



# Bulletin

Vol. 24, No. 26

June 25, 1969

## BENSON BALANCES BUDGET

Finance Minister Edgar J. Benson presented to the House of Commons on June 4 a budget geared to "the number one priority in economic policy today to deploy all available forces - public and private - more aggressively than ever in the battle against inflation".

The following are its highlights:

The Federal Government hopes to meet and surpass the target of a balanced budget in 1969-70. A substantial surplus of \$390 million is now indicated before new budget proposals.

The change from a budget deficit of \$566 million in 1968-69 to the prospective large surplus this year represents a swing in the economic impact of the budget of almost \$1 billion, which is considerably more than one per cent of Canada's gross national product.

The surplus will combine with a monetary policy of restraint to provide a powerful check on inflationary forces, and to ease the strains in capital markets.

Because a full measure of restraint is essential, the fiscal brakes exerted by the present structure of income taxes are to be maintained. The existing surtaxes on personal income tax and corporation income tax applicable for years 1968 and 1969 will be extended until December 31, 1970.

Selective measures are proposed to contain price and cost increases, while taking into account uneven distribution of current economic expansion across Canada.

New tax and tariff measures will be generally offsetting in revenue effects resulting in, after book-keeping write-off of \$125 million federal share of

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Expo deficit, a reduced anticipated 1969-70 budget surplus to \$250 million.

The remaining three stages of Kennedy Round tariff reductions are to be effected immediately. This step is designed to increase price competition and resistance to increased costs.

Exemptions are liberalized on goods brought back by Canadian tourists from trips to United States and abroad.

Capital-cost allowances for tax purposes will be deferred for two years on new commercial buildings in major centres of Ontario, Alberta and British Columbia.

## TAX ON AIRLINE TICKETS

Fees and charges levied by federal agencies and departments are to be reformed, including the imposition of a tax on airline tickets or on air carriers' charges, for passengers on domestic and international flights.

A national accounts surplus of about \$300 million is now indicated for the government sector as a whole in 1969, apart from flows under Canada and Quebec Pension Plans.

The net extra-budgetary requirements for the fiscal year 1969-70, apart from foreign exchange requirement, are forecast at \$650 million.

## BACKGROUND OF BUDGET POLICY

A strong economic advance has carried forward into 1969. Demand is firm from all sectors and unemployment has declined in the last 12 months.

The gross national product is forecast to increase by 9 per cent in 1969, assuming an increase in prices of about the same extent as in 1968 and anticipating an advance in real output of more than 5 per cent.

The rate of increase in the price index of GNP has subsided from its 1966 peak, but the persistent year-to-year rise in prices and costs is unacceptably high. The strength of the current expansion clearly aggravates the threat of intensified inflationary pressure.

There can be no question that the No. 1 priority in economic policy today must be to deploy all public and private forces more aggressively than ever in the battle against inflation.

International price trends are exerting a growing influence on our own. Germany and Italy are the only major economies experiencing price increases lower than Canada. Neither Canada nor other trading nations can afford to relax efforts under way on a worldwide basis to reduce inflationary pressures.

The Price and Incomes Commission will be a valuable new element in Canada's anti-inflationary arsenal. It can investigate why particular prices rise, point to solutions and focus the power of public opinion.

For the current 1969-70 fiscal year, budgetary revenues before any tax changes are forecast at \$12,040 million, and budgetary expenditures at \$11,650 million, for a surplus of \$390 million. Tax and tariff proposals, and the bookkeeping write-off of \$125 million as the federal share of the Expo deficit, reduce the surplus to \$250 million.

The federal and provincial governments have been concerned to find ways to control costs and to improve the efficiency and productivity of major shared-cost programmes. These and other questions now are before the federal-provincial tax structure committee.

In further meetings, the governments will discuss how arrangements now in effect for co-ordination in the income tax fields will be affected by the programme of tax reform. The Federal Government looks forward to the closest possible consultation and collaboration with the provinces in this vital regard.

## NEW NORTHERN AIRPORTS

Ten airports are to be built in the next eight to ten years at remote settlements in the Northwest Territories and the Yukon, at an estimated cost of \$5,616,000.

