Vol. 26, No. 34

August 25, 1971

CANADA WEIGHS THE U.S. TAX MEASURES

Mr. Mitchell Sharp, Secretary of State for External Affairs and Acting Prime Minister, made the following statement at a press conference on August 16, concerning the effect of United States import surcharges on Canadian goods:

The President of the United States yesterday made a statement which contained four main points. First of all, he announced a wage-price freeze, 90 days; he announced a number of budgetary and tax measures to stimulate the United States economy; he announced the application of a temporary import surcharge up to a maximum of 10 per cent applying to all dutiable imports not already subject to quantitative limitations by the United States; then he announced that the United States had informed the International Monetary Fund that it will no longer freely buy gold for settlement of international transactions - in other words, the United States dollar is not any longer convertible at a fixed price of gold. As far as Canada is concerned, we recognize that the United States has a very serious problem - a very serious problem, quite different to ours in balance of payments. It is

CONTENTS

Canada Weighs the U.S. Tax Measures	1
Housing Agreement with Quebec	2
June Trade	2
Air Flotation	3
Paul Kane Stamp	4
Motor Car Sales Record	4
Forest Fires in June	4
More Tommies to Train in Canada	5
Toothpaste-Tube Standards	5
Festival Canada Success	6
Science Centre Grant	6
Monthly Index	7

running a big deficit on overall account; the United States dollar has been weak. They also have the internal problem of inflation, which has been rather more serious even than it has been in Canada; and they have problems of unemployment not unlike problems that we have here in Canada too. We are prepared to co-operate with the United States in trying to bring about a better international monetary system. It is as much in our interest as it is in the interest of the United States that there should be some basis for international transactions. The United States is a great trading nation and so are we, proportionately even more important in terms of its contribution to our gross national product. Therefore, as far as the Canadian Government is concerned, we are very anxious to co-operate with the United States in trying to work out better monetary arrangements, throughout the world. Indeed, the Minister of Finance, Mr. Benson, is the chairman this year of the Group of Ten, which is the group of the ten most important finance ministers in the world, and it may be that he will want to call a meeting to discuss this very question that has been laid before the world so dramatically by President Nixon. As to the particular measures, we are much concerned about the proposal to apply a surcharge on duty about imports not subject to quantitative restrictions into the United States.

IMPACT ON CANADA

We made a preliminary estimate of the impact of this upon Canada and it appears that something in the order of 25 per cent of our exports to the United States would be affected by this surcharge. It is very difficult to be too precise at this point but, since none of the goods that are free entering the United States will be subject to the surtax, we can take off a high proportion of our exports for that reason (for example newsprint is not subject to the surcharge). We can also eliminate our exports to the United States under the Automotive Agreement, since these are not

1

subject to duty and they are exempted. We can also exempt, or at least include in the exemptions, our exports of oil, since these are subject to quantitative import restrictions into the United States. However, even the 25 per cent is serious. I should make another qualification - that it isn't necessarily 10 per cent in all cases, it is a maximum of 10 per cent subject to a limitation in the Trade Agreement Act of the United States, whereby the result in duty cannot be returned to a level higher than it was before the Trade Agreement process began. So, in some cases, the surcharge will not be as high as 10 per cent. In his statement, the President made clear that the purpose of this import surcharge, which as I have just said, would apply to something like 25 per cent of our exports to the United States, was to bring about a correction of unfair exchange rates and bring about modifications in discriminatory tariff and non-tariff barriers against the United States. Now, we have had a floating dollar since May of 1970; the Canadian dollar itself has appreciated substantially in value since that time. We do not restrict imports from United States. In the President's own terms, and I would quote from his speech yesterday, he said: "This import tax is a temporary action, not directed against any other country, but an action to make certain that American products will not be at a disadvantage because of unfair exchange rates. When the unfair treatment is ended, the import tax will end as well."

DELEGATION TO WASHINGTON

In the President's own terms, the import surcharge should not apply to Canada; and this will be the burden of representations that will be made by the Canadian Government to the United States administration within the next few days. A delegation will be leaving some time this week, I hope as soon as it can be arranged, which will be led by a minister or perhaps more than one minister and will make representations along these lines as well of course, as engage in consultations with the United States on the other measures upon which we are very anxious to co-operate. The Minister of Finance, Mr. Benson, who is on holiday, is coming back to Canada immediately, and will, of course, be engaged in the discussions. I am not sure whether he will be going to Washington, but the chances are that he will form part of the delegation. As far as the Prime Minister is concerned, he is being kept fully informed of what is going on; my colleagues and I do not think that it is necessary at this stage for the Prime Minister to return....

