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

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MAY

Weaknesses in the Canadian economy are once again the focus of much press attention this month. However, while most articles emphasize the problems there is little serious analysis of the causes - except for blaming increased wages.

The federal government is moving closer to voluntary wage and price controls although any consensus from the different sectors is still not visible. A confidential working paper, outlining the government program, was published in the Toronto Star. The Canadian Labour Congress has indicated it will not support Turner's proposals until its own 9-point plan is accepted. And, in meeting with business leaders, Turner found little commitment to restraint. (See Political - pp 31-33)

Both government officials and the press focus most attention on workers and immigrants as major causes of Canada's present economic woes. However, while they are presented as scapegoats of the current situation, a closer look at the facts shows that workers and those on fixed incomes are bearing the brunt of the present "war on inflation" and will probably continue to do so. (See - Labour pp19-30)

Quebec Labour coverage in the English language press was particularly extensive, emphasizing violence and intransigence on the part of Quebec workers. The Bourassa government is presently acting on the Cliche Commission report - and stiff new legislation dealing with illegal strikes perhaps foreshadows a hardening of position towards workers in the rest of Canada as well. (See Quebec Labour -pp 24-28)

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FOREIGN INVESTMENT

Introduction: The current recession is being used as an excuse to delay implementing part 2 of the Foreign Investment Review Act (FIRA). The second part would extend screening to cover proposals by foreign interests to set up new businesses here, and expand existing foreign controlled companies in unrelated fields. Given the present technological dependency of Canada, part 2 is an important tool to break that dependency. Though Canada's economic woes have a great deal to do with its dependency on the United States, John Turner, minister of Finance, continues to argue that more foreign investment rather than less is the solution.

INVESTMENT LAW ONLY HALF SAFE

The screening agency presently reviews only proposed foreign takeovers of Canadian firms. There has been no action on the second half of the legislation to increase Canadian technological activity. The Gray report on foreign direct investment said that 95% of the patents outstanding in Canada are registered to foreigners, two-thirds of them to Americans. In a list of 25 industrialized and some not-so-industrialized countries, Canada stood dead last in terms of the percentage of patents owned by nationals. (TS 19,5,75 pC4 c1-2 editorial)

CNSP NOTE: for further evidence of Canada's weak technological position, see CNSP last month under Trade.

OTTAWA DELAYS CONTROLS TO SCREEN FOREIGN INVESTMENT

Finance Minister, John Turner, said last week that 1975 is a "good year to encourage foreign investment because a current account trade loss of between \$4 billion and \$5 billion is expected". Herb Gray, former minister of Consumer Affairs, denies that encouragement of foreign investment is the only answer. Debt financing by borrowing rather than equity participation by foreign investors could be encouraged. (HCH 21,5,75 p1 c1-3 CP)

FOREIGN INVESTMENT BILL DELAYED BY CABINET RIFT

Part 2 of FIRA may be delayed again. Though part 2 was passed 18 months ago, it still has not been proclaimed. Sources in Ottawa speak of considerable division within the cabinet. They suggest that the probable outcome will be to postpone any move for the time being or to announce a future date when Part 2 will take effect. This might be toward the end of the year. (OC 27,5,75 p9 c5-7 Peter Cook)

TRADEIntroduction:

First a note on trade terminology. It can be more easily understood by comparing it to simple book-keeping categories. There are two basic categories:

accounts receivable (money received or taken in)
accounts payable (money you pay out)

If your accounts payable is higher than account receivable you have a deficit.

A nation's exports are part of its "accounts receivable"; a nation's imports are part of its "accounts payable". If imports are higher than exports, you have a trade deficit. Canada currently has a large trade deficit.

Another part of a nation's "accounts receivable" is capital entering the country as investment or capital inflow. Another part of a nation's "accounts payable" is capital leaving the country to invest elsewhere. If what a nation pays for its imports and as capital leaving the country is higher than what it is receiving for its exports and as foreign investment (capital inflow) it is said to have a balance of payments deficit.

The press does not present statistics concerning volumes of goods traded only the values of those goods. Therefore, a particular export item may show an increase and this could be due either to an increased volume or increased price and in some cases both.

Exports of passenger cars and chassis have increased since May 1974 by 32% but this is due to increased prices rather than increased volume of cars actually exported. Other increases include: iron ore and concentrates, 189%; copper 54%; nickel 47%; newsprint 17% and office machinery and equipment 24%. One decrease was in crude petroleum 21%. Canada received \$285 million for her exports of cars and chassis and \$240 million for her exports of crude petroleum. Statistics on other items, including wheat, were not presented. (HCH 24,5,75 p2 cl-3; OC 28,5,75 p9)

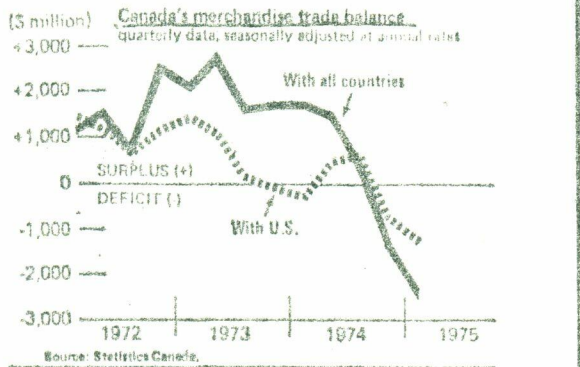
CNSP NOTE: Statistics Canada has recently changed its method of reporting trade figures. The old method counts exports and imports when the goods crossed the border (customs basis). The new method measures them at the time payments are made or received (balance of payments basis). The second system shows Canada's trade situation more favourably since it takes account of foreign capital entering the country.

<u>Method</u>	<u>Results for April, 1975</u>
customs	deficit -\$107 million
balance of payments	surplus +\$55 million

TREND OF BUSINESS

By Anne Bower

A case of wait and see?



In the first three months of 1975, the value of Canada's merchandise exports was up by 7% from a year earlier. But with imports up by a much bigger 21%, the trade balance shifted to a sizeable deficit of \$2,468 million (seasonally adjusted annual rate) from a surplus of \$1,638 million a year ago. The sharp turnaround in the trade balance — from surplus to deficit — goes a long way toward explaining Canada's official entry into the world recession league. It's doubtful, though, that Ottawa's upcoming budget will be able to do anything to reverse the deterioration in the trade balance. Direct aid to exporters, for instance, would be read by our trading partners as a beggar-thy-neighbor move. The deficit may not grow any worse but a clear trend toward improvement, and ultimately surplus, will depend largely on revival in economic activity around the world, not just in the United States. As the chart shows, the deficit racked up in the first quarter was about equally split between trade with the U.S. and trade with other countries.

The graph shows Canada's worsening trade deficit.

CNSP NOTE: Turner and others place the blame on high labour costs and declining productivity among Canadian workers. Examples of this kind of argumentation follow.

WAGE PARITY WITH THE U.S. BRINGS TRADE PENALTIES

A First National City Bank study says Canada's output per man hour--productivity, declined from 88% in 1970 to 87% in 1974. U.S. Bureau of Labor Statistics says gap between U.S. and Canada in productivity is narrowing and Canada has been making greater gains since 1960. (FP 17,5,75 pE3 c1-3)

TURNER: CANADA'S TRADE WITH U.S. UNDERMINED BY HIGH WAGE COSTS AND DECLINING PRODUCTIVITY

U.S. treasury department data indicated that recent U.S. wage settlements have been running at a rate of 7.8%, vs. more than double than figure for Canadian settlements. (FP 17,5,75 pA1 c4-7)

CNSP NOTE: No dates are given to interpret "recent" and no indication as to how many wage settlements are involved, is given. Another factor omitted is that U.S. settlements have recently focussed on fringe benefits and cost of living allowances to supplement supposedly low wage raises. For further detail, see Labour General this month.

TRADE WITH USSR

An agreement extending a \$500 million line of credit to the Soviet Union to purchase Canadian capital goods, equipment and services has been signed. It was the biggest deal ever negotiated by the Canadian Export Development Corporation. The USSR has signed agreements for lines of credit with France, Britain, Japan and West Germany for a total of \$7 billion.

(GM 10,5,75 pB1 c2-5)

AUTO TRADE

The auto parts industry was granted a tariff break through an order in council effective August 1, 1975 through July 31, 1976. Foreign manufacturers can now purchase Canadian parts and sell cars to Canada whether they contain Canadian parts or not without penalty. The value of purchases (parts) and sales (cars) must be equivalent.

(OC 20,5,75 p10 c1-3)

CANADIAN CAR SALES UP

Since nearly 70% of the cars sold in Canada are produced in the U.S. strong sales in Canada indicate benefits to U.S. producers. Since more than 70% of cars produced in Canada are sold in the U.S. the current U.S. slump in auto sales hurts Canadian producers. (FP 31,5,75 p9 c2-4)

AUTO WORKERS IN U.S. COMPETE WITH CANADIAN WORKERS ACROSS THE BORDER

The United Auto workers may argue under a section of the 1974 U.S. trade act that 6,000 U.S. Chrysler workers lost their jobs because of import competition from Canadian workers. (IG 5,75 p44 c4-8)

RESOURCES: OIL AND GAS

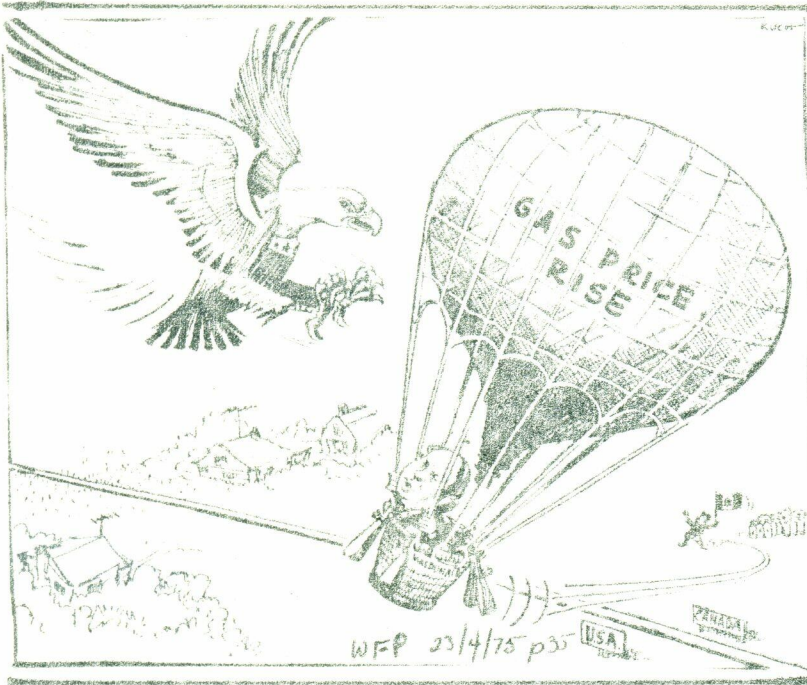
Introduction: This month's clippings highlight again the degree of control that American corporations have over Canadian oil and gas resources. Industry profits rose in the first quarter of 1975, demonstrating that some sectors are not experiencing recessionary problems. Faced with uncertainty over short term supplies and long term reserves, overwhelmed by the conflicting priorities of fighting inflation, righting trade balances, maintaining good relations with the U.S., appeasing consumers and developing secondary industry, the federal and provincial governments have responded in a confused manner. No clear and decisive actions are being taken by governments to shape a more coherent national energy policy.

GAS PRICE RAISED

The federal government announced the plan agreed on by Ottawa and the provinces to raise the price of natural gas from \$1 per 1000 cubic feet to \$1.40 on August 1 and to \$1.60 on November 1. The price was raised to keep gas at its commodity value and to provide the oil companies with an exploration incentive. (GM 6,5,75 p1 c2-7)

OIL TAX LOWERED

The export tax on oil was lowered on June 1, to \$4.70 a barrel for light crude and to \$4.20 for heavy crude. This was because western exports have fallen under U.S. resistance to the tax. (WFP 7,5,75 p4 c1-3)



OIL COMPANIES TOLD TO USE GAS INCREASE FOR EXPLORATION

Donald MacDonald, Energy minister, warned the oil companies to use the gas increase for exploration or they will face 'fiscal penalties'. For the past several months, the industry has been claiming that such revenues are needed to ensure security of supply, but most critics have claimed that such extra profits would be expatriated to the U.S. parent companies of Canadian oil and gas subsidiaries.

(GM 6,5,75 pB2 c3-4)

ALBERTA AND IMPERIAL OIL INTERESTS DO NOT COINCIDE: RUSSELL

In an Edmonton Journal article dealing with development in Alberta, J.C. Russell of the Committee for an Independent Canada points out that control of the province's industrial base is in the hands of the U.S. oil companies. He says that since in the final analysis, these companies aim to make profits for U.S. shareholders, they employ the boom then bust method of operations in using Alberta only as long as it is profitable. Russell points out that Canadian acceptance of this attitude has led to urban development that in the long run is harmful, and it creates a dependency on resource extraction as the sole economic activity. When this activity ceases, the economy stagnates. (EJ 31,5,75 p5 c2-6)

OIL COMPANIES COUNTER TREND: RECORD PROFIT INCREASE

Profits for all industrial corporations in Canada fell by 10% in the first quarter of 1975 compared with the first quarter of 1974. However, the oil companies recorded a profit increase of 46% on a sales increase of 33%. (OJ 17,5,75 pB44 c3-4)

IMPERIAL TAX DODGES INCREASE PROFITS

A court case in Nova Scotia has revealed that Imperial Oil used a wholly-owned Bermuda subsidiary as an intermediary for the passage of oil from Venezuela to Canada's east coast. This subsidiary, Albury Ltd, did nothing but buy Venezuelan oil and sell it at a profit of up to \$8.5 million annually to Imperial. Imperial then passed on this higher priced oil to the Canadian consumer.

(HS 30,5,75 p4 c3-8)

IMPERIAL POLICY DECIDED IN THE U.S.

Further evidence at the trial showed that all decisions about where Imperial of Canada should buy its oil and the prices it should pay are decided by a small board of Exxon officials. Imperial is not represented on this board. Often the U.S. parent orders the Canadian company to buy more expensive oil in order to ensure a cheaper supply for U.S. subsidiaries of Exxon. (HS 30,5,75 p4 c3-8)

SARNIA-MONTREAL PIPELINE APPROVED

Inter-provincial Pipeline Ltd. was given permission to build an oil pipeline to carry western crude from Sarnia to Montreal. The capacity of the pipeline will be 250,000 barrels per day. Also, it will be built so that the flow can be reversed to bring oil from the East coast to Ontario.

