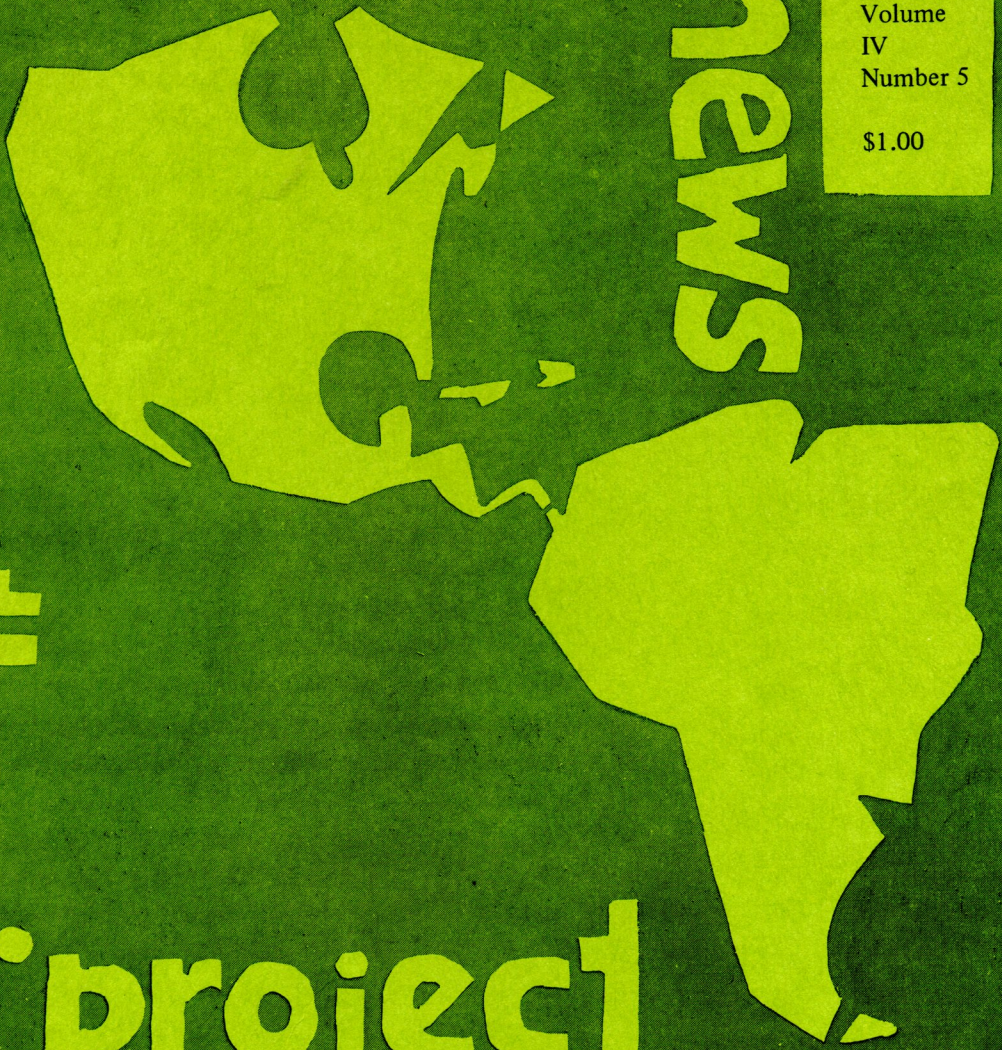


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synthesis project



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

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

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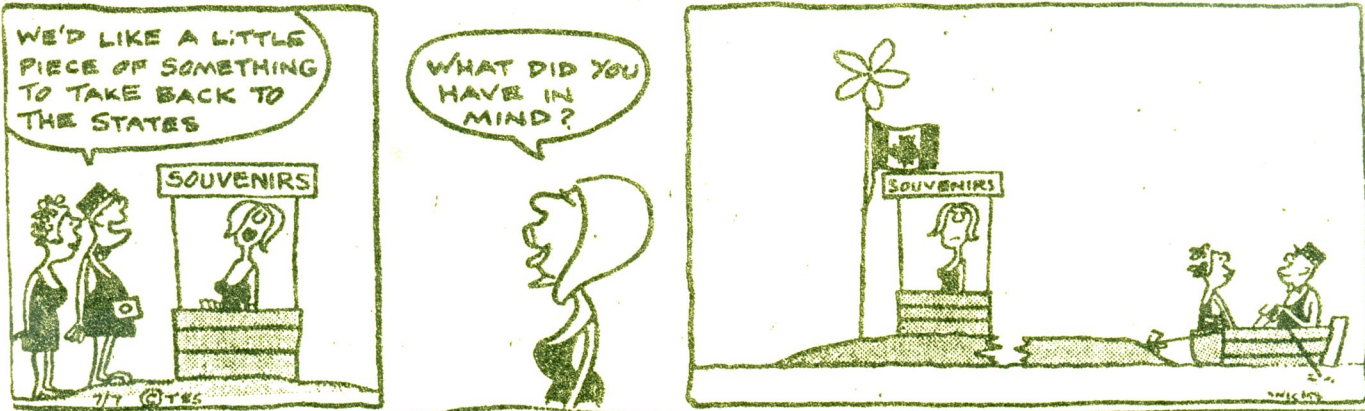
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JULY 1976 HIGHLIGHTS

The leaders of seven major industrial nations met in Puerto Rico to discuss common economic problems. See page 1 and 2.

FOREIGN INVESTMENT SEE PAGE 5.

THE OUTCASTS



Proliferating Pipelines The Canadian North is being further threatened as the Panarctic scheme gathers momentum and as a decision approaches in the Mackenzie Valley pipeline. See pages 8 and 9.

Federal Cabinet Minister Jean Marchand resigned, but the air bilingualism dispute rages on. See pages 19 and 20.

Please note the enclosed information leaflet explaining the effects of the planned Reed Paper Co. expansion of its cutting rights as well as some of the reasons for the protest from the Native Peoples of the region.

Finally, CNSP will not publish again until the September issue, to be mailed early in October. See you in the Fall!

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CANADA/INTERNATIONAL RELATIONS

PUERTO RICO - CONFERENCE OF MAJOR INDUSTRIAL NATIONS

Some Economic Conditions in the 7 Countries to Meet in Puerto Rico

	<u>UNEMPLOYMENT</u>		<u>INFLATION</u>	<u>TRADE</u>	<u>OTHER</u>
	Rate	No.			
GREAT BRITAIN	5.3%	1,200,000	15.4%	\$6 billion deficit	Government has introduced a 4.25% ceiling on pay raises.
ITALY	7%	1,400,000	20%	\$1.3 B deficit	The value of the lira has fallen between 20&30% since Jan, The country is heavily in debt. GNP declined 2% in 1975.
FRANCE	4%	1,000,000	10%		
JAPAN	2.1%	1,130,000	9.9%		GNP grew by 3.5% in 1975; Average pay increases 8.9%
UNITED STATES	7.3%		6%		GNP grew by 6-7% in 1975.
WEST GERMANY		1,000,000	5.5%		GNP grew by 6%
CANADA	7.1%		10%	more than 2 years of deficits	GNP grew at 2.7% in 1975.

