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Modified budget still aims at economic growth and lower inflation

Finance Minister John Turner, who introduced a budget in the House of Commons on November 18, stated that it contained measures "to maintain healthy economic growth and reinforce the attack against inflation" — the same aims inherent in the May 6 budget that had been defeated.

"Two of the measures proposed in that budget have already been implemented," said Mr. Turner. "The average yield of outstanding Canada Savings Bonds has been removed. The Government believes that all of the remaining proposals included in the last budget are required to deal with current economic conditions and it is my intention to reintroduce them, modified as necessary to meet the requirements of today.

"These broad measures need, however, to be supplemented and extended because economic conditions and prospects have changed significantly both at home and abroad...."

The following are the main measures in the reinstated budget:

Resource-taxation proposals

As a federal contribution to resolution of resource-taxation issues, May 6 proposals will be modified to:

.Increase the special abatement for petroleum profits after 1974 so that the federal rate of tax will be 30 per cent in 1974, 28 per cent in 1975 and 25 per cent in 1976 and subsequent years.

.Restore the 100 per cent write-off for exploration expenditures, in place of the proposed rate to 30 per cent.

The budget reintroduces the other May 6 proposals regarding resources, including:

.A basic 50 per cent national tax rate to which will be applied abatements and incentives.

.A 15-point resource-profit abatement for mineral production profits, bringing total abatements to 25 points.

.Earned depletion, at a rate of 25 per cent of production profits rather than 33 1/3 per cent.

.Non-deductibility of royalties, taxes and like payments to governments in computing income tax.

.Reduction of the write-off for development expenditures to 30 per cent.

Budget in brief

Highlights of the federal budget were published as follows by The Canadian Press on November 19:

Personal income taxes reduced for the year by a minimum \$150 and a maximum \$500, for next year by a minimum \$200 and a maximum \$750.

Federal sales tax cut to 5 per cent from 11 per cent and 12 per cent respectively for building materials and construction equipment.

Liquor taxes increased 24 cents for 25-ounce bottle, wine taxes up 6.5 cents a 25-ounce bottle, and tobacco taxes raised 2 cents a package of 20 cigarettes.

New income tax exemption reintro-

duced for first \$1,000 of interest income and extended to include dividend income and private pension benefits.

Duty-free allowances for tourists returning from abroad doubled to \$50 after 48-hour stay and increased to \$150 from \$100 for visits seven days or longer.

Taxpayers permitted tax-free savings of \$1,000 annually, up to \$10,000 limit, for purchase of first home.

Reduced federal tax rates promised for petroleum and other resources, but most controversial tax measures affecting oil and gas companies retained.

New apartment construction costs allowed as a deduction from other income for tax purposes.

Equalization formula governing pay-

ments to poorer provinces changed to blunt the impact of rising oil revenues.

Twelve per cent federal sales tax removed from transportation equipment such as railway cars, large trucks and commercial aircraft.

Special 10 per cent surtax reintroduced for corporate profits earned between May 1, 1974, and April 30, 1975.

The two-year tax write-off on new machinery for manufacturing and processing, scheduled to expire December 31, extended indefinitely.

Budget surplus of \$250 million forecast for 1974-75 on projected revenues of \$25.1 billion and projected spending of \$24.85 billion.

Equalization system

.Changes are proposed in the formula for making federal equalization payments to the provinces:

—the program would continue to include all provincial oil and gas revenues related to the situation before the world oil crisis;

—the formula would be changed to equalize one-third of the additional oil and gas revenues related to the tax and price changes which followed the crisis.

Residential construction

.The federal sales tax on building and construction materials is reduced immediately to 5 per cent from existing levels of 11 and 12 per cent. Annual sales affected total \$7 billion.

.Taxpayers will be permitted to charge against income from other sources capital-cost allowances on multiple-unit residential buildings for rent, started between budget day and December 31, 1975.

Capital investment

.The 12 per cent federal sales tax on \$1 billion of annual sales of transportation equipment, including railway locomotives and railway cars, large trucks and commercial aircraft, is removed immediately.

