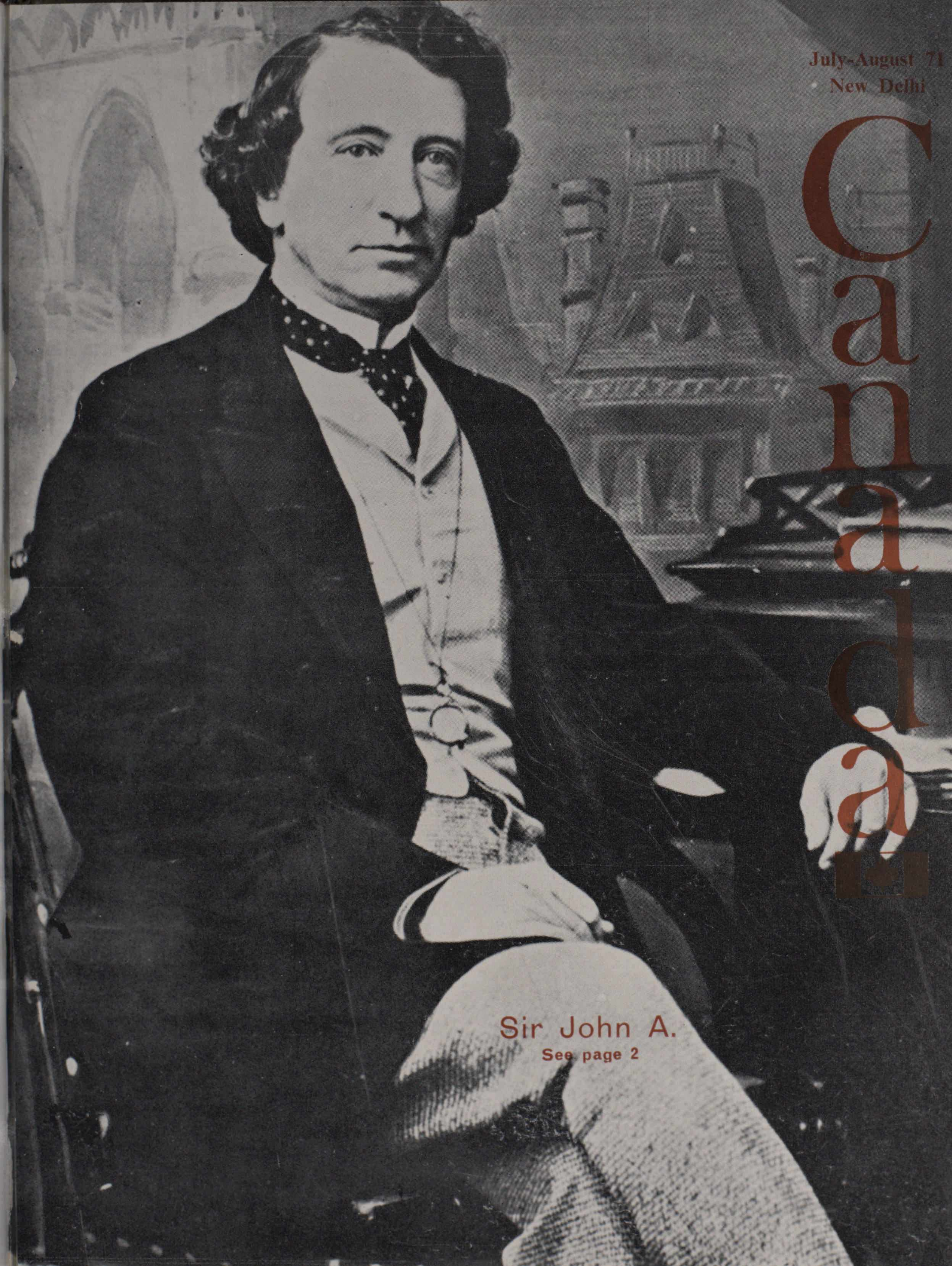
July-August 71
New Delhi

Canada

Sir John A.

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Sir John A.

Master - Builder of Canada

The dream of the Father of Confederation was to shape one great and unified nation from a handful of British colonies

By Bruce Hutchison

John Alexander Macdonald, one of the most decisive figures in North American history, was a magnificent paradox. As widely known for his scandalous public conduct as for his political acumen, he emerges in history as the Canadian counterpart of his great contemporary, Abraham Lincoln. For it was Macdonald who welded Canada into a union.

