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# canadian newssynthesis project

The **Canadian News Synthesis Project** is a voluntary, non-profit collective, working to synthesize the most important economic, political and cultural forces in Canadian society, using eleven major newspapers from across the country.

Each issue presents current news coverage, and is organized to show the major trends in Canada and Latin America.

## clipping service

All clippings are kept on file and are available at a nominal cost to individuals and groups wishing to do research.

## newspapers used

Toronto Star	TS
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Financial Post	FP
Ottawa Citizen	OC
Montreal Star	MS
Vancouver Sun	VS
Halifax Chronicle Herald	HCH
Winnipeg Free Press	WFP
Le Devoir	LD
Le Jour	LJ
Hamilton Spectator	HS

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GAI: "Only Solution" or Welfare Jungle?	50¢

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## INDEX

### ECONOMIC

Foreign Investment 1-4  
Trade and Treaty 4-9  
Resources 9-12  
Banking 13  
State of the Economy (inflation) 14-15

Marginalization (Native Peoples) 16-18  
Social Welfare 18  
Housing 19-20  
Health 20-21  
Regional Disparity 21-22  
Women 22-3

Labor: (Employment-Unemployment) 24  
Immigration 25-7  
Labor Movements 28-9  
Quebec Labor 29-31

### POLITICAL

Federal 32-3  
Federal-Provincial relations 33  
Military 34  
Police 35-6

### IDEOLOGICAL-CULTURAL

Religion 37  
Communications 37-8

LATIN AMERICAN NEWFILE 39-44

### HIGHLIGHTS THIS MONTH:

*In Trade and Treaty, we gave special attention to the World Food Conference in Rome, pp 7-9.*

*Because 1975 is International Women's Year, we are covering newsclippings related to issues affecting women. see pp 22-23.*

*The federal government brought in an interim Immigration policy which was hotly discussed and criticized. see pp. 25-27*

*Proposed changes in Defence spending also met with heavy criticism within the armed forces themselves. see pp 34-5*

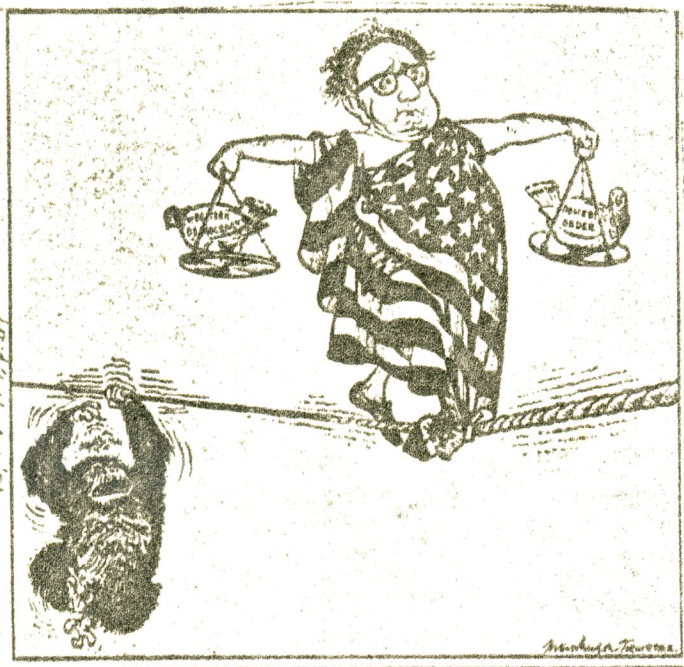
*The Fourth Synod in Rome was covered by the French language press and we prepared a summary of its discussions and results, see p 37*

*In the Latin American Newsfile, we highlight the Canadian-Brazilian trade tour and recent events in Chile, as well as Canadian-Chilean relations.*

ECONOMIC: CAPITALOVERVIEW

The "action" in capital forces this month is clearly international. Given insecurity, inflation and declining growth rates in many developed economies, international pressuring and power plays figure large. The importance of Arab oil earnings is evident in the increasing flow of Arab investment into Canada. U.S. economic insecurities show up in heavy reaction to Canadian beef quotas and pressure on the Autopact. Resource control is an increasingly vital topic, with struggles over control and use of food and fertilizer supplies underlying the rhetoric of the World Food Conference.

International jockeying passes on pressures from one economy in crisis to another. The U.S. auto sales slump means layoffs there, but also threatens Canadian workers through pressures on the autopact. Canada seeks to gain leverage by a mission to Europe and one to Brazil. International pressures could bring a nationalist reaction among Canadian workers and small businessmen when recession threatens their interests, as it is bound to do.

FOREIGN INVESTMENTIntroduction:

U.S. foreign investment will continue to grow, especially in the oil and chemical industry according to a study by the U.S. Commerce department.

At the same time Arab oil revenue is beginning to be reinvested in Canada. This year alone Arab investment has reached \$1 billion, mainly in short term bank investments, land financing and real estate.

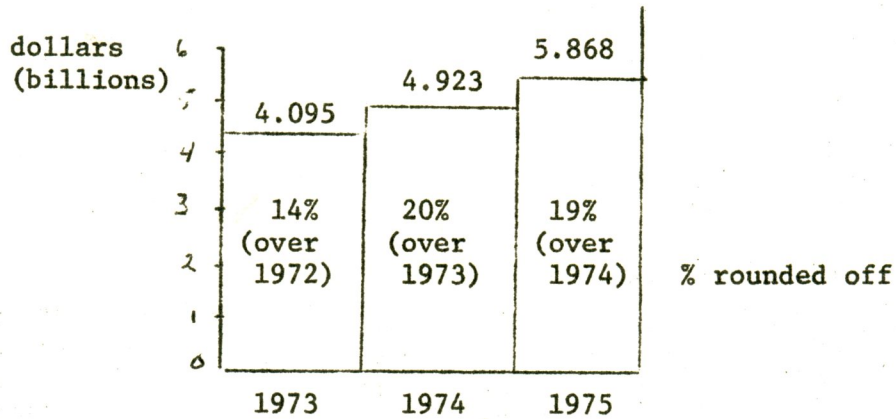
According to Committee for an Independent Canada statistics, foreign ownership of Canadian business, industry and resources has increased by about \$15 billion in the last three and a half years. Foreign interests now control 58% of all manufacturing industries; 65% of mining enterprises; 74% of the gas and oil industry and 99% of petroleum refining.

Except for one article written by Walter Gordon in the Financial Post, who attempts to point out many of the dangers inherent to Canada as foreign control grows, little has appeared in the press, by way of attempts to systematically analyse this phenomenon.

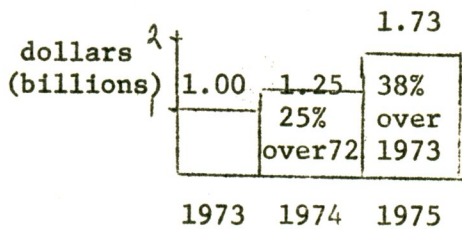
AMERICAN INVESTMENT GROWING IN CANADA

In a semi-annual survey of American parent companies and their subsidiaries, The U.S. Commerce department estimates that majority owned affiliates of U.S. multinationals in Canada will substantially increase their capital investment, especially in the oil and chemical industries. The percentage figures for Canada in 1974 and 1975 are slightly below the projected rates for total investment by U.S. subsidiaries around the world. But, in dollar terms, the size of American investment in Canada will be higher than for any other single country.

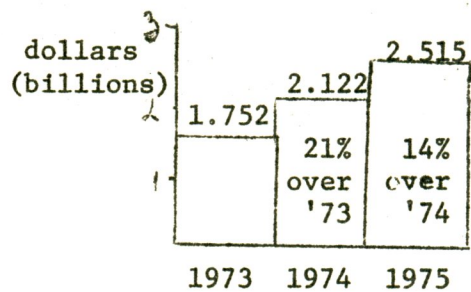
INCREASES IN U.S. CAPITAL INVESTMENT IN CANADA (OVER-ALL)



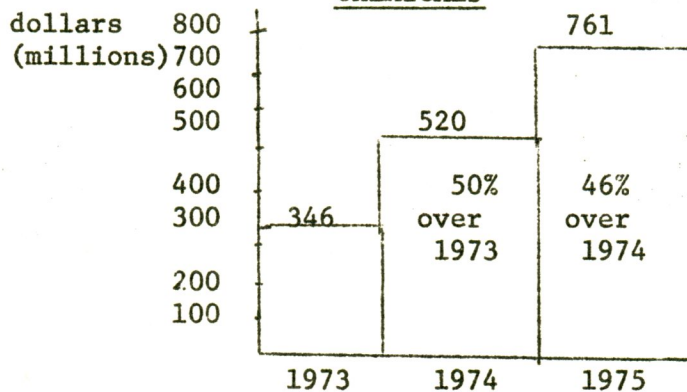
PETROLEUM



MANUFACTURING



CHEMICALS



In an article appearing in the Financial Post, the Honourable Walter L. Gordon, former Minister of Finance for Canada, and a founding member of the Committee for an Independent Canada (CIC), states that buying back the Canadian economy from foreign control would cost \$10 to 15 billion during the next 12 years. It would also involve, initially, the takeover of fewer than 30 major companies. Anxiety over the amount of foreign ownership in Canada is justified says Gordon.

- almost 1,500 companies in Canada sold out to foreign interests between 1960 and 1973, according to the Director of Investigation and Research in the department of Consumer and Corporate Affairs. The department is not sure however, how many of the companies were Canadian owned or controlled.
- the CIC estimates the value of foreign ownership of Canadian business, industry and resources has increased by about \$15 billion during the last three and a half years.
- Foreign interests at present control 58% of manufacturing (including automobiles 96% , rubber 98%, chemicals 79%, electrical apparatus 77%) 65% of mining, 74% of gas and oil industry, including all the integrated oil companies, and 99% of petroleum refining.

Added to this is the fact of the oligopolistic structure of much of Canadian industry. (Oligopoly is a form of monopoly in which the effective control of a market is exercised by a very limited number of competitive sellers). This means that in many of the more dynamic industries (eg. computer and electrical apparatus, automobiles, chemicals, petroleum) one or more foreign controlled companies set the pace. And in so doing, these companies establish the prices for industry products.

As to the need for foreign capital, Gordon points out that Canada does not need it to help develop our economy since the capital needed for further expansion is already being generated here in Canada. Much of this capital is represented by the retained earnings of foreign corporations. Canadian savings are therefore being used to increase foreign control of the economy.

Other specific disadvantages of so much foreign control of Canadian subsidiaries include the following:

- in the field of manufacturing, subsidiaries import parts and components from the parent firm, rather than developing alternative sources of supply in Canada, thereby creating more employment opportunities here.
- subsidiaries are often prohibited from developing export markets.
- Canadian subsidiaries are prevented from trading with many countries termed 'communist' by the U.S. Anti Trust and Trading with the Enemy Act.
- in the resource field, subsidiaries are discouraged from processing industrial materials prior to export to their foreign parents.
- research and development is carried on in the parent company.
- the parent makes the key decisions re: expansion of markets, location of new plants, promotion of senior personnel. This restricts the development of management and scientific talent in Canada, plus reducing the number of job opportunities for younger Canadian management personnel.

Furthermore, says Gordon, subsidiaries of multinationals are over-privileged. For example, when it comes to borrowing, they have a distinct advantage over Canadian companies. Canadian banks tend to lend money to these subsidiaries simply on the guarantee of its foreign parent. Subsidiaries may also borrow from the parent firm even when Canada is pursuing a restrictive monetary policy.

Gordon's buy-back Canada program includes:

- companies in the resource sector with total assets exceeding \$1 billion should sell out to Canadians within the next three years. This would involve Imperial Oil, Gulf and Shell.
- within the next 6 years, those in the resource sector with assets of \$ one half billion should have control transferred to Canada.
- transfer of control should take place over the next 9 years and apply to manufacturing and commercial companies with assets exceeding \$1 billion.
- all other firms with total assets exceeding \$250 million.

(FP 5,10,74 p7 c1-6)

CNSP NOTE:

*In Gordon's buy back Canada scheme, the major amount of compensation in dollar terms would go to the oil companies. Yet the oil resources are already in theory under the public domain. Under the British North America Act, resources (in the ground) are supposedly publically owned. As James Laxer points out in Canada's Energy Crisis, "they can be leased to private corporations, but their ownership can never be alienated. To pay compensation for the estimated worth of the resources would be absurd, since the resources already belong to the people." And further, "The fact is that the Canadian people have already paid full compensation to the oil companies (because the public through forgone taxes has been putting twice as much capital into expansion as the corporations) and their foreign owners do not deserve a penny more."*

It is estimated that more than \$1 billion in Arab oil revenue has gone into Canada so far this year. They have concentrated on short-term bank investments, bond financing and real estate. Canada spends about \$3.5 million a day on importing Arab oil. (TS 19,10,74 p1 c1-9)

Anaconda Corporation of New York intends to close down its Vancouver electronics subsidiary in Vancouver, putting 120 persons out of work. The company has already closed down its mining operation at Britannia Beach, B.C. The closure cost 350 persons their jobs. (TS 9,10,74 pB17 c1)

TRADE AND TREATY

*Introduction: There was growing evidence this month of a worsening trade situation for Canada. Although Canada still earns more for her exports than she pays for her imports, her volume of sales is down. For example, some natural or semi-processed materials such as lumber, on which Canada relies heavily have had less demand. A second factor in Canada's worsening trade situation, is the dominant role which trade with the U.S. plays. Three events dramatize the effect of this factor: the meeting of auto parts manufacturers which adds further information on the problems of the autopact; the dispute over Canada's cattle and beef quotas and President Ford's announcements on fighting inflation.*

*A third factor is the growing tenseness of the world monetary and trade relations. The IMF World Bank meetings and Trudeau's European visit throw light on this factor.*

*Western Canada challenged the dominant role which central Canada plays in shaping Canadian trade policy. A brief from B.C. is summarized to explain the problem and more information is contained in Political: Federal Provincial Relations which covered the Western premiers conference.*

#### NO CLEAR WINNERS

Our favourable trade balance for 1974 will be cut to about \$1 billion, (in 1973 the balance was \$2.2 billion) and things may be worse in 1975. Recession in the U.S. has led to widespread layoffs in Canada's lumber industry and could soon affect her auto industry. In the second quarter of the year there was no growth in the Canadian economy despite strong consumer and capital spending.

Moves to increase Canada's exports would be extremely unpopular among the many industrialized countries whose trade balances are unfavorable. The Canadian government should examine whether the auto trade deficit is an attempt to shift the burden of depressed auto demand unduly away from the U.S. towards Canada and take action.

It should take steps to end the overreliance of Canadian producers on U.S. markets and on unfinished raw goods with wildly fluctuating price swings.

(FP 26,10,74 p1 c1)

#### CANADIAN AUTO PARTS INDUSTRY

The semi annual meeting of the Automotive Parts Manufacturers Association (Canada) expressed concern that Canada will run a \$1.5 billion deficit in the auto pact. Canada is no longer as attractive as it once was for making auto parts and vehicles. The DISC arrangement favors U.S. based plants and cheap labor costs favor countries like Brazil and Mexico.