.The two-year write-off for new machinery and equipment for manufacturing and processing, due to expire at the end of 1974, is extended without a termination date.

Personal income tax reduced

The tax cut proposed by the May budget for 1974 is reintroduced and a further major cut is proposed for 1975.

.For 1974, the 5 per cent tax reduction introduced in 1973 is continued and the minimum cut is increased to \$150 from \$100.

.For 1975, the basic reduction is increased to 8 per cent from 5 per cent; the minimum cut is increased to \$200; and the maximum cut is increased to \$750.

All taxpayers benefit from these changes. Federal taxes will be reduced by a total of \$615 million in 1975-76, of which two-thirds will be enjoyed by people earning less than \$12,000. Take-home pay next January will reflect not only this cut and the 1974 cut, but also a statutory reduction of tax on the first \$500 of taxable income, and

the indexing of exemptions and tax brackets.

A married wage-earner with two children under 16 will pay no federal tax in 1975 unless his income exceeds \$5,871. If he earns \$10,000 his take-home pay will rise by \$300 in 1975 as a result of all these reductions. This will show up in pay cheques as early as January.

Protection of savings

.The May 6 proposal exempting the first \$1,000 of interest income from tax is reintroduced for 1974 and expanded in 1975 to include Canadian dividend income.

.A new exemption will extend, effective January 1, 1975, to private pensions. The first \$1,000 of pension income, other than universal pensions paid by government, will be exempt from tax.

.The existing age exemption to persons 65 years and older will be made transferable between spouses to the extent one spouse is unable to make use of it. This takes effect in 1975, when the exemption will be \$1,174.

.Recipients of cash bonuses on Canada Savings Bonds will be permitted to treat the bonuses as interest or as capital gains.

Other measures of May budget

This budget reintroduces the remaining proposals of the May 6 budget, some in amended form. The main proposals are:

.A 10 per cent surtax on corporate profits earned from May 1, 1974 to April 30, 1975.

.Advancement of the final payment of a corporation's tax to the second month, rather than the third month, after the corporation's fiscal period.

.Reduction of tax-free reserves of large financial institutions from 1½ per cent to 1 per cent on eligible assets over \$2 billion, effective for 1974.

.Special excise taxes on high-energy-consuming vehicles at higher rates than proposed in May; general increases in excise levies on liquor, wines and tobacco products as proposed in May.

All effective immediately.

.Introduction of a registered home ownership savings plan permitting deductible contributions of \$1,000 a year to a lifetime maximum of \$10,000; payment out of a plan is free of tax if applied toward the purchase of a home and to furnishings such as essential

major appliances and furniture.

.Legislative confirmation of the elimination of the sales tax on clothing and footwear; the tax was removed last July under the Financial Administration Act.

.Other sales-tax reductions for construction equipment, municipal water distribution equipment, municipal transit vehicles and equipment, bicycles, purchases by day-care centres and clinics, certain aids for the handicapped.

.Enriched incentives for incorporated small business, increasing the annual limit on profits taxed at the 25 per cent special rate to \$100,000 from \$50,000 and the cumulative limit to \$500,000 from \$400,000.

.Taxpayer allowed to contribute to a spouse's registered retirement savings plan as well as his own, up to his contribution limit.

.New rules for corporate reorganizations, foreign income, partnerships and other areas as part of the continuing process of tax reform.

Tariff reductions

.Temporary tariff deductions on \$1 billion annually of consumer goods will be extended for two additional years to June 30, 1976.

.The tourist exemptions, or duty-free allowances, for tourists returning to Canada are increased substantially. The main changes are a doubling to \$50 from \$25 of the quarterly exemption available after a 48-hour absence, and an increase to \$150 from \$100 in the annual exemption, with the minimum absence shortened to 7 days from 12 days.

Sales mission to Italy and Spain

Firms from the Toronto area, Ottawa, Batawa, Hespeler and Cornwall were represented on an eight-member sales mission from Ontario to Spain and Italy in November.