Today, few of the problems of Canadian-U.S. relations are understandable without some knowledge of Macdonald's life and work. It was he who permanently bisected the continent and made a separate nation north of the United States. Yet it was, in a sense, the United States that made Macdonald. This roistering public actor and melancholy private person might never have achieved his dream of a Canadian nation but for the upheavals of the American Civil War. He might, in fact, never have become more than a small-town politician except for an incident of American intrusion at the very beginning of his career.

In 1838, Macdonald, then a gangling homely lawyer of 23 in Kingston, Ont., already addicted to liquor, undertook the defense of a small group of Americans who had crossed the St. Lawrence River and invaded Canada to rescue it, as they thought, from the tyranny of Queen Victoria. Though Macdonald's principal defendant was condemned to death, the young lawyer's courage in taking a case that could ruin his budding political career won him the admiration of Kingston's voters. Moreover, the abortive invasion brought him the sharp realization that Canada must be united to resist the pressures of her powerful neighbor.

The Canada of those days was a British colony that consisted of a few muddy towns along the St. Lawrence, some half-cleared farms and, beyond them, the wilderness. It embraced the modern provinces of Ontario and Quebec, united in 1841. On the Atlantic coast there were still the four separate colonies of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, which quarreled among themselves and regarded Canada as a remote foreign country. And by 1844 the colonial legislature of Canada was already coming to a dangerous deadlock between British Protestants and French Catholics.

The apprentice Conservative politician whom Kingston sent to the legislature was born in Scotland in 1815. When he was five, his parents brought him to Canada; he spent only about five years in formal schools. His chief qualification for leadership was what he had learned about his fellowmen in books, in the Kingston courts, in too many barrooms. His gaudy clothes and genial raillery, his addiction to bawdy jokes, made him seem a buffoon. Many saw only the mane of black curls, the disarming grin, the jaunty figure announcing from the platform that Canada preferred Macdonald drunk to his chief enemy, George Brown, sober. But others saw in the stricken eyes and prematurely lined face the lonely husband who sat at night beside an invalid wife, the distraught father mourning his first son, dead from a fall at the age of 13 months.

Progress toward Macdonald's goal of a great and unified Canada was slow and tortuous. In middle age, he was still in the political opposi-

tion. His work apparently had ended in failure. But over the years, with his great French-Canadian ally, Georges-Etienne Cartier, he had been quietly devising Canada's first coherent political party—an unwritten coalition between the British and French moderates—as opposed to the divided groups calling themselves Reformers.

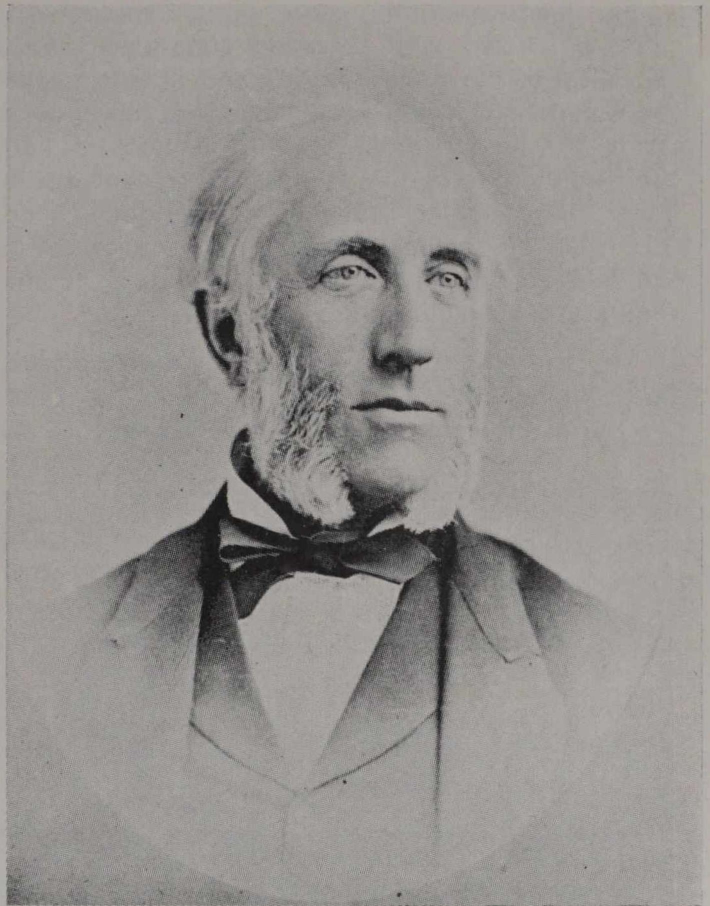
Up to now he had worked largely by hunch and a strategy of postponement that had given him the nickname "Old Tomorrow," but in his Liberal Conservative Party, a loose union of the two Canadian ethnic groups, he had hit upon the only possible method of governing a future nation and a dual society. His ideas gradually won acceptance, and in 1857 he became premier of the colony.

