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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.

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Montreal Star	MS
Vancouver Sun	VS
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HIGHLIGHTS - JANUARY

The efforts of Manitoba and Nova Scotia to restrict foreign ownership of land are important issues in the January news coverage.

There is evidence of recession in the economy, with the slump in the Canadian auto industry and the lowering of interest rates by banks.

Development of resources for export was an important theme this month (see Syncrude Project in Resources and James Bay in Trade and in Marginalization). These projects are likely to be of little benefit and much harm to Canadians generally. These and similar projects will continue to be supported by gov't and business unless Canadians begin to organize and oppose them. This gives added significance to the struggles of the native peoples against the destructive process of "economic development".

As recession deepens, unemployment grows, and immigrants and labour groups are increasingly blamed for Canada's economic problems.

Resource taxation continues to dominate Canadian politics this month and there is growing concern with CIA activities in Canada.

A focus of attention this month in the Latin America Newsfile is the new U.S. Trade Bill and opposition to it. Latin American countries are becoming increasingly concerned about the domination of their economies, and the nature of U.S.-Canadian-Latin American trade relations.

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Economic-Capital

Foreign Investment

Introduction:

Two areas which received press coverage this month - coverage both poor in quality and quantity - were the Arab offer of a \$1 billion loan for housing to the federal government and the continuing controversy over foreign land ownership in Canada.

Urban Affairs Minister Barney Danson has expressed interest in the loan if it is used only for mortgages. He insists this money would not give "foreign groups" ownership of Canadian property. The question is: "Do Americans also fall into the category of "foreign groups", or is such a title reserved only for the Arabs?"

Finance Minister John Turner says he intends to block the loan as it would put upward pressure on the Canadian dollar, and thereby affect exports. He puts forth conditions under which he would accept Arab capital. One wonders why such conditions do not have to be met by American, Japanese and even West German investors.

Reports dealing with the growing foreign ownership of land have been published in both Manitoba and Nova Scotia. They question the effects on the rural way of life of these provinces and the implications for planning the future of Canada for Canadians.

Effective implementation of legislation on such foreign land ownership seems riddled with difficulties. Prince Edward Island, for example, has prepared legislation to put an end to this practice. The province has now been brought to court by two Americans who claim that P.E.I.'s laws discriminate against them. The Americans have the support of the federal government which says that P.E.I. is violating the Citizenship Act. The province says that citizenship has nothing to do with it, only the residence of the land owner.

Urban Affairs Minister Barney Danson says Arab oil interests have offered him about \$1 billion for housing. This loan would be repaid over a 20 year period. The finance department must decide whether it can afford to increase its foreign debt by such a large amount. Danson also insisted the money would be used for mortgages and would not give foreign groups ownership of Canadian property.

(GM,18/1/75, pl c4-5; CP; TS, same day, pA1 c7-9; CP)

Finance Minister John Turner plans to block the proposed \$1 billion Arab housing loan. However, he would consider the loan if it is in the form of debt capital, if there is not too large a sum, and if it goes to provincial governments and private industry.

(TS, 21/1/75, pA3 c7-9)



Mayor Gilles Rochileau of Hull says the city is seeking a \$3 million loan from Arab sources. The loan is expected to be negotiated through the First Boston National Bank. (TS, 23/1/75, pB8 cl-2)

Ottawa has signed an option to purchase Canadair Ltd. from General Dynamics of St. Louis, Mo., for \$36.65 million as a "second important step toward implementing strategy for restructuring Canada's aerospace industry". The first step was the gov't purchase of de Havilland of Canada last May. The gov't, however, does not intend to operate the firm. While retaining ownership of the land and buildings, the gov't will put the operation into the hands of Canadian investors, i.e. the private sector. (TS 16/1/75, pA14 c6-7)

A 118 page working paper prepared by the Manitoba Department of Agriculture concludes that restrictions on foreign ownership of land in the province may be necessary to prevent destruction of Manitoba's traditional way of life.

As of July, 1974, about 1.3 million acres of agricultural land (total 21 Million acres) was owned by foreigners, mostly Americans and West Germans. About 25% of the land owned by outsiders was acquired between January 1972 and July 1974. Nearly 7% of that was acquired in the first six months of 1974.

Land in Winnipeg has risen in price to the point where it is impossible to purchase a farm or land unless one has substantial financial resources. (WFP, 9/1/75, pl c6-8)

The Dalhousie University Institute of Public Affairs has reported that "Nova Scotia" is being bought up by foreigners at the rate of over 1% a year; the best areas are going first. One quarter of the recreation land in the Bras d'Or Lakes area is foreign owned.

A HCH editorial not only decries this situation but also points out that proposed changes in assessment practices (as much as \$50.00 for waterfront holdings) are certain to increase the number of sales to foreign, especially american, interests. (HCH 25/1/75 p6 cl-2 edit)_

According to Ken Lysyk, Saskatchewan's deputy attorney-general, Ontario's land transfer tax may be illegal because it denies the same property rights to aliens that it does to Canadians. Ontario's law does not limit the amount of land an alien may own, but collects a 20% surcharge when it is sold.

Prince Edward Island has similar legislation which is being challenged in court on the ground that it violates the Citizenship Act. The federal gov't has joined the attempt to have the P.E.I. legislation overturned, claiming that such restrictions fall into federal jurisdiction.

(TS, 1/2/75, pA2, cl)

CNSP NOTE: Is it possible that Ontario's surcharge is merely a sop for those concerned with foreign ownership? The purpose of the land transfer tax was to discourage foreign land ownership. Yet, since April 1974, Ontario has handed out exemptions to the tune of \$3 million on almost \$15 million in foreign purchases to encourage foreign corporations to set up in the province.

TRADEIntroduction:

On the international level, the meeting of the Interim Committee of the International Monetary Fund, IMF-, received coverage in January. The meeting addressed the problem of trade deficits in the oil consuming nations. The U.S. found itself alone in its opposition to the setting up of a new "oil fund" but finally agrees to the plan. Traditionally the U.S. has been the most important donor to the IMF and other agencies like the World Bank. As oil producing countries are now in a position to contribute more funds, the U.S. is faced with declining power in those agencies.

Canadian trade in nuclear technology and fuel received wide-spread coverage. Further sales to India have been blocked, the sale to South Korea is going ahead and there was speculation about new investments at James Bay.

The auto industry and the autopact receive increasing coverage as the situation deteriorates. An article by David Crane in the TS gives some background to the autopact on its 10th anniversary. One question that is raised by Crane's analysis is: Did Canada simply postpone the problems created by foreign investment in her most important manufacturing industry by choosing the autopact in 1965?

It is difficult to determine the effects of the slump in the auto industry in terms of employment and production. Figures vary from paper to paper and it is seldom clear whether totals include truck and auto workers, parts and assembly workers, those on temporary and permanent layoff.

- Layoffs:** U.S. figures range from 75,000 (T.S. 1/2/75) to 180,000 (HCH 6/1/75) to 220,000 (T.S. 1/2/75).
The Canadian estimates range from 22,000 (OC 17/1/75) to 40,000 (MS 7/1/75)
- Sales** U.S. sales declined 23% last year according to (HCH 8/1/75) but the Ottawa Citizen put the figure at 30% to 40% (OC 7/1/75).
Canadian sales did not decline last year although in November and December there were drops in the monthly averages. (OC 7/1/75)
- Production** U.S. production figures were not given in totals but simply announced by each company and for short periods of time.
According to the Financial Post, Canadian production was down 1.7% last year (FP 18/1/75) and down 50% for January. The FP predicts production will be very low in the next few months and down 15% for the year. (1/2/75)

IMF TALKS IN WASHINGTON: OIL FUND SET UP

A committee of the IMF has agreed to set up a fund which will borrow money from members of the Organization for Petroleum Exporting Countries (OPEC) and lend it out to countries having difficulty paying for oil. It replaces a similar fund set up last year. There has been much opposition to the idea of the fund by the U.S. and although the U.S. finally agreed to the fund it held out for a reduced budget. European countries had suggested a fund of \$10 to \$12 billion; the U.S. agreed to \$6.2 billion.

(TS 15/1/75; pC9 c2-6 Ian Urquhart.)

OIL MONEY BUYING IMF POWER

The fact that there is sharp resistance to U.S. policies within agencies like the IMF, the World Bank and the Asian and InterAmerican Development Banks is evidence of the growing power of OPEC money. The U.S. has historically been the dominant contributor and exerted the greatest voice in policy decisions. But the lure of oil money is changing that traditional power structure. (FP, 18/1/75, p3 c3-6; Hyman Soloman)

QUEBEC- PARIS URANIUM DEAL COULD ENLARGE JAMES BAY

Quebec and France are considering a project, known as Canadif, to build an uranium enrichment plant for James Bay, to enlarge the James Bay hydro-electric development and to build a gaseous diffusion plant to enrich uranium for export.

The proposed plant would serve only foreign users since Canadian reactors don't use enriched uranium. It would use vast amounts of electricity and could divert investment funds and materials away from other projects of more use to Canadians, such as oil sands and frontier development. It would cause more flooding of the James Bay region and could become obsolete when new processes for enriching uranium being experimented with in Europe are fully developed. Because it will supply France with uranium for peaceful purposes it could free other French uranium supplies for her nuclear weapon program. The large sums needed to finance the project could affect the Canadian dollar in such a way as to hurt the trading position of Canada's manufacturing industries.

Energy Minister Donald MacDonald said the deal is still "hypothetical" but refused to take a definite position. Some observers feel the federal gov't will not take a firm stand on this project because it doesn't want to challenge Bourassa's liberal gov't which is pushing for acceptance of the project. (GM 29/1/75 pl c1-8; Wayne Cheveldayoff)

CNSP NOTE: Uranium enrichment plants are scheduled to be built not just at James Bay but in 19 plants near every major hydro development; Churchill, Nelson and Sakatchewan Rivers, South Indian Lake, Northwestern British Columbia, and Yukon, Great Bear Lake area in the N.W. Territories, Hudson Bay, Ungava Bay and Sept-Iles, Quebec.

NUCLEAR EXPORTS TO INDIA CUT OFF

The federal Department of Industry, Trade and Commerce has officially cancelled an export permit covering a \$1.5 million contract between Allis-Chalmers Canada Ltd of Montreal and India. Federal officials explained that since India does not yet have a satisfactory nuclear safeguards arrangement with Canada no exports can be allowed.

(GM 18/1/75, p32 c5-8; Special)

SOUTH KOREA TO GET CANDU REACTOR

A contract has been signed for the sale of a Canadian designed nuclear reactor to the South Korean Power Co. Both gov'ts must ratify the agreement and include an agreement to abide by the safeguards imposed by Canada. The signing of a treaty not to use the technology or equipment in the manufacture of explosives and the acceptance of inspections of plants and fuel by the International Atomic Energy Agency are two of the required safeguards. (WFP, 31/1/75, p27 c1-4, CP)

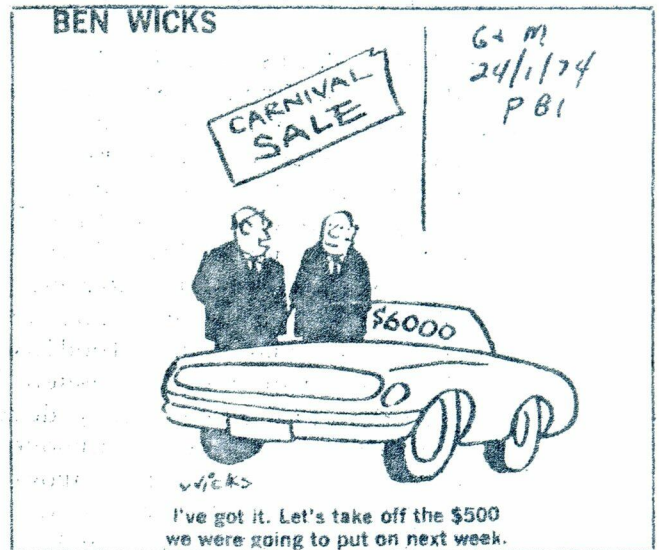
AUTOPACT WITH THE U.S. DYING AT THE AGE OF TEN AS INDUSTRY SUFFERS

In the 1960's the Canadian auto industry, the most important in her industrial economy, was highly inefficient, showed few prospects of growth and was the cause of most of her trade deficit with the U.S.

Canada was faced with trying to build up her own industry, a slow and costly process opposed by the U.S. industry, or becoming more integrated into the North American industry in return for freer access to markets and more investment. The autopact was the compromise worked out between the two.

In return for Canadian agreement not to develop a purely Canadian industry and not to impose tough rules on the industry in Canada, the U.S. agreed to freer trade. Canadian produced cars now had access to the American market and new factories went up in Windsor, Kitchener, St. Catherines, Oakville, Oshawa and Metro Toronto. By 1973 Canada had 11% of the North American production and 8% of American sales. These advantages are what Trade Minister Gillespie means when he says, "From a Canadian point of view, the autopact is working very well". However, the pact has made

Canada increasingly vulnerable to economic conditions in the U.S. and particularly in the auto industry. Recently legislation was passed to encourage American industry to produce at home instead of in Canada. The American auto industry is increasingly shifting its auto parts manufacturing to Latin American countries where labour rates are cheaper. The decline in auto sales in the U.S. in 1974 means there is increasing pressure to decrease production in Canada so that production in the U.S. can increase especially as companies retool to produce smaller, lighter cars. Finally there is the large deficit in the auto trade for 1974 which amounted to \$950 million and which is expected to continue in 1975. (TS, 11/1/75, pC6 c5-8)



Resources

Introduction:

Of particular importance are the efforts of the U.S. to break up OPEC. (see Trade and Treaty, p3). To make this possible it is in the interest of the U.S. for Canada to continue high export levels to the U.S. OPEC recognizes the efforts of the U.S. and warns of the harmful effects that the American controlled consumer cartel, the International Energy Agency, could have.

