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No. 60-65

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CABINET MINUTES

A meeting of the Cabinet was held in the Privy Council Chamber, on Wednesday, July 14th, 1965, at 10:30 a.m.

Present:

The Prime Minister
(Mr. Pearson) in the Chair,
The Minister of National Defence
(Mr. Hellyer),
The Minister of Finance
(Mr. Gordon),
The Minister of Trade and Commerce
(Mr. Sharp),
The Minister of Public Works
(Mr. McIlraith),
The Minister of Northern Affairs and National Resources
(Mr. Laing),
The Secretary of State
(Mr. Lamontagne),
The Minister of Justice
(Mr. Cardin),
The Minister of Labour
(Mr. MacEachen),
The Minister of Mines and Technical Surveys
(Mr. MacNaught),
The Minister of Veterans Affairs
(Mr. Teillet),
The Minister of National Health and Welfare
(Miss LaMarsh),
The Minister of Industry and Minister of Defence Production
(Mr. Drury),
The President of the Queen's Privy Council
(Mr. Favreau),
The Postmaster General
(Mr. Tremblay),
The Leader of the Government in the Senate and Minister without Portfolio
(Senator Connolly),
The Minister of Forestry
(Mr. Sauvé),
The Minister of National Revenue
(Mr. Benson),
The Associate Minister of National Defence
(Mr. Cadieux),
The Solicitor General
(Mr. Pennell),
The Minister without Portfolio
(Mr. Pepin).

The Secretary to the Cabinet
(Mr. Robertson),
The Assistant Secretaries to the Cabinet
(Mr. Loughead),
(Mr. Wall).

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New Ministers
(Previous reference July 7)

The Prime Minister welcomed Mr. Pennell and Mr. Pepin to their first meeting of the Cabinet.

The Cabinet noted with approval the remarks of the Prime Minister welcoming Mr. Pennell and Mr. Pepin as new Ministers of the administration.

Extension Of Term Of Governor General

The Cabinet noted with approval the intention of the Prime Minister to announce that day that the Queen had been pleased to extend on an indefinite basis the term of office of the Governor General, General the Right Honourable Georges P. Vanier.

Proposed Plan For Maintaining Postal Services In The Event Of "Work-to-Rule"
(Previous reference July 7)

The Cabinet had for further consideration a report of the Cabinet Committee on Social Security and Labour (Cab. Doc. 362-65, July 6), together with a memorandum of the Postmaster General (Cab. Doc. 347-65, June 28) concerning a proposed emergency plan of operation for the maintenance of postal services in the event of the initiation of "Work-to-Rule" or slow down by postal employee associations to protest salary adjustments.

The Prime Minister said it had been drawn to his attention that since the previous discussion on July 7, members of the Federated Association of Letter Carriers at a meeting in Montreal on July 12 had passed a resolution advocating a strike unless demands for a general pay increase of $660 were met. While referred to as a 24-hour strike, it might go beyond that period.

The Minister of National Revenue said the Treasury Board at a meeting that day had agreed to recommend to Cabinet the acceptance of the Civil Service Commission's recommendations for the Group "D" classes of employees, which included increases of $300 per annum for certain postal workers and $360 per annum for other classes of postal employees, all effective from October 1, 1964. The Treasury Board considered they could not go beyond the recommendations of the Civil Service Commission. Any such action would endanger the recognized procedures for pay determination and review. Substitution of a salary determination by the Treasury Board would run the risk of placing employee associations in the position of negotiating with Ministers.

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Mr. Pearson said it was most desirable that the proposed pay announcement be made as soon as possible and that the staff associations be advised of increases in advance of public announcement. The announcement of the pay revision of Group "D" employees should be made on Friday, July 16 with a carefully worded explanation of the substantial (7.3 per cent) increase. He expressed the hope that the announcement would result in the continuance of normal postal services.

The Postmaster General said he agreed with the acceptance of the Civil Service Commission recommendations for pay adjustments for Group "D" employees, but this increase provided no guarantee against the possibility of a strike or "Work-to-Rule" action. The Post Office Department required an approved emergency plan so that they could enforce discipline and maintain postal services. The Department had proposed a plan for a "Work-to-Rule" situation but it had no fully developed plan for a strike situation. A 24-hour strike would cause concern but it could be coped with; the serious problem was the action to be taken if a strike was prolonged or became general.

