

# Canada Weekly

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## Tax relief and increased pensions highlight budget proposals

*Cuts in personal income taxes, increases in old age security pensions, war veterans' and civilian war allowances, reduction in certain import duties, and removal of luxury excise tax from cosmetics were some of the proposals laid before the House of Commons by Finance Minister John Turner in the budget he introduced on February 19.*

Mr. Turner said that his "strongly expansionary" budget was designed to reduce unemployment and inflationary pressures, and to offset the effects of past inflation; to increase real income and ensure older Canadians a fairer share of prosperity; and to contribute to a better balanced economic expansion in all parts of Canada.

The main proposals of the budget follow:

The basic exemption for all taxpayers is increased to \$1,600 from \$1,500, effective January 1, 1973. The exemption for a married couple is increased to \$3,000 from \$2,850, effective January 1, 1973. The basic federal tax is cut by 5 per cent, with a maximum reduction of \$500 and a minimum reduction of \$100, effective January 1, 1973.

These three measures have no termination date and, stated Mr. Turner, concentrate relief among those most in need. A total of some 750,000 people will be exempt from paying federal tax.

Beginning in 1974, the personal income tax system is to be indexed to end the erosion of purchasing power resulting from the interaction of inflation with the progressive tax system. This will be accomplished by raising tax brackets and increasing principal exemptions each year by an inflation factor based on the consumer price index.

### Pensions

The basic rate of old age security pension is to be increased to \$100 a month from the current rate of \$82.88, effective April 1, 1973. The combined old age security/guaranteed income supplement becomes \$170 a month for a single person and \$325 a month for a married couple.

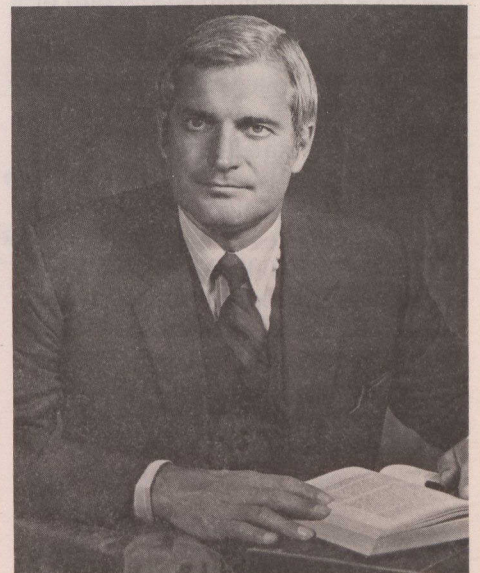
War Veterans' Allowances and Civilian War Allowances will be increased by similar amounts to a minimum of \$151 a month for single recipients and

to \$257 for married recipients, while the guaranteed income for recipients over 65 is to be raised to \$206 a month for single recipients and \$357 a month for married recipients.

### Customs duties

Temporary tariff reductions averaging 5 percentage points will be introduced immediately on about \$1.3 billion of imported consumer goods.

The cuts have been chosen to dampen upward pressure on prices without adverse impact on production and employment and are concentrated among consumer goods now facing higher-than-average duties, products in short



Mr. John Turner, Minister of Finance

supply and products not grown or made in Canada.

#### Sales and excise taxes

The federal sales tax is abolished on all children's clothing, including shoes and other footwear. The federal sales tax is abolished on all "near" food products, including confectioneries, chocolate bars, soft drinks, fruit drinks.

The special luxury excise tax of 10 per cent is abolished on toilet articles and cosmetics and the special luxury excise tax of 10 per cent on clocks and watches is removed except to the extent that a manufacturer's price exceeds \$50.

#### Changes related to tax reform

Further improvements to tax reform were introduced, including the repeal of the ineligible investment test — corporations enjoying the small business deduction are free to reinvest earnings without restriction. Family farms will be permitted to pass from generation to generation free of capital gains tax.

Local school taxes on property will be included in the equalization formula, increasing payments by \$190 million in 1973-74 to the Atlantic Provinces, Quebec, Manitoba and Saskatchewan.