(GM 25,10,74 pB5 c1-5)

#### CANADIAN BEEF QUOTAS ANGER U.S. CATTLEMEN

The U.S. government under pressure from U.S. cattlemen's associations, has renewed its threat of reprisals over Canadian import quotas on cattle and meat. The quotas are based on a five year average and were imposed on August 12, 1974. Canada argues that this quota is justified since: the Canadian market was being flooded with a U.S. beef surplus artificially created by the Nixon price freeze of 1973; that expanded entry for U.S. meat will not substantially help U.S. cattlemen since the Canadian market for U.S. cattle and beef exports represents less than ½ of 1% of total U.S. production; that the quota applies to all countries.

(GM 23,10,74 pB7 c4-6; OC 25,10,74 p16)

*CNSP NOTE: Five years ago, the U.S. exported 2000 live cattle to Canada. In 1973 the number jumped to 192,000. The quota limits U.S. imports to 80,835 live cattle and 18 million pounds of beef.*

#### U.S. THREATENS TO SHUT BORDER TO CANADIAN BEEF AND HOGS

The White House announced a public hearing on Oct. 25 to consider the effects of imposing quotas on imports of Canadian cattle and swine, beef, veal and pork. Under the 1962 Trade Expansion Act, the U.S. government is permitted to raise trade barriers against any country that 'unjustifiably' denies access to U.S. products.

(HS 10,10,74 p1 c6-8)



### U.S.-OPEC POWER PLAY

Suffering an August trade deficit of \$1.13 billion, the U.S. opposed the efforts of the International Monetary Fund and the World Bank to set a policy which would facilitate the transfer of funds from oil-rich nations to oil-poor ones. The U.S. opposed such a policy because:

- a) it would indicate acceptance of today's oil prices which the U.S. wants decreased
- b) it could not be controlled by the U.S. and OPEC nations would gain new influence through it.

(FP 5,10,74 p3 c1-4)

*CNSP NOTE: see also Resources: Oil, and Latin American Newsfile: Venezuela.*

### OPEC STANDS UNITED

To survive its current financial and economic crisis, the Industrial world will have to make major concessions in power according to members of the joint annual meeting of the IMF-World Bank. A similar conclusion was reached when the U.S. failed to persuade other nations to join it in a meeting of the IMF's new "Interim Committee of Finance Ministers", successor to the "Group of 20" and expected to become the most important decision-making body within the fund. Finance Minister Turner was elected its first chairman. Turner acknowledged that the oil-rich nations would have to be given more influence than they had in IMF decision making. (Ironically the meeting was scheduled on days sacred for the Arabs so the meeting was boycotted.) (FP 12,10,74 p15 c1-4)

### TRUDEAU'S VISIT TO FRANCE

"What you (Canada) seem to want" a member of the EEC remarked, "is a trade agreement that says nothing except how important it is to trade. Perhaps that is a good thing for your prime minister to wave at people back home but we don't want it."

Canada's proposals amounted to little more than a restatement of the sections of GATT that relate to EEC and Canada.

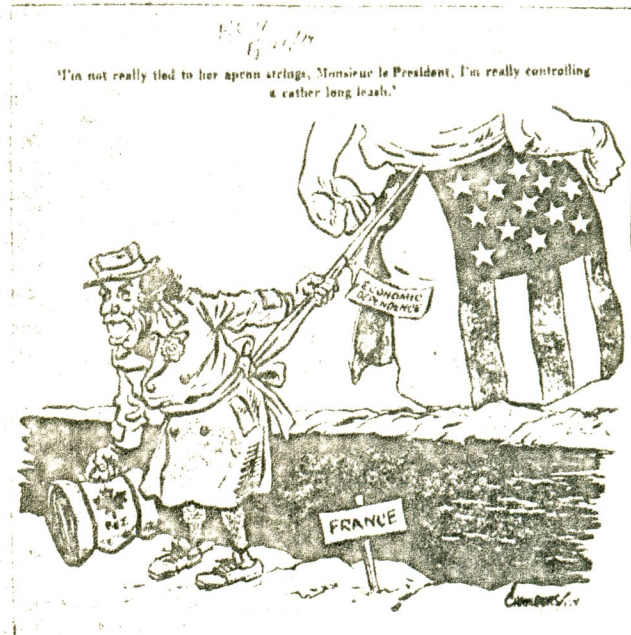
(FP 12,10,74 p7 c1-6)

(TS 25,10,74 pA3 c3-4)

*CNSP NOTE: No trade pact was signed. Canada sells 12.6% of her exports to the EEC and buys 10.7% of her imports from the EEC. Trudeau's stated purpose in going to Europe was "to develop ties with Europe and lessen its dependence on the U.S. which now accounts for 70% of Canadian trade."*

### B.C. BRIEF ON TARIFFS

B.C. Economic Development Minister Gary Lauk presented a brief to Federal Trade Minister Gillespie criticising Canadian trade policy. The growth and diversification of our provincial economy especially in manufacturing has been restricted by a continuing national policy that is geared to protect the industrial and economic base of Canada. This policy increases production and living costs here and encourages foreign tariff and other restraints against the higher value-added processing of B.C. natural resources such as lumber, mining, fishing, printing and publishing, machine industries and transportation equipment). Lauk asked Turner to remove the



17-18% tariff on steel but Turner refused, saying: "the tariffs are desired by the eastern steel manufacturers even though there is an apparent short supply because the barrier helps encourage them to increase their plant." (WFP 5,10,74 p37 c1-2)

## FOOD

October was warm-up month for the World Food Conference, Rome, November 5-16. Press coverage highlighted business, government and religious points of view in Canada and international studies.

A booklet to help Canadians understand the food issue is available from the CCIC, 75 Sparks St, Ottawa. The Bishops' Labour Day statement, "Sharing Daily Bread" is available from the Canadian Catholic Conference, 90 Parent St. Ottawa. A short overview, "This one Loaf" is available from Research and Resource, Division of Mission, 85 St. Clair E., Toronto. Continuing news available in Gatt-fly Notes, 600 Jarvis St. Toronto.

### QUOTE OF THE MONTH:

Speaking in Saskatoon, CLC International Affairs director, Romeo Maione, stated: "the solution to the world's food problem was not a question of production, but one of redistribution of the means of production and the knowledge of how to use the means." (Star Phoenix, Oct. 24, 1974)

### CAUSES OF THE FOOD CRISIS:

#### ACCORDING TO THE FOOD AND AGRICULTURE ORGANIZATION (FAO):

- population growth in the developing countries;
- weather has caused harvest failures;
- cuts in food aid programs and the rise in food prices;
- increasing consumption by people in developed countries.

(WFP 30,9,74 p43 c5-8)

#### ACCORDING TO THE CANADIAN COUNCIL FOR INTERNATIONAL COOPERATION AND THE U.N. ASSOCIATION IN CANADA:

Birth rates do not decline unless certain basic social needs are satisfied; assured food supply, reduced infant mortality, literacy, availability of at least rudimentary health services.

Food production in less developed countries has kept pace with and surpassed the rate of population growth. In the period 1952 to 1962 population growth expanded by 2.4%. Food production increased 3.1%. In the next decade, population growth expanded by 2.4%; and food production by 2.7%.

Rich countries export 3 million tons of average protein, high profit grains to poor countries each year. 4 million tons of high protein foods flow from poor to rich countries each year. The rich have the power to command food from the market which is denied to the poor.

(Canada and the Food Issue)

ACCORDING TO THE U.S. AGRICULTURE REPORT:

The report contradicts the view that population growth is outstripping productive ability.

A continuation of present trends may result in a surplus of 51.9 million tons of food in developed countries and a deficit of 47.6 million tons in developing countries by 1985.

The report blames man-caused factors such as artificial price structures, subsidies, mismanagement and political decisions.

Release of the report has been postponed until after the Rome conference because its findings could undermine the policy of the U.S. delegation.

(WFP 22,10,74 p10 c2-3)

ACCORDING TO A CANADIAN BISHOP:

Bishop Power stated that "the profit motive, not human need is foremost; some countries and corporations have been 'largely responsible' for present food shortages and inflated prices. We can no longer live in the lap of luxury and waste "

(TS 14,10,74 pA1 c1-2)

SOLUTIONS TO THE FOOD CRISIS:

AGRIBUSINESS VIEWS:

160 of the world's top industry leaders met in Toronto. They included members from Japan's Mitsubishi, multinational Unilever and Canada's Massey-Ferguson. The meeting was in preparation for the Rome conference. The agribusinessmen agreed the world has the capacity to solve the problem, but that it would take more than just money. Money for investment in food production would come forward if world leaders could ensure stable markets in underdeveloped countries. Developing countries must make agricultural products a top priority. (WFP 8, 10, 74 p14 c3-5)

CHURCHMEN:

Everyone should be encouraged to avoid waste and cut down on the quality and kind of food they use;

Christians should ask politicians in Canada to:

- support the concept of a world food bank;
- subsidize Canadian producers and sell wheat to poor nations at below market prices;
- pay just prices for poorer nations' exports;
- provide better agricultural assistance;
- assist Canadian who are farmers and fishermen.

(HCH 12, 10, 74 p11 c1-4)

A FOOD STOCKPILE: THE QUESTION IS WHO WILL CONTROL IT?

A measure likely to be proposed at the World Food Conference is : emergency stockpiles of grain in developing regions. The proposed stockpiles could be used for political blackmail. Political conditions might be prescribed by wealthy nations before grain is given. Who will pay the cost of maintaining the graneries and subsidies to farmers if their grain is sold at lower than market prices? The British North American Committee proposed an internationally administered grain reserve. Contributing countries financing the reserves would own the grain, determine the location of facilities and fix policies of its distribution. Recipient countries would also build their own reserves. (WFP 14,10,74 p15 c3-7)

CNSP NOTE: *The U.S. is strongly backing the proposal for a stockpile.*

**POOR NATIONS MUST FEED THEMSELVES, WHELAN SAYS**

"Canada cannot feed the world, nor can the U.S. nor Australia nor New Zealand nor all the major exporting countries rolled together," agriculture minister Whelan said. "The nations of the world are going to have to take steps themselves to feed their own people." "Their priorities have been on industrial development or export development. Not one has put its top priority on agriculture to feed its own growing population. That must change."

(TS 25,10,74 pA3 c1-8)

**DOES CANADA FEED ITSELF?**

Self sufficiency in food is a sound principle for any country. It can be applied to developing and developed nations, including Canada. Canadians too must begin to feed themselves, as these figures indicate:

In 1973 Canada exported \$2.9 billion in food, feed, beverages, tobacco, fish. In 1970 Canada imported \$17.5 million in fresh fruits and vegetables, \$1.2 million in fish, \$4.5 million in canned meat.

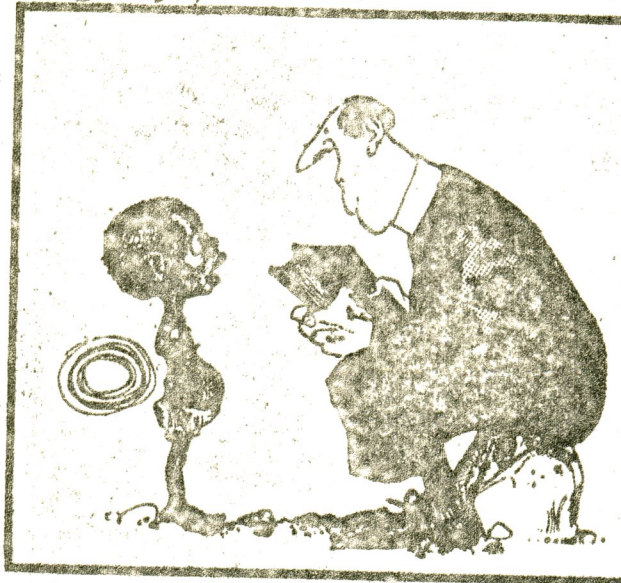
Imported fresh fruits and vegetables on Canadian tables reflect Canada's dependence. The imported foods are "cash produce" for developing nations. The people work to develop food for export, for an increasing demand. Little time can be given to growing food for themselves.

Self sufficiency for developing countries rests, then, on more than just a 'word to the wise'. It is dependent on:

- stable and fair prices for commodities;
- labor intensive agricultural innovations in developing countries;
- agrarian reform to distribute farm produce to a larger number;
- Canadian self-sufficiency.

(Canada and the Food Issue)

**Doug Sneyd**



"Will there be lots to eat in heaven?"

**RESOURCES: AGRICULTURE**

James Robertson, auditor of the Ontario Wheat Producers Marketing Board says that about 400,000 bushels of wheat intended for human consumption may have been sold as livestock feed and seed for a higher price. Wheat producers were promised a \$10 million subsidy in Sept. 1973, on grain processed for domestic human consumption. The necessary authorizing legislation has not been passed. Federal spokesmen later said payments would be made by Nov. 15. (WFP 3,10,74 p62 c7 CP)

## RESOURCES: POTASH

Elwood Cowley, Saskatchewan minister of mineral resources, has announced that all new potash mines in the province will be either wholly government owned or have majority government ownership. The government is also prepared to buy into existing operations. And lastly, a new "reserve tax" retroactive to July 1, will quadruple the present tax, and is expected to give the provincial government, \$87 million next year. Saskatchewan, the sole Canadian source of potash, exports 95% of its production. Production capacity at present is rated at about 8.3 million tons annually.