NOTE

Since this statement was made, Prime Minister Trudeau cut short his European holiday and returned to Ottawa on August 19, to evaluate the results of discussions held in Washington by Canadian and U.S. government officials.

HOUSING AGREEMENT WITH QUEBEC

The Federal Government and the government of Quebec recently concluded further administrative and financial arrangements concerning housing. Under the terms of this latest agreement, the Federal Government will contribute half the operating losses on public-housing developments in Quebec.

Central Mortgage and Housing Corporation is authorized under the National Housing Act to enter into an agreement with a province for the purpose of contributing towards any deficits arising out of the operations of a public housing project leased to individuals or families of low income at rentals less than those required to meet the cost of amortizing and operating the project.

JUNE TRADE

Canada's merchandise-trade surplus dropped 16.6 per cent in June from the June 1970 level to \$203 million, with exports up 6.3 per cent and imports up 10.4 per cent. Nevertheless, the trade balance for the first half of 1971 at \$1,197 million stayed within 3.9 per cent of the figure last year.

Record imports in June 1971 totalled \$1,437 million, up \$135 million or 10.4 per cent from the level a year earlier. Shipments from the United States increased by \$65 million, or 6.9 per cent, to \$1,006 million. Purchases were up by \$45 million from Japan, together with the European Economic Community, and by \$36 million from all remaining countries except "other Commonwealth" and "preferential", whose shipments dropped by \$11 million.

Cumulative imports for the first half of 1971 reached \$7,535 million, up \$312 million, or 4.3 per cent, from the first half of 1970. Higher purchases of \$138 million from the United States, \$58 million from Japan, \$44 million from the European Economic Community, and \$97 million from elsewhere more than offset lower purchases of \$25 million in other Commonwealth and preferential countries.

June imports of automotive products, crude petroleum, iron and steel fabricated shapes, industrial machinery and tractors accounted for over half of the increase over those of June 1970. The trend noted for automotive products and crude petroleum held also for cumulative imports for the first six months of 1971.

Seasonally-adjusted imports rose by \$53 million to \$1,332 million in May and June 1971. Adjusted imports turned upward in the first quarter of 1971, reversing the downward trend from the second quarter 1970 level. They continued to climb by a further \$144 million in the second quarter to reach a level of \$3,793 million.

Canada's seasonally adjusted trade surplus amounted to \$611 million in the second quarter. The trade surplus in the first six months of 1971 totalled \$1,296 million, compared to \$1,610 million in the second half of 1970.

AIR FLOTATION

John Morralee of the Design and Technical Services branch at Atomic Energy of Canada Limited's Chalk River Nuclear Laboratories, Ontario, has been exploring the potential of air-flotation for relocating experimental equipment around the National Research Universal (NRU) reactor. Air-film handling is the flotation of a heavy load in a thin film of air; controlled leakage of air diaphragms reduces the moving power required to one tenth of what it would be if the load was on wheels.

One experiment at NRU has a five-ton shielding block that must be relocated in a new position that is inaccessible to the overhead crane, and airflotation may solve the problem.

In the photos, Mr. Morralee checks the air casters on the bottom of a pallet (below), switches on the air (upper right) and he's off on his magic carpet ride (lower right).







PAUL KANE STAMP

The Post Office pays tribute to one of Canada's most remarkable pioneer artists, Paul Kane, with the issue on August 11 of a seven-cent commemorative stamp commemorating the hundredth anniversary of his death.



The 40-mm-by-32-mm stamp, in four colours, features one of the vivid paintings of North American Indians for which Kane was renowned. The design is reproduced from Kane's *Indian Encampment on Lake Huron*, by courtesy of the Art Gallery of Ontario.

KANE - FRONTIER ARTIST

Born in Ireland, Kane emigrated to Canada with his family in 1819. He lived in York (which later became Toronto), where he obtained his first knowledge of Indians through his boyhood association with local members of the Mississauga tribe.

