

Bulletin

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PRIME MINISTER REVIEWS CONSTITUTIONAL CONFERENCE

Prime Minister Pierre Elliott Trudeau tabled in the House of Commons on February 1 the final document drafted at the federal-provincial constitutional conference held earlier in the week. Opening the House debate on the conference later in the day, the Prime Minister said that, notwithstanding the divergency of opinions expressed at the conference, a considerable degree of agreement had been reached.

Part of Mr. Trudeau's statement follows:

...I should be less than frank if I did not say that I would have liked the conference to have adopted the federal proposal for an entrenched bill of rights, but I am very pleased that on many subjects we made a great deal of progress. An examination of the documents which I tabled this morning reveals that an impressive number of constitutional items were advanced an appreciable degree. The conference agreed to continue with the constitutional review, and at an accelerated pace; it was affirmed that studies of linguistic questions be undertaken by a committee of ministers; the same proposal was accepted about the item concerning the entrenchment of fundamental rights and liberties in the form of a constitutional charter; the spending power will be examined as will the question of regional disparities; the structure and role of the Senate and Supreme Court, two of the institutions of federalism, were brought into review, and so was the concept of the national capital area, which is one of the very important institutions of federalism.

I believe this shows a remarkable degree of consensus on a large number of questions of considerable importance. There is still another aspect upon which the conference was very successful. I have in mind the opportunity it gave to the people of

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Canada to observe on a close and intimate basis the complexities, and the varieties, of the problems which must be taken into account in shaping the future of this vast country. The frank expressions of opinions voiced by the heads of the various provincial governments were a dramatic illustration of just how theoretical and how academic are many of the treatises which purport to explain the constitutions of Canada and which purport to explain the way in which Canada is governed....

This conference established, if there were any need to establish, that all provincial governments are resolved, as is the Federal Government, to improving the economic opportunities of our people. It established that all provincial governments are anxious, as is the Federal Government, to improve the operation of our federal system. It established that all provincial governments are firm, as is this Government, in a commitment to protect fundamental human rights. Of course, agreement has not been reached on the means to achieve this objective, but all heads of government have indicated their willingness to work towards a better protection of human rights. We all acknowledge that the grave difficulties we face are in part the result of oversight, in part the result of errors, but mostly because of our past inability to forecast future events. All omissions, past and present, were made in good faith. There has been perhaps some incapability to solve complex problems in an industrial society which is experiencing a unique type of federalism.

RECIPE FOR SUCCESS

Nevertheless, Mr. Speaker, in the Canada of 1969, good faith and understanding, fundamental though they are to the continued development of this country, are not by themselves enough. To them must be added other ingredients: energy, discipline, a sense of urgency. The exercise in which we have engaged ourselves — making modern our constitutional framework to permit a more equitable distribution of resources and opportunities among the people of Canada — this exercise, is a complicated one. It demands of us the best that our imagination and our experience and our political skills are able to provide.

There were some suggestions at the conference that Canadians face challenges more pressing than the reformation and redrafting of our constitution, that our energies would be better expended in seeking solutions, for instance, to current problems which require no constitutional amendment. These arguments are persuasive because they are to a large extent true. It is of little use to draft a new constitution if in the meantime financial pressures upon the many levels of government become unbearable. It is, to a degree, illusory to speak in terms of a bold new plan for the future if we cannot ease the intolerable conditions of poverty in which too many Canadians now live.

These arguments, I repeat, are persuasive but they are not compelling; nor do I think that they were intended to be compelling. They were intended to remind us of a very important aspect of our labours, but they were not, I believe, made in the sense that constitutional review must take second place. For if we were now to abandon the long-run for the short-run, we would have overlooked an ingredient in our life which we dare not fail to consider. That ingredient is the future.

