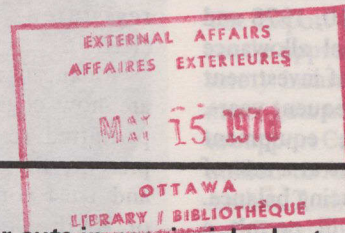


REF.

Canada Weekly

Volume 6, No. 16

April 19, 1978



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Federal compensation for cuts in provincial sales tax — budget

Finance Minister Jean Chrétien, presenting his budget to the House of Commons on April 10, announced the Federal Government's offer to compensate provinces to effect a six-month reduction in their retail sales tax rates. As a result, Newfoundland has reduced its taxes from 11 to 8 per cent; New Brunswick, Nova Scotia and Prince Edward Island from 8 to 5 per cent; Ontario from 7 to 4 per cent; British Columbia from 7 to 5 per cent; Manitoba from 5 to 2 per cent; and Saskatchewan from 5 to 3 per cent. At press time, Quebec was still considering the federal offer. Alberta, the Yukon and the Northwest Territories are not affected since their jurisdictions do not levy a sales tax.

Mr. Chrétien announced that the federal deficit this fiscal year would rise to \$11.5 billion from \$8.5 billion in the 1977-78 fiscal year.

Some of the other proposed changes are in the following areas:

Research and development

Since 1961, the Income Tax Act has allowed a 100 percent write-off of current and capital research and development (R & D) expenditures in the year they are made. This fast write-off was supplemented last year by an investment tax credit on current and capital R & D outlays varying by region from 5 to 10 per cent.

As an added stimulus, it is now proposed to introduce for a ten-year period beginning in 1978 a special allowance of 50 per cent of the increase in R & D activity. The allowance, which is deductible in computing income, would apply to the amount by which a company's R & D expenditures in a year exceed the company's average R & D expenditures over the previous three-year period. The effect would be to reduce a company's after-tax cost of each additional dollar spent on R & D to as low as 20 cents.

Because of the incremental nature of

the new incentive, its impact on tax revenues will depend upon the extent to which industry responds. However, it is estimated that in the initial years the reduction in federal revenue will be about \$50 million a year. Provincial tax revenue would also be reduced in those provinces that have tax collection agreements with Ottawa and those outside the collection agreement which decide to adopt these new provisions.

Energy

Additional tax incentives are being introduced to stimulate the production of energy, in the immediate as well as long term, particularly by new methods that increase the rate of recovery from known oil deposits. Two changes are made in the depletion allowance.

First, the cost of machinery, equipment and other facilities acquired after April 10 for use in an enhanced or "tertiary" recovery system will be eligible to earn a depletion allowance of \$1 for each \$2 of expenditure as compared to the normal depletion allowance earning rate of \$1 for \$3. (An enhanced recovery system is one that uses new technology to recover additional marketable oil from either conventional or heavy oil fields.)

Second, the amount of the depletion allowance that may be claimed each year will be increased for depletion earned on certain investments in non-conventional oil. At present the maximum deduction for depletion is limited to 25 per cent of resource profits. This limit will be increased, effective this year, for depletion earned on certain eligible expenditures to 50 per cent of total taxable income — that is, resource profits and any other profits of the corporation.

Rail transportation

Major investments are needed in the railway transportation system to improve efficiency and restrain cost increases. Therefore an additional straight line



M. Bedford

"The purpose of my budget tonight is to take positive and responsible action to deal with the problems which face the Canadian economy in a very troubled world."—Jean Chrétien.

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capital-cost allowance of 6 per cent will be provided on all railway system assets (other than certain non-rail automotive assets) acquired after April 10, 1978 and before 1983. This additional allowance will be available in the year of investment and in each of the four subsequent years.

For example, signalling equipment now qualifies for an allowance at a rate of 4 per cent a year on the reducing balance. The special depreciation will permit a further deduction of 6 per cent of the original cost of the equipment in the year in which it is purchased and the following four years.

Certified Canadian films

To assist the financing and development of the Canadian film industry, the law provides a special write-off for investment in certain Canadian films or video tapes certified by the Secretary of State. The budget proposes a number of changes to this incentive designed both to improve the quality of Canadian film production and to eliminate abuses.