Kane began his career as a decorative painter of signs, houses and coaches. Later be travelled to the United States and overseas to continue his studies in Europe and Africa.

While in London, Kane met the American painter, George Catlin. Famous for his paintings of North American Indians, Catlin idealized the Indian as a noble red man, free of the alleged corruption and superficial sophistication of white society. When Kane returned to Canada in 1845 he wrote, "I determined to devote whatever talents and proficiency I possessed to the painting of a series of pictures illustrative of the North American Indians and scenery".

Kane made most of his sketches of Indian life during two journeys — the first in 1845 through the rugged terrain of the Great Lakes region, the second in 1846 to 1848 to the Pacific Coast.

On his return to Toronto in 1848 Kane painted the portraits, landscapes and compositional groupings for which he is best known. The fascinating journal he kept of his adventures and observations in the northwest was published later in England in 1859 under the title, Wanderings of an Artist Among the Indians of North America from Canada to Vancouver's Island and Oregon through the Hudson's Bay Company's Territory and Back Again.

In 1851, the Canadian Government commissioned 12 paintings from Kane, 11 of which except one,

which was lost, hang in the National Gallery of Canada.

The 100 large canvasses which Kane considered his best work, together with 300 of his pencil and water-colour sketches, were bought by Senator George W. Allan of Toronto in 1867. The Allan collection was later purchased by Sir William Osler in 1911 and donated to the Royal Ontario Museum, where they are now displayed in the North American Indian Section.

Since much of the territory in which Kane sketched is now in the United States, many of his works are in major collections there today. Most notable of these are the 200 water-colour and oil sketches acquired by the Lutcher Stark Foundation of Orange, Texas, from Kane's descendants in Manitoba. Another 12 canvasses are owned by Harvard University.

MOTOR CAR SALES RECORD

Several records were set by the sales of new motor vehicles in May. Total sales passed 100,000 units for the first time in any single month, reaching 102,144 - 28.2 percent more than the figure a year earlier, and well above the previous record of 96,953 established in May 1967. Passenger-car sales jumped 26.1 per cent to 84,768, surpassing the May 1967 record of 81,259. Sales of commercial vehicles reached 17,376 units - the highest since at least 1961, and probably the highest ever.

While sales of North American passenger cars increased to 65,353 units, 21.5 percent more than those of a year earlier, those of cars from overseas continued to forge ahead by 44.6 per cent to 19,415 units, holding 20.0 per cent of the market both for the month and for the year to date.

Commercial vehicles made overseas increased their share of the January-to-May market to 7.95 per cent from 5.98 per cent a year earlier as May sales increased 76.2 per cent to 1,447 units.

May-to-May increases in passenger-car sales varied from 4.6 per cent (to 3,000 units) in Manitoba to 70.3 per cent (to 2,563) in New Brunswick: Ontario's sales increased 33.7 per cent to 35,089; and Quebec's by 15.6 per cent to 25,485.

FOREST FIRES IN JUNE

The Canadian Forestry Service recorded 2,025 forest fires in Canada during June.

This was 131 more than during the same period last year and a considerably higher number than the ten-year average of 1,504 for the month of June. The total forest area affected was 876,000 acres, which was well below the ten-year average of 1,052,000 acres for June.

The total number of forest fires in Canada this year to June 30 was 4,449 over a total area of 1,056,000 acres.

MORE TOMMIES TO TRAIN IN CANADA

Agreement on a ten-year plan providing for the increased use of Canadian military training facilities by British soldiers and airmen has been reached by Ottawa and London.

Large-scale army training at Suffield, Alberta, and Royal Marine training at Gagetown, New Brunswick, are new features of the agreement. The continuation of existing Royal Air Force flying-training out of Goose Bay, Labrador, and military training at other major Canadian Forces Bases on a scale close to that of recent years is also covered.

British armed forces have trained in Canada during the past ten years but on a smaller scale and only under separate arrangements. The new agreement embraces this training and provides for increased activity. It is the first large-scale long-range agreement for military training to be worked out between the two countries since the end of the British Commonwealth Air Training Plan of the Second World War.

PROGRAM

The training areas to be used by the British will be under the command and control of the Canadian Forces and the whole plan will be conducted within the provisions of the Visiting Forces Act and the NATO Status of Forces Agreement.