Macdonald saw clearly that the scattered and divided colonies of British North America had no future apart. For different reasons, another frontier politician had reached a parallel conclusion about his own divided country. And the work of Lincoln was shortly to alter drastically the career of the Canadian.

Macdonald dreaded the new U.S. President's power as commander in chief of the world's largest army during the Civil War. What if the Union Army turned northward after defeating the South? The American government had quarreled, almost to the point of war, with Britain as the tacit friend of the Confederacy. Some senators in Washington proposed reprisals on the helpless British colonies.

This fear of the Republic in arms was now shared by Macdonald's political adversaries. The colonial legislature, meeting in Quebec City, had reached final deadlock. Macdonald held in his hand an order from the British Governor General dissolving the legislature when he learned that George Brown, leader of the Reformers and his lifelong enemy, was now willing to join forces with him.

The two men had not spoken together outside the legislature for many years and loathed each other, but Macdonald did not hesitate. He thrust the royal order into a drawer and hurried to Brown's hotel room. An hour's talk created a joint government whose single purpose was to unite all the British colonies in some kind of confederation. The announcement of these plans turned the legislature into a riot of rejoicing.



Reformer George Brown, long a political foe of Macdonald, joined Sir John in a "curious partnership of humor and righteousness"—and Canada was born.

Sir Georges Etienne Cartler.

For Macdonald, the stern puritanical personality of Brown was annoying but manageable. For Brown, the public morals and private habits of Macdonald were scandalous but endurable. With this understanding, the ill-matched pair barnstormed through the Atlantic colonies. In 1864, after months of speeches, banquets and promises of political patronage they assembled, at Quebec, the group known to history as the Fathers of Confederation.

The supreme turning point of Canada's affairs, and Macdonald's, had been reached. He knew it. As manipulator of the Quebec Conference he surprised everyone by his sobriety, eloquence and knowledge of constitutional problems. He used his legal skill to argue the details of a national constitution all day; at night he charmed the bickering delegates with his droll stories, promised them jobs in the future government or terrified them with threats of U.S. power. In the end, though he usually scribbled the notes for his speeches on envelopes, which he invariably mislaid, the Canadian constitution written at Quebec was almost all his work, set down in his untidy handwriting and carried away in his valise. It set the stage for a single country named after the largest colony—Canada.

Macdonald's second wife, Susan Agnes, had been a family friend of his youth. They were wed soon after a chance meeting on a London Street.

Macdonald, Cartier, Brown and Alexander Galt took the draft of the constitution to London for cabinet approval. Brown discovered in his old foe an irresistible companion. Never a good hater, Macdonald flattered him, captivated him over the card table, almost grew to like him and wrote home jokingly about "the old chap" who was three years his junior. The curious partnership of humor and righteousness quickly secured the assent of a British government as frightened as the Canadians of American power. This seemed to call for a celebration. Macdonald and Brown went off to the Derby where even the austere reformer enjoyed the refreshments. From their carriage they assaulted the race-track crowds with pea shooters and bags of flour.

Known as the British North America Act, when it was later formally passed by the British Parliament, the constitution was really the foundation of the modern Commonwealth, though no one then foresaw this long-range result.

The Dominion of Canada, proclaimed at Ottawa on July 1, 1867, amid cannon salutes, bonfires and orations, included only the four provinces of Ontario, Quebec, Nova Scotia and New Brunswick. The boy from Kingston who had become its first prime minister and a Knight Commander of the Bath—Sir John A., as he was known thenceforth—knew that his nation was as yet only a structure of paper documents.

Even at its birth, the Atlantic colonies had threatened to secede. On the western plains the halfbreed buffalo hunters who styled themselves the Metis Nation were linked by trade only with the American states to the south and seemed likely to join them. Beyond the Rockies the impoverished gold-rush colony of British

Columbia, squeezed between the new American territory of Alaska and booming Oregon, had not entered the Confederation and was inclined to join the United States.