(HCH 26/6/76 p35 cl-8 R. Hughes)

ITALY MAY GET MORE CREDIT

If Italy is to get extra credit to help its debt problem and balance of payments problem, it would have to adopt harsh austerity programs according to an American proposal.

(MS 28/6/76 pC1 c3-5)

NOTE: These programs would include wage restraints, cuts in money supply and government spending according to WFP, 3/7/76 p34 c5-8.

SOVIET DEBT

In Puerto Rico, leaders decried growing Soviet indebtedness to Western countries. In 1970, the debt was \$2 billion. It has now grown to \$30 billion.

(OC 29/6/76 p4 cl-2)

TRUDEAU AT PUERTO RICO

On the return flight from Puerto Rico, Prime Minister Trudeau said: "We are in a world of competing ideologies. The Communist ideology is obviously one which is trying to appeal to the developing countries and if our non-communist countries do not find some way of appealing to them, by showing them some type of leadership

which I suggest cannot be merely economic, then we will lose by default".

Trudeau also remarked: that the meeting "raises our consciousness of ourselves as democratic countries at a time when in our own countries even, and obviously outside, the values of freedom and democracy on which our societies are built are being challenged". (EJ 29/6/76 p3 c1-4)

Trudeau said he was "impressed by their (Britain and West Germany) efforts to convince the unions that they have to accept wage constraints in order to help establish a sustained and orderly recovery." The leaders of these countries "have both succeeded in persuading the unions to cooperate in building for a stable and healthy economic recovery".

Trudeau also said: "The underdeveloped world is looking for the best system. Some are choosing communism and many more will go left unless we show them our ethical and moral leadership matches our economic achievements."

Trudeau's emphasis on non-economic issues is understandable for in the economic field very little was accomplished at the meeting. Postponed, for example, was any decision to give increased help to the 3rd World.

(TS 29/6/76 pC9 c1-5)

The Puerto Rico summit and the OECD Ministerial meeting in Paris last month are seen as marking a "reversal of the post war emphasis on the highest growth possible" and an acceptance of high unemployment. However, policies that increase unemployment are politically impossible especially for several of the western leaders. And inflation for the OECD countries is gradually rising again. By April it was 13% double the level for February and March.

NORTH SOUTH DIALOGUE

The 4 commissions of the Conference of International Economic Cooperation are meeting again to decide priorities for discussion. The greatest disagreements between the industrialized and developing countries exist within the commission on energy.

(LD 12/7/76 p14 c1-2)

AID

NEW MEMBERS JOIN THE INTER-AMERICAN BANK (IAB)

The IAB was created by the U.S. and 19 Latin American countries in 1959. Canada joined in 1972. Since its creation it has approved \$8 billion in loans. Now, thirteen new countries of Europe and Asia are joining. They are Belgium, Denmark, West Germany, Israel, Japan, Spain, Switzerland, Great Britain, Italy, Yugoslavia, Austria, Holland and France. Together they will add \$868 million to the Bank.

(LD 9/7/76 p13 c1-4)

OXFAM, THE DENE OF THE NWT AND THE POLITICS OF AID

Western directors of OXFAM-CANADA resigned earlier this month partially to protest Oxfam's budget allocation of less than 30% of donations for overseas relief aid.

(EJ 23/6/76 p14 c1-3)

NOTE: In a letter to the editor, Peter Puxley, who is working for the Brotherhood of the NWT, made the following comments: "Even a brief examination of the politics of aid would apprise you of the fact that by far the largest proportion of such

"aid" is "tied", politically motivated and guaranteed to keep the receivers in a relationship of dependency to the donor. To suggest that the Dene of the NWT have been "generously" funded by the Department of Indian and Northern Affairs (DINA) is to ignore the terms of such funding (dictated unilaterally) and to ignore its relativity to the resources consumed by DINA itself. The proportion consumed by its hungry bureaucrats makes OXFAM look positively frugal by comparison. (EJ 26/6/76 p5 cl-6)

SCIENCE COUNCIL TO STUDY GRAINS PRODUCTION

Grains industry representatives will be deeply involved in a major study to be done of Canada's food system. (WFP 8/7/76 p68 c6-7)

THIRD WORLD DEBT

The world's 86 poorest nations now owe \$165 billion, mainly to the seven rich countries meeting in Puerto Rico. The top 21 American banks alone have more than \$20 billion loaned to non-oil producing 3rd World countries. The affairs of a country like Zaire are almost as significant for the Chase Manhattan Bank as the ups and downs of the New York real estate market and Brazil, with \$6-billion from the group, could never be allowed to drown without putting the whole of Wall Street at risk. (EJ 23/6/76 p4 cl Peter Wilsher)

TRADE

AUTOPACT

Sales of cars rose in June, 4.7% higher than in June 1975. Salesmen expect to sell 10.8 million cars in 1976 - a 25% improvement over the 1974-75 period. (TS 7/7/76 pB8 c7-9)

The Automotive Industries Association of Canada (AIA) represents more than 700 companies employing nearly 250,000 people with annual sales of \$2 billion. The AIA represents the replacement parts industry and does not want its industry included in a revised auto-pact. At present, tariffs protect the replacement parts industry. Ninety percent of the firms are owned by U.S. parent companies. (WFP 8/7/76 p69 c6-8; EJ 9/7/76 p79 cl-3)

THE U.S. FAVOURS STOCKPILING OF STRATEGIC RAW MATERIALS

An estimate by the International Economic Policy Association (IEPA), a non-governmental research body, says the Canadian share of U.S. imports of non-fuel industrial materials is 27%. (EJ 3/7/76 p50 c6-8)

CANDU SALE MEANS \$24.5 MILLION LOSS FOR CANADA

The federal government will lose \$24.5 million on the sale of a nuclear reactor to Argentina because the price originally set only allowed for 24% inflation. (WFP 6/7/76 p21 cl-4)

RUSSIA-CANADA TRADE

Foreign trade Minister N.S. Patoliev has proposed talks to discuss a 10-year Economic Agreement between the USSR and Canada. (FP 17/7/76 p3 cl.)

FOREIGN INVESTMENT

INTRODUCTION: *Newspaper coverage for July concentrates on three points: Government proposals for improving the operation of the Foreign Investment Review Agency (FIRA) even within a climate of increasing attempts to get rid of the agency or water down its present powers. The Toronto Star was notable for its support for such action both editorially and in several articles.*

Secondly, a small but growing trend for Canadian companies to invest more outside of Canada and, thirdly, a reporting of proposed takeovers allowed and refused by FIRA. Press coverage, in this latter case, focuses mostly on those proposed takeovers which are not allowed whereas little detailed attention is given to the 80% which are allowed. This leaves the impression that FIRA is acting strongly and effectively and that little real need exists to improve FIRA.

