lent itself was demonstrated by the fact that in the High Commissioner's communication the comma which appeared immediately following the word "Ceylon" had been omitted, thus leaving this portion of the oath open to several different interpretations as to its meaning.

He proposed to reply to Sir Archibald Nye that the text appeared to be satisfactory from a purely legal and constitutional point of view but that in the event any modifications were suggested by any other members of the Commonwealth, the Canadian government thought that consideration might usefully be given to adopting a more direct and simple terminology in which the accidental omission of punctuation would not be likely to lead to misinterpretation as to the true meaning of the oath.

30. The Cabinet, after discussion, agreed that the Prime Minister inform the High Commissioner for the United Kingdom at Ottawa that, as the suggested form of oath to be taken by Queen Elizabeth during the Coronation ceremonies appeared to be satisfactory from a purely legal and constitutional point of view, the Canadian government did not wish to take the initiative in suggesting modifications but that, in the event any modifications were suggested by other members of the Commonwealth, the government felt that consideration might usefully be given to adopting a more direct and simple form of words in which the accidental omission of punctuation would not lead to possible misinterpretation as to the true meaning of the oath.

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Trade marks; printing and distribution of committee report

31. The Secretary of State, mentioned that the report of the special committee on trade marks would be received shortly. It was proposed to have it printed and distributed to Members of Parliament as soon as the Trade Marks Bill had had first reading in the Senate.

32. The Cabinet noted the report of the Secretary of State and agreed that the report of the special committee on trade marks be printed and distributed to Members of Parliament following first reading of the Trade Marks Bill in the Senate; it being understood that, in the event the committee's report resulted in substantial changes being made in the text of the bill as approved by Cabinet, such changes would be submitted to Cabinet for consideration.

Human rights; various proposals

33. The Minister of Justice said the Ottawa correspondent of the Montreal Gazette, in the January 10th issue of that newspaper, had reported that legislation making it an offence under the Criminal Code to foment racial, religious or class hatred had been prepared by a prominent Conservative Member of Parliament and might shortly be placed on the Order Paper by that Member.

Legislation along these lines might be a useful weapon in combating communist propaganda in Canada and, in the circumstances, the government might wish to consider the advisability of taking itself the initiative in introducing such a measure.

34. The Prime Minister suggested that the Department of Justice be asked to draft a measure directed against racial, religious and class discrimination and submit such a measure to Cabinet for consideration.

35. Mr. Garson also referred to a resolution on human rights standing on the Order Paper of the House of Commons in the name of the Member for Lake Centre. The resolution enumerated several of the freedoms which should be included in such a bill or declaration and urged the government to consider the advisability of submitting for the opinion of the Supreme Court of Canada, the question as to the degree to which fundamental freedoms of religion, speech and of the press and the preservation of the constitutional rights of the individual are matters of Federal or Provincial jurisdiction.

On the general question of human rights, everything that could be done under Federal legislation to guarantee the various freedoms had already been placed on the statute book or would be introduced for consideration

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during the current session of Parliament. In view of the fact that many of the "human rights" which various Canadian organizations and the United Nations had suggested should be safeguarded by legislation came within the constitutional jurisdiction of provincial legislatures, the government had always taken the stand that Parliament had, by legislation, done all it could within its competence and that having due regard to the specific division of constitutional responsibilities under the British North America Act, nothing more effective could be done by Parliament alone.

In the circumstances, it seemed clear that Mr. Diefenbaker's resolution could not be supported by the government. However, as there was a growing feeling amongst the public generally, favouring some form of legislative guarantee of human rights, it would be difficult to vote against this resolution without creating some misconception in the public mind as to the government's stand on the matter.

It seemed to him that it should be pointed out during the course of the debate in the House that the resolution represented a misconception of the true purpose of a bill of rights. This purpose was to prevent by statute that the law makers could, in future, pass any legislation which would, in any way, infringe upon any of the freedoms and human rights enumerated in such a bill of rights. It should further be pointed out that all the human rights that came within Federal jurisdiction had been or were covered by Federal legislation and that Parliament could do nothing in respect of the other rights without, in fact, impinging upon Provincial jurisdiction. Finally, it might be suggested that instead of referring the jurisdictional question to the Supreme Court for arbitration, the logical course would be to have the matter referred to the Federal-Provincial Conference on Constitutional Matters.

36. The Prime Minister thought that government policy on the subject of human rights would be less likely to be misinterpreted if he or the Minister of Justice simply moved an amendment to Mr. Diefenbaker's resolution providing that, if any Member of Parliament wished to introduce a specific bill of rights, he be allowed to do so on the understanding that the House would afford ample opportunity for consideration of that measure.

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37. The Cabinet, after considerable discussion,-

(a) agreed that the Department of Justice submit for consideration a draft measure directed against racial, religious or class discrimination; and,

(b) noted the remarks by the Prime Minister and the Minister of Justice with respect to proposals for the enactment by Parliament of a bill or declaration of human rights.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 16th, 1953

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Items discussed

Movement of western coal; alteration in freight rate subvention 2.

Coronation; purchase of flags and bunting by Public Works 3.

South Saskatchewan River project; submission of report 3.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday, January 16th, 1953, at 3:30 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Solicitor General
(Mr. Campney)

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Movement of western coal; alteration in freight rate subvention

1. The Prime Minister reported that the recent increase in railway freight rates on coal, amounting to 20 cents per ton on the movement of western coals to Ontario, had affected the subvention rate structure established under Order in Council P.C. 1903 of April 26th, 1951. Shipments to Fort William and Port Arthur previously fell under the subvention rate of 20 percent of the freight rate, which amounted on the average to about $1.52 per net ton. Due to the increase, shipments to those points from various western mines now were entitled to the flat subvention rate of $2.50 per net ton. There had been no change in the competitive situation at the head of the lakes to warrant the extra assistance. The Minister of Mines and Technical Surveys had recommended that the regulations be changed to maintain the original subvention structure and that the change be effective January 1st, 1953, the date on which the freight rate increase applied.

(Coal Board memorandum, Jan. 12, 1953)

2. Mr. St-Laurent thought it might be desirable to alter the regulations in one respect. Under clause 4 the Minister could extend the application of the subventions to coal mines other than those originally provided for where he considered such extension to be in the public interest. Under clause 9 the Minister could refuse application for a subvention. In each case it might be desirable to have the discretion exercised by the Governor in Council on the recommendation of the Minister.

3. The Cabinet approved the recommendation of the Minister of Mines and Technical Surveys and agreed that:

(a) the regulations respecting financial assistance on the movement of coal mined in Alberta and the Crowsnest Pass area of British Columbia, established by Order in Council P.C. 1903 of April 26th, 1951, be revoked effective December 31st, 1952; and,

(b) regulations respecting financial assistance on the movement of such coal be made as submitted, effective January 1st, 1953, but with amendment to provide that the discretion to extend the application of the subventions to coal mines not originally covered and to refuse applications for subventions be exercised by the Governor in Council on the recommendation of the Minister of Mines and Technical Surveys, rather than by the Minister;

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an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-64, Jan. 16)

Coronation; purchase of flags and bunting by Public Works

4. The Minister of Public Works said that, while the policy on decoration of Federal buildings at the time of the Coronation had not been established, it was necessary to order a supply of flags and bunting in order that they would be available when required. The amount that had been ordered in 1937 at a cost of $70,000 would now cost $151,027. Tenders for the estimated requirements had been requested from seven firms and the total cost represented the placement of various parts of the order that was recommended on the basis of the tenders. If approved, the expenditure would be charged against funds to be provided in the special vote under the Secretary of State's Department for Coronation arrangements.

5. The Cabinet approved in principle the recommendation of the Minister of Public Works, concurred in by the Secretary of State, that authority be granted to purchase flags and bunting required for decoration of public buildings throughout Canada at the time of the Coronation, in quantities as submitted and from firms recommended pursuant to requests for tenders at a cost of $151,027 to be charged against funds to be provided in the special vote for Coronation arrangements under the Secretary of State's Department; the recommendation to be submitted to Treasury Board for final approval.

South Saskatchewan River project; submission of report

6. The Prime Minister, referring to discussion at the meeting of January 7th, said he had been advised that a number of copies of the complete report on the South Saskatchewan River project would be available on the morning of January 19th. He recommended that the formal submission of the report to the Governor General be approved and that it be despatched to the Governor General that morning. It would be desirable to table the report in the House of Commons in the afternoon of the same day.

7. The Cabinet approved the recommendation of the Prime Minister and agreed that:

(a) the report of the Royal Commission constituted by Order in Council P.C. 4435 of August 24th, 1951, to report upon the South Saskatchewan River project be submitted to the Governor General; an Order in Council to be passed accordingly;

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(Order in Council P.C. 1953-65, Jan. 16)
and,

(b) the complete report be transmitted to the Governor General as soon as available on January 19th and tabled in the House of Commons the same day.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 19th, 1953

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Items discussed

Crown corporations; donations to charitable and welfare organizations 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Monday, January 19th, 1953 at 12:00 noon.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office

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Crown corporations; donations to charitable and welfare organizations

1. The Prime Minister said the General Secretary of the Young Men's Christian Association of Halifax, Nova Scotia, had requested that Central Mortgage and Housing Corporation, the Canadian National Railways, Trans-Canada Air Lines and other crown corporations be authorized to make donations to various charitable and welfare organizations in the same manner as did private concerns.

As many crown agencies had recurring deficits which were met out of the Consolidated Revenue Fund, it seemed to him that it might be difficult to grant general authorization for these agencies to contribute to charitable and welfare organizations since, in actual practice, such donations would constitute multiple Federal grants out of public monies. In any event, this whole question was now under consideration by Treasury Board and he thought that no further communication should be had with the Y.M.C.A. on this subject until such time as a final decision were reached in the matter.

2. The Cabinet, after discussion,-

(a) noted the request by the Secretary General of the Young Men's Christian Association of Halifax that crown corporations be authorized to make donations to charitable and welfare organizations and that this matter was under consideration by Treasury Board; and,

(b) agreed that no further communication be had with the Halifax, Y.M.C.A. until a final decision ~~were~~ reached following submission of a report by was Treasury Board in the matter.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 22nd, 1953

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Legislation; Patent Act amendments 2.

Gut Dam; procedure for disposal of U.S. damage claims 3.

Finance; current status of external loans and credits 4.

Veterans Affairs; sale of portion of Divadale property, Toronto to the Canadian National Institute for the Blind 6.

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Citizenship; observance of Citizenship Day; financial assistance for citizenship classes 8.

La Chambre de Commerce de la Province de Quebec; request for interview 9.

Conference of Associated Country Women of the World; request for financial assistance 10.

N.A.T.O.; Canadian representation on Industrial Raw Materials Planning Committee 10.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, January 22nd, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent), in the Chair
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice,
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Parliament; time allotted to private members

1. The Prime Minister suggested that a motion might be placed on the Order Paper recommending that time ordinarily allotted to private members on Mondays and Wednesdays be withdrawn as of and from the week beginning February 2nd.

2. The Cabinet agreed that a motion be placed on the Order Paper recommending that time normally allotted to private members on Mondays and Wednesdays be withdrawn as of and from the week beginning February 2.

Cabinet business; weekly agenda meeting during session

3. The Prime Minister suggested that Ministers might find it more convenient in arranging their engagements if the regular agenda meeting of Cabinet were held on the same day of the week throughout the session of Parliament.

4. The Cabinet agreed that, until the conclusion of the current session of Parliament, the regular weekly agenda meeting of Cabinet be held on Thursday mornings at 10:30 a.m., in the Privy Council Chamber.

Legislation; Patent Act amendments

5. The Minister of Justice reported that the Cabinet Committee on Legislation had, on January 15th, considered proposed amendments to the Patent Act as submitted by the Secretary of State and by the Interdepartmental Committee on Patent Rights of Public Servants.

The proposed amendments in respect of patent rights of public servants were aimed at bringing some uniformity in the now widely divergent provisions governing the benefits accruing to public servants as a result of inventions perfected by them. As the matter was rather controversial and did not appear to be really urgent, it might perhaps be agreed that a draft bill be prepared for consideration on the understanding that it would probably not be introduced, if at all, until the next session of Parliament.

A number of miscellaneous amendments to the Patent Act had also been recommended by the Secretary of State. Most of the amendments were of an administrative character but it had been represented to the Committee on Legislation that at least some of these amendments should be introduced, if at all possible, during the current session of Parliament.

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Explanatory notes had been circulated.

(Memorandum, Dec. 22, 1952, Interdepartmental Committee on Patent Rights of Public Servants, Cab. Doc. 2-53; memorandum, Secretary of State, Dec. 20, 1952, Cab. Doc. 3-53; memorandum, Privy Council Office, Jan. 21, 1953).

6. The Cabinet, after discussion, noted the report of the Minister of Justice and,-

(a) agreed that a measure based on the recommendations of the Interdepartmental Committee on Patent Rights of Public Servants be drafted by the Department of Justice and submitted for consideration but decision withheld as to what disposition should be made of such a measure pending receipt of the draft bill; and,

(b) approved in principle the amendments to the Patent Act recommended by the Secretary of State and agreed that a draft measure be prepared accordingly.

Gut Dam; procedure for disposal of U.S. damage claims

7. The Secretary of State for External Affairs referring to discussion at the meeting of November 17th, 1952 said the U.S. State Department had agreed to discuss with Canadian representatives the possibility of establishing some uniform procedure for the disposal of U.S. claims for damages allegedly caused to Lake Ontario riparian owners as a result of the construction and operation of the Gut Dam. Preliminary discussions had taken place at Washington on December 17th, 1952. These discussions were to be continued during the week of January 26th and instructions were now sought as to the sort of proposals the Canadian negotiators might be authorized to approve on behalf of the government.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 19, 1953 - Cab. Doc. 16-53).

8. The Minister of Finance thought it was perhaps unfortunate that Canada had, by its Note of November 10th, 1952, to the U.S. State Department, recognized in principle her obligation to pay damages to U.S. citizens provided they were attributable to the construction and operation of the Gut Dam. After looking at the history of the Dam, he held the view that Canada had not in fact, waived her immunity in any respect and that the only

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legal obligation assumed by Canada was in respect of damages that might be caused to property owners on Les Galops Island in the St. Lawrence River. That obligation had been discharged when the Canadian government had purchased for the relatively large amount of $4,000 one acre of land from the U.S. owner of the island. As a consequence, he felt Canadian representatives should make it quite clear that Canada had not waived her immunity in this matter. Furthermore, he did not think that it would be wise at this time to consider submitting to the jurisdiction of any domestic U.S. court.

9. The Cabinet, after further discussion, noted the report of the Secretary of State for External Affairs and agreed that,-

(a) during the course of forthcoming talks with the U.S. State Department on the procedure to be followed in the disposal of U.S. claims for damages allegedly arising out of the construction and operation of the Gut Dam, the Canadian representatives attempt, as a first choice, to obtain agreement for the establishment of a mixed arbitral tribunal of three judicial members (Canada and the United States each to select one member and to agree on a third from a third country) or, as a second choice, to seek agreement for the establishment of an arbitral tribunal consisting of a single third national appointed by Canada and the United States from among the best qualified judicial or legal authorities of a third country;

(b) Canadian representatives should not agree to Canada submitting to the jurisdiction of any existing U.S. court without first referring the question back to Cabinet for consideration; and,

(c) as a matter of general principle, Canadian representatives should reassert the position already taken that Canada had not, in fact, waived her sovereign immunity in respect of damages allegedly caused by the construction or operation of the Gut Dam.

Finance; current status of external loans and credits

10. The Minister of Finance said that out of a total of $2,562.6 million of external loans, credits and guarantees made by the Canadian government, $1,843.9 million was outstanding but not due and $19 million was overdue as of January 2nd, 1953. The total of $19 million in overdue amounts was made up of a $3.3 million claim on Russia for deliveries made in the autumn of 1945, $3 million owed to three Canadian banks by the Ming Sung Company, $9.3 million owed by China on an Export Credits Insurance

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loan and $3.4 million owed by Czechoslovakia also on an Export Credits loan. In addition, the U.S.S.R. still owed the International Nickel Company of Canada $2.9 million on the agreed total payment of $20 million in compensation for the Petsamo nickel mines in Finland which were taken over by Russia at the end of World War II.

He submitted recommendations as to the stand the government might take in respect of these various defaults.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 20, 1953- Cab. Doc. 15-53).

11. The Cabinet, after discussion, noted the report of the Minister of Finance and agreed that,-

(a) in respect of the $3.3 million overdue on deliveries made to the U.S.S.R. in the autumn of 1945, no special steps be taken to publicize the situation for the time being but that the Canadian Embassy in Moscow be instructed to continue to press Soviet authorities for payment;

(b) any publicity given to the payment still due by Russia to the International Nickel Company of Canada be made by that Company rather than by the Canadian government;

(c) further enquiries be made to ascertain whether there was any possibility that the Nationalist Government of China might be in a position to honour in whole or in part its guarantee of the Ming Sung loan or to meet overdue payments on the export credits loan to China; it being understood that all legal requirements should be fulfilled in respect of both matters, in order to ensure that a valid claim could be made for all outstanding amounts if and when Canada recognized a government in continental China;

(d) in respect of the overdue amount of $3.4 million on the export credits loan of $16.6 million to Czechoslovakia, the government of that country be informed that Canada could not agree to discontinue action against Czech dumping in return for payment of the overdue installments and that if these overdue payments were not remitted the whole loan would be formally declared to be in default and the default reported to Parliament; and,

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(e) the Netherlands Government be not released at this time from its guarantee of the $15.4 million export credits loan to the Netherlands Indies.

Veterans Affairs; sale of portion of Divadale property, Toronto to the Canadian National Institute for the Blind

12. The Minister of Veterans Affairs, referring to discussion at the meeting of December 4th, sought authority for the Department of Veterans Affairs to negotiate an outright sale to the Canadian National Institute for the Blind of approximately 10½ acres of the Divadale Property adjoining Sunnybrook Hospital in Toronto at a price of $2,500 an acre; such sale to be subject to certain specified conditions, one of which would be to the effect that for a period of 25 years the C.N.I.B. could not sell any or all of this land without the consent of the Crown.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 21, 1953-Cab. Doc. 17-53)

13. The Prime Minister thought the public would react favourably to any proposal involving the sale at cost of Crown lands adjoining Sunnybrook Hospital to the Canadian National Institute for the Blind providing such sale was conditional upon the lands being used exclusively for social or welfare purposes such as those carried out by the Institute or other similar bodies. He felt, however, that the condition prohibiting resale without consent of the Crown should be for a longer period than 25 years and that a period of 99 years would not appear to be unreasonable.

14. The Cabinet after discussion, approved the recommendation of the Minister of Veterans Affairs and agreed that the Department of Veterans Affairs be authorized to negotiate with the Canadian National Institute for the Blind for the sale at cost to that Institute of approximately 10½ acres of the Divadale Property at Toronto ; such sale to be subject to certain conditions including a period longer than 25 years during which the Institute would be prohibited from reselling any or all of the land without consent of the Crown; the Minister of Veterans Affairs to report back in due course on the result of such negotiations.

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Civil Service; holidays during 1953

15. The Secretary of State submitted a recommendation regarding holidays to be observed by the Civil Service during 1953 including the statutory holidays provided under Section 45 of the Civil Service Act.

An explanatory note had been circulated.

(Minister's memorandum Jan. 19, 1953-Cab. Doc. 14-53)

16. The Cabinet after discussion, agreed that,-

(a) the following holidays be observed by the Civil Service during 1953:

Good Friday (April 3)
Easter Monday (April 6)
The Queen's Birthday and Victoria Day (May 18)
Coronation Day (June 2)
Dominion Day (July 1)
Labour Day (September 7)
Thanksgiving Day (when proclaimed in October)
Remembrance Day (November 11)
Christmas Day (December 25) (afternoon of December 24 and Saturday morning, December 26, to be allowed as time off)
New Year's Day (January 1) (afternoon of December 31 and Saturday morning, January 2, to be allowed as time off)

(b) a regulation be made under Section 47 of the Civil Service Act to authorize on a continuing basis the observance by civil servants of one annual civic holiday in the localities where such holidays were normally observed; an Order in Council to be passed accordingly;

(Order in Council P.C. 1953-93, Jan. 22)

and

(c) the normal latitude in hours of attendance on religious days be continued.

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Citizenship; observance of Citizenship Day; financial assistance for citizenship classes

17. The Minister of Citizenship and Immigration referring to discussion at the meeting of December 22nd, 1952, reported that, following further discussion with provincial authorities it had now been agreed that Citizenship Day would be observed on May 15th, during the current year. This would coincide in most cases with provincial observance of Empire Day in Ontario.

18. Mr. Harris also submitted a recommendation for the granting of financial assistance by the Federal government towards the provision of language and citizenship classes for adult immigrants to Canada.

The Citizenship Act now required that applicants for naturalization must have an adequate knowledge of either the English or French languages and of the responsibilities and privileges of Canadian citizenship. The Citizenship Branch, in cooperation with provincial governments, universities, local school boards and benevolent societies, had promoted the organization of citizenship classes where English and French were being taught. It was estimated that some 45,000 adult new-comers had enrolled in these classes during the school year 1951-52. However, it was also estimated that some 400,000 adult immigrants, who could neither speak nor understand either English or French, had come to Canada since the end of World War II. With a view to reaching a greater number of such immigrants and in order to ensure a greater degree of uniformity in the organization of classes in the various parts of Canada, it was felt that the Federal government should now agree to extend some form of financial assistance towards the operation and maintenance of such classes. There were several alternative ways in which such assistance could be granted but he felt the most practical course would be for the Federal government to bear half the cost of any grant the provincial authorities might make in this connection. It was estimated that, on such a basis, Federal grants during the fiscal year 1953-54 might amount to approximately $225,000.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 18, 1953-Cab. Doc. 18-53).

19. The Minister of Finance pointed out that this proposal constituted another example of the Federal government contributing funds to be spent by provincial authorities for matters that fell largely, if not exclusively within provincial jurisdiction. The tax rental agreements were designed precisely to enable provincial authorities, particularly in the case of the less wealthy provinces, to discharge adequately their constitutional responsibilities.

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In the circumstances, it could be argued that direct Federal contributions to the provinces in respect of such matters as citizenship classes for immigrants were in a sense a duplication of what was intended to be achieved by the tax rental agreements. He was now having this general problem examined by officials of his department. In the meantime, however, there appeared to be definite need for something along the lines of the proposal put forward and, in the circumstances, he felt that approval might well be given.

20. The Cabinet, after discussion

(a) noted the report of the Minister of Citizenship and Immigration that, in 1953, Citizenship Day would be observed on May 15th; and

(b) agreed that the Minister approach the provincial governments with a view to entering into agreements to defray part of the cost of citizenship classes, such agreements to provide that the Federal government would reimburse the provincial governments for 50 percent of any contributions the latter might make towards such classes; an amount of $225,000 to be included in Citizenship and Immigration estimates for this purpose.

La Chambre de Commerce de la Province de Quebec; request for interview

21. The Prime Minister mentioned that a representative of the Chambre de Commerce de la Province de Quebec had asked whether the Cabinet would be prepared to receive a delegation of some 400 to 500 members of that organization. Members of the Cabinet had recently received a few representatives of the parent body, the Federation of Canadian Chambers of Commerce, and, in consequence, there did not appear to be any real justification for receiving one of the provincial units of that national organization. However, it would probably be inadvisable to turn down the request outright and he suggested that the Quebec Chamber might be notified informally that the government would probably be prepared to consider favourably a request for an interview with a limited number of representatives, say 20 to 30.

22. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that the Chambre de Commerce de la Province de Quebec be notified informally that the government could not consider receiving a mass delegation but that, if a request were formally made, favourable consideration would probably be given to receiving a group of some 20 to 30 representatives of the organization.

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Conference of Associated Country Women of the World; request for financial assistance

23. The Minister of Agriculture reported that the President of the Alberta Women's Institute and convener of publicity for the Associated Country Women of the World Conference planning committee had requested the Federal government to assume the expense of a tour of Canada for the overseas delegates attending the International Conference of the Associated Country Women of the World at the conclusion of the conference which would be held at Toronto during the month of August 1953. A federal grant of $10,000 had already been made to the Federated Women's Institutes of Canada who were acting as the hostess organization for the August conference. It would be recalled that the government had assumed the cost of a post-conference trip across Canada for the overseas delegates who attended the International Federated Agricultural Producers conference in 1948.

An explanatory note was circulated.

(Minister's memorandum, Jan. 21, 1953- Cab. Doc. 20-53.)

24. The Prime Minister said the President of the Alberta Women's Institute had also written to him seeking financial assistance. He thought he should reply asking for further information as to the precise extent of the assistance required.

25. The Cabinet after discussion, agreed that the President of the Alberta Women's Institute be required to submit more precise information as to the extent of the assistance desired from the Federal government for the purpose of defraying the cost of a trip across Canada for the overseas delegates to the International Conference of the Associated Country Women of the World to be held at Toronto during the month of August.

North Atlantic Treaty Organization; Canadian representation on Industrial Raw Materials Planning Committee

26. The Secretary of State for External Affairs said the North Atlantic Treaty Organization had established an Industrial Raw Materials Planning Committee for the purpose of providing member countries with an appraisal of the Industrial raw materials supply problems in the event of war and to make recommendations respecting preparatory measures which might be required. As Canada was a major producer of raw materials, it was felt that Canadian participation in the work of the Committee was appropriate.

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It was recommended that Dr. G.C. Monture, Director of the Mineral Resources Division of the Department of Mines and Technical Surveys, attend the initial meetings of the Planning Committee and report on the possible extent of the Canadian interest and the importance of direct Canadian representation in the Committee's work. After the report was received, consideration would be given as to whether continued direct Canadian representation was warranted.

An explanatory note was circulated.

(Minister's memorandum, Jan. 12, 1953 - Cab. Doc. 19-53).

27. The Cabinet, after discussion, noted the report of the Secretary of State for External Affairs and agreed that Dr. G.C. Monture of the Department of Mines and Technical Surveys attend and report on the initial meetings of the Industrial Raw Materials Planning Committee established by the North Atlantic Treaty Organization.

Estimates for 1953-54

28. The Minister of Finance reported briefly on the 1953-54 Main Estimates which would shortly be tabled in the House of Commons.

Total estimates for the next fiscal year, exclusive of old age security payments, totalled $4,404,976,236. This compared with total estimates, exclusive of old age security, of $4,376 millions for 1952-53. This represented an increase of $29 million. In respect of old age security payments, there was an increase of $23 million from $322 million in 1952-53 to $345 million for 1953-54. The major causes of the increase in the Estimates for the coming fiscal year were public debt (increase of $33 million), tax rental agreements ($12 million) and health and welfare ($19 million on family allowances and old age assistance). Public Works showed an increase of $6 million, Defence Production a decrease of $50 million and National Defence remained approximately the same.