#### Economic and financial background

With faster rates of growth last year in Europe, Japan and North America, the increase in output of industrial countries almost doubled the rate of 1971.

Canada's gross national product in 1972 rose by 10.5 to 11 per cent, its personal income per head by 10.5 per cent, and the standard of living by 5.5 per cent as measured by *per capita* consumer expenditures, less the effects of increases. Housing starts rose 7 per cent; 250,000 new jobs were created, compared to 200,000 in 1971, an increase of 25 per cent; and farm income rose strongly.

The economic expansion in Canada was interrupted in the third quarter of 1972 by adverse weather and serious strikes. There has been a sharp rebound since September and it is anticipated that the fourth quarter will turn out to have been "quite extraordinary".

Expansion in 1973 will be led by business capital investment and a buildup of inventories. Consumer spending and house-building will continue at high levels but could rise less rapidly.

Unemployment remains too high despite two full years of economic expansion. The budget of last May, and winter-employment programs announced since then, are directed to the Government's highest priority — the creation of jobs. An increase in real output appreciably in excess of Canada's long-term average is needed if new job-creation is to keep up with labour-force growth and cut into unemployment.

Inflation is a world-wide problem. Canada's experience was less favourable in 1972 than in 1971, with a sharp rise in food costs mainly responsible for the acceleration in consumer prices. The Government's approach to the problem of inflation is to try to increase the supply of goods and services, to increase personal disposable income, to relieve pressures on those who are hurt, to restrict the Government's own demands upon the economy and, above all, to encourage self-restraint by all groups in their demands for higher income.

The fiscal policy is responsive to the twin problems of unemployment and inflation and it should, therefore, provide the necessary stimulus in ways which offer the maximum resistance to inflationary forces. With fair crops, labour peace and international stability, real growth of the economy in 1973 should be about 7 per cent.

The rate of expansion this year should provide jobs fast enough to bring about a significant reduction in unemployment — a year from now 300,000 more Canadians should be holding jobs.

In the fiscal year 1972-73, the Federal Government's total cash requirements (excluding foreign exchange) are expected to be about \$2 billion, made up of an approximate balance on budgetary account and non-budgetary cash requirements of approximately \$2 billion.

For 1973-74, the measures proposed in this budget will have the gross effect of increasing cash requirements by approximately \$2 billion. The measures will induce more expansion, re-

sulting in some revenue increases and expenditure savings with a total offsetting effect of the order of \$500 million. As a result, the net financial requirements imposed by the measures are about \$1.5 billion, which will be reflected in cash requirements for 1973-74.

The budgetary deficit for 1973-74 will be some \$975 million and non-budgetary requirements \$1,025 million. The total cash requirement is estimated to be \$2 billion, the same as in the current fiscal year.

#### Telephones for Turkey

To help Turkey modernize and expand its telephone system, the Canadian International Development Agency (CIDA) is providing that country with a \$9.85-million long-term loan, and Canada's Export Development Corporation (EDC) is making available a further \$26 million.

Turkey's \$60-million, second five-year program (1972-77) for communications improvement aims at boosting the system with new switching equipment and an additional 300,000 lines and telephones. CIDA granted \$4.13 million and the EDC loaned \$20.37 million in support of the first five-year program, under which Northern Electric Ltd. of Montreal helped build and equip a manufacturing plant at Umraniye as a joint venture with the Turkish Government. Equipment will be partially manufactured in Canada and completed in Turkey at the Umraniye plant.

#### Public service investigation branch

Public Service Commission Chairman John J. Carson recently announced the appointment of A.R.K. Anderson, Director General of the Commission's Staffing Branch, as head of the newly-established Commission's Investigation Branch.

The Investigation Branch was set up to study and process complaints of alleged discrimination on the grounds of sex, race, national origin, colour or religion, with a view to the application of the Public Service Employment Act.

### First military merit medals

The first awards of Canada's new Order of Military Merit, were presented by Governor-General Roland Michener on February 21 to 92 men and women of the Canadian Armed Forces in recognition of their outstandingly meritorious service.