The announcement of the programme, which was approved by the Cabinet in April, was made recently

by Mr. Jean Chrétien, Minister of Indian Affairs and Northern Development, who said that the entire construction costs would be borne by his Department.

Work on some of the airports will be started this year by the Department of Transport, using local labour. Gravelled strips capable of handling transport aircraft of medium size will be 3,300 feet long and 100 feet wide, with provision for later expansion. Mr. Chrétien said that the Government was eager to employ Eskimos and Indians to train them to take over the maintenance of the airports when they were finished. The airports will then become the responsibility of the territorial governments.

The installations, which will be designated by the Government as "remote airports" will be built at Cape Dorset, Igloolik, Eskimo Point, Pangnirtung, Old Crow, Whale Cove, Fort McPherson, Aklavik, Pond Inlet and Chesterfield.

An airfield started in 1968 at Coppemine, N.W.T., the scene of intensive mineral exploration activity, has also been designated a "remote airport". Work will begin this year on the two airports to be located at Pangnirtung and at Eskimo Point. Tentative priorities have been established for the other eight airports but will remain flexible and subject to change.

The decision of the Cabinet to build airports in these locations was made following a survey of the transportation needs of the Yukon and Northwest Territories, with the object of providing year-round transportation to isolated communities and to improve medical, educational and other services in the North.

## NATIONAL LABOUR CONFERENCE

Labour Minister Bryce Mackasey recently announced plans for a national tripartite industrial relations conference, to be held in Ottawa during October.

Described by Mr. Mackasey as "one of the more publicly obvious initiatives the Department is taking to improve the quality of effective dialogue between labour, management and government", the three-day session from October 27 to 29 will be attended by more than 200 senior representatives of labour, management and government.

The Minister said that the conference would be a fitting tribute to the International Labour Organization which is celebrating its fiftieth anniversary year in 1969.

Beyond this, however, he declared, the conference would seek, "through free and open discussion, to clarify the respective responsibilities of unions, management and governments in working towards more mature industrial relations in the public interest". "This conference," he continued, "could be a new experience in industrial relations dialogue for Canadians as a whole."

## FISHING ZONES DELIMITED

The Secretary of State for External Affairs, Mr. Mitchell Sharp, made the following statement in the House of Commons on June 4:

The House will recall that on April 5, 1969, the Minister of Fisheries announced the Government's intention to draw further straight base-lines delimiting Canada's territorial sea and exclusive fishing-zones along the east coast of Nova Scotia and the west coast of Vancouver Island and the Queen Charlotte Islands. I am pleased to announce that the Governor in Council has now issued a list of geographical co-ordinates of points from which these base-lines are to be drawn.

This new series of co-ordinates will be effective upon their publication in the *Canada Gazette* on June 11, under the authority of the 1964 Territorial Sea and Fishing Zones Act. That legislation created, beyond Canada's previously existing three-mile territorial sea, a further nine-mile zone within which Canada has exclusive jurisdiction over fisheries. At the same time, the 1964 legislation empowered the Government to establish along the coasts of Canada a system of straight base-lines which, in the areas where they were established, would replace the sinuosities of the coast as the starting point for measuring the breadth of Canada's territorial sea and fishing zones. Such base-lines may be drawn from headland to headland, from island to island and across the mouth of bays. Sea areas landward of the straight base-lines have the status of internal waters of Canada.

A first series of base-lines was established by the Government in November 1967 for the coast of Labrador and the southern and eastern coasts of Newfoundland. Pending the conclusion of negotiations with certain European countries, the fishermen of these countries have been allowed to continue in Canada's outer nine-mile zone the fishing activities they had been carrying out in those areas where they had traditionally fished prior to the passage of the Territorial Sea and Fishing Zones Act and the establishment of base-lines thereunder.

The countries involved in these negotiations were Britain, Norway, Denmark, France, Portugal,

Spain and Italy. All of these have traditional fishing practices on Canada's east coast. It is now proposed to proceed further with the negotiations with the European countries concerned.