Despite the fact that oil industry profits are still rising, the oil companies claim that they need higher returns on investment to encourage exploration and development as in the case of Syncrude. The Committee for an Independent Canada points out that the construction of the refinery operation only benefits foreign corporations, and that the U.S. companies want a gov't subsidy to defray costs.

Canadian business and the newspapers appear to follow the industry line that government is stifling expansion by "prohibitive" taxation and they generally appear to be unclear about the fact that the oil companies do not need more profits to explore and develop new sources. In effect, the oil companies want high export levels at increased prices as well as Canadian public funds to help develop new facilities that will meet the resource shortage which is being caused by present exports.

OPEC WANTS DISCUSSION ON RESOURCES AND DEVELOPMENT

In response to a U.S. call for a summit between OPEC and oil consumers to discuss energy and financial problems, OPEC has called for a meeting that would discuss all aspects of the world's economic and trade structure. OPEC wants the West to open its markets to Third World goods and the institution of fairer international trade policies in return for oil price increases no higher than necessary to offset inflation. OPEC also attacked the newly formed consumer cartel, the International Energy Agency, calling it "a war machine" aimed at OPEC and designed to extend "American hegemony". OPEC also condemned western propaganda campaigns which try to place all the blame for the oil crisis on it.

(WFP, 27/1/75, p1 ci-2; also OC)

U.S. MEASURES AGAINST OPEC

The U.S. is using its influence in international financial organizations like the IMF and the World Bank in order to fight OPEC.

-on Dec.17, 1974, the U.S. opposed World Bank loans totalling \$107.5 million to oil rich countries.

-the U.S. then persuaded the Asian Development Bank to end "soft" loans to the oil rich countries. The U.S. also wants the Inter-American Development Bank to end concessionary loans to oil rich Latin American countries.

-the U.S. Agency for International Development(AID) will only provide technical, not financial, assistance to oil nations.

(MS 9/1/75, pC8 c1-5)

A Senate sub-committee in the U.S. has called for a 15% world reduction in oil consumption after a 2 year study. The committee said the U.S. should "undertake to break up the OPEC cartel by creating a world surplus. Canada was asked not to reduce oil exports to the U.S. at a time when the U.S. should try to reduce imports of OPEC oil. The committee also called for a test of the legality of the oil multinationals to have exclusive rights to buy back oil taken by OPEC states. The committee stated that the MNC's no longer have the power to force prices down, but are actually increasing their own profits. (MS 13/1/75 p1 c1-5, AP)

The IMF agreed to the "Kissinger-Simon plan" for a \$25 billion insurance plan for the industrial nations in the event of further oil difficulties.

(MS 17/1/75, pD1 c5-6)

DIVIDED OPINION ON FUTURE OIL SUPPLIES

Jeff Carruthers, in a story carried by the WFP and the MS, stated that the National Energy Board now predicts Canada will have a domestic shortfall in 1980 or 1981 instead of in 1982 as originally predicted.

(WFP, 3/1/75, p1 c6)

A widely carried CP article stated that industry spokesmen were expressing cautious optimism. Both Scotty Morrison of the Independent Petroleum Association of Canada and John Poyen of the Canadian Petroleum Association expressed concern over gov't actions. Poyen looked for "further compromises" from Ottawa and other producing provinces in the wake of Alberta's concessions to the industry.

The industry has cut its exploration budget from \$2.1 billion to \$1.2 b. The budget was \$1.2 billion in 1973c and 1974 but cost increases have meant that \$1.2 billion will allow only 1/2 of the drilling possible in 1973.

1974 expenditures were \$3.4 billion and revenues were \$4.7 billion; industry claims that higher profits are necessary to fund exploration.

(WFP, 8/1/75, p54 c1-5; also OC, HCH, MS)

CMA CALLS FOR END TO GOVERNMENT FIGHTS

The Canadian Manufacturing Association called for Ottawa and the provinces to solve revenue disputes so that investors could have confidence that Alberta Tar Sands projects will proceed. The CMA called for a tax structure that will allow for a high enough rate of return on investment to provide incentive.

(MS 2/1/75, p2 c6-7)

INDUSTRY PROFITS MUST DOUBLE - CLAIM COMPANIES

Imperial Oil President Richard Reid claims that industry must double profits in the next four years so that self-sufficiency can be maintained. Reid claimed that return on capital was 10% in 1974.

(MS 14/1/75, pB5 c1-4)

C.N. Daniel of Shell said that the industry needs to receive \$5. to \$6. per barrel if it is to carry out sufficient exploration and develop new sources. He claimed that if gov'ts insisted on taking their present share, then oil prices will be \$13.00 per barrel, up from the present \$6.50. He predicted that \$30 billion will have to be spent between 1975 and 1980 compared with \$9 billion over the last 10 years.

(TS 21/1/75, pC7 c1-3)

INDUSTRY DEMANDS "PREPOSTEROUS" - GORDON.

Walter Gordon, a former federal finance minister, said that industry's claims that higher profits were necessary were just preposterous. He advocated that Canadian subsidiaries of oil multinationals (MNCs) be sold to Canadians. Gordon was speaking at a conference on Canadian Nationalism at the University of Toronto Law Faculty.

Abraham Rotstéin, an economic professor, said that Canada was the victim of a "con job" in selling oil and gas to the U.S. in the belief that we have an unlimited supply. Gordon stated that Imperial Oil's profits in 1974 were \$290 million, an increase of 135% since 1970.

(TS, 1/2/75, pA2, c1-7)

CNSP NOTE: A TS story (24/1/75, pB8 c8-9) backs up the claim that Imperial Oil's profits of \$290 million, was an increase of 28% over 1973. Compare this with Imperial president Reid's claim that the industry as a whole returned 10% profit on capital employed. Reid used a different statistic on profits despite the profits that his company made.

SYNCRUDE FUNDING

The cost of developing the Syncrude project was originally estimated at \$750 million. Now, however, the price tag has risen to \$2 billion. This prompted Atlantic Richfield (ARCO) to withdraw its 30% share in the project. Now, the other three partners, Imperial Oil, Gulf Oil and Cities Service Company, estimate that they will need a total of \$1 billion from any new partners. In particular, they have called on Ottawa, Alberta and Ontario to join the project. The Syncrude partners claim that they needed new investments by Jan. 31st in order to pay for equipment supplies. If new partners were not forthcoming, they claimed they would have to close down the operation.

(TS 25/1/75 pB1 c1-7)

FEDERAL GOV'T OFFERS AID

Donald MacDonald announced that the federal gov't would provide up to \$500 million. Ottawa also agreed to let Syncrude sell its oil at world prices (presently at \$13 per barrel as opposed to \$6.50 in Canada) and to exempt it from increased royalty taxation. However, Ottawa said that at least one other partner would have to join to provide the other \$500 million needed for the project.

(WFP 1/2/75, pl c8)

CNSP NOTE: Cut-off date came before outcome of the issue.

TAR SANDS PROBLEMS A HOAX - Russel

J.C. Russel, an Edmonton scientist and a member of the Committee for an Independent Canada, has said that U.S. companies are amking huge profits from the Syncrude project while Canada is shouldering the burden. For example, all the construction is being done by the U.S. Bechtel Corp, most of the engineers and technical experts are Americans and Canadian public funds are being used to build pipelines to carry the refined oil.

(TS 8/1/75, pB3 c1-5)

BANKING

The 1974 round of inflation, since overshadowed by a growing world-wide recession, evoked only slight concern from the Canadian banking community. Bank assets and profits continue to rise and two-digit inflation during the first part of 1974 saw little dampening of demand for bank loans and credit. Lending rates for loans climbed into the two-digit figures as Canadian banks had to pay more in international money circles for the capital to loan to Canadian corporate and individual borrowers. But a consequence of these high lending rates, along with other recessionary factors, was a falling off of the demand for loans in such areas as mortgages and expansion of productive facilities. Housing developers and home buyers saw the high mortgage costs as an impediment for building or buying; the layoffs and declining production of the lumber industry is just one manifestation of the situation. The crisis in the economy with overproduction in some sectors have also caused some corporations to delay expansion plans and refrain from going to the loan market for the necessary capital.

During this drama the state regulating instruments have been called in to help direct and coordinate economies suffering from inflation and recession. The government of Canada, through the Bank of Canada, and the U.S. government, through its Federal Reserves

Board, increased their lending rates during the period when inflation was a dominant worry, to try to restrain borrowing than in turn fed inflation. Tight money was one policy for cooling inflationary economies. But with the shift of concern toward recessionary problems of layoffs and unemployment, the "trend setting" regulatory bodies in the money market began to lower lending rates to signal to the banking community that it was time to lower the cost of loans; this was seen as a way to stimulate borrowing, spending and building that was also interested in moving in this direction. With a slackening demand for loans and a consequent lower cost for their own capital, the North American banks saw the advantage in lowering lending rates in order to stimulate borrowing. With more money to lend and fewer borrowers, Canadian and U.S. prime lending rates, the basic favored rate to their best corporate customers, have fallen.

The following chronology evidences two other important aspects of the Canadian Banking community. It, like other sectors of the Canadian economy follows the lead of American counterparts. The Federal Reserve Board lowered its lending rates followed by a similar move by large American banks; then the Bank of Canada lowers its bank rate followed by a similar series of actions by the major Canadian banks. Why is this so? If the Canadian interest rates on loans and deposits is significantly higher than that of the U.S., American and international capital will tend to invest in Canada, meaning a Canadian supply of capital in excess of existing domestic demands. From a policy perspective, the attraction of too much foreign capital into the Canadian banking system pushes the value of the Canadian dollar upward, making exports more expensive and more difficult to sell on the world market.

Finally, lending and interest rates between the "big five" are rarely more than a fraction of a percentage point apart; changes in these rates are made in tandem, separated in time by only a few days.

Banking--Chronology of Events

- Jan.3 --The Federal Reserve Board of the U.S. lowered its discount rate from 7.75% to 7.5% to make credit easier to obtain and to stimulate the American economy. (HCH,WFP)
- Jan.5 --Reacting to the FRE, several major U.S. banks lowered their lending rates to their favoured customers. (HCH)
- Jan.11--The Bank of Canada lowered its bank rate from 8.75% to 8.25% signalling to Canadian chartered banks that their rates should drop. The Bank of Canada move is seen as a reaction to American events and as a parallel Canadian activity to stimulate the economy. (GM,TS,OC, WFP,FP)
- Jan.13--The Toronto-Dominion Bank and the Bank of Nova Scotia, the two smallest of the "big five" Canadian chartered banks, reduced their lending rates from 11% to 10.5% (WFP,TS,OC)
- Jan.15--The three largest Canadian banks--the Royal Bank, the Canadian Imperial Bank of Commerce and the Bank of Montreal--have lowered their prime lending rates to 10.5% from 11%. (GM)
- Jan.24--The Bank of Montreal dropped its prime lending rate further to 9.75% from a previous 10.5%. (HCH,TS,GM)
- Jan.29--The CIBC and the T-D Bank went beyond the Bank of Montreal and lowered their prime lending rates to 9.5%. In similar moves, the Royal Bank and the Bank of Nova Scotia dropped their rates to 9.75%, the same level as the Bank of Montreal. (TS,GM)

STATE OF THE ECONOMY

CCST OF LIVING UP 12.4% OVER YEAR...

Statistics Canada has released figures indicating that the cost-of-living increased by 12.4% in 1974 (December to December) with food price rises increasing by 16% over the year. (OC, 14,1,75,p.9,c4-6 FTNS)
 (OC, 15,1,75,p.1,c1-6,CP)
 (MS, 15,1,75,p.A1,c1-5,CP)

...AND TO CONTINUE

Chairperson of the Food Prices Review Board, Beryl Plumptre, says that another 15% rise in food prices can be expected for 1975.

(WFP, 21,1,75, p.23,c7-8,CP)

TURNER ASKS FOR RESTRAIN FROM WORKERS

Speaking to a business gathering of the Toronto Canadian Club, Finance Minister Turner cautioned workers against demanding excessive increases in wages and salaries when the world was facing a "delicate and dangerous year." Turner claimed that the major force behind today's inflation is rising wages and salaries. (Also see Political--fed.gov't)

(WFP, 28,1,75,p.1,c7-8)

(GM, 28,1,75, p.B7,c1-7)

GILLESPIE PROPOSES "RESPONSIBLE ENTERPRISE"

Speaking to the Canadian Manufacturers Association (CMA) in Ottawa, Industry Minister Gillespie suggested that businessmen should recognize that earning a profit is not their only responsibility; that the free enterprise system is out of date; and that a more appropriate term would be the "responsible enterprise system." Stressing that the government recognized the need for profits in business, Gillespie suggested that such groups as the CMA put their case to the public in "responsible enterprise" terms rather than the conventional "free enterprise" arguments that they have been using. Gillespie said: "A responsible enterprise system implies that all elements of the system--the shareholders, the employees, the suppliers of goods and services, corporate management, and government--each has a responsibility to contribute toward resolving major national concerns."

(WFP, 31,1,75, p.1,c1-3,CP)

MORE THAN THE PRICE IS RIGHT--FOR LOBLAWS

In 1972, Loblaw's Ltd. was a failing food-retailing company with no profitability and a dwindling share of the Ontario market; the company was in such trouble that the parent company, George Weston Ltd., was considering dumping it. The company then began a major re-structuring; 100 stores were closed to cut operational losses, other stores were refurbished at a cost of \$13 million and a \$5 million a year advertising program was initiated featuring the now-famous slogan. In 1974 Loblaw's earned about \$6.7 million with the number of regular customers almost doubling since 1972 in the company's 156 Ontario stores. The intermediate parent company, Loblaw Companies, also operates G. Tamblin Ltd., and Sayvette Ltd. stores in Canada.