Under the present capital-cost allowance system, the incentive is technically available for a taxation year only if the film or tape is brought into existence by the end of the year. This has tended to rush the completion of the photography, at a sacrifice of quality in many cases. To allow for a more orderly pace of production, a change will be made to permit the deduction to be taken under certain circumstances even though principal photography was not commenced until after the end of the year. This special rule, applicable to the 1978 and subsequent taxation years, will allow the incentive claim provided principal photography of the film is completed within 60 days after the end of the year.

Registered retirement savings plans

The Income Tax Act now requires a taxpayer, prior to reaching age 71, to use the funds accumulated in a registered retirement savings plan (RRSP) to purchase a life annuity from an insurance company. The annuity benefits are then taxable as they are received. The only alternative now available is to withdraw the full amount of the RRSP and become liable to pay income tax on it in the same year.

It has been decided to add two alternatives for providing retirement income from RRSP funds:

(1) A fixed-term annuity may be pur-

chased to provide benefits to age 90.

(2) The savings may be transferred into a new kind of investment vehicle — a registered retirement income fund (RRIF).

Financial and other institutions that are now eligible to issue RRSPs will be permitted to offer the new options. At present, these are mainly life insurance and trust companies. Under the second, or RRIF, option, a specific fraction of the total assets in the fund — capital plus accumulated earnings — would be withdrawn each year by the holder to provide annual income to age 90. The fraction will be related to the age of the taxpayer in the year and will simply be equal to one divided by the number of years remaining to age 90.

Customs tariff reductions

Temporary tariff reductions on a wide range of goods, initially introduced as an anti-inflationary measure in the 1973 budget and scheduled to expire June 30, 1978, are being extended to June 30, 1979. Exceptions are canned and frozen asparagus and frozen Brussels sprouts for which the Tariff Board has recommended increased protection, glass tableware which a Canadian manufacturer intends producing in increased quantities if the pre-1973 rate is restored, and surface-active agents or synthetic detergents which are now being imported in such increased quantities as to threaten continued expansion of production in Canada. The temporary rate of 10 per cent on certain canned meats will also expire at the end of June; it will be replaced by a 15 percent rate, which is more in line with the rates on other meat products and the needs of the industry but still substantially lower than the pre-1973 rates.

The temporary duty-free provisions covering aircraft and aircraft engines of types or sizes not made in Canada initially established in 1952 and scheduled to expire on June 30, 1978, are to be continued for another year. Free entry is also being proposed for markers used in the aerial spraying or dusting of crops and for catgut used mainly for stringing sports racquets. An existing free-entry provision for fatty alcohols for synthetic detergents is being extended to cover fatty alcohols used to make all kinds of surface-active agents.

A reduction from 20 per cent to 15 per cent is proposed for certain parts for

electric light fixtures to help Canadian manufacturers compete with imports.

Customs tariff increases

It is proposed to withdraw the benefits of the British preferential tariff from certain goods imported into Canada from the United Kingdom and Ireland. These goods include confectionery, cranes for mounting on trucks, certain diesel engines, certain apparatus used in community antenna television transmission lines, and knitted garments. The main reason for this action is to assist Canadian manufacturers who are operating at below capacity or who have lost significant business to imports from the United Kingdom and Ireland. These imports will now be dutiable at most-favoured-nation rates of duty. Since Britain and Ireland ended Canada's preferential access by joining the European Economic Community, Canada no longer has an obligation to extend preferential tariff treatment to British and Irish goods. Many of the remaining margins of preference will disappear as a result of tariff reductions made in the multilateral trade negotiations.

An amendment is being introduced to exclude tires for non-agricultural tractors from duty-free entry. This change is to assist Canadian manufacturers of industrial tractor tires and to correct an anomaly whereby tires used on the tractor portion of some equipment are free of duty while the same tires used on the non-tractor portion are subject to duty.

An amendment is also being proposed to impose a tariff on two basic chemicals used in the manufacture of pesticides. This action will result in substantial investments being made in expanded production of these chemicals and will help ensure a reliable Canadian source of supply. Formulated pesticides used in agricultural and other applications, now free of duty, will continue to be so.

Family farms

Changes are proposed to broaden the special rules that permit the tax to be deferred on a transfer of farm property by a farmer to his children. This is generally referred to as a tax-free roll-over and now applies only to the transfer of farmland and depreciable farm property owned by a farmer. It will be made to apply to an incorporated family farm effective immediately.