Markets were being sought for a variety of products ranging from costume jewellery to crane-carriers, including shoe-manufacturing machines, electronic controls, leak-detection systems, safety and protective clothing, a variety of adhesive tapes, and sophisticated precision parts for the electronic, nuclear and mechanical industries.

Telecommunications exhibition

Historic recordings and television tapes dating from the beginning of broadcasting in Canada, as well as photographs, documents and pictures, are on display at the Public Archives in Ottawa in an exhibition entitled "Telecommunications: The Canadian Experience". The exhibition, which closes in January, also includes various instruments of communication from the first telephones to satellites.

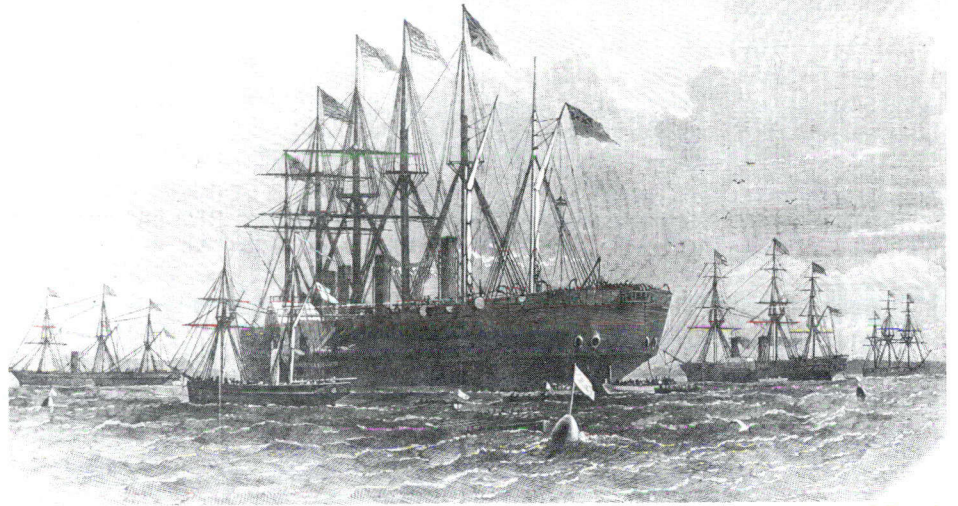
A series of letters elicit the adventure and competition of the fur trade days. One, written in 1816, from a Mr. A.N. McLeod in Fort William, tells his North West Company messenger to intercept a Hudson Bay agent heading for the Red River settlement.

Transportation by sleigh on the St. Lawrence River on a canvas by Smythe Coke, painted in 1840, demonstrates that a ride with prancing horses on a frozen river was a lot more exhilarating than a drive on a freeway.

Transatlantic communications
Morse's invention of the telegraph in 1842 was the beginning of modern

On September 8, 1866 a new era in communications between Europe and North America began when the Great Eastern, one of the largest ships of her day, brought the shore end of the

Atlantic cable to the tiny hamlet of Heart's Content Bay in Newfoundland. This old sketch of the event by an artist for the London Illustrated News is in the Public Archives exhibit.



Photos Public Archives of Canada

communications. The electric telegraph caught on fast in Canada and by 1866 the first Atlantic cable linking Europe and North America arrived in Heart's Content Bay in eastern Newfoundland.

