

The Secretary to the Cabinet  
 (Mr. Robertson),  
 The Deputy Secretary to the Cabinet  
 (Mr. Hudon),  
 The Acting Assistant Secretary to the Cabinet  
 (Mr. Trudel).

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Appointments

The Prime Minister recalled that Mr. Jules Leger, the Under Secretary of State, was on loan from the Department of External Affairs in his position as Under Secretary of State and that it had always been his intention to return to his former Department at a future date. With the appointment of Mr. Langley as Ambassador to the European Economic Community the government wished to appoint a new Ambassador to Belgium.

The Prime Minister undertook to consult with the Secretary of State over the next few weeks on the possible replacement of Mr. Leger as Under Secretary of State.

The Prime Minister was also authorized, subject to further discussion with the Minister of Justice and the Minister of Consumer and Corporate Affairs, to appoint Mr. D.H.W. Henry to the Bench with the timing of this appointment to be decided on at a later date.

The Cabinet agreed that, subject to letters of "Agrément", Mr. Jules Leger be appointed as Ambassador to Belgium.

1976 Olympic Games

The Cabinet had for consideration the memorandum of the Minister Responsible for the 1976 Montreal Olympic Games (Cab. Doc. 1215-72) and the report of the Cabinet Committee on Science, Culture and Information (Cab. Doc. 51-73).

Expo '67 - Revised Contract For Theme Exhibit

The Cabinet approved the recommendation of the Minister of Trade and Commerce that the Canadian Corporation for the 1967 World Exhibition be authorized to amend a contract with Dimensions UYA Incorporated for the design and supervision of construction of the Theme Exhibit "Man and the Oceans", at an additional cost of \$70,000.

An order in council was passed accordingly; (P.C. 1965-2073, Nov. 22).

Proposal To Hold Olympic Games In Montreal  
In 1972

(Previous reference Feb. 25)

The Prime Minister expressed concern that the Mayor of Montreal, apparently without prior consultation with the federal government, had announced his intention to seek agreement to have the Olympic Games held in Montreal in 1972. As it would be undesirable to commit the federal government to further expenditures in Montreal at this stage, it was important that Mr. Drapeau be informed at the earliest possible date that financial assistance for the Games would have to be found elsewhere if they were to be held in Montreal.

The Cabinet agreed that, in consultation with the Minister of National Health and Welfare, further consideration be given to means of avoiding any federal financial commitment in relation to the possibility of the Olympic Games of 1972 being held in Montreal.

Appointment; Royal Commission On Bilingualism And  
Biculturalism

The Cabinet approved the recommendation of the Prime Minister that Paul Lacoste of Montreal be appointed a Commissioner of the Royal Commission on Bilingualism and Biculturalism, and that Mr. Lacoste's appointment as Secretary of the Commission be revoked.

An order in council was passed accordingly; (P.C. 1965-2074, Nov. 22).

Appointment; Advisory Committee To The Canadian Wheat Board

The Cabinet approved the recommendation of the Minister of Trade and Commerce that Mr. Roy R. Atkinson of Landis, Saskatchewan be appointed a Member of the Advisory Committee to the Canadian Wheat Board, vice Mr. A.P. Gleave, resigned.

An Order in Council was passed accordingly; P.C. 1965-2075, Nov. 22).



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1976 Montreal Olympic Games

The Cabinet had for consideration a memorandum of the Minister of State for Urban Affairs (Cab. Doc. 725-72) and a report of the Cabinet Committee on Priorities and Planning in connection with the government's involvement in the Montreal Olympic Games. (Cab. Doc. 811-72)

The Minister of State for Urban Affairs explained the dominant issues and noted that the subject had been reviewed in Priorities and Planning at its meeting on Friday, July 7th. Mr. Basford in his introductory remarks noted that three options had been presented for Ministerial consideration. The first option was to continue the approach now followed federally which was characterized by limited co-operation with no administrative involvement and no commitment of special funding for the Olympics. The second option, he noted, was premised on the principle that the federal government should make a very limited and marginal contribution, both financially and organizationally, to the Olympics in the knowledge that such a very restricted contribution might determine that the Olympic games would not be held in Canada in 1976. The third option as explained by the Minister, was an option of controlled support. This option would be based on the premise that the Olympics were an important international sporting event and that a federal contribution to the capital and operating costs should be made.

