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synthesis project



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canadian newssynthesis project

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

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

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Montreal Star	MS
Vancouver Sun	VS
Halifax Chronicle Herald	HCH
Winnipeg Free Press	WFP
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HIGHLIGHTS - FEBRUARY

Debate over the competition bill and the appearance of usually more hidden business lobby groups dominates much of the federal scene this month. The dredging scandal only began to show its ugly head in the February news coverage and thus has been left for the coming month.

A slow economy continues to uncover the precarious situation of workers in certain sectors. This month we look at lay-offs of textile workers, auto workers and fishermen in Nova Scotia. The public service alliance strike is receiving extensive press coverage and is often the focus of anti-labour press.

Political manoeuvring by Latin American countries against the U.S. Trade Bill continues. A host of economic moves by Latin American countries around resources is highlighted in "Hemispheric Economic Relations". The crisis in Peru is growing as conservative elements mobilize against further reforms in the Peruvian society.

ONE OF THE MOST IMPORTANT EVENTS OF THE MONTH WAS THE TABLING OF THE IMMIGRATION GREEN PAPER. VERY LITTLE OF THE PRESS COVERAGE OR THE GREEN PAPER ITSELF PLACES THE IMMIGRATION ISSUE IN A FULLER CONTEXT OF SOCIAL AND ECONOMIC POLICY. ONE MIGHT ASK WHY THE GOVERNMENT HAS PROPOSED PUBLIC DISCUSSION OF THIS PAPER. IT HASN'T DEALT WITH URBAN GROWTH, HOUSING, TRANSPORTATION OR TRADE AGREEMENTS IN THE SAME WAY.

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Economic-Capital

Foreign Investment

INTRODUCTION :

The Foreign Investment Review Agency (FIRA), the Act which brought it into existence, and the continuing debate over foreign land ownership, especially in Prince Edward Island, received extensive coverage this month.

FIRA has approved the takeover of three more Canadian firms by foreign interests. This brings to 41 the number of acquisitions approved by the Agency since its inception in April of last year.

Despite this the provincial governments have already persuaded Industry Minister Alistair Gillespie to put off proclaiming part two for the time being. He had originally promised Parliament that this would be done before the end of last year. The provinces claim that the extension of the Act would drive away investment capital at a time when unemployment is rising across the country. The question is: Have the provinces made the correct links between foreign investment (and ever-increasing control of the Canadian economy by decision-making interests outside the country) and unemployment??? Yet given the danger of foreign control of the economy and the consequent weakness of the nation to make economic decisions for the good of its own people, we must ask: Is Canada's foreign investment control legislation only preventative rather than remedial? Part two of the Act merely extends the screening procedure to new direct investments and the expansion of existing foreign firms into unrelated business. Yet, the most important form of new foreign investment - about 80% of it - was the simple growth and expansion of existing foreign controlled companies. And there is nothing in Canadian law and nothing proposed by the government to curb this form of internally generated foreign investment.

And in P.E.I. the controversy over land ownership by non-residents continues in the Supreme Court. What has come to light this month are plans by P.E.I. to pass a law dealing with land ownership by companies - a move opposed by the federal Justice Department.

The Foreign Investment Review Agency (FIRA) has approved the acquisition of three more Canadian companies by foreign interests. So far 41 takeover applications have been approved while only 9 have been rejected as not being of "significant benefit" to Canada.

The latest decision includes the takeover of a concrete pipe manufacturer in Quebec by Australian interests, a mobile home company by an American firm in Saskatchewan, and a construction company in Alberta by a British firm.

(GM, 15/2/75, pB2 c3; TS, 15/2/75, pA2 c2-3)

Describing part two of the Foreign Investment Review Act as "premature and unnecessary", all ten provinces have determined to oppose its implementation on the grounds that it would drive away investment capital at a time when unemployment is rising across the country.

With the proclamation of the second part of the Act, the screening process would then be applied to all foreign takeovers of Canadian companies regardless

of assets or profits, to all new businesses established in Canada by foreign interests, and to all expansions into unrelated fields by already established foreign-controlled firms.

Two sets of reasons seem to be operative in the provinces' opposition. The poorer provinces claim they must rely on investment from abroad since little Canadian risk capital comes their way. The wealthier ones say they fear more gov't interference in their development plans. All complained of lack of consultation, and have persuaded Industry Minister Gillespie to delay the proclamation of the second part of the Act.

(HCH, 19/2/75, p31 c3-4; OC, 18/2/75 p9 c1-3)

LAND OWNERSHIP IN PRINCE EDWARD ISLAND : THE CONTINUING DEBATE

In 1972 Prince Edward Island enacted a law limiting the amount of land non-residents could own in the province. This restricted non-residents to 10 acres and no more than 330 feet of shoreline. P.E.I. brought in this law because of worry about dwindling farm acreage and fear that Islanders would be blocked from access to their own waterfront recreation areas. The province has had a long history of problems arising from non-resident landlords. In fact, it was for this very reason that the P.E.I. Supreme Court upheld the law in its 1973 ruling. In the 18th century, tenant farmers rioted against absentee landlords and the province later entered Confederation only on the condition that absentee-owned land would be sold to the government which would resell it to the tenants.

The law is now being challenged in the Supreme Court of Canada by two Americans and the federal Justice Department. They maintain that the restrictions on land ownership for non-residents is aimed at foreign ownership, and thus an invasion of the federal government's responsibility to enact laws dealing with aliens. The Justice Department also argues that the limit on ownership applies to federally incorporated companies with head offices outside the province.*

P.E.I. contends that the law is not aimed at companies but applies only to individuals. Secondly, the province contends that the Citizenship Act does not give Canadians or aliens the right to own property, and at any rate the P.E.I. law does not forbid anyone from buying up to 10 acres. Therefore, P.E.I. argues, it is not a question of citizenship but of residence.

The other 9 provinces have given their full support to P.E.I. The Supreme Court has given no indication as to when it will hand down its ruling.

(WFP, 12/2/75, p71 c5-6; CP; HCH, 12/2/75 p3 c3-5 CP;

MS 12/2/75, p14 c6-8 CP; TS, 13/2/75, pA8.c1-6

CP TS, 22/2/75, pB6 c1-3 staff)

* CNSP NOTE: At present this is not the case. The province does, however, plan to pass a law dealing with land ownership by companies.

The federal government in a Throne Speech 2 years ago promised to produce a law dealing with the sale of land to "foreigners" but so far has done nothing in this regard. This has been a burning issue with several other provinces as well. Foreign ownership of prime land has been a major problem and 4 provinces have or are considering restrictive legislation. Ontario has a 20% tax on land purchases by non-Canadians; Saskatchewan presently restricts the amount of farmland non-residents may own; Nova Scotia wants to restrict foreign ownership; and B.C. says it will pass a law if P.E.I. wins this case.

TRADESTATISTICS:

In 1974, Canada exported \$32.1 billion
 " imported \$31.6 billion
 for a favourable balance of trade (surplus) of \$472 m.

The totals hide some disturbing features of Canada's trade situation. Complete information is not available but some breakdowns were published in the press.

<u>Deficits</u>	1974 (in dollars)	1973
end products (fully mfg. goods)	-9.5 billion	-6.6 billion
auto trade	-1.4 billion	-668.6 million
auto parts only	-1.6 billion	-1.2 billion

Surpluses

crude materials	+15.5 billion	+4.2 billion
fabricated products (like steel)	+3.8 billion	+3.9 billion

(GM 25/2/75 pB3 c1-4; TS 22/2/75 pD8).

Canada's trade position has weakened considerably in the last year (see 1973 figures above). The surplus is maintained by increased exports of raw and semi-processed goods which contributes to a drain on resources, some of which are non-renewable. Another factor that "inflates" surpluses is foreign capital coming in as investment since the capital is added to the "export" total. Unfortunately figures on capital investment are not published as yet.

Since 2/3 of Canada's trade is with the U.S., it is important to note that in the first month of 1975 Canada had an unfavourable balance of trade (deficit) with the U.S. which contributed to an overall deficit.

<u>Total Exports</u>	\$2.81 billion	Exports to the U.S.	\$1.74 billion
<u>Total Imports</u>	\$2.9 billion	Imports from U.S.	\$1.77 billion

A similar comparison of figures in auto trade in 1973 and 1974 shows that Canada-U.S. trade in autos contributes in large part to the overall deficit.

	<u>Total Auto Deficit</u>	<u>Auto Deficit to U.S.</u>
1973	-668.6 million	-320 million
1974	-1.4 billion	-910 million

Some statistics were published on Canada's trade in arms:

	<u>To All Countries</u>	<u>To The U.S.</u>	
1963-1973	\$1,144 million	\$772 million	(FP, 22/2/75 pC5)

Another set of statistics gave yearly figures for arms and other military equipment:

1972	\$100,016,000	
1973	\$115,339,000	*\$50 million
1974	\$112,259,000	was specifically linked by the Pentagon as being "for

These figures are conservative support of in that they do not include Southeast Asia" contracts of \$200,000 or less.

(TS, 25/2/75 pA8 c9)



These statistics are an important context for assessing the Economic Council of Canada's confidential draft report which is calling for increased trade with the U.S. under a free-trade agreement. The report received coverage only in the TS which has an anti free-trade stand.

ECC Report: "Looking Outward: A Canadian Trade Strategy for a Changing World"

The report recommends an "open-ended free trade area with other interested countriesthe U.S., the European Economic Community (EEC) and Japan ...before the end of the decade".

Council members are reported to be sceptical of the possibilities of establishing free trade with either the EEC or Japan, implying that free trade and economic integration with the U.S. is the objective. (TS,19/2/75, pA1 c1-9;Richard Gwyn)

Free Trade Road To National Extinction

The supposed economic benefits of the ECC report must be questioned. Evidence suggests that Canada's industrial development and research capacity have been held back far more by foreign control of our industry than by lack of access to markets. Politically and socially our policy options, our ability to plan and direct our own future, our desire to be Canada are already seriously threatened and this threat would increase if we found ourselves integrated into a North American market. The ECC report ignores the effect of the high degree of U.S. ownership of Canadian industry. (TS,20/2/75 pB4 c1-2; 1/3/75, pB2 c1-2, editorials)

TEXTILES HURT

The trade statistics also suggest that unemployment in certain sectors of Canada is directly related to Canada's weakening trade position particularly with the U.S. and especially in the auto trade. Patrick Lavelle, president of the Auto Parts Manufacturers Association, continues to worry about the effects of the continuing auto parts deficit. The industry employs 50,000 workers mostly in Ontario.

Difficulties in the textile industry are also related since much textile manufacturing is for the auto industry. Dominion Textile which employs 40,000 workers in Quebec announced temporary shut downs in 2 Quebec and Ontario mills and a similar shutdown in the plant at Yarmouth, Nova Scotia.

(HCH,28/1/75, p1 c6-8; MS, 1/2/75, PA1 c1-6)

Increasingly multinational corporations (MNC's) play a dominant role in world trade. Here we include several articles which pose some questions about that role.

MNC's Benefits Canada in World Trade: Wm. Maunfield, pres. Massey Ferguson

"More Canadian global corporations could be the key to expanding our exports of manufactured goods".

"As developing countries expand they become potential markets for Cdn. technology, management and organizational skills and the supply of components for assembly operations". "Massey Ferguson has a unique opportunity to assist in agricultural development projects".

"The MNC is no more than an unhappy accomplice in political actions and governments should not use them to intrude into the affairs of other countries".

"MNC's will evolve to meet new national or international rules of conduct. However, any such ground rules should have a reasonable degree of continuity."

(FP, 22/2/75 pC5 c1-2; GM, 7/2/75, pB12 c6-9)

McCain Imports U.S. Spuds to New Brunswick

A federal agricultural department permit allows McCain Foods Ltd. of New Brunswick to import 10 million pounds of potatoes from Maine according to Allison Ellis of the National Farmers Union potatoe committee. Another NFU spokesman commented that every imported barrel "is another barrel our farmers are forced to dump". (OC, 15/2/75, p10, c1-6)

RESOURCES

Introduction:

The story receiving greatest coverage last month was the decision by Ottawa, Alberta and Ontario to invest \$600 million in Syncrude to keep that project afloat. One of the interesting aspects to this was the number of concessions made by the governments. Syncrude will be allowed to sell its oil at world prices, and the oil companies have been given several tax concessions that such ventures normally do not receive. Alberta will spend up to \$600 million to build supporting facilities such as pipelines. This backs up the charge made by the Committee for an Independent Canada that governments use tax money to support projects for the benefit of the U.S. controlled companies, who still control 70% of Syncrude.