(Continued on P. 7)

Distinguished soldier dies

Brigadier (retired) Milton F. Gregg, V.C., O.C., C.B.E., M.C., one of Canada's most distinguished soldiers, died last month at Fredericton, New Brunswick. He was 85.

His first military association was with the 8th Canadian Hussars, then designated the 8th (Princess Louise's) New Brunswick Hussars, just before the First World War. While with the Royal Canadian Regiment he won the Military Cross at Avion in 1917, and a Bar to the Cross at Arras in 1918. For most conspicuous bravery and initiative during actions near Cambrai September 27 to October 1, 1918, he was awarded the Victoria Cross.

In 1934, Brigadier Gregg was appointed sergeant-at-arms of the House of Commons, and during the Second World War served overseas with the Royal Canadian Regiment and commanded the West Nova Scotia Regiment. He later commanded the Officers' Training Corps at Brockville, Ontario and the Canadian School of Infantry at Vernon, British Columbia.

Milton Gregg, born in Mountain Dale, New Brunswick, was a former president of the University of New Brunswick. He moved into federal politics in 1947 and until 1957, he was successively Minister of Fisheries, Minister of Veterans Affairs and Minister of Labour.

Brigadier Gregg later accepted United Nations duties abroad, and in 1963 he was a delegate to the UN General Assembly. After other External Affairs' appointments abroad, he retired in New Brunswick in 1968.



Brigadier Milton F. Gregg

Student Commonwealth conference

One hundred and five delegates from across Canada comprising 35 delegations met for the Sixth Student Commonwealth Conference in Ottawa from April 3 to 7. Its theme was "Human Rights Issues in the Commonwealth". The conference took place at the same time as the Commonwealth Youth Affairs Council Biennial Meeting.

Each year since 1973 the Ottawa Branch of the Royal Commonwealth Society, with the co-operation and support of the Department of External Affairs and Commonwealth High Commissioners resident in Ottawa, has organized a student Commonwealth conference. Its purpose is to provide an opportunity for Canadian young people to increase their understanding about the nature of the modern Commonwealth and its role in seeking solutions to current international problems. Each delegation represented a Commonwealth country in the course of the conference.

The keynote address for the opening

session on April 4, was given by Nahboob Ahmad, High Commissioner for India. Gordon Fairweather, Chief Commissioner of the Canadian Human Rights Commission and a former Member of Parliament, delivered the theme address.

Appointment of Honorary Consul in St. Pierre and Miquelon

Secretary of State for External Affairs Don Jamieson has announced the appointment of Jean-Pierre Andrieux as Canadian Honorary Consul in St. Pierre, France (with jurisdiction in the islands of St. Pierre and Miquelon).

His appointment reflects the close relations which exist between the islands and many regions of Canada, primarily with the province of Newfoundland. Mr. Andrieux will be in a position to facilitate visits to the islands by Canadians, many of whom travel annually from neighbouring Newfoundland, from Nova Scotia and from Quebec.

EDC supports export sales

The Export Development Corporation recently approved loans, export credits and surety insurance, as well as foreign investment guarantees totalling \$305.6 million to support Canadian export sales of \$350.6 million to Argentina, Brazil, Poland, Saudi Arabia, Turkey, the United Arab Emirates and Britain.

Of the total, some \$288.7 million were approved for loan and insurance transactions in support of sales of \$299.7 million. Foreign investment guarantees approved for \$16.9 million are expected to bring benefits of \$50.9 million to Canada.

The transactions involve such goods and services as pulp and paper products, rails, oil-field development, electrification services, pipes and fittings, sawmill equipment and services, and hydro-electric installations.

Trials in either language

Justice Minister Ron Basford introduced a bill in the House of Commons on April 4 that would give an accused person the right to trial by a judge or jury speaking his own language, provided it were either English or French. At present persons speaking any language may testify in their own tongue through an interpreter and this right will continue. In addition persons whose own language is other than English or French may demand a trial in the official language in which they can best give testimony.

Under the proposed legislation, judges would also have discretion to order a bilingual trial.