During discussion the following points arose:

(a) The Prime Minister indicated that Ministers should discuss in the first instance whether it was desirable to host the Olympics in Canada in 1976 or not. The Prime Minister suggested that Ministers might wish to consider whether for political or other reasons a sizeable financial contribution should be made or whether the Olympics should be considered a definite distortion of priorities.

(b) Some Ministers suggested that a continuous and large federal contribution financially and administratively to the 1976 Olympic games in Montreal would make a mockery of the priorities of the federal government. It was suggested that the Olympics were a distortion of federal priorities and that the federal government should make it clear to both the national and international Olympic associations that there would not be any special federal involvement.

(c) Other Ministers indicated that since Montreal had been chosen as the site for the Olympics in 1976 and that since there was a degree of federal commitment, the federal government should now become actively involved in the administration and structuring of the Games in order that a federal model of participation might be defined. Ministers discussed the possibility of scaling down the infrastructure and operational costs of Olympics so that they could be brought into a more realistic perspective. In this context it was suggested that the Games themselves should be decentralized so that individual events could take place at a number of urban locations in Central Canada. It was also suggested that in carrying out a reform of the Olympic model the federal government could bring about a new realism. If the conditions imposed did not meet the requirements of the international and national Olympic associations then the federal government should indicate that it could not on such conditions host the Games.

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The Prime Minister recalled that the original position of the federal government with respect to the 1976 Olympic Games remained the same. No special federal assistance was to be given. He noted that a review by federal officials of the estimated costs and revenues submitted by the Organizing Committee and the Mayor of Montreal showed a probable deficit of some \$170 million. Mayor Drapeau had said that the Quebec government would finance the deficit and Premier Bourassa had given some verbal assurances. The Prime Minister suggested that instead of writing to Mayor Drapeau as recommended by the Committee, it might be preferable to write to the Premier. The letter would indicate that unless Quebec was prepared to guarantee the deficit, the federal government could not proceed with the requests with respect to stamps, coins and lotteries. The Prime Minister thought if the necessary assurances were forthcoming, the federal government would have to act positively on the requests and finance some part of the indirect incremental costs. The Prime Minister realized that some of the requests might require legislative authority. It was very difficult to know whether Parliament would deal quickly with such legislation. It was to be noted, however, that the Commissioner General of the Games, Mr. Kousseau, had apparently approached all three Leaders of the Opposition parties and that they seemed to be agreeable to pass any legislation that might be required for the 1976 Olympic games.

The consensus among Ministers was, however, that the letter should be sent to the Mayor with an information copy to the Premier. The initiative for the games came from Montreal, not Quebec: it was for Montreal to give or arrange to have given the necessary guarantees. Quebec should not be placed in an awkward position by the federal government. Noting that, if the games were decentralized, Quebec's potential liability would be less, one Minister suggested that some pressure could be brought to bear on the Mayor to hold different parts of the games in different regions. However, federal financial involvement would then become almost inevitable.

The Minister responsible for the Olympics, while noting that the requests with respect to coins, stamps and lotteries had not been examined in detail, said that he would be inclined to accede to the requests if satisfactory guarantees were forthcoming with respect to the deficit. Other Ministers, particularly the Minister of National Defence, had some reservations about turning the seigniorage from the minting of coins over to a province. An undesirable precedent could thus be created and sponsors of other causes could insist on similar rights. The Postmaster General shared to some degree similar reservations with respect to stamps.