Ottawa, Alberta, Ontario Move to Help Syncrude

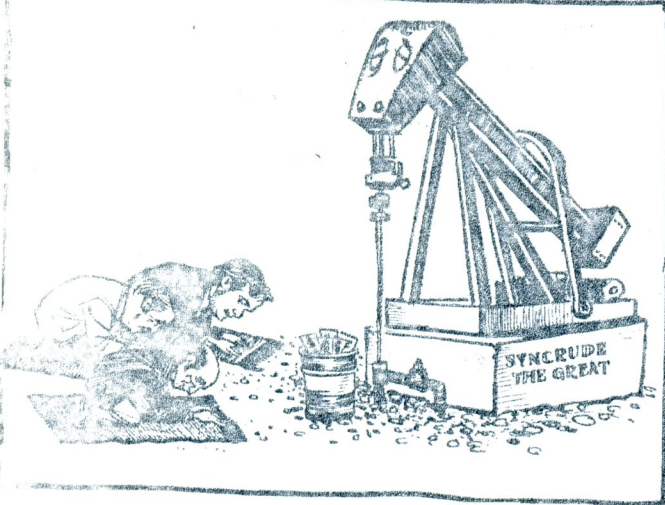
The federal gov't, Alberta and Ontario agreed to help the private companies in the financially troubled Syncrude project, which had been threatened by the pullout of Atlantic Richfield Co.(ARCO). Ottawa will provide \$300 million and will receive a 15% share. Ontario will put in \$100 million and receive 5%. Alberta will contribute \$200 million and receive a 10% share. Alberta will also provide a \$200 million loan which can later be converted to a share in the project. Alberta also renewed its promise to invest up to \$600 million for a power plant, housing, a pipeline and other services.

ARCOS's pullout left the other 3 partners \$1 B short of the \$2 billion cost. The companies, Gulf Oil of Canada, Imperial and Cities Service will now add \$400 million to their investment, which together with the \$600 million from the government will meet the project costs.

(OC, 5/2/75, p1 c2-5, also GM,MS)

SHARES IN THE PROJECT

Imperial Oil	30%
Cities Service	30%
Ottawa	15%
Alberta	10%
Gulf Oil	10%
Ontario	5%



Ontario Will Profit From Construction

Ontario has invested \$100 million to help keep the project alive, but also stands to gain \$250 million in construction orders.

(GM, 5/2/75, pB2 c2-3)

Gov'ts To Pay More If Costs Go Up

The federal gov't admitted that while \$300 million has been invested, the promise is that Ottawa will take 15% of the burden. Accordingly, if the price tag goes over \$2 billion, all interests will pay more, meaning more payments by taxpayers.

(WFP, 6/2/75, p1 c4-5; also MS, GM)

Syncrude Could Cost \$2.91 Billion

A study commissioned by Alberta says that costs could be \$2.91 billion. The new costs include those for disposal of saline water in mining pits, for mortgage financing, for housing of employees and interest during construction.

(GM, 13/2/75, pB2 c3-7)

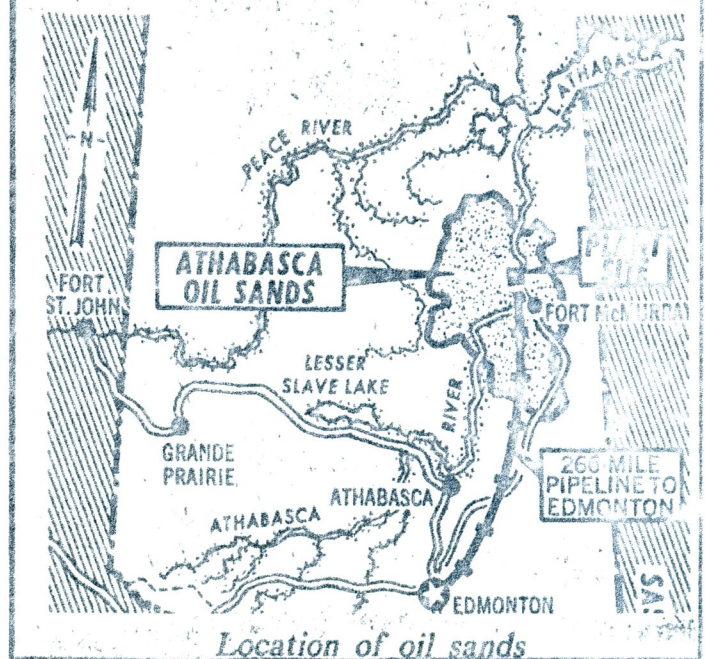
GAS

Ottawa Wants Gradual Gas Price Rises

Ottawa has presented a scheme to raise gas prices over the next 4 years to a level equal to the domestic price of a quantity of oil containing an equivalent out of energy. Presently oil costs \$7.30 per barrel, so an equivalent price for gas would be \$1.27 per thousand cubic feet. Now it is only 82¢. The price will be raised over four years to cushion the effect to consumers while still giving gas companies more money for exploration. Ottawa feels that conservation would be encouraged through normal market structures rather than by new regulatory bodies.

(GM, 18/2/75, pB1 c1-3 Jeff Carruthers)

Page 18, The Citizen, Ottawa, Wednesday, Feb. 5, 1975



OILOttawa Has Option To Buy Montreal Pipeline

The federal government has an option to buy the proposed Montreal oil pipeline if it has to subsidize the line's operation. The line is estimated to cost \$200 million and is designed to carry 250,000 barrels per day from Sarnia to Montreal. Operating costs could be \$25 million per year. Last spring, Interprovincial Pipeline Ltd. had offered to build the pipeline. Then in the fall, they said the job couldn't be done without guarantees of government help, especially if western supplies fell below economically viable levels. Ottawa agreed to subsidize the project, but only if given the option to buy.

(GM, 26/2/75, pE2 c2-6)

Gulf Earnings Increase But President Wants Higher Oil Prices

Gulf Canada President, Jerry McAfee, said that he would like to see a domestic oil price of \$9.00 per barrel to encourage conservation and "to provide the industry with the cash flow to develop resources for the future". Meanwhile, in 1974, Gulf earned \$150 million, up 50% from 1973; its previous last year.

(TS, 13/2/75, pB10 c2-5; also MS)

International Energy Agency (IEA)

The IEA discussed a U.S. proposal that a floor price for oil be established in order to provide funds for developing alternate energy sources. Although consumers want oil prices to drop, the U.S. wants a floor, or minimum, price established so that the development of alternate sources will be economically feasible. Once these sources are developed, IEA dependence on OPEC would be significantly reduced.

(TS, 4/2/75 pC8 c6-9, also WFP (Reuter))

OPEC Considering Price Rise To Fight U.S. Dollar Drop

Although OPEC leaders have been expressing reluctance to raise their prices, the decline of the U.S. dollar has been eroding the producers' earnings. For example, the purchasing power of Kuwait's earnings fell 3.9% in January. Earlier OPEC had decided to freeze its prices, but the weak state of the dollar is now causing a great deal of concern.

(HCH, 3/2/75, p2 c6; GM, 12/2/75, pB3 c2)

RESOURCES - OTHER THAN OIL AND GAS

The proposed uranium deal between Quebec and France received most extensive coverage. It is a question of the production of enriched uranium, or rather, enrichment - but for whom???? The chief beneficiaries of the project (other than Pourassa for his "image") will be private industry, France and possibly some other foreign buyers.

URANIUM

Quebec seems intent upon going ahead with its \$6-billion plan to produce enriched uranium for France. Officially, a preliminary study concerning the project is not as yet complete. But according to energy correspondent Rene Mailhot on the CBC French network, there is little doubt that the study will declare the project "feasible".

The project has mind-boggling implications for Canada's resource policy.

The type of enriched uranium plant envisaged would require 2,500 to 3,000 megawatts to function, I.E., 1/5 of Quebec's present capacity planned for the \$12 billion James Bay project.

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To keep the plant in operation it would take 18,000 tons of uranium oxide per year, or roughly 3 times Canada's current annual production.

The enriched uranium obtained by France could weaken the competitive position of Canada's CANDU reactor (which does not use enriched uranium) on the world market.

Enriched uranium can be used as a substitute for plutonium in the manufacture of bombs, and France has refused to sign the 1970 nuclear non-proliferation treaty.

Bourassa has already stated that the project would not use any of the present planned capacity of the James Bay development. This means expansion of the project involving more dams, more flooding and more damage to the environment.

The enrichment process would create large quantities of highly radioactive by-products, the disposal of which would be extremely difficult and dangerous.

(TS, 3/2/75, pC3 cl-7 staff; TS, 7/2/75, pB4 cl-3, editorial; OC, 10/2/75, p6, cl1 editorial; GM, 5/2/75, p6 cl-2, editorial)

Ottawa is opposed to the nuclear projects that would compete with the CANDU reactor, says PM Trudeau. He did not, however, rule out the possibility of federal approval for the proposed construction of the uranium enrichment plant.

(TS, 5/2/75, pA12 c8-9, CP)

CNSP NOTE: In light of recent scandals in Quebec, Bourassa needs a new project to bolster up his faltering image as an economic miracle man. The federal Liberal gov't is ever conscious of the "need" of propping up the Bourassa regime as it is the only strong federalist voice in Quebec.

MINING

Mining giant Cominco Ltd., a company owned by Canadian Pacific Ltd. had net profits in 1974 of \$86.3 million, up sharply from \$42.8 million in 1973. Over 40% of last year's profit came from outside of Canada.

(TS, 14/2/75, pC3 c7)

POTASH

Saskatchewan has set up a Crown Corporation for the purpose of direct involvement in the potash industry. Resources Minister Elwood Cowley said one reason for the creation of the Crown Corp., rather than handling gov't investment through existing agencies, was to increase the potash expertise available to the gov't.

(HCH, 6/2/75, p28, c5-7, CP; GM, same date, pB13 c2-3 CP)

AGRICULTURE

Kraftco recorded sales of nearly \$4.5 billion and profits of \$95.6 million in 1974. Profits were down, however, from their 1973 level.

(HCH, 5/2/75, p28 cl)

The American Minister of Agriculture, Earl Butz, says the U.S. should use its agricultural products to force certain countries such as Syria and Egypt to enter the American "sphere of influence". In fact, he says, food has become the "official tool" of American diplomacy, and a "very good investment". He also warned against any attempts at an embargo of American food exports to the Middle East in an effort to make the price of petroleum go down.

(LD, 4/2/75, p8 cl-2)

BANKINGCost Of Money Falls (see CNSP, Vol.III, #1)

The U.S. regulatory agency for banks, the Federal Reserve Board, has cut the discount rates for reserve banks from 7 1/4% to 6 3/4%. It is the second drop within a month and signals that government policy is to make money cheaper to borrow in an attempt to stimulate growth.

(TS, 5/2/75, pC13, c7-9)

Three of Canada's "big five" banks -- the Royal Bank, the Bank of Montreal, and the Bank of Nova Scotia -- have reduced their prime lending rates from 9.75% to 9.0%. The Toronto Dominion Bank and the Canadian Imperial Bank of Commerce have maintained a rate of 9.5% for the most favoured borrowers.

(GM, 26/2/75, pB1, c4-6; TS, 27/2/75, pB8 c8-9)

.....But Consumers Still Paying More

Although the cost of borrowing has been dropping since mid-November for large corporations, small borrowers are still paying the same interest rates and sometimes higher. Consumer loans at banks are still at 13 1/2%; automobile loans run at 15%; credit cards at department stores take an annual 21%; and finance companies are currently charging 23%-24% for consumer loans of more than \$1,500.

(TS, 17/2/75, pA1 c2-4)

B.C. Throne Speech Proposes Provincial Banking System

In the Throne Speech opening the latest session of the British Columbia legislative assembly, the government of Premier B-rrett served notice that legislation will be introduced to establish a provincial alternative to the federally-chartered banking system. "As opposed to the present eastern-based institutions, the new British Columbia financial structure will provide services throughout the province, particularly in northern and rural areas, and specifically in matters such as mortgages for families", said the Throne Speech.

(MS, 19/2/75 pH12 c1-3 CP; also TS, GM, HCH)

Canada Seeking Oil Money For Loans

Arab investors of "petrodollars" are favourably inclined to making investments in Canada or offering loans to Canadian institutions since they regard the country as "politically acceptable" and strong in energy self-sufficiency. Quebec and B.C. borrowed about \$450 million from Mideast countries late in 1974, and this year Ontario and Manitoba are seeking \$500 million and \$600 million respectively from OPEC sources. Usually Canadian provinces and large corporations borrow in the U.S. money market where Canada is the largest borrower on the bond market. In 1974, Canadian governments or corporations took out \$1,700 million in bonds in the U.S. The 1975 figure is expected to be \$2,100 million reflecting the money demands for inflated costs of projects such as James Bay.

(FP, 1/3/75, p13, c3-8)

Mortgage Rates May Drop

If the economic slump continues throughout 1975, the demand for mortgages will taper off sharply as fewer individuals are in the position to buy a house. Mortgage rates could come down to below 10% from present levels of 10 1/2% -11%. as mortgage dealers attempt to stimulate business.