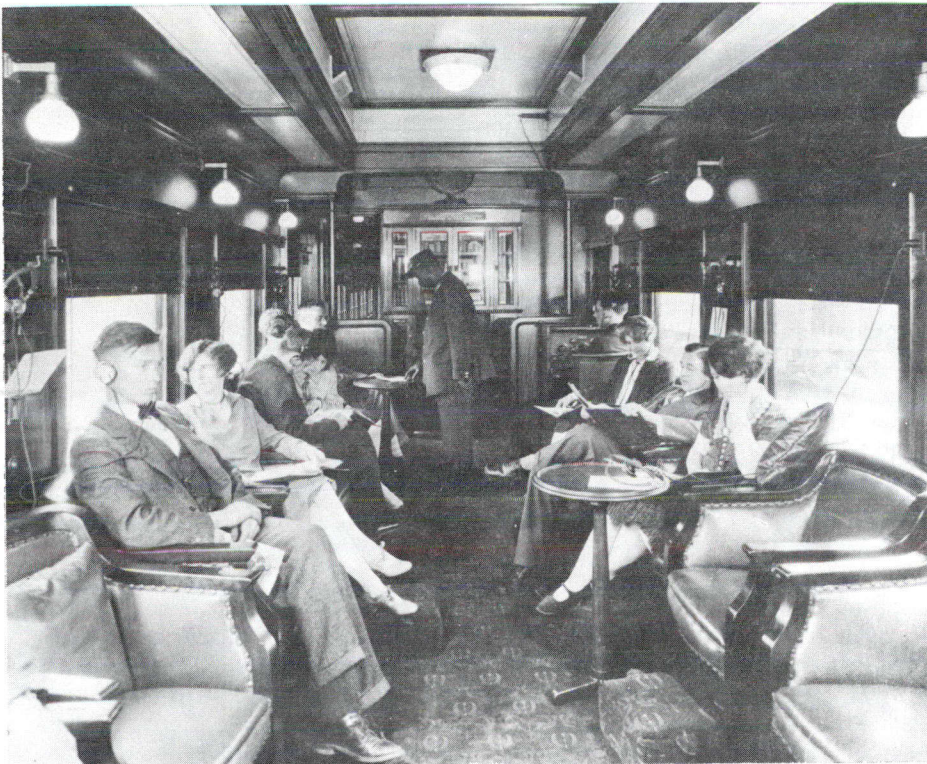
A sketch by an artist for the *London Illustrated News* shows the laying of the cable from the stern of the four-stacked steamer, the *Great Eastern*.

A prominent part of the exhibit is devoted to Alexander Graham Bell who, a century ago in Brantford, Ontario, developed the principle of the telephone.

First radio

Marconi's pioneering work in radio in Newfoundland and in Cape Breton is depicted as well as the inventions of Reginald Aubrey Fessenden, a scientific historian.

Fessenden, who was born in Bolton East, Quebec, received his early education in small Ontario towns and as a young man went to the United States, where he worked with Thomas Edison. He became a prominent physicist and eventually developed an entirely new system of wireless distinct from and based on a different principle from that of Marconi — which principle eventually proved to be the correct one. A photograph in the exhibition shows the site of the first radio studio in Brant Rock, Massachusetts, from which Fessenden made the first radio broadcast in 1906. He had equipped a number of ships in the North Atlantic with his receivers and on Christmas Eve that year made the first broadcast — a recording of Handel's *Largo* and Gounod's *O Holy Night*.



It wasn't stereo but Canadians travelling by train between 1924 and 1931 could don ear phones and tune in to radio broadcasts while travelling across the country. This photograph

appears in a Public Archives of Canada exhibition entitled "Telecommunications: The Canadian Experience", which depicts the history of the telegraph, radio, TV and satellites.

War communications

Photographs from the picture division of the Public Archives show Canadian soldiers in the trenches in the First World War using pigeons and messenger dogs to relay dispatches.

Several tape recordings made during the Second World War by Canada's first radio correspondents who transmitted on the Canadian Broadcasting Corporation direct from the battlefields, include tapes by Matthew Halton, Peter Stursberg and Marcel Ouimet, who describes the elation on the streets of Paris when the city was liberated on August 26, 1944. With earphones the visitor to the exhibit can listen to Canadian soldiers singing lustily in an English pub before crossing the Channel to France.

Models of the Canadian satellites *Anik* and *Alouette* seem coldly scientific and impersonal.

Quebec literary prize

The 1974 *Prix David*, the highest literary award of the Quebec provincial government, has been won by Quebec writer Rina Lasnier.

Quebec Minister of Cultural Affairs, D. Hardy, presented the \$5,000-prize during a ceremony that took place in October in the Salon Rouge of Quebec's National Assembly.

The 1974 *Prix David* was awarded to Rina Lasnier in recognition of her published work to date. As early as 1943, the poet had earned considerable literary distinction for her first three works, which had appeared in 1941: *Féerie indienne*, *Images et Proses* and *Le Jeu de la voyageuse*.