The Minister of the Environment said that the incremental costs to the federal government added up to a substantial amount - about \$58 million. He thought that British Columbia would be strongly opposed to the assumption of such costs. Other Ministers believed that other parts of the country would react in the same way. The major part of these costs would be incurred by the CBC. The Minister of Communications was asked to inquire whether it would be feasible for the CBC to give to the games the same coverage as it would if the games were held in another country.



The Prime Minister noted that the next meeting of the International Olympic Committee was to be held in Switzerland on February 2, 1973, and pointed out that the results of the federal review of the capital and operating budgets for the Games as well as its position should be made public as soon as possible.

The Cabinet agreed that:

(a) the Prime Minister, after discussion with the Minister of State for Urban Affairs, should write to Mayor Drapeau

(i) restating the federal government's original position on the Olympic Games,

(ii) informing him that the federal government, on the basis of its analysis of the available data and apart from any possible direct federal program inputs, projected an estimated deficit to Montreal of approximately \$170 million, even if the federal government acceded to requests from Montreal for such non-program support as special coinage issues, special stamp issues, and national lotteries, which would require federal authorization and, in some cases, legislation,

(iii) informing him that the federal government was not prepared to finance any deficit arising from the staging of the 1976 Olympic Games,

(iv) indicating that the COJO estimates assumed direct inputs from the federal government ranging from \$79.5 million to \$167.3 million with an estimated incremental cost of approximately \$58.4 million and that the federal government was not prepared to accept incremental costs on this scale, particularly those related to the broadcasting of the Games,

(v) requesting him to inform the federal government of the means by which he proposed to finance the deficit and incremental costs for services or alternatively, to amend his plans so as to bring the budget into balance;

(b) the Prime Minister should also write to the Premier of Quebec informing him of the contents of the letter to Mayor Drapeau;

(c) the federal position, as set out in the letter to Mayor Drapeau should be made public, as much in advance as possible of the meeting of the International Olympic Committee to be held on February 2, 1973;

(d) pending a satisfactory response from Mayor Drapeau on the deficit and incremental costs for services as outlined above, the federal government should not accede to the requests for such non-program support as special coin issues, special stamp issues, and national lotteries;

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Application By Montreal For 1972  
Olympic Games  
(Previous reference December 22)

The Cabinet had for consideration a memorandum from the Secretary of the Cabinet, Cabinet Document 620/65, of December 28.

The Prime Minister said that following some rather difficult negotiations with Mayor Drapeau agreement had been reached on the text of a letter which the Mayor had submitted to the Prime Minister soliciting the support of the Canadian Government for Montreal's application for the 1972 Summer Olympic Games. The Canadian Olympic Association was supporting Montreal's application but only on the understanding that it would not prejudice the earlier application of Banff for the Winter Olympics.

The Cabinet, on the recommendation of the Prime Minister, agreed that the Canadian Government support the application of Montreal for the 1972 Olympic Summer Games in accordance with the general understanding set out in the letter from Mayor Drapeau to the Prime Minister, dated December 23, 1965.

Exempt Staff Of Ministers' Offices  
(Previous reference December 22 p.m.)

The Cabinet had for consideration a memorandum of the Vice-Chairman of the Treasury Board, Cabinet Document 616/65 of December 21.

The Vice-Chairman of the Treasury Board said that the proposals put forward by Treasury Board had not been satisfactory to several Ministers. An ad hoc committee had met earlier that day in an effort to resolve these difficulties. Recommendations had been made which would have the effect of creating a total outlay on salaries for exempt staff of Ministers' offices which would be nearly triple the amount paid out by the previous government.

During the discussion the following points emerged:

- (a) Several Ministers, including the Prime Minister, said that great discretion should be exercised in determining the level of remuneration for exempt staff in Ministers' offices. It was a prime political issue and the government could leave itself open to considerable criticism if increases could not be fully justified.



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1976 Olympic Winter Games

The Cabinet had for consideration the decision of the Committee on Culture and Information - Cab. Doc. 1036/69 - relating to the Canadian application for the 1976 summer and winter olympic games.