29. The Cabinet noted the report by the Minister of Finance on the Main Estimates for 1953-54.

Arctic; review of U.S. and Canadian developments

30. The Secretary of State for External Affairs pointed out that interest in the Canadian Arctic had increased substantially since the joint Arctic weather stations were established in 1947. The display of interest, the expenditure

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of money and the exploitation of manpower in the Canadian Arctic Archipelago had been at least as great by the United States as by Canada, and in some respects greater. The main continuing activity was the weather station programme at the five joint arctic weather stations. Half the meteorological staff at these stations was Canadian. There were also small Canadian weather stations at Arctic Bay and at Pond Inlet. At Resolute Bay, there was an R.C.A.F. station and an Arctic Survival School was conducted during the winter months at Cambridge Bay in the southern Archipelago. These were the only exclusively Canadian stations and the total number of Canadian officials in the entire Archipelago was less than 50 men. This figure was now matched by the United States which, in addition to supplying half the meteorological staff, operated an exclusively U.S. weather station at Padloping and manned a floating ice island within the Canadian sector. Transient U.S. officials both civil and military, outnumbered Canadian transients during the summer months.

Everything pointed towards an increase in U.S. activity in the Arctic during coming years. Several new U.S. projects had recently come to the attention of the Department of External Affairs. The largest of these if implemented, would involve eventually the establishment of a chain of 40 radar stations right across the Arctic. As a first step in this programme, the United States government had allocated $20,000,000 for the establishment of three or four experimental radar stations probably in the general area of the Mackenzie River delta. The U.S. Airforce had also indicated that it might approach Canada for permission to develop air strips at the two northernmost joint Arctic weather stations on Ellesmere Island. In addition, the U.S.A.F. would like to construct an air strip at River Clyde on Baffin Island. The U.S.A.F. proposed that these air strips be constructed in such a manner as to be suitable for emergency landing by the heaviest freighter aircraft and by jet fighters. The United States also wished to establish a Loran station on the east coast of Baffin Island. Over a year ago, the United States had been given permission to make surveys as a preliminary to the establishment of radar stations on Ellesmere and Coburg Islands for the protection of Thule. A request had also been received by the Canadian government for consideration of the possibility of opening up a commercial air route from Edmonton across the Canadian Arctic to Thule and thence to Europe.

If Canadian claims to territory in the Arctic rested on discovery and continuous occupation, Canadian claims to some relatively unexplored areas might be questioned in the future. He was concerned about the de facto exercise of U.S. sovereignty, examples of which were numerous during the last war in other parts of Canada, and it seemed clear that an increase in U.S.

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activity in the Arctic would present risks of misunderstandings, incidents and infringements on the exercise of Canadian sovereignty.

In the circumstances, he urged strongly that the Advisory Committee on Northern Development, which had not recently been active, be directed to consider all phases of development of the Canadian Arctic and to report on the present situation and on the means which might be employed to preserve or develop the political, administrative, scientific and defence interests of Canada in that area.

(Minister's memorandum, Jan. 21, 1953).

31. The Minister of Agriculture thought the problem was a serious one and that steps should be taken immediately to ensure that Canadian sovereignty was not imperiled by the continued and increasing exercise of de facto U.S. jurisdiction in many parts of the Arctic Archipelago.

32. The Minister of National Defence said the last quarterly report received from the Pentagon on the subject revealed that there was a decrease in the total numbers of civilian and military U.S. personnel in all parts of Canada except Newfoundland and Labrador.

He was satisfied that everything which could be done had, in fact, been done in respect of existing U.S. activities in Canada to ensure preservation of Canadian sovereignty. There were several cases of U.S. military developments in northern Canada having eventually been taken over by Canada. Nonetheless, continued U.S. activity in the North presented a problem and he agreed that the matter should be looked into by the Advisory Committee and reported on as soon as possible.

Referring to U.S. proposals for the establishment of a chain of 40 radar stations across the Arctic, he pointed out that it was not yet established by any means that radar could successfully be operated that far north. Such a programme would represent a very large outlay of money and manpower. Each station would cost from $6 to $15 million and would be manned by 100 to 300 persons. In this connection, he said that a possible substitute for radar was now being developed by his department in cooperation with McGill University. If this development proved successful, it might be possible to establish a chain of warning stations across the Arctic at a fraction of the cost involved in the proposed radar system.

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33. The Prime Minister, in reply to a question as to how the matter of sovereignty was met in N.A.T.O. developments in western European countries, pointed out that no parallel could be established between the situation in western Europe and the situation which might develop in the Canadian Arctic. A N.A.T.O. establishment in, say, Germany was, in fact, sponsored and paid for by all N.A.T.O. members and not by a single foreign state as was the case with U.S. installations in the Canadian Arctic. Furthermore, such N.A.T.O. establishments in Europe represented a very small fraction of the sum total of human activity in those areas and thus did not in any sense constitute a threat to the sovereignty of the state within which they were located, whereas it was within the realm of the possible that in years to come U.S. developments might be just about the only form of human activity in the vast wastelands of the Canadian Arctic. This was the problem which had to be met. In the deliberations of the Advisory Committee some thought might usefully be given to the possibility of ensuring in some practical manner extension of normal Canadian customs and immigration facilities to those areas in the Arctic where the more important developments were taking place.

34. Mr. Pearson suggested that the Advisory Committee might usefully give consideration to the formulation of "principles of cooperation" in respect of the Arctic which might in future govern U.S.-Canadian relations, in all matters pertaining to that area.

35. The Cabinet after considerable further discussion, noted the report by the Secretary of State for External Affairs on current and prospective Canadian and U.S. developments in the Arctic Archipelago and directed the Secretary to request the Chairman of the Advisory Committee on Northern Development to have that Committee consider and report periodically on all phases of development of the Canadian Arctic and on the means which might be employed to preserve or develop the political, administrative, scientific and defence interests of Canada in that area.

War claims; proposed automatic awards to ex-prisoners of war

36. The Prime Minister mentioned that Chief Justice Campbell, Chief War Claims Commissioner, had stated that the Commission was not sending out claim-forms to ex-prisoners of war pending receipt of information as to the attitude the government was likely to take on representations which would probably be submitted in the near future by the Association of Ex-Prisoners of War, urging a variation in the Ilsley principles to provide for automatic payments to all ex-prisoners of war.

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(Memorandum, Secretary to Prime Minister, Jan. 21, 1953).

37. Mr. St-Laurent noted that the Ilsley report had suggested that provision be made automatically for those interned by the Japanese at Hong Kong and those in direct custody of organizations declared criminal at the Nuremberg trials but that all other prisoners of war should be required to substantiate their claims before an award could be made by the Commission.

He did not feel that there was any valid reason to depart from these recommendations and consequently the Chief War Claims Commissioner might be informed that the government was not disposed at this time to alter the principles set out in the Ilsley report.

38. The Cabinet, after discussion, noted the report of the Prime Minister and agreed that the Chief War Claims Commissioner be informed that the government was not disposed at this time to suggest that the principles set forth in the Ilsley report should be altered with respect to awards to be made to ex-prisoners of war.

Legislation; Judges Act amendment re special remuneration and allowances for judges

39. The Minister of Justice reported that a member of the Senate had strongly urged that the Judges Act be amended during the course of the current session of Parliament to provide that judges appointed to Royal Commissions and other similar bodies be allowed to receive adequate remuneration and allowances for services rendered.

He felt that this suggestion should not be accepted because, among other reasons it might tend to make judges more interested in relatively lucrative special appointments than in the carrying out of their normal judicial functions.

40. The Cabinet, after discussion, noted the report of the Minister of Justice and agreed that the Judges Act be not amended to authorize payment of remuneration and allowances to judges appointed to serve on Royal Commissions or other similar bodies.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 27th,1953

(AFTERNOON MEETING)

1036

00151

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Items discussed:

Railway labour dispute

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, House of Commons on Tuesday, January 27th, 1953, at 2:00 p.m.

Present

The Prime Minister
(Mr. St-Laurent), in the Chair
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote)
The Minister of Fisheries
(Mr. Sinclair)
The Solicitor General
(Mr. Campney)

The Secretary to the Cabinet
(Mr. Pickersgill)
Mr. R.G. Robertson, Privy Council Office

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Railway labour dispute

1. The Prime Minister said the Presidents of the two principal railway companies were meeting that morning with representatives of the Brotherhood of Railroad Trainmen to see if anything further could be done in the negotiations over wages and other conditions of employment. The negotiations had been protracted and twice had been revived after having been broken off. The situation did not look at all hopeful. The railways had stated that they wanted to reach a settlement that would be as favourable to the union as the settlement reached for other employees. That, however, was not satisfactory to the union representatives. The trainmen represented about 22,000 out of 200,000 employees and to give them a better deal than the others would not make for continued harmonious operation of the railways. If the negotiations ended and a strike began on February 2nd, the public would be without transportation for a long period in the winter season and the government would undoubtedly be held to some degree responsible. The question was what the government's position ought to be when it became clear that the railways and employees could not arrive at a settlement themselves.

2. Mr. St-Laurent thought one possible course at that stage would be to send for the representatives of the union and inform them that the government could not permit a legal railway strike in winter, if it was possible to prevent it, even under normal circumstances and more particularly when it might interfere with the transportation of war supplies to Korea.

They could be informed that the government had power under the Emergency Powers Act to prohibit or postpone a strike but did not wish to use any form of compulsion if it could be avoided. It was therefore proposed that the union call off or postpone the strike on the understanding that the government would appoint a judge to make a judicial determination of wage rates and other conditions to be based upon the general principle that the operating unions should have as fair a deal for the men they represented as the non-operating unions had secured by free collective bargaining for the men they represented. The union representatives could be informed that, if they accepted the proposal, the Prime Minister would recommend to the railways that they provide immediately the wage increase recommended in the majority report of the conciliation board (12 per cent) with no change in rules. The majority report had been on the basis of a non-retroactive wage increase, but it could be recommended to the railways that the award be made retroactive at least to September 1st, 1952, which was the effective date of the settlement with the non-operating unions.

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The union representatives might at the same time be told that, if the employees did not accept the plan as outlined, an Order in Council would be passed under the Emergency Powers Act to prohibit the strike temporarily so that the facts could be laid immediately before Parliament for action by legislation. The Order in Council would remain in force until Parliament dealt with the situation or terminated the Order in Council by resolution as provided for in the Emergency Powers Act. The Order itself would do nothing more than prohibit the strike. The bill to take care of further action would have to be ready to put before Parliament when the Order in Council was tabled.

With regard to the basis of settlement by a referee, it would probably be necessary to go back to the pre-war position to establish a relationship. Through the war and up to 1948 there had been flat increases across the board which had had the effect of worsening the position of the more highly paid employees. A fair way of establishing a relationship might be to examine the schedules of pre-war wages in the non-operating group and ascertain what change had taken place from the position then to the present wage rates for various classes in that group. A similar relationship could be worked out between pre-war and present wage rates for comparable categories of persons among the trainmen. A comparison of the two sets of relationship would indicate what adjustment ought to be made in the wage rates of the trainmen to make their present situation as favourable as the one that had been achieved for the non-operating personnel.

3. The Cabinet, after considerable discussion, noted the comments of the Prime Minister and agreed that decision concerning the position to be taken by the government in relation to the dispute between the railways and the Brotherhood of Railroad Trainmen be deferred for further consideration later in the day if the negotiations between the railways and the union had broke off by then.

J.W. Pickersgill
Secretary to the Cabinet

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CABINET CONCLUSIONS

Meeting

January 27,1953

(EVENING MEETING)

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Items discussed

Railway labour dispute	2.
Butter; sales from government stocks	4.
Canned pork; selling policy	5.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons, on Tuesday January 27th, 1953 at 8:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
and Acting Minister of Trade and Commerce
and Defence Production
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
and Acting Minister of Agriculture
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Railway labour dispute

1. The Minister of Transport referring to discussion earlier in the day, said that representatives of the railways and the Trainmen had met from 11.00 a.m. to 1.30 p.m. and from 4.00 p.m. to 4.25 p.m. According to an oral report from the President of the C.N.R., the railways had offered three things: a wage increase of 12 per cent to be agreed on before other adjustments were considered; if the wage increase were accepted, the railways to assure the yardmen a 40-hour week effective October 1st, 1953 with rates of pay and other adjustments relating thereto not less favourable than the non-operating employees secured in relation to their 40-hour week in 1950; and, finally, the effective date of the wage increase and of any change in rules to be left for later negotiation on the understanding that they would not hold up a settlement. At the end of the afternoon meeting the union representatives had undertaken to consult their committees. If they were willing to accept the proposal they would return for further discussion at 8.00 p.m. At 7.20 p.m. the railways had been informed that the unions would not be back for discussion.

2. The Prime Minister felt it might be useful for the Cabinet to study the record of settlements with railway employees in recent years. There were five bargaining groups: the Brotherhood of Locomotive Engineers; the Brotherhood of Locomotive Firemen and Enginemen; the Order of Railway Conductors; the Brotherhood of Railway Trainmen and the 17 non-operating unions. From 1936 to 1948 all had negotiated through a single Joint Conference Committee. Wage increases were on an across-the-board basis amounting to 26 cents per hour from the beginning of the war to 1948. In 1948 the Locomotive Engineers bargained separately but the increases again were uniform - 17 cents an hour. In 1950 the five groups began to bargain separately. The operating organizations secured increases during 1950-51 of about 11 to 11½ per cent. The non-operating unions, after the strike in 1950, obtained a 7 cent per hour increase, the 5-day 40-hour week and other benefits. In 1952, the Brotherhood of Locomotive Engineers had settled for an increase of 11 per cent on eastern regions and 11½ per cent on western regions. The Conductors had settled on June 25th for a wage increase of 11 per cent. The Trainmen's negotiations were the ones under consideration. The Locomotive Firemen and Enginemen were involved in a dispute which was under conciliation. The non-operating group, after conciliation, had reached an agreement to run one year from December 31st, 1952 with wage rates effective from September 1st, 1952 providing for a 7 per cent increase on the basic wage rate plus 7 cents per hour. On the basis of the average earnings of $1.30 the percentage increase was 12.34 per cent.

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(Memorandum, undated, Industrial Relations Branch, Department of Labour).

In the conciliation on the Trainmen's dispute the joint nominee favoured a 12 per cent increase, the railway representative 9 per cent and the union representative 20 per cent. The company representative had finally agreed to accept the 12 per cent proposal on the understanding that it would not be retroactive and that there would be certain changes in the rules.

So far as the present position was concerned, it appeared that the government had two alternatives: to do something about the dispute before a strike took place or to do something after the strike had begun. It would not be able to avoid taking action at some stage.

3. The Minister of Finance agreed that action would have to be taken but he thought there ought to be definite and final word on the termination of negotiations before any decision was reached. It would be preferable if the government could avoid imposing a settlement on either side. The best course would be a position under which the parties were told to maintain operation of the railways with the majority settlement as a floor.

4. The Minister of National Health and Welfare thought that any invitation to the parties to meet with the Prime Minister ought to be a last resort. It would be preferable not to do anything until positions were absolutely final and there was no possible hope of arriving at a settlement through other means. In 1950, the Deputy Minister of Labour had been directed to see whether he could not bring the parties together after their own negotiations had broken down and possibly the same thing should be considered now before any other action were taken.

5. The Secretary of State for External Affairs believed the union ought to be told at a fairly early date that the government would not allow a strike. Such information might affect the possibility of reaching a settlement. If they were not told it and proceeded on the assumption that they could strike they might feel aggrieved.

6. The Prime Minister doubted whether any advantage would be served through having the Deputy Minister of Labour intervene. It would not be possible for him to speak on behalf of the government and consequently he would be able to work only with his own authority.

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It might be considerably more effective if the first intervention from Ottawa were at a ministerial level. As to the measures that might be taken if it became clear that settlement between the parties was impossible, it appeared that nothing should be put in an Order in Council except the prohibition of a strike and that legislation should provide for a number of days in which the parties could negotiate or settle upon an umpire before action by the Governor in Council occurred.

7. The Cabinet, after considerable discussion, agreed that decision on action to be taken about the dispute between the railways and the Brotherhood of Railroad Trainmen be deferred until definite information had been received concerning the outcome of the day's negotiations.

Butter; sales from government stocks

8. The Minister of Citizenship and Immigration as Acting Minister of Agriculture reported that, before his departure from Ottawa, the Minister of Agriculture had directed that there be no further sales of butter from government stocks for the time being. This had become known when dealers found they could not buy and it was probable that there might be questions concerning the policy. There had not as yet been any change in prices but the market was sensitive and there might be an upward movement if sales were withheld for long. The last decision of the Cabinet on December 4th, 1952 had been that the Minister of Agriculture should handle the sales of butter at his discretion on the understanding that the objective was to ensure that prices should be held at approximately 62 cents a pound during the current season. If it appeared that prices were likely to move far from that level it might be desirable to discuss the matter by telephone with the Minister.

9. The Cabinet noted the report of the Acting Minister of Agriculture concerning the temporary suspension of sales of butter from government stocks and agreed that the matter be reviewed with the Minister of Agriculture if it appeared likely that, as a result of the suspension of sales, butter prices would depart far from the level of 62 cents a pound which it had been decided on December 4th should be maintained.

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Canned pork; selling policy

10. The Minister of Transport as Acting Minister of Trade and Commerce said he had received a memorandum concerning the disposal of canned pork. Purchases to January 10th totalled 97 million pounds and it seemed reasonably certain that no further quantities would need to be canned. Total purchases should not exceed 100 million pounds. Sales had amounted to 20.2 million pounds in Canada, 515,000 pounds in the United States and 146,000 pounds to external welfare services. There remained approximately 80 million pounds for disposal.

It seemed doubtful that the present rate of disposal on the domestic market of approximately 1 million pounds a month could be increased much beyond 1½ million to 2 million pounds. Since present prices were established, U.S. prices had declined and few sales of the Canadian product could be made there. To avoid dumping duty, a reduction of prices for the U.S. market would require a lowering of the Canadian domestic price. This would bring protests from producers of other foods. It was felt, moreover, that until March 1st there should be no aggressive selling campaign in the United States that might endanger the lifting of the embargo.

The best information available indicated that foreign outlets other than the United States were limited in number and would probably require further substantial reductions in price. This would necessitate the Agricultural Prices Support Board being authorized to take advantage of any reasonable offers that were made. It was recommended that sales should not be made to China as they would undoubtedly reach North Korea. It was for consideration whether sales in large volume should be made to European destinations where there was danger that trans-shipment to North Korea might take place.

(Memorandum to the Minister, Jan. 27, 1953).

11. Mr. Chevrier mentioned that, on the latter point, a telegram had been received from the Ambassador in Germany reporting that a representative of the Canadian Cold Storage Company, who had been in Germany primarily to sell sow bellies on behalf of the Agricultural Prices Support Board, had gone to Berlin and was attempting to secure offers to buy canned pork by Eastern Germany and other satellite countries. The Ambassador thought that any sales to such countries would involve a great risk of the meat getting to North Korea.

12. The Secretary of State for External Affairs thought it would be quite undesirable to have any sales of canned pork to satellite countries.

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13. The Cabinet, after discussion, noted the report of the Acting Minister of Trade and Commerce concerning sales of canned pork and agreed:

(a) that sales in Canada be continued as at present;

(b) that any aggressive selling campaign in the United States be withheld until the embargo on Canadian livestock and meat had been lifted and until opportunities for sales in other foreign markets at further reduced prices had been ascertained;

(c) that the Agricultural Prices Support Board be given authority to negotiate sales to countries outside North America in a manner that would serve to move the product quickly and at prices within a range to be decided upon after submission of a further report by the Departments of Trade and Commerce and Agriculture as to what a suitable range of prices would be; and,

(d) that no sales of canned pork be made to the Soviet Union or satellite countries but that there was no objection to sales to other European countries.

J.W. Pickersgill
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

January 28th,1953

(MORNING MEETING)

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons, on Wednesday, January 28th, 1953 at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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CABINET CONCLUSIONS

MEETING

January 28th,1953

(MORNING MEETING)

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Items discussed

Railway labour dispute 2.

Legislation; Post Office Act 4.

Interprovincial pipeline; possibility of further construction in the United States 5.

I.C.A.O.; privileges; possible movement of headquarters from Canada 6.

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(Mr. Pearson),
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(Mr. Garson),
The Secretary of State
(Mr. Bradley),
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The Minister of Citizenship and Immigration
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The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Railway labour dispute

1. The Prime Minister reported that since the last meeting confirmation had been received from the railway companies that the terms put forward during the course of meetings on January 27th were not acceptable to the union. The Vice-President of the union had made a statement to the press which indicated that there might, however, have been some misunderstanding. It appeared that the union thought the railways would not give a settlement better than the one that had been negotiated with the conductors. The railways had really been referring to the settlement with the non-operating unions. If there had been such a misunderstanding there might be some possibility of further negotiation.

Information had also been received that the Chairman of the Newfoundland members of the union had indicated that they did not wish to strike. It was possible that that might have some effect on the union's position.

2. The Minister of Labour said information received by the Deputy Minister of Labour was that the union did not want to have the question of relationship to settlements with other employees made a central feature of the negotiations. They felt that their position ought to be worked out on its merits. The most difficult point at the moment was apparently the percentage wage increase. Other questions were less important. He had received a telegram from union representatives about the cessation of negotiations, and the acknowledgement of it might give an opportunity to enquire whether there was not some possibility of the parties resuming negotiation as progress seemed to have been achieved on January 27th.

3. The Minister of Finance was doubtful whether there would be much advantage in sending a further telegram. The time seemed to have arrived for the representatives of the railways and the union to be summoned to Ottawa. Further delay might result in difficulty in getting a measure before Parliament at the same time that an Order in Council was passed.

4. The Minister of National Defence agreed . He thought the government ought to take a firm initiative by summoning the representatives of both parties. After discussion with them it was possible that they might be able to renew negotiation in Ottawa with some greater prospect of success.

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5. The Minister of Citizenship and Immigration suggested that an alternative might be for the Minister of Labour to telephone to the parties rather than send a telegram which would involve delay and the possibility of misunderstanding. In his telephone conversation he could ascertain whether there was any possibility of further negotiation and make an appeal that every possibility should be exhausted by the parties themselves. They could be asked to see if a meeting could be arranged with prospect of success. If they could not arrange one, an invitation to come to Ottawa ought to go out by 2:30 p.m. at the latest. The House of Commons could be informed of the position when it met.

6. The Minister of Labour thought a telephone call might be desirable. He would acknowledge the information he had received and say that, before the Cabinet considered the matter further, it wanted to be absolutely certain that every possibility of negotiation had been investigated by the parties. He would ask both parties to give word not later than 2:00 o'clock as to whether there was any possibility of progress being achieved or whether an impasse had been reached.

(At this point Mr. Gregg left to telephone representatives of the railways and the union.)

7. The Prime Minister said that, in order to be prepared for possible eventualities, it would be desirable to have an Order in Council made ready under the Emergency Powers Act, which would prohibit a strike while it was in force. It would also be desirable to prepare legislation providing for the extension of the collective agreement to December 1st, 1953, unless previously terminated by agreement by the parties, and for its modification to increase wages by the same percentage increase as the non-operating unions received from the time the Act came into force. The Act would also invite the parties to determine other matters by collective agreement within 30 days, or to agree on a referee to do it for them. If they could not so agree, the legislation should provide for appointment of the referee by the government with direction to work out a settlement just as good as the non-operating employees got.

(Following telephone calls to the representatives of the railways and the union, Mr. Gregg returned to the meeting.)

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8. The Minister of Labour reported that he had telephoned to Mr. Kelly of the Brotherhood of Railroad Trainmen first. Mr. Kelly had said that the union was anxious to continue negotiation and saw some possibility of solution. The union felt, however, that it could not initiate new meetings because of the rigidity of the position taken by the railways before the negotiations broke off. He indicated that they would be prepared to take part if further negotiations were initiated by the railways.

Mr. Kelly's position had been reported to Mr. Gordon, with whom Mr. Mather was at the time. Mr. Gregg had asked him if he felt the railways could ask the unions for another meeting during the day to see if further negotiations were possible. Mr. Gordon had said he would talk the matter over with Mr. Mather and answer not later than 2:15 p.m.

9. The Cabinet, after considerable discussion, agreed that further consideration be given to the position in relation to the dispute between the railways and the Brotherhood of Railroad Trainmen at a meeting to be held later in the day.

Legislation; Post Office Act

10. The Minister of Citizenship and Immigration pointed out that the bill to amend the Post Office Act as it now stood would operate unfairly in the case of carriers who renewed their contracts before the Act came into effect. It seemed desirable to have a provision that the one year of delay before an adjustment was possible would not apply to carriers who renewed their contracts within a year before the passing of the Act on the same basis as had governed their previous contracts. The bill should be modified before going to the committee.

11. The Cabinet noted the comments of the Minister of Citizenship and Immigration and agreed that the bill to amend the Post Office Act be modified to provide that the one year delay before re-adjustment of a contract would not apply in the case of carriers who had renewed their contracts on the same basis as their previous contracts within a year before the Act came into effect; a provision to the above effect to be prepared by the Postmaster General and discussed with the Prime Minister and the Ministers of Justice and Citizenship and Immigration before incorporation in the text of the bill.

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Interprovincial Pipeline; possibility of further construction in the United States

12. The Minister of Transport said announcement had been made of a plan to extend the Interprovincial Pipeline from Superior, Wisconsin, through U.S. territory to end up in Sarnia. At the present time the Imperial Oil Company operated three tankers on the Great Lakes and had placed orders for the construction of two more. It was understood that they would be selling the three they now had and that they had stopped the orders on the other two. There had been no information received by the Department of Trade and Commerce or the Board of Transport Commissioners concerning the change of policy. It was for consideration whether it was desirable to have oil for Canadian use coming through U.S. territory. It was also for consideration whether anything should be done to ensure the continued operation of the tankers and construction of the ones now on order. They might be of considerable value for emergency use.

13. The Minister of Finance pointed out that it was undoubtedly a great deal cheaper to build the extended pipeline through the United States, rather than through Canada. The principle of having the oil go through U.S. territory had already been accepted. In the circumstances he did not think there was any ground for interference.

14. The Prime Minister said there ought to be a careful survey by the Departments of Trade and Commerce and Transport concerning the position and the rights that were involved.

15. The Cabinet noted the report of the Minister of Transport concerning the announcement on intention to extend the Interprovincial Pipeline through United States territory from Superior, Wisconsin, to Sarnia, and agreed that the Departments of Transport and Trade and Commerce prepare a report concerning the present position, the rights of the Company, the costs involved in construction of a pipeline through the United States territory as compared with construction through Canadian territory and other factors that would be relevant in considering the proposal and the question whether any action should be taken by the government.

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International Civil Aviation Organization; privileges;possible movement of headquarters from Canada

16. The Minister of National Revenue submitted a recommendation under the Privileges and Immunities (United Nations) Act.

17. The Minister of Transport said that, while the Federal government had done a great deal to extend privileges and immunities to the International Civil Aviation Organization the Provincial government and the City of Montreal had done little or nothing. It appeared quite probable that the Organization would be moving its headquarters from Montreal.

18. The Secretary of State for External Affairs did not think in the circumstances that it would be possible for Canada to exert further pressure on the Organization to remain. It would be essential, however, to make it clear that the Federal government had done everything possible and that it was the Provincial and Municipal authorities who were responsible.

19. The Cabinet:

(a) approved the recommendation of the Minister of National Revenue, concurred in by the Secretary of State for External Affairs, concerning a regulation with regard to the waiver of payment of customs duty and excise taxes to apply under the Privileges and Immunities (United Nations) Act to representatives of members or senior officials of the International Civil Aviation Organization; an Order in Council to be passed accordingly;

(Order in Council P.C. 1953-102, Jan. 28)

(b) noted the reports of the Minister of Transport and the Secretary of State for External Affairs concerning the likelihood that the headquarters of the International Civil Aviation Organization would be transferred from Montreal to another country.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

MEETING

January 28, 1953

(AFTERNOON MEETING)

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Items discussed

Railway labour dispute 2.