(TS 24,10,74 pC9 cl-8 CP)

## RESOURCES: LUMBER

B.C. is facing an 8-10% unemployment rate by Christmas unless there is a drastic improvement in the slumping market for wood products. With early layoffs predicted, the unemployment level in B.C.'s forest industry could reach 26%, up from the present level of 14%. U.S. plywood makers have been flooding the market with low priced goods. Secondly, there has been a drastic reduction in new housing starts because of soaring interest rates. 84,000 people are employed directly by the industry itself while nearly twice that number are in supporting services such as trucking and machinery. A similar situation exists in Alberta, where almost 55% of the province's lumber production is exported to the U.S. (GM 9,10,74 pB6; GM 22,10,74 pB2)

## RESOURCES: MINING

The B.C. government has finally proclaimed the Mineral Royalties Act which provides a two pronged royalty system heavily criticized by the mining industry. There is a basic royalty of 2.5% this year, 5% next year. It is based on net smelter returns minus transportation costs. The cabinet sets the basic value of a mineral. Now there is an escalating royalty whereby if the gross value for a mineral rises more than 20% above the basic value, the government gets half the increase above that 20%. In the first 3 years of a mines existence, however, the escalating royalty will only go into effect if the net smelter returns increase more than 35% above the basic value in the first year, 30% the second and 25% the third. The province is expected to gross \$30 million; (\$26 million from copper alone.) (WFP 1,10,74 p58 c8)

DOES ANYBODY OUT THERE GIVE A DAMN IF THE MINING INDUSTRY IS TAXED TO DEATH? In August the Mining Association of Canada, placed a full page ad in several of the country's major newspapers. It focused attention of what it felt were the "potentially dangerous effects" on the Canadian economy (exports, production, jobs) if the current federal-provincial conflict over mining industry tax revenues isn't quickly resolved. On September 3, a Toronto Star editorial came to the industry's defense, again reiterating how unfair to the companies and harmful to the country, the government's policies have been. The Mining Association reprinted the editorial as a full page ad in the following papers. (OC, Oct 21; HCH Oct 24, WFP, LD same day; FP Oct. 26)

RESOURCES: FISHINGALL TIME LOW LIKELY FOR NEWFOUNDLAND COMMERCIAL FISHING

The federal fisheries service says landings for the first 8 months of this year decreased 178.4 million pounds below the same period for 1973. Poor weather conditions and a 6 week strike help account for the decrease. On top of that, processors say they cannot pay last year's prices to fishermen because of slack conditions on the U.S. market which takes about 90% of Newfoundland's fish products. They say the U.S. market has been swamped with cheap Korean and Japanese fish. (MS 7,10,74 pA16 c1-2)

PRESSURE TO EXTEND THE TERRITORIAL LIMIT TO 200 MILES

Newfoundland cabinet minister, Harold Collins, says the decline in fish catches is alarming and that there are indications of overfishing. He called on the federal government to take unilateral action on the 200 mile limit and not wait for the Law of the Sea conference to act. It has been meeting for six years. "The prevalent opinion is that by next summer any agreement will be too late because of the current rate of depletion." The federal government rejects the proposal but offered fishermen income support legislation. The federal government rejects pressing for the 200 mile limit unilaterally. Fishermen see the fisheries decline as an economic setback for Canada as a whole and want firm action. (HCH 24,10,74 pl c2-5)

RESOURCES: OIL

*Introduction: Of note are the views of the OPEC nations, and now Mexico and responses from the U.S. Formation of the International Energy Agency (IEA) with the U.S. having 38.9% of voting rights should be watched as possibly becoming a consumer cartel to fight OPEC. See also the views of Mexico and Venezuela in the Newsfile.*

ARCTIC PIPELINE PART OF "CONTINENTAL SQUEEZE PLAY": CIC

Robert Page of the Committee for an Independent Canada said that plans for a joint U.S. Canadian pipeline from the Arctic to the U.S. ignore the rights of native peoples, are potentially ecologically dangerous and that Canada's sovereignty will be threatened in an unparalleled way because the pipelines will be controlled by U.S. forces. "For the Pentagon and the CIA they will be viewed like the Panama Canal as crucial to American industry and security." (GM 26,10,74 pB2)

OIL PRICES: OPEC VIEWS

Kuwait proposed on Oct. 14 that posted prices should be raised from \$11.65 to \$20 per barrel to compensate for inflation and for lost revenue caused by reduced demand. Oil minister Abdel Rahman of Atiqu also attacked the economic measures taken by the U.S. to fight inflation, claiming that they are designed to destroy the sovereignty of Third World producers. He stated: "Europe and the U.S. have determined the place for developing nations and the Arabs in particular and they want us to stay there forever. What causes the whole bad propaganda is not because we are destroying the economy of the world but because we are trying to move a little bit forward from the place that "highest grade human beings" have determined we should stay." (TS 15,10,74 pA7 c1-5)

The Iranian ambassador said that the consumer pays a lot for oil because of profiteering by oil companies and because of high import taxes put on oil by consuming governments. The deputy minister of Venezuela also stated that Venezuela could "nationalize the industry, but not the markets."

(HCH 18,10,74 p2 c6-9)

#### DONALD MACDONALD ON OIL PRICES

Canada's energy minister stated in Washington that he would welcome a \$2-3 per barrel price drop, but stated that Canada had to charge an equivalent price for the oil it exports in order to maintain a balance with the oil it imports. He also said that OPEC's price increases were helpful because they focused attention on the rapid depletion of reserves, and because they slowed down the rate of increase of oil consumption.

(TS 4,10,74 pA3 c4-6)

#### MEXICO OIL FIND REPORTED TO BE 20 BILLION BARRELS

Foreign estimates of the size of Mexico's newly discovered Gulf reserves have reached 20 billion barrels. Mexico has stated it will join OPEC, and will not bow to U.S. suggestions that Mexico supply U.S. needs in order to break the Middle East hold on the U.S. Mexico cannot yet join OPEC because it only exports 35,000 barrels per day currently.

(FS 16,10,74 p3 c2-6)

#### CANADA JOINS OIL CONSUMERS AGREEMENT

Canada, the U.S., Japan, the Common Market minus France, and Norway have agreed to form an International Energy Agency. The members consume 80% of the world's petroleum. Under the agreement comes such proposals as oil sharing during an Arab embargo, plans to reduce dependence on Middle East oil, and a shift to alternate energy sources. The immediate objective is to present a solid front to producers in an attempt to reduce oil prices. France has called the Agency 'an energy NATO' because of its militant stance and its U.S. leadership. (GM 30,9,74 pl c6-9)

The agreement calls for a 7% reduction in imports by all members once supplies in the major consuming nations fall to 93% of their needs. If supplies reach only 88% of needs, then all members will reduce imports by 10%. (VS 1,10,74 pl8)

The IEA has devised a binding voting formula for fast decisions in which each country's vote is weighted according to a country's oil consumption. Canada has 6.6%; Japan 13.2%; EEC 38.2% and the U.S. 38.9%. In most important matters, 10 out of 12 members must agree, no matter what the weighted vote, but in other concerns 60% of the weighted vote with 6 of 12 nations is all that is necessary to carry a motion. (GM 18,10,74 pB2)

#### EDITORIAL COMMENT

In an editorial on Oct. 5, the Toronto Star said that if the IEA "means a far sighted international effort to develop and conserve resources, Canada has much to gain by joining. But if it is fundamentally a project to gang up and hammer the big oil producers, we'd better stand clear." The Star says a meeting should be held and that the views of the producers on the price of food and industrial products should be considered.

(TS 5,10,74 pB2 cl-2)

BANKING

*Introduction:* Speculation about a world economic recession continues to be discussed in banking news this month, with a particular concern that banks do not collapse or default on loans. To safeguard against this representatives of the central banks of the ten industrialized nations of Europe and North America met recently to agree on policies within each nation to support bank difficulty with government funds. Canadian banks do not seem to be worried about bank collapses in other nations because of the regulations built into the Canadian system to protect the chartered banks, and oversee their operations. Bankers give as proof the fact that no Canadian banks collapsed during the 1930s depression.

Of more concern to most Canadians is the possibility of a recession; Canadian banks may not have collapsed during the thirties but Canadian people certainly felt the consequences of that depression period. Some evidence is already available (see State of the Economy) that small businesses are being squeezed out of operation in the present economic crisis. They cannot receive credit and supplies that are going to the large multinational firms on a priority basis from the banks and major suppliers of industrial raw materials such as steel. During the '30s many small enterprises collapsed while the larger firms were able to ride out the economic storm and actually consolidate their size and power. The present crisis may be putting middle sized enterprise in a position that is vulnerable to take-over or merger by large multinational firms.

**SOLID PROFITS NEEDED: BANKER**

Rowland Frazer, a top executive of the Royal Bank of Canada, says that companies must be allowed solid profit levels to provide the necessary capital funds for future energy developments in Canada. (TS 7,10,74 pb9)

**PRIORITY IN PROMOTING BUSINESS**

The Federal government will consider two bills as top priority items for this session of Parliament. One will revitalize the Industrial Development Bank by creating a new bank to provide capital and management services to small businesses which find it difficult to obtain these from commercial banks. The second bill would triple the capital for the Export Development Corporation which supplies export credits and export/investment insurance for Canadian companies exporting and investing in other countries.

(WFP 14,10,74 p1 c4-5 CP)

**BANK OF CANADA COULD CAUSE RECESSION**

Andre Raynauld, chairman of the Economic Council of Canada, says that the tight money policy of the Bank of Canada (restricting money supply by high interest rates) could restrict growth in the Canadian economy and lead to a recession.

(HCH 23,10,74 p44 c6-7 ETS)

The B.C. Credit Union movement, the fastest growing in the country, has begun to make low interest (6%) loans to persons of limited income due to the high interest rates of commercial banks that are beyond the economic means of most wage-earners.

(FP 26,10,74 p17 c2-5)



## STATE OF THE ECONOMY: INFLATION

*Introduction: The amount of newspaper coverage devoted this month to a discussion of inflation, depression, recession, rising prices, etc. makes it very difficult to present an overall picture by simply synthesizing individual articles. This is also hampered by the character of the material, most of it is commentary, either by economic reporters of the papers or by government and business spokespersons. Therefore, we present a few short factual syntheses to set the background of an overview of what different sectors of Canadian society are saying about causes and solutions for inflation.*

## CANADIAN ECONOMY STAGNANT

According to Statistics Canada the Canadian economy continued to stagnate in the month of August with a decline of .2% in output. Canada will experience a flat performance of negative growth during the third quarter of 1974.  
(OC 21,10,74 p9 c4-5)

## U.S. ECONOMY IN A RECESSION

The U.S. department of Commerce says that there is no longer any doubt that the U.S. economy is in a recession. The U.S. has experienced three consecutive quarterly periods of declining growth in the GNP.

(HCH 23,10,74 p44 c6-8 FTS)

## COST OF LIVING UP 10.9% OVER LAST YEAR

The Consumer Price Index rose six-tenths of one percent in September making this year's prices 10.9% higher than those of September 1973.

(TS 9,10,74 pA4 c1-5 CP)

## WHAT IS BEING SAID ABOUT THE CAUSES AND FUTURE OF INFLATION:

Toronto Dominion Bank  
expert

-the future will see a slowdown in the economy and a reduced rate of inflation.

Canadian Manufacturers  
Association President  
W.R. Lawson

-the root of the present inflation is an over-extension of government spending (social welfare) that is not tied to increases in productivity; Canada may experience a depression.

Canadian Chamber of  
Commerce (in a pre-  
budget brief to Turner)

-inflation may slow in the coming months, but the government should sort out how much of the inflation is domestic and how much exported, refrain from over taxing the resource industries, and fight the general inflation psychology.

Canadian Manufacturers  
Association (in pre-  
budget brief to Ottawa)

-inflation should be fought by increasing supply rather than by lowering demand; wage levels must be held down so that Canada will not be less competitive with the U.S. tariffs should be kept up for protection.

Conference Board of  
Canada President  
A.J.R. Smith

-the present situation is not a full recession but just a slowing down of economic growth due

Canadian Federation of Independent Business  
President John Bulloch

to a period since 1970, of expansion in production, leading to demand pull inflation and two digit inflation; the production cycle is over but inflation remains. Unemployment may rise to 7 1/2% but recovery will begin in mid-1975.

-the small business owner is hardest hit...Suppliers of industrial raw materials favor the bigger firms over middle-sized ones in filling orders with the result that federation members have often had to cut back production and dismiss workers because the supplies are not available for production. In the present crisis suppliers are demanding cash for payment, but the small businesses are finding difficulty in obtaining credit from banks who also favor the larger enterprises.

Canadian Labor Congress  
President Joe Morris

-the worker is falling behind the rising cost of living with a diminishing real take-home income; the CLC will continue to fight for the work force in catching up to the cost of living.

Trudeau

-Canada's inflation is just part of a global economic malaise and the only solution is an international one; he rejects the idea that the laborer is entirely to blame for inflation and calls for 'restraint by everyone' rather than price and wage controls.

Throne Speech

-inflation will be fought by increasing supply (ie. agricultural products) and restraining government spending; the anti-profiteering legislation will be re-introduced to keep profits to a reasonable level. The government recognizes inflation as a 'serious and urgent' problem.

Turner

-Despite the rising cost of living figures, Canada is expected to have the best economic performance in the world this year. He is disturbed by the rate of inflation and curbing this rate is the government's top priority. However, all nations must act on inflation; he is confident that the world will avoid a major recession.



**CNSP COMMENTARY:** The above commentaries illustrate a major bias of the press. They have presented only the voices of the business and governmental 'ruling class' of Canada (perhaps with the exception of Joe Morris of the CLC) to explain the present crisis of inflation. The reader is left with the impression that only these men, bankers, economists, lobbyists, businessmen and politicians can understand the problem. The voices of other sectors of Canadian society, labourers, welfare recipients, native peoples--are simply not heard. There is no clear analysis, predictions are far-ranging (from despair to optimism) and wage earners are occasionally singled out as a convenient scape-goat.

MARGINALIZATION: NATIVE PEOPLES**"THE BATTLE OF PARLIAMENT HILL"**

This month, English-speaking newspapers carried angry photographs and headline CP stories of the Native Peoples' Caravan demonstration in Ottawa at the opening of Parliament. Captioned "the Ugliest Incident in Ottawa's History", the confrontation marked the baptism of the RCMP riot squad formed in 1967. Superintendent Sauvé, responsible for the squad, stated that the RCMP "undergo continuous tactical training for group defense." The squad, trained in crowd control and defensive group formation, were armed with helmets, tear-gas guns, shields and billy clubs, and were wearing protective clothing. "Always," Sauvé reported, "the safety of our men must come first." (OC 1,10,74)

Twelve RCMP officers sustained slight injuries; an undetermined number of demonstrators were hurt. Andy Anderson (Regina), 20, was hospitalized with a fractured skull. It has also been disclosed and reported in only one paper, the Ottawa Citizen (Oct 28, p1) that Kenneth Williams, a 23 year old Toronto Indian, and member of the Caravan, was found dead in a Hull jail cell, hanging by his trousers. Previous to being arrested, Williams was apparently attacked by a white man who was not arrested and escaped. He, (Williams), was arrested by police, and wearing only his trousers, placed in a cell. An investigation of the Hull police regarding negligence, and an autopsy, is underway. The question raised by Caravan supporters is "did he really commit suicide?"

**THAT'S HORSE MANURE..."**

Charges of police brutality were made by a national civil liberties group in connection with the caravan demonstration on Parliament Hill. Evidence presented by the Canadian Federation of Civil Liberties and Human Rights Assoc. led to a call for a public inquiry into the violence, to be conducted independent of the RCMP. Solicitor General Warren Allmand's sharp retort to the charge was: "That's horse manure!"

Evidence collected indicates that the use of the RCMP special riot squad was unnecessary. After the riot squad was called into action, excessive violence was allegedly used by the RCMP on both unarmed demonstrators and bystanders. 'It seems strange that although thousands of photographs were taken during the demonstration, by the press, none were taken when the RCMP clubbed obviously unarmed people, some already on the ground, trying to protect their heads.'

(MS 2,10,74 pA15 c2-6)

**RESPONSES TO THE "BATTLE OF PARLIAMENT HILL"**

Mind your own business, "Stay home", American Indians were told by Judd Buchanan Indian Affairs Minister. (OC 3,10,74 pl c4-6 CP)

Judd Buchanan told reporters much of the blame for the violence rested on the shoulders of a handful of White Communist Party of Canada (Marxist-Leninist) agitators. (HCH 2,10,74 p5 c1-5 CP)

National Indian Brotherhood President, George Manuel credited the Caravan for breaking down "the gatekeeper's role played by the civil service and giving us direct access to the Cabinet." Working together, the cabinet and the brotherhood would give more input in decisions. (OC 10,10,74 pl c3-5 CP)

Wally Firth, (Indian MP, N.W.T.) was reduced to tears by the Indian protest that exploded on the hill. Whether the demonstrators were duly elected by their people is beside the point. They represent the first inhabitants of this land, who are also the poorest people in Canada. (OC 4,10,74 p35 c1-6)

Alberta Lieutenant-Governor, Ralph Steinhauer, a Cree, departed from traditional political neutrality to criticize the department of Indian Affairs for its treatment of Indians... "My lips must be politically sealed on political questions, although sometimes I feel like I am going to blow up."  
(GM 3,10,74 p8 c2-5)

Grand Councils of Treaty 3 and 9, the Iroquois and Allied Nations Association, Union of Ontario Indians and Kenora Metis want provincial assurances that the 500 Caravan members in Ottawa will not be harassed by the OPP, and will have a hearing with Federal Indian Affairs officials. (GM 2,10,74 p1 c2-6)

Archbishop Ted Scott (Anglican Church of Canada) said, in a letter to Indian leaders, Prime Minister Trudeau and Indian Affairs Minister, "that violence is not an appropriate, acceptable, or effective means for moving toward solutions." "We are also critical of that violence expressed in reaction to political activity which I interpret to be reaction of fear and the unwillingness to be open to dialogue when claims of social justice are pressed."  
(WFP 5,10,74 p12 c8 CP)

*CNSP NOTE: What did not appear in the press was information regarding conditions of Canada's native peoples prior to the Caravan. Perspectives Canada recently released important statistics:*

RAPID URBANIZATION OF NATIVE PEOPLES

1961 12.9% in cities  
1971 30.7% in cities  
ie. Winnipeg 1951 210 native people  
1961 1,080  
1971 5,000

HOSPITALIZATION RATE:

238 per 1000 in N.W.T. in 1968  
157 per 1000 is the national rate.