(FP, 1/3/75, p1 c6-9)

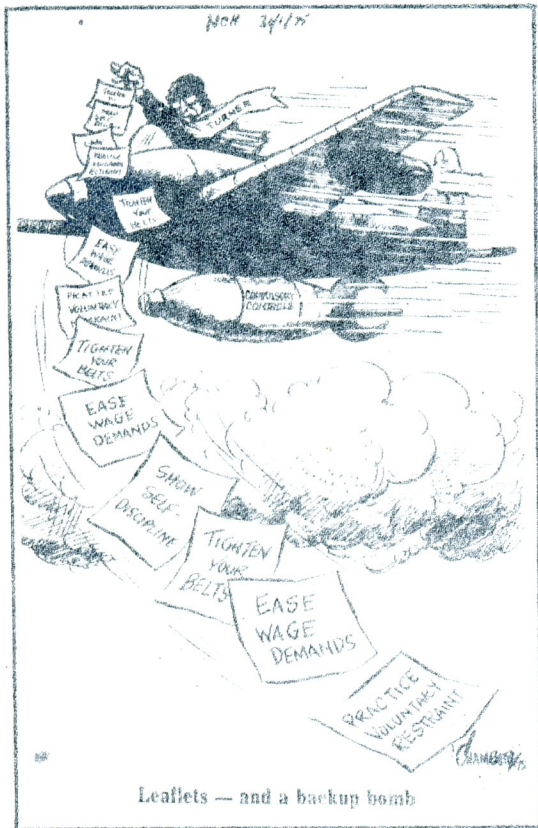
State of the Economy

INFLATION CONTINUES, BUT GROWING SLOWER:

The January Consumer Price Index (CPI) showed a .5% gain with cars, food, drink, gas and electricity price rises leading the way. The January to January increase of the CPI was 12.1%, but the inflation rate seems to be growing slower than in previous months. (MS, 7/2/75, pA1 c5-6 CP; also WFP, OC, T8 same day)

CONSUMER PRICE INDEX MAY BE INACCURATE:

While wage contracts, pensions and family allowances are increasingly being tied to the rise in the Consumer Price Index (CPI), Statistics Canada chief Sylvia Ostry is questioning its validity as an exact measurement of the rise in the cost of living. For example, the CPI is weighted to reflect the average spending patterns of middle-income urban family; but the poor of Canada who spend their money in different proportions, on the same or different products, are hurt more by inflation than the CPI indicates. If the CPI understates the actual rise in living costs by as little as half of a percentage point, wage earners and pensioners would lose several millions of dollars in CPI-tied incomes. (GM, 7/2/75, pA1 c1-6)



WAGE INCREASES BLAMED FOR INFLATION:

A Bank of Canada study estimates that about half of 1974's record price rises can be traced to higher wage settlements. The study claims that in the third quarter of 1974, 44% of new contracts settled included Cost of Living Allowances (COLA) tying wages to rises in the CPI. Labour is less willing to sign long-term contracts and non-unionized labour has been obtaining substantial increases in pay according to the study. Last month Finance Minister Turner described "the rapid escalation of wage and salary costs for those who work and press for increased income" as "the major driving force in inflation". (HCH, 6/2/75, p29 c2-5 FTNS)

CNSP NOTE: There is no mention in the press coverage of the Bank of Canada's study of the other factors causing inflation.

ECONOMIC STRAIN DOESN'T HURT EXECUTIVES

Despite the strains of inflation and recession, a recent Financial Times News Service (FTNS) study shows that most executives sailed through 1974 without having to make any serious adjustment in their personal life styles. Most respondents to the survey indicated that current economic problems did not affect their standard of living, vacation spending, purchase of a new automobile or acquisition of recreation equipment. (OC 14/2/75, p8 c4-6 FTNS)

GOVERNMENT SPENDINGHow to win a part of the shopping list?

Purchases by the federal government, provinces, public utilities, crown corporations, municipalities, school boards and other government agencies generates a market of

over \$10,000 annually according to some estimates. Businesses, large and small, compete to get a piece of this large shopping list that ranges from ships, computers and consultant services to bicycles, canoes, screws and bolts. While some executives claim that political patronage is on the wane there is still the suspicion that after winning a few orders from various government levels, the political bagman will be knocking at the company door. (FP, 22/2/75, pC1 cl-6; Roger Worth)

CNSP NOTE: *Amidst the crises and conflicts in the Canadian economy, business spokesmen and political leaders are coming up with new ideas, expressions and concepts to explain, and rationalize these problems. Witness for example last month's statement by Industry Minister Gillespie that the term "free enterprise" should be replaced by "responsible enterprise" because of public disapproval of the former. This month we find the following rationalizations and word-fudging in the press:*

INFLATION IS HIGH? GET USED TO IT

Arnold Hart, Chairman of the Bank of Montreal, says that it is unlikely that inflation rates will fall back to the 2% to 3% range experienced ten years ago and that "it may well be that we will have to learn to live with, and adjust to, much higher rates of inflation in the future - perhaps in the 6% to 7% range. (GM, 26/2/75, pB1 c7)

NO NEED TO JUSTIFY PRICE INCREASES:

The Canadian Chamber of Commerce, in testimony to a House of Commons committee, says that companies have a right to make price changes as frequently as they wish without justifying their actions to government. (TS, 27/2/75, pA1 c5-6 CP)

"PROFIT" - Eliminate The Word!!

Speaking to a marketing seminar in Toronto, John S. Bull, president and chief executive officer of Bovis Corp. suggested that corporations should eliminate the word "profit" from accounting because the general public does not understand what "profits" are all about. Attempts to explain profits as fundamental to the free enterprise system (job creation, incentive to invest for shareholders, etc) have failed according to Mr. Bull. In part the Bull statement said: "profit has a bad image and should be junked like the brand name of a product that has lost consumer confidence. I suggest we start looking immediately for other definitions for net "profit" or net "loss". We might consider such terms as "operating balance" or "rest account" or "investment differential".If marketing men don't help accountants to translate this problem in terms that the public can understand, our whole system will collapse by default because they have failed to help the public understand".

(FP, 1/3/75, p13 cl-3)

Marginalization — Native Peoples

"Mr. Minister, these lands which you now stand on and the lands you have passed over today by plane are our lands. Through treaty, we have shared these lands with the non-Indian community.

We did not sell our lands or our rights to hunt and fish upon these lands. We believe it was reasonable to share what we had in the hope that someday, the whites would become self-sufficient.

However, for a hundred years, "progress has meant only hardship and poverty for our people. We have not shared in the great affluence of North American society.

Mr. Minister, the people of Northern Manitoba are not opposed to the idea of progress. What we are opposed to is reckless progress. We are not opposed to development, but only through co-operative development can true progress be ensured.

Just as we have shared our lands, so we must share in the development of our lands. "We have always known that heedless self-interest was bad morals; we now know that it is bad economics."(FDR)

We ask to be treated as co-partners; indeed we insist upon it. Our lands and our rights are not for sale."

-from an address by Chief Walter Monias (Cross Lake) to former Indian Affairs Minister Jean Chretien

CHURCHILL RIVER DIVERSION

MANITOBA

"...in recent decades, resources have been despoiled usually for selfish financial gain, others in the name of progress...but now we know our resources are finite...that we cannot continue to squander them." — Ed Schreyer, 1969

"But I wish to God that people would have the intestinal fortitude and honesty to tell the people that when they go for a...multi billion dollar Hydro Development that there has got to be very large, very expensive alteration of river flows, water levels and effect on the ecology. It is viciously dishonest to pretend that you can enter into a \$3 billion Hydro Development...and leave the natural landscape and ecology in natural serenity. It is impossible, was from day one, but that was never made very clearly." — Ed Schreyer, 1972



CHURCHILL POWER DESTINED FOR OTHER COUNTRIES

The Churchill Diversion is a plan to change the course of Manitoba's Churchill River to provide additional water for hydro generating stations along the Nelson River.

While the media fussed over Quebec's James Bay Project (there has been very little fuss since December 1974), Manitoba has quietly pushed ahead with its own gigantic hydro development which has the capacity about 1/2, that of James Bay. The last plug of earth between the two river bay systems is scheduled to be blasted out in October 1975.

Given the enormous effects of such development one might expect the Manitoba gov't to explore in public debates the viability of the project. as the Saskatchewan gov't has done towards the development of the Churchill in that province. NOT SO MANITOBA. Some have charged that the intent is to collect export dollars as soon as possible.

The Manitoban -- Special Supplement
November 1974.

MANITOBA INDIAN BROTHERHOOD

fear that the government's 1969 White Paper on Indian Affairs is gradually being implemented in spite of opposition from the Indians.

The White Paper suggested:

- that services for Indians come through the same channels as for all citizens;
- that the Indian Act be repealed;
- that the Department of Indian Affairs be abolished within 5 yrs.
- that control of Indian lands be transferred to the Indian people
- economic help for Indians.

Current gov't policy at the Ottawa level is dangerously approaching aspects of implementing several areas of the White Paper policy especially in the areas of federal-provincial agreements, housing and general economic development.

The Brotherhood is upset over the passage of Bill C15 by the federal parliament which denies Indian people any form of direct management of oil and gas on their reserve land. The legislation does provide for a percentage return on exploited resources for the Indians but this percentage will be regulated by order-in-council.

(WFP, 10/2/75, p4 c1-3)

The 12 South Indian Lake and Ilford community and fishing co-op leaders were told by Hydro's System planning director that 4 lakes the fishermen use commercially on the lower Churchill will decrease in surface area by 32 to 73%.

(WFP 22/2/75 p23 c6-8)

NATIVE GROUPS PROTEST SPLIT-LEVEL CONFERENCE

Militant native delegations last night challenged the national conference on native people and the criminal justice system by holding an unscheduled closed meeting.

The protest followed the formal opening session in which Solicitor-General Warren Allmand told delegates from native groups, the federal gov't as well as all 10 provincial gov'ts and the 2 territories that he could not deny that the criminal justice system discriminated against native people. but, he said, the fault lay not with the law but with those who administered it.

A central theme of many of the briefs by native peoples prepared for the conference was the disparity between the white and native cultures which led to anti-social and illegal activities by native people.

(MS, 4/2/75, p20 c4-6)

REGIONAL DISPARITY

Introduction: Most news items under regional disparity this month are but another chapter in the events presented in the last few months. Several stories highlight DREE grants and point to the need to deeply question this mechanism which supposedly should benefit regions experiencing economic difficulties but which most often only adds to the profit of the few select companies - often foreign owned - which are the direct receivers of the grants.

NEW BRUNSWICK AND DREE AGREE TO SPEND \$150 MILLION

New Brunswick and DREE have agreed to spend \$150-million over the next 5 years developing the industrial, natural resources and infrastructure base of the province.

Ottawa will provide \$115 million with the largest single amount - \$58 million being spent on forest industry development.

Major highway construction in Moncton and St. John get the second largest allotment - \$57 million over the next two years.

(GM, 18/2/75 pB3 cl-3)

COMPANY SOLD AFTER GETTING DREE GRANT

Three months after receiving the final installment of a \$603,911 federal grant, a Saskatchewan distilling company was sold to United States interests. McGuinness and Co. acquired control by purchasing shares held by R.D.S. International Ltd. of Vancouver and a group of Saskatchewan businessmen.

Progressive Conservative M.P. Allan McKinnon who requested the information said the government should have tried to recover the money after the company was sold. The DREE statement said no such attempt was made because the sale took place after the expiry of the control period specified in the grant. (OC, 12/2/75, p9 c4-5; HCH, 12/2/75, p4)

HYDRO PROJECT IN LABRADOR GETS GREEN LIGHT

The Gull Island hydro electric development in Labrador received the go-ahead with the federal gov't's decision to lend up to \$343 million for the project, which will ship power to the island of Newfoundland.

The low interest loan will represent 50% of the estimated cost of high voltage direct current transmission facilities between Gull Island on the Churchill River in Labrador, and load centers in Newfoundland. An alternating current transmission tie to the Churchill Falls power project will be incorporated in the design, thus connecting the N.F.L. power system to that of Quebec. (HCH, 11/2/75, p8 cl-4)

DEVCO PLANS NEW MINE TO REPLACE THE OLD PRINCESS COLLIERY

A new Prince Mine will be opened to replace the 99 year old Princess mine at Sydney Mines. The federal gov't will lend some \$12 million to Devco for the project. The coal will be relatively high sulphur and it will be used for power generation. The new coal mine will be capable of production at the rate of 600,000 tons yearly and will give employment to 300 men directly. (HCH, 19/2/75, p6 editorial; GM, 18/2/75 pB6 c2-4)

BRICKLIN: THE QUESTIONS CONTINUE

ANSWER THE QUESTIONS PLEASE

Since we are now 67% shareholders in Bricklin Canada, will our representatives on the board of directors be asked to approve decisions? Have they been

asked in the past? How much does the new president of the company, banker Ralph Henry, or the new board chairman, Malcolm Bricklin, take out in salary and expenses? Mr. Bricklin says he has invested all he has in the operation. How much is that? What is the specific relationship between the Canadian manufacturing company and the American marketing arm? (Telegraph Journal, 4/2/75, p4 editorial)

TEMPORARY LAYOFF AT BRICKLIN

A shortage of transmissions and related parts has resulted in the temporary layoff of 150 workers, a company official said yesterday. The 150 employees, most of whom work on the assembly line, are scheduled to return on March 4th. The remaining 190 employees of the plant are not affected. (TS, 18/2/75, pC6 c1)

LIBERALS WANT QUESTIONS ANSWERED

Liberal Leader Robert Higgins has called Hatfield irresponsible for not answering questions concerning investments in the Bricklin car plant. Higgins said Mr. Bricklin asked for \$8 million and gets \$10 million. WHY? Bricklin changes the presidency of the company without even talking to the New Brunswick reps on the board. You ask why and don't get an answer. Another Liberal commented on the recent layoffs at Bricklin and said the very first paragraph of the agreement with the Bricklin company was that the New Brunswick government would not guarantee a loan unless Bricklin furnishes evidence that it has satisfactory long term contracts for parts' supply. (TJ, 19.2.75, p3 c1-5)

GOVERNMENT AID PLEDGED FOR THE NORTH

A \$3.6 million provincial program aimed at providing job opportunities for northern Manitoba residents through development of community capital projects was announced by Harvey Bostrom, minister responsible for lands, forests and wild life.