The full costs of the training, including expenses for the Canadian administrative staff involved, will be borne by the British.

The Royal Marine training at Gagetown will involve one commando group of some 700 personnel, along with a helicopter squadron using the existing Gagetown facilities for up to five weeks each year.

The Goose Bay flying training usually involves about 120 aircraft visits during any one year. Two or three at a time stay at Goose Bay for nine or ten days and conduct flying training near there. A 150-man RAF detachment now at Goose Bay will remain there.

The program for Suffield, 30 miles north west of Medicine Hat, is much larger. While the Defence Research Establishment will continue, a Canadian Forces Base also will be established within the military reservation. The Base will be under the command of a Canadian colonel and will provide, beginning in May 1972, for the training of British troops in groups of 600 to 1,000 at a time. Each group will stay in the Suffield area for about three weeks. Training will be conducted between May and November, using equipment permanently located at Suffield. A small permanent British staff will remain year-round.

The training involves the firing of conventional weapons including tank guns, artillery, and anti-tank weapons. A variety of battleruns for all arms will be used by British forces in accordance with Canadian range and safety regulations. These will cover an

area of some two-thirds of the 1,000-square-mile military reservation.

A building-and-procurement program to develop the required training facilities at Suffield will begin this autumn. In all, about \$2 million is expected to be spent on the program. Annual payroll for the permanent Canadian and British military staff and additional civilians hired locally will amount to over \$1 million annually.

DRB NOT AFFECTED

The project at Suffield will not conflict with the Canadian Forces training plan or the Defence Research Establishment there. The DRB Establishment will continue its current defence research activities at Suffield as well as special projects such as a current one involving the destruction of DDT stockpiles. There is no relation between DRB activities at Suffield and the British training program. The Suffield area is the only military reservation in Canada large enough to conduct the training the British require.

Discussions are being held with the federal Department of the Environment and provincial authorities to ensure that specific training areas within the Suffield area as a whole are selected with due regard to wildlife and other ecological considerations.

TOOTHPASTE-TUBE STANDARDS

The Minister of Consumer and Corporate Affairs, Mr. Ron Basford has announced a new simplified system for the sizes of toothpaste tubes, designed to help consumers make better price comparisons between brands and tube sizes.

"Toothpaste will be sold in only six sizes, instead of the close to 30 sizes now on the market," Mr. Basford stated. "This major contribution to eliminating confusion for the consumer has been developed through consultation with the toothpaste manufacturers and the Toilet Goods Manufacturers Association."

Mr. Basford said that the six new sizes would be marked by volume of paste in the tube, not by weight as at present. "This standardization of sizes will help consumers to make better price comparisons between brands and sizes," he said.

The Minister also drew attention to the fact that the new tube sizes will be marked entirely in the metric system, with the volume given in millilitres — 25ml, 50ml, 75ml, 100ml, 125ml, and 150ml. "This is a step towards eventual metrication of all measurements in Canada, and I hope that other product manufacturers will follow this lead as they standardize their containers," Mr. Basford said.

The manufacturers have also undertaken, in their packaging and advertising, to drop the use of nomenclature such as "giant" and "family-size" which

have often served to confuse rather than to enlighten the consumer.

The new sizes and markings will begin to appear on the market in about six months, and, within a year, all manufacturers will be producing toothpaste according to the new sizing. The system will be made mandatory by regulations to be passed under the recently-adopted Consumer Packaging and Labelling Act.

PLANS FOR OTHER PRODUCTS

In making his announcement concerning toothpastetube sizes, Mr. Basford also called attention to a request he had made to the manufacturers of a wide range of food commodities concerning proliferation of

package sizes.

"I trust that the leadership shown by the toothpaste manufacturers will be followed by other food manufacturers," said Mr. Basford. The Minister has sent letters to food manufacturers' associations under provisions of Section 11 of the Consumer Packaging and Labelling Act which gives the Government the power to limit the number of sizes or shapes of containers if there is considered to be undue proliferation likely to confuse or mislead consumers.

The Consumers' Association of Canada also has been requested by Mr. Basford to submit a list of commodities considered to be possible candidates

for standardization.

Mr. Basford disclosed that the products involved are powdered detergents, breakfast cereals, household paper products, soft drinks, shampoos, tomato ketchup and peanut butter.