The Order of Military Merit, which was established on July 1, 1972, provides three degrees of membership. Five recipients were appointed as Commanders, 21 as Officers and 66 as Members of the Order. The list includes personnel of the sea, land and air elements and covers the entire span of military ranks from private to lieutenant-general.

Queen Elizabeth is Sovereign, the Governor General is Chancellor and the Chief of the Defence Staff, General Jacques Dextraze, who was also in attendance is, by virtue of his office, the Principal Commander. Earlier this year General Dextraze was invested



*Order of Military Merit*

with the rank of Commander and formally installed as Principal Commander of the Order.

The new order forms part of the Canadian honours system that includes the Order of Canada and a series of three

decorations which are awarded in recognition of acts of bravery. Serving members of the Regular and Reserve Forces are eligible to be considered for the award of the Order of Military Merit. The number of appointments in any one year is related to the total strength of the Forces.

The Order of Military Merit was created to meet a need to give recognition to those officers and servicemen who display outstanding qualities of leadership and efficiency in the performance of their duties.

The badge is an enamelled, straight-end "patée" cross, with four arms narrow at the centre and expanding toward the ends. The ribbon is blue, edged in gold. The insignia of the grade of Commander is worn suspended from a ribbon around the neck. Officer and Member badges are worn on the left breast.



Department of National Defence photo

*Governor-General Roland Michener congratulates Lieutenant-Colonel Borden R. Campbell on becoming an Officer of the Order of Military Merit during ceremonies at Government House on February 21. Lieutenant-*

*Colonel Campbell, of Fitzroy Harbour, near Ottawa, now serving with 1 Canadian Air Group, Germany, received the award for outstanding leadership while commanding Canadian Forces Station Sydney, Nova Scotia.*

### Regulations for safe cosmetics

National Health Minister Marc Lalonde recently announced that regulations had been proposed that would require cosmetic manufacturers to demonstrate that their products were safe. Under the new rules, the Department would have the authority to prevent sales if such evidence were not provided by a specified date.

Section 16 of the Food and Drug Act prohibits the sale of any cosmetic that has in it or upon it any substance that may cause injury to the health of the user when it is used according to directions, or by such methods of use as are customary or usual for that cosmetic.

At present the onus is on the Department of National Health and Welfare to prove a cosmetic has a substance that may cause injury. Under the proposed regulations the onus would be on the manufacturer to furnish proof of product safety.

The proposal as outlined in a letter to cosmetic manufacturers emphasized that the new regulations, if brought into force, would be used only when the safety of the cosmetic was in serious doubt.

Similar regulations for safety and effectiveness are now in effect for drugs and medical devices.

### Good news — and bad news — for cigarette smokers

Tar and nicotine levels in some brands of cigarettes have been reduced substantially over the past two or three years. On the other hand, in some heavily-promoted or well-known products there has been little progress in cutting down the tar content.

These comments were made in connection with the latest tar and nicotine tests carried out by Dr. W.F. Forbes and Dr. J.C. Robinson at the University of Waterloo, Ontario, the results of which were announced last month by National Health and Welfare Minister Marc Lalonde.

ranges and that levels of widely-known and available high-tar products be reduced as rapidly as possible.

Mr. Lalonde asked manufacturers to help bring the tar and nicotine content of cigarettes to public attention by stating the figures on packages, cartons and vending machines. In this way, he said, smokers could have the information at the time of sale or from their friends, and not be dependent upon periodic press releases, brand popularity or whether or not sales of a brand were promoted.

Lung cancer, one of the major

The Department of National Health and Welfare advises that a smoker can reduce the intake of cigarette-smoke constituents, gases as well as tar and nicotine, by reducing the amount of smoke inhaled. This can be accomplished by:

Lengthening the period between cigarettes.

Lengthening the period between puffs.

Not inhaling.

Removing the cigarette from the mouth after each puff.

Throwing away a very long butt. (Tar and nicotine collect in the tobacco as the cigarette is smoked and the shorter the cigarette is puffed the more concentrated the tar and nicotine in the smoke become.)