There had been organized pressure for several years to use "Work-to-Rule" as a device for the achievement of demands but the national postal employee associations had not yet accepted the Montreal strike proposal. However, the department should have a course of action approved in the event it became necessary in order to continue a satisfactory postal service.

The main points of the emergency plan proposed by the Post Office Department were:

(1) If "work-to-rule" was instituted to impair postal service it would be regarded as slowdown, and lawful measures would be used to provide continued postal service.

(2) Every effort would be made to process first class mail, medical supplies and other important classes of mail according to capability.

(3) When the existence of a slowdown was established all employees in the offices concerned would be individually advised of departmental policy and that any participation in a slowdown would result in suspension under Section 57 of the Civil Service Act.

(4) Vacation and casual sick leave would be cancelled and employees absent without approved leave would be suspended.

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(5) Additional staff would be secured by extending the hours of regular part-time staff, employing casual staff and requiring regular staff to work over time.

(6) Supervisors would be asked to work overtime to meet the demands for increased supervision.

(7) Any employee who, following suspension, requested permission to return to work, might be reinstated if he signed a statement that he would fulfill the duties that were assigned to him and refrain from participation in any action which would interfere with the provision of normal postal service.

(8) Letter carriers who failed to deliver their work load within the prescribed time would be considered as participating in a slow down.

(9) If the Department were unable to process all classes of mail, embargoes would be imposed, starting with mails considered to be less important.

(10) The slow down emergency operation would be directed by a Headquarters Committee consisting of senior postal personnel.

The Minister of Labour said he was concerned at any action by the government toward its employees that would appear to be more drastic than would be taken by other employers in the event of labour trouble. If arbitrary conditions were imposed on postal workers reactions against such measures might be initiated by other employees and trade unions, and the difficulties could spread. The concern about dislocation might be unduly great. If mails were tied up, alternatives could be developed which would reduce the possibility of damage to the economy.

During the discussion the following points emerged:

(1) During a strike an emergency plan along similar lines to the plan for a slowdown would be required. The plan proposed by the Post Office Department had been developed in the light of experience in the British Post Office.

(2) Part-time workers with some previous experience might be available but the extent to which they would be willing to work during a slowdown or strike was uncertain.

(3) There would be a public demand for action to offset or prevent a slowdown or strike in order to ensure continuance of the delivery of mail as an essential public service.

(4) A point to be determined would be when "work-to-rule" had become a slowdown.

(5) The Post Office Department and the Department of Labour should immediately consult in order to work out arrangements for providing continuous service for at least those things the movement of which was essential.

(6) Discussions with the staff associations had centred on salary rates and there had been no references to working conditions. Working conditions or other issues had not come up in Montreal. It might, however, be worth ensuring that working conditions were not a part of the problem.

The Cabinet:

(a) noted the remarks of the Prime Minister, the Postmaster General, the Minister of National Revenue (as Vice-Chairman of Treasury Board), and other Ministers concerning salary revisions for Group "D" employees (including postal staffs), and the need for an emergency plan in the event of a "work-to-rule" situation; and,

(b) agreed that:

(i) the cyclical pay revisions for Group "D" employees, as recommended by the Civil Service Commission, with effect from October 1, 1964, be approved and announced on July 16, 1965; the form of the announcement to be reviewed by the Prime Minister before it was issued;

(ii) discussions be carried on between the Post Office Department and the Department of Labour on plans to meet possible "work-to-rule" and strike situations, a report to be made thereon to the Cabinet at a later date; and,

(iii) mail service, as an essential service, would have to be maintained at least with regard to the most important categories of mail items.

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Strikes Of National Harbours Board Employees In Montreal
And Grain Handlers In Vancouver
(Previous reference July 7)

The Minister of Trade and Commerce said the delays in the settlement of the strike of certain National Harbours Board staffs in Montreal were becoming a cause of concern. There was a relationship between the Montreal strike and the strike at the Alberta Pool Elevator in Vancouver. Until the Montreal strike was settled, it was difficult to apply any real pressure to settle the Alberta Pool Strike. While the other St. Lawrence ports were clearing grain, it would be most desirable to settle the situation in Montreal in anticipation of a large Western crop this year.