FESTIVAL CANADA SUCCESS

The National Arts Centre's first summer festival surpassed all expectations during its run of one month with a total attendance of 84.5 per cent at 67 performances. Out of a total of 71,750 seats, 60,700 were sold.

The Centre had expected an average attendance of 65 per cent in view of its past experience of summer programming and because both the unavoidably short planning period and certain financial restrictions had prohibited a national publicity campaign.

Mr. Bruce Corder, Director of Operations at the Centre, attributed the success of the festival to the balance between popular events and those aimed at limited audiences, the high level of presentation, and

modest prices of admission.

All events, he said, attracted a cross-section of the population, all ages and socio-economic groups being well represented. Initially, the greater part of the audience was from the capital region and the Centre was gratified for the enthusiastic support given by its local audience. As the month progressed, however, the proportion of tourists in the audiences increased considerably and so there is no doubt that, given sufficient publicity early enough in the year for people to include a visit to the capital in their holiday plans, the festival can become truly national.

Prominent among the events of this first summer festival were a production of *The Marriage of Figaro* in English, which achieved 92.1 per cent of its boxoffice potential during its five performances, and three new works presented by the Royal Winnipeg Ballet — *The Last Rose of Summer*, choreographed by Walter Gore, *Rondo* (a North American première), by John Neumeier, and *The Ecstasy of Rita Joe*, by Norbert Vesak. The ballets achieved a 96.8 percent total sale.

Other box-office percentage figures were: Monique Leyrac, 88.7 per cent; Les Belles Soeurs, by the Théâtre du Rideau Vert, 75.6 per cent; Ian and Sylvia, 98.1 per cent; Mary, Mary, by the St. Lawrence Centre, 92.8 per cent; the National Arts Centre Orchestra, 81 per cent; The Jest Society, 88.8 per cent, and Pauline Julien, 68.3 per cent.

These results, together with the acclaim given to the Festival by both audiences and critics has encouraged the Centre to begin planning for the 1972

festival on a more extensive scale.

SCIENCE CENTRE GRANT

A contribution of about \$30 million from the Federal Government's Health Resources Fund has been approved in principle for a new health-sciences centre at Memorial University, St. John's Newfoundland.

The money will help in the construction of the Health Sciences Centre at Memorial University, which will include a medical school and a 300-400-bed

teaching hospital.

The Centre will be the main teaching hospital of the university and will also be the basic referral centre for the province. The present general hospital will be converted into a convalescent or custodial institution.

The new medical school will accommodate 262 undergraduate and 95 postgraduate students. Temporary buildings are currently being used to provide classroom, laboratory and study facilities for medical students.

The \$500-million health resources fund, established in 1966, provides assistance to the provinces in meeting the capital costs of constructing, renovating and equipping health-training and research facilities. Of the total amount approved in principle for the Memorial University health sciences centre, \$10 million is from the \$75-million portion of the fund reserved for projects of national significance. The Newfoundland project will be the first to receive money from this special portion of the fund.

MONTHLY INDEX

(August 1971, Volume 26)

Agriculture

St. Pierre quarantine station, No. 32, P. 4

Arts (see also Exhibitions and Post Office)
Festival Canada success, No. 34, P. 6
Theatre on wheels, No. 32, P. 3

Bilingualism

Armed forces language-training centres, No. 33, P. 3

Britain see National Defence

Central Mortgage and Housing Corporation (CMHC) see Construction

Constitution and Government

Bureau of Statistics name-change, No. 33, P. 6

Construction

Housing agreement with Quebec, No. 34, P. 2

Consumer Affairs

Toothpaste-tube standards, No. 34, P. 5 Unit-pricing, No. 33, P. 2

Education see External Aid, History and Labour

Exhibitions

French porcelain in Toronto, No. 31, P. 5 Man and His World 71, No. 32, P. 4

External Affairs

Canada-Romania claims pact, No. 31, P. 3 Diplomatic appointments, No. 32, P. 5 Visit of French Foreign Minister, No. 32, P. 5

External Aid

Briefings for teaching abroad, No. 32, P. 3 Nurse in Viet-Nam, No. 32, P. 4 Saskatchewan aid to refugees, No. 31, P. 3