If the legal skelton of Confederation was to be fleshed, its sovereignty must stretch from Atlantic to Pacific. The first step was to lure British Columbia into joining. Macdonald resolved to pay a high price for it—an impossible price, his opponents protested in panic. He would build a railway from the St. Lawrence all the way to the Pacific coast!

In an era of reckless chances the old gambler had taken his ultimate plunge. Fewer than four million Canadians were to finance North America's most difficult railway—around the badlands of the Great Lakes, across the prairies, through the unmapped Rockies, down to the Pacific. But, as he had expected, the British Columbians, hoping for nothing more than a wagon road, grasped his offer and joined Canada. It was to be make or break—a railway or no permanent nation.

It was nearly break. Unknown to Macdonald, his correspondence with the Montreal railway syndicate was stolen from a lawyer's safe and delivered to the opposition party in Parliament. To win the election of 1872 he had sought campaign funds from the syndicate and signed, probably while drunk, a fatal telegram: "I must have another ten thousand. Will be last time of calling. Do not fail."

The opposition leaped on that telegram. After many narrow escapes Old Tomorrow was now at last defeated. Although campaign funds from government contractors were nothing new in the sordid politics of the era, Macdonald's supporters abandoned him in pretended horror. The damning evidence was uncovered, letter by letter. The Pacific Scandal wrecked the government, apparently Macdonald's career, and the railway, too.

To the new government of Liberal Alexander Mackenzie the railway scheme seemed financial lunacy. It laid bits and pieces of track here and there, but British Columbia, regarding this temporizing as betrayal, was ready to withdraw from the Confederation. Was Macdonald's work of nationhood, like his career, to collapse unfinished? Sick at heart, he sat in the opposition benches, looking like a faded historical relic, a shrunken ghost of his great days, and watched the new government flounder.

His enemies said Old Tomorrow's day was done. What they failed to see was Macdonald's inner core of steel. They had never understood that all his jokes and persiflage, his ribald campaign speeches and his questionable backroom traffic hid a passionate resolve, a private vision of nationhood.

Gradually this big dream of Canada returned to him with a new power born of mistakes and chastisement. The people felt it at once. From town to town the reviving warrior carried the battle into his enemy's camp. He made good use of the political picnic and, amid laden tables of country food, greeted local voters by their first names, remembered their wives and, from a rough platform or a wagon, aroused them with his word picture of a Canadian state stretching from sea to sea.

The gaunt, stooped figure, the mane of curls now white, the face more deeply lined, the bulbous nose redder, the eyes full of laughter and the voice of conviction, became a myth overtopping the man. His pranks were the street-corner gossip and family joke of the nation. It heard with delight that he had punched an opponent for questioning his word on the hustings, had been restrained by the sergeant-at-arms in Parliament before he could pursue a duel of honor, had shouted at a heckler, "I can lick you as quick as hell can singe a feather!"

These lapses were infrequent and generally exaggerated. In fact, he was working harder and drinking less than ever before. A majority of Canadians soon forgave the Pacific Scandal. If anyone could save Confederation, its founder was the man. Within five years he was returned to power.

Macdonald realized that the railway must be pushed to the Pacific, whatever its cost. But he also knew that the unnatural east-west Canadian economy, erected against the north-south commercial pull of the continent, must fail if it could not be stimulated, and the stimulant must be drastic.

During his first months in office, tariffs were raised to protect Canada's "infant industries" and to encourage the movement of goods from east to west. These measures might be highly questionable economics in the long run but, in

the short, Macdonald advocated them as the only chance for the nation's survival. Wise or unwise, what Macdonald called the "national policy" would live until our time as a key factor in Canadian-American relations.

A new syndicate was formed to undertake the gigantic task of completing the railway. Tracks were laid at breakneck speed across the prairies and through the Rockies. The last spike of the Canadian Pacific Railway was driven on November 7, 1885. The prime minister was soon riding through the Rockies on the cow-catcher of a locomotive, and Canada could claim to be in business as a trans continental state.

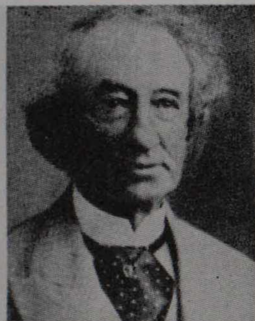
The old warrior died in harness. Ignoring his doctor's advice, the prime minister, then a man of 76, depleted and sick, dragged himself through the hard winter election of 1891, marched with the bands and the torchlights. But even as the voters gave him another term of power he lay paralyzed in his house beside the Ottawa River. The Canadian people, who had learned to love him as much for his faults as his virtues, could hardly imagine their nation without him. Expectantly they waited for some final word from Sir John A.