INVESTMENT TREND IS OUT OF CANADA

Dominion Bridge, the Montreal-based multi-national, last year bought four companies in the U.S. Another Montreal giant, Dominion Textile, moved heavily into the U.S. market last year with the purchase of DHJ Industries of New York.

Northern Telecom, Noranda and Canron are other Canadian companies that have made large investments in the U.S. in the last few years.

A trend is evident statistically showing that Canadian companies have invested more money outside the country than inside Canada in the last three years. Direct investment in Canada in 1975 was \$425 million, while direct investment abroad was \$630 million, an outflow or deficit of \$205 million. In 1974, the outflow was \$90 million.

Analysts present several reasons for the widening investment drain. One is the slower growth of the Canadian economy as compared with the US. In addition, some federal and provincial legislation has discouraged investment. Such legislation includes the Foreign Investment Review Act and the anti-inflation controls. High labour and capital costs appear to be other factors.

(MS 28/6/76 pB11 c1-3 CP)

LIMITS FAVOURED ON FOREIGN INVESTMENT

At a meeting in San Juan, Puerto Rico (see Canada/International), Prime Minister Pierre Trudeau cautioned other world leaders that it is unreasonable to expect all countries to give easy access to foreign investment. According to a spokesman, Mr. Trudeau said if Canada, or other countries, find it necessary to restrict capital inflow in order to take control of their economic and political destiny, then this must be accepted by other countries.

Mr. Trudeau was responding in the closed-door summit to a call by U.S. President Ford for the free flow of capital between countries without impediments or barriers.

(HCH 30/6/76 p29 c1-3. W.Cheveldayoff, taken from the Globe & Mail)

FIGHTER SCREENING RULES STUDIED

A long list of changes in the procedures under which FIRA operates are proposed in a report now in the hands of Trade and Commerce Minister Donald Jamieson. The detailed study was prepared by Gorse Howarth, acting chief of FIRA. Three major problem areas are presented with a number of possible solutions. These areas include the need to obtain detailed information from private companies as well as publicly owned companies involved in takeover actions. Another problem area concerns investigation of takeovers in light of the Combines Act anti-trust legislation. At present, takeovers are not examined for Combines Act violations until after FIRA and Cabinet approval. The government and FIRA are also anxious to solve the problem.

(TS 8/7/76 P.C8, col. 6-9)

FIRA ACTS:- 8 APPROVALS, 2 REJECTIONS

Pilkington Gets FIRA Approval:- Pilkington Brothers (Canada) Ltd., a unit of Pilkington Ltd. of the U.K., has been allowed to gain control of the Glaverbel-Mecaniver Group of companies of Laprarie, Quebec. Three other proposals were allowed and one takeover bid was refused. (MS 3/7/76 P. H9, col.1-6)

General Mills' Bid to Take Over Regal Toy Refused

The Federal Government has rejected a proposed takeover by General Mills Canada Ltd. of Etobicoke of a Toronto doll and toy maker, Regal Toy Ltd. General Mills is ultimately controlled by General Mills Inc. of Minneapolis. At the same time the government approved 2 other proposed foreign takeovers and allowed six proposals for the establishment of six new businesses by foreign companies will be located in Kentville, N.S., Vancouver, B.C. and Fort Erie, Scarborough, North York and Whitby, Ont. (GM 7/7/76 P.B1 col. 5-7 Jeff Carruthers)

ALBERTA, FARMERS DISAGREE ON FOREIGN LAND OWNERSHIP

After three years of study, the province's Land Use Forum rejected views held in many of the 500 briefs it received that foreign ownership was a problem and that land was being sold to aliens with no thought of the future.

While agreeing that it was in the best interest of Albertans to have most of the farm land owned by Canadians or landed immigrants, the report stated: "We reject the absolute prohibition of foreign buying of farm land...."

The Alberta Wheat Pool, Unifarm (Alberta's largest farm organization), and Grant Notley, Alberta NDP leader are concerned about an apparent trend toward foreign ownership of Alberta land. Dobson Lea, Unifarm President, says foreign purchases of farm land have been for speculation, not for food production. In addition, "land prices have escalated beyond the point where that value can be recovered from agricultural use of the land," he said.

The province, following a recommendation by a select committee on foreign investment late in 1974, established a land monitoring system which got underway in mid 1975. The system has made little information known to the public.

Real estate men indicate the prime areas of interest are in southern Alberta, with most purchases being made by West Germans. There also have been sales to French, Italian, Spanish and South American interests.

(WFP 16/7/76 P.48, col. 4-6 J. Neaves

GM 16/7/76 P. B2. col. 4-8 CP)

ECONOMY GENERAL

SUPREME COURT UPHOLDS ANTI-INFLATION LEGISLATION; REJECTS ONTARIO POSITION

On July 12, the Supreme Court of Canada ruled 7-2 that the Federal Government acted within the Constitution when it introduced wage and price controls. The court ruled unanimously that the Ontario government overstepped its authority when it joined Ottawa's programme through an order-in-council rather than an act of Parliament. Ontario Premier William Davis immediately announced that he would recall the legislature to pass a bill retroactively binding provincial civil servants to the federal guidelines.

(TS. 12/7/76, P.A1 col. 7-9) Also CP

-Four judges who supported the legality of Ottawa's move concluded that the Federal Government had proved that an emergency situation had existed last October when the controls were introduced. Three other judges, who also ruled in Ottawa's favour said that the challengers of the bill had needed to prove that there was no emergency, but had failed to do so. Two judges stated that the bill did not explicitly say that Ottawa was acting under its emergency powers, and so they voted against the Bill.

(TS 13/7/76 P.A1 col. 7-9)

RULING A BLOW TO ALBERTA

The Alberta Government had argued that Ottawa had no right to use its emergency powers to fight inflation. In the past, the emergency powers to maintain "peace, order and good government" have only been used in times of crisis. Alberta fears that if Ottawa uses this clause in peacetime to interfere with the economy, then it will establish a precedent to allow the Federal Government to interfere at some future date with Alberta's control over its oil and gas sales. Chief Justice Laskin ruled that the Anti-Inflation Act does not invade provincial jurisdiction, but Justice Beetz, who opposed the Act, called it an assault "in a frontal way and on a large scale" on provincial powers. Alberta fears that this indeed the case, and that the way has been cleared for Ottawa to expropriate oil, a measure already suggested by Ontario Premier Davis.

(EJ 13/7/76 P.14 col.1-3 Gorde Sinclair)

BRYCE COMMISSION

The Royal Commission on Corporate Concentration ended its public hearings in June. The deadline for a report has been set at some time in November.