Atomic Energy Committee 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons, on Wednesday January 28th, 1953 at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent), in the Chair
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Railway labour dispute

1. The Minister of Labour reported that he had been advised that the representatives of the railways and of the Brotherhood of Trainmen would be meeting at 3:00 o'clock that day. Word would be sent from Montreal before the House of Commons rose at 6:00 o'clock as to the progress of discussions and whether a strike was likely to be avoided. He proposed to announce in the House of Commons at 2:30 that the negotiations were resuming in response to the telephone calls he had made to the union representatives and the railway presidents that morning. A further announcement to the House would be possible at the end of the afternoon.

2. The Prime Minister said that, if by 6:00 o'clock the parties could not give assurance that they would reach a settlement, they should be asked to come to Ottawa on the morning of January 29th. If they felt there was further purpose in carrying on direct negotiations the parties could meet in Ottawa as well as in Montreal. On the other hand, if the point for intervention had been reached there could be discussions with him, the Minister of Labour and the Minister of Transport.

3. The Cabinet noted the report of the Minister of Labour concerning the resumption of negotiations between the railways and the Brotherhood of Railroad Trainmen and the comments of the Prime Minister concerning action if the negotiations did not result in assurance, by the end of the day, that a strike would be avoided and agreed that further consideration be given to the dispute at a subsequent meeting.

Atomic energy committee

4. The Prime Minister, referring to discussion at the meeting of December 22nd, 1952, submitted a draft resolution for establishment of a House of Commons committee on atomic energy.

5. The Cabinet approved the motion submitted by the Prime Minister for establishment of a House of Commons committee on atomic energy and agreed that it be placed upon the Order Paper.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

January 30th,1953

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Items discussed

Advisory Committee on Northern Development; composition 2.

Legislation; Yukon Act revision 2.

Civil Service Federation; interview with government 3.

Canadian-Japanese trade relations 3.

Industrial Relations and Disputes Investigation Act; proposed amendment re voluntary revocable check-off 4.

External Affairs; diplomatic appointments 4.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Friday January 30th, 1953 at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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Advisory Committee on Northern Development; composition

1. The Prime Minister said that, before the Advisory Committee on Northern Development began its review of developments in the Canadian Arctic in accordance with the Cabinet decision of January 22nd, certain changes might usefully be made in the composition of the Committee.

(Memorandum, Secretary to Prime Minister, Jan. 30, 1953).

2. The Cabinet, after discussion, agreed that the Advisory Committee on Northern Development be reconstituted to comprise the following members:

Deputy Minister of Resources and Development (Chairman)
Under Secretary of State for External Affairs
Deputy Minister of Transport
Secretary to the Cabinet
Chairman, Canadian Section Permanent Joint Board on Defence
Chairman of the Chiefs of Staff Committee
Chairman, Defence Research Board
Commissioner of the R.C.M. Police
Deputy Minister of Finance
Deputy Minister of Mines and Technical Surveys

it being understood that the Controller of the Meteorological Service of the Department of Transport, without becoming a full member, would be expected to attend Committee meetings regularly and that the Chairman, Chiefs of Staff Committee would bring with him to meetings whichever of the Chiefs, including the Chief of Naval Staff, might be required in particular circumstances.

Legislation; Yukon Act revision

3. The Minister of Resources and Development referring to discussion at the meeting of December 17th, 1952 submitted a reprint of the Yukon Act revision which included an additional section to provide for the preservation of sites and objects of archaeological, ethnological or historical importance and for control over the removal of such objects from the Territory.

4. The Cabinet, after discussion, approved for introduction the Yukon Act revision as submitted by the Minister of Resources and Development.

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Civil Service Federation; interview with government

5. The Prime Minister said that, in view of urgent meetings with representatives of the railways and railway unions the previous day, the interview with the Civil Service Federation of Canada, scheduled for 12 o'clock noon on January 29th, had had to be postponed.

He suggested that the Secretary of State arrange another meeting with the Federation on a date suitable to the parties concerned.

6. The Cabinet agreed that the Secretary of State make arrangements for the Prime Minister, the Minister of Finance and the Secretary of State to meet representatives of the Civil Service Federation of Canada within the next two weeks at a time convenient to all parties concerned.

Canadian-Japanese trade relations

7. The Secretary of State for External Affairs submitted proposals respecting Canadian-Japanese trade relations.

The Intersessional Committee of the General Agreement of Tariffs and Trade would meet on February 2nd, 1953 at Geneva to consider the conditions and timing under which Japan might accede to G.A.T.T. and a decision was required urgently as to the general line which should be followed by the Canadian delegates to this meeting.

An explanatory note was circulated.

(Minister's memorandum, Jan. 28, 1953 - Cab. Doc. 26-53).

8. The Cabinet after discussion, agreed that, pending further consideration at an early meeting of other matters related to Canadian-Japanese trade relations, the Canadian representatives at the G.A.T.T. Intersessional Committee meeting to be held on February 2nd, 1953, be instructed provisionally,-

(a) to support arrangements for admitting Japan to the General Agreement on Tariffs and Trade with the minimum of amendments to existing provisions of G.A.T.T. (it being assumed that, under G.A.T.T. Article XIX, Canada could implement an appropriate escape clause); and,

(b) to urge that the tariff negotiations required to precede Japan's accession to G.A.T.T. be merged with the general negotiations relating

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to the future of the present tariff schedules in G.A.T.T. which were due to expire at the end of 1953.

Industrial Relations and Disputes Investigation Act; proposed amendment re voluntary revocable check-off

9. The Minister of Labour reported that second reading of Mr. Knowles' bill to amend the Industrial Relations and Disputes Investigation Act with respect to voluntary revocable check-off might be moved that day in the House of Commons. If this occurred, he suggested that he might usefully make a general statement on the proposed voluntary check-off provisions and move that the subject matter of the bill be referred for consideration and report to the Standing Committee on Industrial Relations.

10. The Cabinet, after discussion, agreed that, in the event Mr. Knowles' bill to amend the Industrial Relations and Disputes Investigation Act with respect to voluntary revocable check-off came up for the second reading in the House of Commons, the Minister of Labour, following a general statement on the suggested check-off provisions, move that the subject matter of the bill be referred for consideration and report to the Standing Committee on Industrial Relations.

External Affairs; diplomatic appointments

11. The Secretary of State for External Affairs submitted recommendations for diplomatic appointments to Canadian Missions in Australia and New Zealand.

12. The Cabinet, after discussion, approved in principle the recommendation of the Secretary of State for External Affairs for the appointment of Arthur Irwin, presently Government Film Commissioner, as Canadian High Commissioner in Australia and of E.H. Norman, presently Head of the Information Division of the Department of External Affairs, as Canadian High Commissioner in New Zealand.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 3rd, 1953

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Items discussed

Canadian-Japanese trade relations 2.

European flood disaster; measures of assistance 3.

Civil Service Cooperative Credit Society; assistance 5.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Tuesday, February 3rd, 1953 at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice,
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Canadian-Japanese trade relations

1. The Secretary of State for External Affairs referring to discussion at the meeting of January 30th, pointed out that the provisional approval at that time of the instructions to the Canadian delegation to the Inter-sessional Committee of the General Agreement on Tariffs and Trade on the position to be taken about the accession of Japan depended in part on approval of the recommendation relating to the most-favoured-nation trade agreement with Japan.

At the meeting of November 19th, 1952 the Cabinet had approved the general lines to be followed in discussions with the Japanese. Since then Japan had submitted a draft agreement. Before transmitting a revised draft in return, it was desirable to consider the proposed clause to permit the imposition of increased values for duty. The Interdepartmental Committee on External Trade Policy were in favour of a clause that would enable action to be taken only in the same conditions as were prescribed in the G.A.T.T. It would permit increased values when goods were being imported "in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic producers". There had been some difference of view about inclusion of the word "increased" but it was felt that it would not impose too severe a limitation since imports from Japan were now so small that injury could hardly be caused unless there was an increase in volume. An important consideration in not departing unnecessarily from the terms of the G.A.T.T. escape clause was the desirability of not compromising the Canadian position for resisting any tendency on the part of others to widen the escape clause at the expense of Canadian export trade.

In addition to the trade agreement, the Japanese had suggested that there be bilateral tariff negotiations in advance of the multilateral negotiations associated with Japanese accession to the G.A.T.T. It was recommended that the Japanese be informed that we were unable to accept the proposal but would be prepared to consider it as part of further tariff negotiations in the G.A.T.T.

(Minister's memorandum, Jan. 28, 1953-Cab. Doc. 26-53).

2. The Minister of Finance said the only question was whether the proposed escape clause went far enough to protect the position of Canadian producers.

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There would certainly be some manufacturers who would feel that more was required. It did, however, seem important to avoid stretching the provisions of G.A.T.T. and the suggested provision appeared on the whole to be adequate.

3. The Prime Minister agreed that, having in mind the current low level of Japanese imports, there should not be danger in limiting the provision to the G.A.T.T. formula.

4. The Cabinet, after discussion, approved the recommendations of the Secretary of State for External Affairs and agreed:

(a) that the Department of External Affairs be authorized to transmit to the Japanese government a revised draft of a most-favoured-nation trade agreement, as a basis for negotiations, in which the provision for a valuation procedure to permit the imposition of increased values for duty was drafted to accord with the present provisions of the General Agreement on Tariffs and Trade;

(b) that the provisional instructions approved at the meeting of January 30th, 1953 to the Canadian delegation to the Intersessional Committee of the General Agreement on Tariffs and Trade with regard to the accession of Japan be confirmed; and,

(c) that the Japanese authorities be advised that the Canadian government was unable to accept the proposal for bilateral tariff negotiations in advance of multilateral negotiations with a view to Japan's accession to the General Agreement but would be prepared to consider the proposal sympathetically as a part of further tariff negotiations under the Agreement.

European flood disaster; measures of assistance

5. The Prime Minister said he had been advised that the Canadian Red Cross had already acted to ship 250 cases of relief supplies from Geneva to the Netherlands where blankets and clothes were badly needed. 40 additional cases of supplies could be sent from Toronto via K.L.M. Airlines as agents for the Dutch Red Cross. No immediate supplies appeared to be required in the United Kingdom or Belgium.

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In the House of Commons, on February 2nd, the Leader of the Opposition had suggested that a committee of the House be appointed, under the chairmanship of the Speaker, to organize relief measures. It seemed that a committee should properly be more broadly national in character. One might be organized with General Crerar as chairman. He had spent a good deal of time with Canadian forces in both the United Kingdom and the Netherlands. Other members might be the Speaker of the House of Commons, the Speaker of the Senate, the Prime Minister, the Leader of the Opposition, the Chief Justice, the President of the National Council of Women and the President of the Red Cross. If the government made a grant to the committee it might be desirable to add the Auditor General to it. The funds that were raised might be turned over to the Red Cross for actual handling.

6. Mr. St-Laurent added that he had been informed by the Premier of Ontario that the provincial government did not propose to organize any fund of its own but would be prepared to contribute to any national organization.

7. The Minister of Finance thought a grant by the government would probably be desirable but, rather than have a special committee established independently, it might be preferable to ask the Red Cross to undertake such organization as might be required. It could be suggested to them that they arrange for a special committee under their auspices and invite the persons the Prime Minister had mentioned to be members.

8. The Minister of National Defence agreed. He reported that arrangements had been made for the 27th Brigade to provide some engineers for assistance in Holland and mechanical transport might also be made available. Blankets could be supplied to the Red Cross on a replacement basis.

9. The Cabinet, after discussion, agreed that the Prime Minister announce in the House of Commons the measures that had been taken thus far to provide assistance to the United Kingdom, Belgium and the Netherlands in the flood disaster that had struck them, and that it was being proposed to the Canadian Red Cross that a special committee be organized under their auspices to raise funds and handle relief to which the Canadian government would be prepared to recommend a grant when further information as to requirements was available.

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Civil Service Co-Operative Credit Society; assistance

10. The Minister of Finance said the Civil Service Co-Operative Credit Society had 9,000 members, all of whom were in the Civil Service in Ottawa. It received deposits, made loans and otherwise operated in the normal fashion for such societies. It had been run by a Mr. James who was highly respected, who had retired some months ago and died recently. It now developed that through defalcations there was a shortage of $135,000 in the assets of the Society. This amounted to about 7½ percent of total deposits. The managers were of the opinion that once the shortage was disclosed there would be a run on the Society which would make it necessary to put it into liquidation unless special measures were taken. As a matter of employer-employee relationships, he thought it was desirable to give some assistance and recommended that a line of credit up to about $75,000 or $100,000, be established for the Society. With such credit available it was thought that a run could be avoided and the affairs could be worked out without going into liquidation. At present the Society was paying 4 percent interest on deposits. If the rate were cut to 2½ percent or 3 percent there would be about $15,000 per year to enable payments on the interest and principal of the loan. It was possible that sufficient assurance might be provided that there would be no need to draw on the capital amount at all.

11. The Minister of Justice thought some care would have to be exercised in presentation of the matter. It was quite possible that, unless carefullyhandled, the provision of assistance might make a run more, rather than less, likely . Depositors might think that the cash position of the Society was good for the moment but likely to worsen in future.

12. Mr. Abbott agreed that presentation would be important. The view of the managers was, however, that without assistance, the Society would have to be liquidated. The proposed loan would be unsecured. The government would rank ahead of shareholders but not depositors if liquidation were necessary. Any possible loss should not, however, exceed $25,000 to $30,000. The Society would be asking for the establishment of a Board of Enquiry to ascertain what had taken place. Staff could be provided for that purpose.

13. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed that a line of credit up to $75,000 or $100,000,as appeared necessary, be made available to the Civil Service Co-Operative Credit Society to enable it to meet possible demands upon it arising out of the shortages that had been discovered in its assets.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 5th, 1953

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Items discussed

Photograph of Cabinet 2.

Canadian National Exhibition 1954, formal opening by the Queen Mother 2.

Library of Parliament; plans for reconstruction 3.

Sir Robert Borden; proposed monument on Parliament Hill 4.

Legislation; Prairie Farm Assistance Act amendment 4.

Legislation; Fisheries Research Board Act amendment 5.

Legislation; Canada Shipping Act amendment 5.

Legislation; Canada Water Conservation Assistance bill 6.

Fisheries; licensing of imported trawlers 6.

National European Flood Relief Committee 7.

Convention with Germany on legal proceedings in civil and commercial matters; reinstatement 8.

External Affairs; senior grades of Foreign Service Officers 9.

Central Mortgage and Housing Corporation; construction contracts 11.

National Defence; water supply and sewage disposal at Kingston 12.

Canned pork; sale prices; European relief 13.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, February 5th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
and Acting Minister of Trade and Commerce
and Defence Production
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
((Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
and Acting Minister of Fisheries
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Solici'or General
and Acting Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Photograph of Cabinet

1. The Prime Minister said MacLean's Magazine had requested permission to have Yousuf Karsh take photographs of members of the government in the Privy Council Chamber for a series currently appearing in that periodical.

In this connection, he noted that photographs of the Cabinet were usually taken by the National Film Board. However, there had not been any recent photographs of the full Cabinet and he suggested that a convenient date the following week be fixed for the taking of photographs by the National Film Board for official purposes and at the same time by Karsh for MacLean's Magazine.

2. The Cabinet, after discussion, agreed that as many members of the government as could be in Ottawa at that time meet in the Privy Council Chamber at 10 a.m. on Thursday, February 12th, for the purpose of having photographs taken by the National Film Board and Yousuf Karsh.

Canadian National Exhibition 1954; formal opening by the Queen Mother

3. The Secretary of State for External Affairs reported that he had received a communication from the President of the Canadian National Exhibition Association which referred to the possibility that the Queen Mother might come to Canada during the summer of 1954 in connection with the fifth International Congress on Mental Health which was to be held at Toronto during the month of August. If this were so, the Canadian National Exhibition Association requested that a formal invitation be extended to the Queen Mother to open the Canadian National Exhibition in August of 1954 officially.

(Letter, Canadian National Exhibition Association to Secretary of State for External Affairs, Feb. 3,1953).

4. The Prime Minister suggested that the C.N.E. Association's request be taken up by the Secretary of State for External Affairs with the Governor General with a view to having the latter extend an invitation formally to the Queen Mother with an indication that if the Queen Mother found it possible to accept the invitation, the Canadian government would expect her to be a guest of the government during her stay in Canada.

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5. The Cabinet, after discussion, agreed that the Secretary of State for External Affairs take up with the Governor General the request of the Canadian National Exhibition Association that the Queen Mother be asked to open the Canadian National Exhibition in August 1954, with a view to having a formal invitation officially forwarded to the Queen Mother by the Governor General; it being indicated at the same time that, if the invitation were accepted, the Queen Mother would be expected to be the guest of the Canadian government during her stay in Canada.

Library of Parliament; plans for reconstruction

6. The Prime Minister, referring to discussion at the meeting of October 9th, 1952, said that Mathers and Haldenby had now submitted to the Department of Public Works preliminary plans for reconstruction of the Parliamentary Library.

Although it was impossible at this stage to determine with any accuracy the eventual cost of this work, it had been estimated very roughly that the total might be $900,000. Generally speaking, it was proposed to fireproof the building to the greatest extent possible without, however, altering either the exterior or interior appearance of the Library.

He suggested that the plans submitted by the architect be considered in detail by an ad hoc committee of Cabinet comprising himself, the Minister of Trade and Commerce, the Minister of Resources and Development and the Minister of Mines and Technical Surveys with the Minister of Public Works as convener and that a report and recommendations be submitted to Cabinet in due course.

(Memorandum, Privy Council Office, Feb. 3, 1953; Letter, Jan. 30, 1953 from Deputy Minister of Public Works and enclosures).

7. The Cabinet, after discussion, agreed that the preliminary plans for the reconstruction of the Library of Parliament, as submitted by Mathers and Haldenby, be considered in detail and reported upon by an ad hoc committe of Cabinet comprising the Prime Minister, the Minister of Trade and Commerce, the Minister of Resources and Development and the Minister of Mines and Technical Surveys with the Minister of Public Works acting as convener.

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Sir Robert Borden; proposed monument on Parliament Hill

8. The Prime Minister said it had been suggested to him that the government might wish to consider erecting a monument to Sir Robert Borden on Parliament Hill in 1954 to coincide with the 100th anniversary of Sir Robert's birth.

Existing monuments on Parliament Hill had been erected at government expense, usually following a nation-wide competition for designs. He thought the same general procedure might be followed with advantage in this connection and that the designs eventually submitted might be adjudicated either by a joint committee of both Houses or by the government on the advice of the Board of Trustees of the National Gallery. The details of such procedure need not be decided now but, if it were agreed that the government was prepared to provide for the erection of such a monument, an announcement might usefully be made immediately and an appropriate item included in the Supplementary Estimates for 1953-54.

9. The Cabinet, after discussion,-

(a) approved in principle the erection of a monument to Sir Robert Borden on Parliament Hill in 1954 to coincide with the 100th anniversary of Sir Robert's birth; and,

(b) agreed that, after informing the Leader of the Opposition, the Prime Minister should announce in the House of Commons that afternoon that an appropriate item would be included in the Supplementary Estimates for 1953-54 to defray the cost of a monument.

Legislation; Prairie Farm Assistance Act

10. The Minister of Agriculture recommended that a measure be introduced during the current session of Parliament to amend the Prairie Farm Assistance Act to extend the applicability of the legislation to the northern portions of the Provinces of Manitoba and Saskatchewan. It would be recalled that the Act had been amended a few years ago to provide for similar extensions in Alberta and in a restricted portion of British Columbia. There was some question as to where the dividing line between the northern and southern portions of Manitoba and Saskatchewan should be located.

An explanatory note had been circulated.

(Minister's memorandum, Jan. 13, 1953-Cab. Doc. 21-53).

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11. The Minister of Finance did not object to the proposed amendment although it could be argued that the suggested extensions to frontier areas perhaps went beyond the original intent of the legislation.

12. The Prime Minister suggested that, if the proposal were approved in principle, the fixing of the dividing line between the northern and southern portions of Manitoba and Saskatchewan might be left for the Minister of Agriculture, the Minister of Finance and the Minister of Justice to decide in consultation.

13. The Cabinet, after discussion, agreed that a draft measure be prepared to amend the Prairie Farm Assistance Act along the lines recommended by the Minister of Agriculture; it being understood that the Minister of Agriculture, the Minister of Finance and the Minister of Justice would, in consultation, decide on the exact location of the dividing lines between the northern and southern portions of the Provinces of Manitoba and Saskatchewan.

Legislation; Fisheries Research Board Act amendment

14. The Minister of Resources and Development, as Acting Minister of Fisheries, said it was proposed to amend the Fisheries Research Board Act to authorize the appointment of a full-time permanent chairman in place of the part-time executive director now provided for under the legislation and further to allow Newfoundland representation on the Board.

An explanatory note had been circulated.

(Memorandum, Minister of Fisheries, Jan.26,1953- Cab. Doc. 22-53).

15. The Cabinet, after discussion, approved in principle proposed amendments to the Fisheries Research Board Act as submitted by the Acting Minister of Fisheries; a draft measure to be prepared accordingly.

Legislation; Canada Shipping Act amendment

16. The Minister of Transport submitted a draft bill to amend the Canada Shipping Act. The main purpose of the legislation was to implement the 1952 agreement between Canada and the United States respecting the promotion of safety on the Great Lakes. Other amendments were designed to provide uniformity in respect of powers vested in engineers under certificates for steam-driven ships and motor ships and to provide further for more extensive inspection of shipping on the Great Lakes.

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17. The Cabinet, after discussion, deferred decision on introduction of the proposed bill to amend the Canada Shipping Act pending further consideration of certain aspects of the measure by the Minister of Transport in consultation with the Minister of Resources and Development, the Secretary of State and the Solicitor General.

Legislation; Canada Water Conservation Assistance Bill

18. The Minister of Resources and Development, referring to discussion at the meeting of November 19th, 1952 said that in order to avoid misunderstanding as to the true purpose of the legislation, references to "utilization" of water resources and "irrigation" and "power" works might usefully be deleted from Sections 3 and 5 before the bill was given first reading.

19. The Cabinet, after discussion, agreed that Sections 3 (1) and 5 (4) of the Canada Water Conservation Assistance Bill be reworded as recommended by the Minister of Resources and Development.

Fisheries; licensing of imported trawlers

20. The Secretary of State for External Affairs reported that an enquiry had been received from the Swedish Legation about Canadian government regulations affecting the importation of fishing vessels into Canada from Sweden. The present policy of licensing imported trawlers gave a favoured position to the United Kingdom and the United States and was contrary to Canadian obligations under the General Agreement on Tariffs and Trade. Article I of the Agreement required that any advantage granted by a contracting party to a product originating in any other country should "be accorded immediately and unconditionally to the like product originating in --- the territories of all other contracting parties". It was recommended, with the concurrence of the Ministers of Transport and Fisheries that the policy with respect to licensing of imported trawlers be applied uniformly.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 27,1953-Cab. Doc. 24-53).

21. The Minister of Resources and Development thought conditions in the fishing industry made it undesirable to have many trawlers imported. There would undoubtedly be strong objection if the generalization of the policy meant that any more trawlers were likely to be admitted.

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22. The Minister of Finance pointed out that the recommendation did not affect the general policy as to the granting or withholding of licences to operate imported trawlers. All it said was that, whatever the policy might be, it should be applied in conformity with Canadian obligations under the G.A.T.T. Discussions relating to the extension of G.A.T.T. would be coming up in the autumn and it was most desirable that the Canadian position should be entirely clear so pressure could be exerted on the United States effectively.

23. The Cabinet, after discussion, approved the recommendations of the Secretary of State for External Affairs as concurred in by the Ministers of Transport and Fisheries and agreed:

(a) that the policy with respect to licensing the operation of trawlers by the Department of Fisheries be applied uniformly to ships purchased from any country entitled to most-favoured-nation treatment;

(b) that the principles and conditions from time to time governing the granting of licences for new and used trawlers imported from the United Kingdom be extended to trawlers imported from any country entitled to most-favoured-nation treatment; and,

(c) that the Department of Fisheries prepare a report for the Cabinet concerning the present policy of licensing the operation of trawlers.

National European Flood Relief Committee

24. The Prime Minister, referring to discussion at the meeting of February 3rd, said the Canadian Red Cross Society had agreed to the suggestion about the need for a National European Flood Relief Committee. They suggested that the Prime Minister request the provincial premiers to act on the Committee and that he officially ask the Red Cross Society to act as the administrative arm for the Committee. The Red Cross would approach the Governor General, the Chief Justice and other outstanding citizens to serve. The Society did not wish to endanger its annual campaign for funds which began in March, nor did it wish to appear to be monopolizing the relief role in the present emergency. It would therefore like it to appear that the National Committee was something outside the Red Cross.

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25. Mr. St-Laurent read draft telegrams which it was proposed to send to the Chairman of the Central Council of the Canadian Red Cross Society and to each provincial premier.

26. The Minister of National Revenue said enquiries had been made concerning the income tax position of contributions toward European relief. If the contributions were made direct to an external recipient they were not allowable as deductions from income. Contributions to a fund such as the contemplated national fund, where expenditures would be made in Canada on items for relief, would be deductible.

27. The Cabinet, after discussion, noted the report of the Prime Minister concerning the organization of a National European Flood Relief Committee and agreed:-

(a) that the Prime Minister send a telegram, as submitted, to the Chairman of the Central Council of the Canadian Red Cross Society asking them to assist in the establishment of the Committee and to act as the administrative arm of it; any funds contributed for relief purposes to be given to the Committee with the Red Cross acting for it in providing transportation and distributing relief supplies through the League of Red Cross Societies (Geneva) and the National Red Cross Societies of Great Britain, the Netherlands and Belgium; and,

(b) that the Prime Minister send telegrams, as submitted, to each of the provincial premiers stating that he had been asked by the Red Cross Society to enquire if they would be willing to serve on the Committee.

Convention with Germany on legal proceedings in civil and commercial matters; reinstatement

28. The Secretary of State for External Affairs reported that, in 1935, Canada had acceded to a Convention on Legal Proceedings in Civil and Commercial Matters between the United Kingdom and Germany. The Convention lapsed at the outbreak of war. The German Ambassador had indicated that his government desired that effect should be given to the Convention as between the Federal Republic of Germany and Canada.

The subject matter of the Convention fell within provincial jurisdiction under Section 92 of the B.N.A. Act. The provincial authorities had been consulted and indicated their agreement that effect now be given to the Convention. It was recommended that steps be taken accordingly.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 19, 1953- Cab. Doc. 25-53)

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29. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that the necessary steps be taken to give effect to the Convention on Legal Proceedings in Civil and Commercial Matters as between the Federal Republic of Germany and Canada.

External Affairs; senior grades of Foreign Service Officers

30. The Secretary of State for External Affairs said the Treasury Board had recently considered a recommendation for the creation of three senior grades of Foreign Service Officer. The proposal would eliminate existing anomalies in the treatment accorded heads of missions abroad and would provide a means of retaining career officers in the Civil Service while they held appointments to senior diplomatic and consular posts. It was also intended to provide an establishment for heads of posts and to provide salary increases which would be offset through reduction in allowances. The proposals did not contemplate any change in the manner of appointment of ambassadors, ministers and other heads of posts. Names of all appointees would continue to be brought before the Cabinet for consideration. No change was contemplated in the practice of making appointments from time to time of heads of posts from outside the civil service.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 24, 1953 - Cab. Doc. 23-53).