The Prime Minister indicated that the federal government should not be involved in open-ended support of the Garibaldi-Vancouver candidacy as the Canadian site for the 1976 Olympic Winter Games. Federal participation should therefore be based upon a favourable cost benefit analysis.

The following points were made in discussion:

- (a) The cost benefit analysis done by the Garibaldi Olympic Development Association, through Hedlin Menzies and Associates, concluded that the overall cost would come to some 50 million dollars, 25 million of which would be recoverable. The cost benefit analysis also indicated a 3 to 1 ratio in favour of the project.
- (b) There was danger in involvement by Ottawa since neither the City of Vancouver nor the Government of British Columbia were very enthusiastic on financial participation in the project. If the Garibaldi-Vancouver bid were successful, the issue would quickly become one of "national pride" and the two other levels of government would turn to Ottawa to support the games financially.
- (c) The Province of British Columbia was currently losing \$3 to \$4 million annually to U.S. ski resorts. Developing skiing facilities at Garibaldi some 60 miles out of Vancouver, would undoubtedly have a beneficial effect upon Canada's foreign exchange position.
- (d) Overall costs could be reduced if some of the existing skating facilities in Vancouver were used for the games.
- (e) The federal government would be well advised to get the Province of British Columbia to agree to the development of a national park at Garibaldi in exchange for its investment in support of the Olympic Games. Ottawa could only exercise some control over total expenditures if it owned some of the assets jointly with the Province.
- (f) The federal government might be better to commit itself to an absolute amount rather than to a percentage of overall costs if it could devise a water-tight agreement which would ensure that its contribution would be matched by the other two levels of government and that the amount contributed would not be subject to escalation.
- (g) There was need to spell out, in advance of negotiations with the Government of British Columbia and the City of Vancouver, the strategy which the federal government would apply in order to hold its financial contribution to the specified amount. Putting such a plan together should not require more than a week.

The Cabinet agreed that:

- (a) a special committee of Ontario and other interested Ministers should meet urgently to consider the recommendations of the Minister of Transport and the Minister of Public Works regarding the expropriation proceedings for the new Toronto airport at Pickering;
- (b) the Committee's report should be considered by Cabinet on January 25;
- (c) Cab. Doc. 50/73 should be made available to officials on a "need to know basis" and the Minister of Transport should submit supplemental information on any public statements made by the Prime Minister and other Ministers containing commitments for action to protect the public interest prior to final decisions on the new Toronto airport; and
- (d) with the proviso that the French copy will be made available shortly, the Minister of Public Works should table immediately in the House the Hearing Officer's report under the Expropriation Act.

Olympics

The Minister of Consumer and Corporate Affairs referred to a report on the Montreal Olympics from the Cabinet Committee on Science, Culture and Information (Cab. Doc. 57-73) and pointed out the urgency of this matter which was stressed in the report of the Committee. The Acting Prime Minister (Mr. Sharp) said that the Prime Minister had envisaged the possibility of a meeting for Friday morning and suggested therefore that the Cabinet meet the next morning at 10 o'clock to consider the Cabinet Committee report on this matter.

The Cabinet agreed to meet at 10:00 a.m. on Friday, January 19, 1973, to consider the report of the Cabinet Committee on Science, Culture and Information on the 1976 Montreal Olympic Games.

Specifications For Government Stationery

The Acting Prime Minister (Mr. Sharp) drew the attention of Cabinet to Question No. 56 by Mr. Diefenbaker about the removal of "OHMS" from government envelopes. Mr. Sharp referred to a Cabinet Decision of October 7, 1970 relating to the new federal logo whereby the words "On Her Majesty's Service" and "service De Sa Majesté" were no longer required on federal envelopes although it was not specific that they be deleted. Last May the Canadian Government Specifications Board (which comes under the Minister of Supply and Services) issued an amendment to the specifications which



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Tariff Rate - Cranberries

The Cabinet, on the recommendation of the Minister of Finance, approved Most-Favoured-Nation Tariff rate of duty on cranberries be reduced to 8 per cent ad valorem until December 31, 1968.