McKEOUGH: WE NEED BIG BUSINESS

"The size of the postal workers union is more of a problem than the size of Massey-Ferguson or Argus Corp.," claimed Ontario Treasurer Darcy McKeough. He also said, "I can't think of any examples where corporate power was being used in the wrong way." He argued that Canadian corporations are too small by world standards, leading to limited scale of output and higher costs, making it difficult to increase productivity. He said that Canada cannot afford a competition policy as rigid or comprehensive as that of the U.S. since this country's economy is too small. He acknowledged that "we may have to pay higher prices from time to time."

(GM 4/6/76 P.B4 col. 5,6)

-McKeough also said that large firms can keep prices low because they can take advantage of "technological and managerial economies of scale." He said that a strong economy is possible only if investors can expect a healthy return on their investment. Larger firms are in a better position to insure this, he believes.

(TS 3/6/76 P.C8 col.7-9)

CNSP NOTE: McKeough himself seems to be in a good position to insure a healthy return on investments. The Financial Post says that Ontario, along with Quebec and Alberta, has set up a Venture investment corporation to aid the flow of equity capital into risk undertakings. (FP 19/6/76 P.39, col. 1,2)

BRYCE REPORT "ANOTHER BLOW TO BUSINESS"

The Winnipeg Free Press carried an unsigned article originating from Ottawa which decried the Bryce commission as one of a series of "low blows" aimed at the business community. Such measures as anti-inflation legislation, increased taxation in the natural resource area, nationalization of the Saskatchewan potash industry and controls on foreign investment are other "examples of the beating business has been taking from government lately."

(WFP 10/6/76 P.12, col.1-6)

CNSP NOTE: The move by Alberta, Quebec and Ontario to create Venture Investment Corporations came in response to business appeals for help. Apparently, business feels that not all government intervention in the economy is bad.

CONFLICTING EMOTIONS, FEW FACTS

Several newspapers have mentioned that few presentations contained many hard facts, but instead repeated familiar sentiments whether for or against big business. The Ottawa Citizen reported that businessmen insisted that profits were not immoral and asked that business not be branded as crooked because of specific instances of corporate wrongdoing. Instead, they argued that greed was found in every walk of life. Business also said that size would increase efficiency and competitiveness. On the other hand, opponents of corporate growth pointed to the powerlessness of the individual in the face of this phenomenon. *(Note: while greed might be everywhere, the uneven distribution of power gives certain groups a better chance of getting away with their wrongdoings. The issue at stake is power, not philosophical ramblings about the fallen state of humanity.)*

The Consumers' Association of Canada: "People are more and more conscious that they don't control their economic institutions."

NDP Leader ED Broadbent: "Powerful corporations (make) decisions which are in no way influenced by considerations of national interest, and for which they are accountable to no-one."

Ron Huntington, M.P.: "Conglomerates (groups of companies in unrelated fields which are all owned by one Company, such as ITT, which owns insurance companies, hotels, and publishers as well as communications firms) can and do accelerate the concentration of capital into the hands of a few people...."

Huntington claimed that when a conglomerate can control large areas of the media and can influence high levels of government, then the taxpayer stands to be abused.

(OC 19/6/76 P.9 col. 1-5)

POWER GAINS MORE ARGUS STOCK

Canada's own conglomerate merger, the proposed Power takeover of Argus Corp., is still proceeding. At present, Power has 25% voting interest and 60% of other Argus equity. The original takeover bid prompted the formation of the Bryce Commission to study the effects of the concentration of corporate power. Argus has holdings in Massey-Ferguson, Dominion Stores, Domtar, Standard Broadcasting and Hollinger Mines. (FP 19/6/76 P.25, col.2)

Note: Power already has extensive holdings in Canada Steamship Lines, Investor Group, Consolidated Bathurst, Imperial Life Assurance Co., Laurentide Financial Corp., SMA Inc., and Shawinigan Industries. See CNSP Vol. III, No.4

OIL & GAS

PETRO-CANADA HEAD REPLACED

William Hopper, 42, vice-president of Canada's national oil company, Petro-Canada, has been named new president and chief executive officer replacing the company's first president, Maurice Strong, who is to remain as chairman. Initial comment from the major oil companies appears highly favourable. Hopper, who earlier in his career had a stint with Imperial Oil, reportedly has many personal friends in the oil industry.

(EJ 14/7/76 p.8 c.1-8, TS 16/7/76 P.C8 c.3-6)

PROLIFERATING PIPELINES

Introduction: The Mackenzie Valley Pipeline debate simmers slowly on a back burner this summer as the National Energy Board (NEB) sits daily in Ottawa considering the merits of the two competing applicants, Canadian Arctic Gas Pipelines Ltd. (CAGPL) and Foothill Pipelines Ltd., and Mr. Justice Thomas Berger assembles his report on the social, economic and environmental impact of the proposed energy line. But as the decision-makers go through their evaluations, the prospect of a new and even more costly pipeline venture is finally receiving a much-needed public airing.

Drilling in the High Arctic has been encouraging for the oil companies. So far, discoveries--about 15 trillion cubic feet--already exceed the proven Mackenzie Delta reserves. An estimated 25 trillion cubic feet is the projected break-even point for the proposed \$8 billion Polar Gas Pipeline. Members of the Polar Gas Consortium want to run a line from the High Arctic through the barren eastern Northwest Territories down through either Manitoba or Quebec along the shore of Hudson's Bay to hook up with eastern distributing systems. The consortium includes both Petro-Can and Panarctic Oils Ltd., (45% owned by the Federal Government). Despite Inuit land claims which have yet to be settled, the Federal Government seems to have discounted the possibility of any national debate in the Berger style on the proposed Arctic pipeline. Meanwhile, a U.S. decision on the Alaskan pipeline route to Valdez appears to be gaining strength, with President Ford expected to announce the U.S. decision by July of next year. This puts CAGPL behind the eight-ball as any Canadian

decision is expected at a later date, and the CAGPL line depends on Alaskan north slope oil and gas to make its proposal financially sound. In addition, another newly announced pipeline group has declared its plan to build a 750-mile pipeline from Kitimat, B.C. to Edmonton to transport Alaskan and offshore oil to American and Eastern Canadian consumers.

ALL PIPELINE ALTERNATIVES SHOULD BE CONSIDERED

Although a formal application from the Polar Gas Pipeline consortium is not expected until next year, public interest groups are demanding all pipeline proposals be evaluated simultaneously by the National Energy Board (NEB). Energy Minister Alastair Gillespie says the NEB decision on the Mackenzie Valley route can't possibly be delayed. Andrew Thomson, chairman of the Canadian Arctic Resources Committee says the government should look at a wide range of options including the Arctic Islands. While 4-trillion cubic-feet of natural gas has been found in the Mackenzie Delta, reserves in the Arctic Islands already total 15-trillion cubic feet. (MS 21/6/76 p7 c3-8; CP -- Howard Collins.)