PROBLEM OF POLLUTION

Even as we examine our constitution and discuss the current pressures which bear upon all levels of government, we know that there are other pressures which have scarcely been defined, let alone brought under control. The longer these pressures are allowed to continue unchecked, the more difficult will be our task to deal with them. One such difficulty which comes to mind is likely the greatest challenge to the continuation of life on this planet, the problem of environmental pollution.

Our apparent disinterest or lack of action in regard to this problem, as reflected by the widespread lack of serious study and the infrequent attempts at effective controls, may well govern the quality of life in Canada in the last three decades of this century. This challenge of pollution of our rivers and lakes, of our farmlands and forests and of the very air we breathe, cannot be met effectively in our federal state without some constitutional reform or clarification. It is important that we know which level of government is responsible and, if both, in

what way they are ready to co-operate through the use of the spending power and other devices to permit these problems to be tackled properly.

I believe this is true of many other problems which are sometimes brought to the attention of this House, problems such as urban renewal of housing and urban transport. These problems cannot be dealt with properly because the present constitution is either silent or vague about the level of government which has the legal competence to tackle them. Until the constitution is brought into the twentieth century in some of these respects, governments are, to a large degree, powerless to solve the problems either by acting alone or in co-operation with other levels of government. These are current difficulties which face Canadians and are spawned by this technological age; they could not have been foreseen 100 years ago.

Many of the subjects that we discussed, such as the spending power, which perhaps seemed theoretical to many, are at the heart of all these questions. We are very often asked, as a Government, to do something about a problem that is not under federal jurisdiction. We are very often asked by some to do something which can only be done through the use of the spending power, and then we are told by others that the spending power should not be used. So it is important to clarify these issues. The examples I have given are only a few of the many reasons why there is a great, pressing need for this constitutional task to be moved forward.

Another of the reasons, and perhaps more important still, is the temper of the youth of this country. There are in Canada today more than ten million persons below the age of 25. These young people are not content to permit the future of Canada to be fettered in any fashion by the failure of governments to proceed promptly and adequately with these various tasks and with the constitutional task which lies at the bottom of any action. Forty nine per cent of the population of Canada will not accept a relaxed and casual attitude toward these preparations for our second century.

NEED FOR CONTINUING PROGRESS

I trust that by saying this I shall not be accused of injecting an unnecessary note of alarm or crisis or panic into an otherwise contented country. I simply say that there is an urgent need for continuing progress, that we would be misleading ourselves if we did not recognize the mood of the country. We would be misleading ourselves as well if we assumed that we are now past the most difficult part of these discussions. The most difficult parts are still to come....

Notwithstanding these caveats, I wish to say how pleased I am with the progress made at the session of the conference which was held this week. I wish to say as well that I anticipate continued progress and at an acceptable pace. We are already setting in motion provisions for a meeting of the

ESKIMO BURIAL SITE FOUND

An expedition into Hudson Bay by a team from the National Museum of Man has discovered a large Eskimo burial centre of the prehistoric Thule culture. The finding of the 350-year-old site is expected to close many gaps in the understanding of the Thule culture — for example, by answering biological questions about the early Eskimo people, and providing new insight into their attitudes and behaviour toward death. The Museum also hopes to be able to correct historical mistakes about the Foxe expedition of 1631 searching for the Northwest Passage.

Thule is the best known prehistoric culture in the Canadian Arctic, but material, such as skeletal remains has been extremely scarce until now.

The 12-man team, directed by Charles F. Merbs, an anthropologist from the University of Chicago, has found 335 Thule culture burial sites of the 1613 era, during the past two summers, in the northwest corner of Hudson Bay. The expedition, initiated by the Museum, was sponsored jointly by the National Museum of Man and the National Geographic Society.

HISTORICAL BELIEF

The Eskimo deaths in this newly-explored region are believed to have been caused by an unknown disease brought to the area by a longboat that broke

loose from one of explorer Thomas Button's two ships in 1613, when he was searching for the Northwest Passage. Historians believe Button lacked direct contact with the Eskimos of the regions at that time. They speculate that the longboat was lost during a storm but that later, carrying the unknown disease, it was found on shore by Eskimos. The epidemic that ensued may have eliminated half the Eskimo population of the area, Professor Merbs believes.