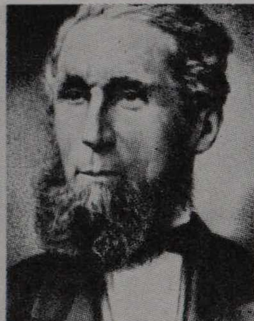
None came, and perhaps none was needed. The message of his long, triumphant but tortured life was known to all Canadians. He had conceived his own dream of Canada and bequeathed it to his countrymen.

From Canada : This Land, These People, Published by Reader's Digest Association (Canada) Ltd. c 1968. Originally printed in Reader's Digest, November 1961.

Driving the last spike by Lord Strathcona on the C.P.R., November 7, 1885. The spike used was not a golden one, but an ordinary spike as used in the normal construction of the C.P.R.

Prime Ministers of Canada 1867 to Present


Sir John A. Macdonald

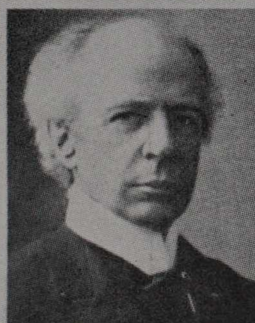

Alexander Mackenzie

Sir John Abbott

Sir John Thompson

Sir Mackenzie Bowell

Sir Charles Tupper


Sir Wilfrid Laurier

Sir Robert Borden

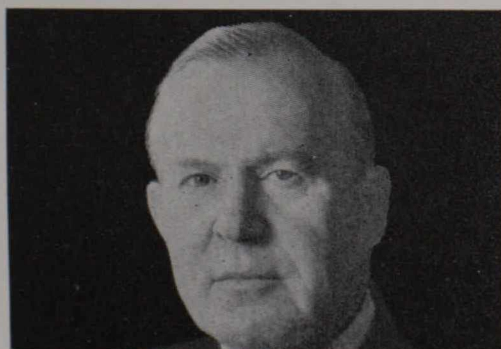
Arthur Meighen

W. L. Mackenzie King

R. B. Bennett

Louis St. Laurent

John G. Diefenbaker


Lester B. Pearson

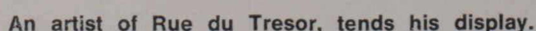
Pierre Elliott Trudeau

Rue du Tresor, Que

Summertime in Quebec City-picturesque an warm-hearted capital of French Canada—bring visitors by the thousands to savor the **melang** of old-time courtesy and architecture with swing ing modernity and eye-catching fashions. Th favourite haunt of intellectuals from acros North America and Europe, the vacation high light of cruise ships and tourist charter buses Quebec is also the mecca of artists of man kinds.

Most obvious to the casual eye are the artist whose paintings and sketches are displayed fo sale along the narrow **Rue du Tresor.** Here rising gently from rue Buade to rue Ste. Ann just across Place d'Armes from the Chatea Frontenac, the artists are, for their 10th consecu tive year, executing, showing and selling thei varied talents for the throngs of browsing tourist and serious collectors of art. For the most par these young artists are students from art school and colleges earning enough during the summe season to continue their cultural studies. Other are recent art graduates perfecting their indiv dual styles and experimenting with new techn ques. All must obtain a city licence costin $20 for a city resident or $30 for a non-resider entitling them to several square yards of spac along the old walls of this historic part of th city.

From early morning, on sunny, warm days this little street for pedestrians, becomes colorful artistic colony where artists, touris and Quebecers talk, discuss and stroll in u hurried tranquillity. Nearby, at gaily-decorate outside tables, wine and coffee can be sippe while pondering a purchase or searching for a artistic idea. At nightfall, when some of th artists illuminate their stalls and their clien can view the paintings until midnight, the su rounding cafes are enlivened with the animate conversations of the cosmopolitan inhabitan and the passing parade of visitors. Rue d Tresor, in the heart of old Quebec City, is on of Canada's most colorful scenes, treasured b artist and tourist alike.



An artist of Rue du Tresor, tends his display.

National Film Board Photostory by John Ough

The Rue du Tresor starts at Place d'Armes and descends to rue Buade, Tourists walk there, visit the artists and buy their works.

A visitor discusses the works of an artist.

The sale of a painting.

Ottawa
A Queen's Choice

By Gustave Lanctot

Parliament Buildings, Centre Block, c. 1873.