While all ten provinces had accepted the idea of trials in either language, only four — Quebec, Ontario, Manitoba, and New Brunswick — would be ready by the time the bill was passed, said Mr. Basford. The Government would not proclaim the bill law until the legal systems in the remaining six provinces were ready to meet its demands. They needed time, said the Minister, to ensure that there were sufficient judges speaking both languages and to work out administrative details of constituting juries with the necessary language capabilities.

The judges' option for a bilingual trial could be exercised if they believed it to be in the interests of efficiency. This would require the empanelling of a bilin-

gual jury. Mr. Basford said he believed all provinces would be capable of offering trials in both languages through changes in venue and special measures for empanelling juries with various language capabilities. He noted that even British Columbia had 100,000 bilingual persons.

Canada/Japan fisheries pact

Canadian and Japanese delegations meeting in Ottawa from March 28 to April 1, initialled the text of an agreement which, on approval by both governments, will set out the terms governing continued fishing by Japanese vessels under Canadian law in areas under Canadian fisheries jurisdiction, for resources surplus to Canadian requirements.

The agreement includes provisions for the determination by the Government of Canada of allotment for Japanese fishing vessels, the issuance of Canadian licences to these vessels and their compliance with the conservation measures established by Canada. The accord also refers to the special interest of Canada in fisheries resources in the area beyond and immediately adjacent to the Canadian 200-mile zone. It is the fifth agreement to do so since the extension of Canadian jurisdiction to 200 miles. Similar agreements have been concluded with Cuba, Romania, the German Democratic Republic and Bulgaria. It becomes the twelfth agreement dealing with foreign fishing in the Canadian fishing zone.

Beware hypertension — it's a killer

Hypertension, if undiagnosed and untreated, eventually will produce death or disability from a heart attack, stroke or kidney failure. The first two of these kill more North Americans than the other two leading causes of death combined — cancer and accidents.

When detected early enough, however, and properly treated, the patient's chances are very good, though frequently the treatment must continue for a long time, possibly for life.

Hypertension research at Memorial University of Newfoundland will be stepped up with the receipt of two recent awards: a \$215,000-grant from the Department of National Health and Welfare

to the medical faculty will be used for a three-year study on ways of improving health care to persons with high blood pressure; and Dr. G. Fodor, Professor of Epidemiology and head of the hypertension research team, has been given the National Health Scientist Award, which is given to a limited number of Canadians of outstanding ability and research competence.

Three-way plan

Physicians, nurses, paramedical workers and patients located in St. John's, Grand Falls, and Corner Brook, Newfoundland, will comprise a team, which will use a three-way approach in determining how hypertension can best be diagnosed and controlled.

The team will assess whether the public is being sufficiently alerted to the inherent dangers of hypertension through an accelerated education program to be initiated by the Canadian Heart Foundation; it will investigate whether the doctor to whom the patient first comes for diagnosis, is able to handle the present patient load, and the increased patient load generated by the Heart Foundation or other public education program.

It will also study whether the skills of other members of the health-care team could be more effectively used in all phases of hypertension control. This applies in particular to nurses, but also includes other para-professionals, such as technicians.

Depending on the outcome of such investigations any one or all of the present approaches to hypertension diagnosis and control may be discarded or modified greatly, a little, or not at all, Dr. Fodor said.

However, since the great percentage of hypertensives go undetected, and at least 50 per cent of those who are diagnosed eventually drop their treatment, it is unlikely that the present methods of detection and control will remain unchanged.

Undiagnosed condition

Over two million Canadians, or 10 per cent of the population, have hypertension, most of whom are undiagnosed. In Newfoundland the problem is even greater, the incidence being 15 per cent. (The reasons for this 50 per cent higher morbidity is being investigated by teams of researchers who are looking into environmental and other factors — such as soft drinking water, high salt intake, heredity, etc.)

The choice of treatment varies with the severity of the disease, the patient's response to pressure-lowering drugs and an apparent ability to stick with a special diet.

Treatment drop-outs

Dr. Fodor explained that lowering the blood pressure requires a great deal of attention, persistence and effort on the part of the patient and physician. Because undetected hypertension is an asymptomatic illness, that is, one with only vague symptoms of headache or feeling unwell, or no symptoms at all, and because medication frequently may have some unpleasant side effects, 50 per cent of all hypertensives drop out of treatment of their disease.