(FP, 1,2,75,p.6, c3-6)

HOUSING

Media coverage on housing this month revealed a multitude of complex issues. Housing starts are again predicted at lower than government promises; the price of housing has gone down slightly; the demand for housing has reportedly decreased. CMHC mortgage rates have

been lowered to 10.75% from 11.25%. Developers are again at work, and the relation of housing to investment appears in Turner's refusal of Arab money. (See Foreign Investment)

Several articles this month deal with the ineffectualness of the federal government's aid to non-profit and cooperative housing projects, and low-income earners. Although a program has been drawn up to promote cooperative construction, the government fails to implement it. Of the \$169 million available to it, only \$115 was used in non-profit construction. The remainders of the budget were drawn off by the government and injected into other categories to help bolster the sagging house and apartment construction market. (WFP, 25,1,75,p.19,c4-8)

FEDERAL HOUSING POLICY CRITICIZED

Len Evans, Manitoba's Industry Minister, recently criticized the federal government for failing to alleviate the deteriorating housing situation. One of the main weaknesses of federal programs is that they fail to help people buy existing housing stock, thus increasing the pressure for construction of new housing and keeping the price of housing high.

(WFP, 31,1,75,p.1,c6-7)

PROVINCIAL MINISTERS CAUCUS TO CONFRONT DANSON

One day prior to a federal-provincial conference on housing, provincial ministers met in an unprecedented caucus in an attempt to hammer out a unified strategy. Demands set forward by the provinces included: reducing CMHC's role to essentially that of a banker, supplying mortgage interest rates and capital; making CMHC's first priority that of public housing; increasing the 1975 federal housing budget from \$1.4 billion to \$2 billion; increasing the 1975 housing start target from 200,000 to 250,000.

TS, 30,1,75,p.A2,c8-9

DANSON SAYS 'NO'

Provincial ministers have come away from the federal-provincial housing conference feeling disappointed and shocked by Urban Affairs Minister Danson's rejection of provincial proposals. Danson's response to requests for provincial jurisdiction in deciding housing priorities and expenditures was: "We have a responsibility for our funds to our taxpayers. We have to look at national standards and national objectives."

WFP, 31,1,75,p.1,c7-8

MORTGAGE CONTROL CRITICIZED

In a brief to the provincial government, the Ontario Mortgage Brokers' Association criticized chartered banks. Their control of the Canadian mortgage market has led to an "artificial crisis" in housing. Banks currently have been paying as little as 7% for much of their money and investing it in mortgages with interest rates as high as 12.25%. In addition, there have been instances where smaller trust companies have added new and additional fees to loans. The brief concludes: "These fees are in addition to inspection and legal costs and can only be regarded as an attempt to take advantage of the borrower in times of money shortages."

WFP, 14,1,75,p.8,c5-6

MARGINALIZATION

The native people are highlighted this month using alternative material from Akwasasne Notes. The Caravan, James Bay Project and NWT land claims struggles are analyzed as aspects of Indian peoples efforts to assert their rights against the power of large corporations and governments.

INTRODUCTION

At different points, the media, through sensationalist, confusing, or non-coverage, has created an image of a fragmented native peoples' movement. It is important to understand that this method of divide-and-conquer is a way of fracturing a force for changing the status quo. "The Canadian government now faces--not a fractured native population--but one that has forcefully demonstrated its collective will to unite as never before as a Native North American People." Akwasasne Notes, Early Winter, 1974)

Native peoples generally do not regard the borders dividing colonial powers as applying to themselves. Thus 'Canadian' natives call themselves members of the American Indian Movement (AIM). Indian Affairs Minister Judd Buchanan feels that AIM should keep out of Canada. Threats of physical support by "United States Indians would be a very undesirable export from the U.S." In reality, "AIM is a native sense of Indianness, of direction and purpose, an organization towards Indian Civil Rights...and Canada must face it now--the AIM is here to stay."

In the absence of any reply from Ottawa to the reasons behind the formation of the Native Peoples' Caravan, the NIB issued four demands in its October 3 statement:

- 1) An independent investigation of circumstances around the demonstration on Parliament Hill, to be headed by a justice of Canada's Supreme Court.
- 2) Transformation of the Dept. of Indian Affairs to make sure it is more responsive and responsible to Indians.
3. Indian control of all funds within DIA which at present allocates 3/4 of its budget to department operations and only 1/4 to the Indian community.
4. Replacement of Indian Affairs office of claims by an independent body to study treaty rights, aboriginal rights and land claims.

On November 22, the Quebec Appeals Court ruled that the Inuit had no rights of land. The Canadian government chose not to be represented in any of the proceedings. That meant lack of the federal government's legal machinery and prestige, and lack of support for the principal native legal argument.

Contrasting with this lack of support for native peoples' rights is the active support the federal liberal government has given the Bourassa liberal government ever since the October 1970 crisis. One year after the FLQ crisis, Bourassa announced the James Bay Project to help fulfill his election promise of 100,000 new jobs; the project will never provide more than 3,000 jobs, and few of these will be for native workmen.

James Bay's destruction is manufactured by Bechtel Corp., a U.S.-based firm which did all kinds of work in Vietnam for the U.S. government. The deal was pre-cooked, signed, sealed and delivered. Among its attributes--bribery of public officials. Stephen D. Bechtel Jr. outlined the project to James Bay officials who wanted to do business with Bechtel, "as they have good financial standing...."

The U.S. and France will be the beneficiaries, but money from Rockefeller and Rothschild financial cartels will provide the needed loans. Once the infrastructure has been completed, the area will be open to American mining interests: Hanna, Inco, ITT, etc.

"We have learned that Indians exist in North America and that they are fighting for their lives, their lands, invaded by Americans. We are equal to you-- your brothers. We are the same as you.... You must continue as you are, being Indians and not turning into Americans. You must defend your families and your people, as we intend to defend our families, and people, and not allow the Brazilians to use them, and take away our lands as well."

---Mearaweh, Kaibai Nation, Brazil

The national Indian Foundation of Brazil (FUNAI) in October 1973 announced the construction of a highway through the Aripuana Park-- along the route of the Trans-Amazonic Highway. It was learned that ten mining companies were given prospecting rights in the park. Multinational affiliates of Billington Corporation, Royal Dutch Shell, Itan (financial associate of the Rockefeller-Moreira Salles group and Molycorp. Today, less than four years later, the lands have been invaded, epidemics have left their mark, and misery, hunger and prostitution.

BLANKET AND BEADS AGREEMENT

Even that might not be so bad, if the beads were not strung around a time bomb, and the blankets were not diseased.

--Philip Paul, leader, B.C. Indian Chiefs

NORTHERN DEVELOPMENT--LAND/ECONOMIC INDEPENDENCE; NOT MONEY/DEPENDENCY
 "The Indian and Metis people of the NWT, at a historic meeting at Fort Good Hope, declared their continuing ownership of 450,000 square miles of traditional land and rejected land-surrender in return for compensation as a land-settlement model."

The Indian Brotherhood of the NWT is spearheading the United Front to block the gas pipeline up the Mackenzie Valley from the Canadian Arctic and Alaska to Southern Markets. "The need for such projects does not stem from the regional social expression, but rather from the internal investment imperative of a multinational oil industry." They are suggesting a development philosophy which gives real value to regionally-defined development needs, increasing economic independence of a region which emphasizes control and not compensation--claim to resources through ownership.

The National Indian Brotherhood, at its convention in Vancouver in August, decided to participate directly in politics through a new organization--the Indian Political Party of Canada, with land claims as its foremost issue.
 (GM, 30,1,75, p.B2, c6-7;
Akwasasne Notes)

MACKENZIE VALLEY DELTA

a) Judd Buchanan said the Department of Indian Affairs is uncertain whether to continue legal arguments based on native people land claims. On March 3, Justice Thomas Berger of the BC Supreme Court will hold hearings on an application by Canadian Arctic Gas Pipelines Ltd. for a right-of-way through the Canadian north to deliver Alaska and Mackenzie Delta gas to southern Canada and the U.S.

The native groups continue to be concerned by attempts to undermine the Berger hearings and to limit scope of the judge's recommendations.
 MS, 13,1,75, p.A4, c3-4 CP

b) Inuit Tapirisat (Brotherhood), representing 12,000 Eskimos in the NWT, expect to be ready by April to begin negotiating native land claims in the Arctic.
 OC,MS,WFP, 15,1,75,CP

YUKON

Judd Buchanan said the federal government is prepared to settle Indian claims in the Yukon along the lines of James Bay, but with regional differences.
 WFP, 29,1,75, p.37,c1, CP

HEALTH

SENIOR CITIZENS--INFLATION CAUSES PENSION RUMBLINGS

Inflation, combined with the drop in prices of many investments, is threatening the ability of some funds to deliver the pensions which they promise. International Nickel Pensioners and widows of pensioners picketed the company in Sudbury, seeking a cost-of-living extra. Workers honoured the picket line. It was the first time in Canadian history that activist pensioners had forced a major industrial plant to close.
 TS, 27,1,75, p. B9, c3-4, CP

REGIONAL DISPARITY

INTRODUCTION

The press coverage again this month shows difficulties in the economy flowing from foreign investment and federal-provincial relations. The fishing industry still is trying to buy money from the federal government to survive. The Sydney Steel mines are still in negotiating stages, while the mines falter along at a great deficit. The Shaheen oil refinery after many setbacks, now faces another major one: who and what money will build the dock, and who will be the market for the refined oil if the US doesn't want it?

Bricklin cars have obtained \$8 million more from the New Brunswick government to help it along; it hasn't yet reached the "break even" point. Interestingly, the New Brunswick government has reduced their general budget by 9% (approximately \$10 million) for next year. This sum compares with the Bricklin loans!

BRICKLIN

Premier Hatfield of New Brunswick has announced that the province will offer a loan of \$7.5 million to Bricklin Canada Ltd. The loan raises the province's total financial involvement to \$19.5 million. New Brunswick owns 67% of Bricklin Canada.

The new financing is to cover start-up costs, improve cupplier lines of credit, improve the parts situation and bring the assembly line to a break-even level of about 30 cars a day. If and when production is at its maximum (1000 cars a month), the New Brunswick government will receive profits of close to \$2 million a year.

PLANT MORALE IS LOW

Bricklin has not yet reached the break-even level of production. A union representative said that approximately 50 people have been fired since the operation began. He felt only 15% were justified. 150 assembly line workers were laid off for 1 week.

On January 9, 1975, Malcolm Bricklin announced he was stepping aside as president of Bricklin Canada Ltd to become chairman of the board of Bricklin Canada and its American parent company, General Vehicle Company. Ralph Henry, a former vice president of Philadelphia's First Pennsylvania Bank will take over as president.

Telegraph Journal 10,1,75, p ,c2-4

TS, 10,1,75, p.B7, c2-3

HCH, 8,1,75, p.18, c1-2

Tel. Journal, 20,1,75, p.5, c1-4

GM, 10,1,74, p.B1, c2-4.

GOVERNMENT URGED TO CONCLUDE AGREEMENT ON NEW STEEL PLANT

The Nova Scotian government has still not reached any conclusions about the management and modernization of the Sydney Steel Plant. Father Andy Hogan, NDP, has urged that decisions be reached within the next few months or they will miss the international market opportunities which were obvious 2 years ago.

The President of DEVCO, the Cape Breton Development Corporation, said that for 50 years the 150,000 people of Cape Breton have known depression. The Sydney Steel Plan was closed in 1937, and has been kept going only by massive provincial subsidies. The wages in Sydney-Glace Bay today rank 100th in the Statistics Canada report of 100 towns and cities.

WFP, 1,2,75,p.18,c1-4

HCH, 21,1,75,p.5,c1-4

US TAX MAY KILL CANSO OIL PLANS

Nova Scotia's hopes of building a massive oil refinery project for the Straits of Canso and its dream of becoming a major petrochemical and refining capital for the US eastern seaboard, are fading. Two years have passed since New York industrialist John Shaheen announced his plans for building Canada's biggest oil refinery, a 200,000 barrel-a-day project costing \$400 million, and bringing jobs and prosperity to an area sorely in need of it.

Today the province is still waiting for a start on construction and there is growing doubt it will ever get off the ground. Premier Regan is blaming the federal government for not shelling out the \$30 million to build the supertanker dock. Shaheen wanted to pay the cost himself, but the provincial government does not want such an arrangement as Shaheen would have sole authority over its use.

A bigger worry is the increasingly tough attitude the US government is taking towards the importation of finished refinery products from countries such as Canada. President Ford is considering the imposition of a stiff tax on imports of refined petroleum so that the US oil companies will be spurred into building new refineries on their own soil.

TS, 16,1,75, p.B3, c1-2

HCH 21,1,75, p.2, c1-3

FISHERIES

Canada's east coast fishing industry lost millions of dollars last year and jeopardized the jobs of 35,000 fishermen. Nothing less than survival of the Atlantic fishery is involved--a vital industry in a region that has the highest unemployment rates in the country. The fundamental reason for the recession in the Atlantic fishery is overfishing by foreign fleets off the Atlantic provinces.

The federal government has tried to extend Canadian control of the seas to a distance of 200 miles off the coasts from the present 12 miles. At last fall's Law of the Seas Conference, the efforts failed. The next meeting of the Conference is in Geneva early this summer.

FP, 1,2,75, p.6, c1-2

HCH, 25,1,75, p.2, c7-9

FP, 1,2,75, p.G1, c1-2

Fisheries ministers from the 4 Atlantic provinces agreed January 15 that Canada may have to take unilateral action in 1975 to protect the east coast fisheries. Fisheries Minister A. Cameron of Nova Scotia said it was evident to all the ministers that Canada needs management control of its own 200 mile off-shore limit.

HCH, 16,1,75, p.1, c1-2

WOMEN

CMA PRESIDENT ATTACKS LANG'S ABORTION POLICY

Canadian Medical Association president Bette Stephenson, says that close to 50,000 abortions occurred in Canada in 1973, and that constitutes pathetic proof of the desperate need for a national birth control program. Dr. Stephenson says the key to cutting down on the number of abortions is preventing pregnancy in the first place. She blamed the inadequacy of family planning programs on the federal and provincial governments, and her own profession.

