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Cautious budget to maintain steady course for settled future

Finance Minister Donald Macdonald's first budget, brought down on May 25, is designed, he said, "to maintain a steady course in order to restore confidence and enable all groups in society to plan with greater assurance of settled times ahead". Time and patience was necessary, said the Minister, to restore price stability and a high level of output and employment.

The budget has two aims — to reinforce the anti-inflation program and to avoid either "a boom or a bust" as the economy recovers.

As of July 1, most companies will have their profits cut and will be allowed only 85 per cent of their pre-controls levels. More companies will have to justify price increases in advance and there will be tighter limits on justifiable costs.

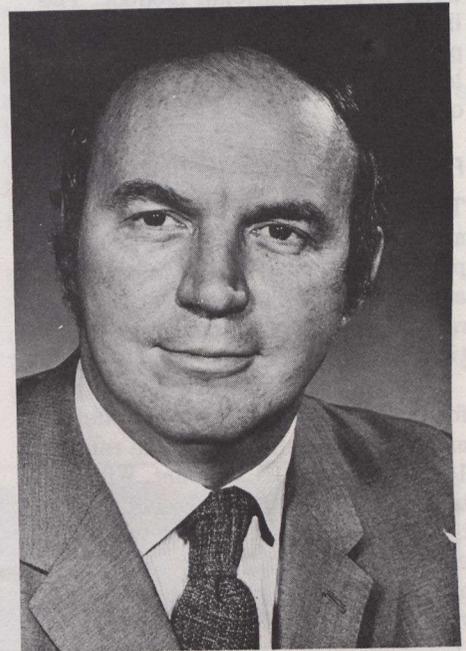
Mr. Macdonald stated that government spending increases would be held at 14 per cent this year and at 11 per cent next year.

Although there is no change in basic income tax rates, deductions for child care will be doubled to \$30 a week, or \$1,000 a year, for each child. The maximum deduction for each family is doubled from \$2,000 to \$4,000.

To encourage saving, maximum annual deductions by employees and employers for contributions to registered pension plans will be increased to \$3,500 from \$2,500. The same increases will be applied to registered retirement savings plans where a beneficiary also belongs to a pension plan, and to employer contributions to a deferred profit-sharing plan. For a beneficiary of a registered retirement savings plan who does not belong to a pension plan, the annual limit is increased to \$5,500 from \$4,000.

Small business incentive

Profits of Canadian-controlled private corporations eligible for a reduced rate of tax will be substantially increased. The annual amount subject to the low rate will be increased to \$150,000 from \$100,000 and the cumulative total increased to \$750,000 from \$500,000.



Finance Minister Donald Macdonald

Unemployment insurance

The present requirement for eight weeks of insured employment to qualify for benefits will be increased to 12 weeks.

The number of weeks during which benefits may be drawn will be more directly related to the number of weeks worked, and regional extended benefits will be more sensitive to regional unemployment.

Severance pay will not affect eligibility for unemployment insurance benefits.

Amendments will permit the payment of unemployment insurance to beneficiaries on a discretionary basis where they take part in such activities as selective employment, training or short-time work programs.

The administration of the unemployment insurance systems and Manpower Canada's programs and services will be integrated.

Expenditure policy

Beginning with its cuts in planned expenditures for 1975-76 and 1976-77, the Government is undertaking a basic

change in the trend of expenditure growth. This is a deliberate and sustained process. The gains to date in exercising control will be consolidated in 1977-78.

The Government has stated that the trend of total government spending should not rise more quickly than the trend in gross national product. The increases in federal spending anticipated for both 1976-77 and 1977-78 are less than the expected rate of growth of GNP.

Fiscal and monetary policy

The aim of both fiscal policy and monetary policy in the anti-inflation program is to increase total demand and production in the economy at a rate consistent with declining inflation.