The Minister of Labour said the Labour Department conciliator in Montreal had been meeting regularly with both the unions and management of the National Harbours Board. About one-third of the local issues had been successfully dealt with not including wage scales. The unions were demanding increases of from 75 cents to $1.00 per hour over three years. The Department had confidence in their Montreal negotiator but the length of time being taken in negotiating the settlement indicated that they might have to give him assistance. Part of the problem related to inter-union rivalries which were not conducive to quick settlement.

Mr. Pepin said the Department of Transport had been keeping in close touch with the National Harbours Board. It appeared that the unions were fostering the impression that the National Harbours Board refused to recognize the validity of any wage demands. which was not the case. The Chairman of the National Harbours Board thought that they should wait a few days before taking further action to clarify the Board's position.

During the discussion the following points emerged:

(a) Employees at other elevators in Vancouver were refusing to handle grain diverted from the Alberta Pool Elevator, consequently grain shipments for the whole port were closing down.

(b) The attitude of the local Alberta Pool Elevator management in Vancouver had not been helpful in settling the wage dispute and the Government mediator, Dr. Neil Perry, had recently met with the company officials in Winnipeg, in order to urge them to take positive action. It appeared this would be done now that pool shipments were not being handled by other elevators.

(c) As the National Harbours Board properties in Montreal were not under the protection of the Montreal Police, the Board had hired extra security guards. Special precautions and instructions should be adopted to ensure that no unfortunate incidents occurred which could be attributed to the special guards.

The Cabinet noted the remarks of the Minister of Trade and Commerce, the Minister of Labour and other Ministers concerning the strikes at the National Harbours Board in Montreal and the Alberta Pool Elevators in Vancouver and agreed that the matter be discussed at a later meeting of the Cabinet if solutions had not been achieved.

Export Financing: Sale Of Locomotives To The Rhodesia Railways

The Cabinet had before it a memorandum of the Minister of Trade and Commerce (Cab. Doc. 364-65, July 5) setting out the recommendation of the Committee on Export Financing for the financing under Section 21A of the Export Credits Insurance Act for the export by Montreal Locomotive Works Limited of twelve diesel-electric locomotives and spare parts to the Rhodesia Railway, an agency of the governments of Rhodesia and Zambia. The amount to be financed was $2,278,000, with credit terms of 5 per cent down and 15 per cent on delivery, payment to be made in twenty semi-annual instalments to commence six months after a thirteen month delivery period. Canadian content of the order would be about 75 per cent. Both Rhodesia and Zambia appeared to be satisfactory credit risks on purely economic grounds, although the committee had expressed some concern about the future political stability of Rhodesia. While it was recognized that a unilateral declaration of independence by Rhodesia would give rise to a critical political situation, there was reason to believe, on the basis of discussions at the recent Commonwealth Prime Ministers' Conference, that the political risk was acceptable.

The Prime Minister said he disagreed with the analysis of the political situation in Rhodesia as outlined in the memorandum, and described the situation as potentially chaotic. He questioned whether Rhodesia could be considered a good credit risk on political grounds.

The Minister of Trade and Commerce said that the political analysis of the situation had been made by the Department of External Affairs. While he did not discount the very considerable political risks involved in the proposal, he pointed out that to refuse the present request would require the government to adopt the same view in relation to any country in the world about whose political or economic stability the government had some doubt. The Canadian locomotive industry was faced with serious international competition and would benefit considerably from the present proposal. Canadian exporters were in a difficult position and should be better informed about the government's policy in relation to export financing if credit were not to be extended in circumstances like those in Zambia and Rhodesia.

The Minister of Finance suggested that the Export Credits Insurance Corporation be more fully informed about the government's concern in relation to certain countries where credit risks were great, and asked not to encourage the Canadian exporters to enter export arrangements with those countries. Exports from Canada were important for the employment they created and for earnings of foreign exchange but it did not appear that the present proposal would contribute materially to either, taking into account the present economic situation in the Montreal area. Other Ministers pointed out that while employment was full in the Montreal area generally, the competitive situation in the locomotive industry was such as to weigh in favour of accepting the proposal.