Dr. Stephenson also defended her profession from the charges that abortion-performing doctors were merely "ripping off" medicare' she maintained that doctors' take-home incomes have grown more slowly than the average Canadians' in the last five years. Nevertheless, the average physician was "well paid" with take-home income of \$26,800 in 1972. She also bitingly attacked Justice Minister Lang for his "veiled threats of legal action" against physicians who interpret the abortion laws broadly. The government hasn't come up with "so much as a ball-park definition of key terms such as the world 'health'."

OC, 10,1,75, p.45, c1-6, B.Cohen

LET'S NOT

Marc Lalonde, federal minister of Health and Welfare has announced that four regional conferences planned by the International Women's Year Secretariat are being scrapped. Lalonde announced that the \$500,000 originally earmarked for those conferences would be channelled into more flexible programs. Representatives of women's groups in many parts of the country have criticized spending money on conferences, and demanded changes in labour legislation, increased social services and assistance with publicity programs at the local level.

GM, 28,1,75, p.12, c1-8 (P.Bell)

MORE WOMEN THAN EVER IN OCCUPATIONAL GHETTOS

The number of women caught in some occupational ghettos has increased in the last three years, Sylva Gelber, director of the federal women's bureau, said at the second Annual Women and Law Conference in Winnipeg. Ms. Gelber said the percentage of women has gone up in a number of low-paying jobs without organized unions. In 1971, 45% of those who worked in service occupations were women. By 1974, however, the proportion of women in these occupations was 54%. In regards to clerical work, Ms. Gelber pointed out that 68% of the positions were filled by women in 1971, and this rose to 73% in 1974.

WFP, 1,2,75, p.16, c6-8

TRANSPORTATION : FREIGHT RATES

THE ISSUE : "The Railways Are Not To Wait For The Rate Increases. The Public Must Wait For Remedies". (HCH, 18/1/75, p35 c6)

INTRODUCTION: *The two year freeze on railway freight rates expired Dec. 31/74. The railways, with a gov't go-ahead, raised their rates in January, to the dismay of Western and Maritime provinces. The freeze has been imposed in the first place to give the provinces time to look at the railway's books in order to be able to judge whether increases were justified. Two years later the books were still not available to public scrutiny.*

events COMMISSION LIFTS TWO YEAR FREEZE : RATES UP ON FOOD, BUILDING GOODS
The Canadian Transport Commission (CTC) ruled today that it would allow freight rates to rise between 10 & 15% on products like domestically-shipped grain, lumber, building material and meat, as well as further similar increases on March 1. (MS, 2/1/75, pA4 c3-8)

LONG DISTANCE TRUCK RATES TO INCREASE?

Recent increases in rail freight rates are likely to bring about corresponding increases in long distance trucking rates, William Easson, pres. of the Atlantic Provinces Truckers Association said here. As of Dec. 25, these truckers increased their rates by 10%. (TJ, 9/1/75, p3, c6-8; CP Halifax)

EXTENSION OF FREEZE SOUGHT SOUGHT

The Atlantic Conservative caucus last night requested the federal gov't to extend the freeze on both railway commodity rates and the LCL (less than a full carload) rates until a new transportation policy is introduced. (HCH, 23/1/75, p1 c6-8; Peter Meerburg)

FREIGHT RATES OPPOSED

Canada's 3 prairie provinces asked for an injunction in an effort to delay, if not quash completely, the latest railway freight rate increases. Mr. Evans, Manitoba's industry minister, said it is becoming increasingly sensible for Western cattle to be slaughtered and processed in eastern Canada rather than locally, because of freight rate discrepancies. (WFP, 29/1/75, p1 c5-6; Alice Krueger)

SUPREME COURT RULING SOUGHT

Chief Justice Bora Laskin will decide today whether the Supreme Court of Canada should step in to settle the freight rate dispute. The railways have asked that the CTC not go ahead with a review of the rates. They have already succeeded in getting a Federal Court of Appeal to rule that the CTC postponement of some rates to March 1, as invalid. The court ruled the CTC acted beyond its powers. The increases freight rates affect some 52,000 shippers and 22% of all freight traffic on the railways. (WFP, 31/1/75, p1 c3-4)

effects

MARITIME INDUSTRIES HARD HIT

Already 2/3 of New Brunswick's sawmill capacity for building lumber is shut down. The freight rates will intensify their difficulties, as well as that of furniture manufacturers. Competitors in Quebec and B.C. enjoy agreed freight rates that have not gone up. Railways won't extend help to us because we're relatively small, said Mr. Rumbold of the Maritime Lumber Bureau. The way the rates work, a B.C. operator can actually ship to Newfoundland at an advantage

over New Brunswick mills.

(TJ, 23/1/75, pl c1-8; Bert Burgoyne)

FREIGHT RATES COULD HURT SYSCO'S CANADIAN MARKET

Sydney Steel Corp. president E.F. Alderton, said last night new freight rate increases could erode raw steel sales by the steel mill in central Canada. Its major Canadian customers are Ivaco Ltd. of Montreal, Steel Co. of Canada and Dosco Sidbec of Mtl. (HCH, 4/1/75, p23 c406)

N.S. PROVINCIAL MEMBERS OF PARLIAMENT FEAR IMPACT OF RATE INCREASES

William MacEachern (Cape Breton-Inverness) said the hikes will affect the region more than other parts of the country because the Maritimes 'are most vulnerable to begin with'. Jack Hawkins, provincial agricultural minister, said increased freight rates will affect machinery and fertilizer imported to Nova Scotia. In the Annapolis Valley members singled out in particular hog and poultry producers and fruit processors, all of whom will experience much higher marketing costs as a result of increased transportation expenses. Mr. Mooney, municipal affairs minister, singled out the textile and building industries in the Yarmouth area as targets which could be particularly hard hit by the increases.

(HCH, 13/1/75, p8 c1-8 full page)

TRANSPORTATION USED AS A WEAPON AGAINST REGION : COASTS OF NOVA SCOTIA

"Maritimers should take advantage of rail rates before they go up again and load all the people into trains headed for Ottawa. The only thing Trudeau understands is the kind of people power he can see from the front steps of the Parliament Buildings." (HCH, 18/1/75, pl c2-4)

EDITORIAL COMMENT:

INTO THE UNKNOWN -- FREIGHT RATES

Canada is, for all practical purposes, a long ribbon of settlement, reaching across the continent. Freight rates designed to make the national railway systems profitable enterprises without due consideration of other factors could, easily, balkanize the nation.

(HCH, 4/1/75; pl c1 editorial)

TOO MUCH IS NOT ENOUGH

Canada's railways, combined and supported by their multitude of associated interests make up a powerful lobby group under any circumstances. At this moment, they appear able to ride roughshod over whatever token resistance can be put up by the political leadership, normally responsible for protecting the common interest of Canadians. The railways, not content with the rate increases provided by the CTC, are seeking the right to appeal and go after more. (HCH, 8/1/75 p5 c1-2 edit).

FREIGHT RATE HEARINGS

It became apparent at the hearings that no thought at all had been given by the railways to the impact of their actions on individual industry, nor had they related their rate demands in any way to increasing costs of production (TJ, 10/1/75 p4 c1-2 edit.)

THIS JOURNEY WAS NOT NECESSARY

Jean Marchand has arrived in Nova Scotia and departed, leaving confusion and bitter disappointment in his wake. He said nothing and did nothing. The Atlantic Region is left to wonder who governs Canada - the railways, the CTC or the elected government? Every individual and organization should rise and demand that Ottawa recognize that this too is a part of Canada. (HCH, 18/1/75, p6 c1-2 edit.)

Economic-Labour

Employment Unemployment

Introduction:

Unemployment has continued to rise - up to 6.1% in December, 1974; (5.5% in Nov. 1974.) Predictions indicate the figure will hit 6.5% to 7% on a yearly average for 1975. If predictions like these are being made, it seems wise to assume the reality will be worse.

The unemployment situation has sparked a lot of commentary - many articles basing their comments purely on statistical evidence and not seeing the underlying picture or causes. For example, in a study commissioned by the Ontario Ministry of Labour, causes presented for the present situation are listed as failure to employ women and young people - a result of bad planning according to this study. It is true that women and younger workers are getting hit, but this is more than a case of oversight.

The sectors hit by high unemployment are one geared to export trade - i.e. forestry and lumber, textiles, automobiles, etc. These sectors are slowing to a halt in production because of a depressed world market. Unemployment, at present highest in these areas, is a direct result of Canada's dependency on a foreign export market. Most primary industries - with the exception of forestry - are still functioning fairly well. Canada's dependency is also evident in the area of primary products - mostly sent abroad for manufacture in other countries. - However, the high demand for primary resources at this point means that these sectors are not presently in a bad situation.

It seems evident that one gets a better picture of unemployment and its causes by looking at the labour scene by sector rather than just by statistics on the percentage of unemployment.

DECEMBER UNEMPLOYMENT UP

from 5.5% in Nov. 1974 to 6.1%.

(GM, 15/1/75, pB1, c6-8; also OC 15/1/75, and TS, 14/1/75)

WOMEN ACCOUNT FOR MOST OF RISE

- female unemployment accounted for most of the rise in the month of December;
- women over 25 had 3.2% rate compared with 3% a month earlier;
- women under 25 has 8.7% rate compared with 8.2% a month earlier.

(HS, 10/12/74; pl, c7-8)

UNEMPLOYMENT VS JOB VACANCIES

-a study done by the Ontario Ministry of Labour indicates several causes for job vacancies inspite of high unemployment. The availability of unemployment insurance benefits was not one of the causes.

-vacancies mainly due to a failure to use women and youth in the work force, to employ minorities, and people in economically lagging areas. This is, in turn, a result of bad planning in economics and education.

-the changes in the unemployment insurance act that many blame for a decline in willingness to work took force in 1971, while the problem of job vacancies with unemployment didn't occur until 1974.

(GM, 21/1/75, pl, c1-6)

1975 ; 6.5% to 7% UNEMPLOYMENT

-1974's average was 5.4%; generally, forecasts for 1975 vary around the above figures. Sectors that will not be affected much include the service sectors, government, health, education, finance, merchandising, and insurance. (WFP, 1/2/75, pl c 6-7)

ONTARIO, QUEBEC, BRITISH COLUMBIA, ALBERTA WILL FEEL CRUNCH.

-provinces enjoying high industrialization and depending on export markets will suffer most in the coming year. B.C. will lose lumber markets, Alberta in oil exports and Ontario in manufactured goods - especially automotive trade and consumer goods, and Quebec in lumber and forestry.. Canada's export trade in 1974 totalled \$31 billion. Ontario accounted for more than \$11 billion, Quebec and B.C. for about \$6 billion and Alberta for about \$4 billion.

(GM, 23/1/75, pB13, c1-9)

ANDRAS WANTS TO TIGHTEN UP THE UNEMPLOYMENT INSURANCE ACT.

Manpower Minister Robert Andras will propose changes to make the U.I. Act more "productive":

-U.I. claimants may have to qualify for benefits by agreeing to retrain in needed areas;

-job quitters and people fired for cause will have 6 weeks of penalty instead of the present 3 weeks;

-"Why can't we use U.I. funds ... in a way that not only meets the money requirements of the claimants but enhances their capacity to engage in useful and satisfactory work? "

-these ideas were tossed out at a meeting of the Canadian Club. It is not clear whether the cabinet will approve them or not.

(OC, 6/1/75, p7, c1-2)

LABOUR - GENERAL*Introduction:*

While there was little news this month in terms of events or happenings, the press coverage was increasingly biased against labour. Many articles commented on the need for restraint, and in the extreme, some blamed labour for inflation. (commentary to follow). The Canadian Labour Congress (CLC), business and government representatives met to discuss guidelines for dealing with inflation. No conclusions were reported in January's clippings. The C.L.C. position, as represented by President Joe Morris, is not clear.

Disease and working hazards received a lot of attention in Ontario and Quebec during January. The Ham Commission, in particular, is investigating health risks in the mining industry. While no findings were reported conclusively, testimony in the press indicates very bad conditions in the mines.

CANADIAN CHAMBER OF COMMERCE MILITANT AGAINST UNIONS

In an annual meeting held with the Federal Cabinet in January, the C.C. of C. made the point the "unions are, far too strong now, even stronger than the corporations they bargain with. The Chamber suggested some ways

to curb unions:

- make the secret ballot compulsory before certification of all unions; At present, only shops where more than 67% of the workers have signed up must take a vote for certification.
- abolish union hiring halls;
- ban strikes in the civil service sector;
- repeal laws on compulsory payment of dues by non-union workers in organized shops;
- protect employees, against losing their jobs when they are dismissed from their union for disciplinary reasons.

(OC, 20/1/75, p2, c5-6; also TS, HCH, WFP)

LABOUR HAS TO GIVE MORE

ARTICLE BY KENNETH MACDONALD (freelance writer and former Cdn. executive) argues that labour must be more willing to give and finally to enter a real partnership with capital. Main points presented to try to show how labour is taking more than it should:

- a 1.6% increase in production/man/hours in 1974 saw a 12.6% increase in wages. Labour is therefore taking too much.
- capital, which is responsible for the energy, raw materials, technology and machinery of production, is what is basically behind our wealth. Therefore, capital should get the greatest return.
- labour, in demanding higher wages, is withdrawing more wealth from the system (CNSP question - from capital?) and so is damaging the system.
- the only solution is to make labour a partner in owning the capital through profit sharing plans, worker representation on Boards, etc, so that labour can put its share of wealth into the system.

(TS, 28/1/75, pC4, c3-5)

CNSP comment: This article is full of inaccuracies and incomplete logic; in other words, an all-out attempt to blame labour for present economic difficulties. It is nonetheless a strong piece of journalism functioning to convince many people of its false argument. As an ideological weapon, it deserves comment.

For example, the article states workers are getting more than their share with a 12.6% increase in their wages in 1974 compared with the 1.6% increase in production per man hours. However, it is not noted that this 12.6% barely covered the increase in inflation and in many cases salaries do not even keep up with the inflationary trend. The real gain to the worker is very low; in some cases, there is even a loss. Furthermore, while production per man hours rose only 1.6%, production itself rose 3 to 4% in 1974 and profits rose from 30% to 200%.