31. The Prime Minister said the Secretary of the Treasury Board had advised that the Board felt the proposals raised a number of questions of principle that should be considered by the Cabinet. The Cabinet had traditionally dealt with posts of deputy ministers and equivalent, and occasionally with posts on the level immediately below that. Such positions would be affected by the present proposals. The designation of "posts", in which ambassadors and ministers abroad would be placed, as classified Civil Service posts was also a matter of principle which the Cabinet should consider. The advancement of officers from Grade 7 to Grade 8 and higher grades would require the concurrence of the Civil Service Commission, whereas at present the appointments to posts of heads of missions abroad were made by the Cabinet itself. The Board also considered that non-career heads of missions would best be appointed in the future as they had been in the past. The Cabinet might wish to give specific direction on the possibility of this being continued.

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(Letter, Secretary to the Treasury Board to the Secretary to the Cabinet, Feb. 4, 1953)

32. Mr. Pearson pointed out that there had been no thought of affecting the present practice in appointing persons from outside the Civil Service as heads of missions by Order in Council. The proposals had application only to persons who were members of the Civil Service. In their case there still would be appointment only after approval by the Cabinet but they would continue to be within Civil Service classifications. This would make it much easier than it was at present to have persons brought back to Ottawa for service in the department after having been heads of posts abroad.

33. The Minister of Public Works was disturbed at the possibility that the existence of classes within which the various heads of posts came would appear to give to persons in such classes some definite claim to consideration for appointment to the appropriate posts. He was also concerned at any plan that would involve concurrence of the Civil Service Commission in such matters. These appointments had always been understood to be completely at the discretion of the Cabinet.

34. The Minister of Finance believed there might be some doubt about having a deputy minister within a Civil Service classification. Deputy ministers were always appointed by Order in Council on the recommendation of the Prime Minister.

35. The Prime Minister thought it was desirable to try to meet the difficulties that the Department of External Affairs had encountered but to do so without creating any new difficulties. It would be undesirable to have a system established that would give any persons an implied right to be considered by the Cabinet for appointment to diplomatic posts or otherwise to interfere with the complete freedom of the Cabinet in such matters.

36. The Cabinet, after considerable discussion, noted the report of the Secretary of State for External Affairs concerning the establishment of three senior grades of Foreign Service Officer and agreed that the proposals be discussed by the Under-Secretary of State for External Affairs, the Secretary to the Cabinet and the Secretary of the Treasury Board in the light of the discussion and of the questions that had been raised, and that a report be submitted to the Cabinet for consideration at a later date.

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Central Mortgage and Housing Corporation; construction contracts

37. The Minister of Resources and Development reported that some contractors who had entered into construction contracts with the Central Mortgage and Housing Corporation on a firm-bid basis just prior to the outbreak of hostilities in Korea had suffered heavy financial losses. Some were in a position to stand the losses but others had been forced into bankruptcy and had suffered severe personal losses. Six contractors of this group were making appeals for relief on the grounds that the Korean war was unforeseen by them and that the high costs resulting from it were beyond their control. It was recommended that a committee of officials be set up to examine the desirability of extending some measure of relief to the contractors. It might include representatives of the Departments of Finance and Justice, the Auditor General and the Central Mortgage and Housing Corporation. If the committee recommended relief in certain circumstances, and the recommendation were approved, it would be suggested that another committee of officials be established to examine representations from the contractors and make recommendations as to the amount of non-contractual payments which might be appropriate.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 2, 1953 - Cab. Doc. 28-53).

38. The Prime Minister thought it would be desirable that any committee for the suggested purpose be established by the Minister himself and submit recommendations to him. If the recommendations seemed appropriate they could then be submitted for consideration by the Cabinet. If a committee were established by direction of the Cabinet it might appear to give an implication that some action was going to be taken.

39. The Cabinet noted the report of the Minister of Resources and Development and agreed that he appoint, in consultation with those of his colleagues whose officials he desired to have serve, whatever committee he might think desirable to consider whether some measure of relief should be accorded to contractors who had entered into construction contracts with the Central Mortgage and Housing Corporation prior to the outbreak of hostilities in Korea and who had suffered serious losses; the committee to advise the Minister personally and the subsequent submission of any recommendations for consideration by the Cabinet to be at the discretion of the Minister.

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National Defence; water supply and sewage disposal at Kingston

40. The Solicitor General as Acting Minister of National Defence reported that the City of Kingston was reconstructing its water supply system and sewage disposal arrangements and was prepared to extend them in such a fashion that they would serve military establishments in the Barriefield area, provided the Department of National Defence made a financial contribution toward the extra cost. The water supply system at Barriefield camp, including the Vimy Barracks and Royal Military College, would have to be replaced in any event and preliminary plans had set the cost for a new and efficient system at $550,000. The estimated cost of connecting the military water distribution system to the city mains was $175,000, leaving $375,000 as a possible contribution toward the city system without any increase in total expense. The sewage system in the Barriefield area was also inadequate, and a new one would cost $448,000. Connection to the city system would cost $173,000, leaving a margin of $275,000 for a possible contribution. The City would be prepared to extend its systems if the Department of National Defence made a contribution of $650,000 that the above figures represented, although they had originally sought a much higher grant. In consideration, the City was prepared to grant favourable rates. There were a number of advantages in having the military facilities on the City services and the Minister of National Defence had recommended that an agreement be entered into providing for a contribution on the above basis.

An explanatory memorandum had been circulated.

(Memorandum, Minister of National Defence, undated, - Cab. Doc. 29-53).

41. The Minister of Finance thought the proposition was a satisfactory one as long as it was understood that the grant would be payable on a progress basis and not in advance.

42. The Cabinet, after discussion, approved the recommendation of the Minister of National Defence and agreed that negotiations be entered into with the City of Kingston for an agreement to provide water and sewage arrangements for the Royal Military College, Barriefield Camp and Vimy Barracks subject to payment by the Department of National Defence of:

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(a) a capital contribution of $650,000 to the City of Kingston on a progress basis as work was completed;

(b) the cost of connecting the present National Defence system to the City mains;

(c) water taken at the rate of 8 cents per thousand gallons, or pump-house costs plus 50 percent, whichever was the higher; and

(d) sewage disposal at $7,000 per annum, or $1.45 per capita, whichever was the higher;

any agreement resulting from such negotiations to be placed before the Cabinet for consideration before being made final.

Canned pork; sale prices; European relief

43. The Minister of Agriculture, referring to discussion at the meeting of January 27th, said it was recommended that any offers to purchase canned pork for delivery outside North America be accepted by the Agricultural Prices Support Board provided the net return to the Board was not less than the current Canadian price. If offers were received which would give a lower net return, they would be submitted to the Cabinet for decision if the quantities involved were substantial.

So far as the prohibition on sales to the Soviet Union or satellite countries was concerned, it was sometimes difficult to be certain of destinations and it was recommended that in all cases of doubt the Board should seek advice from the Department of External Affairs before confirming sales.

An explanatory memorandum was circulated.

(Minister's memorandum, Feb. 4, 1953-Cab. Doc. 31-53).

44. Mr. Gardiner mentioned that some offers were now being received from the United States at the Canadian price of 28 cents. At the present season and in existing circumstances the prospects were that prices would improve in the next few weeks. He thought it would be a mistake to push sales to the point of sharply reducing prices.

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45. The Minister of Transport as Acting Minister of Trade and Commerce reported that a telegram from London indicated that 10,000 cases of canned pork could probably be used for relief to flood victims in England.

46. The Prime Minister said the pork was of high quality and at a very reasonable price and was available for European relief if it was wanted. The arrangement should be for it to be bought from the Board out of the fund that was being established.

47. The Cabinet, after discussion:

(a) approved the recommendation of the Minister of Agriculture and agreed that the Agricultural Prices Support Board accept offers to purchase canned pork for delivery outside North America provided the net return to the Board was not less than the current Canadian price; that offers providing a lower net return be submitted to the Cabinet for decision, if the quantities were substantial; and that, in all cases of doubt as to the destination of canned pork, the Board seek advice from the Department of External Affairs before confirming sales; and,

(b) noted the remarks by the Prime Minister concerning canned pork for European relief.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 6th,1953

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Items discussed

Veterans Affairs; sale of portion of Divadale property, Toronto to Canadian National Institute for the Blind 2.

Appointments; Fisheries Prices Support Board; Canadian Overseas Telecommunication Corporation 2.

Canadian Army Welfare Fund 3.

Immigration; special provisions for persons in flooded areas of Europe and for refugees from East Germany 3.

National Health and Welfare; Labour; rehabilitation programmes 6.

Canned pork; provision for European relief 9.

Butter; sales policy 10.

National Gallery; purchase of pictures 10.

Interviews; Farmers Union; Quebec Chamber of Commerce 11.

Mines and Technical Surveys; map for the Railway Committee Room 12.

Post Office; pictures of the Queen 12.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Friday, February 6th, 1953 at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Acting Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Veterans Affairs; sale of portion of Divadale property, Toronto, to Canadian National Institute for the Blind

1. The Minister of Veterans Affairs, referring to the discussion at the meeting of January 22nd, said that, as a result of further negotiations, the Canadian National Institute for the Blind had now agreed to purchase approximately 10½ acres of the Divadale property adjoining Sunnybrook hospital at Toronto for the sum of $2,500 an acre, subject to the condition that, for a period of 99 years, the Institute would be precluded from reselling.

2. The Cabinet, after discussion, agreed that the Minister of Veterans Affairs arrange for the sale to the Canadian National Institute for the Blind of approximately 10½ acres of the so-called Divadale property adjoining Sunnybrook hospital at Toronto subject to the conditions outlined by the Minister and including the provision that the Institute, for a period of ninety-nine years could not sell any or all of the land without consent of the Crown and, in the event the Institute could not carry on or wished to change the site, the property would be returned to the Crown at cost for the land and cost less depreciation for buildings erected on it by the Institute.

Appointments; Fisheries Prices Support Board; Canadian Overseas Telecommunication Corporation

3. The Secretary submitted recommendations for appointments to the Fisheries Prices Support Board and the Canadian Overseas Telecommunication Corporation.

4. The Cabinet, after discussion, approved the following appointments; - Orders in Council to be passed accordingly:

(a) Francis Millerd of Vancouver, B.C. to be a member of the Fisheries Prices Support Board, effective December 30th,1952, in the place of Colonel J.W. Nicholls;

(Order in Council P.C. 1953-170,Feb. 6)

(b) Lieutenant Colonel Henri Gagnon of Quebec, P.Q., and Lieutenant Commander Charles Peter Edwards of Rockcliffe, Ontario, to be re-appointed Directors of the Canadian Overseas Telecommunication Corporation for a further term of three years as of March 15th, 1953.

(Order in Council P.C. 1953-171, Feb. 6)

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Canadian Army Welfare Fund

5. The Solicitor General, as Acting Minister of National Defence, reported that the Chief of the General Staff, under Section 39 (1) of the National Defence Act had directed that one and one-half percent of the gross revenues from messes and canteens of the Army be paid into a fund and used for the purpose of assisting in relieving distress and otherwise promoting the well-being of members and ex-members of the Regular Force of the Canadian Army and the dependents of such members.

To facilitate carrying out these purposes the Canadian Army Welfare Fund has been incorporated under Part II of the Companies Act, and the Ministers of National Defence and Veterans Affairs recommend that the Army Benevolent Fund Board be authorized to manage the special fund so established. Into this fund would also be placed any bequests, gifts or grants intended for the purposes referred to above.

An explanatory note had been circulated.

(Joint memorandum, Ministers of National Defence and Veterans Affairs, Feb. 2, 1953- Cab. Doc. 30-53).

6. The Cabinet, after discussion, approved the joint recommendation of the Ministers of National Defence and Veterans Affairs that the Army Benevolent Fund Board be authorized to manage such of the affairs of the corporation known as the Canadian Army Welfare Fund as may be agreed to by the Board of Directors of the Fund and the Army Benevolent Fund Board.

Immigration; special provisions for persons in flooded areas of Europe and for refugees from East Germany

7. The Minister of Citizenship and Immigration reported that Dutch authorities had enquired as to what special provisions the Canadian government was prepared to make for persons in flooded areas in Holland who would be anxious to migrate to Canada. It would be recalled that the tentative immigration quota for the Netherlands during the current year was approximately 20,000 immigrants of whom roughly 12,000 should be agricultural workers.

It had been suggested that any persons in the flooded areas of Holland who were otherwise acceptable be permitted to emigrate to Canada and that such persons would not be counted against the quota previously fixed for the Netherlands and that, furthermore, priority be given to the processing of prospective immigrants from the flooded areas. He recommended that the suggestion be approved.

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(Minister's memorandum, to Cabinet, Feb. 5, 1953)

8. Mr. Harris said there might also be requests for special treatment for potential immigrants from the flooded areas in the United Kingdom. No firm proposals however, had yet been developed on which to base a decision, although the suggestion had been made that consideration might possibly be given to replacing the existing assisted passage loans by outright transportation grants in respect of immigrants from flooded areas.

A much more difficult problem was presented by the increasing numbers of refugees flowing daily into west Berlin from east Germany. This movement was currently at the rate of approximately 1,000 persons per day. Chancellor Adenauer had recently stated that it would be very helpful to western Germany if some arrangement could be made with immigration countries for the temporary entry into such countries of agricultural workers who had recently fled from east Germany and who could not immediately be absorbed into the economy of western Germany. It would be understood that, after a certain number of years, all or a majority of such immigrants would return for permanent settlement in western Germany. This suggestion did not appear to be desirable from the Canadian point of view and was certainly contrary to normal Canadian policy in immigration matters.

The main difficulty with recent refugees from east Germany was the practical impossibility of ensuring adequate security screening. The normal practice in respect of displaced persons was to delay favourable action on their applications for movement to Canada for a period of approximately two years, during which time adequate security screening could take place. The vast numbers of refugees flowing daily out of east Germany presented, however, a very serious political problem. It was understood that the United States was not in a position to accept any substantial numbers of such refugees and the west German authorities naturally looked to Canada as one of the few countries capable of readily absorbing a fairly large number of persons in this group.

In so far as the security problem was concerned, it would be possible to rely solely on the ability and discretion of Canadian examiners. It was probable, however, that the very cursory examination that would be possible in these circumstances might bring to light only persons who were undesirable either from a mental or criminal point of view, but was not likely to reveal the identity of agents of unfriendly governments.

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Another possibility would be to devise some means of overcoming present limitations in the Immigration Act, whereby refugees would be admitted not as immigrants but as visitors with temporary visas which would not be renewed in the event subsequent screening proved anyone to be undesirable.

A third alternative would be to suggest to west German authorities that Canada would step up its intake of immigrants from long established displaced persons camps, thus enabling recent refugees from east Germany to be more readily settled in west Germany.

Whatever was done about the German refugee problem would likely have repercussions in Israel. Many World War II refugees of Jewish blood had emigrated to Israel. Some of these might conceivably still consider themselves as bona fide refugees and might wish to avail themselves of any special immigration provisions which might be made applicable to refugees and displaced persons now located in Germany.

9. The Prime Minister thought that, quite apart from the security problem, the type of immigrant likely to be available from amongst recent refugees from east Germany would prove to be more desirable than immigrants available in the remaining hard core of refugee camps.

10. The Secretary of State for External Affairs agreed that it would probably be impossible to screen properly current refugees from east Germany. However, this might well be a calculated risk worth taking which risk, in any event, was present in varying degrees amongst all other groups of immigrants now coming to Canada. He would, however, be reluctant to see Canada accept Chancellor Adenauer's proposal for the movement to Canada of farm workers on a "loan" basis.

He did not feel that Israel would present much of a problem. In any event, in view of the vast amount of work yet to be done in Israel, the Israeli government was not likely to approve the emigration to Canada of any except the more undesirable type of settlers.

If it were possible to overcome the limitations in the present Immigration Act by accepting recent refugees from east Germany as visitors on temporary visas rather than as immigrants, an undertaking should probably be obtained from Chancellor Adenauer that anyone being found undesirable after further enquiry would be allowed to return to west Germany.

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11. Mr. Harris added, that at the present time, outright transportation grants were made for travel by immigrants west of Winnipeg. Consideration might be given to extending such grants to cover travel between point of disembarkation in Canada and point of destination in respect of immigrants from the flooded areas of the United Kingdom, the Netherlands and Belgium.

12. Mr. St-Laurent thought that the Canadian European Flood Relief Committee now being formed might conceivably judge it appropriate to underwrite such transportation grants for immigrants from the flooded areas.

He suggested that, in the light of the discussion, the Minister of Citizenship and Immigration prepare concrete proposals respecting the German refugee problem for consideration at a subsequent meeting.

13. The Cabinet, after considerable further discussion:

(a) approved the proposal of the Minister of Citizenship and Immigration that priority be given to the processing of prospective immigrants from the flooded areas of Holland and that such immigrants be not considered as coming within the Dutch immigration quota previously approved; and,

(b) deferred decision on the question of special immigration provisions for recent refugees from east Germany pending submission of concrete proposals by the Minister.

National Health and Welfare; Labour; rehabilitation programmes

14. The Minister of National Health and Welfare referring to discussion at the meeting of November 13th, 1952, recalled that although during the coming five-year health programme it would be possible to reduce substantially hospital construction grants, it had been agreed that there be no reduction in overall federal expenditures on health services generally. The current hospital construction vote was approximately $13.3 million per annum. It was expected hospital construction needs would be amply met during the coming five-year period if this annual vote were reduced by approximately half i.e. to $6.8 million. It was suggested that the saving effected on hospital grants

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be earmarked for maternal and child health services, diagnostic services and medical rehabilitation. The Minister of Labour had also recommended the provision of some $195,000 for labour rehabilitation.

Explanatory memoranda had been circulated.

(Minister's memorandum, Nov. 13, 1952, Cab. Doc. 359-52 recirculated and memorandum Minister of Labour, Jan. 8, 1953, Cab. Doc. 8-53 circulated).

When preparing the Estimates for 1953-54 Treasury Board had considered this revised health programme together with rehabilitation proposals of the Department of Labour. The Board had questioned the advisability of Labour and National Health and Welfare entering into the field of rehabilitation. He wished to point out in this connection that the proposed rehabilitation vote would do not much more than point up certain things which were now being done in any event for the rehabilitation of disabled persons. After looking at the proposal carefully and after consultation with experts in the medical field, he had come to the conclusion that the rehabilitation proposals put forward by his Department and the Department of Labour represented one of the most useful measures the government could take and the suggested appropriations were modest compared to the work yet to be done in this field.

15. The Minister of Finance was disturbed at the growing trend of imposing upon the Federal Treasury demands for expenditures in fields which were clearly the constitutional responsibility of Provincial governments. There was a growing tendency to authorize Federal grants to Provincial governments, which grants in turn were spent by the provinces for undertakings which were in fact exclusively within provincial jurisdiction. The tax rental agreements had been designed primarily to enable the less wealthy provinces to discharge such responsibilities and in consequence many of the direct Federal grants could be regarded to a degree as a duplication of tax rental payments.

He agreed that it would be inadvisable at this time to reduce the overall Federal expenditures on health measures but doubted strongly the advisability of increasing Federal assistance in the field of rehabilitation which would become an annually recurring charge. Of the three new votes suggested by the Department of National Health and Welfare, Treasury Board felt that diagnostic services was the most desirable. Quite apart from the question of invading provincial fields, he disliked the fact that the other two proposals, i.e., maternal and child health services and rehabilitation,

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did not necessarily entail matching grants by the provinces.

He thought that the whole principle of tax rental agreements might have to be reconsidered if the increasing trend of making direct Federal grants for the discharge of purely provincial responsibilities continued.

16. The Minister of Labour agreed that the basic principles outlined by the Minister of Finance were sound but felt that the practicalities of the situation were such that the Federal government would be ill-advised to do less in the field of rehabilitation than what was now suggested by the Departments of Labour and National Health and Welfare. There was growing pressure for automatic pensions for disabled persons. The Dominion Council on Rehabilitation, which included Federal, provincial, municipal and voluntary agency representatives, not only had begun to achieve positive results in the field of rehabilitation but also had indirectly contributed to relieve the pressure for automatic pensions for all disabled Canadians.

It should be understood that there was no overlapping between the Labour programme and that put forward by National Health and Welfare. The Health and Welfare programme was exclusively concerned with medical rehabilitation and the Labour programme with all other forms particularly the educational aspects of rehabilitation.

17. Mr. Abbott said he did not question the intrinsic worth of the rehabilitation measures put forward. He merely wanted to point out again that this was a field exclusively within provincial jurisdiction, that the suggested votes represented at least some duplication of payments made under the tax rental agreements and that this and other similar Federal grants contributed substantially to accelerate the movement towards centralization of powers and responsibilities. Furthermore, all such measures represented a continuous increase in fixed Federal charges which meant in turn continuing high taxation.

18. The Minister of Justice thought the tax rental agreements had been established for two essential purposes. The first was to enable the social and other benefits available to the Canadian people to be more or less equalized in all provinces and the second to prevent expensive and inefficient overlapping of taxation as between the Federal and Provincial authorities. However if the Canadian economy was to continue to be as buoyant during the next few years and if some of the Provincial governments continued to gather large revenues without assuming a greater share of their constitutional responsibilities, this might well jeopardize the whole basis of the tax rental system.

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19. The Prime Minister pointed out that from the strictly constitutional point of view many Federal undertakings, particularly in the field of health and labour, should probably never have been undertaken. The fact remained, however, that during the course of the five-year health programme now coming to an end many extremely beneficial things had been accomplished which would most likely not have been done at all in several provinces had the Federal government not taken the initiative.

20. The Cabinet, after considerable further discussion, agreed,-

(a) that the amounts saved on the score of hospital construction grants during the coming five-year health programme period be reallocated to maternal and child health, diagnostic facilities and services and medical rehabilitation; as recommended by the Minister of National Health and Welfare such reallocation during the coming fiscal year to be on the basis of approximately $500,000 for maternal and child health, $4.3 million for diagnostic services and $500,000 for medical rehabilitation; and,

(b) that the Department of Labour be authorized to spend up to $195,333 during the coming fiscal year for the purposes of the rehabilitation programme recommended by the Minister of Labour.

Canned pork; provision for European relief

21. The Minister of Agriculture, referring to discussion, at the meeting of February 5th, said it had not been clearly decided on what basis canned pork ought to be provided for European relief.

22. The Prime Minister thought it should be understood that the pork was available for purchase by the Red Cross out of the special fund at the price for which the pork was selling currently in Canada.

23. The Cabinet agreed that if requests were received for any canned pork for European relief the understanding be that it would be sold by the Agricultural Prices Support Board against payment from the special relief fund at the price for which the pork was currently being sold in Canada.

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Butter; sales policy

24. The Prime Minister mentioned that there had been some complaints about the stopping of sales of butter from government stocks. A telegram from Quebec stated that no butter was available there and one from the Poultry and Dairy Products Branch of the Board of Trade in Toronto claimed that shortages existed and would get worse unless government stocks were released . It contended that it had not been possible to fill butter orders at 64 cents a pound. The consumers in the Province of Quebec were probably in greater danger of price increases than elsewhere because margarine was not available as a substitute.

25. The Minister of Agriculture said the trade had 15 million pounds of butter on hand and it received the current production amounting to about 10 million pounds a month. That meant that they should have 45 million pounds of their own to the end of April. Against that the government had 30 million pounds. If the government were deprived of a further 10 million pounds at the present stage the trade would control the market and prices could be expected to rise in the next month or two. From the time of the decision to withhold butter sales, prices had not risen until February 5th when they had gone up about one cent. Attention could be given to the position in various localities and butter supplied where it was genuinely required. If the prices began to move up, selling would have to begin and that might prove to be desirable after about February 9th. To be really in control it would be desirable for the government to hold 20 million pounds of butter on April 1st and 10 million pounds in May.

26. Mr. St-Laurent thought that the objective was not to require sales of butter to be made at any specific time or rate but to ensure that prices were kept under control in the interests of the consumers. It was his understanding that the Minister of Agriculture would watch the local situations to ensure that things did not get out of hand in any particular place.

27. The Cabinet after discussion, noted the comments of the Prime Minister and the Minister of Agriculture concerning the policy with regard to the sale of government stocks of butter.

National Gallery; purchase of pictures

28. The Minister of Citizenship and Immigration reported that officials of the National Gallery had been keeping in touch with the collection of the Prince of Liechstenstein for the past two years.

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Confidential information was that the collections might at any moment be placed on the market. Three pictures had been secured on approval and were at the National Gallery available for purchase. It was understood that the sale of any pictures from the collection was being delayed pending a decision by the Canadian government. The trustees expected that the purchase of the three now on approval would open the way to secure the whole collection or whatever part of it was considered desirable, for Canada. The trustees of the National Gallery had unanimously decided to apply for additional funds to purchase the pictures without delay. One was by Rembrandt and two by Filippino Lippi and the negotiated price for all three was $276,000.

29. Mr. Harris thought the expenditure could be regarded as in the nature of an investment. A decision had to be taken. He had the impression that the trustees were of the opinion that, if the government was serious about the National Gallery, this was an opportunity that could not be missed. He recommended that the necessary authorization be given.

30. The Cabinet, after discussion, approved the recommendation of the Minister of Citizenship and Immigration and agreed that:

(a) the trustees of the National Gallery be authorized to proceed with the purchase of three pictures as recommended, from the collection of the Prince of Liechstenstein at a price of $276,000; an appropriate item to be included in the supplementary estimates; and,

(b) the trustees be authorized to explore without commitment the possibility and probable cost of securing other desirable pictures from the Liechstenstein collection.

Interviews; Farmers Union; Quebec Chamber of Commerce

31. The Minister of Agriculture said the Farmers Union had withdrawn from the Canadian Federation of Agriculture. They asked to be permitted to meet the government separately and had requested an interview between February 27th and March 6th.

32. The Prime Minister recalled that, while the Quebec Chamber of Commerce was not a national organization it had been felt at the meeting of January 22nd that it would be difficult to avoid seeing them. The same considerations would appear to apply to the Farmers Union. Such sectional

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organizations should not, however, expect to be received by the entire Cabinet and it would be adequate for seven or eight Cabinet Ministers to be present in each case. The delegations should not exceed 20 or 30 persons.

33. The Cabinet:

(a) noted the comments of the Prime Minister concerning interviews by some members of the government with delegations of the Quebec Chamber of Commerce and the Farmers Union; and,

(b) agreed that the Minister of Agriculture make arrangements for the meeting with the delegation from the Farmers Union and notify the Prime Minister and such Ministers as should be present.

Mines and Technical Surveys; map for the Railway Committee Room

34. The Minister of Mines and Technical Surveys pointed out that the map in the Railway Committee Room was badly out-dated and did not include the northern part of Canada. Several Members of Parliament had asked if an up-to-date map could be substituted. The cost would be about $6,000 to $7,000.

35. The Cabinet noted the remarks of the Minister of Mines and Technical Surveys and agreed that he make arrangements for the preparation of a new and up-to-date map of Canada for the Railway Committee Room; the cost of the map to be absorbed in the existing estimates of the department.