The Prime Minister said that, in the light of the views which had been expressed, the proposal should be given further consideration. In the interim he would wish to discuss the political situation in Rhodesia with officials of the Department of External Affairs. He would thereafter have a further discussion with the Minister of Trade and Commerce and the Minister of Finance.

The Cabinet agreed that the Prime Minister, the Minister of Trade and Commerce and the Minister of Finance give further consideration to the proposal to finance the export of twelve diesel-electric locomotives and spare parts to the Rhodesia Railways, with a view to arriving at a final decision by July 16th.

Export Financing: Sale Of Road Graders To The Province Of Sante Fe, Argentina
(Previous reference June 17)

The Minister of Trade and Commerce introduced a memorandum (Cab. Doc. 370-65, July 6) supplementary to his earlier memorandum of June 15 concerning the proposed financing of $3.5 million for the sale and export of road graders by the Dominion Road Machinery Company to the Provincial Highway Administration of the Province of Santa Fe, Argentina. The supplementary memorandum set out information concerning Argentina's public and private debt and steps which had recently been taken by Argentina's creditors to re-schedule the repayment of certain of these debts.

Mr. Sharp reminded the Cabinet that the Department of Finance had expressed concern at the present proposal in the light of Argentina's chronically adverse debt situation. It had questioned the desirability of Canada making further financing available to Argentina when that country was unable to meet much larger debts owed to present creditor countries. This situation was chronic not only in Argentina but in most countries of South America, many of which were important importers of Canadian goods.

The Minister of Finance outlined the present economic situation in Argentina and indicated that, despite its adverse character, Argentina had refused to take any corrective action. In his view, approval of the present proposal would simply amount to an additional charge of $3.5 million against Canada's deficit.

The Cabinet agreed that the recommendation of the Committee on Export Financing that the Export Credits Insurance Corporation be authorized to finance the sale and export of road graders to Argentina be not approved.

Selection Of A Tactical Aircraft

The Cabinet had for consideration a report of the Cabinet Committee on External Affairs and Defence (Cab. Doc. 386-65, July 13), together with a memorandum of the Minister of National Defence, concurred in by the Minister of Industry (Cab. Doc. 379-65, July 9) recommending that a program of $215 million be authorized for the acquisition of Northrop F-5-A Freedom Fighter aircraft (to be known as the CF-5), including the necessary spares and ground support equipment. The Committee had further noted that the cost of the program for the acquisition of up to 125 aircraft would be found within available funds in the budget of the Department of National Defence, and that the production sharing arrangements to be arrived at with the United States authorities would prevent adverse effect on Canada's balance of payments position.

The Minister of National Defence said that provision had been made in the five-year defence equipment program, as reflected in the White Paper on Defence, for the acquisition of a tactical fighter aircraft as part of the development of a greater capability for conventional warfare. As it was likely that Canada's defence role would lie in peace-keeping operations and in early intervention to prevent acceleration toward nuclear war, an aircraft which could provide close support to ground forces had been considered essential. While the CF-5 was not ideally suited in every respect for this role, it met more of the requirements than any other available aircraft. It was neither designed nor intended to carry nuclear weapons, nor had it been committed as part of Canada's contribution to NATO. Its acquisition would be a clear reflection of Canada's intention to move from a role of strike attack to the more positive role of tactical support.

The Prime Minister asked to what degree European aircraft had been considered and whether the decision to select an American aircraft had not in fact been a foregone conclusion on the basis of convenience. Mr. Hellyer replied that the tendency in post-war years had been to select American defence equipment as opposed to that produced by other countries because of the value demonstrated in the last war of maintaining compatibility with American standards. The production sharing arrangements with the United States were an additional factor in favour of U.S. equipment. Bearing in mind the dangers involved in permitting the United States to become the sole arsenal of the Western World, it would be necessary in future to consider more carefully the means by which Trans-Atlantic countries could be encouraged to develop new defence equipment. Such a trend had only begun very recently.