"This non-compliance of patients is presenting crucial health problems," Dr. Fodor said. "One of the very important aspects of this study will therefore be the improvement of the compliance rate of patients...to diagnose, control the hypertension, and then keep it under control. This may mean initiating a new system entirely."

Beef and veal import controls

Agriculture Minister Eugene Whelan and Minister of Industry, Trade and Commerce Jack Horner announced on March 30 that the Federal Government had set up an ongoing procedure to control imports of beef and veal.

"There has been a surplus of beef and veal on the world market since 1974. In the fall of 1976, the United States invoked quotas under its Meat Import Law and the Canadian Government set quotas on beef and veal imports. Now we are formally setting out the procedure we will use in future to prevent disruptions in our domestic market," said Mr. Horner.

The quotas will be set under the Export and Import Permits Act in relation to the average level of beef and veal imports between 1971 and 1975, adjusted for changes in domestic beef consumption since this base period.

"The trade in live cattle will not be affected by these import controls. Furthermore, the Canadian import controls complement the U.S. Meat Import Law and should help to preserve the normal beef and cattle trade between Canada and the U.S.," Mr. Whelan said. The procedure will be assessed after a three-year trial.

News of the arts

Employment of the handicapped

Robert Andras, President of the Treasury Board, has announced the Government's intention of increasing employment opportunities for handicapped persons employed in the federal Public Service. Mr. Andras tabled his comments in the House of Commons on March 21 with a report entitled *Employment of Physically and*

Mentally Handicapped People in the Federal Public Service, which he had commissioned as Minister of Manpower and Immigration.

The report is the result of a two-year study conducted jointly by the Department of Manpower and Immigration and the Public Service Commission, in consultation with several other departments. The study included pilot projects operated in four cities to encourage employment

of the handicapped within the Public Service as well as widespread discussions with handicapped persons and associations representing the handicapped.

Mr. Andras noted that the report provided a comprehensive view of the type of barriers that could prevent handicapped people from enjoying equal employment opportunities and career development in the work force.

Included in the plans are the following highlights:

- Departments are to review and eliminate any policies or practices governing the design of jobs, the selection, training and career development of employees or the provision of office facilities which might unconsciously discriminate against the handicapped.
- The Public Service Commission has begun a review of its staffing policies, to ensure that the handicapped are not screened out by recruitment and selection procedures which were basically designed for the non-handicapped.
- The Department of Supply and Services is studying an expansion of the employment of handicapped workers in the provision of services and materials to the Government.
- The Government's contract policy governing the use of sheltered workshops is being reviewed.
- Departments are to develop action plans to facilitate the employment of the handicapped and will report regularly on their progress.
- An advisory group, composed of representatives of various agencies and associations concerned with the needs of the handicapped, is being established to advise departments on their action plans.
- The Department of Public Works will co-ordinate studies of how all government buildings can be converted by 1983 to accommodate handicapped employees and to be accessible to handicapped members of the general public.

Mr. Andras pointed out that there was a lack of information on the number of handicapped people in Canada and their participation in the work force. Despite this, he said, the Public Service's record of employing the handicapped appeared to be at least at parity with other employers in Canada.

"But that in my view is not good enough. I believe that we must take a position of leadership in the area and, by so doing, set an example for other employers," he stated.

New bus rivals plane

Telephones, hostesses and hot meals are innovative features of a new bus service from Montreal to Quebec City, inaugurated on April 10.

Voyageur Inc.'s Grand Express was introduced mainly for businessmen and public servants, who make the journey regularly, and to compete with other modes of transportation. "Compared to the train," says a Voyageur spokesman, "a survey of our operating costs has concluded that we could, within a radius of 200 miles, offer for a comparable price a much superior service including more on-board conveniences...." In comparison to plane travel, he continued, the new service linking city centres, is more econo-

mical in time and money, it can be reserved in advance, it features the same on-board service and, above all, has the "outstanding feature (telephones), which allows contact with the exterior during the trip which is so important to the businessman".

The \$130,000-vehicles have 24 seats, compared to 43 or 47 on the regular buses, built in rows of three instead of the usual four. Each seat has a control panel from which four types of music may be chosen, lights adjusted or hostess called. There are four departures a day — \$21 single, \$42 return fare, which includes meals, newspapers and magazines. Regular return bus fare for the 24-kilometre journey from Montreal to Quebec City is \$19.80.