Cost is estimated at \$185 million and the pipeline is expected to be completed by the winter of 1976-1977. The pipeline is part of a much publicized government plan announced during the 1973 energy crisis which supposedly will ensure Canadian energy self-sufficiency.

(TS, 21/5/75, pC9 c1-3; WFP, 23/5/75, p15 c3-6;
GM, 21/5/75, pB1 c7)

RESOURCES : other than oil and gas

LAW OF THE SEA

There is no Law of the Sea - or at least there won't be for 2 or 3 more years, say many who attended the 8-week U.N.-sponsored conference in Geneva. The optimists viewed the March 19 to May 9th conference as having clarified negotiating positions and presenting a solid base from which to fashion a world treaty. Jens Evenson's formula (Norway) was rejected by geographically disadvantaged, land-locked and developing nations as grossly in favour of coastal states -- West Germany, Nepal, Singapore and Zambia made the formal objection.

Apart from general "acceptance" of 200-mile economic zones and "some indications of a compromise" on sharing the wealth with the 3rd World, the conference made little progress. Romeo Le Blanc, fisheries minister, said that Canada's fishermen can't be asked to wait 'til the end of another conference. 175,000 are employed in the Canadian fishing industry.

Iceland announced it will extend the 50-mile limit to 200. Norway is negotiating with the USSR and the UK for a 50-mile limit (though the 200-mile limit is not out of the question). the 200-mile limit has a good chance of passing in the U.S. Congress.

The text that is to be used as the basis for negotiation beginning March 29, 1976 in New York has set out the following:

- 200-mile economic zone granted to coastal states;
- all other states given access to surplus of allowable catch;
- stringent environmental code;
- salmon limitation (important to Canada, Japan & Denmark);
- economic planning commission to watch supply and demand of various minerals.

Canada's projected decision is:

1. may wait on U.S. congressional decision on the 200-mile limit and then may follow suit.
2. make its own unilateral decision on the 200-mile limit;
3. ICNAF(International Commission for Northwest Atlantic Fisheries) in Edinburgh in June 1975 is seen as critical; Canada will act unilaterally to claim 200-mile zone if the 16 nations don't agree to a 40% reduction in fishing effort.

(MS, 1/5/75, pA13 c2-4; GM, 7/5/75, p6 c1-2; OC, 8/5/75, p38 c1; WFP, 9/5/75, p37 c3-6; OC, 6/5/75, p60 c1-5; HS, 6/5/75, p3 c4-8; GM & MS, 10/5/75, pA8 & p3; WFP, 12/5/75, p6 c6-8; HCH, 27/5/75, p1 c1-4)

--"If the fishing industry is not saved, you can write Newfoundland off as a province" said provincial minister Crosbie. (HS 7,5,75 p3 c4-6)

Officially Canada doesn't use the term "revenue sharing" because it might imply other countries have some legal right to a portion of resources Canada claims are 100% Canadian. Canada proposes to make a "contribution" to poorer countries. (GM 7,5,75 p6 c1-2 G. Stevens)

MacEachen and Bessley (Canadian negotiator) expressed optimism that most of the Canadian attitudes would be reflected in the committee texts.

(WFP 9,5,75 p37 c3-6)

Paul Lapointe of External Affairs was reported to have said in Caracas in 1974: "Governments must avoid actions that might compromise the spirit of negotiations. Threats of unilateral action are among those political moves that might jeopardize the whole process."

(WFP 9,5,75 p37 c3-6)

CNSP NOTE: Compare this with External affairs position of threatening unilateral action at the Geneva conference a year later.

An Ottawa--St. John's deal letting Canada offer to pay developing nations annual grants pegged to the revenue from certain offshore mineral resources was needed to give the federal government a free hand in crucial negotiations in Geneva. In return the developing nations are expected to back Canada's claim to resource control of the entire continental margin. Newfoundland backing was necessary because it claims complete ownership under the 1949 Act of Union.

(HS 9,5,75 p28 c2-8)

BANKING

FOREIGN BANKS MOVING IN QUICKLY

A sudden rush of foreign "near banks" into Canada appears to be an attempt by the foreign financial institutions to get established in Canada before the next rewriting of the Bank Act due in 1977 and before proclamation of the second phase of Canada's Foreign Investment Review Act. Bank of Canada statistics cover about 35 financial institutions incorporated as wholly-owned or substantially owned by foreigners.

These 35 have experienced a rapid growth, increasing their assets by more than 40% to \$1.8 billion in the last six months of 1974. Ironically, Canadian chartered banks are bankrolling these foreign "near-banks" by lending money to these firms backed by their huge foreign parents. An example of the activities of these foreign banks is Citicorp Financial Services Ltd, the Canadian operations of New York's First National City Bank. Already Citicorp has financed the purchase of a jumbo jet by Wardair Ltd. of Edmonton, the development of a Canadian mine in the Arctic, and the takeover of a U.S. operation by a Canadian industrial company. Banking experts place the foreigners in the following categories: --there are about 130 insitutions with foreign interests doing a variety of financial business including industrial and construction lending, mortgaging and leasing. These firms raise their capital in Canada.

- there are at least seven companies in which there are large foreign interests.
- there are about 150 so-called suitcase bankers, who don't have offices in Canada, using hotel rooms for deposits and loans to be signed on foreign head-office books.
- there are at least 35 representative offices doing business similar to that of the suitcase banker. (MS 13,5,75 pB9 c7-8 CP)

CNSP NOTE: see Vol III, no 4 pp 11-12 for further information and background.

B.C. PLANS ALTERNATIVE BANK: KIERANS TO HEAD IT

British Columbia Premier David Barrett introduced legislation on May 16 to create the B.C. Savings and Trust Corporation, a crown corporation to be owned 90% by the province and 10% by B.C. credit unions. Explaining that the major purpose of the financial institution was to give the people of B.C. an alternative to the central Canadian chartered banks, Premier Barrett outlined its objectives:

- to increase the degree of competition in the province's financial markets;
- to allow B.C. residents to use their deposit funds to support the future economic and social development of the province.
- to ensure maximum possible retention of funds for use within the province;
- to improve the balance between loans and deposits among all regions of the province;
- to increase the amount of credit extended to low and middle income earners, farmers and small businessmen, single women, native Canadians and other people who currently have difficulty obtaining financial services.

Barrett announced the appointment of Eric Kierans as the institution's first director. (OC 17,5,75 p12 c1-8 SNS, TS 19,5,75 pB8, GM 21,5,75 pB1 c4-7; OC 31,5,75 p10 CP)

STATE OF THE ECONOMY

CNSP NOTE: We would like to apologize for neglecting to include in last month's synthesis the reference for the charts dealing with Power and Argus Corporation. The charts were taken from the Financial Post of April 5, 1975.

INFLATION RATE DOWN TO SINGLE DIGIT

Although consumer prices in Canada are running 11% above a year ago, the annual rate of consumer price increases was 7% between December and April. If this pattern continues, inflation may return to a single digit figure from the two-digit statistics of 1974. (FP 31,5,75 p1 c1)

INDUSTRIAL OUTPUT DOWN

Government statistics on how the Canadian economy fared in the first quarter of 1975 indicate that industrial output declined by 2.8%. Worst hit were industries manufacturing durable goods and the mining sector.

Although industrial output figures cover only part of the overall economic performance, they indicate that the real gross national product shrank in the first quarter. (EJ 16,5,75 p75 c5-6FTS)

Figures for the first quarter real domestic product, a measure of how much the economy produces for domestic consumption, showed a drop of 0.7%. The current downturn is the most prolonged since 1957. If first quarter trends continue, the real gross national product will fall at least 4% in 1975. (HCH 22,5,75 p1 c7-8 CP; EJ 26,5,75 p30 c2-5 FTS)

SALES SLUMP AND UNEMPLOYMENT HIT APPLIANCE INDUSTRY

The appliance industry is in its worst slump in twenty years with major appliance sales (refrigerators, freezers, stoves, washers, dryers, etc) off by 16% and employment down by 20%. (EJ 14,5,75 p75 pc3-8 FTS)

PRICE INDEX UP HALF A POINT

The consumer price index, the index favoured by government to measure wage and price controls presently being debated in Parliament, rose by 0.5% in April, continuing a trend of relatively low monthly increases from the beginning of the year. Food and dairy products were major factors in the increase. (MS 9,5,75 pA1 c1-6 CP; same day for EJ,GM, WFP)

TURNER'S WAGE/PRICE CONTROLS REJECTED BY BUSINESS

After meeting for three hours with 37 business leaders, Finance Minister Turner indicated that they have "certain reservations" about federal plans for voluntary wage and price restraints. The meeting attended by a "who's who" of Canadian business, followed an earlier meeting between Turner and the Canadian Labour Congress. (GM 15,5,75 pB1 c2-7)

CNSP NOTE: For further discussion of the wage/price controls proposal see Labour general and Political federal.

JUNE BUDGET

Finance Minister Turner's new budget, originally expected for the end of May, has been delayed until June 23, partly because the government is uncertain over where the economy is heading, and partly because both Turner and Prime Minister Trudeau will be away on international trips in the interim. Turner suggested that he is looking at three factors in the formulation of the new budget:

--the future of the voluntary wage and price control program;

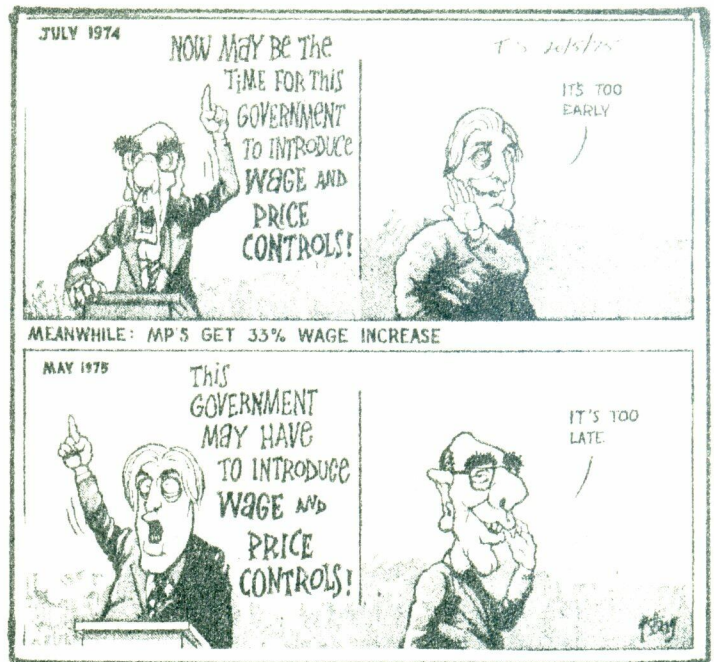
--oil and gas prices;

--the state of the U.S. economy.

(TS 24,5,75 pA5 c1-5; HCH same day)

BUDGET COMMENTARY

Turner's proposed "restrictive" budget is mistakenly pretending that the economic mess of this country has happened suddenly as a result of labour's intransigence. It has not. It has taken a decade of mismanagement to get where we are now. Evidence is mounting that the whole Turner exercise in voluntary wage and price controls has been a charade whose purpose has been to set the stage for a fast wage-price freeze, maybe on budget night. Now that the media headlines have proclaimed



labour's rejection of the voluntary controls, Turner is free to impose compulsory controls. Turner really has very little room to manoeuvre. With no growth in the Canadian economy two things have restricted his possibilities: firstly, his revenue base will be lower since unemployed people and businesses won't pay taxes as during expansionary periods; secondly, his spending estimates will be higher because most social security benefits are indexed to inflation and programs such as unemployment insurance will have to expand with the growing unemployment.

(MS 12,5,75 pB8 c1 Dian Cohen)

CHAMBER OF COMMERCE CALLS FOR BUSINESS TAX CUTS

In a pre-budget submission to Turner and Revenue Minister Ron Basford, the Canadian Chamber of Commerce calls for corporate tax cuts to stimulate investment. In addition to corporate tax relief, the Chamber calls for tighter control over government spending and fiscal policies to prevent over stimulation of the economy.

(TS 22,5,75 pB2 c3-6 CP; GM 22,5,75 pB3 c1-2)

HOUSING

HUDSON BAY SUFFERS PROFIT DECREASE

Difficulties in the housing industry were blamed for the Hudson's Bay Company lower profits in 1974. Company president Donald McGiverin said earnings for Markbrough Properties Ltd, in which Hudson's Bay has a 64.3% interest were disappointing. The real estate company's earnings dipped to \$3.5 million from over \$6 million the previous year.

(WFP 24,5,75 p14 c1-5)

GENSTAR NOT SUFFERING

In an interview with the Financial Post, Angus MacNaughton, president of Genstar Ltd, explained his company's success during the housing crisis. "We had more than twice the sales of houses in California in the first quarter of this year... our profitability in the first quarter of 1975 is clearly better than last year's. Genstar has about 1% of the Canadian housing market and "as far as land develop-

ment and building of single family housing we don't know anyone bigger." There is such confidence at Genstar that it expects to be well established in the eastern Canadian market in a couple of years. The greatest problem MacNaughton sees in housing is red tape. "We must find a system of cutting the red tape. The costs involved are tremendous." Red tape and outdated rules mean that it can take Genstar 3 to 5 years before completing the first stage of any development. On the construction side, MacNaughton is much more pessimistic. "We haven't made any money in the heavy construction business and we are very concerned. It does not warrant our investment dollars." In 1974 Genstar had net income of \$35 million, up from \$25 million the year before. Net sales increased to about \$646 from \$510 million in 1973. (FP 17,5,75 pD5)

HOUSING STOCKS HAVE REALLY TAKEN OFF

Although there has been a dramatic decline in housing starts, the share prices of companies involved in residential construction have been surprisingly strong. "This, in part, is due to investors' perception of a great stimulus being applied to housing by all levels of government in order to increase economic activity" says Robert Decker, research analyst with Greeshields Inc. Another explanation is that the stock market recovery has been spurred more by declining interest rates than by fundamental factors, such as earnings. Since real estate stocks are sensitive to changes in mortgage rates, their prices moved up when rates dropped. The prime beneficiaries from the several breeds of real estate stocks listed on Canadian stock exchanges will be deriving most of their income from house building, as distinct from rents. Companies in land development will benefit too. (TP 17,5,75 pD1 cl-4)

MANUFACTURED HOMES FIRMS BOOM

The manufactured home industry sees nothing but an upward swing in sales as costs of on-site construction continue to rise. Allen Scott, president of Mariner Homes Ltd, in Penticton, N.B. predicts an annual rise in sales of 25% for the next few years. Some of the advantages claimed for manufactured homes include:

- lower hourly labour costs and improved productivity per man hour;
- savings of about 25% on material costs with bulk purchases;
- lower working capital;
- independence of weather conditions.