An order in council was passed accordingly;  
(P.C. 1968-1929 of October 10).

Confirmation Of Cabinet Committee Decisions

The Cabinet confirmed the decisions of Cabinet Committees contained in the following Committee reports:

1. Canadian Application For 1976 Summer And Winter Olympic Games  
(Cabinet Document 658/68)

The Cabinet Committee on Priorities and Planning at a meeting on October 8, 1968, considered the report of the Cabinet Committee on Social Policy and Cultural Affairs regarding the Canadian Application for 1976 Summer and Winter Olympic Games. (Cabinet Documents 646-68 of October 3, and 636-68 of September 30, 1968.)

The Committee agreed:

(a) to defer consideration of the recommendation of the Cabinet Committee on Social Policy and Cultural Affairs regarding approval in principle of the applications of Montreal and Vancouver for the 1976 Olympic Games;

(b) that the Minister of National Health and Welfare should write to the two cities concerned, Montreal and Vancouver, indicating that before considering formal endorsement of their applications the government would need to have full and comprehensive statements of all financial implications indicating how the cities themselves proposed to finance these events; a clear indication to be included of what assistance, if any, they intended to seek from the federal government; and

(c) that the Minister of National Health and Welfare investigate the possibility that a reception for the Canadian athletes at the Olympic Games in Mexico might be held by the Canadian Embassy in Mexico City.

2. Hazardous Products - Radiation Emitting Devices  
(Cabinet Document 647/68)

The Cabinet Committee on Social Policy and Cultural Affairs at a meeting on October 2, 1968, considered the memorandum of the Minister of National Health and Welfare, requesting approval for the preparation of legislation to control the sale, including importation, of devices capable of emitting radiation for the purpose of protecting the public against the dangers of excessive exposure thereto, and the control of which is not within the general scope of the Atomic Energy Control Act.

He had given verbal assurances that the City of Montreal would provide all the necessary finances, that it was not his intention to jeopardize the possibility of the Winter Games being held at Banff in that year, and that the construction requirements, involving only a stadium and swimming facilities, would not add to present or future construction problems in Montreal. Mr. Drapeau had already obtained a letter of support from the Government of Quebec, and had sent a dossier of information in support of his application to the Chairman of the International Olympic Committee in Chicago, for transmission to the Organization in Lausanne, Switzerland. While there was reason to believe that the Montreal application would not be acceptable to the International Committee, it would nevertheless be extremely awkward for the federal government to deny its support outright. On the other hand, any decision would have to be taken in the light of commitments already given for the support of other international amateur games in Canada over the next few years.

During the discussion the following points were made:

(a) Some thought that it would be quite unrealistic to consider that the Montreal application could be given the support requested at present without eventually having to provide financial support as well. To provide such financial support, in addition to the very substantial federal financial outlays for Expo in Montreal, would be quite unacceptable in political terms, particularly if the acceptance of the Montreal proposal resulted in a denial of agreement to hold the 1972 Winter Games at Banff.

(b) It was probable that Alberta's reaction to the Montreal application, particularly if it had wholehearted federal support, would be very strong indeed. On balance, it would be preferable if such reaction were voiced at an early date, as Mayor Drapeau had given assurances that he had no wish to jeopardize the Banff application.

(c) It would be desirable to have in writing from Mayor Drapeau each of the oral commitments he had made to the Secretary, in order that his position in relation to the federal government could be made clear as a matter of record should future difficulties develop.

(d) As the Montreal application would have to be formally submitted on December 31, 1965, any action necessary would have to be taken promptly.



(e) the Minister of State for Urban Affairs should discuss, with the Prime Minister, the question of responsibility for federal organizational arrangements relating to the Olympics.

L.D. Hudon,  
Deputy Secretary to the Cabinet.