In 1970 Eskimos were 10 times more likely to die of pneumonia, 3 times more likely to die of injuries and accidents, 6 times more likely to die in childhood.

HOUSING:

1965 19.7% families needed new homes;  
1971 25.4% " " " "

1960 6.8% occupied houses need major  
repair  
1971 15.9% " "

INFANT MORTALITY RATES

twice the national average for  
Indians, four times for Inuit

BIRTH RATE:

of Indians and Inuit is more  
than twice the national rate.

UNIVERSITY EDUCATION:

of Indians and Inuit over 20 years  
is only 1.7% compared to a national  
average of 11.9%.

ELEMENTARY EDUCATION ONLY:

80% native peoples  
36.8% national figure

1963 12.9% frame houses were poor.  
1971 20.8% " "

1963 45.1% log houses were poor.  
1971 64.1% " " "

(Statistics Canada)

The National Indian Brotherhood has not been consulted on the drafting of a new housing program for Indian reserves across Canada. Recommendations from the NIB estimated \$400 million will be needed for housing on reserves during the next 5 years. They ask that housing grants be administered by Indian bands across Canada and the \$82 million budget item known as "professional and special services" be transferred to a crash program of new housing. The government plan will likely combine existing spending with money available from Central Mortgage and Housing Corporation. (OC 17,10,74 p24 c5-6)

#### SOCIAL WELFARE

##### CYC NO LONGER RADICAL

The Company of Young Canadians was created by the federal government in 1966. Its major concern now is for the economic situation of the poor. Examples of projects are: initiating a credit union in Midland and helping the Native Women's Association of Manitoba to receive just prices for hand-made goods through a cooperative.

As one director says, "There aren't any more freedom-fighting radicals. Their motivation was fine but they didn't use the right methods." Volunteers receive a living allowance of about \$460 a month or \$570 a month if they have dependents. The CYC is demanding more funds from the government.

(WFP 15,10,74 p3 c6-8)

##### WELFARE ROLLS CUT BY 6,600 IN MANITOBA

About 6,600 people have been removed from Manitoba's welfare rolls since 1972. 2000 have been removed in the past year alone. Statistics show that the majority of people on welfare are elderly people and sole support mothers.

(WFP 11,10,74 p6 c4-5)

##### URBAN DEVELOPMENT AND GROWTH: WAY TO RUN NEW CITIES IS DECIDED

The operating organization for the proposed Ontario Land Corporation and the new cities and industrial parks it will finance has been settled by the Ontario cabinet. The OLC, a new initiative in the 1974 budget, is a vehicle intended to implement talk about decentralizing future urban and industrial growth particularly to such "less developed regions as Eastern Ontario". The OLC will provide money to buy land and construct major sewer and water trunk lines to the new cities, each one handled by a separate corporation, answerable to the Housing Ministry. (The OLC will operate under the Treasury Board). Large new industrial parks launched with OLC money will be placed under the Ministry of Industry and Tourism.

The OLC "must remain full control over the new cities until there are large enough and mature enough to assume the responsibility of a municipal council." The new cities will be built well beyond a 50 mile radius of Toronto. During the next 25 years, up to 2 million people may be accommodated in about 6 new cities. Operating purely as a financing agency, one of the OLC's first tasks will be to raise money to pay back the provincial government for the assembled land it will take over. (GM 11,10,74 p33 c9)

HOUSING

## FEDERAL MORTGAGE AID TO BE BROADENED

Urban Affairs Minister Danson is considering broadening the government's mortgage rate subsidy plan for new home owners. The program will attempt to double money now available under Assisted Home Ownership program by adding private funds to government money. Danson suggests that some government money could shake loose larger amounts of private money for new home purchases. Under the plan, private lenders, now lending money at the current CMHC direct loan rate of 11.25% could get subsidies bringing the effective rate down to 8% for borrowers. (WFP 14,10,74 p7 c1-2)

Response to the government's \$50 million apartment construction program has been 'incredible'. Since the announcement of the program, there have been 300 expressions of interest. In an interview Danson disclosed two new schemes for providing mortgage money. First the federal government should aggressively seek foreign money for residential mortgages. Legislation establishing mortgage investment corporations might be modified as to requirements for Canadian participation in order to encourage foreign money. Secondly, there should be incentive for increased participation of pension funds in mortgage financing. At present about 14% of pension fund assets are invested in mortgages. (GM 22,10,74 pB2 c2-4)

## ONTARIO GOVERNMENT CREATES MORE INCENTIVE PROGRAMS

Ontario Housing Minister Donald Irvine rejected the idea of rent controls as a means of answering the housing shortage. The government's method should be to help bring more rental units onto the market. The main barrier is scarcity of mortgage money. Irvine announced that an additional \$100 million will be injected into Ontario's housing programs over the next 2 years. \$50 million will help create 8% mortgages for developers of units for low and middle income renters. \$25 million will go to mortgages at 9 3/4% for developers who build condominiums on land leased from government or private owners. (Formerly developers were restricted to condominium construction on land which they themselves owned.) Ontario wants to attract developers to provide 25% of their units for low income residents, by providing second mortgages equal to 35% of the total value (it now provides second mortgages to 25%). Ontario hopes to work with the federal government in buying land for development. Ottawa would provide 75%; Ontario 25%. The buildings would be government owned, but managed by private companies, provided 25% of their units were geared to income. (GM 19,10,74 p1 c1-2)

## HOUSING PROGRAMS USED TO MANIPULATE THE ECONOMY: GILLIES, P.C.

The federal government will not solve the housing crisis until it stops using housing programs to manipulate the economy. Builders will not moderate prices unless they are confident that housing programs will be stable. "Builders' prices" James Gillies, P.C. financial critic, commented, "are going up and down like a yo-yo." (TS 25,10,74 pb7 c1-3)

## BUILDERS NOW USE GIMMICKS

Builders are using gimmicks to encourage potential buyers to purchase houses now, rather than wait for a possible future drop in prices. One analyst says that offers by builders to provide all appliances in a new house is an indication that builders are having difficulty. High mortgage rates,

general tightening of credit, and Ontario government's land transfer and speculation taxes, have resulted in a dramatic drop in demand for houses. Real estate companies likely to suffer most are those holding large land banks, because insufficient cash flow will not cover the carrying charges on the land. Alliance Building Corporation Ltd. of Toronto recently experienced a management shakeup. It is predicted that reorganization of many companies may occur throughout 1975 in attempts to secure sounder economic and financial bases of operation.

(GM 4,10,74 pB3 cl-4)

#### GENSTAR HAS NEAR MONOPOLY

Calgary's city council has just voted to make public a report divulging the near monopoly position of Genstar Ltd, in the area of housing and related industries. Genstar is controlled by Belgian and U.S. interests; it was founded as a public corporation in Canada in 1951. It quickly expanded its mining base to take in Inland Cement and Brockville Chemical. It then entered the fields of building materials, heavy construction housing and land development, and acquired British American Construction Materials (BACM).

The report indicates that Genstar is the parent company for Calgary firms that own land in Calgary, and the proposed 125 square mile annexation area around Calgary. BACM owns land in south east Calgary; it is the second largest shareholder of Carma Developers, and Nu-West, which in turn controls Carma. An announced merger of Carma and Nu-West would mean BACM would virtually run Carma and Nu-West. Genstar controls more than 60 firms in Canada. It is the parent firm for: BACM, Kelwood Construction, Keith Construction, Standard General Construction, Consolidated Concrete, Inland Cement, Con-Force Products, Engineered Homes and Borger Construction.

Engineered Homes and Keith Construction built 17% of the houses built in Calgary in 1973; Nu West build 18.9%. Their next closest competitor accounted for only 10% of 1973 housing starts.

(GM 7,10,74 p8 c2-5 Suzanne Zwarun special)

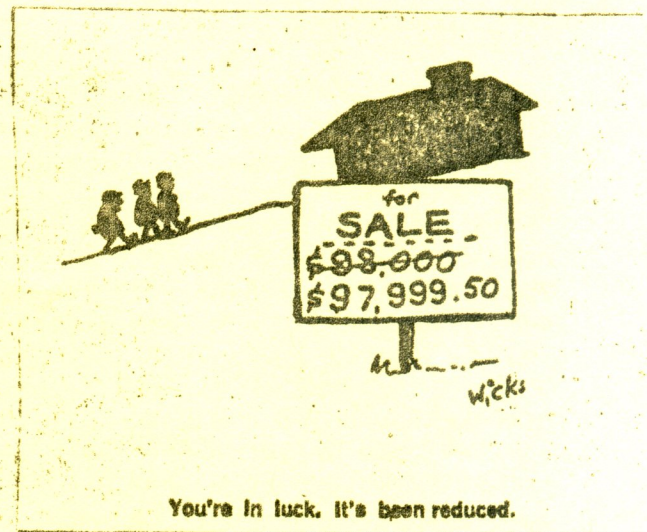
Don Lockhart, spokesman for the Canadian Lumberman's Association blames housing construction slumps across the country for falling lumber prices, and increasing layoffs of forestry workers. The price of lumber is the lowest in 8 years. Peter de Vries, director of Beaver Lumber Co. says prices have dropped 10-20% during the past 4 months. More than 80% of Canada's lumber is now exported. Industry officials are watching the condition of export markets, particularly the U.S. closely. 15,000 mill and forest workers are unemployed in B.C.; 12,000 in Quebec have been laid off in the last 2 weeks. One Quebec official predicts that all sawmills in Quebec will be closed in the next few months unless lumber sales pick up. (WFP 12,10,74 p30 cl-2)

#### HEALTH

##### STERILIZATION ACT DISCRIMINATED: STUDY

Tim Christian, a law student who computer-analysed 20% of the 4,500 people presented for sterilization under Alberta's Sexual Sterilization Act, stated that Indians, Ukrainians and Alberta's powerless were its chief victims. Indians and Metis made up 25.7% of the sterilized from 1969 to 1972, at a time when they represented only 3.4% of the total population.

Of those sterilized, 64.7% were women. The Act allowed a 4 man eugenics board to order sterilization of people judged mentally deficient. The I.Q. tests used have been shown to be unfair to ethnic minorities within the dominant culture. Few mental illnesses are known to have any genetic basis. (OC 25,10,74 p59 cl-5 CP)



You're in luck. It's been reduced.

6-10-74/74 jbr/ea 7





on oil, natural gas, coal and uranium, backed by significant reserves.

(GM 3,10,74 pb4 cl-6)

*CNSP NOTE: There is a gap between the expectations of most Canadians who criticize poor passenger service and high freight rates, and the priorities of the CPR. Historically the company received large sums of public money and land grants to build a transcontinental rail system. Those lands are now among the richest reserves of natural resources and help account for the 'strong position' of CP. Do Canadians have a right to share in the profits extracted from those lands now?*

#### CN WANTS HIGHER FREIGHT RATES

CNR needs a major track-building program (almost as large as the one that built the transcontinental line) and should be allowed to raise freight rates to help generate the money, president Robert Bandeen says. It could cost \$5 billion to finance "commercially viable services alone". Other money would be necessary to improve passenger services, maintain non-economic branch lines, etc. (those things which most Canadians criticize the rail companies for neglecting). (GM 4,10,74 pB1 cl-5)

Commenting on Bandeen's statement, Craig Dickson, general manager of the Atlantic Provinces Transportation Commission, said he knows of no major rail alterations or improvements planned for eastern Canada. (TS 4,10,74 pC7 cl-8)

#### WOMEN: COMING UP TO INTERNATIONAL WOMEN'S YEAR

*Introduction: 1975 has been designated International Women's Year. In the next few months, readers should find in Canadian newspapers articles on job equality, day care, status of women, and legal rights of women, juxtaposed with statements by Health and Welfare Minister Lalonde outlining programs, and finances which the federal government is providing to women's groups for International Women's Year. The government has already announced that \$5 million will be spent between 1974 and 1976: \$2½ million administered by the women's program of the Secretary of State, and \$2½ million to the International Women's Year Secretariat of the Privy Council.*

#### WOMEN LOSING GROUND

Since the Royal Commission of the Status of Women in 1971, the federal government has committed itself to equality for women. A recent report released by the Public Service Commission, however, shows that women are unequal in the public service and appear to be losing ground. More women than ever are concentrated in the "administrative support" jobs of clerks, typists and receptionists. The dollar gap between the salaries of male and female public servants has widened. The Public Service Commission shows that the median income of men is \$9-9,499. while for women it is \$6,500 to 6,999. Since 1971 the median income for men has increased about \$1,500. for women it has increased about \$1,000. Nearly two out of three women or 64.9% earned less than \$7,500, compared to less than 18.9% of men.

In the public service executive category, only 1% are women, while the proportion in 'administrative support' has risen from 65 to 68.7%. Women account for 24.9% of employees in the scientific and professional category, but they are overwhelmingly concentrated in the departments of Veterans Affairs, Health and Welfare and Indian Affairs, where they staff the veterans'

hospitals and act as teachers, nurses and social workers.  
(GM 18,10,74 p8 c2-6)

#### INTERNATIONAL WOMEN'S YEAR

Conservative and radical women's groups unanimously signed telegrams challenging the government to prove its honesty of commitments to elevating the status of women. The telegrams came at the end of a consultation conference in Ottawa, sponsored by the women's program of the Secretary of State. Criticism by the delegates arose over the government's decision to spend \$200,000 for each of five regional conferences to be held next year. Also, the acting head of the women's program for the past two years, Suzanne Findlay is being replaced one month before International Women's Year by Marlene McGregor, a former employee in another branch of the Secretary of State. Mrs. Findlay is appealing the government decision.

(GM 21,10,74 p13 c5-8)

#### GOVERNMENT LEGISLATION TO END DISCRIMINATION AGAINST WOMEN

Health and Welfare Minister Lalonde has re-introduced legislation aimed at removing discrimination against women in several fields. Included in the bill are proposals to amend the Criminal Code which would place women in the same position as men in terms of responsibility for maintenance of a dependent spouse and children. The Canada Pension Plan will be amended so that provisions will be applicable to a female contributor having a husband and children. Changes in the Citizenship Act will make requirements for men and women the same.