Giving up smoking [ed.]

The Minister commended the manufacturers for their efforts to bring down levels and for the voluntary establishment of maximums for these substances in their most recent Cigarette Advertising Code. The feasibility of reducing tar and nicotine content had been amply demonstrated he said, adding: "I hope that maximums will be progressively decreased."

While confirming the Department's position that it was safer not to smoke at all, the Minister called on manufacturers to decrease their promotion of higher tar brands. He also requested that new brands avoid the higher tar

smoking diseases, was the leading cause of cancer deaths for men, and for men and women combined. It was second only to heart attacks for men in the 45-to-64 age group and was responsible for the deaths of almost 5,400 Canadians in 1971.

Of 75 types of cigarette tested, *Viscount* king-size filter contained the smallest amount of tar and nicotine in each cigarette — 4 milligrams and 0.3 milligrams respectively — while *Embassy* king-size filter menthol contained the largest amounts in each cigarette — 23 milligrams of tar and 1.3 milligrams of nicotine.

A particular focus is upon supporting research designed to benefit the rural peoples of the developing countries. For instance, more than \$3 million has been approved for projects in Africa, mostly in agriculture, forestry and fisheries.

Besides the 31 projects developed by the Agriculture, Food and Nutrition Sciences Division, another 23 have come through the Population and Health Sciences Division, and range from research in human reproduction through demographic studies to the training of health auxiliaries. Among the 21 projects of the Social Sciences and Human Resources Division are several studies of migration and regional development (mainly in Asia). The nine projects supported through the Information Sciences Division range from assistance for industrial extension services in Southeast Asia to the establishment of a cassava information centre in Latin America, where thousands of documents dealing with this tropical root-crop will be collected and indexed with abstracts.

Only a handful of external consultants are working on these projects on long-term contracts from the Centre, since the IDRC is concerned to help build up through experience and training the capabilities of research workers in the developing countries, and to keep outside technical assistance to the essential minimum.

### Ocean science task force

The Prime Minister has announced the appointment of Dr. A.E. Collin of Ottawa as chairman of the task force on ocean science and technology that was recently established to examine and recommend guide-lines for a national program of research and development in marine science and technology.

The potential of Canada's coastal seas includes the activities of its major fisheries, as well as the hitherto unrealized resources of the sea-floor. The continental shelf itself is equal in size to 40 per cent of the Canadian land mass. Although in the past this marine domain has been largely inaccessible, the growth of technology is now imposing on Canada the responsibility to explore, develop and manage these offshore regions.

### IDRC work grows

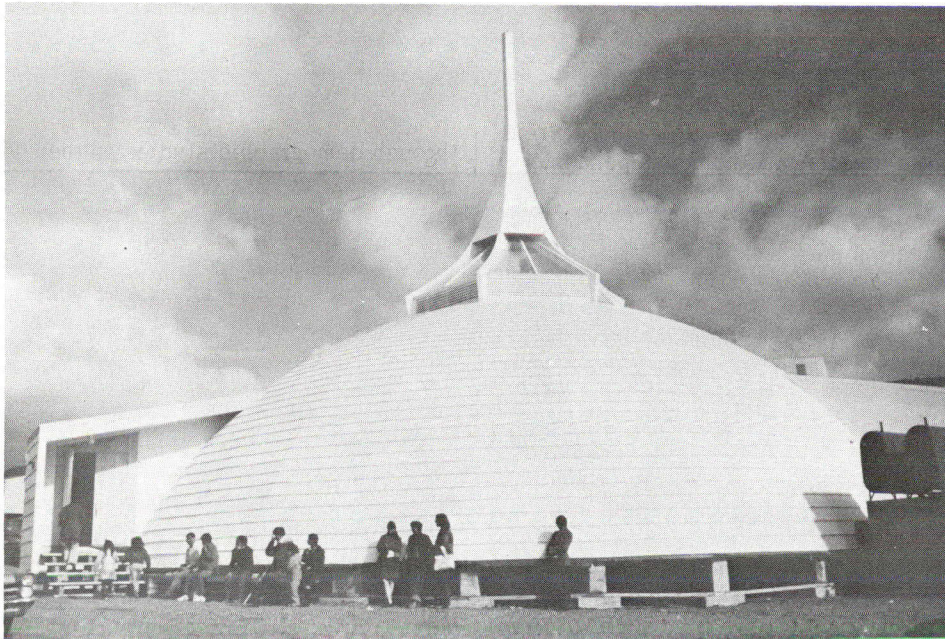
Up to December 31, 1972, the International Development Research Centre (IDRC) had approved for funding 84 projects for a total commitment of \$11.1 million. Many projects, such as research on cassava, sorghum and other crops, are linked in a network of research spanning Latin America, Africa and Asia.