The manufactured home industry has its eye on increasing export sales of manufactured homes, specifically to Japan, but also to New Zealand and Australia. Last year 14 B.C. house manufacturers, under the guidance of the Canadian Home Manufacturers Association met in Vancouver to discuss forming a consortium. Ottawa has encouraged these new export developments. Last year the department of Industry, Trade and Commerce in conjunction with Canadian industry, opened a demonstration development of dwellings in Tokyo. Arrangements for the construction of the row houses were carried out by the Council of Forest Industries of B.C. (FP 17,5,75 p22 cl-3)

Glenmount Holding Ltd of North Vancouver says it is able to maintain lower labour costs because "non-union workmen are employed throughout, although tradesmen are paid rates approximating union levels." (GM 20,5,75 p8)



GOVERNMENT HAGGLING

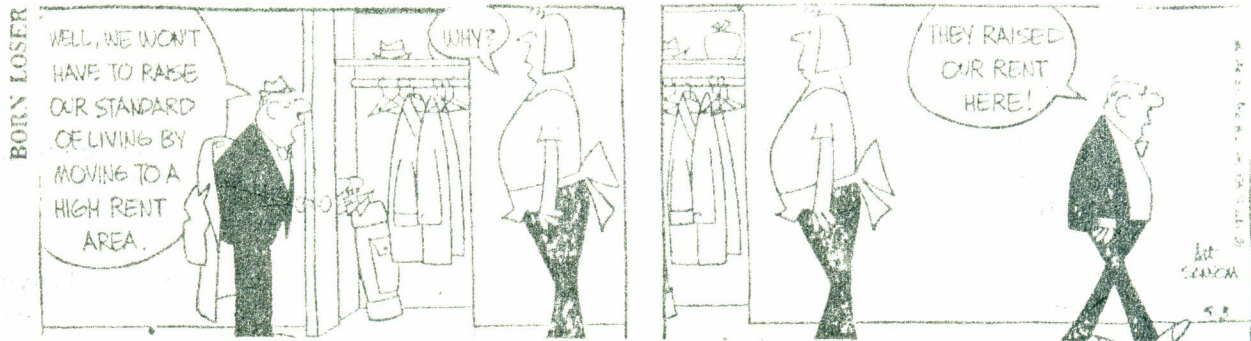
Squabbling between provincial and federal officials has left tenants in 500 dwelling units in Toronto without rent supplements, promised more than a year ago. The squabble has to do with making up the difference between the 9 3/4% interest rate at which CMHC borrows, and the 8% at which it loans for mortgages to non-profit groups. CMHC wants the province to bear half of this burden for units under rent supplement, and the province is reluctant to do so. The hardest hit by the delay are the poor, who stood to gain the most.

GM, 10/4/75,p.5,c.1-5

"I'd like to report three housing starts... we got a start when we learned the price... another start when we heard the mortgage interest... and an awful start when we saw the property tax."

The responsibility for a "looming crisis" in housing was shuffled between the federal and provincial governments in the Manitoba legislature. Lloyd Axworthy, chief opposition (L--Fort Rouge) said that despite the involvement of all three levels of government and the private sector, it was up to the province to take the initiative. Urban Affairs Minister Saul Miller was equally adamant that the federal government had let the public down. Axworthy explained that the housing market had collapsed, putting a heavy burden on those without the bargaining power to keep pace with inflation.

WFP, 29/5/75,p.5, c.7-8



NATIVE PEOPLES

INTRODUCTION: *Little additional news has come from the Berger Inquiry other than a disclaimer by the judge that the inquiry has anything to do with stopping the pipeline. It's sole purpose is to assess the pipeline's environmental, economical and social impact. (See GM, 2/5/75, p8 c2). Northern Affairs Minister assured the oil industry that new regulations would soon stabilize matters so that management decisions could be made with confidence.*

In British Columbia the Union of British Columbia Indian Chiefs (UBCIC) launched a province-wide protest to boycott the Department of Indian and Northern Affairs (DINA) and to force the provincial government to negotiate land claim issues. (The B.C. government used negotiation rather than police to end the conflict much to the chagrin of Minister Buchanan who hoped other provincial police would act more quickly.

THE OIL INDUSTRY REACTS FAVOURABLY TO THE OUTLINE OF THE LONG-AWAITED NORTHERN LANDS REGULATION.

Judd Buchanan explained in Calgary to an oil industry audience the government's thinking on exploration and development of Federal lands in the north. The guidelines recognize the need for future contributions from private industry to frontier petroleum exploration and development emphasizing the alleviation of front-end tax loading.

To speed up the legislation - expected this fall - federal lands are being split into two areas: the Eastern offshore regions which will be dealt with after negotiations with the Atlantic Provinces over offshore jurisdiction, and the rest of the North. Ottawa is aware of the need for vigorous exploration in the North to meet the coming supply crises in oil and gas. (FP, 10/5/75, p5 c2-3; Horte Heise)

OIL, CHEMICAL AND ATOMIC WORKERS UNION URGE FEDERAL GOVERNMENT TO RECOGNIZE NATIVE CLAIMS IN THE NORTHWEST TERRITORIES

A resolution said Native People have established their right to land because of being the original inhabitants. Any future industrial or commercial development should have their endorsement.

The union called for public ownership of all pipelines, resources, reserves and utility distribution, transmission, production and processing companies. (EJ, 10/5/75, p3 c5-8)

BRITISH COLUMBIA LAND CLAIMS

PREMIER BARRETT SAYS B.C. TAKES FIRST STEP IN SETTLING INDIAN LAND CLAIMS

a) In Vancouver, the UBCIC fired most of its government subsidized staff last month after rejecting all government funds. They moved from their office May 31.

Nishga Tribe palmed to close roads on their tribal lands to commercial logging operations for one week (June 1), affecting about 80% of the Canadian Cellulose Co.Ltd.'s logging operation. Co-operation was discussed between the UBCIC and the International Woodworkers of America (IWA).

Interior Indians continued a series of "fish-ins" without fishing permits.

Tachie Reserve set up a rail blockade of the British Columbia Railways (BCR), whose new Dease Lake extension the Indians have successfully blocked for a wee-. The Indians seek a three-for-one land deal for the 378 acres eaten up by the railway right of way through their land, plus \$7 million.

(GM, 5/5/75, p9 c4; Vancouver Province, 27/5/75,)

A meeting of Premier Barrett(B.C.) and the provincial ministers of Indian Affairs as well as with federal minister Buchanan was a first step in settling the impasse between federal and provincial cabinets on responsibilities for Indian affairs. (See CNSP, Vol.III, No.4, p16)

The UBCIC want a Tripartite Commission with the federal, provincial and Indians representations to establish general principles for the cut-off land dispute which originates with the McKenna-McBride Commission that cut off 36,000 acres from 23 bands in 1916. (OC, 3/5/75, p24, c1-4)

BAND COUNCIL AUTHORITY UNDERMINED IN FEDERAL GUIDELINES

A series of guidelines set up by DINA deals with program funding, district councils and education. Bob Holmes (Conservative - Indian Affairs Critic) said the Minister of DINA has implied that the guidelines are needed to hold Indians more accountable for public funds. The how of setting up District Councils and the manner in which bands can manage programs have been traditionally carried out by Chiefs and Band Councils. If guidelines are refused, programs can be cut or withdrawn. These guidelines have been rejected in British Columbia and Saskatchewan. Some Indian leaders have asked for a year's moratorium on implementing the guidelines to give Indians a chance to study them. (EJ, 28/5/75, p76, c3-8; HCH, 16/5/75, p25)

FAILURE IN NATIVE HOUSING: CABINET MEMORANDUM

In line with the discarded 1969 White Paper on Indian Affairs, the government wants Indians and Inuit to use the same housing programs as other Canadians. It is a 5-year program involving \$1.6 billion with financing from the Department of Indian Affairs and the Central Mortgage and Housing Corporation(CMHC). "Native people will be forced to assume mortgage or rental payments if they want adequate housing. 73% of the available employable force of Native People are unemployed and the average worker's salary is \$1,959. It just entrenches the welfare system", says a spokesperson for the National Indian Brotherhood.

(T.S., 14/5/75, pA1, c1-9; Mary Janigan; OC, 14/5/75, p1 J. Gray)

CNSP NOTE: Native populations on the reserves or in the North West Territories or the Yukon are omitted from Statistics Canada surveys on low income and poverty. Canada's Native People suffer from extreme income deprivation.

An Indian -as- Ethnic Policy is being developed. This means that the Native People will be allowed to enter the white world at the bottom, as is the case with immigrants..... to serve the typical ethnic immigrant apprenticeship in the working class.....and to see their culture as a minority culture reserved for ethnic activities which don't jeopardize the political and social status quo. Even more sinister, the policy will deprive the Native People of their status in the history of Canada. (EJ, 17/5/75, p5)

INDIAN WOMEN UNITE FOR RIGHTS

A "National Committee on Indian Rights for Indian Women" was formed to provide a united voice for all women of North American Indian ancestry and includes status, non-status, Metis, Inuit. Under the Indian Act, Indian women married to non-Indian men lose their tribal rights, rights to inherit land on reserves. (In Alberta and Saskatchewan, this can mean oil rights). Hearings on the Indian Act Revision may begin in early 1976 and the women want to make their claims heard and have input into the Revised Act(under study for the past 2 years by Harold Cardinal, Alberta Association).

(MS, GM, 12/5/75, also WFP 7/5/75, 9/5/75)

Social Welfare

MINISTERS OF WELFARE DECIDE TO SPEED UP SYSTEM OVERHAUL

Canada's eleven ministers of welfare have cancelled a federal-provincial conference that was planned for June and scrapped plans for future abstract designing of a new welfare system. Instead, the ministers will meet again in September.

The 2-day federal-provincial conference just ended was the 6th in a series designed to transform Canada's welfare system. Mr. Lalonde won acceptance for a difference in treatment of the working poor and of those unable to work or unable to find a job.- the so-called 2-tiered welfare system.- from every minister except Norman Live, British Columbia's Minister of Human Resources.

The provincial ministers also accepted Lalonde's proposal that an independent outside consultant should be called to make a study and present recommendations on practical questions. (GM, 2/5/75, p9 c5-7)

PENSIONS

The government plans to introduce legislation that will give special pensions to many married couples if one spouse is a pensioner and the other is between the ages of 60 and 65 and has little or no income. The maximum \$400.06 (per month) would be paid in cases where a couple had no extra income.

The legislation would not apply to single persons or to widows. These would be covered by a guaranteed minimum income which is expected to start soon. Presently, a twelfth of the population has reached pension age.

(TS, 23/5/75, pA1 c1-9)

Health

The big issue in health this month is the "tainted meat scandal". The public is boycotting suspect stores already while they wait for completed hearings.

Two known areas where such meat was sold are the immigrant centre in Quebec run by the provincial immigration department, and stores in lower income areas where people "tend to buy cheaper meat". Probably the assumption operating is that new Canadians and poorer people have stronger stomachs to tolerate bad meat!!!

A meat salvage operator told the Quebec jury on May 21 that more than 400,000 -500,000 pounds of putrid meat, salvaged from sickly or dead cows, was sold to concessionaries for resale at Expo '67 for human consumption.

Another meat merchant testified that he supplied between 1,000 and 3,000 lbs. of tainted meat weekly over the past 7 to 8 years. One of the large buyers is Reggio Foods operated by Vincenzo Catroni, described as a leading underworld figure.

The bad meat was not limited to Quebec alone but was a flourishing business in Ontario as well. At least 5 Ontario dead animal collectors were involved in the operation. The meat from dead or diseased animals was shipped from Ontario to Quebec where it was disguised as fresh meat, re-packed and sent back to Ontario for sale.

(TS, 21/5/75, pA6,c1-5; 22/5/75,pA1 c1-9; 27/5/75, pA1,c6-9;30/5/75,pA1)

REGIONAL DISPARITY

DREE OFFERS AID TO DEVELOP DEEPWATER PORTS IN THE MARITIMES

The Department of Regional Economic Expansion (DREE) has made an offer to Nova Scotia, New Brunswick and Newfoundland for aid to develop one deep-water port in each province at a site to be proposed by the provinces.

Nova Scotia's selection is the Strait of Canso. The department said new proposals are being considered for Lorneville, west of St. John, Melford Point on the Canso Strait and further works at Come-By-Chance.

(HCH, 16/5/75, p4 c1-3)

ATOMIC ENERGY OF CANADA LIMITED (AECL) WILL TAKE OVER CANADIAN GENERAL ELECTRIC (CGE) HEAVY WATER PLANT - A \$93 MILLION DEAL

The federal government has approved an agreement to allow the Atomic Energy of Canada Ltd. to purchase Canada's first successful and only privately run heavy water production plant at Port Hawkesbury, Nova Scotia, from the Canadian General Electric Co. Ltd. of Toronto. The purchase price will be \$93 million.

One reason why CGE had decided to sell its plant to Ottawa was that the government refused to change a long-term pricing contract on the plant's heavy water production to allow CGE to at least recover its operating costs.

To date, federal or provincial agencies are the only builders of such nuclear power plants and therefore are the only potential purchasers of heavy water in Canada. (WFP, 23/5/75, p15 c5-8; HCH, 17/5/75, p1 c3-5)

NUCLEAR PLANT GETS GO-AHEAD

A proposed \$900 million generating station on the New Brunswick side of the Bay of Fundy was given the go-ahead by the federal environmental department. The plant is to be built at Point Lepreau. The environment department made several requirements to protect marine life and wild life.