Applications under the program will be considered by a committee which will include representatives of the provincial department of northern affairs, the Northern Association of Community Councils, Manitoba Indian Brotherhood, Manitoba Metis Federation and the provincial job office which will co-ordinate the program.

(WEP, 13/2/75, p11 c1-2)

FISHING

Nova Scotia's opposition leader John Buchanan has pressed for an immediate legislative inquiry into the N.S. fishing industry. He gave notice of a resolution calling for the appointment of a select committee of the House, representing all three parties, to do an in-depth study of the state of the industry.

The committee would arrange meetings in appropriate areas of the province to receive briefs and recommendations from fishermen, fish buyers and fish marketers. Solutions would be recommended to the federal gov't.

Mr. Buchanan said the recommendations should include means to stimulate the industry, including more marketing programs and the injection of more capital to be spent on modernization of plants and up to date fishing equipment. In addition, Canada should take unilateral action to prevent foreign fishing fleets from dragging the continental shelf off Canada's coast. (HCH, 13/2/75, p1 c8-9; HCH, 11/1/75, p3 c1-4)

SOCIAL WELFARELALONDE'S REVISED WELFARE PLAN

Under the federal plan, support payments would be made to those unable to find work or incapable of working while incentive to find and keep jobs would be provided through a system of income supplementation - welfare payments would decrease as income increased, but support would not be cut off automatically when regular income was established, as is now the case.

(MS, 19/2/75, pA1, c2)

Mr. Lalonde said the income support level of \$4,800 was "a reasonable figure in terms of the resources available".

According to the standards set down by the Senate Committee on Poverty, using last summer's level of prices and incomes, Canada's poverty line was \$7,200.

An eventual income supplementation plan would be based on family income and would exclude from payments such special categories as single people under 30 and strikers.

Although Mr. Lalonde suggested the federal government might be willing to pay more than half the anticipated cost of more than \$1 billion, he made it clear that the federal gov't wanted to keep control of the plan.

(OC, 19/2/75, p41, c1-2)

TAX SYSTEM STACKED AGAINST THE POOR - HOGAN

NDP member of parliament Andy Hogan (Cape-Breton-East Richmond) said Finance Minister John Turner likes to boast that Canada's economy is one of the most stable in the world. But behind the dry figures are human beings who are suffering.

According to Statistics Canada figures, the bottom 60% of Canadians in 1965 earned 34.2% of the country's net income. The same group earned 32.2% in 1972.

Mr. Hogan said that the last budget was largely geared to the rich and the large corporations rather than the poor. The budget also failed to offer enough help to old age pensioners. While there was a provision to exempt the first \$1,000 of income earned from non-universal pensioners, this would apply to only 40% of persons over age 65.

Between 50 and 60% of Canadians over 65 rely entirely on the old age pension and general income supplement.

(HCH, 1/2/75, p4 c2-4 Peter Meerburg)

LEGAL AID COSTS ALMOST DOUBLED IN FIVE YEARS

Ontario's legal aid plan is costing taxpayers almost twice as much as it did five years ago, and figures for the first nine months of the 1974-75 fiscal year show that since lawyers got a raise of 10% to 200% in some cases, last september, the bill has jumped from \$14.2 million to \$18.6 million.

Applications were up 10% to 66,700 compared to 61,100 last year.

(GM, 21/2/75, p5, c6-9)

Economic-Labour

Employment- Unemployment

INTRODUCTION:

The jobless rate climbed to 6.7% in January, fulfilling expectations for higher unemployment this year. Several articles pointed out the influence of the rate of work force growth in pushing up unemployment. Both auto and textile workers attempted lobbies with government to do something about their plight. The Montreal Star carried some good data on the textile industry in its coverage. Similarly, an article on the situation of the Nova Scotian inshore fishermen gives a clue to the government's position.

JANUARY JOBLESS RATE AT 6.7%

- a rise of almost 2/3 of a percent from December's rate of 6.1%. Ontario showed a dramatic increase from 4.6% to 6%. (TS, 11/2/75, pA1 c1; GM, 12/2/75 pB7)

MORE WORKERS THAN JOBS

A key factor in unemployment is the growth of the participation of people in the work force. This growth does not always follow a regular pattern - for example, the recent trend of more women working or the changes in immigration laws will alter the size of the labour force.

1975 will see a 3% to 4% growth in the labour force. But, with the economy in a slow period, Canada may only have a 1.5% increase in jobs. (The employment growth rate of 1960, 1961 and 1970 recession years was at this level). This will mean the 1.5% to 2% more of the labour force will not have jobs over 1974's average of 5.3% -6.8%. However, things may be even worse. Employment growth may in fact be below 1.5%. The current rate of unemployment is already 6.8%. As inflation runs at 10% to 12%, more people join the labour force to make ends meet. We can expect a lot of people looking for work in 1975.

(WFP, 22/2/75, p6 c3-6)

TEXTILE PROTEST HIGHLIGHTS LAYOFFS

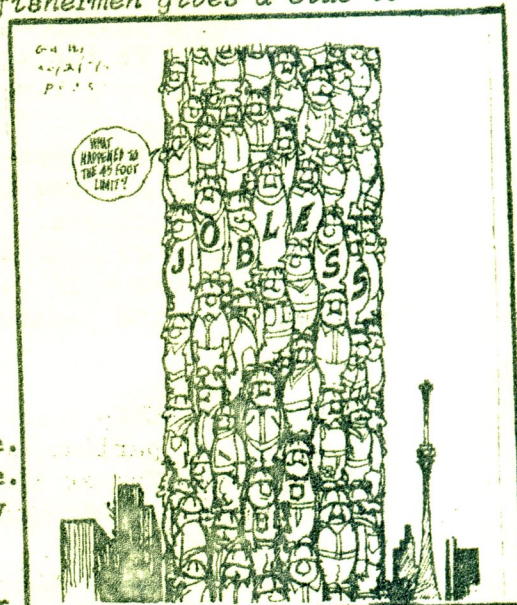
Textile workers from Quebec, Ontario and the Maritimes have begun to suffer serious layoffs. About 500 Quebec workers - members of the Central des Syndicats Democratiques - staged a demonstration in Ottawa. They demand action by the government to stabilize the fluctuating textile industry - which employs 100,000 people in Canada. The Canadian Textile Institute says Canada has doubled its input of Korean nylon between 1973 and 1974, and that all imports accounted for 55% of the Canadian market in 1973. (33% in 1964). These are the main reasons behind a slump in the Canadian industry which cannot face such competition.

The government has delayed announcing any action on the problem. Unemployed workers in Quebec report long delays in getting their unemployment insurance. Some have received no income since Christmas. (MS, 6/2/75, pD14 c4-7)

AUTOWORKER LAYOFFS 25% OF WORK FORCE

The first week of February saw 25% of Canada's auto workers out of work. The layoffs are having their effect - reaching back to supplier plants and threatening the economies of some communities. Heads of cities and towns concerned gathered in Oshawa to discuss the problem, and 300 UAW leaders met in Ottawa to lobby for government action to help the auto industry and to stimulate the economy.

(GM, 12/2/75, p1 c1-6)



NOVA SCOTIA - BETTER PROSPECTS

A study by the Nova Scotia Department of Development projects a 31% increase in employment for the period 1971 - 1981. The gross domestic product should increase by 180% in the same period. The report also shows how the service and financial sectors are increasing employment, while manufacture and agriculture are going down. (HCH, 8/2/75, p29, c2-5)

NOVA SCOTIA FISHERMEN IN TROUBLE

The federal government recently announced the closure of 3 fishery banks off the south west coast of Nova Scotia - about 500 square miles - from February 1 to May 31st or possibly June 30th. The closure is part of the recent agreements concluded among members of the International Commission for North Atlantic Fisheries (ICNAF). No boats - foreign or Canadian - will be permitted in the area during this time, but this means the smaller Canadian craft will have to go 150 miles offshore for their catch. Because the journey is dangerous for small craft, fishermen representatives feel it could spell disaster for the local industry - cutting out its more lucrative periods.

Fishermen pointed out that the U.S. negotiated a protected area for its own inshore fishermen where foreign vessels are not allowed - thus assuring its local industry. The Canadian gov't, say representatives of the fishermen, often won't admit that the economy of the south west of Nova Scotia depends entirely on inshore fishery. In fact, the government is regulating fishermen out of business but doing nothing about the foreign boats and their activity. (HCH, 5/2/75, pl c2-5)

NOTE- See Regional Disparity for further information. Page 15., *this issue*.

CNSP COMMENT: The first article on Nova Scotia's economy seems to indicate a rosy future. But it is not clear how much of the economic growth projected has indeed occurred from 1971 to the present. This coupled with no clear information on the growth of Nova Scotia's work force, make the article puzzling in its optimism.

The second article is a contrast with the first. For the fishermen, the future doesn't look good. The Federal Government is obviously not planning with them in mind. Could this be one of the reasons why the N.S. economy is shifting towards service and finance as stated in the first article?

LABOUR - GENERAL

INTRODUCTION: There are 3 highlights in this issue. The first is an editorial in the WFP on the "crazy demands" of labour. The second is a series of events in which NDP leader Stephen Lewis accused the Ontario government of inaction in not enforcing safety measures in the Johns-Manville Asbestos Plant. This was followed by a visit to the plant by 3 Ontario Ministers, and the eventual closure of one asbestos mill.

The third highlight is an article that indicates collusion between government and business in covering up the conditions and hazards of the Elliot Lake Mines.

CRAZY DEMANDS HURT EVERYONE

There is evidence of good news for Canada's economic problems--though it may be months ahead. A Free Press survey shows consensus gearing up for larger outlays on appliances, houses, cars, vacations. But on the wage and productivity front, things are gloomy. Figures on wage settlements show a 17.4% increase for the first year of the agreements. 106 such agreements were concluded in the 4th quarter of 1974. Such growth in wages will mean Canada's products would lose their competitive edge at home and abroad.

But some hope may come as higher unemployment lessens the desire to keep ahead of inflation. The unemployment rate could average 7.8% for 1975 if the labor force grows at last year's rate of 4.1%. Without some voluntary restraint, the work force will be divided into those without income and those with increasing income. This is a dangerous situation--it could lead to civil strife.

(WFP, 22/2/75, p.1, cl, editorial)

CNSP NOTE: The labour coverage in the newspaper continued to show commentary on the role of labour in the economy. The WFP editorial is interesting in the way it highlights the consumer as the one with power to stimulate growth by buying but labour as the group who is damaging prices and productivity. Doesn't the WFP know that the two are the same? Where the WFP gets its information of coming increase in consumer spending is not clear.

TURNER BACKTRACKS ON BLAMING LABOUR

Finance Minister John Turner commented on January 26th that the "major inflationary force is the rapid escalation of wage and salary costs." Conservative MP's took him to task in the Commons, suggesting this was a tactical error that would make it difficult to achieve consensus with labour on voluntary wage restraints. MP Stevens (PC York-Simcoe) also noted that lashing out at labour is hitting those who have been hurt most by inflation. Joe Morris, President of the CLC, said it was "unfortunate that Turner's comments came out so badly." (MS, 29/1/75,p.19,c.1)

ASBESTOS-LINKED SICKNESS SEVERE AT PLANT

In Ontario since 1970, 63 claims for compensation due to asbestos-related diseases have been granted by the Workmen's Compensation Board. NDP Leader Stephen Lewis revealed that 35 of these are from workers of the Johns Manville plant in Toronto. Current claims in process bring the list of sick men to over 10% of the work force of 500 in the manufacturing plant.

Mr. Lewis demanded why the WCB had not made public their findings of this pattern. The reply was that this was not their business to do so. Tests by the health department also reveal generally unsafe conditions: only 5 areas of 22 tested in January '74 were safe; in September, 8 of 35 were found safe.

(OC, 5/2/75,p.38,c.1)

3 MINISTERS VISIT JOHNS MANVILLE

Provincial Health Minister Frank Miller, Labour Minister John MacBeth, and Secretary for Social Development, Margaret Birch visited the Johns Manville plant. They were generally satisfied that improvements were being made but found some problems--poorly functioning monitoring machinery that warns of dangerous levels, and varying conditions that make it hard to tell--according to the company--the average state of the atmosphere. When the number of asbestos fibres in a given quantity of air reveals a certain level, the air becomes hazardous. The plant air-recycled to save on heat costs-carries asbestos dust. (G&M, 19/2/75, p.5, c.1-4)

ASBESTOS MINE SHUT BY JOHNS MANVILLE

The Johns Manville company closed down its asbestos mine in Timmins on February 20. Company officials stated the closures were due to government regulation making the plant "impossible to operate"; but refused to identify the regulations. However, they said the general reason is dangerous asbestos dust levles, but that their mill can't operate more safely because of old machinery.