In the nine months after the period covered by the IDRC annual report, funds approved for research projects in developing countries have trebled. Dr. W. David Hopper, IDRC President, said recently: "The first months after the Centre was launched in late 1970 were spent in setting the directions it should face in its work. Now, in these last several months, we have really been picking up momentum."

### Igloo-shaped cathedral in the Canadian Arctic

The Right Reverend Donald Marsh, the Anglican Bishop of The Arctic, who died recently in Britain as a result of injuries received in an auto-

mobile accident, helped design the igloo-shaped Cathedral of St. Jude (above), at Frobisher Bay on Baffin Island in Canada's Northwest Territories.



mobile accident, helped design the igloo-shaped Cathedral of St. Jude (above), at Frobisher Bay on Baffin Island in Canada's Northwest Territories.

"Donald the Arctic" (Bishop Marsh's chosen signature) wrote of the Cathedral that it was "a reminder of what was once found all over the Arctic" and that, by its remarkable shape, was a reminder to Eskimo and white alike, of the "uniqueness of the Eskimo people and their past life".

St. Jude's, which was built entirely by Eskimos, seats 500 people and is the spiritual home of the 85 per cent of Eskimos who are Anglicans. The

communion rails are shaped like sleds and behind the Holy Table hang six tapestries made by Eskimo women, depicting stories from the Bible and

the early days of the Church in the Arctic. Bishop Marsh, who became Anglican prelate of the Canadian Arctic in 1950, travelled many thousands of miles throughout the vast Arctic wastes to visit the widely scattered parishes of his diocese — an area of some 2.75 million square miles. He was proud of the theological school at Pangnirtung on Baffin Island, built in 1970, where five Eskimos recently graduated as clergymen. He also travelled frequently in the United States and in Britain, where, just before his death on February 5, he was on a speaking tour of theological colleges.

### Interprovincial school evaluation

How best to evaluate school programs has developed into a project involving educators from the three Prairie Provinces, owing to increasing criticism over educational expenditures. Schools are being asked to justify lack of change, on the one hand, and innovations in their school program, on the other.

So the Interprovincial School Evaluation Project (ISEP) was established and is now encouraging and assisting schools in Manitoba, Saskatchewan and Alberta in evaluating their programs by identifying and making available materials, techniques and "resource people" (instructors).

Approximately six schools in each province have been identified on the basis of their commitment to involve-

ment in evaluating all, or some aspect, of their school program. These schools include elementary, junior high, high schools, collegiates, composites, a community school and a school district. And although there is certainly great variety among the project schools (and their respective evaluation projects as well) the primary question of how school people evaluate their programs really gives single purpose to them all. The project is an attempt to determine exactly what procedures, materials and processes are in fact used by school personnel in evaluating their programs.

At least three phases have been envisaged: planning and initiation; implementation and operation; and dissemination. At present the project, having started in the spring of 1972, is just into phase 2, and is expected to run for three years.

The findings of ISEP will be made available to all schools, the purpose being to provide better evaluation of school programs and, in turn, bring about change where change is needed to improve learning experiences for children.

### Algonkian Indian stamps

Two eight-cent stamps, depicting the artifacts and way of life of the Algonkian Indians, issued by the Canada



Post Office last month, are part of the continuing series begun last year portraying the cultures of the early Indian tribes of Canada.