The Bank of Canada has set a target for the growth of the narrowly-defined money supply initially in the range of 10 to less than 15 per cent. With continuing real growth of the economy, this target range will have to be lowered over time so that the rate of monetary expansion will be consistent with the objectives of the anti-inflation program. In its refusal to underwrite continuing high rates of inflation, monetary policy is helping to destroy expectations that they will continue.

In present circumstances, the best way to achieve this same goal through fiscal policy is by maintaining close control over the growth of government spending. With the recovery well established and private spending rising, it is appropriate for the deficits of both the federal and provincial governments to recede.

Tariff changes

Temporary tariff cuts initiated in 1973 on a wide range of consumer products will be extended for another year to June 30, 1977, except for two items. Annual trade affected by the cuts is valued at \$1.5 billion.

New cuts are being introduced on a temporary basis on fresh pork, ham, bacon and macaroni.

Energy conservation

To provide incentives for energy conservation the two-year tax write-off will be extended to cover equipment which enables industrial wastes to be

used as a fuel source and which produces energy from municipal waste.

Federal sales tax will be removed from many items which contribute to energy conservation, or encourage the development of alternative forms of energy, including solar furnaces and heating panels, wind-powered generating equipment and heat pumps.

To deter wasteful consumption of energy a specific tax of \$100 will be imposed on air conditioners for automobiles, station wagons, vans and smaller trucks.

The present excise tax on heavier cars will be increased in four stages between 1976 and 1979. A car weighing 5,250 pounds currently taxed at \$225 will be taxed at \$1,020 in 1979.

Capital cost allowances

The Government proposes a number of changes in rates and a new restriction with respect to leasing.

Among individual changes, rates will be increased on computer hardware and software and reduced on aircraft, and radio, television and radar equipment.

Taxpayers will no longer be allowed to claim capital cost allowances on leased equipment in excess of their net rental income from that type of property.

Economic and fiscal outlook

Real growth of the economy in 1976 is expected to be about 5 per cent.

The goal of bringing down the year-over-year rate of increase of the consumer price index to 8 per cent by the fourth quarter of 1976 is within reach.

The Canadian economy is expected to generate more than 250,000 new jobs this year.

The continuing recovery in Canada will be sustained by growing exports in response to the recovery in the United States and most other industrial countries.

The trade balance will begin to show a significant improvement, bringing about a reduction in the large deficit on goods and services.

Housing expenditures will be strong. Real incomes will rise in response to growing employment and decelerating consumer prices. Consumer spending will be an expansionary force in the economy.

The rate of inflation should continue to come down in 1977.

Health services at Olympics

Over 1,000 people will dispense medical care at the XXI Olympiad in Montreal from July 17 to August 1. The health services, under the direction of the organizing committee of the Olympics, comprises some 260 general practitioners and specialists, 200 physiotherapists, athletic therapists, 143 medical auxiliaries, 25 dentists and seven pharmacists. Over 500 first-aid volunteers, members of St. John's Ambulance, who have offered their services free, will be assigned to clinics for the public.

In addition to the polyclinic at the Olympic Village, the health services will establish at each competition site, three separate installations — a clinic for athletes, a clinic for the spectators and a special doping-control centre.

At the Olympic Village, medical personnel from each country will be provided with quarters and equipment. As well as the polyclinic at the disposal of participating countries, there will be available emergency care, podiatric treatment, physiotherapy, hydrotherapy and dental and X-ray services. Also available will be a laboratory and a pharmacy. Close to the Village, the Maisonneuve-Rosemont Hospital Centre is prepared to accept cases needing hospitalization.

Each training site will offer a first-aid centre and ambulance service.

Air travel as energy-saving aid

An increase in air travel because of the development of smaller cars more appropriate for urban and suburban use is foreseen by the co-ordinator of the energy-conservation programs of the National Research Council of Canada.