The *Prix David* was founded in 1922 by Athanase David, then Secretary of the province.



Rina Lasnier, winner of the 1974 *Prix David*, with Quebec Cultural Affairs Minister Mr. Denis Hardy.

Stamp honours Welland Canal promoter — "father of Canadian transportation"

An 8-cent stamp in honour of William Hamilton Merritt, on the one hundred and fiftieth anniversary of the start of construction of his greatest project, the Welland Canal, was issued by the Canada Post Office on November 29.

The stamp features a portrait of Merritt in the right foreground combined with a view of the Welland Canal in the background.

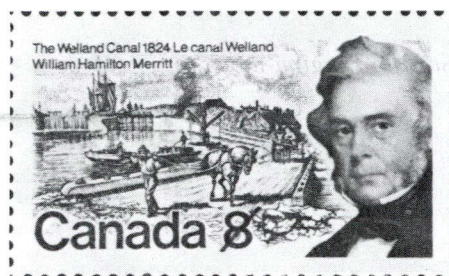
"Merritt was not called 'the father of Canadian transportation' without good reason," said Postmaster-General Bryce Mackasey. "Because of his ingenuity and zeal, Canada has become a more independent, more unified nation. A man so vitally interested in Canada's progress should be an inspiration to all Canadians," he added.

Merritt's ambition

William Hamilton Merritt was born on July 3, 1793, in Bedford, New York. In 1796 his family settled in what is now St. Catharines, Ontario. In 1811 he set up a general store and took up farming. The War of 1812 interrupted business, however, and Merritt joined the militia, which he left in 1815 with the rank of captain, after several campaigns and eight months of captivity by the Americans.

Within three years of the war's end, Merritt set to work on what was to be his life's ambition: "to make Canada

the avenue of trade between Great Britain and the western states". In 1818 he and some other St. Catharines businessmen claimed, in a petition to the Legislature, that a canal could easily be built to bypass Niagara Falls. A slump in agricultural prices and a customs dispute between Upper and Lower Canada postponed the task



until 1824, but by then Merritt and his colleagues had raised enough money to begin the canal which, with plenty of support from the Government and American investors, was ready for traffic by 1829. Monetary success was not immediately forthcoming.

The Welland Canal depended heavily on local American traffic and was eventually nationalized in 1841 because of financial embarrassments. Canadians were not unanimous in their praise of the great achievement, and Prime Minister William Lyon Mackenzie went so far as to accuse Merritt of charging to the company his "expenses

in London for clubs, theatre tickets, cigars and gin".

Whatever the initial reception, the canal eventually became the kingpin of the transport system linking the Great Lakes with the Atlantic.

Medal for Middle East UNEF troops

After 90 days service in the Middle East, Canadian servicemen in the United Nations Emergency Force (UNEF) will be entitled to wear a new medal.

The medal, approved by the Governor-in-Council, is identical to one currently issued for other service with the United Nations, which shows the UN symbol on the front and the words "In the Service of Peace" on the reverse.

A medal was previously authorized for service with the original UN Emergency Force that existed from 1956 to 1967. The new medal, which differs from the old one in ribbon design, has a beige centre with two blue borders and two thin dark-blue lines running through the centre stripe.

The UNEFME medal complements nine others previously issued for UN service in Korea, the Congo, Lebanon, Palestine, India and Pakistan, West New Guinea, Yemen and Cyprus, as well as for service with the earlier UNEF.

Reconstruction in Honduras — Canada planning to help

The emergency-relief phase of Canadian aid to Honduras has been concluded and the Canadian International Development Agency (CIDA) is now shifting to a longer-range program of aid towards reconstruction, Secretary of State for External Affairs Allan J. MacEachen, said October 31.

Hundreds died, countless others lost their homes and the country's multi-million dollar banana crop was ruined when Hurricane Fifi struck Honduras on September 18.

A team of CIDA representatives went to Honduras in November to discuss with government officials how Canada's normal bilateral development assistance could be reoriented and, if necessary, expanded to fit in with Honduras' own reconstruction plans, the Minister said.