(GM 9,10,74 p11 c7-9)

The Federal government should quickly introduce amendments to the Canada Labor Code banning job discrimination on the grounds of sex, marital status and age. Dr. Katie Cooke, chairman of the federal advisory council on the status of women based her comments on recently released government analyses of 1972 income tax returns. The average income for male taxpayers was \$9,074 and for women it was \$5,208. The labor code presently forbids discrimination on the grounds of race, religion or national origin. Dr. Cooke said the code should be broadened to allow aggrieved women workers in industries under federal jurisdiction "to sue their employers if they are bypassed for promotion simply on the grounds of sex." (WFP 5,10,74 p27 c6-7)

#### DAY CARE IN ONTARIO

While some day care groups are still fighting the Ontario government's changes in day care policies, the government has begun sending out its promised \$15 million. The new regulations announced by Margaret Birch, will relax present restrictions on day care centres including allowing the size of classes to increase. The new government regulations will not be absolutely legal until they are published in the Ontario Gazette. In the meantime, Community and Social Services Minister Rene Brunelle announced immediate grants totalling \$2.4 million to 17 day care centres, including municipal day care centres, Indian bands and charitable organizations.

(GM 16,10,74 p11 c5-7)

LABOURUNEMPLOYMENT-EMPLOYMENT

## UNEMPLOYMENT UP TO 5.8%

Because of a decrease in the work force, unemployment rose in September to 5.8%. Other contributing factors were increased unemployment among those under 25, and a sharp drop in the number of women working. (GM 9,10,74 pB5)

## MORE JOBLESS, LESS INFLATION SEEN FOR 1975

An economist Tom McCormack predicted a 9% inflation rate and 6.8% for unemployment. He suggested the government should adopt policies of tax cuts for low income groups and for capital investors. (TS 9,10,74 pC10 c5-9)

## FULL EMPLOYMENT RATE: 5% UNEMPLOYMENT

A senior federal government economist and a Montreal economist who had studied the issue, argue that the full employment rate is now closer to 5%. Ten years ago, with any rise above 4%, the government increased employment through spending. Unemployment below 4% existed for structural reasons: lack of proper skills, dislocation of jobs from workers, turnover of workers between jobs-- all of which constitutes for these men a necessary evil. Now though, because of increased women and young people in the work force, unemployment due to job turnover has drastically increased. This increase is also due to improved unemployment insurance and social benefits schemes which make such turnover possible without much hardship. (GM 12,10,74 p4)

## UIC PREMIUMS WILL NOT BE RAISED

UIC premiums (the amount that employers and employees pay into the common fund) will not be raised as they have at the beginning of 1973 and 1974. Actually there is a surplus of funds accumulating due to past increases which will be used to pay off the deficit incurred in the past.

(WFP 24,10,74 p14 c5-8)

## NEWFOUNDLAND UNEMPLOYMENT

Bell Island in Conception Bay was a major iron mining centre but its last mine closed in 1966. Since then many people have left the island, the population dropping from 14,000 to 7,000. Unemployment in Newfoundland is the highest in the country, 20.5% in June. Since August 1970, the average annual jobless rate has never dropped below 10.8%. 2% of Canada's population lives in Newfoundland and Labrador but about 5% of UIC payments are made there. Between August 1973 and August 1974 the labor force grew from 189,000 to 198,000. The number of persons employed remained static at 174,000. Mr. Neary, member of the legislature for Bell Island said: "But for the federal government pouring millions of dollars into Newfoundland, the number of unemployed would be 3 or 4 times as high." But the manpower department in the eyes of many residents is not doing enough. Mike Fleming, a highway worker does not mince words: "I've never heard of anyone getting a job through manpower here!"

(WFP 14,10,74 p11 c6-8)

## LIP GRANTS DOWN

The money allocated this year to South Western Nova Scotia is \$114,000 short of 1973 allocations. The manpower department's selection of a mean average unemployment figure is the basis for funding. MP Collin Campbell has criticized the allotment as unfair. (HCH 9,10,74 p4)

IMMIGRATION

Introduction: October saw the interim changes in immigration policy promised by Minister of Manpower and Immigration, Mr. Andras. To clarify what these changes are, it is useful to see some important elements in the old policy established in 1967 and the changes just introduced.

OLD POLICY

An immigrant has to attain 50 out of a possible 100 points in these areas:

- nomination by a relative (parents, children, brothers, sisters, cousins, aunts, uncles, husband, wife)
- sponsor in Canada would agree to be responsible for helping the person settle, food, lodging, etc.
- professional training, professional training gave 10 points, whereas unskilled persons received only 1 point.
- general success profile in country of origin; social position, jobs held, education, languages. etc.

NEW POLICY

While an immigrant must still obtain points, important areas have been changed:

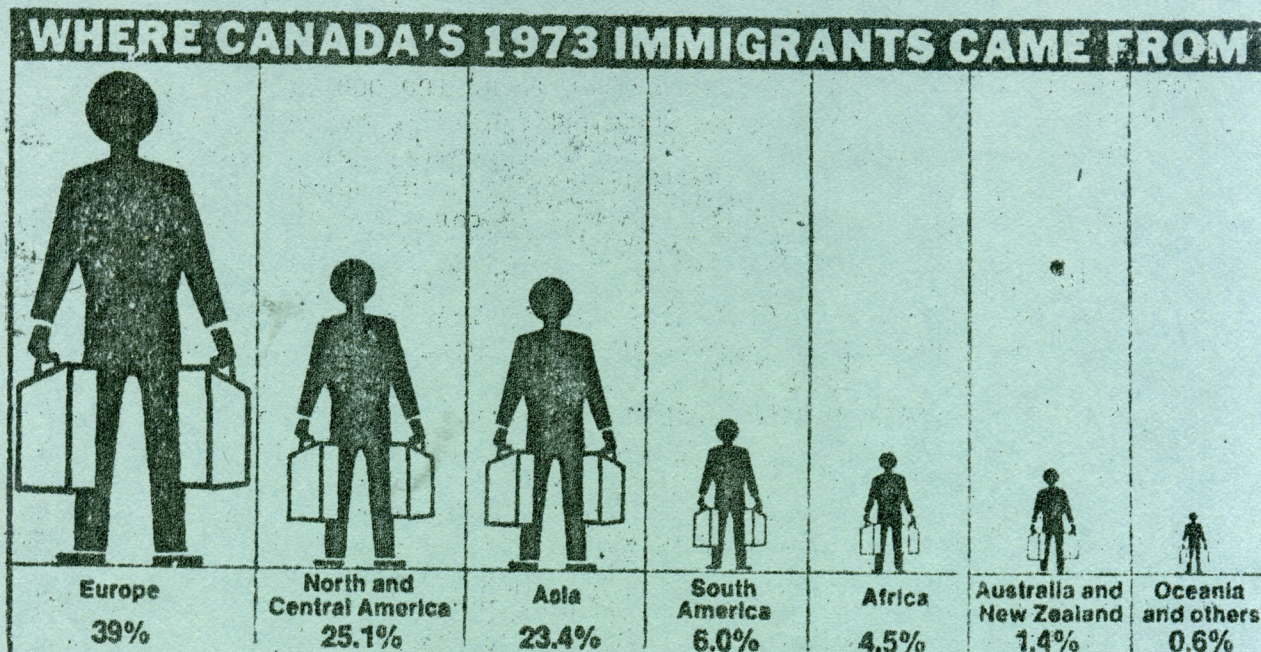
- nomination only by an immediate relative (excludes cousins, aunts, uncles, in-laws)
- a job waiting for the immigrant on arrival in Canada
- a job skill that is highly in demand. (demand will be calculated on a national basis).

Andras stated that the changes will avoid the possibility of 250,000 to 280,000 immigrants to Canada in 1975 and stabilize the flow to a rough 200,000 per year. The motivation for the policy according to him is a possible 7% unemployment rate in 1975, the highest level since 1967. He also stated that the changes are only temporary, and that a Green Paper will be presented to the Commons in the New Year, detailing considerations for a long-term immigration policy. Under heavy criticism, Andras defended the policy on the grounds that it retains the universal, non-discriminatory principles of the 1967 policy.

Criticism came from many sectors. B.C. thinks the policy is weak since she is faced with a population growth more than twice the Canadian average, 40% of which is due to immigration. Economic interests in general are against the policy: in Alberta there will soon be 100,000 unfilled jobs, and the same amount in the construction industry across Canada. Others do not believe that immigration and unemployment have anything to do with one another--mostly because it is largely Canadians (natural born) who are unemployed and immigrants do many jobs that Canadians won't. Reports of 100,000 illegal aliens in Toronto alone seem to verify this thinking (there is little or no unemployment in Toronto).

A third area of criticism maintains that the policy is racist because it will mainly reduce immigration from Asia, Africa and Latin America, as well as southern European countries. (SEE CHART NEXT PAGE) The reduction of sponsorship to immediate relatives is seen as a non-recognition of the close family ties in these cultural areas of the world. Coverage in the press stressed racism as a growing tension in Canada. One article suggested that racial tension didn't exist until the media began to stress its possibilities. In Toronto, conservative elements were distributing literature with strong racial overtones against black and Asian immigrants, while Andras on t.v. said he wasn't sure that Canada could handle racial problems as they exist in the U.S., justifying his new policy.

Some criticism also suggested discrimination on the basis of class and political leanings. Haitians are currently facing deportation to Papa Doc's dictatorship while Canada admitted refugees from socialist Uganda two years ago.



\*\* Interestingly, the chart does not break down separately Central America, a small minority of immigrants to Canada. The largest component in this figure are Americans.

#### NEW POLICY CUTS IMMIGRATION BY 40%

A change in present immigration policy was announced yesterday by Andras. The new policy will allow immigrants to Canada who have pre-arranged jobs or skills in high demand. Business with job vacancies will have to satisfy Manpower officials that Canadians cannot fill these jobs. Then, the government will search for workers abroad. An effort to encourage more Francophone immigrants will be made in sympathy with Quebec's situation. Presently, only 7% of immigrants are French speaking. Mr. Andras maintained that these interim changes do not alter the basic principles of the 1967 Immigration Act: universal and non-discriminatory in application, it respects the principle of uniting families and maintains a link between immigration and the labor force. The considerations for a long-term policy will be presented in a Green paper early next year and discussed publicly. A new Immigration Act will be formulated and passed, perhaps late in 1975. (HS 23,10,74 pl c5-7 CP; TS same day)

#### TORONTO STAR SPECIAL REPORT

Many people (especially those involved in or living in ethnic communities) fear increased racial tension as a result of the new policy. Others fear racial tension if the policy doesn't change. But Toronto, in spite of its multi-racial population, has a harmonious atmosphere, with racist tendencies presently mostly in some right-wing groups and among some older people who seem to resent the presence of immigrants who 'have it good' here. In fact, most of the racial tension talked about may be in the future since many groups see the new policy as a clear cut attempt to limit the presence of Africans, Asians and other coloured peoples in Canada. Facts and important people support this line of criticism: Dennis McDermott of the UAW doesn't believe the reasons for the policy are the high unemployment projection, "I know of no instance where immigration quotas have had any influence on unemployment." Judith Maxwell, economist at the C.D. Howe Research Institute, claims that immigrants have no effect on unemployment since they have been doing the jobs that Canadians won't--low paying and menial jobs. It should also be noted that Alberta alone has 100,000 jobs vacant

and the construction industry is in the same position, with its leaders calling for more immigration of skilled construction workers.

(TS 26,10,74 pA1 c1-8)

#### 100,000 ILLEGAL RESIDENTS IN TORONTO

According to RCMP officials, there are at least 100,000 illegal, working residents in Toronto. Most are young and single. They are aided in their stay by firms who will hire anyone regardless of their legal position because it is so hard to get manpower. Some employers are taking advantage of the situation, especially in some restaurants and some factories. (TS 4,10,74 p1 c2-5)

#### IMMIGRATION HIGHEST SINCE 1957

The new policy will tend to cut down immigration from Latin America, Africa Asia, and some southern European countries. Most immigrants from these areas were sponsored by relatives, since family ties are strong in these cultures. The past two or three years have shown an increase in the number of immigrants from these areas: 6,505 came from Latin America in 1973 compared to 1,958 in 1972. This represents a 233% increase, with a 230% increase from Africa. 104,089 immigrants were admitted to Canada in the first half of 1974, a 47% rise over the same period in 1973. (GM 1,10,74 p7 c8-9)

#### PRAIRIES CRITICISE POLICY CHANGES

In the prairie provinces there is virtually no unemployment. If it is possible to really beam workers to areas of need, then the policy might work, but the idea of varying the policy to fit the needs of the labor market is unsound. It takes months for a policy decision from Ottawa to go into effect, but Canada's labor needs vary rapidly. The current changes seem geared towards problems in Ontario and eastern Canada where there is a higher unemployment and also a higher concentration of immigrants. (WFP 4,10,74 p17 c1 editorial)

#### DEPORTATION OF HAITIANS

The department of Manpower and Immigration continues the process of deporting Haitians, mostly settled in Montreal, who have come here illegally. A Haitian anti deportation committee has been formed to protest these measures. Basically, it claims that many of the 1,500 who came to Canada, came at the time of the change in rules no longer permitting visitors to apply for immigration while in Canada. Many left Haiti because of the repressive situation there, and so are trapped here. The committee accuses the government of racism, for its Gestapo like tactics in searching homes in Montreal, detaining without reason, interrogation of Haitians in the city, while at the same time the government is preparing for the immigration of 5000 Greek Cypriots who wish to come to Canada. DeJean of the Black community's Union Church claims he has evidence that some of the deported Haitians have been imprisoned by the government of Jean Claude Duvalier. The Ministry in Ottawa says it has no reason to believe that the returning Haitians are being mistreated. Since the rule of the infamous "Papa Doc" began in Haiti over 18 years ago, more than one tenth of the island's population has fled. (MS 5,10,74 pA3 c6; TS 12,10,74 pB7 c2-7)

LABOUR MOVEMENTSNATIONALIZE TIRE FIRMS, LABOR ASKS

The federal government is to investigate how much foreign companies control the labor relations policy of their Canadian subsidiaries. Labor Minister Munro said lengthy strikes at United Aircraft, Montreal and Firestone, Hamilton, pointed out the need to determine the extent to which Canadian subsidiaries operate in the interest of some overall strategy of a multi-national corporation.

Local 113, United Rubber Workers of America had asked for government action to limit the import of U.S. made tires which has soared 80% since the strike by 1,300 Hamilton workers began. Their ability to import without restriction counters all the bargaining pressure the locals can muster and gives the multinational a chance to implement an international industrial relations program without giving consideration to bargaining trends in Canadian industries or the needs of Canadian workers. For these reasons the union has urged for nationalization of the company. Munro said there was little the government could do to limit imports of tires.

Sagging car sales in the U.S. have created surplus production capacity in U.S. tire plants and the companies are using this extra capacity to produce tires normally manufactured in the Canadian plants.

Bargaining for the last contract was conducted during the government imposed wage freeze in the U.S. Firestone management seems to be holding down the contractual gains of Canadian rubber workers, fearing a pattern would be set for negotiations covering the U.S. plants slated for next year.

Because the U.S. produces a relatively small quantity of snow tires, the number available for importation is limited. Due to strikes at Hamilton, Goodyear in Toronto and Bowmanville, and Uniroyal in Kitchener, the inventory is smaller and prices will probably rise.