With respect to the United States, which has conducted traditional fishing activities off both Canada's east and west coasts, we intend to proceed with negotiations for the continuance of the present arrangement whereby Canadian and United States nationals are permitted to fish in the fishing zones of the other country on a reciprocal basis. Apart from traditional fishing practices, the United States and France also have certain treaty rights off Canada's east coast, and these rights will of course be respected.

### EXCLUSIVE FISHING AREAS

A number of important gaps remain along Canada's east and west coasts after the establishment of the new series of base-lines for Nova Scotia, Vancouver Island and the Queen Charlottes. As the Minister of Fisheries indicated in his announcement of April 5, the Government intends to deal with certain of these gaps, as appropriate, after securing an amendment to the Territorial Sea and Fishing Zones Act during the next session of the House. The desired amendment will provide greater flexibility for dealing with coastal areas and will permit the Governor in Council to draw "fisheries closing lines" enclosing certain areas as exclusive fishing zones without extending the limits of Canada's internal waters or territorial sea. At present, of course, Canada's fishing zones consist of a nine-mile belt contiguous to the territorial sea, and therefore cannot be extended without at the same time extending Canada's internal waters and territorial sea by means of straight base-lines.

I would request the permission of the House to table the Order in Council establishing the new base-lines for Nova Scotia, Vancouver Island and the Queen Charlotte Islands, as well as the Canadian Hydrographic Service charts illustrating these base-lines and the outer limits of Canada's territorial sea and fishing zones in the areas concerned.

## STRATFORD FESTIVAL '69

The 1969 season reveals a new dimension of the Stratford Company. With a winter programme to be presented at the National Arts Centre in Ottawa (two plays from the 1969 repertoire, and the formation of a studio company for experimental and children's theatre) and with one of the Festival's productions to undertake a 38-week tour of the United States, from autumn to spring, the Stratford National Theatre of Canada magnifies the scope of its activity. The summer festival itself runs an unprecedented 20

weeks, with public previews for major stage productions, increased student matinees, and a greatly expanded music programme. The seventeenth Stratford season runs from May 26 to October 11. It marks Jean Gascon's and John Hirsch's second year in their respective capacities as executive artistic director and associate artistic director.

### DRAMA

Five plays comprise the drama productions during the 1969 Stratford Festival. Directed by John Hirsch and designed by Sam Kirkpatrick, *Hamlet* opened the

season on June 9, starring Kenneth Welsh in the title role...Ben Jonson's *The Alchemist* followed on June 10, directed by Jean Gascon and designed by James Hart Steams, with music by Gabriel Charpentier. The production stars William Hutt as Sir Epicure Mammon, Powys Thomas as Subtle and Bernard Behrens as Face. The third consecutive opening was *Measure for Measure*, directed by David Giles, designed by Kenneth Mellor, with music by Raymond Pannell. It features Leo Ciceri as Angelo and William Hutt as Vincentio. Completing the roster of plays at the Festival Theatre is a revival of Jean Gascon's 1968 production of Molière's *Tartuffe*, opening on July 3 and starring William Hutt in the title role. Peter Luke's new drama, *Hadrian VII* opens on August 5 at the Avon Theatre, featuring Hume Cronyn as Hadrian. The production is directed by Jean Gascon. Following a month-long engagement in Stratford, *Hadrian VII* will begin a 38-week tour of the U.S.

#### MUSIC

Included in the music programme, which opens on July 4 at the Avon Theatre is *The Satyricon*, a new musical work based on the writings of Petronius, with book and lyrics by Thomas B. Hendry and music by Stanley Silverman.

Guest artists in the "Sunday Series" will include: The Procol Harem, Britain's rock and roll ensemble; Canadian sopranos Colette Boky and Clarice Carson, tenor Leopold Simoneau, and baritone John Macurdy; the National Youth Orchestra; Julian Bream, guitar and lute; Elisabeth Schwartzkopf, soprano; and Ravi Shanker, Indian sitarist.

Other items in the Stratford Programme are the "Saturday Series", the "Wednesday-Friday Orchestra Series", the "Thursday Special Events Series", the "Music at Midnight Series", and "Other Events".