In reply to other questions concerning the effect of Canada's acquisition of the CF-5 on her role in N.A.T.O. Mr. Hellyer said that it would not be affected immediately, but the assumption was that Canada would wish to change its strike-attack role. Depending upon the nature of any situation with which N.A.T.O. might be faced, the new aircraft would be suitable to perform a function in line with Canada's defence policy as set out in the White Paper. Its use in a N.A.T.O. context would depend on such role as Canada as a member of N.A.T.O. was prepared to commit itself. In general, Canada's policy in this connection should be directed toward holding N.A.T.O. together as a defence alliance, and should be in an area where it could make the most positive contribution.

The Cabinet approved the recommendation of the Cabinet Committee on External Affairs and Defence that a program of $215 million be authorized for the acquisition of CF-5 aircraft including the necessary spares and ground support equipment, on the understanding that a suitable production sharing arrangement would be arrived at with the United States authorities, and agreed that an appropriate announcement be made immediately.

R.G. Robertson,
Secretary to the Cabinet.

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CABINET MINUTES

A meeting of the Cabinet was held in the Privy Council Chamber, on Wednesday, July 14th, 1965, at 2:15 p.m.

Present:

The Prime Minister
(Mr. Pearson) in the Chair,
The Minister of National Defence
(Mr. Hellyer),
The Minister of Finance
(Mr. Gordon),
The Minister of Northern Affairs and National Resources
(Mr. Laing),
The Secretary of State
(Mr. Lamontagne),
The Minister of Justice
(Mr. Cardin),
The Minister of Labour
(Mr. MacEachen),
The Minister of Mines and Technical Surveys
(Mr. MacNaught),
The Minister of Veterans Affairs
(Mr. Teillet),
The Minister of National Health and Welfare
(Miss LaMarsh),
The Minister of Industry and Minister of Defence Production
(Mr. Drury),
The President of the Queen's Privy Council
(Mr. Favreau),
The Postmaster General
(Mr. Tremblay),
The Leader of the Government in the Senate and Minister without Portfolio
(Senator Connolly),
The Minister of Forestry
(Mr. Sauvé),
The Minister of National Revenue
(Mr. Benson),
The Associate Minister of National Defence
(Mr. Cadieux),
The Solicitor General
(Mr. Pennell).

The Secretary to the Cabinet
(Mr. Robertson),
The Assistant Secretary to the Cabinet
(Mr. Stoner).

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Government Ship Procurement Policy
(Previous reference March 4)

The Cabinet had for consideration the report of the Cabinet Committee on Finance and Economic Policy (Cab. Doc. 385/65 of July 13) and a memorandum from the Minister of Industry (Cab. Doc. 377/65, July 6).

The Minister of Industry said that the Cabinet Committee had agreed to recommend this arrangement which had been discussed with the shipbuilding industry prior to its final formulation. He was hopeful that it would satisfy the west coast industry but there was no assurance of this.

In the course of discussion the following points emerged:

(a) In the view of some Ministers this arrangement would not satisfy the west coast industry. An early announcement seemed desirable, particularly in respect of the transitional arrangements for a procurement policy on the west coast in order to offset any criticism from the west that the Government's decision to purchase the CF5 tactical aircraft was designed solely to help Eastern Canadian industry.

(b) Despite the resistance on the part of west coast industry there had been widespread support for a single national ship procurement policy.

The Prime Minister said that this was a very important issue and that the Minister of Transport, who was absent that day, had asked that any decision should be delayed until his return.

The Cabinet noted the remarks of the Prime Minister and other Ministers with respect to the proposed national Government ship procurement policy and agreed that the report of the Cabinet Committee on Finance and Economic Policy be held for decision at the next meeting of the Cabinet.

Fund For Rural Economic Development

The Cabinet had for consideration a report from the Secretary to the Cabinet indicating that the Cabinet Committee on Agriculture, Forestry and Fisheries and the Special Program Committee had both approved Cabinet Document 375/65 of June 22 which provided authority for the Department of Justice to prepare a Bill to provide for a sum of $50 million to be made available to finance a comprehensive rural development program in specially selected areas, in co-operation with the provinces.

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The Minister of Finance said that these recommendations carried his judgement but he wished it to be understood that the allocation of the funds should be handled in the same way as the funds which had been provided for the Atlantic Development Board. The public announcement should make no reference to future replenishment of the fund; this problem would be dealt with later, if necessary. Moreover, the estimates to provide for the funds should be so calculated as to spread the cost of the program over several years.