(GM 11,10,74 p5; HS same day;

HS 18,10,74 p10; HS 21,10,74 p7)

SETTLEMENT OF THE GRAINHANDLERS STRIKE

Strike ending legislation designed to settle the Vancouver grain handlers' walkout came into effect Oct. 11. The bill imposes the terms of Dr. Perry's conciliation report which proposed a cost of living formula that would start once inflation climbed more than 4% a year. During the Commons debate the government came under heavy criticism for their approach to the dispute. They were accused of being inept and heavy-handed by publicly stating that the government would legislate on the basis of the Perry report. This taking sides, critics say caused the companies and the union to bargain half-heartedly, knowing that Parliament would intervene.

The Conservatives, who opposed the bill, accept the company view that the Perry report proposals are inflationary. A Winnipeg Free Press editorial (Oct 9) expressed concern over this passage in the report: "Now no union in this day and age is likely to accept less than a conciliation report recommends. And no democratic government, prevailed upon to enforce a settlement, would think of imposing terms lower than those advocated by a neutral expert." The editorial fears this is an open signal to unions and that the government is bound in its own logic to negotiate within the report's parameters, whatever the consequences for the economy. A Globe and Mail editorial (same day) says the recommendations have thrown gas on the fires of inflation. It also fears that other unions will now bargain for cost-of

living clause. In conclusion it says that this type of settlement would, at the end of two years, give a sweeper in an elevator \$15,000 a year. How many workers will consider their efforts worth more than a sweeper's" ? Otto Lang's view that critics "have decided to campaign against inflation on the backs of the workers" certainly applies here.

"It is the first time in Canadian history where legislation has been used against companies" Henry Kanacs, secretary treasurer of the 550 member Grain Workers Union said. (HS 11,10,74 p3 c6-8)

John Munro appointed Justice E. Boyda to conduct a full scale inquiry into the West Coast grain handling industry. The terms of reference are to examine the relationship between labor and management and to make recommendations to reduce the risk of future work stoppages and enhance efficiency, productivity and effectiveness of grain handling operations. There have been strong hints that the government will consider nationalizing the industry, a move that the union has suggested for years. (WFP 16,10,74 pl c4-5)

#### POLICE ACTION IN STRIKE ATTACKED

The president of the St. Catherines and District Labor Council has accused Canadian police of assisting Americans break a Canadian strike. General Motors has a writ permitting it to take coil and suspension springs from the Eaton Yale Ltd, where 130 employees have been on strike since Sept. 30. American trucks and drivers were being used to haul goods from the plant.

(TS 23,10,74 pC15,c1)

#### LABOR NOT FIRM ENOUGH IN NOVA SCOTIA

Gerald Yetman, contender for the presidency of the Nova Scotia Federation of Labor says "labor has become tied into a joint labor-management-government consultative process and it seem to be restricting us on policy more than it should." He says the provincial labor body must adopt a firmer stance in its dealing with government.

(HCH 25,9,74 p25)

#### LABOUR GENERAL

##### 1975 YEAR OF THE CRUNCH

More than 1,250,000 workers will be negotiating contracts in 1975 in almost every sector of the economy, public and private. Inflation, the possibility of a recession and increased militancy among organized workers are running parallel and show signs of trouble ahead. (TS 23,10,74 pl c1-6)

#### QUEBEC LABOUR

*Introduction: The hearings of the Cliche Commission continued to receive heavy coverage both in the French and English language press this month. From this coverage, we select an article from the Montreal Star, which describes government responsibility for the deteriorating situation and increased violence in the construction industry.*

Since 1970 economic growth has been the government's main preoccupation. When Cournoyer took over as Minister of Labor in the fall of 1970, the situation in the construction industry had already started to deteriorate rapidly. Cournoyer approached the job with one paramount objective in mind.



This was to keep construction sites in operation by means of any compromise which he could force involved parties to accept. Throughout his four years as Labour Minister, Cournoyer's efforts to mediate conflicts have been founded on opportunism rather than on principle. He did not care to wield the scalpel on such powerful and reluctant patients as unions and contractors; moreover, the government was closely identified with the existing state of affairs because of the Liberal Government's eagerness to accept political contributions from both sides. Many contractors are opposed to financial and administrative regulations which would make for more effective public scrutiny. They also oppose any reform which could tend to stabilize the available work force in the industry. There has always existed a labour pool far in excess of the needs of construction. In such a situation the workers are easy prey to exploitation and abuse by employers. And in the absence of job security, only a strong and unscrupulous union, unafraid of violence, is able to stand up to the contracts. But that kind of union soon joins employers in exploiting workers. The government then has centered on patching up the bargaining process in the industry rather than attacking the troubles at the root. The Cliche Commission could turn up some nasty surprises for Cournoyer and the government because of their failure to perceive the significance of the violence in the industry.

(MS 5,10,74 pB1 c1-6 Dominique Clift)

#### UNITED AIRCRAFT:

The Federal Government will consider the possibility of nationalizing United Aircraft said Trudeau. André, Minister of Manpower and Immigration, promised to intervene if reports were true that Manpower officials were advising people to work at the company.

(LD 4,10,74 p3 c5-6)

LD 4/10/74 p4 c5-6

Spokesmen for the union were happy with the suggestion that the company be nationalized. They cite the case of DeHavilland whose employees have a contract considered to be ten times better than United Aircraft. The government recently purchased DeHavilland.

(LD 5,10,74 p3 c1-2)

Our elected government takes our tax money, that of workers, and gives gifts to multinational corporations to convince them to locate here and feel comfortable - that is to say, to exploit us. As managers themselves under capitalism it would be surprising if Trudeau, Bourassa and Cournoyer did otherwise. Trudeau is playing a game in "menacing" the company. Assisting him is Laberge, clapping with two hands. The company also.

(LJ 7,10,74 p4 edit. A. Pontaut)

What's at stake is the potential loss of a highly successful technological industry in which Canada has a world lead, as well as the broader issue of



Canada's economic independence. Simple logic and Canada's national interest strongly support Trudeau's suggestion of a federal government takeover of United Aircraft. (TS 5,10,74 pB2 edit.)

The federal Industry Minister has asked the company to reply in writing on the question of replacing the 40% of its production transferred to the United States during the strike. (LD 9,10,74 p1 c1-3)

Six bishops from the region around Montreal made a public statement yesterday calling "unreasonable" the refusal of the Rand formula by United Aircraft and Canadian Gypsum at Joliette. Commenting on the increasing violence, they felt employers and unionists should accept that in certain circumstances, their habitual liberty be limited, allowing the state to better perform its role as the promoter of the common good.

(LD 19,10,74 p1 c2-5 Clement Trudel)

UNITED AIRCRAFT ANSWERS: (A FULL PAGE AD IN LE DEVOIR, OCT. 19)

The ad states that United Aircraft intends to pay back some of the subsidies given it by the Canadian government but only when it begins to show a profit, perhaps in ten years. It goes on to explain that it has transferred its production from the plant in Quebec because 95% of its customers are outside the country, and they will buy elsewhere if United Aircraft doesn't produce. This would be disastrous for Canadian workers.

(LD 19,10,74 p24 full page ad)

Noting that United Aircraft published full page ads in several Canadian papers, Ed Broadbent of the NDP demanded an inquiry into the false statements made in the ads that the company would repay the subsidies. They have no obligation to do so since the money was not given in loans. He questioned whether the ads, "of a nature essentially political", were tax-deductible and that if they were the government should modify that legislation.

(LJ 22,10,74 p5 c6-8)

The Quebec Government will not give United Aircraft its proposed \$2 million subsidy until it gets assurances that the company is in full production again at the Longueuil plant.

(LJ 25,10,74 p3 c1-8)

The impasse at United Aircraft shows clearly the weakness not only of workers but also the government in front of a multinational corporation. Canadians are shocked to discover police dogs and chains at Longueuil but this is a daily spectacle at factories of these companies in the Third World countries.

(LD 25,10,74 p4 c1-3 edit.)

## POLITICAL - FEDERAL

The THONE SPEECH dominated press coverage in the first half of October. The Globe published the complete speech; others summarized it. Headlines in the Toronto Star, Globe and Mail, Winnipeg Free Press and Halifax Chronicle Herald emphasized the theme of "restraint" in government spending as a way to combat inflation. The other theme that received coverage was "parliamentary reform". Only one article mentioned plans to "enhance Canada's identity, independence". (GM 1,10,74)

Editorial comment on the speech was uniformly that it was "vague", "the same old thing" and lacking in leadership. Papers wanted to know more specifically what the government meant by "restraint" and challenged as pious the intention to "enter into a dialogue with all segments of the Canadian community" and "ask all Canadians to join with it in a cooperative effort to achieve non-inflationary means to an equitable sharing among all groups in the community of the fruits of our productive efforts". The WFP asked "What forms is this cooperation to take?" (WFP 1,10,74 edit) It concluded, "If inflation can be defeated through dialogue the government should do well. Ministers are ready and willing to talk to everybody." Other papers expressed the concern that the government's intentions to protect a vulnerable economy didn't go far enough.

Anthony Westell, in an article below, explains why "parliamentary reform" will not solve the problems of the Canadian government.

The press did not report NDP Ed Broadbent's critique that "restraint" is not a way to deal with inflation. We include a Hansard summary of his position.

In the first week of the 30th Parliament little attention was given in the House of Commons and in the press to the issues of Native Peoples that prompted the confrontation with the Caravan on opening day of the session.

Coverage of Trudeau's trip to Europe and of the government's position on food and agricultural policies are covered under the Trade section of this month's news synthesis.

## BROADBENT CRITICAL OF THRONE SPEECH:

According to Broadbent, in our economy the government's fiscal and monetary restraints have no significant effect on prices; they do have a profound effect on the level of unemployment. At the same time a cruel redistribution of income takes place under these measures - the rich clearly gain over the poor. "Restraint" policy causes a loss to the economy in the output of goods and services. Appeals to trade unions to exercise restraint is another mistake since no mechanism exists in our society to enable the money saved by such restraint to find its way into the paycheques of the unorganized. An effective wage restraint program would not leave more money to go around; it would simply lessen the pressure to pay adequate wages to the unorganized workers of Canada. (Hansard 2,10,74 pp50-51)

CNSP NOTE: The fact that this speech by Broadbent received very little attention in the press evidences the type of filtering process that occurs in the media to the detriment of ideas that conflict with the position of the papers. Most newspapers across the country favor government restraint as an economic policy and also favor the curbing of trade union power.

## LEGISLATION TO END GRAIN TIE-UP:

Legislation was introduced to give Vancouver grain workers all the benefits recommended in the Perry report of last April. The companies involved delayed accepting the recommendations hoping to shift the responsibility for what they term the "inflationary consequences" to the federal government.

(MS 5,10,74 p10 c5-7)

## COMPETITION BILL REVISED:

Proposed amendments to the Combines Investigation Act (1910) will probably reflect the sustained criticism of Canada's largest corporations. These companies have rejected the suggestions in the new act to protect consumers and small businesses from trade monopolies, price fixing and deceptive selling practices.

(OC 5,10,74 p8 c1-2)

*CNSP NOTE: When the bill was given second reading NDP John Rodriguez called it 'toothless'.*

## GRAY TURNS CRITIC

Former Consumers Affairs minister, Herb Gray says increasing the supply of goods and services will do little if anything to lower prices, if suppliers because of their economic power can keep their prices at the same level or even increase them.

(WFP 11,10,74 p1 c1-3)

FEDERAL-PROVINCIAL RELATIONS

*Introduction: Note the contrast between the premiers conference last month which came up with vague demands and this conference with its very specific demands. Although generally agreed on the need to coordinate the economic development of the west as a region, the premiers disagreed on a crucial issue: that of sharing the revenue derived from oil and gas.*

## WESTERN PREMIERS CONFERENCE

The two day Western Premiers Conference was held in Winnipeg. The following are some of the proposals:

- the premiers have asked their industry ministers to explore the establishment of joint trade missions, marketing operations and assistance to small businesses.
- they agreed to seek more federal action in farm income stabilization, farm credit, transportation, foreign ownership of land and western development.
- they decided as a common industrial strategy to hire a coordinator to advise them on the orderly scheduling of major construction projects to avoid undue pressure on scarce manpower, funds and materials.
- the premiers expressed disapproval on the continuing refusal of the 2 railways to provide them with the cost factors behind freight rate increases.
- they re-iterated their opposition to Ottawa's intention to disallow the deduction of mining royalty and provincial taxes from the federal taxes of resource companies. Gulf Oil has enjoyed a \$500 million tax-free profit. Standard Oil paid no federal tax between the years 1965-1971.
- the premiers disagreed on the sharing of new oil or gas resources wealth through equalization;
- asked Ottawa for cash advances to beef producers along the lines of those to grain producers, because without this assistance many cow-calf operators will liquidate their herds within the next few weeks, because beef prices are too low to sustain them over the winter. They are asking for aid of \$100 per calf.

(WFP 30,9,74 p1 c5-6; HS 30,9,74 p41)

MILITARY

*Introduction: Of major importance was the question of cutting personnel and other costs and how to trim what the Canadian Armed Forces term "a much needed modernization program" and still keep within their budget. In the course of the debate it became apparent that Defence Minister Richardson's priority is on maintaining the greatest military capacity at the expense of cutting personnel and reducing the tasks assigned to the forces. He did not say specifically where the cuts will be made.*

**ARMED FORCES TO CUT PERSONNEL COSTS?**

Defence Minister Richardson and his top general Jacques Dextraze are wide apart on what to do about Canada's inflation-hit, overworked armed forces. The minister says the forces can stand a reduction from their authorized strength provided they are well-equipped. Dextraze chief of defence staff, feels the forces cannot fulfil their commitments with less than the authorized strength of 83,970 persons. (present size: 80,500). Allan McKinnon PC critic has charged that funds are low and morale lower because of the shortage of personnel. It is not unusual for men to work 58 hours a week, 85 hours a week at sea. The minister had forced the forces to subsist for years on bare bones, always with the promise that the money saved would be used to buy new equipment. However, Canada's major naval role is defence of sovereignty. Yet the forces still were specializing in anti-submarine warfare. The new \$6 million destroyers that have entered service had little of the surface to surface capability required for sovereignty defence. They would lose a battle with a gunboat. Another example of how Canada is cutting back can be seen in the % of the GNP that defence spending represents, 1.8% in 1973-74; this is less than all other NATO countries.

(GM 14,10,74 p8;WFP, TS same day, OC 15,10,74)

**RICHARDSON SEEKS AN 'ELITE' FORCE**

Richardson says he does not propose any 'drastic reductions' in the four main commitments of the Canadian armed forces but 'common sense adjustments'; what he did propose was a smaller but 'elite force' that is trained to its greatest military capacity. The suspicion arises that this word 'elite' is a cover-up for a further down-grading following the ruthless dismantling of the old army, navy and air force, engineered by his predecessor, Paul Hellyer, 10 years ago. The purpose of the armed forces are : defence of Canadian sovereignty; participation in NATO; collective security in NORAD; peacekeeping.