Post Office; pictures of the Queen

36. The Postmaster General said enquiries had been made to ascertain what the cost would be of putting reproductions of a good portrait of the Queen in the larger post offices. If they were supplied to some 1,500 post offices throughout the country, the cost would be approximately $30,000. If they were to be hung it seemed desirable to do so before the Coronation.

37. The Prime Minister thought that, if pictures were provided to some post offices, there would be a demand from the post offices that were being missed and probably requests that portraits be supplied to other public buildings and to schools. There might also be some question about the motives

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for doing this at the present time.

38. The Cabinet, after discussion, agreed that no action be taken at the present time to arrange for the hanging of portraits of the Queen in some of the post offices in Canada.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 12,1953

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Items discussed

National Defence; appointment of Associate Minister 2.

Canadian Welfare Council; request to present brief on public assistance and the unemployed 2.

Women's Christian Temperance Union; assistance for International Convention 2.

Legislation; Citizenship Act amendment 3.

Pasquia and Carrot Rivers; flood prevent and drainage project; agreement with Manitoba 4.

East Marsh drainage system; Point Pelee, Ontario; federal assistance 5.

Eggs; support price 6.

External Affairs; senior grades 7.

U.N. International Children's Emergency Fund; contribution for 1953 7.

U.N. Refugee Emergency Fund; contribution for 1953 8.

National Parks; proposed Canadian Travel Bureau broadcasts 9.

War Claims; appointment of Deputy Commissioner 9.

Bank of Canada; re-appointment of Directors; increase in salaries of Governor and Deputy Governor 10.

United Nations

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Thursday, February 12th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Governor in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
(Mr. Campney),

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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National Defence; appointment of Associate Minister

1. The Prime Minister referred to the amendment to the National Defence Act, providing for the appointment of an Associate Minister of National Defence, to which Royal Assent had been given the previous day.

He submitted two recommendations; one to define the powers, duties and functions of such an Associate Minister and another to appoint Mr. Campney as Associate Minister of National Defence.

2. The Cabinet, after discussion, noted with approval the Prime Minister's recommendations with respect to the powers, duties and functions of an Associate Minister of National Defence appointed under Section 6 A of the National Defence Act and the appointment of Mr. Campney as Associate Minister of National Defence; Orders in Council to be passed accordingly.

(Orders in Council P.C. 1953-174 and P.C. 1953-175, Feb. 12)

Canadian Welfare Council; request to present brief on public assistance and the unemployed

3. The Prime Minister reported that the Canadian Welfare Council had requested an opportunity to present to the Cabinet a statement of policy on public assistance and the unemployed. In view of the quasi-official position of the Council, it seemed desirable that some of the Cabinet Ministers most directly concerned should meet them but it was not necessary that all members of the Cabinet be present. The meeting might be at some time after the delegations from the labour groups had been received.

4. The Cabinet, after discussion, agreed that arrangements be made for the Cabinet Ministers most directly concerned to meet with a delegation from the Canadian Welfare Council to receive a statement of policy on public assistance and the unemployed; the meeting to be at a date after the Cabinet had received the delegations representing the labour groups.

Women's Christian Temperance Union; assistance for International convention

5. The Prime Minister said the triennial world convention of the Women's Christian Temperance Union would be held in Vancouver during 1953. The Canadian branch had requested assistance toward meeting expenses. It might create

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a precedent that would be embarrassing if assistance were given since there were undoubtedly many organizations of a worthy character that would from time to time hold world conventions in Canada.

6. The Secretary of State for External Affairs thought there was no international reason why assistance should be extended. There had been a number of applications for assistance for international meetings but it had not normally been granted.

7. The Minister of Agriculture felt that, unless the precedent would be quite embarrassing, it might be desirable to meet the request. The W.C.T.U. was an organization that had support in all the Protestant churches and was not one that received any outside financial assistance.

8. The Minister of Justice agreed.

9. The Cabinet, after considerable discussion, agreed that a letter be sent in reply to the request from the Canadian branch of the Women's Christian Temperance Union for financial assistance in defraying the cost of the triennial world convention of the Women's Christian Temperance Union to be held in Vancouver in 1953; the letter to explain the difficulties the government found in meeting the request but to express interest in the worthy purposes which the Union espoused and to enquire as to the amount and character of the expenditures that were contemplated for the convention.

Legislation; bill to amend the Citizenship Act

10. The Secretary, referring to the discussion at the meeting of September 24th, 1952, submitted a draft bill to amend the Citizenship Act.

11. The Minister of Citizenship and Immigration drew attention particularly to the amendment to section 2 (h) of the Act defining the word "court" and to the amendment of section 18 to substitute 10-years absence for the present 6-years absence as a cause for automatic loss of citizenship.

12. The Prime Minister said the enactment of a new section according specific powers to district magistrates courts in Quebec might be regarded as evidence that the Federal government favoured adding to the jurisdiction of those courts. The Provincial government had been steadily expanding their jurisdiction in Quebec at the expense of other courts and the matter was likely to become the subject of legal action at some stage, to determine whether some of the Provincial measures were constitutional. It would be preferable to avoid any implication of Federal support.

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The implication could be avoided by having the provision in the bill amend the existing section rather than repeal and re-enact it.

13. The Cabinet, after discussion, approved the bill entitled an Act to amend the Canadian Citizenship Act, subject to consideration by the Minister of Citizenship and Immigration of modification in accordance with the comments of the Prime Minister of the provision to amend section 2 (h) of the Act.

Pasquia and Carrot Rivers; flood prevention and drainage project; agreement with Manitoba

14. The Minister of Agriculture, pointed out that drainage of the area at the junction of the Pasquia and Carrot Rivers had been recommended by the Royal Commission on the South Saskatchewan Project. The area involved 170,000 acres in Manitoba, of which 70,000 were already settled, and 600,000 acres in Saskatchewan. The Province of Manitoba was prepared to sell unoccupied land to settlers at reasonable prices and had proposed that the Federal government undertake certain construction works which were largely a matter of diking and diversion to keep the rivers from overflowing on to the surrounding low lands. The estimated cost of these was $1.35 million. It had been suggested that the Province put up 50 percent of the cost but there was difficulty in finding the necessary funds at the present time, and the Province suggested that the Federal government be reimbursed out of the collection of the sale price of the land. It was estimated that the government would recover between $800,000 and $900,000, leaving a net cost of nor more than $550,000. The Province would look after development works in the area other than the diking. It would have to meet substantial costs for them. On the whole the arrangement appeared desirable.

The Province of Saskatchewan had enquired about the suggested arrangement with Manitoba and as to whether they could enter into a similar one. It seemed doubtful if that would be possible since the policy in Saskatchewan was to give 33-year leases, not outright title to Crown lands.

15. The Minister of Justice thought the project was a highly desirable one as a means of settling people now on sub-marginal lands.

16. The Prime Minister said that, as a matter of principle, this was the type of project that came entirely within provincial jurisdiction and ought to be handled by the Province. It could, however, be regarded as

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incidental to the general scheme for using the Saskatchewan River drainage basin. The estimated acre costs made it a much more economical way of resettling people from sub-marginal lands than an irrigation project would be.

17. The Cabinet, after considerable discussion, approved the recommendation of the Minister of Agriculture and agreed that he be authorized to enter into an agreement with the Province of Manitoba, on the basis suggested, for a flood prevention and drainage project affecting some 170,000 acres of land near the junction of the Pasquia and Carrot Rivers.

East Marsh drainage system; Point Pelee, Ontario; Federal assistance

18. The Minister of Agriculture, referring to discussion at the meeting of October 1st, 1952, pointed out that, in principle, the project for protection of the East Marsh drainage system at Point Pelee, Ontario did not differ from the Pasquia and Carrot River project. In several places along the Lake Erie shore, land was occupied and farmed which was several feet below water level. Certain parts had been flooded during storms in 1952 and there was danger that further areas would be flooded in 1953 unless something was done. The original proposal by the Province of Ontario had been to share equally with the Federal government in the cost of protective works estimated at around $310,000. He had recommended that the government participate on a 50/50 basis up to $100,000 of Federal expenditure. A new plan had now been worked out under which costs would be considerably reduced. The proposal was that the Federal government contribute up to $60,000 under an agreement by which its expenditures would be matched by those of the province. The residue of the cost would be met locally.

19. The Minister of National Health and Welfare thought it would be difficult to refuse to participate in the Point Pelee project since the Federal government had contributed toward works for the Burk drainage project.

20. The Prime Minister said the present plan was not a part of an interprovincial scheme as was the plan for the land at the junction of the Pasquia and Carrot Rivers but it would be difficult to convince the residents of the Point Pelee area that different principles applied.

21. The Minister of Justice suggested that, if the Federal government did participate it ought to be on the explicit agreement by the Province that maintenance of the dikes after they were established was exclusively a local responsibility.

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22. The Cabinet, after considerable discussion, agreed that the Minister of Agriculture be authorized to enter into an agreement with the government of Ontario for protective works in the East Marsh drainage system at Point Pelee, Ontario on the basis that Federal expenditures would not exceed $60,000 and would be matched by expenditures by the provincial government and with an explicit clause in the agreement that all measures for maintenance of the dikes and protective works after they were established would be solely a local responsibility.

Support price for eggs

23. The Minister of Agriculture, referring to discussion at the meeting of December 17th,1952, reported that marketing of eggs through commercial egg-grading stations for January 1953 showed a decrease of 8 percent from January 1952. Exports had been 48,000 cases as compared with 27,000 cases in January 1952. If the trend continued there would be a shortage of eggs and higher prices in the fall of 1953. To change the trend so that egg production might be higher in the autumn' of 1953 it was recommended that the price support be raised from 38 cents to 40 cents per dozen for Grade A large eggs during the 1953 season.

An explanatory memorandum was circulated.

(Minister's memorandum, February 11, 1953-Cab. Doc. 33-53).

24. Mr. Gardiner said in his opinion the proposal would mean that over the year consumers would pay less and not more for eggs. The main effect would be to assist producers at times of high egg production and to keep production generally up.

25. The Prime Minister thought it was doubtful whether an increase in the support level would have much effect one way or the other. Consumers would, however, feel that the government was acting to keep the cost of living at a high level. The trade mission to Latin America believed there were prospects of an egg market there at about 43 cents to 44 cents a dozen. It would be better to put the producers in a position where they could look after their own interests on a normal market basis rather than raise the support level.

26. The Cabinet, after discussion, noted the report of the Minister of Agriculture and agreed that no change be made in the decision of December 17th, 1952 concerning the support price for eggs.

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External Affairs; senior grades

27. The Secretary of State for External Affairs referring to discussion at the meeting of February 5th,1953, said the Under Secretary had now discussed with the Secretary to the Cabinet and the Secretary of the Treasury Board the proposal relating to senior grades of foreign service officers. It had been agreed that the position of the Under Secretary be removed from the recommendation and that, with that deletion, the proposal could be accepted without any extra expenditure and without the difficulties that had been feared in matters of appointments to posts abroad.

28. The Cabinet noted the report of the Secretary of State for External Affairs and agreed that the Treasury Board be advised that the recommendations with regard to Foreign Service Officers grades 8, 9 and 10 were approved in principle on the understanding that the position of the Under Secretary of State for External Affairs be deleted from the proposed arrangement and that the exclusive responsibility for appointments of Heads of External Affairs posts abroad rests with the Governor in Council.

United Nations International Children's Emergency Fund;contribution for 1953

29. The Secretary of State for External Affairs reported that Canadian contributions to the United Nations International Children's Emergency Fund had been $500,000 in each of the years 1951 and 1952. The target of the fund for 1953 was higher than in 1952 but Canadian contributions had, on the whole, been adequate and it was recommended that the same contribution be made as in the last two years. The question of continuation of the Fund would come before the General Assembly of the United Nations at the end of 1953. A Canadian contribution would not in any way commit the Canadian government as to its attitude at that time.

An explanatory memorandum had been circulated.

(Minister's memorandum, Jan. 30, 1953 - Cab. Doc. 32-53).

30. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed:

(a) that authorization be given for a contribution to the United Nations Children's Emergency Fund for the fiscal year 1953-54 of $500,000; the necessary provision to be made in the Estimates;

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(b) that authorization be given to inform the United Nations Negotiating Committee for Extra-Budgetary Funds of the intended contribution, subject to Parliamentary approval, it being made clear that Canada was not committed to support the continuation of U.N.I.C.E.F. as a separate "permanent agency"; and,

(c) that the Executive Director of U.N.I.C.E.F. be asked to continue to purchase Canadian commodities appropriate to the agency's programme.

United Nations Refugee Emergency Fund; contribution for 1953

31. The Secretary of State for External Affairs said that because of unstable political conditions the number of refugees was on the increase. The United Nations High Commissioner for Refugees found it necessary to seek emergency assistance if refugees were to be kept alive and adequately fed pending determination of their ultimate destiny. The proposed programme of expenditure for the fund that had been initiated in the spring of 1952 amounted to $3 million. Since the International Refugee Organization had come to an end, Canada had not given assistance to European refugees and a contribution of $100,000 was recommended. The recommendation had the concurrence of the Ministers of Citizenship and Immigration, Labour and Finance.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 10,1953-Cab. Doc. 34-53).

32. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed:

(a) that authorization be given for a contribution to the United Nations Refugee Emergency Fund of $100,000; the necessary provision to be made in the final Supplementary Estimates for the fiscal year 1952-53; and,

(b) that authorization be given to inform the United Nations High Commissioner for Refugees of the intended contributions, subject to Parliamentary approval.

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National Parks; proposed Canadian Travel Bureau broadcasts

33. The Prime Minister said the Treasury Board had requested consideration by the Cabinet of a submission by the Minister of Resources and Development that he be authorized to embark upon a programme of radio broadcasting in Canada through the Canadian Travel Bureau to acquaint Canadians with the attractions of the National Parks. The Board felt it was a departure from the original purposes for which the Bureau had been set up, namely that of attracting U.S. tourists to Canada.

(Letter, Secretary of the Treasury Board to the Secretary to the Cabinet, Feb. 7, 1953 and attached submission).

34. The Minister of Resources and Development pointed out that the substantial Canadian surplus on tourist expenditures as between Canada and the United States in 1948 had been steadily reduced until in 1952 there appeared to have been a deficit. The United States had embarked on a programme of encouraging Americans to see the United States first. Other foreign countries were competing vigorously for tourist travel. It seemed to be desirable to do something to induce Canadians to do more travel in Canada and particularly to visit the National Parks. The plan was to have a programme of 13 half-hour broadcasts, beginning on February 17th, at an approximate cost of $45,000. It would be possible to reduce advertising in the United States to compensate.

35. The Prime Minister thought it might be desirable to try the project as an experiment on the understanding that an attempt would be made to evaluate the result at the end of the season.

36. The Cabinet, after discussion, agreed that the Treasury Board be advised that the Cabinet approved in principle the submission of the Minister of Resources and Development that authority be granted for an experiment for one season with a series of radio broadcasts in Canada, at an estimated cost of $44,991, designed to induce Canadians to visit the National Parks of Canada.

(At this point the Prime Minister and the Solicitor General left the meeting).

War Claims; appointment of Deputy Commissioner

37. The Minister of Trade and Commerce, referring to discussion at the meeting of January 7th, said the Chief War Claims Commissioner wished to appoint some time hence Judge C. St. Clair Trainor of the County Court of Queen's, Prince Edward Island, as an additional Deputy War Claims Commissioner.

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If the intended appointment met with the approval of the government, Chief Justice Campbell could begin briefing Judge Trainor immediately in anticipation of the formal appointment which would be made later under Section 11 of the Inquiries Act.

(Memorandum, Privy Council Office, Feb. 11, 1953)

38. The Cabinet, after discussion, agreed that the Chief War Claims Commissioner be informed that the government saw no objection to Judge C. St. Clair Trainor of the County Court of Queen's, Prince Edward Island, being appointed a Deputy War Claims Commissioner under Section 11 of the Inquiries Act at some later date.

Bank of Canada; re-appointment of Directors; increase in salaries of Governor and Deputy Governor

39. The Minister of Finance submitted recommendations for the re-appointment of four Directors of the Bank of Canada and for an increase in the salaries of the Governor and Deputy Governor of the Bank.

40. The Cabinet, after discussion, approved,-

(a) the re-appointment of Messrs.N.A. Hesler, A.C. Picard, A.C. Taylor and R.H. Milliken as Directors of the Bank of Canada for a further term of three years beginning March 1st, 1953; and,

(b) an increase in the salary of the Governor of the Bank of Canada from $40,000 to $50,000 per annum and in the salary of the Deputy Governor from $25,000 to $27,500 effective February 1st, 1953;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 1953-176 and P.C. 1953-177, Feb. 12).

United Nations

41. The Secretary of State for External Affairs reported on the forthcoming reconvening of the General Assembly of the United Nations, which would probably sit from three to six weeks.

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It did not appear to him that the Canadian delegation need be as large as had been the case during the first part of the session the previous November and December. All questions remaining for discussion would probably be referred to a single committee and, in the circumstances, he thought the Canadian delegation might be restricted to one delegate plus whatever alternates and officials were required. It was understood that Mr. Vishinsky would be attending part of the coming sessions, and this had led to the belief that the Russians might be planning to put forward some fresh proposals relating to the Korean situation. In this connection, the United States had given assurance informally that it would not advocate or support any radical departures from the present far eastern policies of western democracies. On the other hand, there was always the possibility, indeed the probability, that certain irresponsible or at least ill-advised proposals might be put forward in the U.S. Congress. The Canadian delegation might usefully be instructed not to support any radical departure from current far eastern policy without first referring the matter back to Cabinet for consideration and direction.

He was somewhat concerned about the manner in which the security screening of U.S. nationals who were members of the U.N. Secretariat was being conducted in New York. There was some indication that similar screening would be conducted in respect of U.S. nationals who were members of the I.C.A.O. secretariat located in Montreal. There was no doubt that the United States had every right to screen U.S. citizens who were members of international organizations if it so wished. However, the manner in which such screening was conducted had given rise to much criticism and certain acrimonious debates in the General Assembly. He felt that the Canadian delegation should do everything it could to stop such debates as they could do no good and simply gave the U.S.S.R. opportunities to spread Russian propaganda.

The question of Mr. Trygve Lie's resignation as Secretary General of the United Nations would be raised again during the coming sittings and the likelihood was that the resignation would be accepted although there was no sign yet of agreement being reached on the choice of a successor.

42. The Cabinet, after discussion, noted with approval the report by the Secretary of State for External Affairs on the forthcoming reconvening of the General Assembly of the United Nations in New York.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 16,1953

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Items discussed

Canadian National hotel system; proposed reorganization 2.

Vancouver harbour; dredging and harbour improvements; removal Ripple Rock 2.

Butter; sales policy 3.

Ashcroft-Prince George, B.C.; radio relay system 4.

Radio broadcasting stations; grant of licences 4.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201 of the House of Commons on Monday, February 16th, 1953, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent), in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Associate Deputy Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Canadian National hotel system; proposed reorganization

1. The Minister of Transport, referring to discussion at the meeting of November 28th, 1952, recalled that approval had been given in principle at that time to the proposed reorganization of the Canadian National hotel system but it had been felt that final decision ought to be deferred until after settlement of the railway labour disputes. As these were now out of the way it was recommended that final approval be given.

2. The Cabinet noted the remarks of the Minister of Transport and agreed that, if the Canadian National Railways continued to be of the opinion that it would be desirable to transfer all the company's hotel properties, including those in the name of the Crown, to a new company to be incorporated under the Dominion Companies Act, there would be no objection so far as the government was concerned.

Vancouver harbour; dredging and harbour improvements; removal of Ripple Rock

3. The Minister of Transport, referring to discussion at the meeting of November 5th, 1952, reported that he had asked the President of the National Research Council to organize a committee, including representatives of the Department of Public Works, University of British Columbia, the National Harbours Board and the Department of Transport, to undertake a study relating to Vancouver Harbour along the lines the Cabinet had then approved.

(Cabinet decision, Nov. 5th, 1952, circulated as Cab. Doc. 35-53, Feb. 11, 1953)

The tentative terms of reference to the committee directed it to make a study of existing conditions at and between the First and Second Narrows to determine what effect widening the channel would have on water currents; to study the means of removing Ripple Rock; to survey aids to navigation on the west coast of British Columbia and Vancouver Island and to make recommendations as to improvements; and to advise with regard to ancillary government services. It was desirable to decide how the study should be handled and under what responsibility.

4. The Minister of Public Works said he had been urged to place an item in the Estimates to provide for dredging of the channel in the First Narrows. His department advised, however, that there were some doubts as to how effective further dredging would be.

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5. The Solicitor General and Associate Minister of National Defence pointed out that dredging at the First Narrows was an entirely separate question from widening of the channel. For the latter a study was required. The former was simply a maintenance operation to remove a substantial amount of silting and to deepen the existing channel from 35 feet to 40 feet.

6. The Minister of Fisheries agreed. The importance of deepening the channel had increased with the prospect that the oil pipeline would reach Burnaby in the autumn of 1953. With the present depth of the channel large tankers could not pass through the Narrows except at flood tide. In existing circumstances this meant a delay of 24 hours in operations. An immediate decision in favour of the dredging ought to be taken and an announcement made at an early date, followed by an announcement about the studies on the more general questions.

7. The Prime Minister thought it would be desirable to have the studies on the major improvements under the jurisdiction of the National Research Council.

8. The Cabinet, after considerable discussion, noted the report of the Minister of Transport and agreed:

(a) that the Minister of Public Works secure an estimate of the probable cost of dredging to deepen the existing channel in the First Narrows at Vancouver, British Columbia, from a depth of 35 feet to 40 feet and submit an appropriate item for inclusion in the Supplementary Estimates;

(b) that the study of the possible widening of the channel between the First and Second Narrows, of the removal of Ripple Rock and of other matters as outlined by the Minister of Transport be conducted under the responsibility of the National Research Council; and,

(c) that an appropriate announcement be made at an early date of the dredging to deepen the channel at the First Narrows, to be followed at a later date by an announcement of the study of the other improvements.

Butter; sales policy

9. The Minister of Agriculture, said he planned to announce in the House of Commons and in a release to the newspapers that it was intended to sell butter freely from government stocks.

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10. The Cabinet noted with approval the intention of the Minister of Agriculture to announce that butter would henceforth be sold freely from government stocks.

Ashcroft-Prince George, B.C.; radio relay system

11. The Minister of Transport, referring to discussion at the meeting of January 14th, 1953, said he had omitted to mention that it was proposed to alter the division of costs for the acquisition of the radio relay system from Ashcroft to Prince George, British Columbia, so that they would be shared equally by the Department of Transport and the Department of Finance (Vote for Loans and Investments). It would be desirable to have the Cabinet Conclusion modified accordingly.

12. The Cabinet noted the report of the Minister of Transport that the costs of the radio relay system from Ashcroft to Prince George, British Columbia, would be divided equally between the Department of Transport and the Department of Finance (Vote for Loans and Investments), with $300,000 chargeable to each, and agreed that the decision of the Cabinet of January 14th,1953 be amended accordingly.

Radio broadcasting stations; grant of licences

13. The Minister of Transport reported that at their last meeting the Board of Governors of the Canadian Broadcasting Corporation had approved the grant of licences for four new radio broadcasting stations one each at New Glasgow, N.S. Kingston and Eastview,Ont., and Edmonton, Alta. There were certain technical objections to the station at Eastview and the Department of Transport intended to ask the C.B.C. to reconsider its approval. It was also desirable to withhold consideration for the present of the station at Edmonton. The other two could be approved.

There had been some consideration of a request to increase the power of the broadcasting station at Moncton, N.B. It had originally been feared that the increased power would drown out the station at Summerside, Prince Edward Island, but it did not appear that this would happen. The increased power would, however, make it impossible for the Summerside station to be heard on the coast of New Brunswick.

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14. The Minister of Resources and Development said the station at Summerside was a marginal one financially and it would be desirable to withhold for further consideration any action that might adversely affect it.

15. The Cabinet noted the report of the Minister of Transport concerning applications for licences for the establishment of radio broadcasting stations and agreed:

(a) that licences be granted for the establishment of stations at New Glasgow, Nova Scotia, and Kingston, Ontario; and ,

(b) that other requests for the establishment of stations and the increase of power of an existing station, as outlined by the Minister, be deferred for further consideration.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 18,1953

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Items discussed

The Budget 2.

Television; government policy 2.

Wheat and barley; interim payments 2.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, of the House of Commons on Wednesday, February 18th, 1953 at 12:00 noon.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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The budget

1. The Minister of Finance submitted proposals for the budget.

2. The Cabinet noted with approval the budget proposals of the Minister of Finance.

Television; government policy

3. The Solicitor General and Associate Minister of National Defence said feeling in British Columbia was generally not in sympathy with the announced policy of the government on television. He thought it would be desirable to have a further discussion of the policy as soon as possible.

4. The Minister of Fisheries agreed. Criticism of the television policy had become particularly acute with the construction of a private television station at Bellingham just across the U.S. border from the Vancouver area. It had been put up quickly and would be ready to broadcast shortly. It was felt that the Canadian Broadcasting Corporation would take a long time to establish its own television station in Vancouver and that a private station ought to be allowed without waiting for it. That was felt to be particularly desirable if the ultimate intention was to allow both a C.B.C. and a private station in the same area.

5. The Cabinet agreed that further consideration be given, at the next meeting of the Cabinet, to the government policy on television.

Wheat and barley; interim payments

6. The Minister of Trade and Commerce submitted recommendations concerning payments for wheat and barley.

7. The Cabinet approved the recommendations of the Minister of Trade and Commerce and agreed:

(a) that the sum certain payable for wheat, basis No. 1 Northern, be increased from $1.40 to $1.60 per bushel effective March 2nd,1953 and an interim payment of 20 cents per bushel be paid on wheat deliveries between August 1st, 1952 and March 2nd, 1953;

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(b) that an interim payment of 25 cents per bushel for durum wheat be paid on deliveries between August 1st, 1952 and March 2nd,1953; and

(c) that the sum certain payable for barley of Grade No. 3 Canada Western, 6 Row, be increased from 96 cents per bushel to $1.11 per bushel effective March 2nd, 1953 and an interim payment of 15 cents per bushel be paid on deliveries between August 1st, 1952 and March 2nd, 1953;

(Orders in Council to be passed accordingly.

(Orders in Council, P.C. 1953-216, 1953-217, 1953-218 and 1953-215, Feb. 19).

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 19th, 1953

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Items discussed

Assistance to fishermen for loss of or damage to boats; insurance and credit scheme 2.

Alberta coal; freight rates on movements to Ontario 4.

Labour Unions; meetings with government 5.

International Labour conference; Canadian participation in 36th Session 5.

Advisory Committee on Northern Development; interim report 6.

External Affairs; proposed Canadian Building, The Hague 7.

Income Tax regulations; amendments 9.

Dry skimmed milk; purchase by Agricultural Prices Support Board 9.

Export credits insurance; powdered milk 10.

Wheat for Pakistan 10.

Merchant seamen; Agreement on treatment of venereal disease; accession by German Federal Republic 11.

Passamaquoddy tidal power project 12.

Indian Band Register; appointment of commissioners of enquiry re protests 12.

Legislation; Canadian Forces bill 13.

Appointments; External Affairs; Labour 14.

Korea Medal 15.

Coronation; presentation of gold bracelets 15.

Federal lands in Saskatchewan; transfer of mineral rights 16.