At current levels of personal mobility in Canada, considerable energy savings could result from the adoption of urban-oriented cars and expanded use of air transport, Philip Cockshutt told the annual meeting of the Canadian Aeronautics and Space Institute in Toronto. Dr. Cockshutt suggested that by the year 2000, air travel will have increased fourfold, while car travel will have dropped by one third, which will make a significant contribution to energy conservation.

New air agreement between France and Canada

Canada and France have concluded a new air transport agreement that will be signed on June 14 during the course of a visit to France by the Minister of Transport, Otto Lang.

France will gain access to Toronto as well as intransit rights beyond to Los Angeles, U.S.A., with frequency restrictions. France will also retain its traffic rights between Montreal and Chicago. Furthermore, the airlines have agreed to maintain adequate services between Montreal and France.

The new agreement, which replaces one signed in 1950, also incorporates the rights outlined in an exchange of notes signed in Ottawa last September concerning the route between Montreal and the French Antilles. Services were started on this route by Air Canada in November 1975 on behalf of both airlines.

In exchange, Canada will gain access to two points in addition to Paris within Metropolitan France to be named by Canada. Additional rights for Canada include points beyond France, three in Europe to be named by Canada, four in Africa and five in Asia subject to certain conditions regarding selection.

The agreement also provides for the exchange of rights between Vancouver and Papeete, the capital of Tahiti, subject to a prior commercial agreement between the two airlines, CP Air and UTA.

Puppets on overseas tour

Lampoon Puppettheatre of Toronto, a company that has been operating in Canada for some four years, recently participated in the seventh Festival of Puppet Shows in Bielsko-Biala, Poland, under the cultural relations program of the Department of External Affairs.

The Polish festival, which attracts puppet companies from many parts of the world, was one of several locations where Lampoon Puppettheatre performed their production of *Clowning Around* — a series of vignettes about circus clowns. They also performed for local school children and played a

Top honour for fire victim

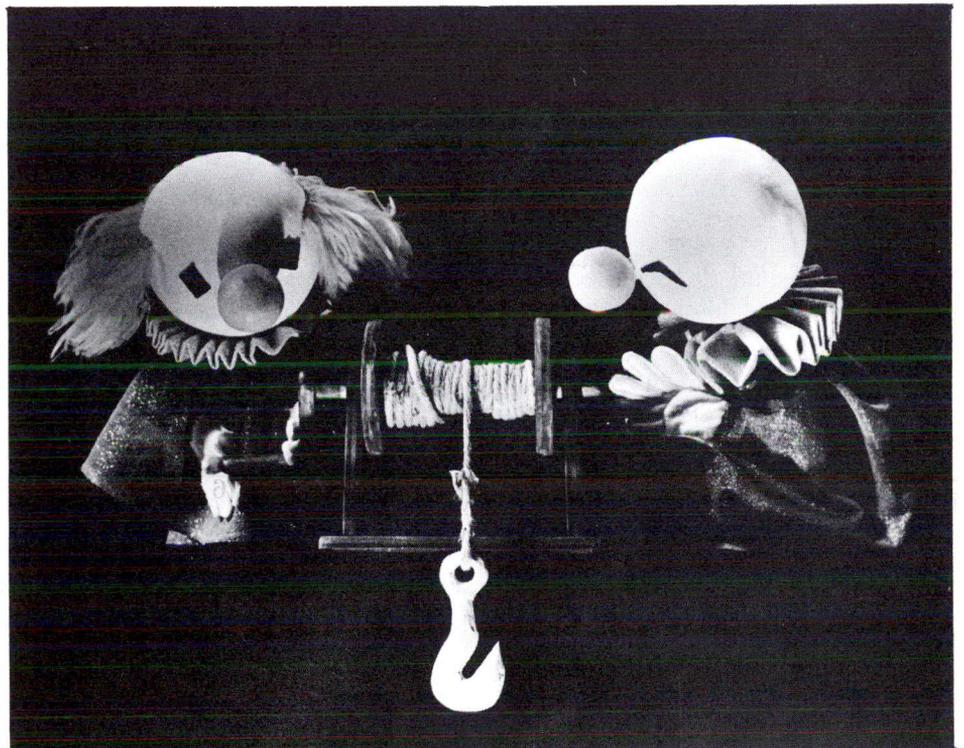
The Cross of Valour, Canada's highest decoration for bravery, has been awarded posthumously to Mrs. Jean Swedberg, of Merritt, British Columbia.