#### HEALTH CENTRE AT McMASTER

National Health and Welfare Minister John Munro announced on May 30 approval of contributions totalling \$34,917,600 from the Federal Government's Health Resources Fund for the planning and construction of a new health sciences centre at McMaster University in Hamilton, Ontario.

The single contribution of \$33,750,000 for the construction of McMaster University's health sciences centre is the largest since the establishment of the Health Resources Fund in 1966.

Other amounts approved by the Health Minister for McMaster University are \$419,600 for the functional planning of the centre and \$748,000 for the construction and equipping of temporary accommodation.

With the initial stage of the complex scheduled for completion by 1971, the health sciences centre will contain a college of health sciences and a 420-bed university teaching hospital.

Stage one of the centre's development will

include facilities for an expanded school of nursing, tripling enrolment to 72 and providing 20 postgraduate clinical teaching spaces; a new faculty of medicine with a graduating class of 64 and 100 postgraduate and 140 degree graduate places by 1975; a biomedical library; and a special research unit in nuclear medicine.

For the second stage, after 1975, provisions have been made for the expansion of programmes or addition of such programmes as dentistry and pharmacy.

The centre will have 27 acres of school and hospital floor space. The flexible design and facilities of the complex are considered to be new for medical schools and unique in Canada. The interior of the four-storey building can be readily changed to enable the centre to keep pace with progress in all aspects of medicine, including patient care, medical education and research and hospital management.

The \$500-million Health Resources Fund, which was established in 1966, pays up to 50 per cent of costs incurred in the construction, acquisition, renovation and equipping of health training facilities, such as medical schools, teaching hospitals and research institutions, after January 1, 1966.

#### MANPOWER AND IMMIGRATION BODY

Membership of the Canada Manpower and Immigration Council and four Advisory Boards was announced on June 4 by Manpower and Immigration Minister Allan J. MacEachen. The Council and Boards comprise 60 Canadians appointed after consultations with representative national organizations.

Chairman of the Council is Sydney David Pierce, of Ottawa, a former diplomat.

#### WORK OF COUNCIL

The role of the Council is to advise the Minister on the most effective development and use of manpower resources in Canada and on immigrant settlement and adjustment. At the request of the Minister, the Council will undertake studies in these areas and make recommendations. The Council will be able to call upon the resources of the Department of Manpower and Immigration and may contract for research and consult with outside organizations. The Council can also initiate studies and make recommendations on matters in the area of the Minister's responsibilities.

In its work, the Council will be assisted by four Advisory Boards, each having a chairman and 11 members selected for expert knowledge in specific fields. The Boards will deal with adult occupational training; the adjustment of immigrants; manpower and immigration research; and co-ordination of rehabilitation services for the disabled.

Mr. MacEachen said that he was confident that the Council and its Boards would greatly assist in developing effective programmes.

## CANADA'S QUEEN CRAB

The rapid expansion of the Atlantic queen crab industry has been hailed as an achievement without parallel in Canada's fishing history. "A real success story" was how federal Fisheries and Forestry Minister Jack Davis described it in the House of Commons recently.

There are now 20 new plants processing this highly-marketable crustacean, caught mostly in the Gulf of St. Lawrence and off the east coast of Newfoundland. These establishments employ some 700 on-shore workers whose annual earnings amount to several millions of dollars.

And yet four years ago, the queen (or spider) crab was regarded as little more than a pest with the annoying habit of stealing lobster bait and fouling fishermen's nets. In 1965 the catch was negligible; in 1967 landings of 1.5 million pounds were recorded; and in 1968 the total catch rocketed to 10 million pounds.

Experimental processing of queen crab, in which the federal Department of Fisheries has played a leading role, has led to the designing of specialized equipment for use in the new plants as well as recommendations as to the layout of the plants themselves. The accompanying photographs, taken at a plant in Hant's Harbour, Newfoundland, depict a fairly typical production set-up.



These workers, known as "shakers", are separating crab meat from the shell.



Live queen crabs are scooped from holding tanks into a wheelcart for transfer to the processing plant.