The plant is expected to be finished in 1980 and Premier Hatfield has said construction will employ about 2,000 persons. When finished it will supply about 30% of the province's electrical requirements and also supply some of Nova Scotia's needs. (HCH, 3/5/75, p1 c2-4; GM, 3/5/75, p3)

OFFSHORE LABRADOR GAS FINDS AROUSE OPTIMISM

Newfoundland Mines and Energy Minister Leo Barry said he is not too optimistic that an out-of-court settlement will be reached in his province's offshore resource ownership dispute with Ottawa. Mr. Barry feels the issue will probably be settled in the Supreme Court of Canada and will take 2 years to reach a decision.

In its negotiations with the federal government, Newfoundland is insisting on the right to manage its offshore mineral resources and receive some revenue from them. The legal arguments supporting Newfoundland's case are three:

- the continental shelf doctrine giving mineral rights to the province was an accepted part of international law when Newfoundland joined Canada in 1949.
- prior to Confederation, Newfoundland was a self-governing dominion like Canada with full international legal status.

--Newfoundland international legal status was not conceded when the province entered Confederation.

Mr. Barry was also highly critical of existing federal regulations governing licencing and exploration. Both major finds of natural gas has been made by Eastcan Exploration Ltd. which as the operator has a 28 1/2% share in a group comprising 6 others, including Gulf Oil. It has been estimated that the finds may comprise up to 25% of Canada's potential oil and gas.

(HCH, 19/5/75, p.1, c.2-8)

(FP, 17/5/75, p.N2, c.1-4)

(For further information, see the Law of the Sea, pp.6-7)

PREMIER "HIDING" FACTS ON SYSCO SAYS BUCHANAN

Opposition leader John Buchanan charged that the government refusal to divulge information about Sydney Steel Corporation and the plants "deteriorating economic climate" demonstrates Premier Regan in "hiding something of tremendous magnitude." Mr. Buchanan wants a public inquiry to find out what went wrong. Buchanan claims close to \$100 million has been wasted by the government in its efforts to update the Sydney operation. Much of the \$150 million spent on modernization has funded equipment which will never be used by the plant or used only part of its capacity. The only way the facility can boost production is to spend another \$250 million. Mr. Buchanan said he has received the "full support of the United Steelworkers of America" in his request for a public inquiry.

(HCH, 14/5/75, p.2,c.1-3)

TRANSPORTATION

AIRLINES CASE NOT PROVED

Professor Myron Gordon presented the results of a study he had made on behalf of the Consumers Association of Canada: CP Air needed an increase of less than half what it was asking and that it had more aircraft than it needed which put up costs. Air Canada had over invested in aircraft and had too many employees. Air Canada did admit that the 1st class passenger should be paying a higher fare, CM Irwin, Air Canada's director of pricing said economy passengers subsidize the 1st class passengers and by a huge amount. To pay for themselves, 1st class passengers should pay 80% above the economy fare; they pay only 45%.

(CM, 24/5/75, p.6,c.1-2, editorial)

AIR FARES HIKED AGAIN

The third domestic air fare increase by Air Canada and CP Air in two years was cleared by the CTC Monday. The other two raised fares 20%; this one raises economy fares 10%, about 14% for first class.

(WFP, 27/5/75, p.1, c.7-8, B. Douglas)

MANITOBA APPEALS AIR FARE INCREASE

The Consumers' Ass. of Canada, and Manitoba and Saskatchewan asked the cabinet in separate appeals to review the CTC decision.

(WFP, 31/5/75, p.5, c.1-4, CP)

MARCHAND PROMISES AIR, RAIL FARE STUDY

The government will study domestic passenger fare structures on national air and rail lines, Jean Marchand said today.

(WFP, 31/5/75, p.7,c.4-5, CP)

WOMEN

CANADIAN BUSINESS ISN'T COMMITTED TO EXTENDING EQUAL OPPORTUNITY

Many Canadian businessmen appear to feel that equal opportunity for women is not a problem of much concern for their companies. A few concede that there is a problem, but feel little sense of urgency in solving it. They say, for example, that "the status of women ranks very low on our scale of priorities" and that "over the long haul, the improved education women are getting will take care of things."

In contrast to this senior management opinion, the evidence suggests that major trouble is quietly but actively brewing in many large Canadian companies, particularly in banks, insurance companies and retail stores. In broad terms, the problem breaks down into two major areas: a general discontent due to a feeling of powerlessness, and some deeply held feelings on a number of specific equal-opportunity issues.

Legislation and other forms of government pressure have had little impact on equal opportunities for women. The reasons for their limited effect:

- provincial human rights legislation is vague and comparatively recent;
- class action suits cannot be brought;
- enforcement by human rights commissions has been limited;
- other government-created bodies stress voluntary action.

In few Canadian companies have women organized groups or associations to make their viewpoint known to management. A recent survey of corporations revealed that fewer than 5% of all firms have such groups, and they are almost non-existent in the Maritimes, Newfoundland and the Prairie provinces. Where they do exist, membership is usually restricted to a small proportion of female employees, either because the groups are relatively new or because women are afraid of being branded as agitators or even lesbians by their male and female co-workers.

In addition, unions have exerted little significant pressure on employers on behalf of equal opportunities for their female members. In summary, it's fair to say that "Canadian business as a whole has done almost nothing about the problems facing women employees." What has been done falls into the categories of:

- a few, well-publicized, comprehensive equal-opportunities programs;
- several dozen low-key but significant improvement actions;
- a vast number of token gestures.

Nonetheless, there are a number of compelling reasons for a company to do something new:

- the benefits from the better use of underemployed female talents;
- the gains from reducing the impact of dissatisfaction;
- the need to improve public image;
- the desire to do the right thing.

(FP, 24/5/75, p.C1-C2-C3; James Bennett and Pierre Loewe)

LABOUR

GENERAL INTRODUCTION

It is clear that workers and immigrants are the current scapegoats for Canada's economic woes, and that workers are bearing the brunt of the "war on inflation." In 1974 labour income was 54.5% of the GNP, the lowest since 1948. Corporate profits were 13.1% of the GNP, the largest since 1951. (OC, 3/5/75, p.9,c.1-4). There seems to be a concerted effort on the part of government officials and the press to portray workers as intransigent, and in the case of Quebec workers, as criminals and goons. The centre of strife this month was Quebec where the confrontation between government and workers approached the proportions of the Common Front strike in May of 1972. English language coverage of labour events in Quebec was five times greater than usual, emphasizing violence on the part of workers and notably intent on the violence perpetrated by United Aircraft or the asbestos companies neglect of safety conditions in the eastern townships. Stiff new legislation dealing with illegal strikes in Quebec is perhaps a foretaste of what may come in the rest of Canada or at least a warning that the government is increasingly determined to keep workers in their place.

LABOUR--GENERAL

INTRODUCTION

There was a flurry of action on the labour scene this month, kicked off by Finance Minister John Turner's proposals for voluntary price and wage restraints to reduce inflation. Wages, rather than other factors in the economy, received the greatest emphasis in Mr. Turner's scheme and predictably organized labour's response was negative.

Poorer cost-of-living clauses in Canadian contracts account for part of the reason union negotiators here bargain for higher wage increases than in the U.S. Mr. Trudeau, who opposed compulsory controls during the last election, finds them intellectually acceptable now because inflation is being fuelled by rising costs, whereas a year ago, when the government opposed controls, inflation was caused by shortages of world commodities. Ed Broadbent, NDP parliamentary leader, called the proposals unacceptable because it's not a comprehensive package and is aimed at wage earners in the population. He said the federal government would use the rejection to berate the trade union movement and ordinary workers across the country.

Meanwhile, labour continued to get the boot for fueling inflation through work stoppages, strikes and "exorbitant wage increases." And who should turn up as the defender of the working person but Labour Minister John Munro, to put the welter of confusing statistics into perspective. The Labour Dept. also announced the formation of an advisory council made up of labour, business and government representatives to suggest ways to improve industrial relations and collective bargaining, which the CLC tended to support.

OTTAWA'S WAGE GUIDELINE

Finance Minister John Turner released his suggestions for a national consensus on wage and price restraints, calling for a 12 per cent or \$2400 ceiling on wage increases. Turner stated that his voluntary program would bring inflation to a 3.5% level by the end of 1978. Companies would be asked to restrict price increases to "amounts sufficient to cover increases in costs." After one year a system of "normal or customary profit margins" would be reintroduced. No restraints were considered on exporters, dividends, interest rates, rents, farmers or fishermen. (TS, 5/5/75, p.A1, c.4-9)

LABOUR REJECTS WAGE CURBS

Canadian Labour Congress (CLC) President Joe Morris rejected Finance Minister Turner's plan for wage restraints. Morris called for a broader scope for any government action to combat inflation. He said the proposed guidelines will mean that "people on low incomes, the poor, the unorganized will be frozen," without a chance to improve their position. The CLC emphasized that labour was being used as a scapegoat for economic problems and demanded that the government consider a nine-point program geared towards more equitable income distribution and controls on income other than wages.

- 1) Increase the supply of housing;
 - 2) Regulate oil and gas prices;
 - 3) Introduce a negative income tax;
 - 4) Increase old-age pensions;
 - 5) Curb land speculation;
 - 6) Enforce rent controls;
 - 7) Control professional fees;
 - 8) Introduce full employment policies;
 - 9) Guarantee that corporations given tax concessions use the money they gain to create jobs rather than increase dividends.
- (WFP, 8/5/75, p.1, c.3; 9/5/75, p.12, c.1-3; TS, 7/5/75, p.A1, c.6-9)

TIME IS RUNNING OUT, TURNER WARNS LABOUR

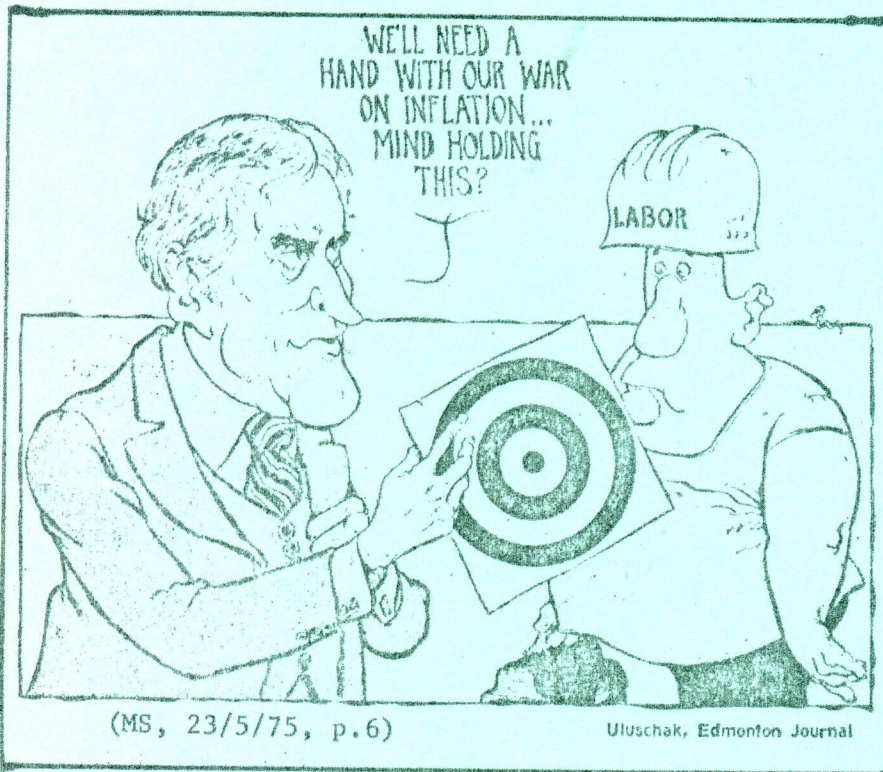
Following labour's rejection of his wage and price restraint program, Finance Minister John Turner warned that "time is running out for a voluntary consensus." He said that massive unemployment will occur unless wage settlements and production costs are brought into line with other countries, nothing that production costs are rising twice as fast as Canada as in the U.S. (HCH, 9/5/75, p.3, c.1-3)

WAGE BOOSTS FOR CANADIANS AMONG LOWEST

Canada has done better than seven out of nine industrial countries in holding down wage increases in manufacturing during the past year. Only the U.S. and West Germany have kept wage increases lower. The likelihood is that wage gains have passed their peak; Finance Minister John Turner's warning that Canadian goods are being priced out of world markets is inaccurate. In addition, the unit labour cost--the price at which manufactured goods are produced--in Canada rose to 99% of the unit labour cost in the US during 1974, keeping us in a relatively competitive position vis a vis the US. (HS, 12/5/75, p.16, c.6-8 Fin. Times Service)

POORER COST-OF-LIVING PROVISIONS IN CANADA

While average Canadian settlements were higher than those in the U.S., it is clear that if allowance were made for the impact of cost-of-living allowances clauses, there would be some narrowing of the difference apparent in wage settlements, a study from the Bank of Canada's research department says. In the U.S. last year, sixty percent of workers were covered by cost-of-living clauses in their wage settlements, while slightly less than forty percent of Canadian workers were covered. This does not include construction. During the last two years major settlements have been higher here and in 1974; there was a marked increase in Canadian settlements over U.S. settlements. However, in U.S. contracts with cost-of-living clauses the adjustments for inflation were about twice as great as in Canadian contracts. Future adjustments would be significantly higher if there are steep inflation rates. (GM, 5/5/75, p.2, c.4-6)



MUNRO SPEAKS OUT: DEFENDS LABOUR

Labour Minister John Munro differed with cabinet colleagues Pierre Trudeau and John Turner by criticizing "the prevailing myth that excessive wage settlements are the main cause of inflation, and that they are running double the average rise of wages in the U.S., and that they threaten our competitive advantage over the Americans." Mr. Munro also questioned wage restraints based on percentage yearly increases. He said current inequities will continue if all workers are limited to the same rate of pay increases. Workers in low-paid jobs would be locked into the bottom of the pecking order, he said.