POLAR PIPELINE INQUIRY UNLIKELY: BUCHANAN

Indian Affairs and Northern Development Minister Judd Buchanan says a Berger-style inquiry into a proposed Polar Gas Pipeline from the Arctic Islands south through Inuit land is not likely. "I suppose there's a possibility of it, but I don't think the fact that the government has done it once commits it", he said. Inuit Tapirisat, Canada's Eskimo organization, has demanded an inquiry into the Polar Gas proposal. (GM 14/7/76 pB4 c5)

ONE MORE TIME

A group of ten US and Canadian companies will apply to the NEB to build a 750-mile \$400-million pipeline from Kitimat, B.C. to Edmonton. The consortium also wants permission to build a crude oil terminal at Kitimat to handle Alaskan and Middle East oil. From Edmonton, oil could be pumped to virtually anywhere on the continent through existing pipeline networks. The BC government has declared its tentative support for the project as well as for the proposed Alaska highway route. (see CNSP Vol.IV, No.3) (EJ 14/7/76 pC13 c8-9; TS 15/7/76 p30 c1-5)

ALASKAN MAYOR SLAMS BEAUFORT SEA DRILLING

The Inuit mayor of the North Slope borough of Alaska says he will meet the head of the United Nations Law of the Sea Conference to protest Canada's decision to allow offshore drilling in the delicate environment of the Beaufort Sea. He has also announced a 'circumpolar' conference for Barrow, Alaska for November 21 to discuss mutual problems in the Arctic. (EJ 10/7/76 p7 c2-4)

CNSP NOTE: Oil company spokesmen continue to downgrade the possibility of environmental damage due to offshore drilling in the Beaufort Sea. Dome President Jack Gallagher in an 'apologia' in the Globe and Mail (2/7/76 pB2 c5-7) outlined the technological sophistication of the drilling operation and emphasized the fail-safe mechanisms to handle any possible blow-outs. Drilling is planned for two months per year over the next five summers with perhaps 40 wells needed to formulate a clear picture of the potential of the Beaufort Basin.

HYDRO, THERMAL, AND NUCLEAR ENERGY

QUEBEC AND NEWFOUNDLAND CLASH OVER CHURCHILL FALLS POWER

INTRODUCTION: *When former Liberal Premier Joey Smallwood of Newfoundland signed an agreement in 1969 to sell all but 300 megawatts of the 5225 megawatt output of the Churchill Falls Power Corporation to Quebec, there was not much thought given to whether Newfoundland might soon need more power. Now, it seems, the island does.....800 more megawatts of power are needed to justify construction of an 11-mile undersea tunnel and transmission line across the Strait of Belle Isle, the first step in Newfoundland's development of the power potential of the lower Churchill River. Newfoundland wants the power at the same price it sells it to Quebec -- 3.5 mills per kw/hr. Quebec says no. Newfoundland Premier Frank Moores is up in arms and the federal government has threatened to intervene forcing Quebec to make the sale. Quebec's Energy Minister Jean Cournoyer says: Ottawa has no business in Quebec's energy concerns while Newfoundland says it will take the whole issue to the courts.*

FEDS SUPPORT NFLD: GILLESPIE WARNS QUEBEC

Energy Minister Alastair Gillespie says the Federal government may have to step in to force Quebec to sell 800 megawatts of power from the Churchill Falls development to Newfoundland at a reasonable price. Quebec currently exports power from the development at eight times what it pays Newfoundland. Quebec owns 38% of Churchill Falls while Newfoundland owns 54%.

(WFP 2/6/76 p40 c1-8; 13/7/76 p11 c2-9)

QUEBEC-HYDRO PROFITS SWELL

Cheap hydro from Newfoundland enabled Quebec-Hydro to make a \$230-million profit in 1975. That profit represents 90% of the total profits of all public hydro corporations in Canada, according to Newfoundland and Labrador Hydro President Denis Groom.

(HCH, 29/6/76 p12 c1-3)

QUEBEC HYDRO MAY DEFY NEB

Quebec Energy Minister Jean Cournoyer says Quebec will build a 38-mile power line to the U.S. with or without National Energy Board permission. Quebec-Hydro wants to export 800 megawatts annually of surplus power to New York State via the new line. Quebec's surplus power is now sold to Ontario under contract.

(MG 12/6/76 p1 c1-5)

CNSP NOTE: *The quantity of power Quebec wants to sell to New York state is ironically the same amount being sought by Newfoundland -- 800 megawatts. The Montreal Gazette in an article by Irwin Block (3/6/76 p8 c1-5) notes that Quebec-Hydro has a tradition of announcing quick money schemes of enormous social and environmental impact with little or no public discussion. Block sees the proposed link-up to the US power grid as part of this economic expediency. The 65 mile long line will not only despoil 5,000 acres of Quebec's richest farmland, it will also commit increasing portions of Quebec's hydro to export thereby increasing pressure on the province to develop nuclear energy sources "with all the uncertainties, environmental risks and huge investment they entail".*

AGRICULTURE

CNSP INTRODUCTION: Since the federal government announced its new dairy policy in April, dairy farmers have been protesting against the proposed quota and subsidy cutbacks, blaming federal and provincial governments for getting them into a situation of surplus supply.

THE DAIRY INDUSTRY

In 1973, Canada was short of dairy products and the Canadian Dairy Commission at the request of the federal government adopted quotas and producers were encouraged to expand their herds. In 1975, dairy production vastly exceeded domestic demand and worldwide there was a surplus of skim milk powder and butter. In Canada the aimed-for increase of 5% turned into an actual 17% surplus.
(EJ 6/5/76 p56 c1-2)

Ontario and Quebec dairymen produce 75% of the country's industrial milk which is surplus to current demand. (milk for drinking is in line with the quotas) Half the industrial milk produced in the country comes from Quebec. Of a total of 29,000 Quebec dairy farms, 24,000 produce nothing but industrial milk. As a result of cutbacks in dairy subsidies, one Ontario farmer received \$95 compared to the usual \$2,000 a month he usually receives. Cutbacks in industrial milk production have also been ordered for Manitoba. Producers who have tried to cutback production by reducing their herds have found there is no market for dairy cows. All of which is disastrous for dairy farmers who have loans to pay off as a result of investments made earlier to increase production.

(EJ 4/6/76 p3 c3-5) (TS 29/6/76 p14 c1-4) (WFP 6/7/76 p53 c1-4)

In announcing an 18% cutback in quotas the federal government said that many farmers had overproduced in 1974 to cash in on higher guaranteed prices set by government that year. The provinces were accused of mismanagement in setting quotas that encouraged farmers to produce more milk than can be used or stored.