Canadian assistance to Honduras before the hurricane struck consisted mainly of two marketing studies, one in agricultural products, the other in hardwood.

Four jeeps used in these projects were put at the disposal of the authorities during the emergency and one of the CIDA advisers in Honduras, Brian Salt of Burlington, Ontario, was able to provide vital communications with his ham radio equipment.

The Canadian Government, through CIDA, has provided \$500,000 for Honduran relief. Of this sum, \$90,000 was contributed to the League of Red Cross Societies through the Canadian Red Cross Society. The rest was transmitted to the United Nations Development Program for distribution among recognized international and local Honduran agencies.

Food, clothing and medical supplies gathered by a number of non-governmental agencies in Canada were taken to Honduras by a Canadian Forces aircraft September 27. A second airlift took place October 25.

"The immediate requirements for goods have now been met, but the international agencies active in Honduras still need funds to purchase such things as agricultural implements, seeds and seedlings, insecticides, vehicles and house-building tools, and to pay the salaries of experts needed to mount an effective program," said Mr. MacEachen.

Wagon-top performances at Stratford

The Conestoga wagon, or Prairie Schooner, as it was sometimes called, is going to be back in fashion next year, and its appearance in the age of the automobile has nothing to do with the energy crisis. It will make a comeback as a mobile stage for use by the Stratford Festival company.

Jeffrey Sisco is designing a copy of the Conestoga wagon as a prop for *Comedy of Errors* but it will serve a double purpose during the season. Members of the Acting Company will perform on it at schools, playgrounds, hospitals and other locations in the Stratford region. The wagon can open out into a stage, with lights, platforms, props and sound facilities that can be set up easily in outdoor locations for presentation of special programs.

The Conestoga wagon appeared in the Conestoga Valley of Pennsylvania, U.S., in 1755. Owing to the wagon's excellent design (the floor slanted downward towards the middle in case the load shifted, and the box was watertight for crossing rivers), the name became famous across the North American continent.

The heavy wagons, each with a high, white homespun cover and a six-horse team, were about 14 feet long, three-and-a-half feet wide and had a box the depth of four feet.

During the years 1796 to 1812, when thousands of Pennsylvania Dutch settlers immigrated to Upper Canada, they travelled by Conestoga wagon.

Many families settled in what is now called the district of Kitchener-Waterloo in Ontario.

Jeffrey Sisco, of the Stratford Festival Company, designed this model of a Conestoga wagon, from which one will be built for performances by the Acting Company in the Stratford region next season.



Royal couple guests of Winter Fair

Princess Anne and Captain Mark Phillips ended a short, private visit to Ontario on November 18 with a final look at the Royal Winter Fair in Toronto, which the princess had opened on the day of their arrival, November 15.

The royal pair, who were the guests of the Winter Fair, attended the event three times; Princess Anne presented some of the awards.

The visit, their second to Canada

since their marriage a year ago, included an invitation by E.P. Taylor, industrialist, to his estate in Oshawa, a flight over Niagara Falls, a trip to Hamilton, a horseback ride on the grounds of Lieutenant-Colonel Charles Baker's Northcliffe Farms and a private dinner given by Mr. and Mrs. Eric Phillips in Toronto. They also attended a reception for members of the press and a dinner for international competitors at the Fair, as well as watching the Fairbank Stakes at Greenwood race track.

Canada's trade with the European Economic Community

In the first eight months of 1974, exports to the nine countries of the EEC increased 36 per cent to some \$2,535 million from \$1,863 million in the same period of 1973. Imports grew at the lower rate of 18 per cent to about \$1,950 million, giving a surplus of roughly \$585 million, up from \$215 million in the preceding period. Trade with Britain contributed \$510 million to this surplus.

Allowing for price change, almost all gains were nominal. In the first six months of 1974 exports to the EEC increased 31 per cent in value but remained unchanged in real terms from the value in the first half of 1973; similarly, imports gained 12 per cent in value but lost about 2 per cent in volume over the same period.