This increase is probably, as the author reasons, mostly a result of investment or new capital. But the author fails to examine the ultimate source of all capital. In fact, capital for industry originates in banks - which have 85% of working people's savings; in finance, insurance and credit - the province of Quebec alone has a total personal debt of \$6 billion. from government - industry in Canada is 1/4 to 1/3 financed by gov't in subsidies, tax concessions, etc. It is working people who once again pay for this.

An awareness of the above makes it difficult to understand how "labour is withdrawing too much capital from the system".

Finally, the idea of instituting a partnership between labour and capital appears as a somehow generous offer to labour. But, is token labour representation on the Board of Directors, or a profit-sharing plan really solutions providing working people with a more just share in the economy? In fact, neither suggestion will provide genuine control and decision-making power in the hands of labour.

The argument presented by the author seems based on the assumption that money is the real issue and not power.

WORKERS TESTIMONY SAYS INCO KNEW OF HAZARDS

The Ham Commission on safety and health in the mining industry continues its enquiry. Workers testimony indicates that Inco had previous knowledge that its smelting process known as sintering produces a cancer-causing substance. So far, among workers in the plant between 1945 and 1953, 60 cases of cancer have surfaced - 41 fatal. Inco has 12 mines and 10 refineries, smelters and mills in Sudbury.

(TS, 28/1/75, pA4 c1-2; GM, same day)

CANCER AND SILICOSIS AMONG ELLIOT LAKE MINERS

The Ham Commission has been investigating conditions in Elliot Lake uranium mines. So far, 41 cases of cancer and over 100 cases of silicosis have appeared in pre-1969 employees of the mines. (GM, 16/1/75 p8 c1-8)

FIRMS MOVE TO AVOID HEALTH LAWS

Manufacturers of products made from vinyl chloride and asbestos, known cancer producing substances, are moving production to underdeveloped countries rather than meet stricter health standards intended to protect workers from these hazards. U.S. imports of asbestos textiles from 7 unregulated countries grew from zero in 1968 to more than 3,000,000 pounds in 1973 when they represented 53% of total imports.

(GM, 10/1/75, p2 c8-9; Washington Star)

IMMIGRATION

Introduction:

Much of the January news on immigration focused on stories and opinions which lean toward developing a new immigration policy. The options presented in the Green Paper (tabled in the House of Commons after the CNSP cut-off date), the implications and public response will be covered next month. Editorial opinion in the Ottawa Citizen (2/1/75) and Vancouver Sun (7/1/75) raises critical questions about the possible direction of policy and punches holes in some of the current myths - e.g. that immigration is one of the causes of unemployment in Canada and that the problem of increasing population in large cities is essentially an immigration issue.

The focus on special cases - Haitians, Colombians - indicates some of the possible unjust consequences of such a future policy, especially for workers, blacks, etc. At a time of national debate on the kind of country Canadians want to live in and the kind of people we want ourselves to be, it is especially important for all of us to take a thoughtful and active part responding to the green paper and shaping the future of Canada.

IMMIGRATION CLIMBS 38.8% IN THE FIRST NINE MONTHS OF 1974.
Between January 1, 1974 and September 30, 1974, a total of 166,401 persons arrived as landed immigrants. Ontario continued to receive the highest number with 91,141, followed by B.C. - 26,305, Quebec - 25,936, and Alberta 10,664. Overall immigration for the year could exceed 220,000. The aim of many of the restrictions introduced last fall was to stabilize immigration temporarily around 200,000 annually.

Major countries of origin : Britain, 27,466; the U.S., 21,666; Portugal, 12,463; and India, 10,139, followed by Hong Kong, Jamaica, the Philippines, Greece, Italy and Trinidad-Tobago.

Proportionately fewer immigrants were headed for the labour force - 81,655 or 40% compared with 60,892 or 50.*% during the first nine years of 1973. The balance is represented by children, spouses, fiances and students.

COURT UPHOLDS IMMIGRATION BAN

The right of the solicitor-general and the immigration minister to exclude immigrants from Canada if they consider it against the national interest was upheld in an unanimous judgement Tuesday by the Supreme Court of Canada.

The court said that certain discretionary powers given to the Immigration Appeal Board do not apply when both cabinet ministers file certificates based on security or criminal intelligence reports which lead them to the opinion that deportation orders should be issued.

(WFP, 29/1/75, p44, c1-3; CP)

FOREIGN M.D.'s FACE QUOTA RESTRICTION

Health Ministers agreed on a plan to restrict immigration and migration by foreign doctors at a federal-provincial health ministers conference. Foreign trained doctors have been arriving at a rate of 100 per year.

(TS 16/1/75, pA1,c1; CP. same day WFP p1 c3-4,MS pD1)

Dr. Bette Stephenson, president of the Canadian Medical Association, said foreign countries will welcome the new restrictions on immigration of doctors to Canada. Canada has been condemned at world health meetings because so many doctors from underdeveloped countries have moved here.

(VS 16/1/75 p2 c1-3)

GREEN PAPER WILL BARE "SELECTIVE" IMMIGRATION PLAN

When the long awaited Green Paper is tabled in the Commons on Monday, February 3, 1975, it will become clear that the federal gov't intends to reserve access to Canada for a fortunate few able to meet strict job and family requirements.

The Green Paper doesn't specify future government policies but rather lists a number of options. It indicates the government is considering long term curbs on immigration from Third World countries, and new means to maintain the current balance of English and French language groups.

(OC 29/1/75, p19 c3-4, Guy Demarino)

DEPORTED HAITIANS FACE REAL DANGER - AMNESTY INTERNATIONAL

The hundreds of Haitians facing deportations from Canada are in grave danger of imprisonment, torture and death if returned to Haiti, according to Amnesty International. Frank Ransom said his organization seeks amnesty and humane treatment for political prisoners throughout the world. From interviews with former political prisoners who escaped from Haiti, they have established a bleak picture of what happens to those who are suspected of less than wholehearted support of the Duvalier regime.

Reasons for arrest include: "Offenses of opinion by people who have spoken badly of the president of the republic or of the Duvalier regime".
 -"Offenses of ideology by people who are accused of professing communist beliefs".

-"Offenses of resisting oppression by individuals seeking justice".

(MS, 10/1/75, pA1 c4-6; WFP, same day, p1 c6-8; David MacDonald)

37 COLUMBIAN WEAVERS TO BE DEPORTED

Thirty-seven weavers and their families from Columbia, brought to Canada by Associated Textile of Canada to work in Louiseville, Quebec, have been threatened with deportation, after being laid off because of a work slow-down.

A common front of labour and political groups have presented the following demands to the Federal Minister of Manpower and Immigration:

- that the gov't stop the process of deportation
- that the Columbian workers obtain the same rights as all Quebec workers. eg. unemployment loans;
- that they be allowed to remain in Quebec;
- that they be given a chance to find other jobs;

(LD, 1/28/75, p1 c 1-6; Pierre Vallieres)

Originally they were to leave by January 31, 1975, but by January 28th they were given assurance by the Minister that they would be allowed to stay until their cases were studied in depth by federal officials.

LABOUR - MOVEMENTS

Introduction:

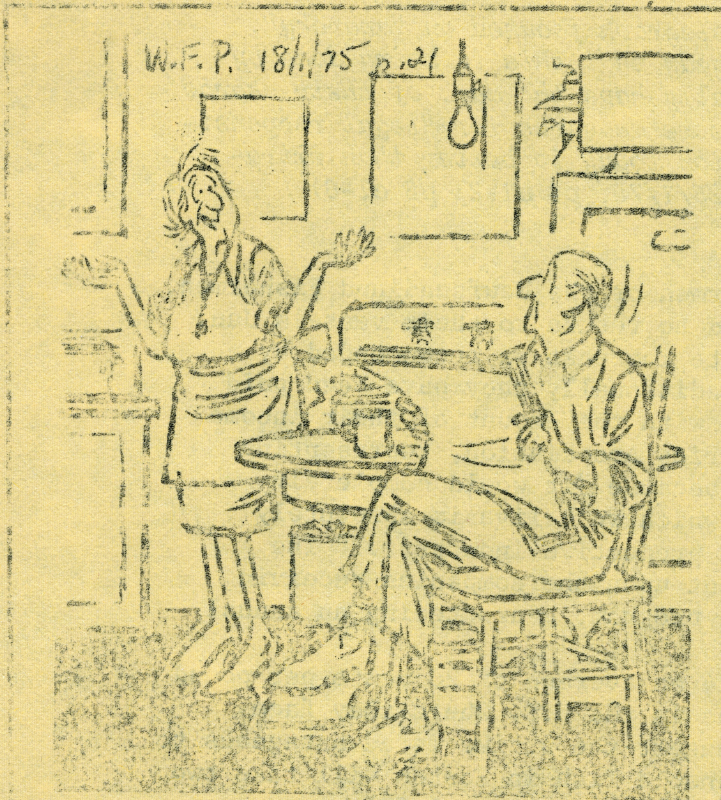
This month's coverage focused on labour's attempt to keep pace with inflation and adjust to increased lay-offs. The Canadian Labour Congress (CLC) met with gov't to discuss shared management possibilities. Shortly after, Turner was asking for restraint in the economy. In New Brunswick, nurses and teachers are facing a lack of response in their negotiation with the Treasury Board as well as much anti-labour press. Newfoundland fishermen, on strike since January, are meeting difficulties in trying to get companies to implement recommendations made by a conciliation board report.

SEARCH FOR CONSENSUS

A closed meeting between cabinet ministers and Joe Morris, president of the CLC, was held in January. Ministers will meet with business leaders and later bring the two sides together. Finance Minister Turner is searching for a national consensus to ease pressures at the bargaining table. Observers feel that if this fails, government imposed price and income controls will be the only policy left. Morris says "the issue is shared management of the economy". (MS, 10/1/75, pA7 c1-4)

Turner is counting upon firm public support to achieve voluntary restraint among sectors of the economy for a co-ordinated fight against inflation. He said the manufacturing boom put demands upon commodities which initially increased prices but workers have now become the major force in escalating costs. (in their attempt to keep pace with the rising cost of living).

(TJ, 28/1/75 p1, c1-4)



W.F.P. 18/1/75 p.21
 Of course I understand inflation - it means the rest of the country will adjust to our life-style!

Joe Morris said facts do not support Turner's comments. He pointed out that from the fourth quarter of 1972 to the third quarter of 1974 real wages fell \$5. per week or about 3.5%, while corporate profits were up 55% per unit of output. (OC, 28/1/75, p3 c1-3)

CNSP NOTE: Given the present economic structure, is it realistic for the C.L.C. to consider participating in shared management? Turner's call for public opinion to help achieve restraint shows a lack of leadership in engaging the problem of inflation. Is it possible that this will form a favourable attitude to price and income controls, a policy which has in the past meant wage controls with little effect on prices and none on profits.

U.A.W. ASKS OTTAWA TO AID AUTO FIRMS

The United Auto Workers presented a 3-point plan to Trade Minister Alastair Gillespie with suggestions for boosting the Canadian auto industry. The plan proposes ending the price differential between American and Canadian cars, promoting in the domestic auto industry and reducing interest rates charged customers. The gov't has pressed Washington to end the price gap and has tried to increase foreign demand for domestically produced parts. However, with excess capacity, more investment seems unlikely. (TS, 7/1/75, pA3 c7-9)

CUTS IN BENEFITS

American Motors has cancelled merit raises, a cost of living increase and a dental insurance plan of its North American non-union workers. The move affects 7,000 clerical, secretarial and professional staff. The company told the employees that the move is designed to "minimize the need for lay-offs".

(TS, 4/1/75, pA10 c7-9)

NURSE AND TEACHER LABOUR DISPUTE IN NEW BRUNSWICK

Nurses in New Brunswick have resigned en masse following gov't refusal to reopen their contract for a cost of living increase. N.B. Treasury Board, the government negotiator, states that re-opening the nurses' contract will precipitate other similar demands. (TJ, 30/1/75, p4 c 1-2)

New Brunswick teachers whose contract expired Dec. 1974, are working to rule while awaiting a Conciliation Board report. Students have boycotted classes throughout New Brunswick, some in support of their teachers, others protesting the loss of extracurricular activities.

A settlement by the Conciliation Board does not appear hopeful since the Treasury Board has reduced the 1975/76 budget by \$72.5 million. One teacher, commenting on the \$40 million budget surplus, announced during the election campaign, asked "Surely they haven't given it all to Bricklin yet?"

(TJ, 18/1/75, p1 c1-2; 20/1/75, p2 c3-5; 31/1/75, p5 c1)

CNSP NOTE: Bricklin has received over \$6.5 million from the N.B. government.

Editorial coverage in the St. John Telegraph focused on "anarchy", "immoral use of power", and the "tragedy that this is being done by two groups in society who would normally have the care of their charge as a primary interest". Emphasized were measures for "legal responsibility" and the threat that "discussion today is better than extraordinary laws tomorrow". (TJ, 25/1/75, p4 c1-2; p5 c1-6)

NEWFOUNDLAND FISHERMEN STRIKE

Seven to eight hundred deepsea fishermen of the Newfoundland Fishermen, Food and Allied Workers Union refused to return to their vessels Jan. 2nd. They are demanding an annual rate increase as recommended by a recent conciliation board report. Traditionally they have been paid on the basis of a share of the catch with the amount of their income tied to the price of fish. The Fisheries Association, representing the companies, rejects the proposal because "it would completely eliminate the catch-share incentive which we believe is absolutely essential to maintain a vigorous and productive industry..." The companies did offer a plan, contingent upon the companies receiving a share of a \$20 million federal aid program, guaranteeing an annual income.

The companies claim they lost in 1974 an average of 20 cents per pound of fish due to poor market conditions in the U.S. where they face foreign competition. Some sources suggest the strike is advantageous to the companies since the backlog of unsold fish in Boston will take two or three months to sell. (WFP 27/1/75 p18 c1-3 CP)

QUEBEC LABOUR:

INTRODUCTION

There were important differences in the way in which French language and English language papers covered Quebec labour disputes this month.