(GM 5/6/76 p10 c1-9)

When Quebec dairy farmers demonstrated on parliament hill they said their income would be cut by 20%. They demanded that production cuts be more evenly distributed among all provinces, an immediate \$40 million subsidy to compensate for 20% production loss this year, and a reduction to 39 million from 50 million pounds in imported cheese annually allowed into Canada. (EJ 4/6/76 p3 c3-5)

Ontario Agriculture Minister W. Newman says Ottawa may be over-reacting and that Canada may wind up with a shortage of milk in the future. (TS 29/6/76 pA4)

FARMERS BORROWING UP -- MORE MACHINERY PURCHASES

J.A. Boyle, executive vice-president and chief general manager of the Toronto Dominion Bank says that agricultural borrowing is up more than 30% in Manitoba, and up an average of 18% for the whole country. The Bank of Montreal agriculture department says that agricultural machinery and equipment sales went up 13% over the last twelve months instead of an expected decline of 15%. A boom in agricultural machinery sales in Quebec halted with the announcement of cutbacks in milk subsidies and quotas. (WFP 5/6/76 p31 c7-8) (EJ 16/6/76 p14 c1-4)

NFU CRITICIZES PATCH-WORK AGRICULTURAL POLICY

The lack of a fundamental policy on agriculture by the federal government combined with a series of short-term, patch-work measures, "has contributed to a state of insecurity, confusion and instability" among farmers in Canada, says the National Farmers Union (NFU). A brief to Prime Minister Trudeau noted "growing provincial intervention" in such areas as land use policy, income assurance and price stabilization policy approaches that increase difficulties in developing unified farm policies at the federal level. Food and its production, marketing and pricing, have been made political footballs and a major pawn in the government's war on inflation, said the NFU. The brief was critical of federal and provincial programs aimed at stabilizing and expanding food production. "Such programs have often been more self-serving directed towards stimulating industrial activity than in serving the income needs of farmers. As a result, the approach toward developing a comprehensive national agricultural policy both in respect to stabilizing production and farm income has become increasingly fragmented," the brief said.

(WFP 7/7/76 p19 c1-3)

FISHING

CNSP INTRODUCTION: For the third time in three years the United Nations has attempted to negotiate a new treaty to govern the oceans. The recent Law of the Sea Conference ended with no formal agreement, but a single negotiation text was produced to enter the next conference to be held in New York from August 2 to September 17.

THE LAW OF THE SEA CONFERENCE

The recent Law of the Sea Conference refined a document which contains an outline for a new code of law providing for: a twelve mile territorial limit; a 200 mile economic zone in which coastal states would have special rights to fish and extract mineral resources; and an international seabed authority to regulate mining activities beyond the economic zone for the benefit of all countries.

(GM 8/5/76 p14 c8-9)

Of the 156 participating nations, 52 landlocked or geographically disadvantaged states argued that the economic zone jurisdiction can only be justified if allowances are made for the rights of all countries to share in the resources contained in these areas. They claimed they are entitled to preferential rights to share in all ocean resources and not merely rights to surplus. There was talk of granting limited fishing rights to landlocked nations but coastal countries refused to concede mineral rights. No agreement was reached and the negotiating text does not even address the grievances. The "Group of 77" developing nations claim the text goes so far in the favour of the developed world that they cannot even accept it as the basis of future negotiations. (TS 5/5/76 pB6 c2-3)

(WFP 7/5/76 p35 c6-8)

An unresolved issue between technologically advanced and developing nations concerns the mining of ocean resources beyond national jurisdictions. There is agreement that this should be administered by an international seabed authority. Disagreement focuses upon the power of such a body. The US and USSR would like to conduct mining operations independently -- merely sharing the resources income with the authority which would in turn pass this to less developed nations with the poorest having the largest share. Developing countries would like the seabed authority to run the mining operations using the technology of the advanced nations on a contract basis. It is likely that the outcome will be joint-ventures of the authority with private companies or national government mining agencies.

(WFP 5/5/76 p31 c6-8)

Serious for Canada's interests, is a production control formula for nickel in the international seabed authority. Promoted by the U.S. (which is heavily dependent on foreign sources of nickel) this provision would permit production of seabed nickel to increase by a minimum of 6% a year with the result that production from land-based nickel mines may have to be curtailed. If this comes into force nickel mines in Canada could be out of production in 15 years.

(GM 8/5/76 p6 c1-2)

CNSP NOTE: While this provision of the Law of the Sea conference document has serious consequences for Canadian mining communities and workers, the industry's transnational corporations are already in a position to hedge their bets. The world's largest nickel producer, INCO Ltd., is a leading member of one of the consortia of companies developing the technology to mine the seabed and maintain its near-monopoly position in international nickel markets.

Editorial writers of the Halifax Chronicle-Herald expressed concern that Nova Scotia not sign anything with respect to sharing offshore resources with Ottawa until an inventory is taken and until it is made clear that the continental shelf rightfully belongs to the province. (HCH 12/5/76 and 13/5/76 p1)

SECONDARY - MANUFACTURING

CANADIAN MANUFACTURERS ASSOCIATION CONVENTION

In a speech ending his term as president of the Canadian Manufacturers Association (CMA), Harold Corrigan said that business and labour must help run the country because "the job is too large for government alone." He added that business and labour leaders must "place more emphasis on their role as leaders of thought."

(MS 8/6/76)

The CMA has elected Rodrigue Bilodeau, chairman of Honeywell Ltd., as its new president. Addressing the annual meeting Bilodeau warned against the current economic and moral decline of industrialized countries like Canada, and announced his intention to take up the challenge of Trudeau to defend the "private enterprise-free market system."

(MS 7/6/76 pA19 c1-4) (OC 7/6/76 p11 c1-6)

Speaking to the annual CMA meeting Prime Minister Trudeau thanked the association for its support of the government's wage and price control programs. Trudeau called upon the association to "discuss freely, without prejudice" the options open for changes in the economy after the controls end in 1978. Industry Minister Jamieson admitted to the meeting that big companies have been receiving most of the industrial assistance given out by his department; he intends to improve this situation because "although we believe that big is beautiful, we also believe that little is lovely."

(GM 8/6/76 pB7 c2-3)



"All I know, Harrison, is that I've been on the board 40 years and have yet to see an excess profit."

CMA CITES DECLINING PRODUCTIVITY, PROFITS

The annual report of the CMA says that margins on sales for Canadian industry in 1975 fell to 4.4% from 5.3% in 1974. The report said that productivity improved by only 0.4% because employment dropped more than production.

(MS 8/6/76)

CANADA TOO DEPENDENT ON PLASTICS IMPORTS

Roy Evanson of the Society of Plastic Industry told the annual convention of the Chemical Institute of Canada that the country depends too much on imports at the expense of the development of its own secondary industry. Canada is the largest importer of plastics in the world, despite the fact that the basic raw materials, petrochemical resins, are beginning to be made in Canada. The choice Canada must make is to export the resins and buy back the finished products, or develop domestic industry to supply domestic markets.