Mrs. Swedberg who was employed as a switchboard operator at the Valnicola Hotel in Merritt, B.C., completely disregarding her own safety left her post to alert guests during a fire which razed the hotel and claimed her own life in September 1974. The fire, which started on the ground floor of the frame structure, spread quickly. Mrs. Swedberg raced through heat and smoke, and alerted the guests in the dining room and those who were still in their rooms on the second floor. She knocked on every door to assure herself that all

the guests were aware of the fire and it was at that moment, as she reached the last few rooms, that fire shot up the stairwell, sealing off all means of escape. The hotel was a mass of flames in a matter of minutes and there was no hope of saving Mrs. Swedberg. With her aid all but one of the guests were saved.

Mrs. Swedberg is among a list of 12 persons who have been awarded decorations for bravery. Four recipients have been awarded the Star of Courage — one posthumously. The Medal of Bravery has been awarded to seven persons.

The three Canadian decorations for bravery were created in 1972. Mrs. Swedberg is the fifth person to be awarded the Cross of Valour since 1972. Three of the Crosses of Valour were awarded posthumously.



Lampoon Puppettheatre perform their production of *Clowning Around*.

special engagement at the Grotoska Theatre in Krakow.

From Poland, the company travelled to the Netherlands and then to Moscow to attend the congress of the International Union of Puppetry at the end of May. The tour winds up in mid-June in Helsinki, Finland, where they will perform at the International Theatre Institute.

Lampoon Puppettheatre, under the direction of Johan and Alison Vandergun, presents some 250 performances a year in Canada. Mr. Vandergun is a native of the Netherlands, who came to Canada in 1967.

In 1975, the company received a Citation of Excellence at the Festival of Puppeteers of America in St. Louis, Missouri.

New energy supplies vital says Arctic Gas chairman

Canada must develop large new supplies of domestic energy to avoid the most serious economic problems that it has faced since the 1930s, according to the chairman of Canadian Arctic Gas Pipeline.

W.P. Wilder told a meeting of the Swiss Canadian Chamber of Commerce in Montreal that the Canadian economy could potentially suffer most from the high cost of oil imports because it had the most energy-intensive economy in the world. He said this was due to climatic conditions, geography, the fact that many Canadian industries were intensive energy-users, and a high standard of living.

Production of conventional crude oil and natural gas from the western provinces — including expected new discoveries — would amount to only 30 per cent of Canadian requirements for these fuels by 1995, he estimated. Assuming no further increase in world oil prices, he said the resulting cost of net oil imports would amount to more than \$15 billion a year, equal to half the value of all Canadian exports in 1975.

More effective energy-conservation is essential, but increased supplies will still be required to avoid economic stagnation with resultant economic, social and even environmental problems, Mr. Wilder stated.

“To develop needed new energy supplies will require a major national effort, with capital expenditures of an unprecedented magnitude, and a careful ordering of national priorities,”

continued Mr. Wilder.

Gas from the Mackenzie Delta area, transported by the proposed Arctic Gas pipeline, can provide the largest single increase in domestic energy supplies at the lowest unit cost during the next decade, according to Mr. Wilder.

He estimated that the amount of Delta gas which could be supplied over a 22-year period would cost the Canadian economy nearly \$30 billion less than an equivalent volume of imported oil.

New gas reserves have been found in the Mackenzie Delta at a rate exceeding gas consumed in Canada during the past five years, he said. Given transportation facilities, he forecast that this rate of discovery would be at least maintained during the next decade.