Norman Denault (above), Vice President of Marketing for Voyageur Inc., who announced the inauguration of a new "deluxe" bus service between Montreal and Quebec City, is shown with one of the hostesses working on the Grand Express.

Calgary police join kids at school

"Really, there are two approaches you can take in dealing with kids in schools. An officer can go into the classroom with lecture-type material. Or you can do what we've opted for here — have a policeman available to communicate with kids whenever they want it."

Inspector Al Menzies, the officer in charge of Calgary's Youth Detail, was referring to that city's very successful school counsellor program, through which police officers are now assigned full time to six senior high schools.

The Calgary program, now four years old, came about as a conscious effort on the part of the Police Department to become more involved with the public. "We used to be a paramilitary organization working in platoons," notes Howard Leary, Assistant Chief of Police. "When we did have contact with the public, it was usually because the public was a violator or needed assistance. And because our officers worked only two to four weeks in any part of the city, they didn't get to know people very well."

The team-policing approach, whereby teams of officers remain in an area, has resulted not only in much closer liaison with the community, but also in more involvement by the public in helping police. Each zone has one constable who is a crime-prevention officer, working in the schools counselling young people and talking about police work and the law.

Students suspicious at first

"It took a while for kids to accept the idea," Menzies admits. "They looked at us with a rather jaundiced eye for the first year. But slowly and surely, our fellows earned their respect. Now they're coming to the counsellors with all kinds of problems. For school-oriented problems, they go to the guidance counsellor, but they discuss things like, for instance, a drunken father or alcoholism in the home." Once within the school, officers have made a definite point of leaving discipline and/or punishment to the school, whose prerogative they feel it is.

Each school involved in the program provides a private office where students know they can talk in confidence with the police counsellor. And when he isn't talking to someone in his office, the officer spends his time in the cafeteria or out on the school grounds taking part in



Al Menzies and Constable Bosniak talk to students at St. Mary's School, Calgary.

the sports program. "We consciously shop for men who are excellent athletes," Menzies declares, "because kids relate best to them when they participate in the sports program."

Fewer drugs

Neither Al Menzies nor the schools fool themselves that all their problems will disappear. They know, for instance, that there are still drugs around — but less of them. "Most of the peddlers are not students in the schools," says Menzies, "and where there are resource officers the kids come in as a matter of fact when some-

one they don't know starts hanging around. A lot of them don't want the pushers around either, and they'll say, 'Hey, there's someone on the parking lot with a trunk full of grass.'"

Police say also that they've noticed quite a difference in the way young people relate to them, not only at the schools but outside. "There's less tension now when officers stop a car," notes Menzies. "They don't seem to feel the need to say something smart or create a scene. Now the officer gets reasonable answers and nobody is mad."

(From Liaison, Vol. 4, No. 2.)

Money for multiculturalism

Additional resources next year of \$2.5 million will enable the federal multicultural program to provide support to a wide range of activities. The Government will set aside over \$50 million to provide equal opportunities to cultural groups over the next five years to share their traditions with all Canadians.

Financial assistance will be available towards the costs of national ethno-cultural organizations and special consideration can now be given to projects promoting the cultural integration of immigrants particularly in group development.

Programs currently under way will be

expanded. Through a Canada-wide network, the federal department will provide increased aid to groups seeking funds for such projects as conferences or seminars discussing current issues of concern; language workshops and teacher-training.

Canadian histories have been or are being commissioned to encourage an awareness of the integral part played by various minority groups in Canadian history. A series of anthologies in the official languages is also being planned to promote the creative literary contribution of Canada's many cultures. Other ongoing activities in the performing arts area include multicultural theatre and choir festivals, workshops and involvement in major national events.

News of the arts

Rare window paintings

Other than an impressive Victorian mansion on upper Drummond Street in what was once the "square mile" of Montreal's upper class residences, McGill University had no inkling what it acquired when it purchased Hosmer House in 1969.

Through an accidental discovery recently, the university realized it had also become the owner of a collection of rare sixteenth and seventeenth century European painted glass panels.