Beef and cattle; support price 17.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Thursday, February 19th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent), in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of National Health and Welfare
(Mr. Martin),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Secretary of State for External Affairs
(Mr. Pearson),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Assistance to fishermen for loss of or damage to boats; insurance and credit scheme

1. The Minister of Fisheries said consideration had been given for some time to the desirability of providing some form of insurance and extending credit in respect of fishing boats that were either damaged or lost outright. Such a measure would be of benefit primarily in Newfoundland and New Brunswick and to a much lesser degree in Nova Scotia. There appeared to be very little, if any, problem on the West Coast where credit was easily obtainable and where insurance rates were reasonable.

In view of the lack of experience in this field, it was recommended that no attempt be made immediately, to enact legislation covering the scheme but that approval be given to the inclusion of an appropriate item in the Estimates authorizing establishment of a revolving fund of $100,000 and the making of regulations to govern the administration of the proposed credits and insurance. Initially at least the scheme would cover only boats and fixed engines but not fishermen's gear. The lower and upper limits of valuation for coverage might be from $250 to $10,000. There would be a nominal registration fee of $2.50 per $1,000 valuation of the boat. During a trial period of three years the scheme would include both grants. and loans. The proportion to be made in grants might be as high as 50 percent on small boats and the remainder in loans. This percentage of grants would decline as the value of the loss increased so that possibly only 10 percent would be paid in the form of grants in the case of boats valued at the upper limit. It was suggested that the provisional scheme be administered by a "Fishermen's Assistance Board" to consist entirely, during the initial formative three-year period at least, of government officials with an advisory committee representing the fishermen. Within the three-year period, the Board would be required to submit to the government, for consideration, a scheme of credit provision apart from losses and damages and a scheme of boat and gear insurance for fishermen.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 16, 1953-Cab. Doc. 39-53).

2. The Minister of Finance thought the scheme was generally sound but felt that the provision of credit to fishermen who suffered loss should not be automatic. Furthermore, during the initial trial period, consideration should be given to the possibility of absorbing within the framework of the new scheme in some manner the fishing bounty of $160,000 which was paid to

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fishermen annually. He also agreed with the suggestion that, during the formative period at least, the proposed Board should be restricted to government officials with fishermen acting only in an advisory capacity.

3. The Minister of Resources and Development pointed out that the scheme, as presently proposed, would be of very little benefit to Nova Scotia fishermen. The real need was not for insurance on boats, very few of which were actually lost or seriously damaged, but rather on fishing gear. Some items (such as fishing traps which cost from $1,500 to $1,800) were very expensive and were sometimes lost on the first trip out. He appreciated that it would probably not be possible to establish immediately an insurance scheme covering fishing gear but he urged that during the trial period serious consideration be given to this problem with a view to submitting at the earliest possible date a workable proposal. In so far as the extension of credit was concerned, this too would be of little benefit in Nova Scotia where loans were easily obtainable by fishermen. He hoped that the new scheme would not involve any element of direct grant as this would have the unfortunate result of seriously diminishing the incentive which now existed throughout the fishing industry in Nova Scotia. If, however, it was intended to provide some form of direct grant, he thought that at the very least the provincial authorities should be required to bear a reasonable proportion of the cost involved.

4. Mr. Sinclair pointed out that it was not intended to make any direct grants. Rather, the registration fee of $2.50 per $1,000 valuation could be considered as a subsidized rate of insurance premium. After the situation had been more fully explored this rate would be adjusted to an actuarially sound basis.

5. The Prime Minister suggested that the word "grant" should be avoided in connection with the new proposal in order that the impression be not created that the government intended to provide direct and unconditional grants to fishermen whose boats were lost or damaged. Rather, it was intended to provide the owners of small fishing boats with easily accessible insurance protection which was not otherwise made available to them by commercial insurance companies.

He agreed that it would probably be impractical to consider introducing legislation at this time and that the proposal should be tried out on an experimental basis as recommended by the Minister of Fisheries.

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6. The Cabinet, after further discussion approved the recommendation of the Minister of Fisheries and agreed,-

(a) that an appropriate item be included in the Estimates to provide for the establishment of a special revolving fund of $100,000 to finance the fishermen's insurance and credit scheme on a trial basis, such fund to be operated by a Fishermen's Assistance Board operating under regulations to be made by the Governor in Council; and,

(b) that within a period of three years the Fishermen's Assistance Board prepare and submit to the government, proposals respecting extension of credit to fishermen for purposes other than loss or damage of boats and insurance protection for boats and fishing gear.

Alberta coal; freight rates on movements to Ontario

7. The Minister of Mines and Technical Surveys, referring to discussion at the meeting of February 26th, 1952, reported that the special rate of $10.75 per ton which applied to railway movements of Alberta coal to Ontario was due to expire on March 31st, 1953. It would be recalled that the railways had proposed to raise this special rate as of March 1st, 1952, but, at the government's request, had later agreed to maintain the $10.75 rate for another year.

The Western Coal Federation of Canada, representing all Alberta producers and the government of that province, had requested, among other things, that a determination be made of the out-of-pocket costs of the movement. Expert assistance had been retained and a study of costs was now being made with the active cooperation of the Canadian Pacific Railway.

In his view, no action should be taken by the railways to increase the rates until after this study had been completed and submitted to the Board of Transport Commissioners who would then be in a position to consider the railways' demand for an increase in full knowledge of all the relevant factors. He pointed out in this connection, that even if the railways were allowed to increase the rates immediately and later the Board reduced these rates, the temporary increase would cause serious injury to the western coal industry.

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He recommended therefore, that both railways be requested officially to maintain present rates unchanged until such time as the current study of out-of-pocket costs was completed.

An explanatory note had been circulated.

(Minister's submission, undated - Cab. Doc. 40-53; memorandum, Secretary to Prime Minister, Feb. 18, 1953).

8. The Cabinet, after discussion, agreed that the Minister of Transport request the Canadian National Railways and the Canadian Pacific Railways to maintain unchanged, for some months, the special rate on the movement of Alberta coal to Ontario, until such time as the current study of out-of-pocket costs of such movements had been completed and submitted to the Board of Transport Commissioners.

Labour Union Federations; meetings with government

9. The Prime Minister submitted recommendations as to the dates on which the government might this year have its annual meetings with the four major Canadian labour unions.

10. The Cabinet, after discussion, agreed that members of the government would meet with representatives of labour unions at the following places and dates:

Trades and Labour Congress of Canada - Railway Committee Room, March 3rd, 1953, 12 o'clock noon

Canadian Congress of Labour - Railway Committee Room, March 6th, 1953, 12 o'clock noon

Canadian and Catholic Confederation of Labour - Committee Room No. 268 March 10th, 1953, 12 o'clock noon

Railway Brotherhoods - Committee Room No. 268, March 13th, 1953, 12 o'clock noon.

International Labour Conference; Canadian participation in 36th Session

11. The Minister of Labour submitted recommendations respecting Canadian participation in the 36th Session of the International Labour Conference which would this year be held at Geneva, Switzerland, from June 4th to June 27th.

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An explanatory note had been circulated.

(Minister's memorandum, Feb. 12, 1953-Cab. Doc. 37-53).

12. The Cabinet, after discussion, approved the recommendation of the Minister of Labour and agreed that Canada participate in the 36th Session of the International Labour Conference to be held at Geneva, Switzerland, from June 4th to 27th,1953, and be represented by a delegation comprising five government, five worker and five employer representatives plus a secretary to the delegation; it being noted that the Minister of Labour would also attend the Conference.

Advisory Committee on Northern Development; interim report

13. The Minister of Resources and Development, referring to discussion at the meeting of January 22nd, submitted an interim report by the Advisory Committee on Northern Development.

The Committee had considered a number of problems of increasing importance in the development of the Arctic i.e., the diversification of administrative responsibilities the lack of a central agency for the collection of both official and unofficial information relating to the Arctic, shortages in administrative and technical staff and limitations in transportation facilities. It was proposed to establish several sub-committees to prepare comprehensive reports on problems of administration and scientific and defence activities in the Arctic.

The Committee had recommended that the Department of Resources and Development be vested with the sole responsibility for coordinating activities in the Yukon and Northwest Territories, with executive authority subject to the approval, when necessary, of the Governor in Council.

He also recommended that the President of the National Research Council be added to the membership of the Advisory Committee.

An explanatory note had been circulated.

(Minister's memorandum Feb. 18, 1953-Cab. Doc. No. 43-53).

14. Mr. Winters pointed out that he had concurred in the recommendation that his Department be responsible for the coordination of Arctic activities but he doubted the wisdom or practicability of vesting the Department with executive authority as it would likely not be possible for such authority to be exercised

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in the case of projects coming clearly and exclusively within the purview of other government departments.

15. The Secretary of State for External Affairs hoped the Advisory Committee would give continuing and detailed consideration to the many problems arising in the Arctic, particularly those related to U.S. activities in that area.

16. The Cabinet, after discussion, noted the interim report of the Advisory Committee on Northern Development as submitted by the Minister of Resources and Development and agreed:

(a) that the Department of Resources and Development be vested with the sole responsibility for the coordination of activities in the Yukon and Northwest Territories;

(b) that the membership of the Advisory Committee on Northern Development be enlarged to include the President of the National Research Council; and,

(c) noted with approval the establishment by the Committee of a sub-committee on Transportation under the chairmanship of the Deputy Minister of Transport, a sub-committee on Construction under the Director of the Division of Building Research, National Research Council, a sub-committee on Research and Development under the Deputy Minister of Resources and Development and a sub-committee on Administration under the Commissioner of the R.C.M. Police.

External Affairs; proposed Canadian Building at The Hague

17. The Secretary of State for External Affairs, reported that, following the purchase by the Canadian government, in April 1951, of a site in the centre of The Hague for approximately $41,750.00, plans had been prepared for the erection of a new Canadian Chancery on that site. As the location of the building was in one of the restricted areas of The Hague the plans for any building erected thereon had to be approved by the "Commission Esthetique" which controlled the architectural design of buildings in certain selected areas of the city. This had been done and the plans had also been approved by the Chief Architect of the Department of Public Works. It was estimated that the total cost of construction would be approximately $437,000.

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Treasury Board had requested that the proposal be submitted to Cabinet in order that a decision might be reached as to whether such a large expenditure should be made or whether a purely functional type of office building should be erected instead at lower cost in a non-restricted part of The Hague.

He pointed out that the proposed Canadian Chancery was a permanent structure to house Canadian representatives in the Netherlands and that despite the higher cost, it would seem desirable that this building should be something more than an unadorned office building and that it should not be located in one of the less desirable sections of the Dutch capital. Furthermore, it would be possible to defray the cost of constructing the new Chancery out of blocked funds now available in the Netherlands.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 17, 1953- Cab. Doc. 44-53).

18. The Prime Minister said he had been given to understand that it was not proposed to house immigration offices in the new Chancery, largely on the grounds that it would be undesirable to have large numbers of prospective immigrants using this type of building. He felt strongly that future immigrants to Canada should be treated on a footing of equality with everyone else and that an effort be made to house if possible all Canadian services, including immigration offices, in the new Chancery when erected.

19. Mr. Pearson, did not know offhand whether the space available in the proposed new building would be sufficient to house all Canadian services in the Dutch capital.

20. The Cabinet, after discussion, deferred decision on the construction of a proposed new Canadian Chancery at The Hague pending reconsideration and report by the Secretary of State for External Affairs as to the possibility of housing within the new Chancery all Canadian services presently located in the Dutch capital.

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Income Tax Regulations; amendments

21. The Minister of Finance submitted a recommendation to amend the Income Tax Regulations for the purpose of determining the taxable portion of corporation income earned within certain provinces.

22. The Minister of National Revenue submitted a recommendation to amend the Income Tax Regulations to increase from $600 to $750 the amount that may be earned by a dependent without disqualifying that person as a dependent for income tax purposes and to provide further that leasehold interests may be written off over a period of 40 years as in the case of owned property rather than over the life of the lease as presently provided.

23. The Cabinet, after discussion, approved proposed amendments to the Income Tax Regulations as recommended by the Minister of Finance and the Minister of National Revenue; Orders in Council to be passed accordingly.

(Orders in Council P.C. 1953-255, P.C. 1953-256, Feb. 19).

Dry skimmed milk; purchase by Agricultural Prices Support Board

24. The Minister of Agriculture reported that, on January 1st, 1953, stocks of dry skimmed milk in Canada were 15,271,000 pounds, as compared with 8 million pounds in 1952 and 3 million pounds in 1951. During 1952 Canada had approximately the right quantities of cheese and butter manufactured for domestic needs, plus small exports of cheese. To balance the flow of milk between cheese and butter during the coming year it was recommended that the present dry skimmed milk market be stabilized by purchases by the Agricultural Prices Support Board.

An explanatory memorandum was circulated.

(Departmental memorandum, Feb. 18, 1953-Cab. Doc. 46-53).

25. The Cabinet approved the recommendation of the Minister of Agriculture and agreed:

(a) that first-grade dry skimmed milk produced in Canada be designated as an agricultural product for the purposes of the Agricultural Prices Support Act, 1944;

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(b) that the Agricultural Prices Support Board be authorized to prescribe prices of 8 cents a pound f.a.s. Montreal for roller process dry skimmed milk and 11.5 cents per pound f.a.s. Montreal for spray process dry skimmed milk; and,

(c) that purchases by the Board be limited to 10 million pounds, including not more than 3 million pounds of roller process dry skimmed milk; it being understood that as much as possible of the milk so purchased would be disposed of through relief projects to which the government of Canada was contributing;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 1953-252 and 1953-253, Feb. 19).

Export credits insurance; powdered milk

26. The Minister of Trade and Commerce said there appeared to be prospects of selling milk powder in Latin America if appropriate credit terms could be granted. The credit would have to be for 120 days and in an amount that would impose a liability on the corporation in excess of the limitations imposed by section 14 of the Export Credits Insurance Act. In order that the market might be exploited it was recommended that approval be given for appropriate credits.

27. The Cabinet approved the recommendation of the Minister of Trade and Commerce and agreed that the Export Credits Insurance Corporation be authorized to enter into contracts of insurance to cover shipments of milk powder made to Latin America during the period from October 1st, 1952 to December 31st, 1953, provided that the rates of premium charged for such insurance were 1½ percent on the gross invoice value for each shipment and that the maximum liability of the Corporation under the contracts did not exceed $2,550,000; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-254, Feb. 19.)

Wheat for Pakistan

28. The Secretary of State for External Affairs, referring to discussion at the meeting of September 13th, 1952, said the Pakistan government had at that time

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decided against financing imports of wheat through the use of $5 million from Colombo Plan funds. The food situation in Pakistan had continued to be severe and an urgent request had now been received from the Pakistan authorities that the total amount of money available out of the Colombo Plan Vote for 1952-53, approximately $9 million, be allocated for the purchase of wheat. It seemed unwise to release the entire amount of funds for that purpose, but it was recommended that the offer of $5 million be repeated.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 18, 1953- Cab. Doc. 42-53).

29. The Cabinet approved the recommendation of the Secretary of State for External Affairs and agreed that the offer to Pakistan be confirmed to permit the use of $5 million of Colombo Plan funds for the purchase of wheat, on condition that a counterpart fund be established by the Pakistan government, in the rupee equivalent of the Canadian dollar expenditure, to be used for local costs of economic development projects to be approved by the Canadian government; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-248, Feb. 19).

Merchant Seamen; Agreement on Treatment of Venereal Disease; accession by German Federal Republic

30. The Secretary of State for External Affairs said Canada had acceded on August 21st, 1925 to the Agreement Respecting Facilities to be given to Merchant Seamen for the Treatment of Venereal Disease. The German Federal Republic had signified its desire to make the agreement effective as between itself and the signatory powers. It was recommended, with the concurrence of the Minister of National Health and Welfare, that Canada state it had no objection.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 3, 1953- Cab. Doc. 38-53).

31. The Cabinet approved the recommendation of the Secretary of State for External Affairs as concurred in by the Minister of National Health and Welfare and agreed that the Belgian government, as depository state, be informed that Canada had no objection to the provisions of the Agreement Respecting Facilities to be given to Merchant Seamen for the Treatment of Venereal Disease becoming effective for the German Federal Republic, subject to the approval of the Allied High Commission.

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Passamaquoddy tidal power project

32. The Secretary of State for External Affairs reported that, on December 5th, 1952, the United States Ambassador had enquired whether the Canadian government would participate in a comprehensive investigation of the Passamaquoddy project and whether it would be disposed to grant permission to the U.S. government to go ahead with the project even if the government of Canada did not wish to share in it. The matter had been discussed with the departments directly concerned. It was recommended that a reply be sent to the United States in the terms of a draft submitted.

An explanatory document had been circulated.

(Minister's memorandum, Feb. 18, 1953 and attached draft despatch - Cab. Doc. 45-53).

33. The Cabinet, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that a reply, in the terms of the draft submitted, be sent to the United States enquiry concerning the Passamaquoddy tidal power project; the reply to outline the reasons against a comprehensive survey but at the same time to indicate that, if the United States authorities had new information regarding the tidal power schemes, the Canadian government would welcome receiving the information and would give further consideration to the question of some form of Canadian participation in an investigation.

Indian Band Register; appointment of commissioners of inquiry re protests

34. The Minister of Citizenship and Immigration, referring to discussion at the meeting of August 27th, 1952, recalled that the Cabinet had then approved in principle the appointment of commissioners under Part II of The Inquiries Act to inquire into and report on protests respecting the Indian Register. It was not entirely clear whether it was intended that the commissioners be appointed by the Minister or by the Governor in Council. As there would be quite a number to be appointed in all provinces, it might be preferable not to require action by the Governor in Council in each case.

35. The Cabinet, agreed that the Minister of Citizenship and Immigration be authorized to appoint commissioners under Part II of The Inquiries Act to inquire into and report on protests respecting the Indian Register, on the understanding that the Minister would consult, in each case, with the Ministers directly concerned before making appointments regarding protests in a particular province; an Order in Council to be passed accordingly.

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(Order in Council P.C. 1953-249,Feb. 19).

Legislation; Canadian Forces bill

36. The Minister of National Defence submitted a proposal for introduction of a bill entitled "The Canadian Forces Act, 1953".

Two of the provisions of the proposed measure would relate to findings of the Court Martial Appeal Board and pensions to widows and children of contributors under the Defence Services Pension Act. A third provision, relating to the Canadian Forces Voting Regulations, appeared to be necessary because the existing provision did not accomplish the result that had been intended.

The intention had been to require personnel in the Active Forces to register their place of residence for voting purposes by September 21st, 1952. Of 100,000 in the Forces at that time, some 20,000 had failed to register. It had been intended that persons who failed to register should not be able to vote. The provisions of the legislation, however, had not removed the possibility of voting on completion of a registration form at the time of voting. Since that right was still available, it did not appear desirable to remove it at this stage. On the other hand, it would be undesirable to have a situation in which a large number of voters in the Forces might register erroneously at the time of voting and thus cause difficulties such as those in the election in Annapolis Kings. A possibility might be to extend the time during which advance registration might take place.

An explanatory memorandum had been circulated.

(Minister's memorandum, undated-Cab. Doc. 33-53).

37. The Minister of Citizenship and Immigration agreed that it would be undesirable now to remove the right to register at the time of voting. The best course would be to provide additional time during which as many members of the Forces as possible might be registered.

38. Mr. Claxton suggested that an appropriate provision might enable advance registration up to the date of dissolution of the present Parliament. It would be desirable to have a draft provision prepared to that effect for consideration.

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39. The Cabinet, after further discussion;

(a) approved in principle introduction of a bill entitled "The Canadian Forces Act, 1953" as proposed by the Minister of National Defence, a draft measure to be prepared accordingly; and,

(b) agreed that the proposed amendment to the Canadian Forces Voting Regulations be drafted to permit registrations of residence in advance of voting to take place up to the date of the dissolution of Parliament but without removing the existing right to register at the time of voting; the draft to be presented for further consideration at a subsequent meeting.

Appointments; External Affairs; Labour

40. The Secretary of State for External Affairs submitted recommendations for certain appointments.

41. The Minister of Labour, with the concurrence of the Ministers of National Health and Welfare and Veterans Affairs, submitted a recommendation for an appointment to the National Advisory Council on the Rehabilitation of Disabled Persons.

42. The Minister of Labour submitted recommendations for appointments to the Vocational Training Advisory Council.

43. The Cabinet approved the recommendations and agreed that appointments be made as follows:

(a) James Joseph Hurley, Esquire, to be High Commissioner for Canada in Ceylon, effective June 1st 1953; Egerton Herbert Norman, Esquire, to be High Commissioner for Canada in New Zealand, effective May 1st, 1953; Gilbert Craig Langille, Esquire, to be Vice-Consul of Canada in Caracas with jurisdiction in Venezuela;

(b) Horace Laverdure, Esquire, to be a member of the National Advisory Council on the Rehabilitation of Disabled Persons, vice Gaston Ledoux, Esquire, as representative of the Canadian and Catholic Confederation of Labour;

(c) to be members of the Vocational Training Advisory Council for terms of three years effective December 1st, 1952;

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Gustave Poisson,Esquire,Quebec,P.Q.
(re-appointment)
Mrs. Allan Turner Bone, Montreal, P.Q.
Miss Yolande Valois, Sorel, P.Q.
W. Elliott Wilson, Esquire, Winnipeg, Man.
C.B.C. Scott, Esq., Toronto, Ont.;

Orders in Council to be passed accordingly.

(Orders in Council P.C. 1953-250,1953-247 and 1953-257, Feb. 19).

Korea Medal

44. The Minister of National Defence, referring to discussion at the meeting of October 15th,1952, suggested that with the new title of the Queen, it would seem appropriate, in connection with the Korea Medal to be issued to members of the Canadian forces, to have the word "Canada" on the medal itself, rather than on a bar.

45. The Cabinet, noted with approval, the proposal of the Minister of National Defence that the Korea Medal, for issuance to members of the Canadian forces, have the word "Canada" inscribed on the medal itself rather than on a bar for attachment to the ribbon and agreed that a recommendation be submitted to the Queen accordingly.

Coronation; presentation of gold bracelets

46. The Prime Minister said he had received information from the Prime Minister of Australia that the Archbishop of Canterbury had suggested that Commonwealth countries overseas might wish to present gold bracelets to be used in the Coronation ceremonies. Bracelets had been used in the ceremony up to the time of Charles II but had then been discontinued. The cost of the bracelets would be about £800.

An enquiry had been sent to the High Commissioner in London who advised that the Queen had been consulted and had agreed to the inclusion of the bracelets in the Coronation service. It had definitely been decided to use them but whether they were to be the gift of Commonwealth countries depended upon the outcome of the consultations Mr.Menzies had undertaken. If the gift were agreed there would be a public announcement at some stage. The High Commissioner had recommended that Canada be associated with the gift but suggested that the U.K. government be brought into the arrangement.

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(Telegram, No. 3, Feb. 14 from the Prime Minister of Australia; Telegram No. 315, Feb. 18 from the High Commissioner in London).

47. The Cabinet, noted the report of the Prime Minister concerning the suggestion by the Prime Minister of Australia that the governments of the Commonwealth countries other than the United Kingdom present gold bracelets for use in the Coronation ceremony and agreed that the Prime Minister inform Mr. Menzies:

(a) that the government of Canada would be pleased to be associated in the presentation to the Queen of the gold bracelets to be used in connection with the Coronation; and,

(b) that the government felt it would be preferable to have the Prime Minister of the United Kingdom consulted to see whether the presentation could not be made by all Her Majesty's governments, although this suggestion was not insisted upon.

Federal Crown lands in Saskatchewan; transfer of mineral rights

48. The Minister of Resources and Development explained that Order in Council P.C. 1464 of August 13th, 1904 set aside certain townships in Saskatchewan as a cattle quarantine reserve. When Crown lands were transferred in 1930 from the Federal to the Provincial governments an exception had been made in the case of lands reserved for the purpose of Federal administration. The lands, along with rights to mines and minerals, continued to be vested in the government of Canada. While it was not thought desirable to transfer mineral rights in all such reserved lands to the province at an early date, indication had been given to the government of Saskatchewan by a former senior official of the Department of Mines and Resources that the rights in the lands reserved for cattle quarantine purposes would be transferred in order that oil drilling might take place. It was recommended that the transfer be approved.

49. The Cabinet approved the recommendation of the Minister of Resources and Development and agreed that transfer be made to the Province of Saskatchewan of all rights in mines and minerals under lands comprising Townships 1 in Range 28 and 29, west of the Third Meridian, in the Province of Saskatchewan in so far as such rights were now vested in Her Majesty in the right of Canada; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-251, Feb. 19).

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Beef and cattle; support price

50. The Minister of Agriculture said that the support price for beef had been established to remain in effect until the removal of the United States embargo. While it was not possible to get explicit word, it seemed quite definite that the embargo would be raised as of March 1st. It took about one week to get cattle from Canada to the United States market. In order to avoid the possibility of a glut of cattle coming to market during the last week of February to take advantage of the government price support, it was recommended that the Agricultural Prices Support Board discontinue purchases as of Friday night, February 20th. If that were not done and the Board continued to buy cattle during the next week, the beef would have to be marketed entirely in Canada since it would incur countervailing duties if exported to the United States. The result might be to worsen domestic prices in the immediately following period and adversely affect producers who had held cattle back as recommended.

51. The Cabinet noted with approval the proposal of the Minister of Agriculture that the Agricultural Prices Support Board be directed to discontinue purchases of cattle under the support programme as of the evening of February 20th.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

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Items discussed

Legislation; Canada Shipping Act amendment 2.

German external debts; accession to agreement 2.

Newfoundland Indians and Eskimos 3.

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, of the House of Commons, on Monday February 23rd, 1953, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office.

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Legislation; Canada Shipping Act amendment

1. The Minister of Transport reported that, as agreed at the meeting of February 5th, 1953, he had discussed the bill to amend the Canada Shipping Act with the Minister of Resources and Development, the Secretary of State and the Solicitor General, who now concurred in the draft measure.

2. The Cabinet, after discussion, noted the report of the Minister of Transport and approved the bill to amend the Canada Shipping Act.

German External Debts; accession to the agreement

3. The Minister of Finance said the Canadian government had been invited by the U.K. government, acting in conjunction with the governments of France, the United States and the Federal Republic of Germany, to accede to an agreement on German external debts to be signed on February 27th. The terms and conditions of the agreement arose out of a conference in London from February 28th to August 8th, 1952. Three members of the Canadian delegation had been representatives of private creditors and were able to enter into the negotiations.

The terms of the agreement conformed as closely as possible to the existing contracts but certain adjustments had been made in the rates of interest allowed. Delay in repayment of capital amounts was provided for. Under the agreement Germany would ensure that debts owing to residents of any country which did not sign the agreement would not be paid until debts owing to residents of countries party to the agreement had been paid. Any creditor could refuse to accept the terms of the settlement. His legal rights would be protected but he could not be paid until all obligations covered by the agreement had been fulfilled. It was recommended, with the concurrence of the Secretary of State and the Acting Secretary of State for External Affairs, that the High Commissioner in London be given power to sign the agreement.

An explanatory memorandum was circulated.

(Minister's memorandum Feb. 20, 1953-Cab. Doc. 50-53).

4. The Cabinet approved the recommendation of the Minister of Finance, as concurred in by the Secretary of State and Acting Secretary of State for External Affairs, and agreed that the High Commissioner in London be given power to sign, on behalf of Canada, the agreement respecting German External Debts; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-260, Feb. 23).