But he warned that a failure to proceed with construction of a pipeline to transport Delta gas would inhibit northern exploration and frustrate the Government's aim of doubling frontier exploration expenditures during the next three years, to an annual rate of \$700 million.

“There can be no doubt that such increased exploration efforts are required now to meet our energy needs tomorrow,” he said. “Implicit in any such effort, however, is an assumption that the necessary pipeline facilities will be built. Who will spend three-quarters of a billion dollars a year to find new energy supplies unless it is assumed that the energy will be produced and transported?”

Industry to benefit from new medical engineering unit

A research and development organization to help Canadian manufacturers develop new medical instruments has been formed at the University of Toronto with the aid of a Federal Government grant of \$175,000 *per annum* for five years.

The new Biomedical Instrumentation Development Unit will be headed by Professor Norman F. Moody, the founder and former director of the Institute of Biomedical Engineering. The initial grant from the Department of Industry, Trade and Commerce will assist with the establishment and operation of the unit.

The new unit, which is expected to become financially self-supporting by 1982, will enable commercial manufacturers to benefit from the expertise of the University's Institute of Biomedical Engineering where research and teaching in medical engineering has been carried out for more than a decade.

“Canada's health-care system absorbs an enormous sum in the purchase of electronic and mechanical instruments ranging from simple surgical clamps to complex brain scanners,” said Professor Moody. “Most of this equipment is imported, but now we can help Canadian manufacturers develop a profitable home and export market.”

The new unit has access to doctors and electrical and mechanical engineers who combine to produce new medical instruments and carry out clinical evaluations.

Manitoba moves towards improved health facilities under new five-year \$135.1-million program

The Health and Social Development Minister of the Manitoba provincial government, Laurent L. Desjardins, announced last month further details of a \$135.1-million capital program over five years for the construction of health facilities, of which \$91.3 million will be spent in Winnipeg, Manitoba's capital, and \$43.8 million in rural Manitoba.

The program includes the construction of 1,580 personal-care beds, 607 of which will be replacements. Of the net increase — 973 — rural Manitoba

will receive 492 and Winnipeg 481.

While there may appear to be a disproportionate distribution of capital funds between rural areas and urban Winnipeg, said Mr. Desjardins, it must be remembered that roughly one-third of Winnipeg acute-care facilities were providing services to non-Winnipeg residents.

The program is consistent with three major aims:

- to relieve pressure on the waiting list for personal-care accommodation causing improper use of hospital faci-

lities in the province;

- to enable Manitoba to move towards lower-cost alternative programs, in line with discussions with the Federal Government relating to proposed changes in cost-sharing agreements;
- to allow Manitoba to claim its full allocation of \$19 million under the Health Resources Fund Act and, in fact, perhaps obtain funds in excess of this allocation, since there is provision for extra funds for those projects that can be demonstrated as “having national significance”.

Canada and Poland sign transport and fisheries pacts

Canada and Poland signed two agreements on May 14 — one on air transport that provides for the first direct air link between the two countries, and the other on fisheries relations. The air agreement was signed on behalf of Canada by Allan J. MacEachen, Secretary of State for External Affairs, and for the Government of the Polish People's Republic, Stefan Olszowski, Minister of Foreign Affairs, who was visiting Canada.

The two governments agreed on a commercial pool arrangement between the two designated airlines, Air Canada and LOT Polish Airlines, which will result in close co-operation and a sharing of revenues by the two carriers. LOT Polish Airlines was expected to begin service between Warsaw and Montreal on June 4, and would have the right to carry local traffic between Montreal and New York or alter-

natively to serve another point in the United States or south of the United States without such traffic rights.

Air Canada, which will begin service in about two years, will have the right to serve Poland *via* two intermediate points in Europe to be named by Canada with local traffic rights between those points and Warsaw, as well as the right to serve one point beyond Warsaw without such rights.