Ottawa was a rough, tough lumber town when Queen Victoria picked it in 1857 to be the capital of her united colony of Canada East and Canada West—today's Quebec and Ontario. To the fewer than 14,000 Canadians who lived there, the former Bytown seemed an unlikely choice, but the exercise of the royal prerogative in faraway England had a double advantage. It eliminated capital-city rivalry between Toronto and Montreal, both of which coveted the honor, and it located the government of the would-be nation relatively far from the United States border, safe from military invasion. Even so, Canada's MP's were far from unanimously enthusiastic about Victoria's decision: Parliament ratified it by only 64 votes to 59.

But that was enough. Now, where would Parliament meet? On the hill at the center of the town a handsome stone building was started in 1858. Eight years later, on June 8, 1866, Parliament moved in. Twelve months after that, Confederation: the first of many great occasions celebrated by a larger Canada on the lawns of Parliament Hill.

In 1916, disaster. On February 3 fire destroyed everything but the walls and the library of the proud first home of the Canadian Parliament.

But on the same lofty site there soon arose a bigger, six-story building cut by a multitude of windows, bristling with gargoyles and dominated by the 300-foot Peace Tower with its carillon of 53 bells pealing across the historic Ottawa River and beyond to the green hills of the Gatineau.

The vaulted Hall of Honour (upper right) leads from Confederation Hall to the door (background) of the Parliamentary Library. Right, the Parliamentary Library.

Canadian forces role in mapping

A governmental committee in 1919 estimated that a detailed survey of Canada would cost 180 billion dollars (over five times the price of putting a man on the moon) and take approximately 3,600 years. In the turmoil of publicity of Canada's centennial year the fact was largely overlooked that this job had been completed—3,552 years early, and for a fraction of the estimated cost. By the end of 1967 all 925 sheets, which in total cover Canada at one inch to four miles, were available. The Canadian Armed Forces were a major partner in this magnificent undertaking, and helped spur Canada to world leadership in the application of aerial photography to mapping.

This article first appeared in "Sentinel", the official magazine of the Canadian armed forces.

For about five years after World War II, Army survey teams trekked to remote survey areas by pack train, isolated for as long as five months.

Canada was the first country to experiment with the aerial technique in map-making by taking panoramic photographs from mountain tops as early as 1886. The experiments were somewhat unspectacular on the Prairies, and Canada's earliest soldier mappers sketched their maps and measured distances by pacing. Using this pedestrian approach or pulling a wheel with a revolution counter, militiamen of the Mapping Branch produced 73 maps of major population centres in Canada by 1913. After the First World War aerial photography caught on for large area mapping. Oblique photographs taken from about 5,000 feet were correlated with fixed points established by ground surveying parties and the resulting information formed the basis for a map. Canadians refined this approach into a world famous grid system, which, though accurate in positioning land features, was weak in relief, that is, height contours. Oblique photography (with modifications for horizon-to-horizon scanning) and star shots, were the bases of "first approximation" maps of the Canadian land mass. From the mid-1930's the Royal Canadian Air Force and the United States Air Force flew the aerial photography which resulted in an interim aeronautical and reconnaissance map of Canada by 1948. The veil was lifted, but the lighting was dim.

At the same time, army surveyors and mappers of the Geographical Section of the General Staff, painfully mapped small sections of Canada to geodetic or mathematically accurate standards impossible to meet with aerial photography until the Multiplex Aero Projector, a German invention, was brought to Canada in 1935 by Lt.-Col. E. L. M. Burns, later (as Lt.-Gen. Ret'd) the leader of the Canadian delegation to the Geneva Disarmament Conference. The Multiplex operator could view and measure precisely a three dimentional presentation of flat overlapping aerial photographs—something like a 3D movie. Mountains loomed out of twisting, sunken valleys. In fact, the device created a near perfect optical model of the terrain, removing all perspective errors from the photographs. This beautiful optical reproduction, however, like Alice (in Wonderland) might be any size at all. So ground survey teams were essential to provide accurate position and height fixes in the photographed area as reference or control points.

Despite the Multiplex Aero Projector, Canadian army mappers before the Second World War relied heavily on the army-devised Arundel method, in which the surveyor carried the air photograph with him as a sort of sketch of the area and took accurate fixes on prominent features in the photo. It was a man-against-map operation where personal involvement was high and accuracy varied inversely to the tenacity of the black flies and the absolute temperature. Every summer, military surveyors gamely limped or mushed into the Canadian hinterlands, and Vickers' "Vedettes" with Fairchild cameras buzzed slowly back and forth across the surface of the sleeping giant. Yet, the total map-making effort of the period 1904 to 1944, not including the RCAF and USAF photo-survey, amounted to just about half a single year's mapping in 1949. For, as a result of the war, the optical or stereo model, originated in the Multiplex, had come into its own, along with wide angle photography, bridging techniques (which helped fewer reference points go further), and Shoran, the navigational aid developed for pinpoint blind bombing and adapted to its new role. Methods like the Multiplex and bridging took more and more pressure off the ground parties.