BERNIER ACCUSED OF COVERUP FOR MINES

Radiation expert Fred Knelman claims that Ontario Resources Minister Leo Bernier knew of the dangerous situation in the Elliot Lake Uranium Mines. Workmen's Compensation Board data shows a rising tide of deaths due to lung cancer (caused by radiation) among uranium mines. 1 died between 1955 and 1960, 11 between 1960 and 1964, 13 from 1965 to 1969, and 16 from 1970 to 1972.

But in spite of the alarming pattern the government issued a statement in the report on mining conditions (Sept.'74): "For men entering uranium mines in the future, the rise of lung cancer should not be greater than the non-mining population." According to Knelman this constitutes a deliberate coverup because the government knew of the hazardous condition in July 1973 and in fact informed the industry and the WCB, but not the workers or the public.

(G&M, 18/2/15,p.5, c.6-9)

LABOUR -- MOVEMENTS

INTRODUCTION: Labour Minister Munro presented a proposal to cabinet for a national labour-management relations council to deal with labour conflict. It was criticized for minimizing the role of non-organized labour, the fear of government influence and patronage. The Public Service Alliance of Canada is using rotating walkouts to pressure the government's hard line position on bargaining over wages. Inside postal workers are asking that the post office be converted to a crown corporation so that they can have the right to bargain on the effects of automation. In the farming sector Maritime farmers are battling a permit that allows McCains Foods to import potatoes from Maine. At their annual Convention the Canadian Federation of Agriculture outlined a national income protection plan to protect farmers from unfavorable market conditions. Federations of farmers were making the same demands on their provincial governments.

MUNRO SEEKS LABOUR RELATION COUNCIL

Labour Minister John Munro has asked cabinet to establish a Canada Labour Relations Council. A national labour-management consultative council would help government in a review of issues affecting labour relations. Munro said "the system today lacks coherence and has a great potential for conflict." He sees the council as working to achieve harmony in the country's labour relations. The concept was criticized for minimizing the role of non-organized workers in the labour force. It was also feared that the government might exert undue influence over a vehicle that should not become just another tribunal obligated to government. The council's make-up is not clear or if political patronage could interfere. (HCH, 8/2/75, p.1, c.7-8)

THE PUBLIC SERVICE ALLIANCE STRIKE

The Public Service Alliance of Canada, negotiating for 18,600 members of its general labour and workers groups, is seeking a 37% increase over the present wage. The treasury board has remained inflexible in its offer of 26%. The workers are seeking 90% wage parity with workers performing the same job in the private sector. In Ottawa, a public service electrician is paid \$5.77 while local construction rates in November stood at \$8.55. A Vancouver private sector carpenter gets \$9.22 per hour while public service carpenters are paid \$5.57. (HCH, 22/2/75, p.1, c.7-9)

Lacking the obvious clout of air traffic controllers and postal workers, the union strategy has been selective, rotating walkouts of postal maintenance workers, airport runway cleaners and grain workers. The Government's hard line policy suggests a position that is being adopted for future bargaining in other areas of the public sector with the postal unions, electronic technicians and other federal employee groups. (G&M, 18/2/75, p.2, c.2-4, Wilfred List)

Treasury Board President Jean Chretien asked a Senate-Commons joint committee examining collective bargaining laws to speed up the prosecution process against federal workers who walk out illegally. Runway cleaners are designated as essential to public safety and security and forbidden to strike. In the past efforts to prosecute have met with little success. The government must first secure approval from the Public Service Staff Relations Board and then go to courts. The lengthy procedure has outlasted the six month statute of limitation on such charges. (G&M, 25/2/75, p.1, c.3-5)

CNSP NOTE: Opinions expressed by business and editorial writers were against the alliance and praised the government for its tough attitude. Both the Canadian Manufacturers Association and the Board of Trade of Metro Toronto have demanded the re-imposition of the ban on public service strikes that existed in 1967.

The Treasury Board contends that tradesmen doing maintenance work do not have the same skills as construction workers, and enjoy greater job security and should not be paid comparable rates. A report issued last year by the pay research bureau of the Public Service Staff Relations Board refutes this. The bureau warned of future recruitment problems if government tradesmen receive inferior pay and reported that its survey of both construction and other employers found most were convinced that maintenance tradesmen needed the same skill as construction workers. (TS, 1/3/75, p. A3, c.6-9)

UNION WANTS POST OFFICE AS CROWN CORPORATION

The Canadian Union of Postal Workers which represents 22,000 inside employees have laid down conditions the government must meet before bargaining begins on a new collective agreement. These include deferral by the Post Office of technological changes and employee relocations until the signing of a collective agreement and an immediate wage increase to offset lost purchasing power. The union is also making it a condition that the government legislate to convert the post office into a crown corporation. This would bring the Post Office under the Canada Labor Code which would permit workers to bargain the effects of technological change, job classification or job transfers. The present Public Service Staff Relations Act which covers federal employees prohibits bargaining on automation.

(G&M, 19/2/75, p.1, c.2-8)

POTATO FARMERS HURTING

Overplanting and a record yield have left a surplus of potatoes in the U.S. On the New York Mercantile Exchange, potato futures reached a record \$17.75 per hundredweight last February, but slipped to \$3.50 in recent weeks.

(TS, 7/2/75, p.3, c.1-4)

N.F.U. WANT MCCAIN POTATO IMPORT PERMIT CANCELLED

The National Farmers Union is demanding that the federal government cancel a permit granted McCains Foods Ltd. which enables them to import potatoes from the U.S. Government figures stated that N.B. producers have enough netted gems on hand to supply McCains until July 24. Board chairman, H. McCain said farmers were offered \$4.80 a barrel for contracted russet variety potatoes which are best for his company's needs, but that farmers chose to gamble on high prices from the fresh market by growing bulk grade potatoes.

(TS, 14/2/75, p.2, c.4-7)

PERMIT IRKS MARITIME GROWERS

N.F.U. representatives of P.E.I. and N.B. potato growers have asked their premiers' to pressure the federal government to withdraw the permit. The permit allows McCain to import 10 million pounds of potatoes. The N.F.U. sees this as a tactic to keep prices paid to producers down. They said there are enough potatoes in storage and that these should be purchased first by McCain because public money went into construction of their processing plants.

(T.S., 15/2/75, p.3, c.5-8)

MCCAIN WILL BUY N.B. GEMS

Grand Falls MLA Everard Daigle received assurance from McCains that no Maine grown potatoes will be brought into the province for a two week period. This would allow N.B. growers with netted gem to offer them to McCain. Mr. Daigle said the basic problem between producers and processors stem from the lack of a strong potato marketing organization.

(TS, 19/2/75, p.2, c3-4)

C.F.A. TO SEEK INCOME PROTECTION

The largest farm ressure group in the country, the Canadian Federation of Agriculture will push for a national commodity income protection plan, based on cost of production, that would provide price guarantees to farmers in times of unfavorable market conditions. The interest in a national plan is an attempt

to head off the proliferation of other provincial plans. Such a plan now operates in British Columbia, has been introduced as draft legislation in Quebec and is being considered in Ontario. The key provisions call for the plan to be operated on insurance principles, with farmers and government sharing the premiums, and the payments out of the fund would reflect realistic cost of production to efficient producers. The federation's aim is that adequate producer returns should come from the marketplace and that the income fund not be dipped into unless the marketplace fails to produce adequate returns.

There is a fear that richer provinces such as Ontario, where agriculture is a small porportion of the economy, could use the plan to put more financial support into their agricultural sector than provinces with fewer financial resources, but where agriculture is more important such as Manitoba and Saskatchewan. Another delicate issue is whether the scheme would have to be supplemented by national marketing plans and boards and supply management schemes for the commodities protected.

(G&M, 14/2/75, p.B2, c.3-7, James Rusk)

STABILIZATION LEGISLATION

The Western Grain Stabilization Act introduced in the Commons last Dec. 4 set the pattern for a bill introduced Feb. 11 and is expected to set the scene for other stabilization legislation planned by the government. The new bill is designed to stabilize farmers' returns on a wide range of products produced outside the wheat board's designated area which includes the prairies and part of B.C. Designed to ease financial pressures of producers during times of poor crops or sagging markets, it would set up a fund into which Ottawa would put \$2 for every dollar contributed by farmers whose primary product is wheat, oats, barley, flax, rye or rapeseed. Whenever a producers net income drops below the average of the previous five years, payments would be made from the fund in proportion to farmers contributions.

(WFP, 11/2/75, p.1, c.3, Ken Pole)

QUEBEC LABOUR

THE CLICHE COMMISSION

Since Christmas the Cliche Commission has not engaged in revelations of union corruption. What it has uncovered is the fact that at the heart of the official government there is a parallel government which is the real manager of the situation in the construction industry.

Paul Desrochers, special advisor to Premier Bourassa and M. Roland Giroux, president of Hydro-Quebec, were instrumental in the choice of Bechtel Corp. over Canadian or Quebec engineers, and they initiated discussions with the FTQ in which they promised a monopoly at the James Bay site in return for a ten year no strike commitment on the part of the union. The latter violates Quebec legislation guaranteeing union freedom (ie. a variety of unions).

(LJ, 17/2/75, p.4, c.1-8, Gisele Tremblay)

Bourassa has let it be understood that he will not prolong the mandate of the Cliche Commission, despite pressure from many Quebecois who feel it should. Those who argue that the Cliche Commission should continue, state that the most recent revelations concerning government collusion with powerful construction companies, patronage and favoring of the FTQ over other unions should be analysed more.

(LJ, 24/2/75, p.1. c.1-3)

(Quebec Labour -- continued)

CNSP NOTE: It is perhaps not surprising that Bourassa wishes to end the Cliche enquiry now, in the midst of increasing evidence of corruption within his government in its relations with the construction industry. Many commentators are comparing the Cliche enquiry to the U.S. Watergate investigations and accuse Bourassa of trying to cover up. It is clear that as the prestige of the Bourassa government comes more and more into doubt, the fortunes of the Parti Quebecois are on the rise. Press coverage by Le Jour of politically embarrassing data about the Bourassa government's handling of the chaos in the construction industry is much more in evidence than analyses which illuminate the situation of the construction workers, caught in a three-way squeeze of government, management and union leadership collusion.

IMMIGRATION

INTRODUCTION:

With the tabling of the green paper on immigration policy, press coverage on the content and implications of the four volumes and response to it by editors, ethnic groups and the general public filled pages of most newspapers in the country. In volume, it was easily 3 or 4 times the amount found in a regular month. In addition, the articles were front page, often headline or full feature page in position. An adequate treatment in our limited space is impossible. Therefore we have decided to cover the highlights here and plan to publish a special supplement early in April--analyzing the amount and kind of press coverage--especially since this has and will have a serious effect on the formation of public opinion and the debate on future immigration policy.

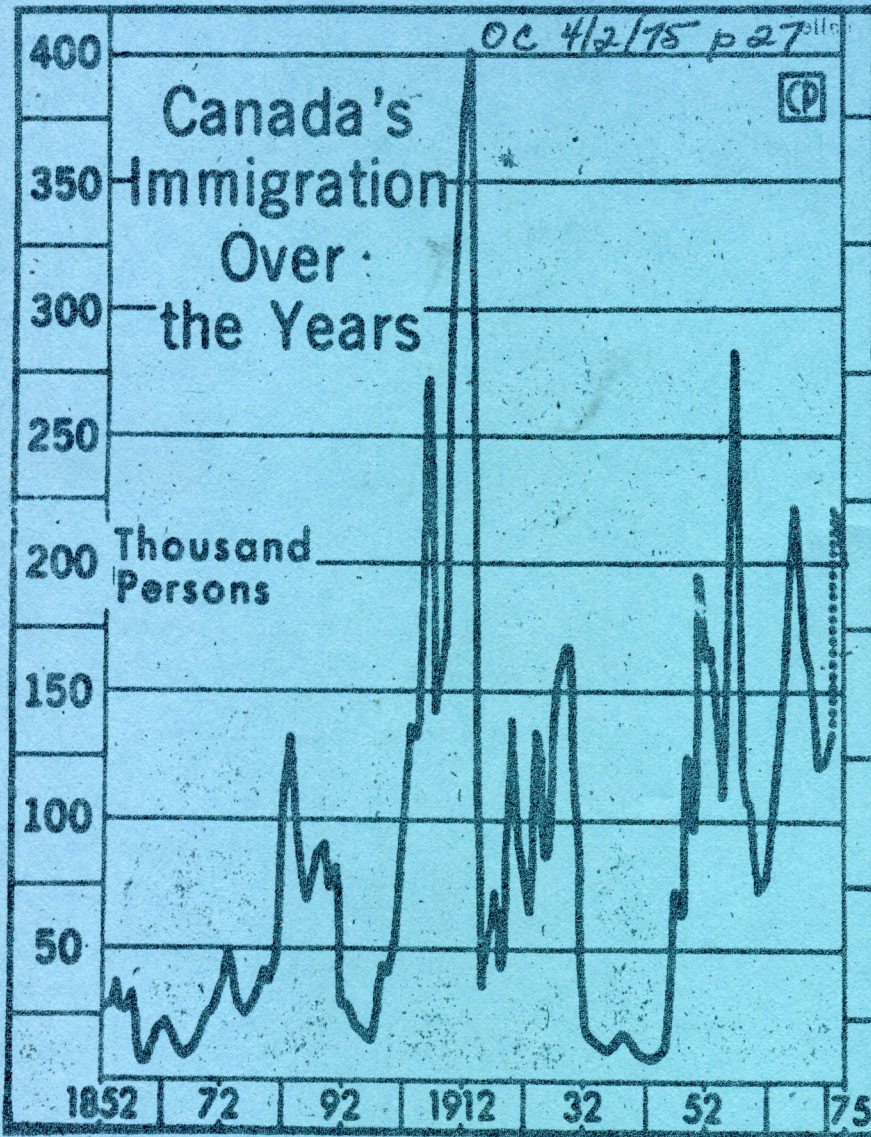
Certain preliminary comments can be made. The debate seems biased from the beginning towards a protectionist, regressive attitude to immigration in contrast to the openness characterized by the 1966 white paper. The green paper seems excessively pre-occupied with the "exploding migration demand." "It's main concern seems to be how to build barriers to hold back the multiplying hordes outside Canada boundaries." (WFP, 6/2/75, p.7 W. Johnson)

It is disturbing to have a document that is supposed to stimulate an objective debate clearly moulding the form of the discussion. Much of the press coverage criticizes the green paper on this point.