The fisheries agreement, which comes into force immediately, sets out the terms and conditions that will govern continued fishing by Polish fishing vessels in areas to be brought under Canadian jurisdiction beyond the present limits of the Canadian territorial sea and fishing zones off the Canadian coast. Polish vessels are permitted to fish in the area concerned, under Canadian control for resources surplus to Canada's needs.

who are able to attend mid-week will find the widest choice of seats. Tickets are also available for Sunday matinees at the Avon Theatre and Sunday evening performances at the Festival Theatre.

"Imaginative and exciting" season

Ten drama productions, two concert series and an international film festival are lined up for this year's summer festival, June 7 to October 16.



Photos Robert C. Ragsdale

Tony Van Bridge (left), Domini Blythe and Keith Baxter in a scene from *The Way of the World*.

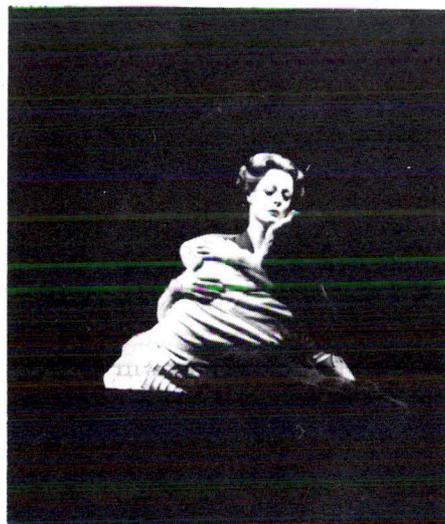
Stratford ticket sales booming

The Stratford Festival box office has taken in \$1 million in ticket sales in its first six weeks of operation in 1976 — an all-time record.

In 1975, which was also a record-breaker in sales, the Festival had sold \$1-million worth of tickets by May 7, ten weeks after the box office opened for business. This year, the Festival has bettered its own record by a full



In a scene from *Hamlet*, Nicholas Pennell plays the title role and Stephen Russell, Horatio.



Antony and Cleopatra, are played by Keith Baxter and Maggie Smith.

four weeks. The box office opened March 8, and by April 19, \$1-million worth of tickets had been processed. Unprocessed orders add another \$500,000 to the amount, bringing the total, at April 19, to \$1.5 million.

With some \$4-million worth of tickets to be sold, however, good seats are still available all through the 22-week season. Heaviest booking to date has been Fridays and Saturdays in July and August. Officials advise that those

Artistic director Robin Phillips says the 1976 festival (the twenty-fourth), promises an exciting, imaginative and eventful season, with full-scale productions of plays by Shakespeare, Congreve, Chekhov, and Oscar Wilde, with the premiere of a new Canadian play.

Additionally, there will be chamber music recitals and pop and jazz concerts, with new and outstanding works of cinema from major production centres throughout the world.

Play titles include: *The Way of the World*; *The Merchant of Venice*; *Antony and Cleopatra*; *Measure for Measure*; *A Midsummer Night's Dream*; *Hamlet*; *The Tempest*; *The Importance of Being Earnest*; *Eve*, and *Three Sisters*.

Artists appearing include Maggie Smith, Jessica Tandy, Hume Cronyn, William Hutt, Martha Henry, Tom Kneebone, Jeremy Brett and Tony Van Bridge.

In the music series there will be appearances by Oscar Peterson, Cleo Laine and John Dankworth, and Anne Murray.

Wide-ranging documentation in French available to public servants

A three-day exhibition of special documentation in French, held last month at the Government Conference in Ottawa, has increased the awareness of public servants of the availability of specific documents printed in French, thereby reducing the cost of translation.

The exhibit, opened by Jean Chrétien, President of the Treasury Board, was also open to the public as well as public servants.