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Newfoundland Indians and Eskimos

5. The Minister of Citizenship and Immigration, referring to discussion at the meeting of January 25th, 1949, said there had been several conversations with Newfoundland representatives concerning settlement with respect to Indians and Eskimos in that Province. The last had been during December, 1952. The Newfoundland government now wished to have the matter discussed again and it was suggested that members of the Cabinet most directly concerned meet with the Newfoundland representatives on March 4th. It would be understood that no firm commitments would be made and that any proposals would be referred to the Cabinet for consideration.

6. The Cabinet, approved the recommendation of the Minister of Citizenship and Immigration and agreed that he, along with the Ministers of Finance and Resources and Development, the Secretary of State and the Acting Minister of National Health and Welfare meet with representatives of the government of Newfoundland on March 4th to discuss questions relating to Newfoundland Indians and Eskimos.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

February 26,1953

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Livestock and meat; removal of import controls 2.

Library of Parliament; report of special committee 2.

Coronation; national ceremony 3.

Coronation; seats in Westminster Abbey 5.

Coronation; film coverage 5.

Haines-Fairbanks Military Pipeline project 5.

Arctic defence; Canada-U.S. cooperation 6.

Canada-Japan agreement on income tax of earnings from ships 8.

Coal; determination of cost for subvention purposes 8.

New Brunswick soft coal; proposed use in Army establishments 9.

Imperial Oil Limited; application for tax benefits on test-well drilling in Alberta 10.

Ontario Hydro-Electric Power Commission; licence for export of power 11.

Canada-U.S. North Pacific Halibut Fishery Convention; proposed revision 11.

R.C.N.; naming of new destroyer escorts 12.

Yarmouth-Bar Harbour automobile ferry; contract for construction 13.

C.N.R. Terminal at Montreal; proposed construction of new hotel 14.

War claims; appointment of additional Deputy Commissioner 15.

Civil Service Commission; appointment of Chairman extended 16.

Canadian Farm Loan Board; extension in term of office of Chairman; appointment of member 16.

Department of Insurance; appointment of Superintendent 16.

Post Office; increase in salary of Deputy Head 17.

Revised Statutes of Canada 1952; printing, distribution and sale 17.

National Defence; U.S. proposal for establishment of nine additional temporary radar stations in Canada 18.

Television policy 18.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Thursday, February 26th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
and Acting Secretary of State for External Affairs
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Livestock and meat; removal of import controls

1. The Minister of Trade and Commerce recommended that the control on the importation of livestock and meat into Canada, which had been provided following the imposition of the U.S. embargo on livestock and meat from Canada, be removed at the time the U.S. embargo was lifted.

It was pointed out that the U.S. embargo would probably be lifted about March 3rd. The removal of the import control would not affect the prohibition on the importation of live hogs and pork which the Department of Agriculture maintained for health reasons.

2. The Cabinet approved the recommendation of the Minister of Trade and Commerce and agreed that Order in Council P.C. 2757 of May 30th, 1951, as amended, be further amended, effective on the date on which the U.S. government removed the prohibition on imports of livestock and meat from Canada, by deleting the items concerning livestock and meat and meat products from the list of goods to which the Export and Import Permits Act applies; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-297,Feb. 26)

Library of Parliament; report of special committee

3. The Minister of Public Works, referring to discussion at the meeting of February 5th, submitted a report of the special committee of the Cabinet recommending approval of the plans for renovation of the Library of Parliament and measures to be taken to carry out the work.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 18, 1953- Cab. Doc. 49-53)

The architect's report recommended that the present spire and roof be removed in order to replace the wooden structure with steel; that the interior walls and dome be removed to replace the inside wooden structure with metal; that the interior ornamental woodwork be treated to make it fire-resistant and replaced; that the present floor be replaced with a fire-proof composition material; that the supporting structure in the basement be removed to make additional room for stacks and that the basement floor be lowered to permit two tiers of stacks to be erected; that the stonework be restored and repointed, as appeared necessary after removal of the interior structure; and that the present windows,heating system and electrical wiring system be replaced.

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The estimated cost of the renovation was about $900,000. Because of the character of the building and the work it was impossible to know with certainty what had to be done or to get firm prices. The special committee was of the opinion that the best course would be to get proposals from a selected group of contractors and have the work done on the basis of cost plus a fixed fee.

The work would take about a year and a half. Temporary quarters for the Library would have to be found in the interim.

4. The Cabinet, after discussion, approved the recommendation of the special Cabinet committee, as reported by the Minister of Public Works, and agreed:

(a) that renovation of the Library of Parliament be undertaken in accordance with the plans submitted by the architect and that work begin under the supervision of the architect at the earliest possible moment after the termination of the present session of Parliament;

(b) that the Minister of Public Works arrange for consultations with contractors who had, in recent years, satisfactorily undertaken major construction projects for the government in the Ottawa area on the basis of competitive tenders and seek the submission of proposals from them as to the arrangements under which they would be prepared to undertake the renovation of the Library on the basis of cost plus a fixed fee of about $50,000 (5 percent of the present estimate of cost); it being understood that all elements of the proposals would be considered before awarding a contract and that the matter would be submitted to the Cabinet for consideration before a contract was entered into; and,

(c) that the General Librarian and the Parliamentary Librarian be asked to make arrangements as soon as possible for the operation of the Library of Parliament during the period of renovation, with the objective of having the Library evacuated immediately following the conclusion of the present session of Parliament.

Coronation; national ceremony

5. The Minister of National Defence outlined tentative proposals for a national ceremony in Ottawa on Coronation Day.

An explanatory memorandum had been circulated.

(Outline of proposals for national coronation ceremony, undated - Cab. Doc. 58-53)

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The proposals envisaged a ceremony to take place on Parliament Hill at 3:45 p.m., or whatever time was necessary to permit a broadcast by the Queen to form a part of it. It would include about 5,000 active force personnel, members of the reserve and, it was proposed, children from schools. An address of loyalty would be given by the Governor General, the Royal Standard would be broken out on the Peace Tower and, following the broadcast by the Queen, there would be a fly past, a gun salute and a march past. A reception by the government in the Parliament Buildings would follow. If the general lines of the proposal seemed satisfactory, it would be placed before the Executive Committee of the Coronation Committee and the Coronation Committee and then be referred to the Cabinet in final form for approval.

6. In the course of discussion it was suggested:

(a) that consideration be given to the issuance of souvenir medals to all school children in Canada on the occasion of the Coronation; and,

(b) that the Secretary of State's department ascertain the costs likely to be incurred by departments in connection with the Coronation and discuss with the Department of Finance the appropriation of funds for the purpose.

7. The Cabinet, after discussion, agreed:

(a) that the draft proposals for a national coronation ceremony, as outlined by the Minister of National Defence, be approved in principle, and that they be referred to the Executive Committee of the Coronation Committee and the Coronation Committee before submission in final form for approval;

(b) that the Secretary of State investigate and report on the probable cost of and possible arrangements for the preparation and distribution of souvenir coronation medals for all school children in Canada; and,

(c) that the Department of the Secretary of State ascertain the probable cost of arrangements or measures to be taken by departments in connection with the Coronation and consider with the Department of Finance arrangements for appropriations of funds.

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Coronation; seats in Westminster Abbey

8. The Prime Minister said that, out of 400 seats available for Canadians in Westminster Abbey, 232 had been taken up. He recommended that additional invitations be sent out.

(Memorandum, Feb. 25,1953, and attached lists)

9. The Cabinet, after discussion, agreed that invitations to occupy seats in Westminster Abbey for the Coronation be sent to the mayors and their wives of cities having a population between 10,000, and 20,000, as submitted, and that the Coronation Committee be asked to consider having invitations sent to the heads of national associations and organizations, on the understanding that, where it would be appropriate, invitations also be extended to the heads of other associations and organizations that had been omitted from the list already drawn up.

Coronation; film coverage

10. The Minister of Resources and Development reported on probable film coverage of the Coronation and submitted recommendations for special coverage by the National Film Board.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 23, 1953- Cab. Doc. 54-53)

11. The Cabinet, after discussion, agreed that the National Film Board undertake supplementary film coverage on Canadian participation in the Coronation and of Coronation Day celebrations in Canada along the lines recommended by the Minister of Resources and Development in the document circulated (Cab. Doc. 54-53).

Haines-Fairbanks Military Pipeline Project

12. The Minister of National Defence, as Acting Secretary of State for External Affairs, referring to discussion at the meeting of August 20th, 1952, recommended that there be an exchange of notes with the United States covering conditions for the construction of an oil pipeline from Haines, Alaska, to Fairbanks, Alaska, through British Columbia and the Yukon Territory. The recommendation was concurred in by the Minister of Resources and Development.

An explanatory memorandum had been circulated.

(Acting Minister's memorandum, Feb. 23, 1953, and attached draft of exchange of notes, Orders in Council, etc.- Cab. Doc. 52-53).

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13. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs and agreed:

(a) that the Minister of Resources and Development be authorized:

(i) to request the British Columbia government to pass an Order in Council transferring to Canada the administration, control and benefit of the land required for the right-of-way to a pipeline from Haines, Alaska, to Fairbanks, Alaska, through British Columbia territory;

(ii) to submit to the Governor in Council a recommendation that Canada accept the transfer; and,

(iii) to submit to the Governor in Council a recommendation for the appointment of a special commissioner;

(b) that, on passage of the two Orders in Council, the Acting Secretary of State for External Affairs be authorized to enter into an exchange of notes with the U.S. Ambassador, in accordance with the draft submitted, covering the terms and conditions for the construction of the pipeline from Haines to Fairbanks through British Columbia and Yukon Territory; and,

(c) that the Acting Secretary of State for External Affairs be authorized to inform the U.S. government that the U.S. Army might advertise for tenders immediately, subject to prior issuance of an agreed public statement by the two governments, without waiting for the completion and signature of the exchange of notes.

Arctic defence; Canada-United States co-operation

14. The Minister of National Defence, as Acting Secretary of State for External Affairs, said that, on January 30th, the U.S. Secretary of State had sent a note to the Canadian Ambassador in Washington proposing that two experimental radar stations be established in Canadian territory, one on Herschel Island and the other at Aklavik. He submitted a draft note which he recommended be sent in reply.

An explanatory memorandum was circulated.

(Minister's memorandum, Feb. 25, 1953 and attached draft note - Cab. Doc. 59-53).

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The proposed stations would be tied in with a third to be established in Alaska and with the U.S. defence system there. If a trial with the three indicated that such advance warning stations were desirable, there might be a proposal by the United States to establish a chain of 40 stations stretching to the northern tip of Greenland. It had been suggested that the cost of such a chain would be about $200 million but it seemed more likely that it would cost many times that amount. Manpower involved would be very great. The plan for the three experimental stations had grown out of pressure by the U.S. Civil Defence Organization to have some greater means of early warning of an attack. The project had been discussed in the Permanent Joint Board on Defence.

15. In the course of discussion it was suggested:

(a) that, as the proposal concerned U.S. defence and as the United States was to undertake the full cost of the experimental stations, it would be difficult not to agree;

(b) that it should be made clear in the note that a condition of approval was that the United States turn over to Canadian authorities any data of scientific value concerning Canada acquired in carrying out the surveys or other work; and,

(c) that it would be desirable for the Minister of Resources and Development to notify the responsible authorities in the Yukon and Northwest Territories of the proposed developments as soon as possible.

16. The Cabinet, after discussion, approved the recommendation of the Acting Secretary of State for External Affairs and agreed:

(a) that a draft note in accordance with the terms submitted be sent by the Canadian Ambassador in Washington to the Secretary of State of the United States concerning Canadian approval of and conditions attached to the establishment of two experimental early warning radar stations in the general region of Aklavik, Northwest Territories and Herschel Island, Yukon Territory and the making of surveys for the selection of sites for a possible permanent system of stations, on the understanding that the note would be modified before despatch to make clear the understanding that the U.S. authorities would make available to the Canadian authorities any information of scientific value acquired in carrying out the project; and,

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(b) that the Department of National Defence advise the Minister of Resources and Development when and to what extent it would be possible for him to give information to the authorities responsible for the administration of the Northwest Territories and the Yukon Territory concerning the projects to be undertaken.

Canada-Japan agreement on income tax of earnings from ships

17. The Minister of National Defence, as Acting Secretary of State for External Affairs, recommended that the Japanese government be notified that Canada wished to revive the 1929 agreement concerning reciprocal exemption from income tax of earnings derived from the operation of ships.

The recommendation was concurred in by the Ministers of Finance and National Revenue.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 23, 1953 and attached draft exchange of notes, September 21,1929).

18. The Cabinet approved the recommendation of the Acting Secretary of State for External Affairs, as concurred in by the Ministers of Finance and National Revenue, and agreed that the Japanese government be notified that Canada wished to revive the Agreement concerning the Reciprocal Exemption from Income Tax of Earnings Derived from the Operation of Ships which was contained in an exchange of notes signed at Ottawa on September 21st, 1929.

Coal; determination of cost for subvention purposes

19. The Minister of Mines and Technical Surveys submitted a recommendation concerning the allowance for profit to be granted over and above pit-head costs of Nova Scotia coal, for purposes of the subvention payable on waterborne movement to St. Lawrence ports for the years 1950-54.

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In 1948 the Dominion Coal Board had decided that a profit of 50 cents per net ton should be included in the laid down cost of the Dominion Coal Company. The same was provided in 1949. In 1950 the Board concluded that conditions had changed considerably and decided that the profit allowance would be the profit per ton shown as earned by the company for the particular year in its financial statement, subject to a maximum of 50 cents a ton. The 1950 figure worked out at 21.5 cents per ton. The company objected and claimed that there should be the same profit allowance as in 1948 and 1949. In 1951 the company by its own accounting system realized a profit of only 5 cents a ton. A reasonable profit should be allowed in setting the cost for the subvention. 25 cents per ton appeared to be reasonable during the estimated period of the company's transition to mechanization in order to give them some assurance of continuity of assistance.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 17, 1953 and attachments - Cab. Doc. 48-53).

20. In the course of discussion, it was suggested that:

(a) if the Dominion Coal Company were not given an arrangement along the lines proposed, it would likely discontinue the operation of a number of mines now being worked at a loss and such discontinuance would cause social problems; and

(b) that consideration might be given to the possibility of having the railways defer conversion to diesel locomotives in the Maritime provinces until conversion had been completed in parts of the country where Canadian coal was not used.

21. The Cabinet, after discussion, approved the recommendation of the Minister of Mines and Technical Surveys and agreed that, for the years 1950-54 inclusive, the cost of Nova Scotia coal for subvention purposes should be that of the Dominion Coal Co. as determined by the Cost Audit Division of the Department of Finance, in accordance with agreed practice, plus a profit of 25 cents per net ton.

New Brunswick soft coal; proposed use in Army establishments

22. The Minister of Labour mentioned that although the major portion of the soft coal produced in New Brunswick was used in local power plants, there was a considerable surplus for which markets were not readily available.

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He had discussed the matter in a preliminary way with the Minister of National Defence and the Minister of Mines and Technical Surveys with a view to ascertaining whether the heating plants in the new Army establishments to be constructed in New Brunswick could be so designed as to be able to use this type of fuel.

23. The Cabinet, after discussion, agreed that the Minister of National Defence and the Minister of Mines and Technical Surveys give consideration to the possibility of providing a market for New Brunswick soft coal in the new Army establishments to be constructed in that province.

Imperial Oil Limited; application for tax benefits on test-well drilling in Alberta

24. The Minister of Mines and Technical Surveys submitted a recommendation that the special tax benefits for deep oil drilling provided for under the Income Tax Act be made available to Imperial Oil Limited in respect of that Company's new deep test-well (Imperial Leduc No. 530) located in the Province of Alberta.

25. In the course of discussion, it was argued,

(a) that, on the one hand, the original intent of the legislation, which was clearly incentive in character, was to encourage the development of unexplored petroleum-producing areas whereas the present application was related to a deep test-well located in the amply proven Leduc oil fields; and,

(b) that, on the other hand, deep-test drilling was expensive and not necessarily successful even when undertaken in proven areas and that, as a consequence, it seemed inadvisable, so long as the legislation remained in effect, to discriminate against cases which might be considered to be marginal.

26. The Cabinet, after discussion, approved the recommendation of the Minister of Mines and Technical Surveys and agreed that the special tax benefits provided by sub-section (5) of section 53 of chapter 25 of the Statutes of 1949 be made available to Imperial Oil Limited in respect of its Imperial Leduc No. 530 well located in the Province of Alberta; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-299, Feb. 26).

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Ontario Hydro-Electric Power Commission; licence for export of power

27. The Minister of Trade and Commerce submitted a recommendation that a licence be issued to the Ontario Hydro-Electric Power Commission which would leave unchanged the present authorization to export 45,000 kilowatts of firm power and would increase from 115,000 to 415,000 kilowatts the amount of interruptible power that may be exported during periods of surplus production.

28. In the course of discussion, it was pointed out,

(a) that there appeared to be no other alternative but to continue authorization for Ontario Hydro to export annually 45,000 kilowatts of firm power as this stemmed from an undertaking given many years ago; and,

(b) that the increase in authorized export of interruptible surplus power was designed to enable Ontario Hydro and power producers in neighboring areas of the United States to exchange power on a temporary basis whenever surplus production in Ontario coincided with a shortage of power in the United States or vice versa.

29. The Cabinet, after discussion, approved the recommendation of the Minister of Trade and Commerce and agreed that, under the provisions of the Electricity and Fluid Exportation Act, licences be granted to the Hydro-Electric Power Commission of Ontario for the exportation during the fiscal year ending March 31st, 1954 of 45,000 kilowatts firm power and 415,000 kilowatts surplus interruptible power; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-298, Feb. 26).

Canada-United States North Pacific Halibut Fishery Convention; proposed revision

30. The Minister of Fisheries reported that, following lengthy discussions, representatives of Canada and the United States had agreed on a revision of the North Pacific Halibut Fishery Convention which had originally been signed by Canada and the United States in 1923. The Canadian signatory at that time had been the late Right Honourable Ernest Lapointe.

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He recommended that authority be granted for himself and the Minister of Veterans Affairs, or either of them, to sign the revised Convention at Ottawa on March 2nd. The Secretary of State concurred in this recommendation.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 24, 1953 - Cab. Doc. 55-53).

31. The Cabinet, after discussion, approved the recommendation of the Minister of Fisheries as concurred in by the Secretary of State for External Affairs and agreed that the Minister of Veterans Affairs and the Minister of Fisheries, or either of them, be granted Full Powers to sign, at Ottawa on March 2nd, the revised North Pacific Halibut Fishery Convention with the United States; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-300, Feb. 26).

Royal Canadian Navy; naming of new destroyer escorts

32. The Minister of National Defence, referring to the practice that Canadian destroyer escorts should bear the names of Canadian rivers, reported that it had been suggested that seven new destroyer escorts be named, respectively: "Chaudiere", Gatineau", St. Croix", "Restigouche", "Kootenay", Saskatchewan" and "Columbia",

An explanatory note had been circulated.

(Minister's memorandum, Feb. 24, 1953- Cab. Doc. 56-53).

33. During the ensuing discussion it was suggested that the name "St. Croix" might be replaced by "Saint John" and that the name "Saskatchewan" might be thought to be derived from the province rather than the river and, consequently, might with advantage be replaced by "Humber" which was the name of a well known Newfoundland river.

34. The Cabinet, after discussion, noted the report of the Minister of National Defence and agreed that the second series of seven R.C.N. destroyer escorts be named, respectively: "Chaudiere", "Gatineau", "Saint John", "Restigouche", "Kootenay", "Humber" and "Columbia".

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Yarmouth-Bar Harbour automobile ferry; contract for construction

35. The Minister of Transport, referring to discussion at the meeting of November 5th, 1952 reported that, after the contract for construction of the Yarmouth-Bar Harbour automobile ferry had been awarded to the Davie Shipbuilding and Repairing Company Limited of Montreal, a careful examination of the plans and specifications had revealed that it would be necessary to make important changes, particularly in relation to engines and stability, involving additional expenditures of approximately $1,087,000. This would mean an increase in the contract from $3.9 million to slightly more than $5 million or 27 percent of the original contract price. These additions were in no way attributable to negligence or incompetence on the part of the contractor but were due largely to faulty architectural designing and to the fact that it was impossible, at the time, to know with any certainty what type of machinery would be required to enable the vessel to make one round trip between Yarmouth and Bar Harbour in a single day.

The government could either enter into an amended contract with the Davie Shipbuilding and Repairing Company with delivery of the vessel taking place in time for the opening of the 1955 navigation season or could call for new tenders. The last would involve some added expense, the preparation of new plans and specifications and delay in delivery of the vessel until the end of the 1955 season.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 23, 1953- Cab. Doc. 53-53; memorandum, Secretary to Prime Minister, Feb. 25, 1953).

36. In the course of discussion, the following points emerged:

(a) that, of the six tenders originally submitted for construction of this vessel, the lowest (Samuel White and Company of Cowes, England) had been rejected because it did not provide for delivery in 18 months as specified;

(b) that the other five tenders ranged from a low of $3.9 million (Davie Shipbuilding and Repairing Company Limited) to a high of $4.9-$5.5 million (Halifax Shipyards Limited);

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(c) that if the contract were now confirmed at the revised price of approximately $5 million the unsuccessful tenderers might feel that they had a legitimate grievance;

(d) that there would likely be criticism, particularly in the Maritime Provinces, if the contract were now to be confirmed with the Davie Company on the revised basis;

(e) that the government of Nova Scotia had agreed to contribute 50 percent of the cost of construction provided such contribution did not exceed $1.5 million; and,

(f) that, in all the circumstances, the least objectionable course of action might possibly be to discuss the matter further with the Premier of Nova Scotia.

37. The Cabinet, after discussion ,

(a) noted the report by the Minister of Transport on the substantial and expensive modifications found to be necessary in connection with the contract awarded the Davie Shipbuilding and Repairing Company Limited of Montreal for the construction of the proposed new Yarmouth-Bar Harbour automobile ferry; and,

(b) agreed that the Minister of Transport and the Minister of Resources and Development discuss the various alternatives with the Premier of Nova Scotia and report thereon at an early meeting.

Canadian National Railway Terminal at Montreal; proposed construction of new hotel

38. The Minister of Transport, referring to the approval in principle given in 1946 to the development of the C.N.R. Terminal site at Montreal, reported that the President and Board of Directors of the Canadian National Railways had now recommended that a start be made during the summer of 1953 on the construction of a 1,216 room hotel on that site, at a total estimated cost (including ancillary developments) of $27 million and to include an item of $2.5 million in the Railway's Capital Budget for 1953.

An explanatory note had been circulated.

(Minister's memorandum, undated - Cab. Doc. 52-53).

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39. In the course of discussions it was suggested that, although the proposal appeared entirely commendable from an economic and every other point of view, it might be advisable in view of the government's declared policy of deferring unessential major projects in the interests of defence, to inform the Canadian National Railways that the government would prefer to have the project held over for a year.

40. The Cabinet, after discussion,

(a) noted the report of the Minister of Transport that the President and Board of Directors of the Canadian National Railways had recommended that they be authorized to include an item of $2.5 million in the Railway's 1953 Capital Budget for the purpose of commencing construction on a $27 million hotel proposed to be erected on the site of the C.N.R. Terminal in Montreal; and,

(b) agreed that, in view of the government's policy of deferring, wherever possible, unessential major projects in the interests of defence and notwithstanding that the project otherwise appeared to be entirely desirable, the Canadian National Railways be informed that the government would prefer that action in this matter be withheld from the present year's budget.

War claims; appointment of additional Deputy Commissioner

41. The Prime Minister, referring to discussion at the meeting of February 12th reported that the Chief War Claims Commissioner proposed to appoint Judge Charles St. Clair Trainor of Prince Edward Island as a Deputy Commissioner at an early date and it would, therefore, be necessary to have the Chief Commissioner's powers under section 11 of the Inquiries Act extended to the new Deputy Commissioner by Order in Council.

(Memorandum, Privy Council Office, Feb. 25, 1953).

42. The Cabinet, after discussion, noted the Prime Minister's report and agreed that the powers vested in the Chief War Claims Commissioner under section 11 of the Inquiries Act be extended to His Honour Charles St. Clair Trainor, Judge of the County Court for Queens County, Prince Edward Island, shortly to be appointed a Deputy War Claims Commissioner; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-302, Feb. 26).

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Civil Service Commission; term of office of Chairman extended

43. The Prime Minister submitted a recommendation for the extension of the term of office of the Chairman of the Civil Service Commission for a further year.

44. The Cabinet, approved extension of the term of office of C.H. Bland as Chairman of the Civil Service Commission for one year as of March 31st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-304, Feb. 26).

Canadian Farm Loan Board; extension in term of office of Chairman; reappointment of member

45. The Minister of Finance submitted recommendations for an extension in the term of office of the Chairman of the Canadian Farm Loan Board and for the reappointment of a member of that Board.

46. The Cabinet, approved the recommendation of the Minister of Finance and agreed to an extension of three months from February 25th, 1953, to the term of office of John C. Murray as Chairman of the Canadian Farm Loan Board and to the reappointment of Adrien Beaulieu as a member of the Canadian Farm Loan Board for a further term of five years from January 1st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-301, Feb. 26)

Department of Insurance; appointment of Superintendent

47. The Prime Minister submitted a recommendation for the appointment of a Superintendent of Insurance.

48. The Cabinet approved the appointment of K.R. MacGregor as Superintendent of Insurance at $15,000 per annum, effective February 8th, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-305, Feb. 26).

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Post Office; increase in salary of Deputy Head

49. The Prime Minister submitted a recommendation for an increase in the salary of the Deputy Postmaster General.

50. The Cabinet agreed that the salary of Walter J. Turnbull, Deputy Postmaster General, be increased from $13,500 to $15,000 per annum, effective January 1st, 1953; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-303, Feb. 26)

Revised Statutes of Canada 1952; printing, distribution and sale

51. The Secretary of State submitted recommendations concerning the printing, distribution and sale of the Revised Statutes of Canada 1952 now in course of preparation in the Government Printing Bureau.

It was recommended that the sale price be fixed at $45 per set of six volumes and $5 for the Criminal Code revision which would be printed separately and that authority be granted for the printing of 9,000 sets in English and 3,000 in French. It was further recommended that a free distribution of approximately 2,000 sets be authorized and that surplus copies of the Statutes for the years 1927 to 1952, except for a limited number to be retained by the Queen's Printer, be turned over to the Crown Assets Disposal Corporation for disposition.

(Minister's submission to Council, Jan. 28, 1953; memorandum, Privy Council Office, Feb. 25,1953).

52. In the course of discussion it was suggested,

(a) that it should be ascertained that a sufficient number of surplus copies of the Statutes for the years 1927 to 1952 were kept on hand against possible future requirements; and

(b) that, prior to the distribution of the 1952 Revised Statutes, the free distribution list be reviewed and reported on by appropriate officials of the government departments most immediately concerned.

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53. The Cabinet, after discussion, noted the report of the Secretary of State and;

(a) authorized the printing of 9,000 sets in English and 3,000 sets in French of the Revised Statutes of Canada 1952 and the fixing of the sale price at $45 per set of six volumes and at $5 for the Criminal Code revision to be printed separately;

(b) agreed that it be ascertained that an adequate number of copies of the Statutes for the years 1927 to 1952 be kept in stock to provide for possible future requirements; and,

(c) agreed that the free distribution list for the Revised Statutes and the annual Statutes be reviewed and reported on by appropriate officials of the government departments most immediately concerned.