At 66 per cent, Canada's imports from EEC countries in the first half of 1974 were mainly end products. Semi-manufacturers accounted for another 30 per cent. Exports were more evenly distributed, although finished goods represented only 11 per cent of the exports.

Countries

Within the enlarged community, Britain was Canada's most important trading partner, taking half of the exports and providing over one-third of the imports in the first half of 1974. Its share was even higher in the same period of 1973 (54.5 per cent for exports and 42.5 per cent for imports). Next was trade with West Germany, with 13 per cent of the exports and about 25 per cent of the imports. France supplied 13 per cent of Canada's imports from the community in the first half of 1974 and received about 7.5 per cent of the exports.

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

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

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

Products

Shipments of wheat, the leading export commodity, totalled \$291 million in the first eight months of 1974, up 124 per cent in value but only 14 per cent in volume over the corresponding period in 1973, with Italy and Britain as the major customers. Sales of woodpulp, mainly to Germany and Britain, amounted to \$268 million, though an increase of 56 per cent in value largely reflected higher prices. Shipments of copper were valued at \$233 million, nickel at \$130 million and zinc at \$100 million. Again, price increases accounted for most of the gains in copper and zinc. In contrast, shipments of softwood lumber, mainly to Britain, jumped 113 per cent to \$135 million, and were accompanied by only moderate price rises.

The drop in the volume of exports of crude materials included tonnage shipments of flaxseed, rapeseed, nickel and zinc ores and concentrates and milled asbestos.

Major imports

Although showing little or no growth over that of the first eight months of 1973, transportation equipment and industrial machinery were leading imports in the same period of 1974. Their values stood at \$280 million and \$247 million, respectively. Imports of new sedans, mainly from Germany, dropped to \$97 million from \$106 million.

Strong gains were recorded for fabricated iron and steel products, up 84 per cent to \$144 million, and chemicals, up 46 per cent to \$145 million, the major suppliers being West Germany and Britain.

Other major imports were broad woven fabrics (Britain and Italy), office machinery and equipment (Britain and Germany), alcoholic beverages (Britain and France), and telecommunications equipment (Britain and Germany).

New type of sea lion in B.C. waters

California sea lions, which normally inhabit more southerly waters on the coast of western North America, are invading British Columbia waters in increasing numbers and interacting with the Steller sea lion, the type usually found on the B.C. coast.

Professor Dean Fisher, of the Uni-

versity of British Columbia's zoology department, and a graduate student, Clayton Brenton, are keeping a close watch on the movement of the California sea lions with a view to attempting to find out what is causing them to migrate northward in such large numbers. They have established a small research station in Berkley Sound on the west coast of Vancouver Island, which Mr. Brenton visits frequently.

Property prices peak

The Canadian Real Estate Association reported on November 7 that the average price of properties sold in Canada increased 32 per cent during the first nine months of 1974 over prices during the same period last year.

According to the Multiple Listing Service, which is used by 75 real estate boards across Canada, based on 85,000 transactions the average price of properties this year was \$40,999, compared to \$31,094 in 1973. The majority of these sales were for homes.

An increase from \$2.5 billion to \$3.5 billion in total dollar volume – 38 per cent – was reported for the same period.

A press release from the Real Estate association stated that 75 per cent of the increase in sale prices occurred during the first three months of 1974, while in the six months following prices levelled off or dropped slightly owing to the number of properties on the market, which increased "drastically". High mortgage rates also discouraged potential purchasers in the latter months.

Ontario had the highest average price of \$46,899, a 32 percent increase over that of the previous year. It also had the highest volume of activity.

British Columbia was second with an average price of \$42,595, a 41 percent increase.

Average prices in other provinces, with the corresponding figure for the same period in 1973 in brackets, are: Alberta, \$36,817 (\$28,733); Saskatchewan, \$24,683 (\$18,733); Manitoba, \$26,926 (\$20,927); Quebec, \$32,600 (\$26,611); and Atlantic provinces combined \$30,111 (\$24,736).

The Association represents about 87 per cent of the real estate brokers and salesmen in Canada.