"The places of death were than abandoned," he says, "and they have remained abandoned right up to the present." The site, however, was found in 1631 by another European explorer, Captain Luke Foxe, who was also searching for the Northwest Passage. He recorded the "island of dead Eskimos" and noted that some of the weapons found with the dead were tipped with flattened iron nails, an indication they had made contact with white people.

The location, however, remained for many years a mystery because Foxe made a mistake in latitude in pinpointing it on the map. It is expected that much will be learnt from Professor Merbs' studies that will provide knowledge of the little-known transition from the Thule culture to that of the present-day Eskimo. The Merbs expedition will return to the same area for further investigations next summer.

TUNIS AND OECD MEETINGS

The Minister of Industry and Trade and Commerce, Mr. Jean-Luc Pepin, headed the Canadian delegation to the first meeting of the Canada-Tunisia Joint Commission in Tunis last month. This meeting was of particular importance for Canada in view of the Canadian Government's efforts to strengthen its relations with one of the most important countries of French-speaking Africa.

The Canada-Tunisia Joint Commission was created last May as a result of the visit to Canada by President Habib Bourguiba of Tunisia. The two countries, wishing to continue the exchange of views that took place during the visit, considered that a joint commission would best serve this purpose. Their mutual interests have become increasingly close in several fields, including cultural affairs, trade, technical and economic assistance, *francophonie* and other aspects of international affairs. As had been agreed on last May in Ottawa, the first meeting took place in Tunis; future meetings will alternate between the two capitals.

Mr. Pepin was accompanied by officials of the Department of External Affairs, Industry and Trade and Commerce and of the Canadian International Development Agency.

OECD MINISTERIAL MEETING

Following the meetings in Tunis, Mr. Pepin led a Canadian delegation at the annual meeting of the Organization for Economic Co-operation and Development in Paris on February 13 and 14.

The Ministers examined the prospects for economic growth and stability in OECD countries, the current state of their economic relations with the rest of the world, and the future programme of the Organization. In their survey of the aid and trade prospects of the developing countries, they reviewed the progress of member countries in implementing the proposed preferential tariff system for exports from developing countries.

The Ministers also considered the economic policy problems created for the governments of industrialized countries by rapid technological change.

Ministerial representatives from all 22 OECD countries in Western Europe, North America and Japan attended the meeting. Mr. Pepin was accompanied by officials from the Departments of External Affairs, Finance, Industry, Trade and Commerce, Agriculture and the Bank of Canada.

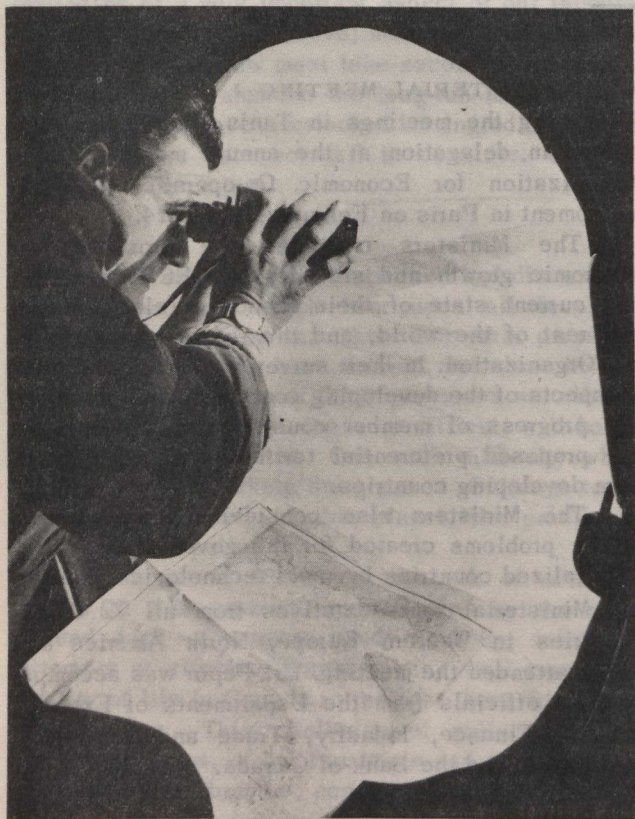
A total of 23,261 domestic refrigerators were sold in Canada in December and 745 were exported.