Riding the flood of the Second World War's technological spring thaw, the Cabinet Defence Committee in 1947 abandoned the disjointed forays of pre-war mapping for an ambitious long range program of mapping all Canada at 1:250,000 scale (about four miles to the inch) in 20 years. The program entailed a complete photo survey of Canada, a Shoran-fixed net of control points in the inaccessible north, a denser polkadot of control points fixed by survey parties, and a finished product of 925 gaily-coloured maps depicting at a reasonable scale for the first time the uncharted country of Canada—almost four million square miles.

(In 1947, a map of 425 square miles required just under 200,000 man hours of flying, surveying, plotting, drafting. The same map requires about 100,000 man hours today.) The mammoth program was assigned to the Canadian Armed Forces and the (then) Department of Mines and Resources. It was to be one of the armed forces' major peacetime projects.

Over the 20-year program, the Royal Canadian Air Force flew about seventy-five per cent of the aerial photography, stretched a Shoran net across the entire country in nine years, and supported

the Army Survey Establishment which did about one-third of the total map-making, including a survey of the entire Western Arctic.

Shoran is simply a way to measure distance between widely-spaced points using aircraft and electronic pulses. Knowing the position of two points, the ground and air crews can establish the position of a third; then using the last established point, establish a fourth, and so on, slowly extending the net of datum points. The catch is that each point is a Shoran station, with 13 to 18 men needing supplies for at least a month plus mail and ration runs every week, and each line between two points has to be flown sixteen times for the ideal accuracy. The typical requirement of sixteen transits on 135 lines in 1957 kept "Lancaster" crews flying 12 to 14 hours a day during the short summer—operating out of such "glamorous" bases as Frobisher Bay, Yellowknife, Whitehorse, Goose Bay, Churchill and Thule. About 230 air force technicians and ground crew, splintered into seventeen groups, were air-lifted as close to their hilltop Shoran sites as possible by amphibious aircraft. Then from the nearest point on the lakeshore, the technicians, cook and statisticians lugged the Shoran components on their backs to the summit, and there they remained like bearded eagles for the summer. While the RCAF staked out northern Canada in broad patterns, army ground parties inched their way around unmapped areas, establishing accurate perimeters, which were filled in by aerial photography. Over the entire program, the RCAF photographed three-and-one-half million square miles of Canadian territory in 31,000 hours' flying time.

Up to 1956 army survey teams were still going out in horse parties, loaded with primitive instruments, rabbit snares, and wax-coated matches. Then almost overnight the old systems vanished. New electronic measuring devices, like the tellurometer, replaced tapes and triangulation; automatic levels, and better altimeters replaced hand levels; and helicopters replaced horses. Ground surveying exploded. A team which could cover 700 linear miles a summer in 1950 could cover 2,000 linear miles by 1967. Concurrent with the fieldwork speed-up, fortunately, appeared an equal facility in processing data—the computer. Correlating the optical

Crew, at a lonely outpost pause for lunch.

model with its reference points involves a set of mathematical equations having twelve unknowns. To avoid the lengthy computations, plotters measured everything by hand. The computer, however, now handles the mathematics and allows the process to be automated. Also in the mid-50's, the Airborne Profile Recorder was developed in Canada to give electronically a profile of the terrain an aircraft flies over.

By the end of 1967 the mapping of Canada, to the NATO standard scale of 1:250,000, was complete. In addition, about one third of Canada has been mapped at the more detailed scale of 1:50,000. The rest will take many years, but should be greatly aided by ortho or true-to-scale photography, under development by the National Research Council and the Armed Forces for the past two years. This revolutionary process allows true-to-scale maps to be printed directly from the photograph and eliminates the plotting and drafting of line maps. This further long term task has been assigned to the Department of Energy, Mines and Resources and aerial photography is now done under contract instead of by air force crews.