In fact, editorial comment is generally critical of the green paper although this position is somewhat contradictory with the emphasis given to certain aspects of the debate by some newspapers. For example, the Toronto Star gives headline prominence to "Metro Facing Racial Difficulties." (3/2/75, p.1 headline)

Another significant point--both in the green paper and in press coverage is the focus on the large cities--especially Toronto, Vancouver, and Montreal. One gets little sense of how the country as a whole is responding. The press seems to accept the government's reasons for growth in the cities--and doesn't question the fact that other government policies (not immigration) are often the real cause of increased urban growth and the lack of real options to live in small towns and rural areas.

Immigration



Graph shows flow of immigration over years

TIGHTER IMMIGRATION URGED

The 600-page Green Paper published today by the government opens the door to the possibility of strict limitations on the size of future growth for Canada and questions the present distribution of population across the country. The suggestion of a quota system as a possible policy alternative is expected to touch off a major political debate.

Four basic options are specified in the Green Paper:

- to continue with the present flexible system which examines immigrants on a point system of suitability taking into account such things as education and job prospects.
- to stress the job factor more stringently, tying applications more strictly to job availability.
- to set up a quota system, with quotas for various countries and regions.
- to establish a global quota with no regional breakdown.

These different options could be defined in formulating a new policy.

Andras' statement accompanying the Green Paper supported the four assumptions guiding the study: Immigration should be non-discriminatory, without regard to race, colour or creed; the importance of the family should be respected; refugees should be accommodated; immigration policy should operate in harmony with economic and social policy. (OC, 3/2/75, p.1, c.1-4 Gray) (TS, 3/2/75, p.1, c.3-9, Garvey) (MS, 4/2/75, p.A2, p.1-6) (HCH, 4/2/75, p. 1, c.7-8)

NEED MORE FRENCH-SPEAKING IMMIGRANTS

New policies will have to place strong emphasis on immigration from French-speaking countries if Canada is to remain bilingual. Accompanying statistics state that 6.3% of immigrants in 1968 spoke French, and 51.3% spoke English. In 1972 the proportion of French-speaking immigrants fell to 3.1% while English-speaking immigrants increased to 63.2%. (HCH, 4/2/75, p.3, c.1-3 CP)

SUBSTITUTE SUGGESTED FOR DEPORTATION

Deportation is the only way Canada presently has to remove "persona non grata". A new immigration act could define another means of "excluding people from Canada" to avoid the stigma and consequences of deportation as such.

(OC, 3/2/75, p3 c1-2)

REFUGEE POLICY MAY GET REVIEW

Pressure to accept political refugees will continue to build and new immigration laws should contain statutory recognition of refugee status - says the Immigration Green Paper.

There are no special provisions for refugees in the existing Immigration Act and they are dealt with under special government guidelines set in 1970. A sensitive aspect of this part of the policy concerns who should be regarded as eligible for treatment as a refugee for immigration purposes.

(OC, 3/2/75, p3 c1-2; 4/2/75, p3 c1-3)

CANADIAN BUSINESS EXECUTIVES FAVOUR TIGHT IMMIGRATION

The latest Financial Times Survey of Business Opinion taken in mid-December shows that only 29% of Canadian executives would like the federal government to continue its present policy of relatively free immigration.

Quotas for the number of immigrants from each country were favoured by 69%. Most of the business community stops short of recommending racial discrimination in immigration policy. 63% said they would not like to see racial quotas. But 22% did like the idea of regional quotas and a surprising 27% favoured racial quotas.

Fifty-two percent said that a condition of entry to Canada should be a commitment to settle in a certain part of the country. 42% said certain skilled tradesmen and professional people should have to spend at least 2 years in small towns and rural areas before moving to big cities.

Special inducements to bring French-speaking immigrants to Quebec were rejected by 73% of the 210 respondents.

(OC, 3/2/75, p9 c1-2; HCH, 8/2/75, p31 c2-3)

IMMIGRATION REPORT

The four volumes that form the basis for an immigration debate for the next year are now on sale at Information Canada offices. Price \$1.25. The object of the green paper is to promote study and discussion on what the public wants in the way of immigration and population into the next century.

(HCH, 4/2/75, p13, c1-2; CP)

FRENCH-LANGUAGE PRESS - POINTS RAISED IN THE COVERAGE

-necessity of limiting the number of immigrants that Canada can absorb - a fundamental assumption of the Green Paper. (One might raise the question of why Canada's present population is low; and her economy unable to absorb large numbers of immigrants).

-French press supports the encouragement of French-speaking immigrants;

-problems with clarifying the status of refugee; this question is not foremost but is mentioned with reference to the Haitian cases.

OTTAWA WILL SLOW DOWN IMMIGRATION BUT ENCOURAGE FRENCH-SPEAKING IMMIGRANTS NEED TO MANAGE IMMIGRATION IN THE SHORT TERM BY A FLEXIBLE POLICY WHICH TAKES INTO ACCOUNT THE NATIONAL SOCIO-ECONOMIC NEEDS AND LONG TERM TO SEEK A CONSENSUS ON POPULATION OBJECTIVES

Andras is sceptical of "economies of scale" argument which states that if Canada had a large, growing population it would automatically expand consumer markets, production and job creation.

(LJ, 3/2/75, p1 c1-8 headline story)

EDITORIALS - CRITICAL OF THE GREEN PAPER

The overall impression is a vague feeling that Canada's Department of Manpower and Immigration is not much in favour of immigrants. That marks a reversal of the gung-ho attitude of the 1966 white paper which argued broadly that Canada could use all the immigrants it could get.

MONTREAL STAR The green paper puts forth a dangerous notion that, somehow, gov't can fine-tune immigration, seeing to it that just the right number of people from just the right parts of the world, come in search of just the right number and kind of jobs. (MS, 4/2/75)

TORONTO STAR A LIBERAL POLICY IS STILL RIGHT
Canada is a country built by immigration; 98 out of every 100 Canadians are either immigrants or descended from immigrants. Differences of colour or culture are no just ground for discriminating in immigration policy. Despite current economic difficulties that are real, and racial problems that are only apprehended, Canada has ample reason to be optimistic and forward-looking in her approach to immigration. (TS, 5/2/75, pB4 c1-2 edit.)

WINNIPEG FREE PRESS SOME EXCESSIVELY FACILE ANSWERS
What the government wants is almost certainly (and therefore desires that we shall want) is a more restrictive immigration policy. Manpower has a compelling urge to plan: to ensure that every round peg is destined for a round hole and that no square pegs clutter its operations. For those concerned with over-population, the Green Paper offers the tidy solution of international co-operation. The obvious difficulty is that if immigration cannot provide an adequate answer, neither on the showing to date, can international aid.
(WFP, 7/2/75, p49 c3-6 Maurice Western)

OTTAWA CITIZEN WHITE MAN'S GREEN PAPER
There are 2 basic faults in the green paper. One is the writing style, which tiptoes all around the real subject matter like a Victorian novelist dealing with sex. The other is the message on the racial issues in immigration policy which the paper attempts to deliver in this genteel and almost subliminal manner. "It would be astonishing if there was no concern about the capacity of our society to adjust to a pace of population change that entails, after all, as regards international migration, novel and distinctive features". The novel and distinctive features are those men, women and children who are black, brown and yellow -- but the Green Paper is afraid to say so out loud. It would be astonished if it could just accept them as people, like those from traditional European sources.
(CC, 8/2/75, p6 c2-4 Christopher Young)

LE DEVOIR Like defense and foreign policy, immigration cannot be understood from simply within the country. Immigrants do not fall from heaven. They come from countries with a surplus of people. One needs therefore to look carefully at the situation around the world.

The Green Paper adopts a somewhat Olympian stance, reiterating a policy of non-discrimination but fixing a limit to immigration so low that the number of immigrants accepted from over-populated and underdeveloped countries appears but a drop of water in an ocean.
(LD, 4/2/75, p4 c1-4; editorial Claude Ryan)

Political

Federal

INTRODUCTION:

The New-old competition bill has again prompted the sometimes elusive Canadian corporate world to come out into the open of the public arena. Although this group has been successful in taking the teeth out of the competition bill throughout its legislative history, there are still reservations on the part of business in its present form. The numerous business "representations to gov't" on the competition bill are outlined in this month's CNSP coverage. Business has no objections to the consumer protection sections of the bill, but wants a clause requiring proof of intent in any prosecution. Insertion of this clause would make the protective clauses inoperative. On the other hand, small businesses, being pushed to bankruptcy by the monopolistic power of the large corporations, are demanding a toughened bill.

Under pressure from the corporate sector, the federal government has backed away from a pre-election proposal to establish a tribunal with power to investigate and control excess profits. An excess prices tribunal has been proposed instead.

The government came down with its 1975-76 proposed expenditures last month. It is a revealing statement of priorities with most discretionary spending falling under "economic development" (i.e. support of private enterprise) and social programs being held to a minimum. The proposed guaranteed annual income seems to have become a victim to this mood of retrenchment. (See Social Welfare)

COMPETITION BILL PULLS OUT ALL THE GUNS - BIG AND SMALL

The new competition bill now in its fourth year of life has entered Parliamentary committee. The bill, first introduced in 1971 and withdrawn due to big business protest, then reintroduced in the minority parliament only to die on the order paper with the 1974 election, has been drastically altered. The first draft called for tribunal powers to be given to the Restrictive Trade Practices Commission to rule on corporate mergers and to maintain a competitive market. The tribunal powers will remain but only as advisory and the Commission will have no authority to prohibit mergers.

The Progressive Conservatives, at the behest of corporate lobbyists, will urge removal of the tribunal powers and that the bill be restricted to shady business practices (pyramid selling, misleading advertising). PC corporate affairs critic, Lambert, said of the bill: "this would be an ogre, a Frankenstein interfering with the rights of business".

Ouellet, Minister of Corporate Affairs, has already met some business complaints in 30 amendments to the bill.

The NDP wants stiffer penalties for violations of the bill, lifting the maximum prison term from 2 to 5 years with a \$100,000 fine. Business lobbyists call the bill an "unwarranted intrusion into the market place".

(TS, 17/2/75, pA3, c7-9)

A.J. MacIntosh (counsel for Abitibi, Algoma, Canada Packers, Cominco, Eaton, John Labatt, MacMillan Bloedel, Molson Moore Corp., Noranda, Power Corp, and others) appeared before the House Committee studying the competition bill. He requested that "provisions intended to protect consumers should not apply against non-consumer transactions between sophisticated industrial parties". The lobby also requests recognition of due diligence: i.e. offenses must be intended to be punished.

A representative of the Canadian Federation of Insurance Agents and Brokers Association fears "that prohibitions against misleading representations might make

an agent liable for innocently failing to explain a complex insurance policy adequately". The Insurance group met with no committee sympathy.
(TS, 28/2/75, pB7 c7-9)

The Investment Dealers Association of Canada (IDA) requested exemption or protection from the misleading advertising section of the competition bill on the grounds that this would inhibit information flow and force dealers to confine themselves to only large reputable companies. The IDA also supports a due diligence clause. The Canadian Manufacturers Association urges due diligence to cover all commercial operations.
(FP, 1/3/75, p1 c3-5)

JOCKS TOO! !

Although the competition bill has been amended to exclude amateur sports, the Sports Federation of Canada is not satisfied with the definition of amateur as a participant receiving no remuneration. The Federation suggested the bill should apply only to the CFL, NHL, WHL. The National Association of Tobacco and Confectionary Distributors suggested the bill should outlaw "loss leaders".