(OC 10/6/76 p9 c1-4 CP)

INDUSTRIAL BOOM IN ALBERTA

While other parts of the country experienced the full force of the recent recession, the Alberta economy with its oil industry foundation experienced an unprecedented boom. Much of the new industrial activity has centred around Edmonton where 107 new industrial developments, including 64 new industries, were recorded in 1975. Proposed and committed capital investments in the Edmonton economic region, including the Syncrude project, amounted to \$14.6 billion in the past few years. The provincial government's gigantic savings account -- the Alberta Heritage Trust Fund -- now has a total of over \$2 billion in oil revenues which will go in part to finance industrial diversification of the provincial economy.

(GM 10/6/76 pB2 c2-7) (FP 19/6/76 p44)

OTTAWA UNDER FIRE OVER FISH PROCESSING

The federal government has come under criticism for granting an export permit to allow a group of Bay of Fundy fishermen sell unprocessed herring to Polish buyers. As a result, several herring processing plants in southwestern Nova Scotia may close as European herring customers buy the unprocessed fish from Canadians and process it themselves. The processors say that it is an ironic situation given the government's recent declared intention to extend its fishery jurisdiction to 200 miles in order to gain greater economic benefits for Canadians from the resources of the sea.

(HCH 17/6/76 p21 c1-6)

MORE TEXTILE TALKS

CNSP INTRODUCTION: The Senate Committee on banking, trade and commerce resumed its hearings in early June to make recommendations for Canadian textile import policy.

QUEBEC UNIONS URGE AID FOR TEXTILE INDUSTRY

Two labour unions have urged the Senate committee to consider more protection for the workers in the textile and clothing industries. The Centrale des syndicats démocratiques (CSD) noted that since 1970 there has been a rise in the level of foreign capital in the Canadian industry suggesting "a great deal of confidence in the Canadian market (by foreigners), and a lack of Canadian capital." In its brief the Confederation des syndicats nationaux (CSN - CNTU) advocated that textile companies be forced to modernize their equipment from profits. Plants which arbitrarily close should be expropriated without compensation and turned over to their workers. The CSD confirmed that a textile invasion from the Orient is a 'myth to be destroyed'. In 1974, more than 73% of all apparel and textile imports came from the U.S. and Europe. The CSD brief

...continued

was largely a rebuttal of the "free trade" recommendations of the Economic Council of Canada's report of last year. Such a concept, said the CSD, is capitalistic with no respect for the workers whose livelihoods would be destroyed.

(MG 3/6/76 p15 c4-8)

IMPORTERS AGAINST TARIFF PROTECTION

Keith Dixon, executive vice-president of the Canadian Importers Association, told the Senate Committee that the textile industry receives "outrageous protection" against imports, a sign that it admits "commercial defeat". (MG 4/6/76 p11 c6-8)

LOSS OF ONTARIO TEXTILE JOBS

Ontario Industry Minister Claude Bennett says that the textile and clothing industry in eastern Ontario has lost 3,000 jobs in the last two years because of foreign competition. He said that the remaining 4,200 jobs are in danger if the federal government does not quickly negotiate agreements with Taiwan, Korea, Hong Kong and other low-wage countries to limit imports. (OC 18/6/76 p1 c1-4)

TRICOFIL SURVIVES ANOTHER CRISIS

Tricofil, the worker-run St. Jerome textile factory, has celebrated the second anniversary of the closing of the plant by its former owners by making half of a \$400,000 payment due to the Grover Mills Ltd. The plant was re-opened in February, 1975, by 30 of the more than 400 people locked out by the Grover company. The money for the payment was raised by a province-wide fund-raising campaign. (OC 18/6/76 p1 c1-4)

THE AUTO PACT - A RESURGENCE IN CAR SALES

Canada's auto products trade with the U.S. in the first quarter of 1976 registered a deficit of \$318 million, down from the \$415 million deficit figure of the first quarter of the previous year. The 1976 deficit is expected to be much lower than the \$2 billion figure for 1975 as car sales record new highs in the U.S. with the end of that country's economic recession. However, Canada's deficit in auto parts continued to rise (although the trade deficit in assemble cars declines) and could reach \$3 billion this year. The Automotive Parts Manufacturers Association says this deficit in auto parts is providing 25,000 jobs in the United States when Canada is recording high unemployment rates.

CNSP NOTE: See Foreign Investment this month for an account of the growing trend of investment in the United States by Canadian manufacturing companies.

Enclosed with this CNSP is a reprint of an article prepared for the Last Post by CNSP concerning Northern Telecom's move into the U.S. market.



Fred Wright, Union Cartoons

"I say that labor and management must cooperate. Management gives the orders and labor cooperates by obeying them..."

TERTIARY FINANCE

FOREIGN BANKS ACCEPTABLE

Revenue Minister Bud Cullen says that he personally would like to see foreign banks given permission to operate in Canada. He says that Canadian banking is dominated by the five major chartered banks and that foreign competition would be good. He proposed that foreign banks be subject to controls, such as limiting each bank to one branch in Canada. The Canadian Bankers Association has already made this proposal. The bankers' main concern is for foreign corporations which open "near banks" operating outside of the regulations of the federal Bank Act. These are companies which operate under provincial rules since they are not officially called "banks" but nonetheless carry on financial activities. The CBA wants the next revision of the Bank Act in 1977 to be extended to cover the activities of the "near banks".

(WFP 24/6/76 p35 c7-8)

CANADIAN MULTINATIONALS GOOD: ECONOMIST

H. Grubel, professor of economics at Simon Fraser University, says multinational banking allows Canadian banks to maximize profit efficiency. He says foreign banks should be allowed to operate in Canada as this would have "undoubtedly brought lower interest rates to borrowers and would bring more extensive benefits to a broader range of markets were their activities less restricted. Grubel says that a multinational sphere of operations allows banks to stabilize profits since they can take advantage of different business cycles in different countries. He claims that it would allow faster flows from sectors with funds to invest to those offering highest returns in profits. One drawback is that multinational banking could "reduce the effectiveness of national monetary policy for stabilizing demand and the balance of payments."

(MG 2/6/76 p15 c3-4)

AIB GUIDELINES APPLY ONLY TO DOMESTIC BANK OPERATIONS

The new AIB guidelines for measuring bank profits will measure only profits on domestic operations. Banks will be allowed to base their profit limits on the five years up to October 31, 1975, instead of the five years up to October 1974 as had been first announced.