(EJ, 28/5/75, p.41, c.1-2)

CNSP NOTE: Labour statistics on strikes, wage increases and productivity loss were flying in all directions this month without much explanation or elaboration of their particular context. While the Toronto Star (27/5/75, p.A1, c.1-8) splashed a red banner headline noting that the average weekly wage was up 14.3% over March of 1974, the Ottawa Citizen stated that labour is merely the latest in a long line of scapegoats for the governments mismanagement of the economy. (OC, 3/5/75, p.9, c.1-4) The Citizen article recognized that wage settlements (up 17.4% the last quarter of 1974) are misleading unless placed in the proper context. These wage settlement figures affect only 3% of all workers, and they give no indication of how much the increase is simply catch-up for past inflation. Historically, labour is worse off than it has been in recent years. In 1974, labour income was 54.5% of the GNP, the lowest since 1948. Corporate profits were 13.1% of the GNP, the largest portion since 1951.

(OC, 3/5/75, p.9, c.1-4)

INDUSTRIAL RELATIONS COUNCIL FORMED

Labour Minister John Munro announced the formation of an industrial relations council to be made up of eight representatives from business and labour, and four from the federal government. A Labour Department spokesman said the council will develop procedures whereby labour and management can settle their differences through collective bargaining and temper the adversary aspects of the system. One important goal would be to bring together varying labour statistics into a form that would be acceptable to both labour and management. The formation of the council follows Prime Minister Trudeau's statement that the collective bargaining system in Canada is breaking down.

(MS, 27/5/75, p.F8, c.1-8; GM, 27/5/75, p.B1, c.2-3)

CNSP NOTE: The formation of an industrial relations council seems to be part of the government's strategy to defuse strike activity. Both Munro and Trudeau have advocated industry-wide collective bargaining in an effort to lessen the number of small and rotating strikes by the public service and others. Neither labour nor business seem sure that larger bargaining units are the answer. The Canadian Manufacturer's Association maintains that industry wide bargaining might mean fewer but larger strikes. The CMA has said that "it will do everything in its power to ensure that, in the case of manufacturing, industry wide bargaining takes place only where it is the will of both parties."

(CM, 27/5/75, p.B2, c.1-2, Ronald Anderson)

LABOUR CHIEFS BACK INDUSTRY-WIDE BARGAINING

The CLC said the government should try to remove road-blocks that forbid bargaining on a national scale. This involves provincial agreement to permit industry wide bargaining. By concentrating wage deals into one season, disruptive effects of strikes are less and economic patterns are more predictable. This makes it easier to calculate political effects of settlements and impact on inflation, employment levels and social service payments. Labour officials feel it would particularly improve transport industry and affiliated unions involved in the movement of grain. Where there are several unions representing employees so that workers in one union are just concluding strike action when other union members are just starting a walkout, tying up the industry for lengthy periods. The CMA said most employers oppose such a plan because it would lead to more government intervention as well as deprive local unions and employers of the opportunity to develop their relationships fully. They feel it would lead to centralization and a reduction in attention given to local members by their unions.

(MS, 20/5/75, p.A6, c.1-6; GM, 27/5/75, p.1, c.6-7)

LABOUR EMPLOYMENT

INTRODUCTION: Unemployment is always in the news these days, with only a few articles insisting that lots of work is available in the mining and service industries (hotels and restaurants). In fact, unemployment has never been so bad in Ontario and Quebec in the last 14 years. If the trend continues, and all the authorities agree that it probably will, there should be visible effects on the economy to look for cuts in production in some areas, as less people consume goods. An article in the Toronto Star gives an interesting explanation why wage and price controls would be ineffective to solve the economic situation.

The Shoe Manufacturers Association of Canada is blaming a slump in the shoe industry on foreign imports and seeking government protection of its products. Another article is included here showing the situation for student employment this summer.

Finally, the Unemployment Insurance Commission received much coverage this month. Several articles dealt with changes made in operations that have streamlined processes and made it possible to easily catch up on fraudulent claims. The article included here, however, deals with the extremely high payments made by the commission as unemployment rises. It also demonstrates the role that the UIC has played in shouldering economic problems--feeding money into depressed areas of the country. The commission seems to be developing into a fairly efficient system of economic short-term relief for Canada's problems.

UNEMPLOYMENT HIGHEST IN 14 YEARS

In April, the total reached 795,000 out of work, or 7.2% of the work force. Total number employed was 9.1 million workers. The actual unemployment rate is over 8%, but adjusted to 7.2% because of people who are normally off work this time of year, students temporarily entering the job force, etc. Regional figures are:

Newfoundland	17.5%	
New Brunswick	11.3%	
Nova Scotia	8.3%	
Manitoba	4.7%	
Saskatchewan	2.6%	
Alberta	4.1%	
British Columbia	8.1%	
Ontario	6.1%	worst since
Quebec	9.0%	1961

(HS, 13/5/75, p.1, c.3-6;
also TS;MS)



WAGE AND PRICE CONTROLS NO GOOD NOW

Arthur J.B. Smith (Pres. of the Canadian Conference Board) forecast higher unemployment in 1976, saying that any economic revival will only have an effect on employment at a later date. But he also stated that wage and price controls would be undesirable as means to solve inflation or economic difficulties. High unemployment should automatically discourage more excessive wage demands as people become more concerned about job security. Moreover, controls in the U.S. have done little to solve their situation, and in fact, have discouraged business expansion which would have created new jobs and increased the available supply of goods--forcing prices down.

(TS, 30/5/75, p.7, c.2-7)

SHOE INDUSTRY THREATENED BY FOREIGN IMPORTS--EMPLOYMENT DOWN

Employment and orders have recently shrunk in the shoe industry according to a recent survey by the Shoe Manufacturers Ass. of Canada. The main reason given by companies is competition from foreign imports. The shoe industry currently employs about 17,000 workers, over 2,000 less than a year ago. Retail shoe sales were, in January and February of this year, \$73 million. \$34.6 million is accounted for by imports, which have increased 44% from the same period in 1974. The industry has applied to the Canadian Trade and Tariff Commission for protective measures--supposedly to allow an equal footing for the Canadian products on the markets by taxing imports.

(Montreal Gazette, 13/5/75,p.23,c.4-8)

TOO FEW STUDENT JOBS DESPITE GOVERNMENT FUNDING

Declining housing starts, layoffs in the auto and textile industry, a slump in the lumber trade, and a national unemployment figure of over 700,000 mean fewer jobs than ever for students this summer. About 1.5 million students will be looking for work this year. The situation prompted the government to add \$13.4 million to its 67.1 million foreseen for summer employment programs. OFY will get \$36.5 million of that money. In the private sector, some low-skill jobs and jobs in the tourist industry will be available.

(WFP, 29/5/75,p.27,c.1-3)

UNEMPLOYMENT INSURANCE PAYMENTS

The Unemployment Insurance Commission has paid \$1.233 billion in benefits in the first four months of 1975, 50% more than it did in 1974. At present, unemployment rates, the program could cost \$3.5 billion by the year's end. Manpower Minister Robert Andras said the UIC scheme has benefitted areas of the country in greatest need--more than 3/4 of benefits in 1972-73 were received by people with annual earnings of less than \$6,000. Newfoundland received \$5 from the Commission for every dollar it paid into the plan in 1973.

Long-discussed amendments to tighten controls in the Unemployment Insurance Act will come before the next election according to Andras. But a current social security review being done by the country's welfare ministers wants to study the role of UIC benefits in a plan for income security for those unable to work and in a plan for income security for those unable to work and supplements for the working poor. This will delay changing the act.

(WFP, 28/5/75; MS, 28/5/75; HS, 29/5/75,p.24,c.3-8)

LABOUR MOVEMENTS

UNITED FRONT FOR B.C. FOREST UNIONS

The International Woodworkers of America (IWA--40,000 members), the Pulp, Paper and Woodworkers of Canada (PPWC--5,000 members) and the Canadian Paperworkers Union (CPU--7,000 members) have formed a liaison committee to co-operate during the current round of negotiations with both the Pulp and Paper Industrial Relations Bureau and Forest Industrial Relations, which bargain for B.C. forest companies. Meanwhile, companies announced they will lay off during the summer because of slackening demand for pulp and newsprint. There seems to be no doubt the employers will follow their tradition of pleading poverty at the bargaining table. It remains to be seen whether the workers in the province's number one industry will accept the beseechings of employers to take a more moderate approach. If the workers strike, this will affect the revenues of the province and possibly affect the gov't's position.

(The Province, 28/5/75,p.17,c1-6)

CNSP NOTE: A summary of the postal union's activities will be provided in next month's News Synthesis.

RIGHT TO STRIKE FOR ONTARIO TEACHERS

Education Minister Wells will introduce legislation on teacher-board negotiation procedures. The main items are (1) appointment of a fact-finder if bargaining reaches an impasse, (2) a new education relations commission of 5 members, plus expert staff, to oversee negotiations, offer advice and collect relevant statistics, (3) all agreements take effect September 1 and expire August 31, (4) strikes would be legal after August 31, (5) principals and vice-principals would be banned from striking, even though they are members of the teacher organizations. (TS, 30/5/75, p.A1, c.7-9)

QUEBEC LABOUR

INTRODUCTION:

The major story this month was government response to the publishing of the Cliche Commission findings on the construction industry (see earlier issues of CNSP for background). Coverage was heavy--85 articles in English-language papers; 65 in the two French papers). For lack of space we can only briefly summarize the highlights of the Cliche report, the chronology of events through the month as government and unions responded to the recommendations of that report, and commentary reported in the press. English language coverage tended to be inflammatory, especially the Toronto Star, with headlines like QUEBEC REPORT EXPOSES PRIVATE ARMY OF GOONS IN CONTROL OF UNIONS (7/5/75) and RIOT BARRIERS UP IN QUEBEC AS UNIONS MARCH (9/5/75). Le Devoir and Le Jour both published all the Cliche recommendations on May 7; no English papers did. The May 12 "riot" at United Aircraft was portrayed in the English language papers as one more example of violence on the part of workers; the French papers interpreted it rather as an outbreak caused by frustration that the government was doing nothing to settle their strike but whipping legislation quickly through the assembly to curtail union freedoms.

The promise of a settlement of the UA strike seemed close at the end of the month, but the signs were not so bright for Quebec workers in general. Wiretapping of prominent union leaders and the use of police in confrontations were justified by Justice Minister Choquette.

The Montreal longshoremen's strike and the asbestos strike cannot be covered in this issue of CNSP due to lack of space, though they received significant coverage in the French language papers.

THE CLICHE COMMISSION

CHRONOLOGY

May 6: Cliche Report published

- 9 -legislation introduced in National Assembly
- walkouts on construction sites
- protest outside National Assembly

May 12-violent confrontation at United Aircraft

- 13-emergency debate in National Assembly--suspension of ordinary procedural rule to hasten passage of new labour legislation;
- Choquette announces Operation Raymond--wiretapping against top union officials intensified at a time when union leaders are planning strategy on a public service contract later this year covering 200,000 workers. (GM, 20/5/75, p.10, c.1-6 R. Cleroux)

- May 14--legislature passes second reading in the National Assembly
 15--Choquette--operation "Honeysuckle"--special police squad to counter
 "goon" tactics of FTQ and to infiltrate union goon squads
 16--Laberge of FTQ has called for a province-wide "study session" May 21
 to bring the UA strike to an end
 ---government drops life-time ban on criminals holding union posts,
 reducing it to 5 years
 18--Laberge asks construction workers to return to their jobs
 21--study session called by Laberge
 22--final reading of the bills--placing restrictions on who can hold
 union office and putting the burden of proof on the accused in court
 cases involving illegal strikes and lackouts.

THE CLICHE REPORT--134 RECOMMENDATIONS

HIGHLIGHTS

- *1. trusteeship on 4 international unions of the FTQ
2. Desjardins, former head of the FTQ Building Trades Council should be prevented from holding a union position
3. unions should be incorporated and required to produce financial statements and account to their members for monies spent
4. setting up of an independent construction agency to regulate wages, working conditions and hiring
5. union members should have the right to vote by secret ballot on all collective agreements
6. Quebec's six employer associations of construction contractors should be amalgamated
- *7. all people with criminal records should be barred from holding union office
- *8. company officials who offer bribes and union reps who accept them should be punished under the penal code.
9. several government officials showed lack of integrity in dealing with union leaders, and employer associations share the blame equally with unions for a lack of union democracy
10. introduction of a guaranteed income plan for construction workers
11. several construction unions should be allowed to exist, rather than one having a monopoly (GM, 7/5/75,p.9, c.1-8 R. Cleroux) Raiding should be abolished (MG, 7/5/75,p.1,c.1-3)
12. abolition of the insistence on union labels
13. presumption of guilt on union leaders who participate in an illegal strike or unauthorized work stoppage (GM, 7/5/75,p.1,c.7-8 Cleroux)
14. union site stewards elected on site by workers rather than appointed by union hierarchy (TS, 7/5/75,p.A1,c.7-9, McKenzie)
15. industry-wide bargaining--but any contract would have to be ratified by 75% of workers (not just a majority). This would prevent the FTQ who has 72% of the workers, would have to gain the support of either the CNTU or CSD in contract negotiations. (FP, 17/5/75,p.17,c.1-8, D. Rumball)

Introduction of legislation on the Cliche recommendations: No. 1,8
 (TS, 10/5/75,p.A1,CP)

No. 14 (GM, 10/5/75,p.1, H. Bauch)

The Quebec National Assembly buildings were ringed with steel riot barriers today in preparation for an announced demonstration of FTQ construction workers protesting proposed trusteeship legislation. (TS, 9/5/75,p.A1)

The Report has a 'class bias' because it deals harshly with FTQ union leaders but leaves the fate of Cournoyer in the hands of the voters: Pepin also forcing unions to incorporate and surveillance of strike and contract votes make unions an instrument of the state. (WFP, 8/5/75,p.1, K. Dougherty)

Laberge: his men will "fight like dogs" to block the legislation.
(TS, 9/5/75,p.A1)

Walkouts took place at 25 major construction projects, including the Olympic Games site in Montreal, about 5,000 workers.
(TS, 10/5/75,CP)

House leader Robert Burns: the way it looks to me is that the government has selected certain recommendations which it knows will provoke the unions and gone ahead with them.
(GM, 10/5/75,p.1 Bauc)

The Test: the pledges offered by Bourassa and his ministers have been reassuringly firm.
(GM, 13/5/75,p.6)

PREMIER BOURASSA MISSES THE BUS

Bourassa has refused to accept any responsibility for the decisions of his cabinet ministers or civil servants and he has taken no steps towards cleaning his own house. As for the long term recommendations--the most positive and comprehensive to date on how to bring peace and stability to the construction industry, they have already been dismissed as idealistic by the government.
(WFP, 13/5/75,p.31)

WILL BOURASSA CLEAN UP LABOUR?