UNITED AIRCRAFT:

English papers emphasized that the strike was now one year old and concentrated on the declining numbers of workers still on strike (OC 7/1/75 p9 c1-3 Paul Gesell; MS 7/1/75 pD1 c1-6 Ray Doucet). The Toronto Star carried one article describing the fact that federal government aid to the company included no guarantees that work would be done in Canada or that the government would ever recover its money. (TS 28/1/75 pB7 CP).

French coverage emphasized that the strike was a historic one, which symbolized the situation of many Quebec workers: how to win concessions from a powerful, anti-labour multinational, generously treated by the federal and provincial governments? Editorially Le Jour came out strongly in defence of the strikers and critical of the company.

THE IRON WORKERS' STRIKE:

English papers, and notably the Globe and Mail, covered the dispute which halted work on the Olympic site, with stories emphasizing the disruption and possible danger to the Olympics being held at all. French language coverage centred on Labour Minister Cournoyer being obliged to intervene between employers and employees.

CANADIAN COPPER:

Two workers died as a result of arsenic poisoning at Canadian Copper, a subsidiary of Noranda Mines Ltd. English papers did not cover either the deaths or the subsequent investigations which judged that the company had been criminally negligent. French papers covered the story front page and detailed the extent to which the company ignored earlier warnings from hospitals that might have prevented the deaths.

UNITED AIRCRAFT

The strike is historic because it demonstrates the particular nature of the struggle between workers against the subsidiary of a powerful multinational. The company has refused the Rand formula, fearing that it might have to grant the same concession to its 17,000 workers in the U.S. if the principle were conceded in Quebec. A multinational can break a strike at one subsidiary by transferring production to any one of a dozen plants elsewhere. United Aircraft has done just that. Although the company received generous aid from the federal and provincial governments and still continues to do so (recently receiving a \$115 million contract from government-controlled De Havilland), the governments are hesitant to intervene on behalf of the workers in the dispute. Besides the Rand formula the workers are demanding wage indexing to the cost of living and the right to refuse overtime. (LJ 7/1/75 p4 cl-8 Pierre Tanguay)

The United Aircraft case shows one aspect of the unjust society in Canada, confronted with the arrogance of foreign interests who operate here as they might in former colonies. They act as they do in conquered territories where the right to profit supercedes human rights.
(LJ 8/1/75 p8 editorial)

THE IRON WORKERS STRIKE - GOVERNMENT INTERVENTION

The provincial government is ready to force Quebec contractors to pay their workers about 85¢ an hour more as a cost of living bonus in a bid to end a six week ironworkers strike and save the 1976 Olympic Games. The ironworkers are about to win an increase for the entire construction industry without the help or advice of labour leaders. The FTQ refused financial aid though the CSN gave \$15,000 from a special fund. The government is the client for more than half the construction in Quebec. The contractors will pass on the costs to the government and the government to the taxpayers. (GM 14/1/75 p8 cl-2 R. Cleroux)

CNSP NOTE: The ironworkers' settlement clearly demonstrates the difficulty of wage bargaining in a free enterprise state that is moderated by government. The wages won by the construction workers will be passed back to the workers through government taxes.

The Quebec government is a very interested party in the battle to keep labour costs in the construction industry as low as possible; wage increases granted to construction workers will exert considerable influence on the public service negotiations which are now getting under way.
(MS 18/1/75 pB3 cl-3 D. Clift)

PETROFINA - A "MILITARY" SURVEILLANCE

The refinery of Petrofina has the look of a military camp, according to workers. Since the strike ended 16 police dogs patrol the site and the management has increased the number of patrol rounds. Police armed with billys and wearing anti-riot helmets approach the windows of workers' cars. In this climate, the announcement of a suit of \$520,000 against the union with some 250 workers, seems like just one more provocation.
(LJ 31/1/75 p3 c5-8)

Political

Federal

Introduction:

There was relatively light coverage of the federal political scene in January - reflecting perhaps the "well-earned" rest of the MP's who passed 21 bills in the fall session, leaving only 39.

Turner greeted the new year with a subdued call for wage, price and profit constraint to fight inflation. Recall the last election campaign wherein Liberal dogma held that constraints of any nature were an ineffectual anti-inflation tool. Turner also figured in the scuttlebut out of Ottawa concerning Trudeau's consolidation of power within the Prime Minister's Office (PMO). Deputy Ministers and Ministers are becoming anxious over their loss of power to the PMO. The PMO is not accountable to the House as are civil servants.

Although stories were few, they showed more clearly than often the nature of the Canadian State as handmaiden to the private sector. Turner's first anti-inflation move has been to blame inflation on rising wage and salary demands; the PMO has set up an economic advisory group to inform the Prime Minister of the wants and needs of private enterprise; the new bills passed provided increased support for the private sector.

INFLATION BATTLE BEGUN

In the anti-inflationary surge, Turner is counting upon public opinion manipulated by the media to support the program of restraint by consensus. However, the past barrage of election - oriented statements that wage and price controls, voluntary or legislated, were ineffectual to control inflation have left the Canadian populace dubious. "It is simply unrealistic to imagine that the Canadian public is likely to respond to vague intimations that exploratory discussions of uncertain character are about to begin or have begun with unknown persons." (WEP, 29/1/75, p44, c4-7)

TRUDEAU RUFFLING BUREAUCRATIC FEATHERS

Unease is fluttering through the mandarin offices of Ottawa. Four deputy ministers have resigned and rumours of more departures abound. Much of the current unrest stems from the appointment of Michael Pitfield as clerk of the Privy Council. Many senior civil servants question Pitfield's ability to function with neutrality in the all important post, given his close association with the Prime Minister.

Rumours circulate that Turner, incensed at the establishment of a team of outside economic advisors attached to the PMO, has threatened to resign. Turner feels that the new group has seriously diminished his Ministry's power. Jack Austin, operational chief of the PMO, denying that the group was overseeing the Finance Ministry, stated that the group's function was to inform the PMO of what "private enterprise wants and needs."

Members of the PMO advisory group are Albert Breton, Univ. of Toronto (chairman); Carl Beigie, executive director of the C.D. Howe Research Institute and member of Time Canada's economists' panel; Thomas Wilson, Univ. of Toronto and director of the Institute for Policy Analysis; Grant Reuber, Univ. of Western Ontario and chairman of the Ontario Economic Council.

(WEP, 25/1/75, p7 c1-3; p1 c6-9)

GOVERNMENT PASSES 21 ACTS

In the fall sitting, 60 bills were introduced in the House of Commons; 39 are left for the winter session. Of the 21 bills passed, 8 were amendments to established law, 10 were housekeeping bills, 2 were in direct support of private enterprise and one forced the grain handlers back to work. The sitting has left such contentious bills as the Combines Investigation Act, the Petro-Canada Act and the Petroleum Administration Act for next session. (FP 25/1/75 pC4 cl-2)

CNSP NOTE: A bill ensuring equal pension benefits for widowers passed the last sitting and two bill dealing with equal rights for women were put over to the winter session. Perhaps they were waiting for International Women's Year?

FEDERAL/PROVINCIAL RELATIONS:

The major story covered this month in the press was the collision of the B.C. and federal governments over the tax on natural gas. Although this dispute may appear arcane, it is a fundamental power struggle over who owns resources and who is to benefit from such resources.

The federal government's intent in its resource taxation policy, introduced in the November 1974 budget, is two-fold: to increase the federal share of resource profits and to discourage the nationalization of natural resources. As well as not allowing natural resource producers to deduct provincial royalty payments from federal taxation, the budget included a clause allowing the federal government to tax natural gas on its "fair market value". This clause was aimed directly at the British Columbia Petroleum Corporation (BCPC).

A marketing agent for the province's natural gas industry, BCPC buys natural gas from producers for 22¢ per 1000 cu. ft. It rents transmission facilities from private enterprise and sells the gas to retailers for 85¢ per 1000 cu. ft., leaving a profit of somewhat less than 63¢ per 1000 cu. ft. in the hands of the provincial government for its other programs. The export price is \$1 per 1000 cu. ft. and the 15¢ export tax is divided between federal and provincial governments.

Buying directly from the producer the province levied no royalties. However, the federal government decided that the artificially low price paid for natural gas was, in fact, a hidden royalty, and should be subject to federal taxation. Therefore, Ottawa determined to tax the resource on the "fair market value" rather than its actual selling price. This fair value was set at 57¢ per 1000 cu. ft. as a result of the November budget. Predictably all natural gas exploration was halted in B.C.

Attempting to resolve the impasse Premier Barrett proposed that the export price be raised to \$1.93 per 1000 cu. ft. and that the additional \$1.08 (above B.C. retail) be distributed among the federal, provincial and municipal levels. This would have been an important departure from traditional practices for it would have opened a new source of revenue for municipalities - natural resources. The proposal did not meet with federal approval.

The eventual agreement places the tax burden where the federal government probably wanted it - on the people of B.C. The federal government will receive its tax on the fair market value of 57¢ with the companies paying tax on the former 22¢ purchase price and BCPC paying taxes on the remaining 35¢ (a constitutional first for a provincial crown corporation paying federal taxes).

continued ...

The entire resource dispute is situated in the context of increasing public demands for resource nationalization, the election of social democratic governments theoretically committed to this public ownership, and the increasing demand of the United States for reliable and inexpensive natural resources. The provinces are attempting to use natural resources for development while the American needs dictate the escalation of Canadian underdevelopment. The federal government, acting with a realization of its own financial needs and as the facilitator of industry (predominantly American), acted quickly to stifle the B.C. initiative. Had the federal government not challenged B.C. other provinces would likely have followed the example, limiting federal financial benefit and perhaps beginning to impose effective public and Canadian control over resources.

Coverage: WFP 14/1/75 p47 c1-6

GM 18/1/75 p8 c3-6

WFP 18/1/75 p1 c1-3

POLITICAL PARTIES/MOVEMENTS

Quebec Liberals:

The Liberals have developed a self-interest image which has verged on corruption. Bourassa himself appears as a one man government with monopoly on information, further discrediting his gov't. His preoccupation with separatist slogans and ideas have led to speculation that he is eager to re-align his sights because he doubts the ability of the present federal system to survive the economic and social tensions which do not originate exclusively from Quebec.

(MS, 8/1/75, pA9 c1-4; D. Clift)

Parti Quebecois:

Working for Quebec's objectives within the framework of the federal system is not a viable alternative to separation, says Rene Levesque of the Parti Quebecois. The "Trudeau, Marchand, Pelletier" bloc have frittered away the possibilities for Quebec reform in Quebec because of the English-speaking majority behind them.

(OC, 8/1/75, p3B c1-2; CP)

Jacques Morin, parliamentary leader for the Parti Quebecois, claims that a cruising speed of an additional 4% of the votes a year will bring his party to power in 6 to 8 years. A November poll showed that 29% would vote Liberal, 28% for the PQ and 23% were undecided. Speaking at Simon Fraser U., he noted that the Western provinces are chafing under increasing centralization of power as Quebec did 10-15 years ago. It would not surprise him if they would advocate a policy of decentralization with the view of loosening Ottawa's increasing hold on natural resources, external trade and economic platforms - the same reasons Quebec questions Ottawa's policies as well as the federal structure itself.

(VS, 22/1/75, p20 c1-6)



NATIONAL DEMOCRATIC PARTY (NDP) - LEADERSHIP

Ed Broadbent, MP, Oshawa-Whitby, has withdrawn from the race throwing the contest wide open. Eric Kierans, former Liberal cabinet minister, has declined to comment on whether he will be a candidate at the July leadership convention in Winnipeg. (TS, 20/1/75, pA6 c4)

Rosemary Brown, NDP, Vancouver-Burrard, was the unanimous choice of the party's women caucus. She says, "I'm nobody's token and will not run as the NDP's contribution to International Women's Year.

(TS, 1/2/75, pC5 c1-4)

PROVINCIAL GOVERNMENTS**ONTARIO:**

Polls Show Premier Davis Losing His Grip on Ontario: Fall Election Expected
The polls show that a defeat for the Conservatives, comfortably in power since 1943, is now a distinct possibility. A Gallup Poll released today shows the Liberals have increased their popular support across the province from 28% to 41%. Reasons for the Conservative decline are failure of the transportation system, a decline in construction and political scandals around conflict of interest. (TS, 11/1/75, pC1 full page, D.Allen)

ONTARIO CABINET SHUFFLE

Premier William Davis shuffled six key cabinet portfolios in an apparent bid to counter a wave of public opposition and to put his government on an election footing. The changes are: Darcy McKeogh, treasurer and minister of economics and intergovernmental affairs; Robert Welch, culture and recreation; John Clement, attorney general; Sid Handleman, consumer and commercial relations; Dennis Timbrell, energy minister.

(OC, 14/1/75, p1 c1-4; Bert Hill)

BRITISH COLUMBIA**B.C. MINERS POLICY HIT FROM ALL SIDES**

Criticism of the government centers on Bill 31 which allows the B.C. gov't to impose and set royalties on minerals. Mr. Scholz, vice-president of Placer Development Ltd. of Vancouver, said NDP policy is confiscation through legislation and regulation leading to takeover. He compared the situation in B.C. to Uruguay and Chile where the results of government takeover were "economic and political chaos, military or quasi-military dictatorship and loss of personal rights and freedoms.

(WFP, 16/1/75, p15 c7-8 CP Vancouver)

POLITICAL - JUDICIAL -**Introduction:**

This month there was significant reporting on the exposure of the Central Intelligence Agency (CIA) in Canada with the cooperation of the RCMP; the supplying of Canadian war materials to the U.S. for the Vietnam war, and Defense Minister Richardson's attempt to gear up the military with more sophisticated equipment.

*Serious questions emerge: -For what purpose is the CIA spying in Canada?
 -Why is the RCMP cooperating?
 -For what major reasons is the military
 gearing up with more sophisticated equipment?*

FIRMS ASKED BY CIA TO SNOOP

The CIA recently asked Canadian firms to engage in industrial espionage on civilian transportation systems in Canada, Britain, France, West Germany, Japan and the Soviet Union - particularly short take-off and landing technology. This is just another indication that the CIA has exceeded its charter and established an invisible gov't of its own.