## ARTS CENTRE YOUTH PROGRAMME

It is estimated that only four Canadians in 100 have attended a live, professional performance of music, ballet or drama. But, through a carefully planned youth programme, the National Arts Centre in Ottawa, which opened on May 31, hopes to change these statistics for future generations.

The youth programme, which will be implemented initially in the Ottawa region, includes many activities. A series of special matinees for students, featuring opera, ballet, music and drama companies, is scheduled for the 1969-70 season.

A student-award programme grants invitations for regular subscription programmes to outstanding students from schools in Ottawa and its vicinity and field trips to and tours of the Centre are actively encouraged. With the permission of the companies concerned, groups of students will be invited to attend rehearsals to learn about the performing arts.

The youth programme not only welcomes students to performances at the Centre; it sends performers out to the students in their schools. A choice of 33 carefully-planned productions, designed for different age and interest groups, is offered to the area's elementary and high schools. For the first year of operation, from June 1969 to June 1970, 884 performances have been scheduled. It is expected that more than 400,000 students will be involved in this programme.

## TRADE - FIRST QUARTER 1969

Exports in the first quarter of 1969 grew more slowly than imports, a continuation of the pattern of the final quarter of 1968. Exports rose by almost 6 per cent in the first quarter of this year, to \$3,747 million, compared to 5 per cent in the fourth quarter of 1968. Imports rose by over 6 per cent in the first quarter, to \$3,530 million, against an increase of 10 per cent in the previous quarter. The merchandise trade surplus, accordingly, declined from \$226 million in the final quarter of 1968 to \$217 million.

The increase in exports of \$202 million from the last quarter of 1968 was spread over a broad area. Exports to the United States rose by 6 per cent, or \$418 million, in the first three months of this year, and exports to Britain rose by \$15 million or 5 per cent. Sales to all other destinations increased by 5 per cent to \$829 million.

The increase in imports followed a similar pattern in the first quarter. Purchases from U.S. rose by 6 per cent or \$150 million, and those from Britain increased slightly to \$190 million. Shipments from all other countries rose by 8 per cent to \$753 million.

Thus, as in preceding quarters, Canada continued to maintain a slight surplus on trade with the United States. In the fourth quarter of 1968 exports to the U.S. were \$2,457 million, for a favourable balance of \$20 million. In the current quarter, exports to the U.S. had risen to \$2,605 million, and the surplus was \$18 million.

## ALBERTA POLLUTION CONTROL

Efforts by the Alberta Government to encourage involvement of industry and the public in preventive and corrective activities against pollution has brought together representatives of specific areas of concern and officials of the Environmental Health Services Division of the Alberta Department of Health.

Perhaps representative of such gatherings was a recent meeting of about 100 representatives of major gas and oil companies and government. Among the topics discussed were current legislation, plant approval guide-lines and other problems of mutual concern. Oil and Gas Conservation Board regulations were reviewed, and proposals and suggestions for improvement of existing conditions were put forward.

Recommendations from the discussions are being evaluated by the Department of Health officials and may result in improvement to Alberta's current air and water pollution regulations. Alberta was the first province in Canada to initiate such regulations, and is desirous of upgrading them to meet changing conditions.

## TRIO OF BIRD STAMPS

Three bird stamps, that are to be released by the Canada Post Office on July 23, depicting the white-throated sparrow, the Ipswich sparrow and the hermit thrush, in their native haunts, are based on designs by Martin Glen Loates of Willowdale, Ontario, whose first stamp design was for a gray jay issue of 1968.

Four-colour lithography has been used by the Canadian Bank Note Co., Ottawa, in the production of the new stamps, each of which will have dimensions of 24. x 40 mm. The white-throated sparrow six-cent vertical issue is printed in brown, green, black and yellow; the Ipswich sparrow ten-cent issue, in a horizontal format, shows one bird and is printed in brown, black, blue and yellow. Also illustrating one bird is the hermit thrush 25-cent issue in the horizontal format, using brown, black, yellow and green.

The birds chosen for use in this series were selected by the Post Office Department in consultation with officers of the Natural History Branch, National Museum of Canada.

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