And the Canadian Bar Association testified the bill could be unconstitutional since the BNA act places property and civil rights under provincial jurisdiction. They also object to the bill covering fee schedules of professional groups.
(TS, 18/2/75, pA3 c8-9)

PRICES NOT PROFITS NEW FOCUS

The emphasis on profits in the pre-election amendments to the Combines' Investigations Act, has been replaced by a proposed bill creating a tribunal with authority to rule over prices. A TS editorial noted that the proposed law "would be even more arbitrary than the earlier model. Under the original proposal the government would at least have had to show that a profit was excessive; under the new bill, the businessman would have to prove that his price was not excessive."
(HCH, 7/2/75, p8 c 2-5; TS, 19/2/75, pB4 c1)

TAX REBATE DELAYED

John Turner's Omnibus tax bill, announced in the November budget, has received close scrutiny in the House. The PC's have suggested a \$500 million tax cut. The NDP proposed a \$400 tax credit to all taxpayers. Both proposals were defeated. However, the opposition reserved its strongest criticism for the resource tax changes which require companies to pay taxes on royalties. The opposition parties want this item delayed until after the April 1st Premiers' conference. Meanwhile, until the bill is passed, the 1974 tax rebates won't be released.

(WFP, 12/2/75, p7 c1-2; 13/2/75; p1 c4-5; 22/2/75, p1 c2-7)

FEDERAL EXPENDITURES TO RISE BY 15%

The main estimates for 1975/76, tabled in the House, predict an expenditure of \$28.24 billion. The three largest areas of expenditure are health and welfare, economic development support, and servicing of the public debt. Much of the increase is unavoidable under present legislation guaranteeing cost of living increases, interest and fixed formula transfer payments.

(MS, 20/2/75, pA1 c1-4; 21/2/75, pA6 c1)

ON THE INFLATION FRONT

Robert Stanfield has offered his support for Turner's drive for voluntary wage, price and profit restraint. He does feel, however, that the PC election platform of price and wage restraints was right.

(WFP, 17/2/75, p4 c8)

NWT TO GET 2nd MP

MP's quickly passed a bill giving the Northwest Territories a second federal riding. A commission will be established to determine where to divide the territory into the two constituencies. Much of the credit for achieving the second MP has been given to Wally Firth, lone member for NWT.

(WFP, 1/3/75, p16 c4)

CONTRACTUAL LINK

Both British and German politicians are puzzling over what it is that Trudeau wants from the European Economic Community (EEC). However, the Dutch Prime Minister favours "that the community come to some contractual link with Canada. The speaker of the Dutch Lower House commented that "maybe he (Trudeau) wants to be on another continent". Trudeau followed his Dutch meetings with a trip to the slopes. (see Trade)

(MS, 26/2/75, pA2 c1-6; TS, 1/3/75, pA7 c1-4)

JUDICIAL - POLICE

INTRODUCTION: The issue of the CIA spying in Canada was again given much coverage this month. The articles were mostly written in the Muckraker scandal-producing style which did little to clarify the more fundamental reasons why the CIA has been used in Canada. (e.g. for screening of Chilean refugees), and why the CIA and the FBI continue to spy in Canada.

The articles do make evident the following:

- 1) the implications of Canada's involvement in U.S. policy toward Chile;*
- 2) disregard on the part of the Federal Government for the normal process of immigration for prospective Chilean refugees.*
- 3) That the Federal Government's stance is weak and therefore less credible.*

WE USE CIA INFORMATION - ALLMAND

Solicitor General Warren Allmand told the House of Commons that information may have been sought from the CIA in connection with prospective refugees from Chile following the 1973 military coup.

Mr. Brewin, NDP member of parliament, who pointed out that recent allegations about the subversive activities of the CIA in Chile, also objected to a series of recent gifts by Canada to Chile's strongman Augusto Pinochet.... to one who is not only a dictator but who has presided over the destruction of human rights in his country".

Acting Prime Minister Mitchell Sharp replied that it is important in international relations "that people in Chile and the government of Chile have a good view of democracy in Canada".

MACEACHEN DENIES SPYING

External affairs Minister Allan MacEachen said he has received assurances that the CIA is not seeking secret information about Canada's transportation technology. (TS, 13/2/75, pA24 c1-3 CP)

POLICE TOLD OF FBI SPY : ALLMAND

The RCMP knew that an informer for the U.S. Federal Bureau of Investigation was to be sent to Canada to spy on radical Communist groups in Toronto, Solicitor General Warren Allmand said. He said the decision to send Joseph A Burton was made under a rarely used police policy that has permitted U.S. police and intelligence agents - including the Central Intelligence Agency - to follow up investigations that originated in the U.S. and led to Canada.

(TS, 17/2/75, pA1 c1-9; 19/2/75, pA1 c7)

OFFICERS CALL FOR ENFORCEMENT OF CAPITAL PUNISHMENT

Atlantic police officers voted unanimously in favour of demanding the federal government to enforce existing capital punishment laws and to impose life sentences without parole to committed murderers.

There were approximately 300 delegates from all municipalities in the Atlantic Provinces at the one-day meeting in Moncton, New Brunswick.

Senator Louis Robichaud, former premier of New Brunswick, insisted that he was not a violent man but "I'm in favour of capital punishment to rid society of violent people who cannot be helped by prison rehabilitation programs. (HCH, 10/2/75 p1 c7-8; TS, 10/2/75, pA3, c1-9)

MILITARY

ARMED FORCES CUTBACKS

Defense Minister James Richardson, in an effort to cutback defence spending and create a well - trained, well - equipped "elite" force may announce base consolidation or cutbacks in the Maritimes.

There have been persistent rumours that Nova Scotia's Greenwood and Shearwater bases could be reduced. (HCH, 17/2/75, p1 c3-7)

IDEOLOGICAL - CULTURAL

COMMUNICATIONS

The publishing issue again dominated the news this month. Rather than rehash that once more, this section will be devoted to items reported in the media having some causal inter-relationship.

A Toronto Star review of Global Reach: The Power of Multinational Corporations describes how several hundred corporations -- ranging from General Motors to Nestle Foods -- have come to dominate production and markets around the world to the point where to-day they are able to determine the way global wealth is produced, distributed and defended. They are creating a global consumption community where everyone eats, drinks, smokes, and wears the same products. And it is this constant barrage through television and advertising that is creating a distorted set of values in poor, developing countries. The answer is more assertive national governments, stronger local cultures and social systems, as well as development of alternative technologies and increasing local ownership and control. (TS, 12/2/75, p7 c4-6)

Meanwhile in Canada, events do seem to be headed in a certain direction. Canadian Radio and Television Chairman Pierre Juneau, who is responsible for Canadian content on T.V., criticizes people who identify the free flow of information and creative work with the need of industrial enterprise to mass market their information. (OC, 3/2/75, p12 c1-3)

The CBC will eliminate advertising in television programs directed at children under 13 in recognition of subliminal techniques used by advertisers to trigger buying appetites. (GM, 5/2/75, pB3 c2).

In a radio debate Senator Davey, head of the 1970 Senate inquiry into the mass media, is quoted as saying, "If Time becomes 75% Canadian owned, but provides 4 to 6 pages of Canadian news and then a window on the world through American-tinted glasses, that won't be good enough. Canadian reporting of international events and indeed of America is needed in the magazine" (WFP, 5/2/75, p65 c1)

Both the Globe and Mail and the Free Press have editorialized against government telling the public what they should read or hear. "You can lead a horse to water, but you can't make him drink." (GM, 25/1/75, p6 c1; WFP, 18/2/75, p15 c1-2). Barry Zwicker, publisher of Content, calls this blindness "practically to those of us brought up on small 'l' liberalism.... Our freedom to choose can only be flexed after the full range of choices is available to us". (Content, March '75 p2)

EDUCATION

Education is often the first area whittled away at in a tight budget. Striking teachers have difficulty gaining their demands when their provincial government employers turn legislator on them. C.J. Johnson, president of the Provincial Association of Protestant Teachers, blames the real problem in labour relations within the public sector on the ambivalent role played by the government. It tries to legislate contracts instead of bargaining with the teachers. The Quebec government has virtually no policy in the field, passing increasingly more repressive legislation. (MS, 15/2/75, pB4 c1-4)

Latin American Newsfile

Argentina

MASSIVE ARRESTS

Argentine Police arrested 1,000 persons Saturday in a series of operations launched after the most politically violent day since the beginning of the year. All of the arrests took place outside Buenos Aires and were aimed at leftist "subversive elements". It is suspected that they were an attempt to break up urban guerrilla cells while troops concentrated on rural guerrilla bases in the mountainous areas of Tucuman province. (LD, 17/2/75, p8 c1-3, Reuter)

GUERRILLA BASE IN TUCUMAN

In the northernmost province of Argentina, Tucuman, guerrillas of the Peoples Revolutionary Army (ERP) have formed a base of operations in order to withstand an eventual seige and have begun to recruit local sympathizers. They have occupied some small villages in the southwest of Tucuman and have begun to raise taxes in kind. According to the Argentine daily "El Caudillo", they intend to set up a "liberated zone" which would allow them to gain recognition from certain "friendly" countries. The daily also claimed that since 1972 "the foreign centre directing their activities have sent 'experts' into Tucuman" who have made contacts among peasants and trade unionists in the sugar industry "whose rank and file has been won to Marxist ideas".

According to well-informed sources, the ERP in northern Argentina has 2 to 4 thousand well-armed men. Argentinian military is attempting to cut off their supply routes and city contacts to "force them to fight or to give in".

(LD, 22/2/75, p9 c4-5; AFP)

Brazil

GOVERNMENT PARTY UNEASY

A summit meeting of the governors of 21 Brazilian states opened Tuesday in Brasilia to examine the "tactical program" of the majority party, Arena, for the next legislative session, following the unexpected gains made by the opposition in the November 1974 elections. Some called for the resignation of the national leadership of the Arena and others predicted the "probable defeat" of the party in the next legislative elections if "new blood is not injected into the ranks of the party." (LJ 20,2,75 p7 c1-3 AFP)

A \$40 million project loan for the development of the Trombetas Bauxite deposits in the state of PARA in Brazil was announced in January. The company, Mineracao Rio do Norte, S.A. of Belem, includes in its shareholders, Alcan Empreendimentos S.A., Reynolds Alumínio do Brasil Ltd, and Rio Tinto Zinc do Brasil Ltda.

(FTL 6,2,75)

The bloom is fading from Brazil's economic miracle. American banks and international lending agencies realize that they've allowed Brazil to over-borrow dangerously. Agrarian plans have fallen flat. Income levels are abysmal. (Brazil's \$341 per person per year, compared with \$632 for Mexico, \$978 for Argentina, \$4,228 for Canada). Reuters reports that even by its own dubious figures, the government shows that the purchasing power of Brazilian workers has been halved in the past 10 years. Pressures are building for a liberalization of the regime among Catholics, nationalist elements in the industrial ownership and in President Geisel himself. (TS 20,2,75 pB3 c1-3 Harvey Levenstein)

Justice Minister Amando Falcao released files on twenty seven people whose relatives fear were secretly arrested on suspicion of subversion by the Brazilian government. His action seemed a new initiative in line with General Geisel's more liberal approach. The minister denied that any of the persons were being held. Opposition deputy Lysanaes Maciel says that the minister's response was unsatisfactory since the people were probably arrested illegally by people not controlled by the federal government. The National Conference of Brazilian Bishops shares Maciel's skepticism. Cardinal Arns of Sao Paulo was angry at the lack of solid information in Falcao's announcement.

(MS 26,2,75 pA6 c1-6)

Petrobras' commercial director, Carlos Isnard, is trying to buy 600,000 barrels of oil a day for Brazil. He is the biggest independent oil purchaser in the world. Petrobras can refine 1 million barrels a day. It is building up a fleet of tankers, with more than 2 million tons of shipping. It was the springboard from which General Geisel leapt to the presidency of Brazil. Brazil is openly wooing Arabs in its search for oil. Brazil had a trade deficit of \$2.1 billion in 1974, most of it from soaring oil prices which cost \$3 billion in 1974 as against \$700 million in 1973. Half its oil comes from Arabia, and Iraz is also an important supplier. Petrobras is a state oil monopoly which has grown from a few employees in 1954 to a powerful agency in the Brazilian economy. Its recent oil strike off the coast give Brazil hope of altering its dependency on imports.