Until removed by McGill for safekeeping and analysis a short while ago, the 39 *medaillons* remained in their original *art nouveau* window assemblies apparently unnoticed for at least 75 years before someone pointed out they were not just a conventional assortment of old coloured glass pieces.

Discovery

Ariane de Jongh Isler, a postgraduate student in art history at the University of Montreal, was on a conducted tour of the building's still elegant interior when she recognized the *grisaille*, silver-yellow, and the brilliant enamel colour techniques of secular glass painting that the emerging bourgeoisie of sixteenth and seventeenth century Europe were favouring in their homes.

Anthology

Mrs. Isler says that it is rare to find a wide range of styles in a single grouping. The Hosmer collection turned out to be an anthology of Flemish, Dutch, French, German, Swiss and Italian styles.

"It is very unusual to find them in



Set in lead in a staircase window, this was probably painted in the middle of the sixteenth century. It is 25 cm high and 19 cm wide and represents the French Manierism style of window painting.

Canada, let alone in a residential building, still preserved in this particular setting which was the fashion at the turn of the century."

Hosmer House was built about 1900, at a time when *art nouveau* windows decorated with lead filigree were popular with architects and wealthy home owners. While there is no record of where the *medaillons* came from, it is likely they were purchased in either England or con-



This drawing is either of Italian origin or is a French illustration of a character from the Italian theatre (painted during the first half of the seventeenth century).

tinental Europe and installed in the windows.

Art historians and architects at McGill and the University of Montreal are now authenticating the discovery, and says Mrs. Isler, "Even in the event that part of the collection is a forgery, scholars will still be very interested in studying it."

She hopes the *medaillons* will remain at McGill to be put on permanent exhibition there.

Budget (Continued from P. 2)

The roll-over will cover transfers to children of shares in qualifying farm corporations and of interests in qualifying farm partnerships. To qualify, the farm corporation or partnership must be carrying on a farming business in Canada, substantially all of its assets must be used in the business and one or more members of the farmer's family must be actively engaged in running the farm. The roll-over will also be extended to cover transfers of agricultural quotas.

Family law reform

Several provinces are enacting important

basic changes in their laws relating to the division of certain properties between parties to a marriage. In some provinces the new laws for the division of property will apply to all married couples, while in others they will relate to property division only in the case of a marriage breakdown.

Although property law is a field entirely within provincial jurisdiction, these changes affecting marital properties give rise to a problem in the application of federal Income Tax Act provisions relating to capital gains.

Technical changes will be made to the Income Tax Act to facilitate the division of property between spouses without

incurring a capital gains tax liability. No tax would arise on the original transfer. On a subsequent sale of the property, each spouse would report an equal share of any capital gain.

An example would be a cottage (other than a principal residence) originally bought by a husband in Ontario for \$10,000 and valued at \$25,000 at the time of a divorce or legal separation. Under the existing Income Tax Act, the husband would be deemed to have disposed of a one-half interest in the property. The difference between the fair market value of his half-interest (\$12,500) and his cost thereof (\$5,000) would represent a capital gain of \$7,500

and the husband would be liable to tax on half of that amount. Since the taxpayer's wife would not have paid anything for her interest in the property, she would have no cost. This means that on a later sale of the property, she would be required to treat her full share of the proceeds as a capital gain and would be required to bring one-half of the proceeds into her income.

The change proposed ensures that a capital gain will not arise on the division of the property. The husband will be deemed to transfer his half-interest in the cottage for \$5,000. On any subsequent sale of the property, both the husband and wife would include one-half the gain in income.

Grants in aid of bilingual programs

Twenty-one grants totalling \$139,405 have been awarded to voluntary organizations to aid them in making use of both official languages.

Some of these grants will help such associations meet the cost of simultaneous-translation services during conferences and the cost of translating their main documents. The associations, required to meet part of these costs themselves, will eventually be encouraged to consider interpretation and translation services as part of their normal operating costs. Other grants are given to organizations to assist in their plans for developing bilingualism.