National Defence; U.S. proposal for establishment of nine additional temporary radar stations in Canada

54. The Minister of National Defence reported that the United States had sought permission to make site surveys, to operate and to man nine additional temporary radar stations in Canada. Six of these stations would be situated north of the Great Lakes and three in British Columbia. The Cabinet Defence Committee at its meeting of February 10th, 1953, had approved the U.S. proposal in this matter on the understanding that the R.C.A.F. should, as soon as the manpower situation permitted, assume responsibility for the manning of the stations located in populated areas.

55. The Cabinet noted the report by the Minister of National Defence on the approval given by the Cabinet Defence Committee to a U.S. proposal for the establishment in Canada of nine additional radar stations on a temporary basis.

Television policy

56. The Solicitor General, referring to discussion at the meeting of February 18th, said he had received several representations concerning a report that the Canadian Broadcasting Corporation had refused two applications for the construction of private TV stations in Victoria, B.C.

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57. In the course of discussion, it was pointed out that the C.B.C. had not yet considered any applications for private television stations and that the report presumably originated as a result of a letter which had been widely circulated and which had explained that the government did not propose at this time to grant licences for private television stations in those areas which were to be served by C.B.C. stations. The Canadian Broadcasting Corporation would provide a station in Vancouver but there was some doubt that Victoria should be included in that area as the two cities were separated by a distance of 80 miles and the effective coverage of television did not normally extend beyond a radius of 50 miles.

58. The Cabinet noted the report that the Canadian Broadcasting Corporation had refused to receive applications for the construction of private television stations in Victoria, B.C. and agreed that the matter be looked into further by the Minister of Transport.

J.W. Pickersgill,
Secretary to the Cabinet.

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CANADA
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CABINET CONCLUSIONS

Meeting

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Items discussed

External Affairs; appointment of Ambassador to Indonesia and consul in Uruguay 2.

Labour; appointment of Deputy Minister 2.

Foot and mouth disease; lifting of U.S. embargo on Canadian meat 2.

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in Room 201, of the House of Commons on Monday, March 2nd, 1953, at 2:00 p.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Resources and Development
(Mr. Winters),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. Paul Pelletier, Privy Council Office.

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External Affairs; appointment of Ambassador to Indonesia and Consul in Uruguay

1. The Secretary submitted recommendations of the Acting Secretary of State for External Affairs for the appointment of a Canadian Ambassador to Indonesia and a Canadian Consul in Uruguay.

2. The Cabinet, approved the following appointments as recommended by the Acting Secretary of State for External Affairs; Orders in Council to be passed accordingly:

(a) George Robert Cawdron Heasman to be Ambassador Extraordinary and Plenipotentiary of Canada to Indonesia, effective May 15th, 1953;

(Order in Council P.C. 1953-307, March 2).

and

(b) Fulgence Charpentier to be Consul of Canada at Montevideo with jurisdiction in Uruguay.

(Order in Council P.C. 1953-308, March 2)

Labour; appointment of Deputy Minister

3. The Prime Minister submitted a recommendation for the appointment of a Deputy Minister of Labour to replace Mr. Arthur MacNamara who was due to retire on March 5th, 1953.

4. The Cabinet after discussion, noted with approval the Prime Minister's recommendation that Arthur Huntingdon Brown be appointed Deputy Minister of Labour at $13,500 per annum, effective March 5th, 1953; an Order in Council to be passed accordingly and an announcement made that day.

(Order in Council P.C. 1953-306, March 2)

Foot and mouth disease; lifting of U.S. embargo on Canadian meat

5. The Minister of Agriculture, referring to discussion at the meeting of February 26th, reported the U.S. Government had removed the embargo which had been imposed against Canadian meat and meat products

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following the outbreak of foot and mouth disease early in 1952 in the Province of Saskatchewan; and stated that he proposed to make an appropriate announcement in the House of Commons that afternoon.

6. The Cabinet, noted the report by the Minister of Agriculture and agreed that an appropriate announcement be made by the Minister that afternoon in the House of Commons.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

March 5th, 1953

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Items discussed

Parliament; request for information regarding salaries of heads of Crown agencies 2.

Canadian National European Flood Relief Fund; federal contribution 2.

National Defence; appointment of special adviser on civilian personnel problems 3.

Legislation; Public Service Superannuation bill 3.

Legislation; Fisheries Research Board Act amendment 5.

National Council of Canadian Prisoners of War; request for automatic maltreatment compensation 5.

War Claims Regulations; amendments 6.

Judicial appointment 7.

Assistance to indigent immigrants 7.

Imports from Czechoslovakia and Poland; values for duty 8.

National Revenue; income tax collections

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TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Thursday, March 5th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Agriculture
(Mr. Gardiner),
The Minister of Public Works
(Mr. Fournier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Minister of Fisheries
(Mr. Sinclair),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Parliament; request for information regarding salaries of heads of Crown agencies

1. The Prime Minister referred to a request made in the House of Commons for information concerning the salaries of senior officials of certain Crown agencies such as the Bank of Canada and the Canadian National Railways.

2. In the course of discussion it was pointed out:

(a) that, technically, the government was under no compulsion to reveal details of executive acts which take the form of Orders in Council;

(b) that it had been normal practice not to reveal the salaries paid to personnel of Crown agencies on the grounds that such agencies were competing in the commercial field and that publicizing salaries would be detrimental to the successful operation of these agencies;

(c) that, nonetheless, it would seem difficult to refuse information as to salaries that were fixed or approved by the Governor in Council but that no information should be given as to other salaries paid on direct authorization of the agency concerned; and,

(d) that, in any event, the salary of the President of the Canadian National Railways had previously been made public.

3. The Cabinet, after discussion, agreed:

(a) that, as a matter of general principle, information respecting salaries paid to officials of Crown agencies should not be made public except in the case of salaries fixed or approved by the Governor in Council; and,

(b) deferred the proposed statement respecting the salaries of senior officials of the Bank of Canada the Canadian National Railways and the Canadian Broadcasting Corporation until the Minister of Finance had informed Mr. Graham Towers.

Canadian National European Flood Relief Fund; Federal contribution

4. The Prime Minister, referring to discussion at the meeting of February 5th, said that the Canadian Red Cross, which was administering the recently established Canadian National European Flood Relief Fund, had enquired as to the extent of the Federal contribution to the Fund.

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5. The Cabinet, after discussion, agreed that an item be included in the supplementary estimates to provide a Federal contribution of $1,000,000 to the Canadian National European Flood Relief Fund and that the Prime Minister be authorized to advise the Red Cross accordingly.

National Defence; appointment of special adviser on civilian personnel problems

6. The Prime Minister, referring to discussion at the meeting of March 2nd, reported that Mr. Arthur MacNamara had agreed to serve as special adviser on the employment of civilians in the Department of National Defence as of March 5th, 1953, following his retirement as Deputy Minister of Labour. The appointment would be made by the Civil Service Commission on a temporary basis at Mr. MacNamara's current annual salary of $13,500. It was proposed to announce the appointment immediately.

7. The Cabinet, after discussion, noted with approval the Prime Minister's report on the proposed appointment of Mr. Arthur MacNamara, as of March 5th, 1953, as "Special Adviser to the Department of National Defence on the Employment of Civilians" and agreed that an appropriate announcement be made immediately.

Legislation; Public Service Superannuation bill

8. The Minister of Finance submitted a resolution and bill entitled "Public Service Superannuation Act". An explanatory note and copies of the draft measure had been circulated.

(Departmental memorandum, undated - Cabinet Document 63-53; also draft bill)

9. In the course of discussion, the following points emerged:

(a) A notable omission from the new legislation was the provision in the existing Act concerning compulsory retirement at age sixty-five, with provision for extensions by the Governor in Council not beyond age seventy. It was felt that such a provision, which had nothing to do with superannuation and was concerned exclusively with employment, should more properly be included in the Civil Service Act. Until such time as an appropriate amendment could be made to that Act, it was suggested that a regulation be made under the authority of the Financial Administration Act respecting compulsory retirement provisions applicable to all civil servants, including employees of Parliament. It was further suggested

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that the whole policy of compulsory retirement of civil servants should be reviewed as there appeared to be good arguments in favour of removing all age limits, at least in respect of civil servants in the lower and perhaps even in the middle grades. A comprehensive study of this question was in course of preparation in the Department of Finance and would soon be submitted to Cabinet for consideration.

(b) No entirely satisfactory solution had been found regarding eligibility of prevailing rates employees for superannuation benefits. The new legislation would leave the current procedure unchanged and continue to vest in Treasury Board discretionary powers as to inclusion or exclusion of prevailing rates employees in so far as contributions to the superannuation fund were concerned.

(c) prior to 1924, civil servants had been entitled to have their superannuation based on the average salary earned during the last five years of employment. A relatively small number of civil servants in this group had been denied the "five year average" privilege on the grounds that they were employed on a temporary basis in non-continuing governmental organisms and, as a consequence, would have their superannuation based on the average salary during the last ten years of employment. It had been found impossible to provide a complete satisfactory solution to this difficulty. However, the new legislation would make superannuation benefits a matter of right rather than a matter of grace and, consequently, at least some of the civil servants who came into the service prior to 1924 and had been denied the five year average privilege might possibly have successful legal recourse to the Exchequer Court.

10. The Cabinet, after considerable further discussion:

(a) approved for introduction the resolution and bill entitled "Public Service Superannuation Act"; and

(b) deferred decision on the question of compulsory retirement of civil servants pending submission and consideration of a report in this matter by the Minister of Finance.

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Legislation; Fisheries Research Board Act amendment

11. The Minister of Fisheries submitted a resolution and bill to amend the Fisheries Research Board Act. Copies of the draft measure had been circulated.

12. The Cabinet, after discussion, approved for introduction in the House of Commons the resolution and bill to amend the Fisheries Research Board Act.

National Council of Canadian Prisoners of War; request for automatic maltreatment compensation

13. The Minister of Veterans Affairs, referring to the discussion at the meeting of January 22nd, submitted for consideration a draft reply to recent representations by the National Council of Canadian Prisoners of War, to the effect that the special compensation of $1.00 a day for each day of imprisonment, which had been given to the Hong Kong prisoners of war, should also be made available to all other members of the Canadian Armed Forces who had been prisoners of war in other theatres.

The proposed reply explained in some detail the reasons for which the government did not feel justified in departing from the recommendations made by the Right Honourable J.L. Ilsley, War Claims Commissioner, and in granting to all prisoners of war the same maltreatment compensation which had been made to the Hong Kong prisoners.

A draft letter was circulated.

(Draft reply to the Secretary, National Council of Canadian Prisoners of War, Mar. 3, 1953)

14. The Cabinet, after discussion,

(a) concurred in the recommendation of the Minister of Veterans Affairs that the Government should not meet the request of the National Council of Canadian Prisoners of War that the special compensation of $1.00 a day to the Hong Kong prisoners for each day spent in a prisoner of war camp should be made available to all members of the Canadian Forces who had been prisoners of war;

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(b) approved the draft reply to the National Council's representations, as submitted by the Minister of Veterans Affairs, and agreed that it be sent to the National Council by the Secretary of State; and,

(c) agreed that no announcement be made of the decision but, in the event a question were raised in the House of Commons, the Secretary of State's reply to the National Council should be tabled.

War Claims Regulations; amendments

15. The Prime Minister recommended certain amendments to the War Claims Regulations affecting awards in cases involving the death of a civilian or of a service person.

(Memorandum to the Secretary to the Cabinet, March 5, 1953).

16. In the course of discussion it was remarked that, while the existing rules, as recommended by Chief Justice Ilsley, were logical, they resulted in an apparent inequity that made them impossible to maintain.

17. The Cabinet approved the recommendation of the Prime Minister and agreed that the War Claims Regulations, established by Order in Council P.C. 4267 of October 9th, 1952, be amended by adding to paragraph 2 of the schedule thereto new paragraphs to provide that:

(a) in the case of civilian claims, where there is a valid death claim in addition to a claim for maltreatment, the accrual of the benefits of the maltreatment award to the surviving widow or other claimant should not be taken into account in determining the pecuniary loss which the claimant had suffered from the death; and,

(b) in the case of dependents of service persons, whose maltreatment had caused death, but where there was no valid death claim because the deceased was a prisoner of war and a pension was payable on account of his death, the maltreatment award payable to the dependent should be paid notwithstanding that he or she was in receipt of a pension in respect of the death and without any deduction on account of the pension; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-334, March 5.)

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Judicial appointment

18. The Minister of Justice submitted a recommendation for a judicial appointment.

19. The Cabinet approved the recommendation of the Minister of Justice and agreed that Herbert W. Davey, of Victoria, British Columbia, be appointed a Judge of the Supreme Court of British Columbia; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-336, March 5)

Assistance to indigent immigrants

20. The Minister of Citizenship and Immigration, referring to discussion at the meeting of February 13th, 1952, recommended that he be authorized now to conclude agreements with the Provinces of Manitoba, Saskatchewan and British Columbia to provide for hospitalization and welfare assistance to indigent immigrants. Texts of the draft agreements were submitted. These were in accordance with the agreement with the Province of Ontario authorized by Order in Council P.C. 1123 of February 29th, 1952.

The recommendation was concurred in by the Minister of Labour.

An explanatory memorandum had been circulated.

(Minister's memoranda, February 26, and March 2, 1953 and attached draft agreements - Cab. Docs. 60-53, and 64-53)

21. The Cabinet approved the recommendation of the Minister of Citizenship and Immigration, as concurred in by the Minister of Labour, and agreed that he be authorized to conclude agreements with the Provinces of Manitoba, Saskatchewan and British Columbia, in accordance with the drafts submitted, to provide for the equal sharing between the Federal and Provincial governments, for a period not exceeding one year, of expenses of welfare assistance and hospitalization, including care in sanatoria for the tuberculous and hospitals for the mentally ill, when an immigrant is rendered indigent through accident or illness during the first year after his arrival in Canada; an Order in Council to be passed accordingly.

(Order in Council P.C. 1953-335, March 5)

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Imports from Czechoslovakia and Poland; values for duty

22. The Minister of National Revenue, referring to discussion at the meeting of May 22nd, 1952, recommended that a new directive be sent to customs officers, modifying the original directive concerning the establishment of values for duty of imports from Poland and Czechoslovakia and adding three items to the list of goods subject to valuation.

The new directive had been prepared because certain goods were coming from Poland and Czechoslovakia at values which appeared to be below the legal values provided by section 35 of the Customs Act and Poland and Czechoslovakia would not permit first hand verification in the place of origin. The items to be added to the list were toys, cut glassware and pencils. It had originally been planned also to add umbrellas but that was now considered to be unnecessary. The revised wording of the directive would put it in accord with Canadian obligations under the General Agreement on Tariffs and Trade.

An explanatory memorandum had been circulated.

(Minister's memorandum, February 17, 1953- Cab. Doc. 41-53; draft revised directive March 1953)

23. The Cabinet approved the recommendation of the Minister of National Revenue and agreed that a revised directive be sent to customs officers concerning the establishment of values for duty of certain importations from Czechoslovakia and Poland and adding certain items to the earlier list of goods on which appraisal should be made under section 38 of the Customs Act.

National Revenue; income tax collections

24. The Minister of National Revenue said a difficult administrative problem had arisen from the change in the tax table on the short income tax form. Many taxpayers were taking as their proper tax the amount for the income figure in the table closest to their own income rather than the amount for the figure next above their income. The errors appeared to be numero and, while estimates were difficult, the loss to the Crown might amount to about $1,650,000. It would be spread over a large number of income tax cases and th amounts involved would be small in each instance. Th appeared to be three possibilities; not to attempt to have any correction made in such cases; to seek adjustment in cases only where there was some furthe

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tax payable, which would reduce the estimated loss by about 50 percent; or to attempt a collection of the proper amount in all cases.

25. The Cabinet noted the report of the Minister of National Revenue concerning the probable loss of revenue from errors in the preparation of income tax returns based on the short income tax form and agreed that further consideration be given to the matter at the next meeting.

J.W. Pickersgill,
Secretary to the Cabinet.

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CABINET CONCLUSIONS

Meeting

March 10th,1953

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Items discussed

Corporation income tax; deductions for provincial taxes 2.

Yarmouth-Bar Harbor ferry; contract for construction 3.

Strait of Canso causeway; construction of navigation lock 3.

Alberta coal; freight rates on movement to Eastern Canada 4.

Radio broadcasting stations; grant of licences 5.

Television; licence for private station, Victoria, B.C. 6.

Unemployment insurance; proposed extension to unemployment arising from disability or illness 6.

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No. 23-53

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THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

TOP SECRET

CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber, on Tuesday, March 10th, 1953, at 10:30 a.m.

Present:

The Prime Minister
(Mr. St-Laurent) in the Chair
The Minister of Trade and Commerce
and Minister of Defence Production
(Mr. Howe),
The Minister of Public Works
(Mr. Fournier),
The Minister of National Defence
(Mr. Claxton),
The Minister of Transport
(Mr. Chevrier),
The Minister of Finance
(Mr. Abbott),
The Minister of National Revenue
(Dr. McCann),
The Leader of the Government in the Senate
(Senator Robertson),
The Minister of Labour
(Mr. Gregg),
The Minister of Justice
(Mr. Garson),
The Secretary of State
(Mr. Bradley),
The Minister of Veterans Affairs
(Mr. Lapointe),
The Minister of Citizenship and Immigration
(Mr. Harris),
The Minister of Mines and Technical Surveys
(Mr. Prudham),
The Postmaster General
(Mr. Cote),
The Solicitor General
and Associate Minister of National Defence
(Mr. Campney).

The Secretary to the Cabinet
(Mr. Pickersgill),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

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Corporation income tax; deductions for provincial taxes

1. The Minister of Finance said that, under section 12 (1) (g) of the Income Tax Act, which had been passed after the war, all deductions from taxable corporation income in respect of provincial taxes payable by a corporation were excluded, with the exception of those permitted by regulation. The regulation allowed the ordinary provincial taxes on corporations in effect prior to September 12th, 1941 to be deducted as costs of doing business. The only tax on corporations not now deductible was the education tax in Quebec, which had been brought in after the cut-off date. The question was whether all exceptions ought not to be removed.

A limitation was, in effect, an indirect policing by the Federal government of the right of a province to impose taxes within its constitutional jurisdiction. A safeguard would be necessary in time of war but at present it did not appear to be required. The limitation constituted pressure on provincial governments to enter into tax agreements. It seemed preferable that the Federal government should maintain an entirely neutral position. The policy ought to be to make the agreements available on a basis that would permit adequate revenues to the poorer provinces but not to exercise pressure on any province to come into an agreement.

Three courses were available: to maintain the present position; to advance the cut-off date so that the education tax in Quebec would be deductible, but to maintain the present principle; or to adopt the principle that corporation taxes within the field of provincial jurisdiction should be generally deductible. The last course was recommended.

2. In the course of discussion it was suggested:

(a) that the principle of general deductibility ought to be adopted; and,

(b) that the announcement in Parliament should state that, while it was not customary to indicate the provisions of legislation before its introduction, the new policy, which would be provided in the bill to amend the Income Tax Act, was being announced in advance because the question had been raised in Parliament.

3. The Cabinet, after discussion, approved the recommendation of the Minister of Finance and agreed:

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(a) that a provision be included in the bill to amend the Income Tax Act to establish the principle that taxes, imposed on corporations by provincial governments within their constitutional jurisdiction and which could be regarded as an ordinary expense of doing business within a province, would be deductible from corporation income for the purposes of calculation of the Federal tax; and,

(b) that an announcement be made in Parliament by the Minister of Finance in advance of the introduction of the bill to amend the Income Tax Act; the announcement to be along the lines indicated in the course of discussion.

Yarmouth-Bar Harbor ferry; contract for construction

4. The Minister of Transport, referring to discussion at the meeting of February 26th, 1953, reported on discussion with the Premier of Nova Scotia concerning the contract for construction of the Yarmouth-Bar Harbor ferry.

Mr. Macdonald had agreed that, in the circumstances, the increases in cost were required and the best course would be to amend the contract with the Davie Shipbuilding and Repairing Company accordingly. He had discussed this with his colleagues in the Nova Scotia Cabinet, who agreed.

5. The Cabinet noted the report of the Minister of Transport concerning discussion with the Premier of Nova Scotia regarding the contract for construction of the Yarmouth-Bar Harbor ferry and agreed that the contract with the Davie Shipbuilding and Repairing Company Limited, Montreal, for construction of the ferry be amended to such extent as to authorize the expenditure of an estimated amount of $5,087,000, instead of $4 million as originally provided; Treasury Board to be advised accordingly.

Strait of Canso causeway; construction of navigation lock

6. The Minister of Transport recommended that authority be given for entry into a contract with T.C. Gorman (Nova Scotia) Limited, for construction of a navigation lock in the Strait of Canso causeway, involving a total estimated expenditure of $4,817,777.

Tenders for the contract had been submitted by nine firms. The lowest was by Canit Construction Limited for $4,608,600. The Gorman contract was second lowest. A clause in the call for tenders stated that, before the contract was awarded, full evidence would be required

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that the contractor had experience in doing the kind of work involved, that he had, or could provide, the necessary plant and equipment, and that he could in general handle the contract. The Canit Company had been incorporated by Quebec charter in August, 1952. It had Italian financial backing, which seemed to be adequate, but it had had no experience in Canada in the type of work involved. The operation was a large and important one and had to be tied in with the construction of the causeway. It did not appear to be a case where a contract could safely be awarded to an inexperienced firm.

7. The Cabinet, after discussion, approved the recommendation of the Minister of Transport and agreed that he be authorized to enter into a contract with T.C. Gorman (Nova Scotia) Limited, Halifax, for the construction of a navigation lock in the Strait of Canso causeway between Cape Porcupine and Balache Point, Nova Scotia, involving a total estimated expenditure of $4,817,777; the amount to be chargeable to the extent of $50,000 to Department of Transport appropriations for 1952-53 and to the extent of the balance to appropriations for 1953-54 and 1954-55; Treasury Board to be advised accordingly.

Alberta coal; freight rates on movement to Eastern Canada

8. The Minister of Transport, referring to discussion at the meeting of February 19th, said the Presidents of the Canadian National and Canadian Pacific Railways had agreed, on March 4th, to extend the existing special freight rates on the movement of Alberta and Eastern British Columbia coal to Ontario.

(Letter, Minister of Transport to Secretary, March 9,1953)

9. The Cabinet, after discussion, noted the report by the Minister of Transport that the Presidents of the Canadian National and Canadian Pacific Railways had agreed to extend the existing special freight rates on the movement of Alberta and Eastern British Columbia coal to Ontario until the end of March, 1954, unless the Board of Transport Commissioners had completed its review of the problem prior to that date and had authorized some consequential changes in the rates presently applicable to such coal.

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Radio broadcasting stations; grant of licences

10. The Minister of Transport recalled that, on February 16th, decision had been deferred on recommendations of the Canadian Broadcasting Corporation that licences be granted for the construction and operation of private radio broadcasting stations at Edmonton, Alberta and Eastview, Ontario, and for an increase in the power of the radio broadcasting station at Moncton, N.B.

11. In the course of discussion, the following points emerged:

(a) there were already three English-language and one French-language radio broadcasting stations serving the Edmonton area and it was difficult to see the need for a fifth station at this time;

(b) in the case of the Eastview application, it was also noted that there already were three English-language and one French-language stations serving the Ottawa-Hull area. Furthermore, the advent of television broadcasting in this area during the next few months might quite possibly alter the situation in respect of radio broadcasting and, in the circumstances, the granting of a licence for a new French-language station at Eastview might with advantage be withheld for the time being;

(c) representations had been made to the effect that an increase in the power of the Moncton radio station might have an adverse effect on the relatively low-power broadcasting station located at Summerside, P.E.I.

12. The Cabinet, after discussion:

(a) agreed that a licence for a new private radio broadcasting station at Edmonton, Alberta, be not granted for the time being;

(b) agreed that the Canadian Broadcasting Corporation be requested to reconsider the application for a new French-language radio broadcasting station at Eastview, Ontario, in the light of conditions that were likely to obtain following inauguration of television broadcasting in the Ottawa area; and,

(c) deferred decision on the application for an increase in power at the Moncton radio broadcasting station pending further consideration when the Minister of Resources and Development could be present.

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Television; licence for private station, Victoria, B.C.

13. The Minister of Transport, referring to the discussion at the meeting of February 26th, said it had been ascertained that, for television purposes, Victoria was considered to be on the fringe of the Vancouver area in which it had been decided to construct and operate a Canadian Broadcasting Corporation television broadcasting station.

14. In the course of discussion, it was pointed out that, as Victoria could not be considered to be entirely within the Vancouver television area and as there was a relatively large concentration of population in and around Victoria, the application for a private broadcasting station in that city should be forwarded to the C.B.C. for consideration.

15. The Cabinet, after discussion, agreed:

(a) that the city of Victoria be not considered as being within the Vancouver television area; and,

(b) that the Minister of Transport receive and the Canadian Broadcasting Corporation be requested to consider, in the normal manner, applications for private television broadcasting in that city.

Unemployment insurance; proposed extension to unemployment arising from disability or illness

16. The Minister of Labour said that, for some time, consideration had been given to the possibility and advisability of extending the application of the Unemployment Insurance Act to cover persons who were unemployed not primarily because of the lack of suitable employment but because of illness or disability of a non-continuing nature.

The Unemployment Insurance Commission's actuarial adviser had now indicated that present contributions from employers and employees could be reduced by approximately 25 percent and still meet current requirements. It had therefore been suggested that this 25 percent of the present combined employer-employee contributions be ear-marked for disability payments, thus avoiding the necessity of having some share of the new payments borne by the general taxpayer.

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If the proposal were approved, it would be necessary to introduce consequential amendments to the Unemployment Insurance Act.

An explanatory note had been circulated.

(Minister's memorandum, Mar. 9, 1953 - Cab. Doc. 67-53)

17. In the course of discussion, it was pointed out:

(a) that the new proposal might possibly constitute an invasion of a field reserved to the provinces under the British North America Act;

(b) that the proposed disability payments represented an important departure from the essential purposes of the unemployment insurance legislation as originally intended;

(c) that the new scheme went even beyond the field of state activity envisaged by proponents of health and hospital insurance, into the field of income maintenance and consequently, would have serious implications if the Federal government were now to agree to the implementation of such a plan for the relatively restricted group of workers insurable under the Unemployment Insurance Act;

(d) that, although the unemployment insurance fund continued to show a sizeable surplus, the present high levels of employment might not continue indefinitely and there might be heavy demands on the fund in the future;

(e) that the proposed disability payments raised a major question of policy which should be considered carefully in all its implications before a final decision were reached; and,

(f) that consideration might, nonetheless, be given to the possibility of widening somewhat the applicability of the current legislation to cover otherwise eligible persons who became ill while unemployed.

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18. The Cabinet, after considerable discussion:

(a) deferred decision on the proposal of the Minister of Labour that the Unemployment Insurance Act be amended to provide unemployment benefits for otherwise eligible persons who were unemployed because of illness or disability rather than because of lack of employment; and,

(b) agreed that the Minister of Labour submit a report on the possibility of making Unemployment Insurance benefits available only to otherwise eligible persons who became incapacitated while unemployed.

J.W. Pickersgill,
Secretary to the Cabinet.

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