(TS 1,3,75 pC10 c1-3; MS 15,2,75 pC1 c1-3)

CHILE

Note: *Chile's creditors are to meet in March to discuss re-negotiation of the Chilean external debt. (See CNSP, Vol.III, No.1, January '75 p34-35 for background).*

Britain will not attend the forthcoming meeting of the Paris Club (Chile's creditors), Exchequer Chancellor Denis Healey announced in the Commons. Chile owes Britain 122 million pounds, of which 15 million pounds is due this year. Chile's total debt is estimated at 1,250 million pounds. Indications are that Italy will also boycott the meeting of creditors, that the U.S., Canada and France will attend and that the Netherlands and the Nordic countries are undecided. The Financial Times comments that Britain's position is the product of a long fought campaign by the left wing of the Labour Party to get the Labour Gov't to implement decisions adopted by the Labour Party conference last year, which was very critical of Chile, (Financial Times of London, 28/2/75, p14 c2-3)

THE CIA AND CHILE

In testimony released yesterday, former CIA director Richard Helms told a Senate committee that the Nixon administration wanted to throw out Salvador Allende. His direct admission contradicts testimony of many State Department and government officials over the last few years. (MS, 10/2/75, p8 c1-2)

Solicitor-General Warren Allmand stated that both the CIA and British intelligence participated in the screening of Chilean refugees from the coup which overthrew Allende. The CIA was asked if they had information that the refugees were terrorists or radicals. (TS, 11/2/75, pA1 c4-6)

Mexican Foreign Minister, Emilio Rabasa, announced that Mexico will receive 150 political prisoners from Chile. He also stated that Clodomiro Almeyda, foreign minister in the Allende gov't who was exiled to Rumania last month, has accepted an offer of asylum in Mexico. (WFP, 19/2/75, p30 c1)

ECUADOR

Although one of the smallest oil-exporting nations - 210,000 barrels a day - Ecuador has, through the rise in oil prices, been able to increase its foreign reserves such that in 1978 they will amount to \$US 1.7 billion from \$US128 million in 1972. Until August 1972, bananas still accounted for 50% of all exports, coffee for 17%, cacao for 11% and sugar for 5%. But oil exploration in the Oriente province in the northeast of the country has completely upset Ecuador's financial situation and has increased the growth rate such that 11% is predicted for 1978.

The increase of revenues - \$US 61 million in 1972, \$270 million in 1973 and \$603 million in 1974, - has caused the ruling military regime to instigate a five-year development plan, "Integration Plan for Transformation and Development" for 1972-1977. It will attempt to change the distribution of wealth and alleviate the most glaring problems of underdevelopment, such as illiteracy (32%), an GNP per capita of \$US 500, malnutrition, infant mortality of 87 per 1000 live births and the fact that the top 7% of the population receives over 50% of the income while the bottom 54.2% share 9.5% of the total income.

The major thrust of the 5-year plan is Agrarian Reform in order to modernize that sector and equip the country to sustain economic growth when oil reserves run out, predicted to be in 10 years. The government plans to break up large feudal-style estates and redistribute the lands to peasants and producers' cooperatives while assuring the financing necessary for the transformation of agricultural production.

The 5-year plan does not include nationalization of the oil industry. The Texaco-Gulf consortium is assured Oriente's petroleum deposits and controls production and export from the port of Esmeraldas on the Pacific coast.

From 1978 on, economic growth in Ecuador will depend on its capacity to use its financial resources in productive investments. Although some improvement in the lives of Ecuadorians has already been achieved, they still have a long way to go. (LJ, 6/2/75, p9 c1-4, Roland Duguay)

PARAGUAYARRESTS MOUNT

The Paraguayan Minister of the Interior, Sabino Augusto Montanaro, declared in a press conference that the number of arrests since last November has climbed past 1000. The arrests followed discovery of a plan, according to the police, to assassinate the regime's leader, General Alfredo Stroessner. The arrests have included 800 peasants and their leaders, and leaders of the opposition sector of the popular Colorado party, the Communist Party, the Revolutionary "Febrerista" Party and others.

(LJ, 22/2/75, p7 c1-3 PL)

MEXICO

This is a presidential election year in Mexico. In October, the Party of Institutional Revolution (PRI) will announce its candidate. In the past, candidates chosen by the PRI have always won at the polls. This "election" will be no exception.

Although the candidate will be chosen, in fact by Echevarria, public opinion will also influence the choice. Recent bombings by right wing elements are aimed at pressuring the government to choose a candidate who will enforce law and order. Extreme leftists are also bombing in order to push the gov't more to the right. They feel that the present gov't is actually reformist, uncommitted to long-term change. A rightist president would surface this stance.

(MS, 19/2/75, pD9 c8, Stanley Meisler)

PERU

STATE OF EMERGENCY

Violent Demonstrations broke out yesterday afternoon in Lima when the Peruvian government declared a state of emergency throughout the country in the wake of a strike by the Civil Guard in the capital. Constitutional freedoms have been suspended, a curfew imposed and communications with interior and exterior interrupted.

An official communique accused the Civil Guard, on strike for salary demands, of a "frankly subversive" attitude and of having been led by counter-revolutionary elements.

The strikers were stationed in their barracks in the Victoria district of the city. Army commandos led an assault on the barracks that lasted 2 hours. Six people were wounded.

(LJ, 6/2/75, p7 c2-5 AFP)

Loyalist troops crushed a police riot in Lima. 1,500 police demanding higher wages and better conditions had barricaded themselves for 48 hours in their barracks. Army units with tanks stormed the barracks in a 20 minute battle in which 30 people died. Thousands of civilians appeared in "what appeared to be a spontaneous riot", taking control of the center of the city, with looting and bombing taking place, setting fire to the Government newspaper "Correo". The Gov't of General Velasco Alvarado, in power since October, 1968, has attempted to break the hold of the old oligarchy on land and capital and to forge a "new deal for the masses".

(WFP, 6/2/75, p1, c7-8; GM, 6/2/75, p11 c5-8)(Reuter)

CIA NOT INVOLVED, US CLAIMS

The US State Department has declared that accusations which appeared in the Peruvian press that the CIA was involved in the troubles in Lima are "without any foundation".

Riots and looting followed the attack of the army on the barracks of the Civil Guard. The four trade union confederations in Peru, called for calm, reaffirming their support for the Velasco government and condemning acts of vandalism.

(LJ, 8/2/75, p11 c5-6; AFP & Reuter)

COORDINATING COMMITTEE FORMED

The principal popular organizations in Peru have formed a coordinating committee as a response to the counter-revolutionary escalation which has recently appeared in the country. It is formed of the main industrial and agricultural trade unions, independent unions and youth groups. In a document the committee said "the counter-revolutionary subversive operations begun by imperialism and internal reactionaries - through the CIA and the APRA party - was trying to destabilize the revolutionary government".

The committee has undertaken the following tasks:

- to cooperate in the maintenance of production and supply;
- to support resolutely actions which maintain public order and prevent vandalism and sabotage;
- to work towards clarification of the political reality at present in the country.

(LJ, 11/2/75, p7 c6-8, PL)

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Le Pérou en Amérique latine

LATIN AMERICA - HEMISPHERIC RELATIONS

CNSP NOTE: The developing economic warfare between the United States and the raw-material producing nations has ruffled the diplomatic course of Henry Kissinger. Events highlighted in last month's CNSP, (Vol. III, No. 1 p 37) around the U.S. trade bill have had diplomatic effects in February.

Mr. Kissinger's proposed consultation with hemispheric foreign ministers scheduled for March in Buenos Aires has been cancelled. These meetings, held twice before, occur outside the framework of the OAS. Mr. Kissinger scrapped plans for a trip to Argentina, Brazil, Chile, Peru and Venezuela previously scheduled for mid-February. The postponement of the meeting of foreign ministers follows a unanimous Latin American vote in the OAS last week condemning the U.S. trade law as containing "discriminatory and coercive" measures.
(MS, 28/1/75, p6 c6-7)

Vowing to smooth relations, Henry Kissinger announced he would visit Latin America before April. He said he viewed the decision of Ecuador and Venezuela not to attend the proposed Buenos Aires foreign ministers' meeting as "unjustified".
(MS, 29/1/75, p2 c1-2)

The U.S. trade bill is still largely misunderstood in Latin America, and provides preference for developing countries in their trade with the U.S. It excludes members of the OPEC, which includes Venezuela and Ecuador. Despite state department attempts to placate these countries, they set in motion a censure of the U.S. policy in the OAS, with support from Colombia and Peru. Further complications came over Cuba, with Chile threatening to boycott if a Cuban observer were invited, while Mexico said it would boycott the Buenos Aires meeting if Cuba were not invited. The momentum of Kissinger's "new dialogue" with Latin America is stalled.
(OC, 4/2/75, p7 c1-2; David Belnap)

A new body to align governmental policies, the Latin American Economic System (SELAM), has been emerging in talks between Mexican, Venezuelan and Colombian ministers. A forum open to all Latin American and larger Caribbean territories, but excluding the U.S. is being proposed. SELAM has received impetus from the nationalist attitude of President Andres Perez of Venezuela. Cuba and Mexico have both been enthusiastic about the idea. Perez will visit Mexico in March, and then joint Venezuelan-Mexican missions will visit other Latin American capitals. Felipe Herrera, veteran advocate of a Latin American Common Market, has refurbished the idea, which is being filled out with the proposal for Latin American multinational corporations, and backed by the economic muscle of Venezuela.

(LATIN AMERICA, 21/2/75; FTL, 20/2/75 p5)

The Ottawa Citizen in an editorial (3/2/75 p6 c1) indicated that it was aware of Latin American feelings on economic issues. It referred to the U.S. trade act, the Cuban issue, and finally, "Though U.S. multinational corporations have invested heavily in Latin America and helped the continent's economic growth, many Latins feel the companies are exploiting them -- with the support of the U.S. government.

LATIN AMERICA - ECONOMIC : RELATIONSHIPS IN COMMODITIES AND CORPORATIONS**COPPER:**

Peru will cut copper exports, along with the three other members of the copper exporting countries organization (Chile, Zaire and Zambia), in order to avoid further drops in world price. Cutbacks in exports are to run between 10% and 15%. Peru currently produces approximately 220,000 tons a year. (GM, 26/2/75, pB4 c3-5)

The Mining Bank of Peru has begun steps to obtain from the Canadian gov't a loan of \$152 million to increase its annual production of refined copper by 100,000 tons. But there is little hope that Canada will grant the loan since the world copper market is depressed at the moment. Canadian copper producers have been forced to reduce their price for copper four times per pound in the last few months. In addition, although a member of the International Organization of Copper Exporting Countries, Peru has refused to cut its copper production by the 10% called for in December by that organization. (LD, 18/2/75, p17 c3)

COCOA:

The world price for cocoa has risen more than six-fold in the last two years. Ghana and Brazil are the two largest producers. The U.S.S.R. last year replaced the U.S. as Brazil's largest customer. Workers are not benefitting sufficiently to stay in the industry. Production is concentrated in the southern Bahia state. Government agencies are assisting plantation owners and their sons with education, soil studies, technical training and pest control. (HCH, 5/2/75, p18, c1-2)

COFFEE:

World Coffee producers will withhold about 17.5 million bags of coffee until price increases take place. A 3-day meeting occurred in San Salvador. African nations were proposing a world sales embargo. 42 nations are involved. Spokesman Fausto Cantu Pena of Mexico, stated that producers desire a closer link between coffee prices and the cost of imports from industrialized nations. Coffee prices (wholesale) have dropped about 25% in the last 6 months. The group will confer again next month in London, following a new world coffee agreement being negotiated by the International Coffee Organization. (OC, 17/2/75, p39, c3-4; TS, 17/2/75 pB9)

OIL:

Trinidad has opened new production, to move ahead of Ecuador and become the hemisphere's third exporter, after Venezuela and Canada. The U.S. is the hemisphere's biggest producer, importer and consumer of oil. The new Trinidadian production is by Amoco, a Standard Oil of Indiana subsidiary. Amoco is pumping 100,000 barrels a day, up 30,000 in the last month. An equal amount is made up by 3 other firms. Canada, by comparison, exports 1.6 million barrels a day from its western fields, and imports about a million barrels a day for consumption in the eastern part of the country. Ecuador, with a joint Texaco-Gulf production is finding it hard to find buyers and has cut production. (HCH, 7/2/75, p10 c1-4)

HYDRO-ELECTRIC POWER

Bolivia has started negotiations to take over Canadian-owned Bolivian Power Co., a subsidiary of Canadian International Power of Montreal, a 60% U.S. controlled firm. Bolivia has been putting the squeeze on profits by blocking rate increases. The company's assets are estimated at \$50 million by the company. Bolivia government estimates are considerably lower.

(MS, 19/2/75, p1 c1)

ALUMINUM

Alcan Aluminum will cut operating expenditures in Jamaica by 1/3 this year, because of the depressed U.S. aluminum market. This means a reduction of \$15.4 million down to \$9.9 million.

(TS, 27/2/75, pB8 c8-9)

BAUXITE:

Guyana has nationalized the bauxite subsidiary of Reynolds Metals Ltd., agreeing to pay \$14.5 million compensation out of profits over the next 13 years. \$6.9 million of the sum is being deducted as a 1974 levy on the company's production of metal grade bauxite. The nationalization comes 3 and 1/2 years after the take-over of Alcan's bauxite operations in Guyana.

(WFP, 3/2/75, p18 c7)

COPPER:**PANAMA TURNS DOWN CANADIAN JAVELIN PROJECT**

The Panamanian government has refused Canadian Javelin Limited the rights to explore the largest copper deposits in the world, Mount Cerro Colorado. The Canadian company formed part of an international consortium which included Noranda, British Keynock metals, and C. Itoch of Tokyo. Canadian Javelin has already invested about \$23 million in the last four years for exploration and the launching of an international consortium for extracting refining and marketing this copper. The reasons are not yet known for Panama's decision, but the company has been offered \$23 million in compensation.

(LJ, 27/2/75, p11 c1-5 CP)

CNSP NOTE:As of March 11th, 1975, trading of Canadian Javelin shares has been halted, as talks between Panamanian government and company have been broken off.