The following organizations received grants for both simultaneous interpretation and translation of documents:

New Brunswick Psychological Association Inc., Moncton — \$1,185; Federal Institute of Management, Montreal — \$860; International Maple Syrup Institute,

Montreal — \$1,200; Quebec Furniture Manufacturers' Association Inc., Montreal — \$3,500; Canadian Paperworkers Union, Montreal — \$10,700; Canadians For Health Research, Montreal — \$3,755; Canadian Council on Electrical Maintenance, Dorval, Quebec — \$939; The Quebec Society for Autistic Children, Pierrefonds, \$1,025; National Union of Students (NUS), Ottawa — \$3,000; World Literacy of Canada, Toronto — \$2,120; The Children's Broadcast Institute, Toronto — \$7,725; Ontario Association of Family Service Agencies, Toronto — \$9,060; Committee on National Voluntary Organizations, Toronto — \$7,760; Canadian Ethnic Studies Association, Toronto — \$4,520; Canadian Advertising Advisory Board, Toronto — \$1,200; Canadian Association for Pastoral Education, Mississauga, Ontario — \$3,000; Canadian Association of Animal Breeders, Guelph, Ontario — \$1,456.

Four organizations were given grants for their bilingualism-development plans — World University Service of Canada, Ottawa — \$25,000; Canadian Association in Support of the Native Peoples, Ottawa — \$25,000; the Canadian Red Cross Society, Toronto — \$25,000; and the Canadian Federation of University Women, Regina, Saskatchewan — \$1,400.

News briefs

The Bank of Canada increased its lending rate to 8.5 per cent from 8 per cent, effective April 4, the second time in less than a month. The bank rate was increased to 8 per cent from 7.5 per cent on March 9. Gerald K. Bouey, Governor of the Bank of Canada, said the decision to raise the bank rate had been taken in light of the downward pressure on the Canadian dollar in the unsettled international currency markets.

The Federal Government is preparing legislation for the rationing of oil and gasoline if the need arises. Energy Minister Alastair Gillespie told the Commons that the Government hoped to introduce the measure in the next session of Parliament but, he said, such a law would be used only in an emergency.

Hong Kong and Canada have signed a memorandum of understanding that calls for Hong Kong to restrain its exports of certain textile products to Canada.

The Federal Government has agreed to contribute up to \$26.4 million in a program to encourage industrial development in Manitoba.

A **seasonally-adjusted merchandise** trade surplus of \$306-million was recorded in January, compared with a surplus of \$435 million in December.

The Government plans to study the use of a means test to limit eligibility of unemployment insurance claimants. Employment Minister J.S.G. Cullen said on April 4 that an internal advisory body would be asked to examine the idea to bar high-income earners from receiving unemployment insurance benefits. While he did not favour the proposal, he said, complaints had been received about people earning more than \$20,000 a year receiving the benefits which, said Mr. Cullen, he could not "just dismiss out of hand".

After 38 years, the McGill University's rowing club is starting up again, reviving a popular sport which once drew up to 2,000 spectators to competitions. From 1926 to 1939 the Montreal university's team excelled under coach Urbain Molmans, winning a number of contests, notably the Henley Regatta in 1927. But Molmans' death and the outbreak of the Second World War brought it to a halt.

Premier Alex Campbell of Prince Edward Island has called a provincial election for April 24 in which he will be seeking a record fourth term. The election call came in a packed Legislature shortly after the province's 1978-79 budget was brought down. The Premier predicted a tough campaign. At dissolution, Mr. Campbell's Liberals held 24 seats and the Conservatives held 8 in the 32-seat House.

Air Canada will not operate a low-cost domestic charter program this year because it says its Nighthawk flights will be an adequate substitute.

The St. Lawrence Seaway is expected to award soon a contract for a cost-benefit study on an extended Seaway season of up to 11 months, according to a senior adviser to the President.

Union Gas Ltd. has applied to the National Energy Board to export up to 50 billion cubic feet of synthetic natural gas to the United States.

Canada recently captured the gold medal in the world junior curling championship held in Grindelwald, Switzerland, with a 4-2 win over Sweden. It was the second world junior title for the Canadian "skip", Paul Gowsell of Calgary, who won in 1976 in Aviemore, Scotland.

Canada Weekly is published by the Information Services Division, Department of External Affairs, Ottawa, K1A 0G2.

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Cette publication existe également en français sous le titre Hebdo Canada.

Algunos números de esta publicación aparecen también en español bajo el título Noticiero de Canadá.

Ähnliche Ausgaben dieses Informationsblatts erscheinen auch in deutscher Sprache unter dem Titel Profil Kanada.