CANADA'S ICE OBSERVERS

Flying high in two specially-equipped, four-engined, long-range aircraft, a team of observers from the Meteorological Branch of the Department of Transport plot the extent and density of the winter ice which lies over the eastern coastal waters by visual observation through "bubble" windows, and during bad visibility by means of radar and closed-circuit electronic camera. The annual search, which costs \$1 million (small insurance for the safety of winter navigation) is continued for several months, as conditions warrant. From these reports navigational directives are immediately sent to shipping and the data obtained are also added to the continuing study of the problems associated with icy seas. From such studies come more accurate ice forecasts, which lead to longer periods of winter navigation in greater safety.

From their base at Gander Airport in Newfoundland, the ice-observation team covers the St. Lawrence River and Gulf and the coastal areas up to the entrance of Hudson Strait. In summer, similar ice-reconnaissance flights are made over more northerly regions and Hudson Bay.

The prime requirement for the chartered aircraft (DC4s of Kenting Aviation of Toronto) is a strict degree of navigation. The crew must know their position accurately at all times for their reports to be of the greatest use. Their planes have been equipped



Meteorologist-ice-observer scans the ice-fields stretching across the Gulf of St. Lawrence.

with such delicate electronic aids as Decca and doppler systems to supplement more usual methods of position-finding. So accurate are these devices that on one occasion an ice-reconnaissance DC4 that had spotted an overturned dory far out to sea and reported it to search and rescue headquarters, was able to return directly to the capsized boat when asked to do so half an hour later.

Small fishing-boats, deep-sea merchantmen, coastal craft, engineers and scientists all benefit from the continuing and precise recording of ever-changing ice conditions.

AFRICAN LECTURE TOUR

Dr. Lavon Sumption, a biologist at the Canada Department of Agriculture's research station at Lethbridge, Alberta, has been awarded a Commonwealth Foundation Lectureship which will take him on a six-week lecture tour of several African countries, including Tanzania, Ghana, Sierra Leone and Nigeria.

The main purpose of the trip is to provide information on genetic improvement of native herds.

Dr. Sumption has earned an international reputation for his contributions to knowledge about livestock genetics, with particular reference to beef cattle.

In preparation for his African trip, Dr. Sumption is visiting the University of Florida, the Bodles Experimental Station in Kingston, Jamaica, and the Animal Breeding Research Organization in Edinburgh. A further briefing will be held with technical officers of the Food and Agriculture Organization in Rome.

The preparatory studies include first-hand investigations of research projects involving Brahman and native cattle for semi-tropical beef production.

STUDENT EXCHANGES

A two-way clearing-house on work, travel and exchange programmes has been established by the Canadian Service for Overseas Students and Trainees.

The new Ottawa office, which opened in January, provides information for Canadian organizations that work with foreign students coming to Canada for work, travel and exchange programmes, and for Canadian students who wish to take part in similar programmes abroad. The office will also assist with the correlation of such programmes.

The work of the new office initially will be to collect and disseminate information, but programming will probably become part of the operation.

The opening of the clearing house follows a year of increased activity in the international exchange area, on Canada campuses. An international office opened at Simon Fraser University, British Columbia, in October, and Acadia University in Nova Scotia has established a Canada-Commonwealth-Caribbean Centre.