Over 1,500 books and 500 magazines published by firms in Quebec, France and Belgium, offer wide-ranging technical material in medicine, science, technology and management, which federal public servants will have access to through the co-operation of the Treasury Board and Medi-Tech-Science, publishers.

International women's year initiatives in gear

A plan to increase action to promote change in the status of women at the community level was announced in May by Secretary of State J. Hugh Faulkner.

In a pilot project to continue the initiatives begun by the Canadian secretariat of International Women's Year, in 1975, eight consultants experienced with women's groups and community education have been hired to work for one year in eight regions across the country.

The work of the consultants, co-ordinated by the Secretary of State women's program, complements the work of the Department's field staff in 22 communities across Canada as well as the work of individual women and women's voluntary groups in promoting change

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related to the status of women. They will provide basic information and resources to the community on issues affecting the status of women and advise community groups and institutions on ways and means of organizing activities designed to stimulate action on women's issues.

In 1976-77 the women's program of the Department will continue to allocate its major resources to support the activities of women's voluntary groups.

Priority will be given to projects aimed at organizing community resources to enact legislative changes in the status of women, and help combat discriminatory practices. Emphasis will be placed on activities that contribute to the development by women of leadership and community organizing skills; the development of print and audio-visual resources on women's issues; and the greater involvement of rural and isolated women in these issues.

News briefs

- Canada will buy 128 *Leopard* tanks and support systems from West Germany at a cost of \$159 million, announced Secretary of State for External Affairs Allan MacEachen, at the NATO meeting in Oslo, last month.
- The Soviet Union has agreed to buy \$9.7-million worth of drilling equipment from manufacturers in western Canada on a trial purchase that could lead to more sales.
- Transport Minister Otto Lang has announced plans for new trains and track improvements for passenger rail service in central Canada, beginning with a \$30-million program over three years for the Quebec-Montreal route, operated by CP Rail.
- Joe Morris, a former logger from British Columbia, was re-elected president of the Canadian Labour Congress at the recent convention in Quebec City.
- Leaders of the Canadian Air Traffic Control Association may call a strike over the issue of the use of French in airspace over the province of Quebec, which has been promoted by the Federal Government. The national union opposed extension of bilingual air-traffic control throughout the province.
- Lebanese visitors and students in Canada may stay longer than they could under normal circumstances, Immigration Minister Robert Andras has announced. Lebanese visitors without relatives in Canada can stay beyond the maximum time their visas allow and would not be asked to return home "until the situation clarifies itself", said Mr. Andras.
- A fire destroyed the former United States pavilion at Expo '67 world's fair site at Montreal on May 20. The huge geodesic dome, designed by

architect Buckminster Fuller, was a familiar site to the thousands who attended Expo '67.

- Statistics Canada has reported an increase of average weekly earnings during the 12 months to last March of 13.4 per cent, bringing it to \$221.88. The February figure was \$219.62.
- Another report from Statistics Canada shows surplus trade at \$62 million during April, a sharp turnaround from the revised trade deficit of \$27 million in March and the first positive balance this year.
- A moratorium on access to Toronto's Malton Airport by additional air carriers from other countries was announced May 21 until early 1980, when a review of the situation will be undertaken. Traffic has grown to such an extent that a serious congestion problem has developed and will rapidly worsen if restrictions are not imposed, says Transport Canada.
- Reductions in government spending are expected to push down the economy of the Atlantic provinces during the next 12 months, says the Atlantic Provinces Economic Council.
- A coal seam, about 80 miles south-east of Edmonton, Alberta, will be ignited in July in an experiment to tap coal resources without mining, Norbert Berkowitz, head of fuels research for the Alberta Research Council stated. The subterranean fire in the Forestburg, Alberta region will convert the coal into a low-heat value gas that could be used as fuel for powerplants.
- British Columbians will pay 2.3 per cent more for their telephone services effective June 11. The latest rate increases by the British Columbia Telephone Co. amounts to full implementation of a 20 per cent rate increase the company sought in March 1975.