The Cabinet, on the recommendation of the Cabinet Committee on Agriculture, Forestry and Fisheries and the Special Program Committee, agreed that:

(a) authorization be sought from Parliament for a sum of $50 million to assist in financing major developmental projects in approved developmental plans for special rural development areas to be agreed jointly by the federal and provincial governments, the funds to be used under the auspices of the new agreement to be signed by the federal government with the provinces under Section 3 of the Agricultural Rehabilitation and Development Act;

(b) the Department of Justice prepare a Bill for submission to Parliament on the basis of the following principles:

(1) the Fund to be employed to carry out major rural developmental projects or programs in Special Rural Development Areas jointly designated by the federal and provincial governments;

(2) the areas chosen to be those where studies show widespread low-income and major adjustment problems, but with no restriction on the selection of areas other than the general requirement that they be places where developmental potential makes it likely that social and economic conditions can be ameliorated;

(3) projects to be financed from the Fund should conform with a comprehensive development plan involving physical, economic and social studies necessary to determine development problems and potentials, including proposals for the participation of local people through rural development committees or similar bodies, and a range of projects to increase income and employment opportunities and raise standards of living;

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(4) projects to implement a comprehensive rural development plan to be carried out only when a province has concluded a program agreement with Canada to implement the plan;

(5) the Bill to provide that the Minister of Forestry, with the approval of the Governor-in-Council may enter into an agreement with any province for the joint undertaking of major projects with any provincial government or agency thereof for the social and economic development of certain rural areas and for the improvement of standards of living, income and employment opportunities in those areas, authority to be provided for the payment of contributions to provinces in respect of such projects, but this should not be circumscribed by rules limiting the flexibility of the cost shares payable by the federal government or the type of project which might be allowed;

(6) the Fund not to be used for projects which can be carried out under other federal or provincial programs;

(7) provision to be made for an Advisory Board from departments and agencies of the federal government to review plans and projects submitted pursuant to these plans, and to make recommendations to the Minister of Forestry before proposals are submitted to the Governor-in-Council;

(8) the Fund to consist of a separate account in the Consolidated Revenue Fund of Canada;

(9) the Fund to be established by asking Parliament to vote a lump sum of $50 million for the period April 1, 1965 to March 31, 1970.

Transfer Of The Property Of The Mid-Canada Line Site At Great Whale River

The Cabinet had for consideration a memorandum submitted jointly by the Minister of National Defence, the Minister of Northern Affairs and National Resources and the Minister of Transport, (Cab. Doc. 380/65 of July 4).

The Minister of Northern Affairs and National Resources said that the view had been reached that the Federal Government should transfer to the Province of Quebec buildings and equipment at Great Whale River in return for an undertaking by the province to provide services to Federal Government departments, various agencies, and residents of the community. It was proposed that this arrangement be provided for under a Memorandum of Agreement. While all buildings and equipment would be turned over initially to Quebec there would be provision for some to be returned to the Federal Government, as specified, by the end of the year if this was thought desirable.

The Prime Minister noted that Article 8 of the draft agreement provided that Canada and Quebec would consult jointly with the Indians and Eskimos resident at Great Whale River. He did not propose to sign the agreement until this consultation had been carried out. There were also also some technical changes which might be required in the agreement as a result of further study by the Department of Justice.

The Cabinet, on the recommendation jointly of the Minister of National Defence, the Minister of Northern Affairs and National Resources and the Minister of Transport:

(a) agreed that the Federal Government transfer to the Province of Quebec buildings and equipment at the Mid-Canada Line Site at Great Whale River; and

(b) approved in principle a draft agreement, subject to certain technical alterations, which the Prime Minister was authorized to sign with the Government of Quebec following consultation with Indian and Eskimo residents at Great Whale River.

Economic Development In South East Asia

The Cabinet had for consideration a memorandum of the Secretary of State for External Affairs (Cab. Doc. 368/65 of July 2).