ESTATE AND GIFT TAX PROPOSALS MODIFIED

In response to numerous representations, both directly and through Members of Parliament, Mr. E.J. Benson, the Minister of Finance, has tabled in the House of Commons a notice of motion preceding a bill to amend the Estate Tax Act and the provisions of the Income Tax Act dealing with gift tax.

The motion is, in the main, identical to the budget resolutions of last October, but there are some modifications.

The budget proposed to exempt from tax outright gifts and bequests from husband to wife and wife to husband. It also proposed to increase the estate-tax exemptions for young children and to provide exemptions for older children. To offset revenue losses from these broader exemptions, the estate and gift tax rates were to be increased. (See *Canadian Weekly Bulletin*, Vol. 23, No. 45, dated November 6, 1968, P. 3.)

The changes provide for restoration of the rule that estate tax will not be payable by estates of \$50,000 or less; for the right to pay estate taxes in instalments at the option of the taxpayer; for the right to use the old estate tax exemptions until July 31, 1969, if they are larger than the new exemptions; and for application of the \$2,000-gift tax exemption to gifts to certain trusts.

STARTING-POINT

Estates of \$50,000 or less will not be taxed. This change restores a provision of the Estate Tax Act prior to October 22, 1968, and replaces the budget's proposal that estates of \$20,000 or under should not be taxed. It will mean, for example, that a small estate left by a brother to his sister, or by a grandfather to his grandchildren, will not be subject to estate tax.

The provision will not affect large estates. In these cases, the estate tax will be calculated using the exemptions and rates announced in October. However, in no case can estate tax be more than one-half of the amount by which the estate exceeds \$50,000.

A new provision permits payment of estate taxes in as many as six annual instalments. Interest will be charged on the deferred amounts at a rate to be set by regulation. Under the old provision, the Minister of National Revenue had the power to postpone payment in cases of hardship. This provision will remain but the new provision will make instalments available as a matter of right.

OPTION

Representations have been made to the Government showing that it has not been possible, since the budget, to rewrite some of the wills drawn in the light of the old exemption structure. To recognize the situation it is proposed that, in the case of a death occurring before August 1, 1969, the taxpayer

be entitled to use the old exemption total if this proves greater than the total of the new exemptions.

This provision should give individuals six months from the time the bill is made public to consider and complete changes in their wills.

GIFT-TAX EXEMPTION

The budget proposals provide a gift-tax exemption of \$2,000 that may be deducted from the presents made by a taxpayer in a year to each recipient. However, gifts made through a trust are not eligible. Because there is some fear that gifts to minors have to be in trust, the Government proposes to enable the taxpayer to apply the exemption to trusts under which there is only one living beneficiary. This should remove any doubt as to whether a gift for the benefit of a minor is eligible for the exemption.

MAIN ESTATE TAX PROPOSALS

The budget's central proposal on the estate tax was to provide a full exemption for bequests left to a widow by her husband and to a widower by his wife.

This replaces an exemption of \$60,000 for a surviving widow, or a surviving infirm widower with a dependent child. It applies to all outright bequests and assets transferred to a trust in which the widow, or widower, has an exclusive life interest.

In general, this new exemption will apply only if the widow has an absolute right to the assets bequeathed or to the income of the trust. If her right to the benefits is conditional the exemption will not apply.

Two of the exceptions to this rule about conditional benefits are important:

(a) Common disaster: Some wills make an outright bequest to a widow contingent upon the widow's survival for a short period such as two or three months. This is usually done to avoid two sets of death duties in the event of simultaneous deaths, for example, in a traffic accident. The exemption of a bequest to a widow will apply as long as the period stated by the will is not unreasonably long.

(b) Remarriage: A pension payable to a widow only until she remarries is exempt from estate tax. But other bequests which cease if the widow remarries are not exempt at the death of the husband.