Finance

Canada and the U.S. tax measures, No. 34, P. 1

Fisheries see Science

Forestry

June forest fires, No. 34, P. 4

France see Agriculture, Exhibitions and External Affairs

Geography

New population map, No. 32, P. 5

Grants and Awards

Health-sciences centre, No. 34, P. 6

Health and Welfare (see also Grants and Awards)
National Defence medical research merger,
No. 31, P. 6

History

McGill University gets Washington letter, No. 33, P. 6 Restoration of historical materials, No. 33, P. 4

Industry

Motor car sales, No. 34, P. 4

Labour

Student employment at Man and His World, No. 33, P. 2

Man and His World see Exhibitions

National Defence (see also Bilingualism)

More British soldiers train in Canada,

No. 34, P. 5

National Research Council see Science

Natural Resources see Pollution

Northern Affairs see Transportation

Pollution

Pulp-and-paper pollution probe, No. 33, P. 6

Population see Geography and Science

Post Office

B.C. centennial stamp, No. 31, P. 4 Paul Kane stamp, No. 34, P. 4

Science (see also Grants and Awards)
Air flotation, No. 34, P. 3
Fisheries research, No. 33, P. 3
NRC industrial fellowships, No. 32, P. 5
Science and the population explosion,
No. 32, P. 1

Trade

June trade, No. 34, P. 2

Transportation

Canada-U.S. Alaska Highway discussions, No. 31, P. 3 Urban transport, No. 33, P. 1

Urban transport, No. 33, P. 1

United States see Finance and Transportation

Visits see External Affairs

have often served to confuse rather than to collection

The new sizes and markings will begin writers on the market in about six months, and, within a year, all remarkacturers will be producing to the earth dise to the new sizing. The system will be made mandatory by regulations to be pursely enter the recently-adopted Convenes Fundament and Laterling Act. (abrawA bus atherd only use) statis when dileast

No. 31, P. 6 and dented and and and and

passe mendacturers, which sections by Departity passe mendacturers, which sold lights and the Minnest ford menutacturers is and Mr. Handow. The Minnest flaw sem letters to feed menutacturers association wodes provinciples of feed mentacturers association wodes are labelling fact which gives the Poperation in passer to limit the manner, of steer of contacturers if there is contributed as a line of the light of the like in the light of the light of the like in the light of the light

more More Collins condition train in Committee and the said Mo. Fagings of headand side and benchman sentimental most account see being a benchman and Mattonal Research Council see beingsseiterenging of

Mr. Bestord disclosing and positive distribution of the powdered determine, breaking leaves and personal and pessent and pessent and pessent determined by the positive manufacture and pessent better.

Pulp-and-paper pollution probe, No. 33, P. 6

Population see Geography and Science

South the finding of the first of the first

P.C. contennial space, No. 21, Parkins of the Personage of the Principles of the Pri

of 65 pt. of 10 and annual solution instantial DHM of of 65 pt. of 10 pt. of

Br. Street Come. A. Stable of general and the feeting to the believe butween remain which seems and mobile open if the seems of the seems and mobile open if the seems of the

All events, he total and test and accidencement and the population, all over and accidencements total being well experience being the contract test author besind the sudience was from the contractions of the Course was guiltied for the embedded to appear a total and the contraction of the contract

however, the proportion of tourists in the audiences increased considerably and so there is no doubt that, proportional publicity party enough in the year for people to include a visit to the capital in their roots are the capital in their

Prominent among the events of this first animes fectival were a production of The Merriage of Figure in English, which achieved 92.1 per cant of its box office potential during the two performance sputinging Anew weeks Quickers animal animal animal hapithed for The Lear (2010) 120 They were should shirt of the Core, Peng of Mr. 188 2011 aliant of Taylor of the two teams and the Animal animal

The series of th

Consumment and Covernment of the service of the ser

Housing agreement with Quebec, No. 34, P. 2

Consumer Affairs

Toothpeste-tube standards, No. 34, P. 5 Unit-pricing, No. 33, P. 200

Salemai Wilane nos sub ni stad Him yenom edit dario mendo Romania banka pace, No. uppappa da edit da dario dario da financia da financia financia da financia financi

in triped printers also set of the extra the factories and known at the control of the control o

one administration of the transport of the state of the s

tentraled as 1900 apply 1900 to 1900 t