(OC, 10/1/75, p29 c3-4; TS, same day, PA1 c1-8)

The CIA has sent at least 50 spies into Canada with the full knowledge of the RCMP, claimed Mel Hurtig, the founder of the Committee for an Independent Canada. The CIA also has field officers working as attaches and consul-generals in Toronto, Calgary and Vancouver.

The petro-chemical industry in Calgary has been extensively penetrated by the CIA.

The RCMP's secret service division has turned over many detailed files about Canadians, including politicians, union leaders and top businessmen.

(TS, 23/1/75 pA1 c4-9) (GM, 23/1/75, p5 c1-2)

Philip Agee who worked for the CIA for 12 years in Latin America described the CIA as "a secret political police working for the interests of American multi-national corporations" in any country where those interests are at stake.

(TS, 29/1/75, pE18 c8-9)

PENITENTIARIES

Behaviour modification - treatment aimed at remolding a person's attitudes is being tested in Canada's federal penitentiary system. Experimental treatment has included aversion conditioning in which "undesired behaviour" is punished by a jolt of electricity to the patient's ankle or calf whenever it occurs. Experiments are taking place at regional medical centers in Kingston and Matsqui. (VS, 10/1/75 p26 c1-2)

MILITARY

CANADA TURNS BLIND EYE TO U.S. TRANS-SHIPMENT

The G&M said it obtained U.S. defense department documents that contradict Canada's official position that it has never supplied materials for the Vietnam war to the Americans.

The U.S. buys military equipment and supplies in Canada through the defence production sharing agreement. The G&M gives 2 reasons why the gov't has given the image that it doesn't supply war materials to the Americans: 1) the defense agreement gives Canada up to \$350 million a year and 15,000 jobs;

2) its allegedly neutral position on the International Control Commission.

(GM, 24/1/75 p3 c1-9)

CANADA IN THE MARKET FOR WAR PLANES

Defence Minister Richardson, who seeks to create an elite force fully equipped with the latest weapons, outlined new equipment that is forthcoming. Included are wheeled armoured vehicles. Machines are being studied from Brazil, Switzerland and the U.S. The greatest expense is replacement of the Argus with an ultra-sophisticated long range patrol aircraft.

(WFP, 25/1/75 p22 c1-8)

Ideological-Cultural

INTRODUCTION

The intense verbiage generated by the advertising issue has reached new heights. Secretary of State, Hugh Faulkner, finally called an end to the special tax status enjoyed by advertisers in Time Magazine and Reader's Digest. As reported in the media, the issue hovers somewhere between 1) maintaining cultural nationalism, 2) giving Canadian publishing a chance at the advertising revenues directed to the two American-based magazines, 3) and a heavy-handed encroachment on the freedom of the consumers by government.

The first is the official point of view. In his address to the House of Commons, Faulkner said that "we in the government are not so much concerned with certain of the nation's industries as we are deeply committed to the nation's integrity. What happens in the area of Canadian books, magazines and broadcasting, as in other areas of Canadian cultural expression, is not a matter of marginal interest or importance."

Canadian publishers, who have long lobbied for such action, do in fact see Faulkner's cultural nationalism as a shot in the arm for their ailing industry. Advertisers are taking the part of the consumer, who, they say, have shown by their choice what they really want.

One wonders whether cultural nationalism can exist along with economic dependence. Is Faulkner more interested in Canadian integrity, or another government-subsidized industry!



GM 25,1,75,p.6.

TIME AND READER'S DIGEST TO LOSE CANADIAN EDITIONS

Time and Reader's Digest finally seem on the brink of losing the share they have in Canadian advertising revenue by the loss of tax privileges for their advertisers. The government plans to end their exemption as well as making Canadian advertising on U.S. broadcasting stations prohibitively expensive. Faulkner expects the end of the tax break to produce a Canadian newsmagazine. Though Time and the Digest will try to change their ownership pattern, Faulkner does not think Time can change its corporate structure enough to comply with regulations for a Canadian content magazine.

TS, 24,1,75, p.A1, c8-9

HOW MAGAZINES IN CANADA RATE IN TERMS OF CIRCULATION

Reader's Digest (Can.)	1,250,347	Chatelaine (in French)	273,428
Chatelaine	991,326	Country Guide	270,578
Maclean's	741,980	TV-Hebdo (in French)	235,926
Time Canada (weekly)	557,713	Miss Chatelaine	161,354
Legion Magazine	341,019	Le Maclean (in French)	154,417
United Church Observer	298,393	Saturday Night (suspended temporarily)	60,000
Selection du Reader's Digest (in French)	274,323	Toronto Life	32,565
		Canadian Geographical Journal	21,393

TS, 18,1,75,p.F1,c1

ADVERTIZERS ARE PAWNS

Advertisers feel that they are treated as pawns in Ottawa's move to aid magazines and broadcasting. The unclear conditions the government intends to set for magazines to qualify as indigenous publications threaten the freedom of the press. With regards to broadcasting, the small advertiser will be squeezed out as prime time on Canadian television is already filled, if not allowed to advertize on U.S. stations.

GM, 29,1,75,p.B3,c1-7

Christopher Young of the Ottawa Citizen sees various factors responsible for the recent action against American magazines by the government. One is the increasing strength of the feeling that Canada must do something to assert its economic and cultural independence against the U.S. Another is the discrediting of the American example through the Viet Nam war and the 'Nixon horror show.' The third, the near-demise of Saturday Night, While the unfair advantages enjoyed by Time and Reader's Digest have been hard to deal with by Canadian publishing, can a Canadian journalistic and publishing community rise to the challenge of providing material of similar quality from a Canadian culture?

OC, 25,1,75,p.6, c2-4

FM TO IMPROVE QUALITY

The CRTC has declared that Canada's FM stations are to broaden their programming and increase their quality. Each FM station in a community must be different from others in the community in terms of the programming it carries, that most carry 25% foreground programming, designed to be listened to intently, and that advertizing be reduced to half the present rate. More affluent FM stations will also be required to carry live music.

GM, 21,1,75,p.1,c5-7

BILINGUALISM**'FLEXIBILITY' OF BILL 22 MAY SHUT ANOTHER DOOR**

Premier Bourassa indicated yesterday that the government could change regulations in order to prevent immigrant children who attend private English classes from enrolling in English-language schools.

Both English- and French-language critics of the controversial language policy have said too much power rests in the hands of the bureaucrats. The ambiguities and the lack of clarity permit the cabinet to do whatever they want.

MS, 27,1,75, p.A1,c3-6

Latin American Newsfile

Argentina

POLITICAL PRISONERS FREED IN ARGENTINA

The Argentinian government has announced its intentions to release 94 political prisoners held since proclamation of the state of siege, November 6. At the beginning of the month, the Argentinian Minister of the Interior, Alberto Rocamora, said that some 500 people were being detained in an effort to put an end to the violence which resulted in 200 victims.

LJ, 15,1,75,p.7,c1 (AP)

Bolivia

REPRESSION AND STRIKES

In the wake of the closing by the military of 4 radio stations (including one run by Oblate Fathers) in the most important mining centre in Bolivia, 5000 workers from "XX Century" and "Catavi" mines declared a 96-hour protest strike. The President's press secretary, Janvier Arce, charged that these stations were waging a campaign "of subversion" and "discreit" of the regime, in contravention to the "new order" law decreed November 9, 1974.

LJ, 17,1,75,p.7,c6-8 (PL)

LJ, 22,1,75,p.7,c6-8 (PL)

Chile

ECONOMIC CHAOS

The drop in copper prices has hit Chile hard. Each one cent move on the international price, represents \$18 million to Chile. The price has dropped from a high of \$1.40 a pound to less than half that since last April. Because of political repression and worthless money, Chile is dependent on the U.S. and its aid, and this dependence has a high price, including compensation to U.S. companies for properties taken over by the elected Allende government. Mexico's sudden decision to sever relations means that Chilean farmers will lack fertilizer from Mexico. Chile has the highest per capita foreign debt in the hemisphere, \$3.7 million. It can't get more international loans, the IMF has prohibited further borrowing. Chile must renegotiate her foreign debt in March. Chile's export earnings for 1974 should total \$2 billion, but \$600 million will be spent on foodstuffs, with \$450 billion for oil. The Military government has put a severe austerity program into force in Chile, the result thus far is that one third of the labour force is either idle or unemployed. Most Chileans with jobs earn \$70 a month and prices are soaring.

HCH,11,1,75,p.25,c1-2

A secret report by the World Bank shows that Chile under the junta is in some respects worse off than under Allende who was overthrown allegedly for his economic failures. The report criticizes the regime of Gen. Pinochet for its inability to control inflation, which it says could reach 600 percent in 1974. It accuses the junta of wasting money on excessive military spending. Chile will need at least \$1.2 billion to avoid financial crisis in the next few years, from new loans and extensions of old ones. \$800 is due to be paid next year and the year after. There are 1.5 million Chileans out of work, and destitute, without unemployment insurance. The report recommends a 40% cut in military spending.

MS, 13,1,75,p.A2,c4-5.

Bread threatens to become a luxury food in Chile, its price rising to more than 11 times that in 1974. Australia has decided to halt the sale of 300,000 tons of cereals to Chile under pressure from Australian unions. At a meeting of the Socialist International recently, British Labor representatives and delegations

from government parties in West Germany, Portugal and Sweden pledged themselves to halt new funds for Chile until the junta started showing some respect for human rights. There is increasing speculation in London that the junta will have to sack Pinochet and call back civilized politicians.
WFP, 29,1,75,p.32,c1-7

The U.S. government insurance agency approved that the Chilean government has agreed to pay \$127.2 million in compensation for the nationalized properties of ITT in Chile.
WFP, 9,1,75,p.2,c5

NICARAGUA

PERMANENT MILITARY TRIBUNAL

The President of Nicaragua, General Anastasio Somoza, has decreed the creation of a permanent military tribunal which will judge crimes against security of the state and the public order. The tribunal will sit as long as martial law, decreed December 28, 1974, is in effect.
LJ, 13,1,75,p.7,c1-2, AFP

PANAMA

UNITED BRANDS TO BE NATIONALIZED

According to a tentative agreement between the government of Panama and the United Brands subsidiary, Chiriqui Land Company, the government will take over the company on December 31, 1977.
LJ, 6,1,75,p.5,c.1 (AP)

PERU

BANKS LOAN \$200 MILLION FOR PERU'S COPPER PROJECT

A consortium of European, Japanese and U.S. banks is loaning Southern Peru Copper Corp. (SPCC) \$200 million to enable completion of the Cuajone project in the high Andes by 1976. Cuajone, 550 miles southeast of Lima will have "an annual capacity of 170,000 short tons per year of blister copper, making it one of the world's largest copper mining operations."

The World Bank and the U.S. Export-Import Bank will provide additional debt capital on long-term credits for the project. Shell's mining subsidiary, Billiton, has taken a 11.5% equity participation in the mine and will help operate it.
CC, 6,1,75,p.8 c1-2
WFP, 9,1,75,p.5

PERU'S 'REVOLUTION' REACHES CRITICAL TURNING POINT

After 6 years of social and economic reforms, the popularity of President Juan Velasco Alvarado appears to be waning, as his government takes a harder line on issues important to the middle class. Some time this year, the officer corps who rule Peru may face the need to change presidents. The most obvious candidate to succeed the ailing General Velasco is another army general, Francisco Morales Bermudez, an officer with a reputation for independent thinking, who has been the finance minister in the first 4 difficult years of military government. On Feb. 1, General Morales is scheduled to take over the office of Commander-in-Chief of the Army and Prime Minister, putting him at the top of the formal military chain of command. He would be the most obvious successor to the presidency should anything happen to General Velasco.

In the beginning (1968) the military had middle class support for its domestic reforms and leftist foreign policies. The military carried out a large agrarian reform program. They have expropriated the large privately owned estates and turned them over to three kinds of cooperatives. According to available statistics, this was done without the drastic drop in production that has accompanied land reform elsewhere. The government gained control of the banks and insurance companies and nationalized the biggest areas of Peru's trade with foreign countries. It started two separate schemes of worker participation in factory ownership and operation, neither of which has yet come to fruition.

The overriding political effect of all these reforms was to strip the Peruvian oligarchy (about 40 families) of its power. The oligarchy, of course, was never happy with these changes. The middle class, however, supported the military until some time last year when the pace and style of the revolution began to change. Internal discontent of parts of the middle class, the beginning of political terrorism, and the growing sense of isolation that Peru feels within South America especially since the right-wing coup in Chile, all indicate that critical turning point has been reached. In addition, relations between Peru and the U.S. has cooled. In December the U.S. state department said it was giving Exxon \$22 million out of the \$76 million supplied by Peru for expropriated U.S. properties. Suspicions grow that the U.S. could try to promote a Chile-type coup in Peru. WFP, 29,1,75,p.58,c1-2 J.Novitski

URUGUAY

UPSURGE OF REPRESSION

Following the assassination in Paris of the Uruguayan military adviser, Ramon Traval, the Uruguayan military regime has increased its repression against political prisoners and their families. Visits are forbidden, even from their lawyers; they can neither receive nor write letters, and packages from their families are banned. All those who had been released on probation have been imprisoned again, and former prisoners who have started procedures to leave the country have had these procedures interrupted. LJ, 7,1,75,p.7,c5-6, (PL)

BERTRAND RUSSELL TRIBUNAL

CNSP NOTE: French press gave extensive coverage to this event. Le Jour carried 3 articles, Le Devoir carried 4. The Tribunal's second session, held in Brussels, focused on violations of human rights in 4 Latin American countries: Brazil, Uruguay, Chile and Bolivia. The purpose of the Tribunal is to sensitize the public to the injustices that it denounces. One of the main topics was the role of multinational corporations in the perpetuation of inequality and injustice. It called for the release of all Latin American political prisoners, and appealed to all free men, and especially workers and trade unions, to try to block the mechanism of exploitation growing in Latin America.