There is no reason to expect that now the evils are exposed, they will be corrected.
(TS, 9/5/75,p.B4)

HEED CLICHE

Among the good things revealed are that the abuses are confined to the FTQ and that the CNTU and CSD were given a relatively clean bill of health. It is not reassuring that Bourassa seems unprepared to act against offenders connected with his government and his party. (EJ, 8/5/75,p.4,c.1-2)

STAGE II

Police are holding 34 persons today after a riot at United Aircraft. 50 persons occupied the plant for four hours with 10 hostages and demanded an immediate settlement of the 16 month old strike there. Violence started after a FTQ meeting protesting Cliche recommendations. Several hundred workers poured out of the hall and marched to UA. Provincial and municipal riot squad police used tear gas and nightsticks to restore order. (HS, 13/5/75,p.1,c3-8)

Jerome Choquette said the police had 'acted properly' and their conduct was irreproachable.
(GM, 14/5/75,p.9, c.1-6, Cleroux)

Bourassa said he is determined to maintain social order in the province and will push legislation through the assembly to place 4 unions under trusteeship. He got the support of Trudeau who said it was the right course even if it threatens the Olympics. The two bills passed second reading or approval in principle in the assembly today. The PQ voted against the trusteeship bill

but with the government on the bill barring union officials with criminal records. Claude Charron PQ said that trusteeship 'amounts to kicking out the bandits and putting the accomplices of the bandits in their place.'

(TS, 15/5/75,p.A1, R.McKenzie)

FTQ called on workers across the province to join its 330,000 members in a day-long 'study session' May 21: We want to force the government to find a solution to the UA strike. (EJ, 16/5/75,p.8,c.1-2, B. Fox)

The government introduced an amendment allowing persons with criminal records to hold union office after a five year period.

(TS, 17/5/75,p.A4, McKenzie)

The Canadian Union of Public employees, Steelworkers, construction, pulp and paper and services workers have agreed to participate in the May 21 study session. CNTU delegates meeting in Quebec City decided to allow affiliated unions to support or reject the walkout as they see fit. (WFP, 20/5/75,p.1 CP)

QUEBEC WORKERS GIVE ONE DAY STRIKE SPORADIC SUPPORT

FTQ president Louis Laberge told a half full hockey arena in Montreal today that 65,000 members had gone on strike today across the province.

(TS, 21/5/75,p.A1,c.7-9, CP)

Bourassa called the walkout a 'flop'. Government officials judged the number who walked out at about 35,000. Most of the walkouts were not in the construction industry, but were among steel workers, municipal workers and postal clerks.

(GM, 22/5/75,p.9,c.1-6)

GOVERNMENT PASSES TOUGH LABOUR BILL

By an 81-7 vote, the National Assembly approved substantial changes to existing labour laws placing restrictions on who may hold union office and putting the burden of proof on the accused in court cases involving illegal strikes and lockouts. The PQ criticized the presumption of guilt provisions and voted against the new laws. (WFP, 24/5/75,p.20,c.3-6)

COMMENTARY ON THE GOVERNMENT RESPONSE TO THE CLICHE RECOMMENDATIONS

Michel Bourdon president of the Construction wing of the CNTU, first charged publicly in November 72 that the top echelons of the FTQ were riddled with known criminals. He presented a list that was confirmed by the Cliche investigation. Bourdon believes the electoral organization of the Quebec liberal party is so closely interwoven with the federal of labour that it is unthinkable the government will apply the recommendations that hurt the FTQ most. He can see no sign that they are going to do anything about fundamental issues such as hiring practises in the construction industry. The legislation they did pass will hurt the whole union movement a lot more than they will curb gansterism. (TS, 24/5/75,p.A3,c.1-8, McKenzie)

GOVERNMENT TAKING 'ERRONEOUS, ONE-SIDED AND POLITICAL APPROACH': CHEVRETTE

The government appears 'more interested in starting a war with unions' than cleaning up the construction industry...is not touching job security, nor government officials and contractors whom the commission said were equally to blame for the problems in the industry. More serious still, the government

has gone further than the Cliche Commission recommended in some cases:
 --the recommendation of presumption of guilt was to cover only union leaders; the legislation covers the entire union membership;
 --the recommendation of presumption of guilt in cases where construction workers fire workers illegally or show discrimination, was not included in the legislation. (GM, 16/5/75,p.8,c.2-8, Cleroux)

UNITED AIRCRAFT

The strikers at United Aircraft accepted by a vote of 794 to 103 (86%) to return to work on the conditions contained in the report of the government conciliator, M. Lapoarte. The company on the other hand wished to bring back only 250 workers, not the entire 976 who expressed willingness to return to work. (LJ, 28/5/75,p.1,c.1-2)

UNITED AIRCRAFT: 508 DAYS

The editorial stresses the hypocrisy of the Quebec government which rushed through legislation to deal harshly with construction workers who are preventing pet projects, like the James Bay and Olympic projects, to go ahead, but has not moved at all to force United Aircraft to settle a strike that has dragged on for seventeen months. (LJ, 30/5/75,p.8,c.1-8, editorial)

UNITED AIRCRAFT WILL TAKE BACK ALL THE STRIKERS: THAT'S AT LEAST THE PROMISE MADE BY BOURASSA

Managers at United Aircraft assured Premier Bourassa that they are willing to take back who strikers who wish to return to the Longueuil plant but want a recount of the number. (LJ, 31/5/75,p.1,c.2-6)

IMMIGRATION

Press coverage of immigration issues remains heavy through May. Front page highlighting was given to the Canadian decision to take 3,000 Vietnamese refugees. Major attention was focused on reactions to the green paper - both inside and outside the context of the Joint Senate-Commons Hearings. The responses most picked up by the press were those expressing concern over the racist tone of the green paper and those which criticized the timing of the immigration debate - timing which leads to scapegoating the immigrant as the cause of unemployment, social tensions and inadequate housing. Generally, coverage of the hearings is limited to reporting the opinions of 2 to 4 groups or persons and some mention of the demonstrations organized to boycott the hearings organized by the International Committee Against Racism.

OTTAWA WAIVES RULES FOR 3,000 VIETNAMESE REFUGEES

Canada will take 2,000 refugees evacuated from Saigon by the U.S. and an additional 1,000 who left on their own. The cabinet's decision to take 3,000 refugees not related to Canadians was partially due to an appeal from the U.S.

Mr. Andras, Minister of Immigration, said some of the refugees brought to Canada might be elderly or handicapped and unable to work. "We will

have to take our fair share of people who might not be able to make their own way. That is what a refugee movement is all about", said Andras.

(HS, 1/5/75, p1 c4-8; TS, 2/5/75, pA1 c8-9; GM, 2/5/75 p1)

CNSP NOTE: *One can only ask why similiar treatment regarding numbers and criteria and speed did not and still do not apply to refugees from Chile.*

REACTION TO THE GREEN PAPER

RECESSION NOT RIGHT TIME TO REVISE IMMIGRANT POLICY SAYS ECONOMIST

Andre Reynauld, chairman of the Economic Council of Canada states: "It is evident that a period of widespread uncertainty about the economy is bound to lead many people to feel anxious about competition for jobs. Attitudes on immigration are hardly likely to be anything but negative under today's circumstances."

Mr. Reynauld also criticized the green paper for its failure to deal squarely with the racial issue. (OC, 9/5/75, p4 c1-4, CP)

IMMIGRANT TREATMENT CRITICIZED

Immigrants and workers are being used as scapegoats during the current recession, says Rosemary Brown, a national leadership candidate for the New Democratic Party. She was speaking at a Winnipeg meeting. After her speech, Ms Brown stated in an interview that the green paper "was issued to take our minds off other things ... which included housing, the state of the economy and price-fixing by corporations.

Speaking with Ms Brown was Manitoba's Attorney-General, Howard Pawley. Both condemned the federal government proceedings in which more than 1,000 Haitians faced deportation. "It's rather strange to see thousands of Vietnamese people welcomed to this country while we see hundreds of Haitians sent back to a repressive country". (EJ, 12/5/75, p47 c8 CP)

MONTREAL GREEN PAPER HEARINGS

BLACK LEADER CLAIMS RACIST POLICY FEARED

Clarence Bayne, professor of economics and business statistics at Concordia University, told the first public meeting of the Special Joint Committee on Immigration Policy that non-white Canadians fear a racist policy will emerge from the current debate on the matter. "We have serious concerns about the wording of the green paper words that betray a certain attitude toward black people and non-whites". Baynes agreed that the number of immigrants allowed into the country each year should be limited but it is important that the criteria not be loaded against the unskilled citizen of the 3rd World.

Professor Bayne's views were echoed by V.S. Ramaiah who immigrated to Canada from India 12 years ago. He said a racist policy would be an insult to the thousands of non-whites who are already citizens of Canada. (WFP, 14/5/75 p37)

UNSKILLED IMMIGRANT WORKERS EASILY EXPLOITED, PRIEST SAYS.

A Haitian priest, in Canada since 1971, Rev. Paul Dejean, told the committee the requirement that workers have pre-arranged jobs before being admitted on temporary work permits results in workers being locked into certain jobs and being threatened with deportation by their employers if they don't stay. He said immigrants should not be blamed for problems such as urban congestion and unemployment in Canada which he said will exist and have existed regardless of the level of immigration to the country. (GM, 14/5/75 p11 c2-6 CP)

IMMIGRATION HEARINGS NOT A HIT

In many parts of Quebec, including the capital, very few people attended the

special joint committee hearings on immigration. In Montreal, the largest Canadian city, the audience only once topped 150 people at an evening session. Most of the submissions received this week have been from immigrants or immigrant servicing groups. No trade or industrial group came forward so far to speak about immigration. (Montreal Gazette, 16/5/75, p5 cl-5 Demarino)

VANCOUVER HEARINGS

DELAYS, INJUSTICE - IN IMMIGRATION

About 40 people attended a counter-hearing on the green paper organized by the International Committee Against Racism. Some of the points discussed included: 1) the 2 years or longer frequently taken to process applications from East Indians;

2) the treatment of Chilean refugees - the long delay in processing applications after the rightist coup and the stiff warning given to Chileans not to engage in political activity in Canada;

3) the fact that 85,000 persons were alloed into Canada last year on work permits which exclade them from normal protection of law.

(Vancouver Province, 26/5/75; VS, 27/5/75.)

CONTROVERSY SURROUNDS IMMIGRATION HEARINGS

"In Vancouver, where hearings will last until Wednesday, an ad-hoc ethnic and church committee will stage an alternative hearing to protest the study's discriminatory position" ---The local opposition includes the Immigration Policy Action Committee (IMPAC) representing about 40 Chinese community organizations, the Inter-Church Project on Population, several Filipino groups and the South Africa Coalition. IMPAC has already collected 5,000 signatures to accompany its brief to the committee next week. Brief supports sponsored relatives.

The hearings come at a sensitive time in Vancouver. Mayor Art Phillips called last March for a cutback on immigration, arguing the problem was one of space not race. Senate-Commons Committee member Art Lee (Liberal-Vancouver East) also thinks the "timing of the paper and the hearings is wrong". "With the economic situation, immigrants are being blamed for all sorts of ills which are not their fault at all". (VS, 26/5/75, editorial)

DISCRIMINATION CHARGE LEVIED

The green paper on immigration was termed "technocratic" and "discriminatory" in a brief presented to the Joint Committee by the B.C. Human Rights Commission. representing the Commission, Bill Black told about 80 people that the green paper reflects an attitude where people are seen as problems and that some parts implicitly lend themselves to discrimination. Referring to refugees, he said "there is some evidence that in practice the refugee programs have not been administered on a non-discriminatory basis. In some cases (involving Chilean refugees) interrogation by Canadian officials was as bad as inter-roation by the Chilean government". (VS, 23/5/75,)

PAPER CALLED IRRELEVANT

David MacDonald (PC- Egmont) told about 50 people at an open forum against the green paper hearings that the paper is filled with dangers that will increase tensions and misunderstandings. He said the paper and the hearings are "likely causing a lot of useless polarization" for very little result because of the way the paper is written and the way it approached the question of immigration.

MacDonald agreed with forum chairman Rev. Wesley Maultsaid, provincial co-ordinator of the Inter-Church Project on Population, who said the green paper asks all the wrong questions and as a result gets all the wrong answers.

(VS, 28/5/75, p3)

POLITICAL---FEDERAL

INTRODUCTION

There is an emanation of desperation out of Ottawa this month. The 6 month search for voluntary price and wage controls is in shambles. The trade deficit is rising as are unemployment and wages, and 1975 is predicted as a no-growth year. The need for a scapegoat is overpowering and Ottawa has chosen organized labour as target. An attack on workers incomes must be launched through a tight money policy and/or mandatory wage and price controls.

Certain questions should be asked:

1. Are workers injured more by inflation than unemployment? (American studies from the War on Poverty clearly show unemployment to be the greater evil)
2. How is Canada's trade deficit related to Canada's economic dependence on the U.S.?
3. Why is Turner determined to "fight inflation" in this period of decreasing inflation rate and rising unemployment?