The Prime Minister said that the Secretary of State for External Affairs was prepared to have this discussed in his absence. The proposal was for a further Canadian contribution to economic development in South East Asia and was related to his earlier suggestion that a greater emphasis on economic development there would be a constructive initiative for the western countries to undertake and that it might eventually help to pacify and stabilize the area, particularly Viet Nam. When he had made the proposal he had hoped it would be associated with a reduction of the military effort in Viet Nam, particularly since the President had also proposed, in his Baltimore speech on July 7, that a new and vast plan for economic development in South East Asia should be worked out. He agreed in principle that Canada should be prepared to make an appropriate contribution to the Nam Ngum project and had no objection to Canadian officials exploring discreetly what form Canadian association with the proposed Asian Development Bank might take. However, he did not think it desirable that there should be any public announcement of a Canadian commitment at this stage since increasing military activity by the United States in Viet Nam might render it impossible for any economic development proposals to be implemented.

In the course of the discussion the following points emerged:

(a) The Cabinet views with respect to the Nam Ngum project and the Asian Development Bank might be expressed discreetly to Mr. Eugene Black, the President's Special Representative. There should be no public announcement, however, and in any talks it should be emphasized that Canada was not accepting a formal commitment at this time.

(b) Several Ministers stressed that the Canadian Government could undertake association with the Asian Development Bank only if it was under the auspices of the United Nations.

The Cabinet, on the recommendation of the Secretary of State for External Affairs agreed that:

(a) indication be given discreetly to Mr. Eugene Black and senior United States officials that Canada was prepared to make a contribution to the Nam Ngum project, in the order of $2 million from the current aid vote, provided the military situation in South East Asia made the implementation of such a project possible;

(b) Canadian officials be authorized to explore the possible forms of Canadian association with the proposed Asian Development Bank on the understanding that the Bank would be under United Nations auspices; and

(c) there should be no public announcement at this time with respect to either of these projects and Cabinet should be further consulted before any final commitments were entered into.

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Assistance To Indian And Eskimo Residents Of Newfoundland

The Cabinet approved the written agreements entered into between the Prime Minister and the Premier of Newfoundland as represented by an exchange of letters dated May 25, 1965 and June 2, 1965, providing for certain measures of financial support by the Federal Government for the programs being undertaken by the Newfoundland Government in its work with Indian and Eskimo residents of that province.

An order in council was passed accordingly; (P.C. 1965-1298, July 14).

Appointment: Board Of Grain Commissioners

The Cabinet approved, on the recommendation of the Minister of Agriculture, pursuant to Section 3 of the Canada Grain Act, the appointment of Charles Lemuel Shuttleworth, to be a member of the Board of Grain Commissioners of Canada at a salary of $17,000 per annum, effective July 15, 1965.

An order in council was passed accordingly; (P.C. 1965-1296, July 14).

Budget Of National Battlefields Commission

The Cabinet, on the recommendation of the Minister of Northern Affairs and National Resources and the Minister of Finance, pursuant to Section 80 of the Financial Administration Act, approved the budget of expenditures of the National Battlefields Commission for the year ending March 31, 1966.

An order in council was passed accordingly; (P.C. 1965-1297, July 14).

Corps Of Commissionaires In Quebec

The Minister of Veterans Affairs said that a new law proposed by the Quebec Government to license and control private security organizations would have the effect of making it impossible for the Corps of Commissionaires to continue to operate in that province. In his view, this would lead to serious objections on the part of Canadian veterans. The Corps was primarily a welfare program for veterans and should not fall under the legislation affecting private security organizations.

The Minister of National Defence said that he strongly supported the views of the Minister of Veterans Affairs.

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The Cabinet:

(a) noted the remarks of the Minister of Veterans Affairs about the possible adverse effects on the operations of the Corps of Commissionaires in Quebec which might result from new legislation proposed by the provincial government to control private security organizations; and

(b) agreed that Mr. Favreau would discuss the matter with the Attorney General of Quebec and report to the Cabinet later, if necessary.

Follow-up To The Dorion Report
(Previous reference July 7)

The Cabinet noted the report of the Minister of Justice that the representative of the Attorney General of Ontario had completed his review of the evidence against Mr. Denis and others and that it was expected that charges would be laid later that day.

R.G. Robertson,
Secretary to the Cabinet.