Nonetheless, the mapping work of soldiers and airmen constitutes a unique and lasting contribution to Canada. It is a mosaic of vignettes of the toughest kind—half-frozen airmen crouched over camera mounts in "Lancasters" and "Cansos," clouds of voracious insects around the khaki figure at a theodolite, water singing in a dented, black kettle, a thousand blunted pencils recording data in a thousand battered notebooks, blurred voices crackling over unruly wavelengths, hands blistered from cutting brush, "Dakotas" taxiing up hills on skis, back packs and tump lines. It is a mosaic of men who lived from bed to cockpit, men who climbed mountains on steel-tough legs, men hunched over stereoscopes, plotting tables, drafting boards, men bearded and fly-bitten, abandoned with a tripod somewhere in the Arctic.

That's what it really took to map Canada.

Prime Minister Trudeau on Foreign Investment

The Prime Minister was asked recently about United States influence on the Canadian economy. All over Canada, one question went, one sees General Motors of Canada, Bell of Canada, Ford of Canada, and so on. "Do Canadians suffer because of domination of the economy by American business interests?"

"They don't, I think, suffer in an economic sense, or even for that matter in a technological sense. It is because of American capital investment, and the technology that came with it, that we enjoy one of the highest standards of living in the world—that our resources, which are extraordinarily abundant, have been exploited to the extent that they are and have provided wealth for the people of Canada. So they don't suffer in that sense.

Certainly they suffer in the sense that they would prefer to see the Canadian economic environment less subject to foreign control. It is a trade-off that each country has to make. Does it want foreign capital and the technology that comes with it, or would it rather remain more independent from that capital and technology, and more poor?"

The Prime Minister was then asked if he is one of those who feel that 51 per cent of all businesses in Canada should be owned by Canadians.

"No, I think that is a very simplistic solution. Everyone should know that you can control a corporation with considerably less than 51 per cent of the equity if the rest of the equity is distributed among many owners. I often have had occasion to disagree with the proposition that we should buy back Canada. I find it much more important to use our high level of savings to invest in either public goods, through taxation and state operation, or in private goods which are future-oriented rather than oriented towards buying up the past. You find those industries which are growing, which have a great future, and channel your savings there and make sure they are Canadian-owned. We've done this in many areas—those areas which are

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essential, shall we say, to the preservation of Canadian identity. There can be no foreign control of our financial and banking institutions, our trust or loan companies; there can be no foreign control of our mass media; there's no foreign control of our uranium reserves and so on. So there are certain collective areas where we can make sure that we do preserve what is essential to the Canadian identity and economic future. But to try and own everything may mean you're not going to accept either capital or technology from the outside, which means that you're really regressing."

Tax Reform Legislation

Following are the highlights from the Tax Reform Legislation presented to the House of Commons by the Minister of Finance on June 16, 1971. We will publish further details in subsequent issues of **Canada.**

Basic individual tax exemption increased to $1,500 from $1,000 and to $2,850 from $2,000 for married couples, effective January 1, 1972.

Capital gains tax to be imposed at personal tax rate of half of gains, with half of losses deductible.

Federal gift and estate taxes abolished December 31, 1971.

General corporation tax rate to be imposed at 50 per cent in 1972, reducing in stages to 46 per cent in 1976.

Child-care expenses to be permitted as deductions up to $500 for each child under 14, to $2,000 maximum a family.

Special exemption of $650 to be granted to those 65 or older, the disabled and blind, replacing $500 exemption at 70.

Deduction of up to $150 a year to be permitted as employment expense without receipts.

Limits raised on deductions to be permitted for pension and retirement plan contributions.

Corporations to be permitted to deduct interest paid on borrowings to buy shares in other corporations.

Unrealized capital gains to be taxed at taxpayer's death, but private homes exempted.

Small businesses to be taxed at 25 per cent on first $50,000 of income.

Tax dividend credit for shareholders of Canadian corporations to be increased to one-third from 20 per cent.

Three per cent surcharge on personal and corporate income taxes removed July 1.

Fifteen per cent excise tax removed immediately on television, radio, hi-fi and other electronic equipment.

Taxpayers with less than $500 taxable income exempted from tax starting July 1.

Guaranteed income supplement payments to old age pensioners removed from taxable income retroactive to January 1, 1971.

Duty-free entry of certain production machinery extended to sawmill and logging equipment.

One-third-cent-a-gallon duty on heavy fuel oil suspended for two years.

Tariff on poleythene resins increased to 10 per cent from 7.5 per cent with corresponding increases for other processed plastic products.

Budgetary deficit for fiscal 1971-72 estimated at $750 million on revenue of $13.66 billion and expenditures of $14.41 billion.

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