For administrative reasons, bequests to a widow of more complex interests in property or interests in complicated trust, in which others may share during her lifetime, generally will remain taxable. An exception to this rule will be made in a case where the interest of a widow in the income of a trust is limited to ascertained amounts and the balance of the income may be distributed to the children or other persons. As long as no one other than the widow or widower is entitled to receive the capital of the trust during her lifetime, the assets necessary to produce the payments to the widow from the income

of the trust will still qualify for exemption. The balance of the value of the assets transferred to the trust will be taxable.

Taxation of annuities which husbands left to widows has been a much criticized practice of the former system. Now these amounts will never be subject to estate tax. The significance of this reform will increase over the years because of the tremendous growth of pension funds.

Assets bequeathed to a widow and spent during her lifetime will also be untaxed. On the assets that she in turn does pass to her children, the reform may bring a substantial deferment of estate tax. At present interest rates such deferrals can be valuable.

BEQUESTS TO CHILDREN

The legislation introduces an exemption for adult children and increases exemptions for children dependent because of age or infirmity.

Bequests to healthy children over 25 qualify for a \$10,000-exemption or the value of the bequest, whichever is less.

Bequests to children under 25 qualify for a \$10,000-exemption, plus \$1,000 for each full year remaining until he is 26. If the average income of the beneficiary for the previous three years is in excess of \$5,000, the additional exemption is reduced by the excess.

For a bequest to an infirm, wholly dependent child, the proposals provide an exemption of \$1,000 for each year remaining until he reaches 71, plus the basic \$10,000-exemption.

Thus the *maximum* exemptions are: healthy child over 25, \$10,000; healthy child under 25, \$35,000; infirm child \$80,000.

This system of exemptions for children replaces a series of exemptions limited to dependent children.

Previous exemptions had been limited to children under 21 or wholly dependent because of infirmity. The amounts were \$10,000 each child, where there was a surviving widow or infirm widower, and \$15,000 for each orphaned child. There was no exemption for children where there was a surviving, healthy widower.

EXECUTIVE BUS

An idea developed by Canadian photographer George Hunter, combined with the know-how of a Winnipeg manufacturing firm has resulted in a new form of luxurious travel for executives. The idea for the "Corporate Bus" first occurred to Mr. Hunter in 1946, when he was on a photography assignment in a Winnipeg bus factory.

The world's first "package" executive coach became a reality when the Expressway "600" Cruiser was introduced in Toronto recently. The first coach has already been sold and a broad market in the United States is expected. Executives in the mining, oil, construction, retailing, lumbering, exploration and insurance industries may gain many advantages from this type of transportation, which offers the ideal combination of privacy in luxurious surroundings, safe, year-round, all-weather transportation, and savings in accommodation and travel costs.

The coach, for which the top price is \$125,000, is divided into five sections - the driver-area; dinette-lounge; galley, washroom, shower and closet; and a conference section.

NEW NATIVE PERIODICAL

A group of businessmen in Prince Rupert, British Columbia, have decided to publish what could be Canada's only national periodical for Canadian Indians.

The publication, headed by Jim McCreedy, a reporter for the Prince Rupert *Daily News*, is to serve as a "vehicle for native people to express themselves".

The print-run for the new magazine is expected to be about 10,000 copies. "The magazine will deal with all aspects of Indian life, touching on the social and economic problems, their accomplishments, treasured history, and culture," a spokesman for the group said. He added that the magazine would attempt to bring about better communication between natives across Canada and more understanding between Indian and non-Indian people.

The new periodical has the support of at least two B.C. Indian organizations.

PRIME MINISTER REVIEWS CONSTITUTIONAL CONFERENCE

(Continued from P. 2)

continuing committee of officials early in April. If there is agreement between the federal and provincial representatives of that continuing committee, I am sure we will be able to go on to the third stage of our conference in a very short period of time....

The conference on the constitution is a continuing and established fact. In a period of just over 12 months it has met twice and it gives, as I said a moment ago in French, promise that it will meet more frequently in the future. Canadians will be the better for it.