REPORT LEAKED

A confidential working paper, outlining the government's voluntary wage and price guidelines was published in the Toronto Star. Proposed measures are:

- 8% yearly wage increases for workers who have kept up with inflation;
- 12% or \$2400 wage increase (whichever is the less) for workers who have fallen behind;
- restriction of price increases to the amount required to cover cost increases;
- exemption of farmers and fishermen;
- restrictions on profit margins not on profits (dividends and interest rates exempt)

Turner's goal is to reduce inflation to 8 1/2 % by 1977 and to 3 1/2% by 1978. (OC, 6/5/75,p.1,c.4-6; GM, 6/5/75,p.1,c.7-9)

CNSP NOTE: The proposed wage controls represent the following weekly gross income increases:

SALARY	8% INCREASE	12% INCREASE
\$30,000	\$46.75	\$46.75
25,000	38.46	46.75
20,000	30.77	46.75
15,000	23.08	34.67
10,000	15.38	23.08
8,000	12.70	18.46
5,000	7.69	11.54

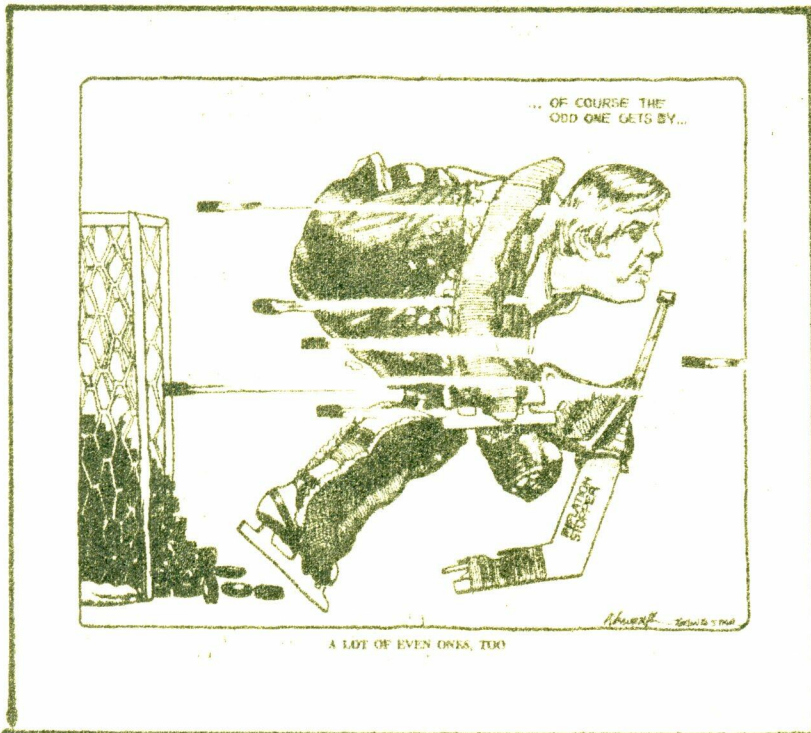
CLC RESPONDS TO TURNER'S PROPOSALS

The CLC indicated it would not support Turner's proposals unless its 9-point program was adopted. The CLC called for rent controls, control of professional fees, a negative income tax, curbs on land speculation, control of oil and gas prices, full employment and an increase in old age pensions. Turner noted that rents and professional fees fall under provincial jurisdiction and are thus outside federal control. Turner and the CLC met twice and technical meeting between government and CBC representatives took place. (GM, 9/5/75,p.9,c.2-8)

(WFP, 13/5/75,p.8,c.7-8)

TURNER MEETS WITH BUSINESS

Turner also held one meeting with business leaders of corporations such as Imperial Oil, Dominion Stores, Noranda, Royal Bank and GM. The corporate elite agreed there was "universal concern" over inflation but there was no commitment to voluntary restraints. John Bullock, president of the Canadian Federation of Independent Business, noting government's inflationary contribution through spending and employee wage increases, said the meeting was "like a drunken parent lecturing a child on the dangers of marijuana." (TS, 15/5/75,p.A1,c.3-4)



MANDATORY CONTROLS.....

Turner has stated that should voluntary wage and price controls remain illusive, he could impose mandatory controls through a 2-phase program. The first phase of 60-90 days would freeze all wages and prices, except interest rates.

Phase 2 would be establishment of a Prices and Incomes Control Board composed primarily of businessmen. Under this plan, companies would be free to set individual product prices provided overall profit margins do not exceed, as yet, undetermined levels. This program has been constantly updated and staffed since it was initiated. (HCH, 12/5/75,p.6,c.2-5)
(WFP, 16/5/75,p.1,c.1)
(FP, 24/5/75,p.11,c.3-5)

CNSP NOTE: The possibilities of gouging the public while holding down prices for corporate customers and yet remain within the set profit margin with this scheme are magnanimous.

INFLATION LOWER

Although the inflation rate has dropped to 7.4% from 14.6%, Turner maintains that inflation is yet the major economic problem. The danger is now the burgeoning trade deficit. Turner claims inflation is "threatening to undermine our competitive position" and that the crux of the problem is the rising wage rate. Devaluation of the dollar is no solution to the trade difficulty since it results in higher prices for imported goods.

(TS, 16/5/75, p.A1, c.7-9; WFP, 16/5/75, p.1, c.4-5)

...OR TIGHT MONEY

Both Trudeau and Turner have warned that, given the rejection of voluntary wage and price controls, the upcoming budget is likely to be harsh. Higher taxes and a tightened monetary supply are likely.

(MS, 9/5/75, p.A11, c.1-3; WFP, 23/5/75, p.1, c.6-8)

CNSP NOTE: Press editorials have generally supported both price and wage controls and an anti-inflationary budget. Both Turner's diagnosis of and prescription for Canada's economic woes have been swallowed whole.

(TS, 10/5/75, p.B2, c.1-2)

(HCH, 12/5/75, p.6, c.1-2)

(TS, 14/5/75, p.B4, c.1-2)

(MS, 15/5/75, p.A10, c.2)

(WFP, 29/5/75, p.41, c.1-2)

PETROCAN OUT OF GAS??

The Opposition succeeded in delaying consideration of the bill establishing a national petroleum company until June. The Financial Post called for the government to assure the oil multinationals that Petrocan will not be given special privileges. (GM, 21/5/75, p.9, c.1-4)

(FP, 31/5/75, p.6, c.1-2)

JUSTICE MOVES

Warren Allmand, a strong opponent of the death penalty, stayed the execution of R. Vaillancourt. Allmand is considering a package of criminal law amendments combining abolition of the death penalty with a tougher approach to violent crime. Otto Lang ruled out changes in the gun control law and in the abortion law. Lang noted that his department is looking for ways to make the abortion law work satisfactorily (i.e. not granting abortions for social or economic reasons) rather than going to the Supreme Court for a ruling on the meaning of "health".

(EJ, 8/5/75, p.10, c.1-2)

(MS, 8/5/75, p.A8, c.1-6)

(MS, 28/5/75, p.B4, c.1-3)

(WFP, 31/5/75, p.1, c.7-8)

CNSP NOTE: Does Lang suspect that the Supreme Court would decide in favour of the UN definition of health which includes social, psychological and economic factors?

POLITICAL -PROVINCIALQUEBEC - BOURASSA UNDER FIRE

Premier Bourassa denied considering laying charges against P. Desroches, his former advisor, and M. Guay, former party worker. Both were named in the Cliche Commission report. Editorial opinion decried Bourassa's lack of "housecleaning." Quebec businessmen presented a brief complaining of indecision, lack of communication and even abdication of responsibility on the part of the government. 57% of Quebecers have recently indicated that they have little or no confidence in their government. (MS, 8/5/75, pA1, c4-6; OC, 17/5/75, p6; FP, 24/5/75, p1 c1; TS, 27/5/75, pA7 c1-3)

SASKATCHEWAN ELECTION

Premier Blakeney entered his election campaign on the platform of preserving constitutional rights and defending natural resources from federal encroachment. The election call followed closely on a legal decision ruling provincial potash production controls illegal. The federal justice ministry intervened in the case with the litigant, the Central Canada Potash Company. (TS 14,5,75 pA9 c9; OC 15,5,75)

POLITICAL PARTIES

TORY LEADERSHIP RACE MIGHT CENTRE NOT JUST ON PERSONALITIES BUT ON IDEOLOGY
Progressive Conservative Association forums in Toronto have had a disturbingly conservative tenor, with sympathy for the free market economics, capital punishment, limits on coloured immigration and a lessening pre-occupation with Quebec. Jack Horner (PC Crowfoot, Alberta) says, "there's a power struggle going on in the party and there's no point in hiding it." He believes in a one-nation option (Quebeckers should be treated as other Canadians) and that the Progressive Conservatives have to have the courage to hit on issues like immigration that are real to ordinary voters rather than to politicians and publicists. The left-leaning Tories have an advantage in the leadership race because they control the party machinery and are closer to journalists, thus getting more media exposure. Claude Wagner (PC Ste Hyacinthe, Quebec) is shedding his law and order image and as a foreign affairs critic has suggested leaving NORAD to improve Canada's image in the third world. (FP 10,5,75 p6 c3-6 P. Brimelow)

THE TORIES IN ONTARIO

The PCs have begun to oil their election machine. A senior group, the PC Policy Committee (PC Squared) has been in operation for several months, attempting to improve communications between the party and the grassroots. The PC Squared is apparently behind the more conservative stance adopted by the national party. (GM 3,5,75 p1 c3-4)

THE NEW DEMOCRATIC PARTY LEADERSHIP RACE

Serious contenders for the leadership of the NDP party may have to become more explicit in defining their interpretation of the NDPs' role in the late 1970s: either to garner power and influence or to achieve fundamental ideological and policy objectives. John Harney says the NDP must make inroads into Quebec or forever consign itself to an opposition role in Ottawa. Ed Broadbent blamed a lack of a decisive government role in investment decisions for the current problems in energy resource development and questioned whether Canada should be spending \$100 billion in energy development to the detriment of other priorities. (FP 31,5,75 pC1 c1-6)

POLICECAPITAL PUNISHMENT

Convicted police killer Rene Vaillancourt, due to hang May 15, was granted a stay of execution until Oct. 31 to give the cabinet time to consider the abolition of the death penalty. Solicitor General Warren Allmand said a cabinet committee began studying the Vaillancourt case but found it too complex with seven other men on death row, to allow a rapid decision. Allmand indicated that a package of legislative measures covering gun laws, bail and parole will be presented or announced by this fall. In the last vote on the matter in 1973, 70 Liberals, 27 New Democrats and 22 Conservatives supported the current law restricting the death penalty to police and prison guard killers. Voting for the old law and unrestricted capital punishment were 73 Conservatives, 18 Liberals, 13 Creditistes, one NDP and one independent. (TS 7,5,75 pA1 c1-9; EJ,GM,HCH same day)

Although the United Nations Economic and Social Council is on record as urging the eventual end of capital punishment, Secretary General Kurt Waldheim says that many UN members "do not favour early abolition...there are some who feel that capital punishment is an unfortunate but at this time, unavoidable necessity."

(TS 10,5,75 pB4 c1-7)

CIA

An alleged American spy once taught in Canada and later worked for the Canadian International Development Agency. Emilio Garza, a Mexican American alleged to be an agent for the CIA taught in 1971-2 at the Coady International Institute, a school for foreign students at St. Francis Xavier University in Antigonish, Nova Scotia. Garza was an alleged CIA agent in South American working for a front group named the American Institute for Free Labor Development.

(TS 21,5,75 pB13 c9)

Allmand ordered the RCMP to investigate allegations that the CIA had operated illegally in Canada. External Affairs minister MacEachen said there is an understanding between the U.S. and Canada that U.S. agents may not operate under cover in Canada without first receiving permission of the Canadian government. (TS 22,5,75 pB3 c7-90)

MONTREAL POLICE LINKED TO U.S. INTELLIGENCE SYSTEM

With \$1.3 million from the U.S. government, the Law Enforcement Intelligence Unit (LEIU) a country-wide police organization virtually unknown to the public, has amassed a computerized intelligence file containing 13,905 names. Canadian members of LEIU are the Department of Manpower and Immigration, Ontario Provincial Police, Niagara Regional Police, Toronto Metropolitan, Windsor and Montreal police forces.

(MS 14,5,75 pA1c1-6; HS same day)

MILITARY

NORAD

Prime Minister Pierre Trudeau said that the North American Air Defence Agreement just renewed for five more years, does not necessarily mean that an enemy of the U.S. is an enemy of Canada. His statement contradicts the view expressed March 13 by Defence Minister James Richardson who had given a flat yes to the question. (GM 10,5,75 p10 c7-9)

NATO

Defence Minister James Richardson reported to the NATO defence ministers' planning conference in Brussels that Canada will maintain the present level of its forces in NATO. (WFP 20,5,75 p1 c1)

Although NATO has 15 member states, France which left the military wing in 1967 and Greece which may do so shortly, will not take part in a summit conference to be held in Brussels. During their two day meeting the ministers will examine intelligence reports on the recent worldwide naval manouvres by the Soviet Union, 225 vessels, 100 of them submersibles of which about 50 were nuclear propelled, took part in the manouvres. (WFP 22,5,75 p17 c3-4)

A NATO declaration noted that the Soviet Union has already achieved "rough parity" with the U.S. in the field of strategic nuclear weapons. (GM 24,5,75 p12 c3-6)

President Gerald Ford sought the Summit meeting primarily as a chance to reaffirm after Vietnam, the American commitment to Western Europe. President Ford and Secretary of State Henry Kissinger have worked for a common front of industrial oil consumers to exert joint pressure on the producers. They have come to regard NATO as an economic as well as a military alliance that should help stiffen the Western bargaining position. (GM 27,5,75 p6 c1-2 editorial)

CULTURAL

RELIGION

WORSHIP OF STATE CALLED BASIC BELIEF

In every society, the state itself becomes the religion and its leaders the high priests, a session of the Learned Societies Conference was told. Professor James Wolfe, a visiting professor in religious studies at the University of British Columbia, told the Canadian Society for the Study of Religion that this worship of State - "civil religion" - is the earliest and most basic form of religion.

Prof. Wolfe said civil religion in the United States is symbolized by the president and the flag. Personal commitment to the religion in the U.S. is re-affirmed through the oft-recited oath of allegiance and the celebration of national holidays. (WFP, 29/5/75, p25, 5-6)

BISHOPS BACK FIGHT FOR WORKERS' HEALTH

Quebec's Roman Catholic bishops said in a May Day message that they support action taken by workers to protect "their health and job security". (MS, 1/5/75, pD15, c3-4)

MEDIA '75

Does Canada have a free press? That question was asked at a conference for journalists in Toronto. Toronto Star writer Anthony Westell accepts as fact the increasing concentration of media ownership. However, he refuses to support the hypothesis of whether the media elite, through the ideology they represent, reinforce the existing political and economic systems. Westell calls for a major study to get the real facts on how the media performs.