KISSINGER CONDEMNED FOR ROLE IN CHILEAN COUP

Sicco Mansholt, former president of the Common Market Commission, called Tuesday for the condemnation of Henry Kissinger, U.S. Secretary of State, for his role in the overthrow of the Chilean government of Salvador Allende. "It is clear that the American government and Kissinger intervened in Chile", he said to the Tribunal. "They should be condemned". "Kissinger should be held publicly responsible for the overthrow of a social democratic government". (LJ, 16/175, p7 c4-5 AP)

NINE LATIN AMERICAN COUNTRIES ACCUSED

Nine Latin American countries have been accused by the Tribunal of systematic violation of human rights. They are Brazil, Chile, Haiti, Uruguay, Guatemala, Paraguay and the Dominican Republic. It also denounced "the extermination of Indian communities in Latin America and accused Brazil of genocide. (LJ 20/1/74, p6 c7-8 Reuter)

UNITED STATES TRADE BILL

The U.S. Trade Bill, passed by the Congress last month, is a subject of concern to many Latin American nations for whom the U.S. is an important market. One clause excludes the petroleum-producing nations from the benefits of lowered tariffs, while all countries expropriating U.S. property without compensation will not be allowed most favoured nation status in trade regulations.

BRAZIL CONDEMNS TRADE ACT

For the first time in many years, a Brazilian chief of state has openly criticized the economic policies of the U.S. Referring to the Trade Act, General Geisel, in a letter to Venezuelan president Carlos Andres Perez, denounced clauses in the Act which "represent a serious threat to Latin American and Brazilian nations." The U.S. market absorbs 25% of all Brazilian exports. (LD 20/1/75 p10 c5-8 AFP)

(LJ 20/1/75 p6 c3-6 AFP)

LATIN AMERICA REACTS

Reaction to the Trade Act in Latin America has thrown the Latin nations towards solidarity if not cohesion. The Mexican Minister of Natural Resources, Francisco Javier Alijo, recently visited Cuba to study the possibility of the formation of SELA - Latin American Economic System - as an idea created last year by Mexican President Echeverria. As defined, SELA's objectives would be to coordinate the political economies of the Latin American countries, to defend the prices of raw materials in the region, and to set their own multinational corporations. The possible inclusion of Cuba in this system could be the final blow to the Organization of American States. (LD 22/1/75 p4 c1-4 G. Vigny)

OAS CONFERENCE IN BUENOS AIRES IS POSTPONED

Argentinian Minister of Foreign Affairs, Alfredo Vignes, announced last night the postponement of the conference of Ministers of American states which was to take place at the end of March, with the presence of Henry Kissinger, U.S. Secretary of State. "It is not a question of breaking the dialogue with the U.S.," said Mr. Vignes, "but a postponement, given the new trade law adopted by the U.S. which has created a situation of conflict." (LJ 28/1/75 p6 c1-5 AFP)

(LD 28/1/75 p8 c1-6 AFP)

CANADA -- LATIN AMERICAN RELATIONS

BRAZIL

Fast-growing trees, producing pulp in 12 years are being grown on a tree farm of up to 250,000 acres in Brazil. The project which may eventually employ 5,000 people is being developed by Companhia Catarinense de Empreendimentos Florestais, which is 51% owned by Mac Millan-Bloedel of Vancouver, with participation by Brascan Corporation of Toronto, as well. The partnership between the two giant Canadian firms came about because MacMillan, with forest industry expertise and an interest in the quick production of cellulose, found it needed a partner with expertise in dealing with Brazil. Robert Lee, president of the Brazilian subsidiary stated that 450 people are clearing the land (unlike B.C. where companies are tenants on crown land). It has received tax incentives and encouragement from the Brazil government because the area where it is being developed--Santa Catarina state of southern Brazil, is considered to be in need of development. MacMillan Natural Resources Vice-President J.O. Hemmingsen, states that his firm is looking around the world for new forest possibilities, because Russia is the only country that has new harvestable forests left where expansion could occur. VS, 15,1,75,p.36,c1-4

MEXICO

Alcan Aluminum Ltd. is exploring with Reynolds Metals Co. (U.S.) the possibility of joining the governments of Mexico and Jamaica in an aluminum smelter project in Mexico costing \$185 million, and producing 120,000 metric tons per year. Mexico would hold 51% of the company. No formal agreements have been reached. TS, 17,1,75,p.B9,c8-9.

CP Hotels has announced a \$40 million agreement with Mexico's largest bank, the Banco de Comercio, to develop new hotels in Mexico City, Acapulco, Cancun, Zihuantanejo, Puerto Vallarta, Mazatlan and Baja California. CP has cancelled contracts to manage the Chateau Royal in Mexico City and the Acapulco Royal. GM, 1,2,75, p.B2,c1.

Mexico's Ingeniero Civiles Asociados, its own multinational construction firm, is a good example of multinationals in a country where multinational is a dirty word. It is working on major projects in Panama, Colombia, the Dominican Republic and Honduras. It has recently associated itself with companies in Brazil, Ecuador, Venezuela and Peru, and looking as far away as Portuguese-speaking Africa. I.C.A. is involved in construction of heavy engineerings, mechanical, cement and concrete, aerial photography, real estate, urbanization and other companies which employ 60,000 people. Presiding over this empire is civil engineer Bernardo Quintana. 95% of I.C.A.'s Mexican business is with the Mexican government.

HCH, 11,1,75,p.7,c7-8

VENEZUELA

Energy Minister Donald Macdonald visited Caracas for talks on long term supply and oil prices with Venezuelan officials. 60% of Canadian oil imports come from Venezuela, and Venezuela's plans to nationalize the oil companies and trade on a state-to-state basis are being discussed. The talks produced a commitment from Venezuela to continue

supplying Canada with petroleum after nationalization. The talks included Macdonald's plans to create a national petroleum company for Canada which would import Venezuelan oil, called Petro-Canada. Oil marketing plans are not yet completely and concretely defined in the Venezuelan nationalization legislation being prepared.

WFP, 6,1,75,p.c,c7-8

WFP, 9,1,75,p.7,c2-4

ANDEAN GROUP

The Andean group of Latin states, includes Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela. It has a total population of 69.1 million people, with an average per capita COP of \$640 per year. Canada shares problems of communication, strung-out population, raw material production dependence, and the power of neighbouring giants (U.S. and Brazil).

In 1969 the Andean countries signed the Caragena Agreement, with Venezuela joining the 5 original members in 1973. Their objectives are to create an economic unity large enough to negotiate on equal terms with Argentina, Mexico and Brazil, to accélerate their industrial development and reduce dependence on raw material exports, to build up infrastructure, and to try and equalize economic levels. The main mechanisms of the group are:

- Automatic internal tariff reduction. Tariffs on 2,370 items between the 4 major countries are being reduced in equal annual steps between 1971-1980, with tariffs on goods from Bolivia and Ecuador being reduced more swiftly.
- Common external tariff. A minimum external tariff has been set for all products not subject to industrial programming, and by 1975, national tariffs will be reduced to this common level.
- Industrial programming. 1,500 items in some 10 basic industries have been received for programming, where after studies there will be progress toward a zero internal tariff and common external tariff.
- Some products may be "assigned" to one country for manufacture, in order to gain from economies of scale.
- Harmonization of social and economic legislation--in an attempt to make laws affecting economic life compatible with each other, and to assist a common development strategy.
- Common treatment of foreign capital. Within 15 years in the 4 larger countries and 22 years in Bolivia and Ecuador, foreign companies must transform themselves so as to be at least 51% owned by domestic investors.

Canadian companies should be prepared to set up joint-venture companies under Andean foreign investment law. J.H.Stevens of Canada Wire and Cable states his company has been successful in using minority positions in joint-venture companies. Massey-Ferguson plans to establish minority-owned plants in Peru for tractor assembly and diesel engine production. Several Canadian companies have set up separate subsidiaries to sell technical consulting services rather than products, for instance, Stelco Technical Services Ltd., which markets Stelco's proprietary technology, and carries out technical consulting and feasibility studies.

FP, 11,1,75, by John Cummings, of Woods, Gordon & Co., who has acted as a consultant to the Andean Group.

CIDA

THE AFRICAN CONNECTION

Active press concern with CIDA opened with a story on Canadian aid to liberation groups in southern Africa, amounting to about \$200,000 of government money, channeled through the Canadian Council of Churches and CCODP, to groups in Mozambique and Angola, and to groups in Zambia with interests in Rhodesia. CIDA officials while stating that they would never give a grant contrary to South African law, would not preclude humanitarian assistance to the outlawed African National Congress of South Africa. While several papers carried the story straight, the Ottawa Citizen led off with an appropriately stated headline, "Trickle of Canadian Aid reaching African groups." (TS, 8,1,75, p.A18; WFP, 8,1,75,p.4,c7-8; OC, 8,1,75,p.19,c3-8; MS, 8,1,75,p.A7,c6-7)

STOKING FIRES

January ended with a flurry of criticism of CIDA's spending habits, authored by Claude Wagner, P.C. foreign affairs critic, who accused CIDA of spending like mad in order to use up its budget before the end of the fiscal year. (TS, 24,1,75, p.B12,c2-5; VS, p.24,1,75,p.7,c1-2). Wagner referred to charges raised in the Ottawa Journal regarding a no-interest loan to a private airline in Indonesia, and other countries. CIDA officials stated that the push to spend was provoked by the urgent needs in Bangladesh, India and some African countries. External Affairs Minister MacEachen rejected Conservative demands for a House of Commons Committee inquiry into CIDA. (GM, 24,1,75,p.3,c1-4; TS, 28,1,75,p.A6,c1-2) CIDA President Gerin-Lajoie stated that extra money in CIDA at the moment was the result of a cut back on aid to India after that country exploded a nuclear device. Money was being redirected to Bangladesh, the Sahel, and increased food aid to India. Mr. Gerin-Lajoie described a new joint development aid initiative, with Kuwait, Iran and Venezuela where Canada would put up technical expertise and the three oil countries would provide capital. (GM, 29,1,75,p.9,c4-5; TS, 29,1,75, p.A6,c3-5)

Paul Hellyer in the OC (6,1,75,p.6,c2-5; 8,1,75,p.6,c2-3) highlighted the rather sudden grant to Cuba of a \$10 million CIDA soft loan under very favourable conditions. Hellyer stated that Canada was preferring Cuba, a country with a relatively prosperous individual income (\$500 per capita per year), over needy Caribbean islands. His article masqueraded as an effective attack on CIDA, but was more specifically an attempt to play off Canadian consumers and other recipient countries against the Cuban loan. Hellyer also suggested that the obvious difficulties of CIDA might be alleviated if an associate secretary of external affairs was appointed, to assist Allan MacEachen in controlling the vast expenditures of the agency.

Christopher Cobb and Robert McKeown (WFP, 27,1,75,p.4,c1-3; 29,1,75, p.17,c1-4; 30,1,75,p.6,c1-2; 31,1,75,p.21,c1-3; 1,2,75,p.8,c1-2) repeated many of the charges made earlier (see CNSP last month) and highlighted the CIDA loan of \$12.5 million for 11 Twin Otter STOL planes to Indonesia, where they will be used by a regional carrier MNA, which

is a private firm, being subsidized by the Indonesian government. "On the face of it, Canada would seem to be contributing to the success of a private company with a no-interest loan to be repaid in 50 years."

The Cobb-McKeown articles included criticisms of CIDA's emphasis on spending as the way to staff advancement and success, the size of its budget, the question of technically inappropriate aid, charges of patronage and political friendships in loans and grants, Gerin-Lajoie's style and sensitivity regarding criticism, poor communication internally and high staff-turnover, and geographic rather than functional organization which leads to a repetition of mistakes in various countries.

Criticism of CIDA was shared by a number of opinion and editorial writers. The OC (14,1,75, edit.) called for a legislative inquiry into CIDA through the Commons external affairs committee. The VS (20,1,75,p.4,edit) commented on the relationship between Aid and birth control, criticizing President Gerin-Lajoie for stating that social justice in the raising of living standards was a prerequisite for family limitation. The Sun argues that living standards cannot be achieved until population control occurs, and cast up the prospect of withdrawal of aid from those "who will not help themselves." The WFP (30,1,75,p.17) joined the Citizen in asking for a full inquiry and suggested that Mitchell Sharp and Alan MacEachen should provide some leadership in facilitating inquiry.

The Toronto Star (11,1,75,p.C4,c4-8) carried commentary by a Canadian businessman, Norton Anderson, who was five years Far Eastern Director of the Canadian Executive Service Overseas, a CIDA-funded non-profit corporation with a number of directors who are senior officers of Canadian corporations. CESO sends Canadian businessmen abroad as technical advisors. Anderson called for a clear business and government partnership to increase Canadian trade and investment into the trade activity of the third world. He referred to efforts by Japan and Germany to expand their exports and trade with developing countries through government-industry cooperation. Anderson called for a new quasi-official high-status body, which would co-ordinate the government's trade and development staffs abroad, and be heavily subsidized through CIDA.

The superficiality of the criticism aimed at CIDA was pinpointed in an irate letter from Penny Sanger in the Ottawa Citizen. (21,1,75,p.6,c6) She criticized Citizen columnist Patrick Best for his articles (see CNSP December), calling them "office gossip," the "who's knifing whom" in CIDA. Rather she suggested concern about "What is CIDA doing about the food crisis? The fertilizer crisis? How does it choose between responding to emergencies and development assistance? How much does CIDA assistance cost the recipient countries?"

COMMENT: These critiques of CIDA still leave us wondering, who does CIDA's aid really help? Is it not De Havilland as well as a private airline in Indonesia, Cargill Grain Co. as well as the Bangladesh mother, Montreal Engineering Co. as well as an irrigated farm-owner, Canada's (or the U.S.) mining firms, as well as the geographers of many less developed countries? Is an agency so frequently allied with a business-dominated culture and society, capable of assisting those who would build a society on other values?