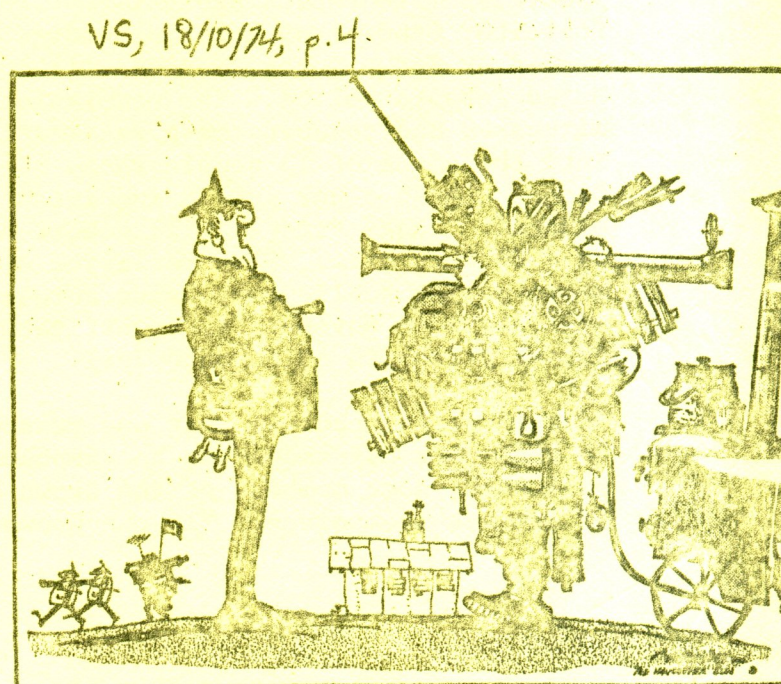
(VS 17,10,74 p44 cl-6)

Richardson declared: "our first task and our central responsibility are nothing less than to defend Canadian independence and sovereignty." The Toronto Star editorialized: "Many of our men and a great deal of our material is committed to Europe, the Atlantic and Norad, in which we are very junior partners of the U.S. (TS 23,10,74 pB4 cl)

**RUMORS UPSET UNION**

Joe Power representing the 28,000 national defence employees in Canada said there are many rumors about possible base closures, perhaps in the Maritimes, which would affect civilian jobs.

WFP 18,10,74 pl c8)



"Can't help that, corporal... new policy... fewer men and more equipment."

POLICE

*Introduction: Major stories include allegations of police brutality in Toronto, the growth of the Quebec police forces and the announcement that the federal government has asked for the aid of the FBI and CIA in policing the Olympic Games in 1976.*

*Following a muckraking tradition, the Toronto press gave widespread coverage to allegations of police brutality in Toronto jails but did little to analyse the causes for increased brutality and violence on the part of the police. The Toronto Star reported that police brutality is linked to immediate conditions surrounding working conditions: poor wages, turnover and understaffing which causes fatigue and fear. NDP leader Stephen Lewis said: 'It raises questions about the whole system--these things tend not to happen in isolation.'*

Toronto's Don Jail, 109 years old and the largest in Ontario (it can hold 700 prisoners) has made use of a 'goon squad' of guards to maintain discipline through violence and intimidation. (TS 30,9,74 pl c2-9)

The guards union of the Civil Service Association of Ontario outlined some basic working conditions for guards:

wages: the starting rate for a guard, officially called a corrections officer, is \$4.07 an hour rising to \$4.93 after 3 years;

turnover: the union staff estimates staff turnover at 30% a year in the provinces' 40 jails and 16 correctional centres.

understaffing: The Toronto jail is now 19 short of its official complement of 146 guards. Under the provincial Crown Employees Collective Bargaining Act, the guards' union has no power to negotiate staff complements and has repeatedly been refused information on the issue by the ministry.

fear: in the last 19 months, 33 guards at the Don Jail have sustained assaults from inmates that required medical attention.

fatigue: understaffing means many guards must work overtime.

(TS 1,10,74 pA2 c7-9)

## INQUIRIES INTO POLICE BRUTALITY

Solicitor General of Ontario, George Kerr said that a Royal Commission headed by Judge Donald Morand will investigate allegations of brutality by Metro Toronto police. The commission will have the power to subpoena witnesses and conduct cross examinations. Morand will inquire specifically into the cases of 13 people whose allegations were reported in the Star and Globe. Three other public inquiries into police matters are under way or planned. Judge Pringle will report by the end of the month on a police drug raid in Fort Erie. Toronto lawyer Arthur Maloney is studying the role of the Metro police public complaints bureau. Peel Senior Court Judge B. Shapiro will begin in November to investigate charges that a 'goon squad' of guards abuses prisoners at Toronto Jail. (TS 22,10,74 pA6; TS 24,10,74 pA1; GM same day)

Some lawyers speculate that one reason so little is said about police brutality is that what may amount to an unspoken arrangement exists involving some policemen, some members of the Crown Attorney staffs and an increasing number of lawyers themselves. "If the Crown attorney makes an offer of a low sentence

or a reduced charge for my client in return for a guilty plea (the effect of which is that the brutality issue will be kept secret), I have an obligation to convey that offer to my client and permit him to decide." said Toronto criminal lawyer Clayton Ruby in an interview. (GM 25,10,74 pl c4-5)

#### RCMP

The Federal Court of Appeals ruled that top secret RCMP documents dealing with the dismissal of two former officers shall be returned to RCMP files and not made public, as requested by the two former officers. (VS 28,9,74 pl1 c1-3)

#### POLICE AND POLITICS IN QUEBEC

Security Quebec, the Montreal city police and those in the metropolitan Montreal region are growing at a faster rate than crime, according to Guy Tardiff who recently published a book, Police and Politics in Quebec. An official report of the Police Commission of Quebec states:

-the Security Quebec force numbered 2,813 permanent members in 1968. four years later they numbered 3,889.

-Montreal City Police numbered 2,909 in 1960. In 1971 they numbered 4,542.

Beyond increasing numbers are other ominous signs. The passing of Law 51, for example authorizes inquiries into organized crime, which has rendered obsolete the need for recourse to the War Measures Act, since the law covers 'terrorism and insurrection.' If one refuses to testify before such an inquiry, one can be charged with contempt of court. (LD 24,10,74 pl8 c1-8 Clement Trudel)



The Canadian embassy in Washington confirmed yesterday that Canada has begun consultations with other governments in the hope of avoiding 'another Munich massacre' in 1976 at the Olympic Games. It was learned that Canada has requested the help of the FBI and CIA in the U.S. (LJ 24,10,74 pl c1-8 CP)

#### IDEOLOGICAL-CULTURAL

##### RELIGION

#### A DIVIDED AND TURBULENT FOURTH SYNOD OF BISHOPS IN ROME

North American concerns: concern over the decline in attendance at liturgical celebrations and priestly ministry (decline in vocations and the multiplicity of views on the nature of ministry has created among many an identity crisis).

Europe: noting that Europe is now in a post-Christian period, the bishops are preoccupied by the fact that many are engaged in human struggles without reference to Christ.

Latin America: evangelization is confronted by poverty and violence and the task of the Church is to avoid politicization, marxization of the faith and integration of violence into Christian action.

Asia: how to evangelize where so few are Christian.

Africa: has passed the stage of 'missionary evangelisation' and now must take account of the spiritual richness of Africans themselves. (LD 30,9,74 p7 c1-8)

54 of the 86 interventions in the Synod so far have been made by bishops of the Third World. Women, the young and workers have occupied a great place in these interventions. (LD 5,10,74 p9 c4-6)

The vigorous offensive of the Africans in favor of making the Church more adapted to local needs and run by local people, has run into a no less vigorous counter-offensive on the part of the Latin American bishops who fear an atomization of the Church. (LD 8,10,74 p7 c2-5)

Bishop Carter supported the position of the African bishops on the need to localize the Church. The Church needs a strong central authority but at the same time a daring decentralization which recognizes the initiative and autonomy of local Churches, he said. (LD 9,10,74 p7 c1-8 AFP)

#### DOM HELDER CAMARA: THE CHURCH HAS PROVEN MARX RIGHT

"We have in a certain sense proven Marx right, in offering to the oppressed in the rich and poor countries an opium for the people. The Church has a debt to pay for its sins of omission and false prudence, and its support of a social order that was stratified. In the face of injustice neutrality is impossible" he told bishops at the Rome Synod. (LJ 10,10,74 p15 c1-3)

#### BISHOPS REJECT FINAL DOCUMENT

The bishops voted not to accept three quarters of the final document of the Synod. Many were disappointed that the text devoted only 17 sentences to 'local churches'; 15 to young people; 7 to workers and 9 to women.

(LD 23,10,74 p15 c6-8)

#### COMMUNICATIONS

*Introduction: The government's current concern with the communications 'industry' has sparked angry responses from many directions. The controversy swirls around the role advertising plays in our national life. Recognizing a threat to free access to markets, organized commercial interests have been most vocal in their protestations.*

*Both broadcasting and the printed media have been in the news. The CBC is under fire by its regulating board, the Canadian Radio Television Commission (CRTC) for relying too heavily on U.S. programming. In the words of CRTC president Juneau, "A corporation that is financed by public funds and gets marginal revenues from advertising should not be influenced so forcefully by the marginal part of its revenues." CBC's Picard fears a loss of audience if the more popular U.S. programs are dropped.*

*The demise of Saturday Night, Canada's oldest magazine heightened opposition to competition from U.S. based publications. The announcement coincided with federal legislation to end the special tax status enjoyed by Time and Reader's Digest. This issue split the cabinet for the first time since the election. Secretary of State Faulkner discussed the possibility of a national subsidized Canadian news magazine-perhaps a revised Saturday Night.*



### ADVERTISING CRUNCH

H.M. Turner of MacLaren advertising, discourages proposals to change special tax status for Time and Reader's Digest as well as for those Canadians who advertise on U.S. border stations, arguing that such legislation would foster unfair market competition. (GM 9,10,74 pb5 c1-7)

### SATURDAY NIGHT FOLDS

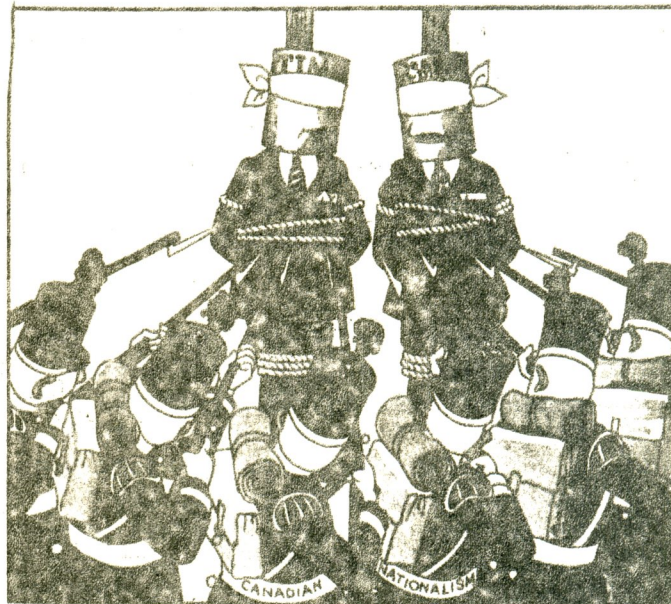
Saturday Night publishers blamed lack of funds and the inability to compete in a market dominated by Canadian editors of American magazines for the failure of the magazine. Time and Reader's Digest both objected to government plans to revoke a section of the Income Tax Act granting them tax privileges. Both magazines have threatened to drop their Canadian editions. (VS 10,10,74 p15 c5-7)

### CANADIAN NEWS MAGAZINE

Secretary of State Faulkner thinks that a national Canadian news magazine stands a good chance of surviving if it can attract revenues now going to Canadian editions of Time and Reader's Digest. Faulkner hopes to help Saturday Night publishers revive their magazine with a new format, probably as a news magazine. (WFP 19,10,74 p8 c1-3)

### CBC COSTS RISING

The CBC annual report showed a 13% cost increase. Picard stated that "our goals cannot be effectively met without adequate financing. The CBC hopes to: improve drama and variety programming in English; upgrade news and documentaries in French and expand FM radio service. Last year 33 new T.V. transmitters and 23 new radio transmitters were added. (TS 22,10,74 p43)



ONE CONSOLATION—THEY'RE NOTORIOUSLY BAD SHOTS.

### WHO SHOULD CONTROL THE CBC?

The debate between Picard and Juneau stems from the licence hearings in April when the CRTC directed CBC to cut its commercials by one half by 1977 and to increase prime time Canadian content from 30 to 50%. Picard balks at the loss of ad revenue. He feels U.S. programming is required or the network audience will decline. Juneau is critical of the mass market preoccupation and emphasizes the public service aspect of CBC, the need to speak to smaller audiences watching different programs, the need to reach all corners of the nation. (TS 10,10,74 p15 c5-7)

### THE PRESS: LAURENT LAPLANTE LEAVES LE DEVOIR FOR LE JOUR

In October 1973, on the eve of the Quebec provincial elections, Laurent Laplante wrote: "If there is a risk that a democratic independent party comes to power, I prefer that risk to the return to power of a political party (the Liberals) who are not committed to deep reforms." (LJ 9,10,74 p1 c1-8)

Justifying accepting Laplante's resignation and under a barrage of criticism from other reporters on his staff, Claude Ryan declared: "a journal like Le Devoir could not seek at the same time opposite conceptions of the French Canadian future without destroying itself. The climate of opinion in Quebec has changed since the Duplessis years when most journalists were agreed on issues like the right to strike and the relations between Quebec and Canada." He feels now that Le Devoir must take a stand and would prefer to see the paper fold to allowing what in his opinion is an erroneous choice for Quebec within Canada (Laurent Laplante's position) to be the paper's editorial policy. (LD 9,10,74 p4 c1-3)

## LATIN AMERICAN NEWSFILE:

General:

U.S. corporations are modifying their activities abroad in response to political terrorist actions. Marks of the new order are stepped up security measures, hidden life-styles for employees and insurance coverage. The insurance need became clear when EXXON had to pay \$14.5 million for the release of Victor Samuelson, an EXXON executive who was kidnapped by the People's Liberation Army of Argentina. Forty-seven American insurance firms now underwrite kidnap insurance policies, but Lloyds of London, which began such work in the 1920's, still has the lead in the field with a special political risk insurance branch called Investment Insurance International Ltd. It takes on confiscation/expropriation insurance policies. Many American firms simply refuse to take on business with corporations in Argentina because of the high risk. Other high risk nations are Italy, the Middle East and Central America.

(HCH 3,10,74 p13 c3-8 NYT)

## LATIN AMERICA AND THE FOOD ISSUE:

A study prepared by the United Nations Food and Agriculture Organization reveals that Latin America could increase its food production such that it could feed double its present population by the year 2000.

(LJ 11,10,74 p11 c3-4 PL)

The phrase "world food crisis" has little meaning to the Latin American worker or peasant who lives on a miserably small ration of rice, manioc or corn and whose stomach is always empty. Latin America is greatly dependent on the United States for food imports. In 1973, the Latin American countries had to pay \$420 million more for the same quantity of food imported from the U.S. the year before. In overall trade, the U.S. Department of Agriculture has admitted that trade with Latin America has given the U.S. a surplus of a billion dollars. Production/consumption statistics indicate that Latin America will have to pay more than \$3 billion in 1974 for food, coming mainly from the U.S. Of the 460 million tons of available cereals, potatoes and tubers produced in the continent, the 230 million people of the United States will consume 74%, while Latin American peoples, numbering 300 million, will consume 26%.