"We are extremely proud of this

series," says Postmaster-General André Ouellet. "It is a well-deserved tribute to a people whose unique and colourful heritage has enriched our nation's culture."

The stamp depicting artifacts shows a birchbark basket of the Tête-de-Boule (a division of the Ojibwa tribe); an Ojibwa wooden papoose-carrier; a pair of snowshoes for a Montagnais child; a Malecite birchbark basket; a Montagnais birchbark box; a Montagnais knife; and a Micmac birchbark basket decorated with porcupine quill-work.

"Algonkian" is a family of languages spoken by a number of Indian tribes whose territories ranged from the Maritime Provinces in the East to the lakes and forests of Manitoba in the West.

The Algonkians comprised six principal tribes: the Malecite and Micmac of the Maritimes; the Montagnais of northern Quebec; the Algonquin of the Ottawa Valley; the Ojibwa of the area north of Lakes Superior and Huron; and the Cree of Quebec, Ontario, Manitoba and Saskatchewan.

Birchbark, most important commodity of the Algonkian Indians was used for the construction of canoes, wigwams and many types of container. Hunting and fishing were the main sources of food, supplemented by berries and wild rice. Some tribes, such as the Ojibwa, the Malecite and the Micmac, also grew corn.

### **New grants for British Columbia high-school graduates**

Under new scholarship regulations recently announced in British Columbia, all graduating high-school students who get over 70 per cent on their provincial exams will receive a \$200-award. Students wanting to apply must write departmental exams in three subjects as well as a compulsory English paper.

Under the previous B.C. regulations the top 17 per cent of students writing departmentals received a proportion —

from one-third to three-quarters — of their university fees, which went directly to the university or college concerned, and which had to be used in the year following the student's high-school graduation. The new award has "no strings" attached.

"The new regulations are intended," the B.C. Department of Education says, "to provide encouragement and assistance for further education, but restrictions on when, where and how the scholarship may be used have been discontinued."

### **Veterans' hospital to expand**

Federal funds have been approved and a contract has been awarded for the construction of a new 400-bed veterans' wing at Sunnybrook Hospital, Toronto, which will probably be completed late in 1974. Including furnishings and equipment, the total cost of the project will exceed \$10 million.

The construction of the new wing was provided for in a 1966 agreement under which the Department of Veterans Affairs transferred the hospital to the University of Toronto. While funds for the construction and furnishings will be provided by DVA, Sunnybrook Hospital is responsible for management of the project.

The new facilities will bring together in one building chronically sick patients and those receiving nursing-home care in nearby Divadale. The area vacated will be used by Sunnybrook Hospital for active treatment beds and teaching facilities.

### **Northern community radio service**

Radio Station CKQN began broadcasting on February 14 at Baker Lake, a small community of 800 in the Northwest Territories, thus inaugurating the first community radio service in the Eastern Arctic.

Attending the inauguration, Minister of Communications Gérard Pelletier, said that the station had been looked forward to by the residents of Baker Lake for a long time. "This kind of station," he said, "the problems you will face in operating it, and the way in which you overcome them, may serve as a model of com-

munity action that can be applied elsewhere, including the South. If that happens, then we in the South will be learning from you." Mr. Pelletier was there at the invitation of the Qamanittuap Naalautaa Society, an association of Baker Lake residents which operates the station.

Initially, CKQN is offering three hours a day of live local programming in Eskimo and English. Its fare includes "phone-in" shows, community discussion and news, supplemented by programs provided by the Canadian Broadcasting Corporation.

The history of CKQN began about a year ago, when the Qamanittuap Naalautaa Society requested the Department of Communications to help in establishing a community radio service in the settlement. Through its Northern Pilot Project Office and with the co-operation of the CBC, the Department responded with equipment, technical advice and operating funds on a two-year, experimental basis.

The Canadian Radio and Television Commission, which granted the society its licence in December, said in a release that it was interested "in the development of broadcasting service in isolated areas of Canada" and considered "that this station will be a further useful experiment for this purpose". The Commission professes keen interest in the licensee developing programming relevant to the area and its relationship with other parts of Canada.

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