If one reads the conference flyer, he/she could hardly doubt the fact that while "the function of the press is to inform, its role is to make money". As control and decision-making is always from the top, newsrooms become "bone-yards of broken dreams". Katie Fitzrandolph of the Winnipeg Free Press maintains that the only groups concerned with real issues are exactly those alternate media groups existing on little or no budget. The regular press is concerned only with its advertising. (TS, 30/5/75, pB4 c3-4; MEDIA '75 flyer)

ADVERTISING

Advertisers are split on how to deal with growing consumerism, but all see consumer advocate groups as a permanent force that has to be dealt with to protect market growth and profitability. Views expressed at the diamond jubilee of the Association of Canadian Advertisers ranged from fear of government implementation of socialism to the hope that consumer response to bad advertising will prompt the industry to clean up its image. Advertisers see the social movement as a force that seeks to augment the rights and powers of buyers in relation to sellers - with government ominously joining its swelling ranks. One speaker suggested research into the social impact of advertising should be done because presently all positive commentary springs from the economic accomplishment's of advertising.

(FP, 31/5/75, p63 c1-8)

THE GREAT MAGAZINE DEBATE CONTINUES

A Liberal backbencher suggested that the government may decide to back down on legislation to give special tax status to Reader's Digest and Time. The government has announced a set of content rules as an alternative, but both magazines are opposed. (WFP, 20/5/75, p47, p1-2)

State Secretary Hugh Faulker denies any serious split among Liberals, blaming the rocky progress of the bill on the Conservatives. Conservative House Leader George Baldwin says his party will be solidly against the bill when it comes up for approval in principle. (MS, 27/5/75, p2 c1-5)

The basic contention underlying the bill is that the magazines present massive obstacles to the development of Canada's periodical press industry. Editorial material is gleaned from the U.S. at low rates thereby making advertising space less costly. (Montreal Gazette, 12/5/75, p10 Frank Slover)

Argentina

TIGHTER CONTROLS OVER FOREIGN CORRESPONDENTS

The government of Argentina has come down with a new decree obliging all foreign press agencies to register on a special list and forbidding them to publish locally. This is in addition to a 1973 law by which all papers are forbidden to mention anything about the activities of underground movements. Foreign correspondents can be expelled under the new decree, newspapers can be closed or suspended, and radio and T.V. stations can have their licences revoked. Apparently, there are three goals for this legislation:

- record all foreign news agencies based or represented in Argentina;
- force them to specify their nature, origin and legal status, their executive members, the composition of their capital, and names of agencies or other organs with which they are connected;
- forbids all Argentine media - press, radio, T.V. and press agencies, from disseminating any information on Argentina furnished by foreign agencies.

(L.D. 15/5/75, p10 c1-2; LJ, 15/5/75, p7 AFP)

ANTI-GUERRILLA REPRESSION GROWS

The recent selection of General Numa Laplane as head of the Argentine army is seen as a hardening of attitudes toward Argentine guerrillas. His new role is seen among well-informed sources as welcomed by officers of the armed forces who are impatient to redress the killing of 13 of their men by the guerrillas.

General Laplane is associated with the rightist elements of Isabella Peron's government, especially with José López Rega, the President's private secretary and minister of social security, and with Paul Lasterix, president of the Chamber of Deputies. These two men are generally considered as promoters of the recent purges of the leftist Peronist movement. (LD, 15/5/75, p10 c1-2, AFP & Reuter)

ARMY DEFEATS 350 GUERRILLAS

The Argentine army has killed, wounded or captured 350 rural guerrillas in the last 3 months in the North-West province of Tucuman. This disclosure by General Adel Vilas, was the first official indication of the size of the battles which have employed up to 7,500 soldiers. The general also stated that his forces had dismantled 30 guerrilla camps in the mountainous region.

In Cordoba, 800 km. northeast of Buenos Aires, guerrillas made a daring prison escape which involved 50 people and a number of vehicles. Among them were two leaders of the Peoples Revolutionary Army (ERP) - Mirta Marin Concurat and Sonía Blesa. (LD, 26/5/75, p12 c4-6; AFP & Reuter)

Chile

TOWARDS THE FORMATION OF AN ANTI-FASCIST FRONT

The Secretary General of the Socialist Party of Chile has declared that the party leadership will extend its efforts towards the formation of an anti-fascist front which would include the Popular Unity Parties (Socialist, Communist, Radical, Christian Left and MAPU), the Movement of the Revolutionary Left (MIR) and all sectors opposed to the military dictatorship. The statement was made at a press conference given on the occasion of the plenary meeting of the Central Committee of the Chilean Socialist Party.

When questioned on the participation of the Christian Democrat Party in the anti-fascist party, Altamirano replied that the Socialists consider their incorporation as a party "improbable" as long as Christian Democracy is dominated

by avowed sectors of the bourgeoisie and imperialism.

(LJ, 14/5/75, p7 c6-8; Prensa Latina(PL)

JUNTA ORGANIZES AMONG CIVILIANS

An anti-marxist civilian organization, an enlarged Common Front, has been formed at a meeting held in Codejur, near El Teniente copper mine, Delegates from women's groups, youth groups and all provinces attended to form a support committee for the ruling military junta.

(LJ, 29/5/75, p7 u2-3 AFP)

RESISTENCE IS EVERYWHERE

Resistance in Chile against the military junta has been manifested recently in a number of acts of sabotage, which have even been reported in the official press. Mentioned was a huge fire in an Esso service station at Vina del Mar, only 200 metres from special navy schools. The act was said to be in protest over the de-nationalization of 15 companies which were turned over to foreigners. Two days later there was another fire in an acrylics plant where it is said there is a dispute between workers and management.

(LJ, 21/5/75, p7 Mario Diaz)

BRAZIL

On May 13, 1975, in the heart of the Amazon, oil burst out of the earth to a height of 60 metres. This new discovery could signal the beginning of a new era for the region, or be purely symbolical. It is, in any case, a new stage in the vast program of mining exploration which has been constant for the last 4 years in the Amazon. Following old legends which told of green stones harder than diamonds, the Brazilian government is anxious to find, and quickly, less noble matter, but necessary to realize the Brazilian economic miracle and to overcome the current world crisis of raw materials.

Vast deposits of iron, manganese, bauxite, and tin have already been discovered and their exploration has begun or is about to begin. But much wealth remains to be discovered. It is to this end that they have set up the "Radam" project (Radar Da Amazonia). It consists of airplanes which furrow through the Amazon and sweep the surface every 30 km. each time emitting electro-magnetic waves. These send out an image which is analyzed by the computers for the existence or non-existence of mineral deposits. When successful, experts fly low over the area for a naked eye examination of the region. Then a team of 9 men, trained for survival in the jungle, is sent by helicopter to clear the land and map out the ground.

The government program foresees the creation of 15 magnetic poles for the exploration of resources in the Amazon. Iron reserves are estimated in the Carajes chain, south of the State of Para, to be about 18 billion metric tons. Manganese is already being mined south of French Guyana and exports are one million tons a year. Three other mineral layers totalling 30 million tons have been discovered nearby. There are 2.6 million tons of bauxite reserves in the pre-exploration stage on the right bank of the Amazon River. There is tin near the Venezuelan border, krolin and salt rock for the manufacturers of cement; other metals already account for \$50 million in income for Brazil per year, and \$350 million is predicted for 1980.

(LJ, 30/5/75, p6 AFP - Paul Rubler)

COSTA RICA

UNITED BRANDS ORDERED TO REVEAL BRIBE TAKERS

President Daniel Oduber of Costa Rica has ordered United Brands, a U.S. company, to supply it with the names of Costa Rican civil servants who received bribes from the company. If this request is not met within a specified time period, the president will ask the Legislature to decide on the withdrawal of United Brands from Costa Rica.

This followed on revelations that the former Minister of the Economy of Honduras had accepted \$1.2 million from United Brands in exchange for tax concessions on banana royalties. United Brands has also admitted paying \$750,000 to leaders of a European country, and has announced an inquiry to see if it has paid any money to the Italian government in the last 5 years.

(LD, 17/5/75, p3 cl-4, Reuter, AFP)

FRUIT GIANTS ACCUSED OF "DESTABILIZATION" FUND

The government of Costa Rica yesterday accused 3 large American fruit companies - Del Monte, Standard Fruit and United Brands - of conspiring against Latin American banana exporting countries to prevent them from raising their export taxes. Costa Rican Minister of Foreign Affairs, Gonzalo Facio, confirmed that, according to unofficial sources, the three companies set up a secret fund of \$5 million to destabilize members of the Organization of Banana Exporting Countries, i.e. Costa Rica, Panama, Honduras, Guatemala, Salvador and Colombia.

A spokesman for United Brands yesterday denied the accusations and in San Francisco, a spokesman for Del Monte said that Del Monte would examine the accusations but for the moment had no comment to make. The government of Costa Rica is getting ready to vote on a law to expropriate uncultivated land held by United Brands and Standard Fruit. The 2 companies have invested \$200 million in Costa Rica. (LD, 21/5/75, p9 c5-6 AP)

URUGUAY

NEW WAVE OF REPRESSION

In Uruguay, on the day before May 1, more than 4,000 searches took place, and in the capital, Montevideo, 2,218 people were arrested and held in prison for several days. At times, when political leaders could not be found, their children were arrested in their place. The Catholic magazine, Vispera, has been shut down and its director, Hector Borrat, arrested. His whereabouts are now unknown. Many people who had been released were picked up again on April 30 and ill-treated. Their homes were searched and relatives also arrested and interrogated. In many cases, the employers of those arrested were ordered to fire them. (LJ, 15/5/75, p7 c6-8)

CRISIS BETWEEN BORDABERRY AND THE ARMY

Uruguayan troops have been confined to their barracks following a serious crisis Monday night between President Juan Bordaberry and the military authorities. It arose when the military opposed a government decision to fire the president of the National Meat Institute, Eduardo Peile, who had ordered refrigerator industries to accept only produce from small and medium producers. The crisis which arose between the military and Bordaberry came to an end when a compromise decision was reached over the president of the Meat Institute, Eduardo Peile. He will lose his position as president

but will sit on the administrative council. (LJ, 21/5/75, p7 c2-3 AFP;
LD, 21/5/75, p9 c1-4 AFP)

VENEZUELA

NATIONALIZATION OF VENEZUELAN IRON

At the beginning of this year, the Perez government in Venezuela decided to nationalize the iron mines. From 1950, til January 1975, production was dominated by 2 U.S. giants, Orinico Mining (affiliated with U.S. steel) and Iron Mines of Bethlehem Steel Corp.. These two corporations earned about \$800 million in the last 24 years - triple their invested capital. They owned 16,693 hectares of concessions with a production of 326 million tons, 315 of which were for export.

Venezuela receives 18 bolivars for a ton of exported ore (\$1.00 = 4.30 bolivars), for which the transnationals will receive, after processing, over 1,500 bolivars. Compensation will be paid to the transnationals over 10 years at 7% per year interest and will not exceed the cost of the goods these companies will receive, or \$160 million.

(LJ, 6/5/75, p11, c1-2)

THE EVE OF THE ANDEAN PACT

The Andean Pact formulated in May 1969 gave some hope for the future of its members. It was composed of Colombia, Ecuador, Peru, Chile and Bolivia, and later Venezuela. All these countries have, or have had, coastline on the Pacific Ocean and cover among them the whole Pacific coast of the continent. There are now 75 million inhabitants in the Andean Pact countries.

In its brief lifetime, the Pact has known a number of enemies. First, international groups who manoevered in the still-born Latin American Economic Community which was fashioned according to the interests of such groups. Then, within the Pact itself, different coalitions of interests who saw without enthusiasm the birth of plans, regulations and controls on an international level. The members of the group were supposed to organize their production according to complementary structures defined by the central conference. But virulent opposition arose from such groups as the national Chambers of Commerce which are predominantly under the control or at least influence of foreign interests.

Until now, these forces have been neutralized, but not without concessions, such that certain directives adopted in common, for example the treatment to be accorded foreign capital, now varies significantly from country to country. Lately, the situation has worsened. When a meeting was held in Lima in early 1975, in order to set up an industrial program on automobiles, petrochemicals and fertilizers, it was not possible to reach an agreement. The session to begin April 28th in Lima was adjourned.

Although there have always been national rivalries, the origin of the present crisis is political, if not to say ideological. The first "wound" in the Pact was the 1971 coup in Bolivia which led the way for the dictatorship which was to be and is subservient to Brazilian and often U.S.-Brazilian interests. This neutralizes the traditional Argentinian presence and allows Brazil control over the most important iron reserve in all of Latin America.

Then, with the 1973 coup in Chile, and the military decree 600, Chile began to take an opposite position to the common directives (article 24) on the arrangement over foreign capital. After an initial attitude of severity, the conference leadership began to make concessions so that this ruling has been practically speaking overturned.

"The new military regimes of the Andean 'sub-region' are beginning to ignore the political bases of the agreement and thus the integration process is now hanging from a thread". That is the opinion of Ernesto Samper Pizano, vice-president of the National Association of Financial Institutions of Colombia.

While military solidarity attaches Bolivia, Chile and Brazil, Peru remains faithful to the first stated social tendencies of the Pact and looks to Venezuela for support, as well as to Mexico and the third world in general. But while Venezuela remains hostile to the principle of the agreement, and Columbian businessmen try to recuperate their "freedom of action", Ecuador, not alone, shows the effects of tensions between private groups and a military government which is, in fact, undecided at the moment. The Andean Pact seems headed for more precise threats to its existence in the future.

(LD, 21/5/75, p9 c1-4; Xavier Uscategui)

GULF OIL SCANDAL

Gulf Oil Company paid more than \$4 million to politicians in a foreign country to protect its interests, the Wall Street Journal reported yesterday. The country was not named but the newspaper indicated that the money was sent through an affiliate in the Bahamas. (LD, 3/5/75, p9 c1-2 AFP)

Gulf Oil Company announced yesterday that it had never made any political contributions to protect its investments in Venezuela or Ecuador.

(LD, 8/5/75, p24 c7-8 AFP)

Tuesday evening, the Peruvian government took possession of the holdings of the Gulf Oil Company of Peru and published its expropriation. Its operations in Peru have been definitely banned, following statements made by its president on bribes distributed by this corporation. The Peruvian government claimed that the Company had not complied with the deadlines set by several Latin American governments for Gulf to reveal what civil servants were involved in bribe-taking.

(LD, 15/5/75, p11 c5 AFP)

The President of Gulf Oil has declared that the company paid \$4 million under pressure in political contributions to South Korea from 1966-1970. Aside from this, he said Gulf had paid \$460,000 to the ruling party in Bolivia.

(LD, 17/5/75, p1 c2-5, AFP)