In fact, Latin America's agricultural production is decreasing. Its overall production has declined by nearly 4% from 1960-70 and 3% in the first 3 years of this decade. According to reports by the International Monetary Fund, Latin America registers the greatest increase in the price of food. In 17 Latin nations it has risen by more than 50%. Very few Latin nations reach the daily level of proteins and calories necessary for human life. Although 5% of the population with high salaries will see their consumption rise, the bottom 45% of the Latin American population will see their consumption diminish. The very poor in Latin America, those earning under \$60 per year, will live on rice, manioc or corn and will continue to experience hunger.

The problem is not one of drought (the climate has been fairly good in recent years in the agricultural zones of the continent) nor the "population explosion". Latin America has the lowest proportion of inhabitants per square mile and the greatest proportion of uncultivated lands. The source of the problem is the archaic relationship between man and the earth: the existence of the great estates, the presence of the caste of landowners, who are powerful and unproductive. There is an absence of advanced technology which could increase production. Basically, in a situation of dependency, Latin America must respond like a robot to the demands of speculators in the U.S. and the world market. This will continue till the agrarian structure is made to conform to economic and social needs of Latin America.

(LJ 3,10,74 p5 PL Jose Benitez)

## ARGENTINA:

## TERRORISM CONTINUES

Statistics published by La Opinion, a pro-government paper from Buenos Aires, state that one person is killed every 19 hours in Argentina by terrorists. The Argentinian Anti-Communist Alliance has published a black list of politicians, university figures and artists whom it is threatening to kill for political reasons. Some of them, including former Minister of the Interior and President Hector Campora, have gone into exile in other Latin American nations.

(LD 3,10,74 p11 c3-6 AFP)

## BRAZIL

## CENSORSHIP OF THE PRESS

Despite promises to end it, censorship of the media - sometimes arbitrary, erratic and silly - continues in Brazil. Recent examples of stories cut by the censors include: fatality figures from the meningitis epidemic that recently hit Sao Paulo; citizen comments that beef from Uruguay tasted bad; the charge made by local archbishops that twenty people had been illegally arrested and were being held secretly. In the newsroom of one television station there is a bulletin board with 43 topics prohibited by the censors. Newspapers replace censored sections with boring poetry, cake recipes or other trivia.

(HS 23,10,74 p15a c1-2 )

## BRAZIL - PARAGUAY POWER PROJECT

Brazil and Paraguay are building a huge dam for hydro power on the Parana River between the two countries. Canadian, Soviet and American engineering companies are bidding to supply turbines to this largest of South American facilities.

(OC 25,10,74 p11 c3-4)

## CANADA - BRAZIL TRADE AND INVESTMENT BEING PROMOTED BY CANADIAN MISSION

Industry, Trade and Commerce Minister Alastair Gillespie is leading a delegation of 53 government officials, 35 businessmen and 10 reporters on a ten day tour of Brasilia, Rio de Janeiro and Sao Paulo. While trade is the leading theme of the mission, investments, as joint venture projects in both countries, is another agenda item. Brazil has expressed some interest in investments in Canada through joint ventures, according to the Brazilian ambassador in Ottawa, Carlos Duarte. One possibility is the resource industry, particularly in oil - the Alberta oil sands. Brazil has already invested in Iraq, Egypt, Teheran and other Middle East nations. Canadian investments in Brazil make Canada the second largest investor in terms of volume.

(MS 21,10,74 pB9 c3-6 CP)

(FP 22,10,74 p22 c7-8)

Speaking at a dinner in Brazil sponsored by the Brazil-Canada Centre, and attended by some officials of the giant Canadian-controlled utility BRASCAN, Trade Minister Gillespie pleaded for joint ventures as a road to trade expansion. The kind of cooperation Gillespie has in mind would be where the Canadian company would put up specialized knowledge, expertise and some capital and where the Brazilian company would put up capital and management and ensuring local market distribution. One example might be the new joint venture vaccine plant which Gillespie opened in Brazil and which has partial ownership by Toronto's Commaught Laboratories (a firm owned by the Canadian Development Corporation). Other joint venture possibilities would be in the tourist, electrical and metal industries.

(HS 23,10,74 p12 c1-2 CP)

President Geisel of Brazil welcomed the Canadian trade mission in Brasilia and met privately with Trade Minister Gillespie. Gillespie talked with 6 other government ministers. Foreign Minister Solveira said Brazil was interested in Canadian technology but that the countries should also undertake joint ventures in agricultural development and semi-manufactures. He praised Canada's recent move to extend Commonwealth preferential trade concessions to Brazil. Brazil has announced a \$5 billion railway extension program, which Canada hopes will mean new markets for rails, locomotives and rolling stock. Brazil and Canada will meet in Ottawa in February to seek an expansion of tax agreements which Gillespie said were not "totally satisfactory for either country."  
(WFP 23,10,74 p80 c1-6)

## CHILE

### GENERAL PRATS KILLED

General Carlos Prats, a personal friend of former Chilean President Allende, was killed in Buenos Aires yesterday when a bomb exploded under the hood of his car. Prats, as head of the army had assured the ruling Popular Unity government that the army would uphold the constitution and maintain non-intervention of the army in the political affairs of the country. His wife who was in exile with him was also killed in the explosion.

(LD 1,10,74 p9 c1; LJ same day)

### MIR LEADER KILLED

Miguel Enriquez, veteran leader of the Revolutionary Left Movement (MIR) was killed by security forces of the junta in a two-hour gun battle in the San Minguel suburb of Santiago. Enriquez is the last survivor of the three founders of the MIR.

(MS 7,10,74 pA17 c1-3; TS same day)

Miguel Enriquez's death highlights the continued resistance to Chile's Junta. The MIR, founded in the mid-1960's among students at the University of Concepcion, criticized the Allende government almost as much as it had the preceding government of the Christian Democrats. They built up a clandestine network which allowed them to continue political activity underground after the Pinochet military coup of 1973. The MIR may now move closer to one other left movement which still has its leader in Chile, MAPU Obrero y Campesino, part of a small but influential group of Christian Democrats who left the CD party late in the sixties. The Christian Democratic party is itself increasingly hostile to the Junta, though it is split into a number of right-wing and left-wing factions.

(WFP 15,10,74 p52 c7-8 H. O'Shaungnessy)

### EMBASSY OF ITALY - HAVEN FOR REFUGEES

The Chilean Government is stepping up pressure on the Embassy of Italy, which has received some 200 refugees during the past few weeks. Italy has not recognized the Junta, and its embassy is being run by a charge d'affaires. Refugees are said to include Dr. Humberto Sotojayer, thought to have assumed MIR leadership after the death of Miguel Enriquez. (FTL 18,10,74 p...)

### CHILE - ECONOMIC SITUATION

The United States Senate voted Oct. 2, to cut off further military aid to Chile on the grounds of the repression of the Chilean people. The vote was 47 to 41 in favor of an amendment presented by Senator Edward Kennedy.

(MS 2,10,74 p11 c7-9 NYTS)

On Oct. 3, the joint House-Senate panel removed the aid cutoff to Chile and to Turkey. In addition they removed amendments that would have banned further fertilizer aid to South Vietnam, while the House foreign affairs committee voted to cut food aid to India by one-third on the grounds that it was felt that India was being hostile to the U.S. (GM 4,10,74 p11 c7-9 NYTS)

## CHILE - ECONOMIC SITUATION

Chile is quietly buying supersonic jet fighters (Freedom Fighters from the Northrop Aviation Co. worth \$60 million) and close air support planes (thirty-six A-37B planes made by Cessna worth \$300,000 each). Delivery is expected in two years, and in the meantime, Chilean pilots are flying training models in the United States. Chilean officials have cited that there are a number of Marxists in the Peruvian military who are not friendly to the Junta. Although Chile is under a state of seige, foreign sources say that the aircraft purchases are being made with an eye to defense rather than to be used against the Chilean people.

(GM 7,10,74 p19 c7-9 AP)

also, WFP, HCH, TS, MS, and OC.

Chile and Kennecott Copper Corporation hav agreed on the amount of compensation to be paid by Chile to Kennecott for the 1971 nationalization of its wholly-owned copper subsidiary in Chile. Chile will pay \$54 million for the 49% interest that Kennecott owns in the El Teniente mine. The other 51% was sold to Chile in 1967 for \$80 million, which has already been paid.

(GM 25,10,74 pB8 c5-6)

## CANADA-CHILE ECONOMIC TIES

Speaking in the debate of a government bill to increase Export Development Corporation (EDC) financing, Andrew Brewin (NDP Greenwood) attacked the EDC loans to companies operating in Chile. He said that Canadian foreign policy is supposed to be based on social justice and that the public would object to any assistance, even indirectly, to the Chilean military Junta. Foreign aid enables the Junta to continue its repressive practices, he stated.

(GM 19,10,74 p11 c1-2)

## Canada-Chile: MINING VENTURE RETURNS

A Canadian company called "Chile-Canadian Mines, S.A.", will mine copper in the north of Chile it was announced officially in Valparaiso, Chile. Chilean officials said that the company would be authorized to import machinery and mining equipment for the "Julia" mine in the province of Antofagasta, 1300 km. north of Santiago. (LJ 21,10,74 p7 c3 AFP)

*CNSP NOTE: Chile-Canadian mines is a subsidiary controlled by the NORANDA MINES LTD. of Canada. In Quebec, Noranda works closely with another Canadian company - Falconbridge Nickel Mines subsidiary of Falconbridge Copper Ltd. - which is also planning to begin mining in north Chile.*

CUBA

## HEALTH CARE

Emphasis on health care in Cuba since the revolution has brought clear results according to Dr. Quintin Young, head of the Department of Medicine at Cook County Hospital (Chicago) after his recent visit to Cuba. Having lost 60% of its 7,000 doctors after the revolution, and 85% of the faculty of the medicine school, Cuba still has some 8,000 doctors, but a shortage of nurses. Infant mortality at 65 per 1000 in 1959, is down to 27.8 per 1000. Pregnant women now average 6.5 visits to a doctor before delivery in uncomplicated pregnancies. Young noted that at Cook County Hospital, one-third of pregnant women see a doctor only once during pregnancy. Total immunization against polio, reduced diphtheria and little malaria or tetanus were reported. Abortions and birth control is freely available. (VS 16,10,74 p12 c1-4)

## CUBA EXILES AGAINST US - CUBA NEGOTIATIONS

American Cuban exiles have bitterly criticized U.S. negotiations with Cuba in Miami. Frank Soler, a refugee working for a Miami daily newspaper, said he thought the refugees would be annoyed by recent accommodations with Cuba, and that consulates of friendly Latin American nations might be bombed or stoned and airplanes hijacked. (HS 5,10,74 p62 c3-8 LAT)

## MEXICO

The Mexican Minister for National Patrimony, H. Flores de la Pena, has announced that Mexico will seek to have observer status in the Organization of Petroleum Exporting Nations (OPEC) and will sell its newly discovered oil at OPEC prices. He criticized recent American reports that Mexico had discovered huge new reserves and could break the oil cartel. Flores stated that Mexico would never be the "Trojan horse of the multinational corporations" in OPEC. Flores said that developing nations would have priority as customers for Mexican oil. News of the oil discoveries in Mexico broke at a time when foreign bankers were becoming concerned about Mexico's borrowing and its trade deficit of \$2.8 billion. (FTL 17,10,74 p5 c5-8)

## FORD AND ECHEVERRIA MEET

In his first meeting as President with Mexican President Luis Echeverria, Gerald Ford said that he hoped to have frank and friendly discussions with Echeverria as the two countries have "inextricable" links and should "cooperate to solve their common problems". Among these are the heavy drug flow from Mexico into the U.S., and the estimated 600,000 Mexican agricultural workers who have immigrated to the United States illegally. A week ago the U.S. press gave wide coverage to information that the new oil discoveries in Mexico could reach 20 billion barrels, or double the known Alaska reserves. The American press saw this discovery as a source of supply for the U.S. and a possible factor in lowering world oil prices. Echeverria replied in the meeting of the two presidents that the reports were exaggerated, that the new oil would be sold at world prices and that developing nations would be the first customers. (LJ 22,10,74 p7 c3-5 AFP)

## NICARAGUA

Oilmen are "moving in for the kill" says Nicaraguan President General Somoza. Major international oil firms have taken up eleven concessions on the Pacific and 18 on the Nicaraguan Caribbean coast, most having arrived in the past year. (GM 2,10,74 pB2 c2-5z)  
(HS 2,10,74 p34 c6-8 AP)

## VENEZUELA

The Venezuelan Government has increased the income tax it levies on exported oil by 3.5%. This will provide the nation with an additional \$350 million in revenues this year. The companies affected include Gulf, Texaco, Shell Group, Mobil and Creol (an EXXON subsidiary producing half of Venezuela's daily output). Canadian government officials indicated that the oil companies will probably pass the tax hike along. (OC 1,10,74 p4 c4-5 AP)

President Andres Perez announced that both oil and iron industries will be nationalized by the end of the year. Venezuela's oil industry is the 5th largest in the world. (HS 24,10,74 p9 c1)

#### EDITORIAL COMMENT

Marvin Howe of the New York Times Service, wrote of a new spirit in Venezuela, pointed out that it was fed with rising oil revenue (2 billion in 1972, \$3 billion in '73 and this year \$10.5 billion). The Perez government has announced a \$10 billion budget for 1975, three times larger than this year's. 25% of the budget will go to health and education. Plans for expanding the petrochemical and aluminum industries and creating a tractor industry have been announced. Venezuela has promised funds to multilateral lending agencies, and is joining ventures in Costa Rica (oil refinery) and Honduras (paper mill). Perez has developed as a spokesman for the less developed world. He wants an international commodity agreement for principal raw materials and manufactured goods. (MS 9,10,74 pA9 c2-4)

#### OPEN LETTER FROM THE PRESIDENT OF VENEZUELA TO GERALD FORD

The opening of the General Assembly of the U.N. saw President Ford complaining bitterly about the rise in oil prices. In reply to this, the president of one of the OPEC nations, Perez of Venezuela sent an open letter to Ford, dated Sept. 20, setting forth the position of the countries which produce raw materials.

In this letter, he described Venezuela as a country which had always fought for just and equitable treatment from the developed nations for Latin American countries which supply raw materials to the developed nations. "We have often pointed out how our nations grow poor while supplying affluence to the U.S. economy." Before the oil crisis, he said, raw material prices were never in line with what they had to pay for manufactured goods, purchased mainly from the U.S. not just for geographic reasons but because of the credits which were tied to the U.S. economy.

While each year the Latin American countries had to pay more and more for manufactured goods, they saw their foreign reserves dwindle and poverty grow, while oil prices also decreased. This led to the formation of OPEC.

Right now, he continued, we see how the refusal of the developed countries, and notably the U.S. to accept just and equitable prices for coffee has caused the International Coffee Organization to become inactive. The coffee producing nations of Latin America and Africa are going to lose 30 to 100% of their foreign exchange receipts, while prices of manufactured goods from developed countries have doubled or tripled.

He blamed the great powers for having created economic confrontation as a political weapon, to which OPEC was a defensive reply. He also recalled that the developed countries had agreed to give a percentage of their national product to the developing countries, but this commitment had never been carried out. He said Venezuela was willing to give part of its oil profits as aid, but asked for the same from the developing countries. Finally, he expressed hopes for, and solidarity with, all attempts to arrive at "wide, judicious, worthwhile, durable and equitable" agreements on oil prices for consuming and producing nations. (LD 9,10,74 p5 c1-8)