(HCH 12/6/76 p3 c1-3 CP)

WORKERS, PEOPLE, OPPRESSED

GENERAL

UNEMPLOYMENT RATE EASES SLIGHTLY

The unemployment rate declined during June for the third successive month to 7% of the labour force from 7.1%. The rate in June 1975 was 6.9%. The number of people without jobs was down by 6,000 to 702,000. (GM 14/7/76 pB7 cl-2 CP)

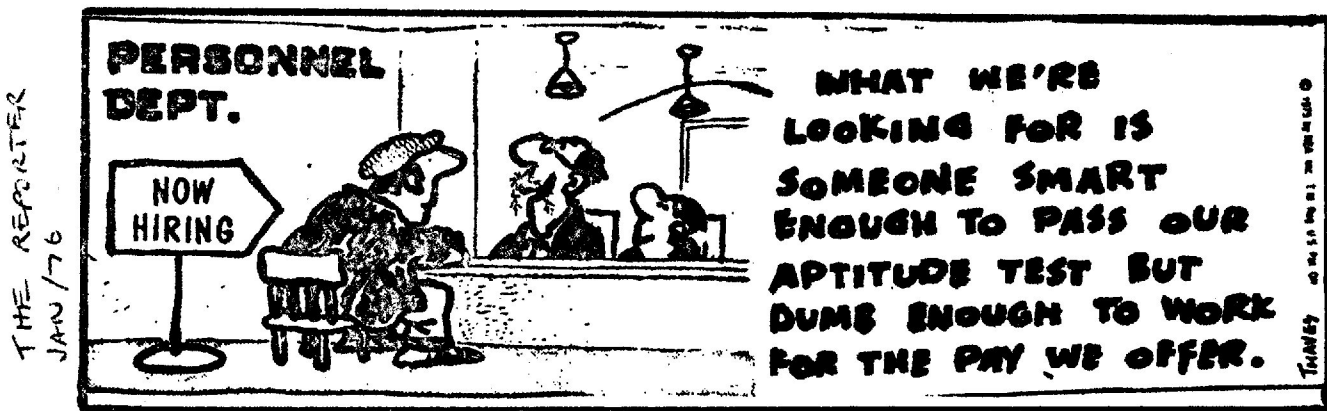
JOB OPENINGS DECLINE

In a survey of 1500 national employers the Technical Service Council(TSC), a non-profit personnel-consulting agency, found that job openings across Canada have dropped 25% since June 1975. The survey reflects jobs with business and industry but does not include openings with governments and institutions. The council blames the slump on slower growth in both consumer spending and capital expenditure by industry. In addition, export sales slowed and governments are hiring fewer people. (GM 15/7/76 pB5 c2-3; TS 16/7/76 pC8 cl-2).

UIC PROGRAMS "CREATE" UNEMPLOYMENT, ACCORDING TO ECC STUDY

According to a study done by the Economic Council of Canada(ECC), Canada's unemployment insurance system(UIC) adds between one and 1.5 percentage points to the unemployment rate. "The present UIC program, as liberalized in 1971, has the potential to create important work disincentives and has contributed to the high unemployment rates experienced since 1971", maintains the study. It also says that the nature of unemployment has changed in the past decade whereby secondary workers and multi-earner families play a much greater role. The percentage of jobless workers who are heads of families has declined sharply and in 1971 only 17% of the unemployed were heads of families with no other wage earners. (GM 15/7/76 pB2 c6-8)

CNSP NOTE: While the UIC program is accused of creating disincentives to work, it is important to interpret such statements in the light of the proposed changes in the UIC program which will cut benefits for 500,000 people(6% of the unemployed) and save the government \$300,000 million (only 1% of the budget). This comes at a time when the TSC survey (see above) indicates that job openings have dropped 25% since June 1975.



LABOUR AND GOVERNMENT HOLD SECOND MEETING

This month the second conference between government and labour heads took place following on the May CLC national convention which adopted a manifesto demanding a greater role for labour in national planning and decision making.

According to Prime Minister Trudeau some headway has been made in specific areas but they have not come to any agreement on the amount of labour input to government decisions. The possibility of including other groups, such as farmers and consumers, in future decision making was suggested. Another meeting has been set for August. (OC 13/7/76 p29 cl CPO)

CANADIAN PAPERWORKERS UNION HOLDS FIRST CONVENTION

Addressing more than 450 delegates to the Canadian Paperworkers' Union's first convention since the founding two years ago, the national president, Henri Lorrain, called for more worker participation in decision making. He says unions should have a bigger say in such areas as marketing, production and investment which are now directly in management's hands. He also called for nation-wide bargaining in the paper industry in order to negotiate more effectively with the cartels formed by the manufacturers.

At the convention, the delegates endorsed the New Democratic Party as the only party capable of realizing the goals of workers and gave the "national officers the power to urge all CPU locals across the country to fully affiliate and participate in the NDP". NDP leader, Ed Broadbent, was a key speaker at the convention". (MS 29/6/76 pA12 cl-6; MS 3/7/76 pA4 c4-6)

COURT ORDERS NON-MEMBERS TO GIVE TO UNION

A British Columbia judge, Mr. Justice Hinkson, has ruled that employees exempted from union membership on religious grounds must contribute the equivalent of union dues to their union. Three B.C. government employees had claimed that it was beyond the powers of the provincial government to enact a section of the Public Service Labour Relations Act. requiring the contributions and they refused to pay on religious grounds. John Layton, acting for the government, said the legislation was in fact labour legislation regulating the relationship between the provincial government and the employees. By that legislation, every employee is included in a bargaining unit for the purpose of effective bargaining.

(GM 7/7/76 p3 c3-6 CPD)

COLLECTIVE BARGAINING RIGHTS FOR INTERNS

The Labour Relations Board in both B.C. and Ontario have ruled that medical interns and residents can be certified for collective bargaining. Interns and residents in Quebec already have these rights. In contrast, the U.S. National labour Relations Board recently ruled firmly that interns and residents are students, not employees, - and students do not have collective bargaining rights.

(FP 17/7/76 p4 cl-2)

LABOUR STRUGGLES

PLANES FLY AGAIN, BUT FOR HOW LONG?

A brief summary of the air bilingualism dispute: Bilingualism was introduced in 1974 at 5 regional airports for visual flight rules (i.e. small aircraft). In December 1975, it was announced that the program would be extended to three more small airports and a study would be made of extending bilingualism to instrument flight rules (i.e. commercial aircraft) at all Quebec airports. It is this study which precipitated the walk-out by controllers and pilots.

(TS 28/6/76 pC3 cl-9)

Otto Lang, CALPA and CATCA reached an agreement putting planes back in the air. The agreement includes: the appointment of a 3rd commissioner to the inquiry into the safety of bilingual air traffic control; the stipulation that all commissioners must agree in the final report if it is to be accepted; the provision for a free vote in parliament on the inquiry report; the right of CALPA and CATCA to reject the inquiry report.

(EJ 28/6/76 pl c7-8; TS 30/6/76 pA1 cl.)

Reaction was immediate and extreme. Quebec controllers (represented by l'Association des Gens de l'Air) immediately demanded that the inquiry terms of reference include a statement of government commitment to the principle of bilingualism and a strong voice in the simulation study of bilingualism. Quebec newspapers all castigated the agreement as a sell-out of bilingualism. Jean Marchand quit the cabinet in protest over the agreement.

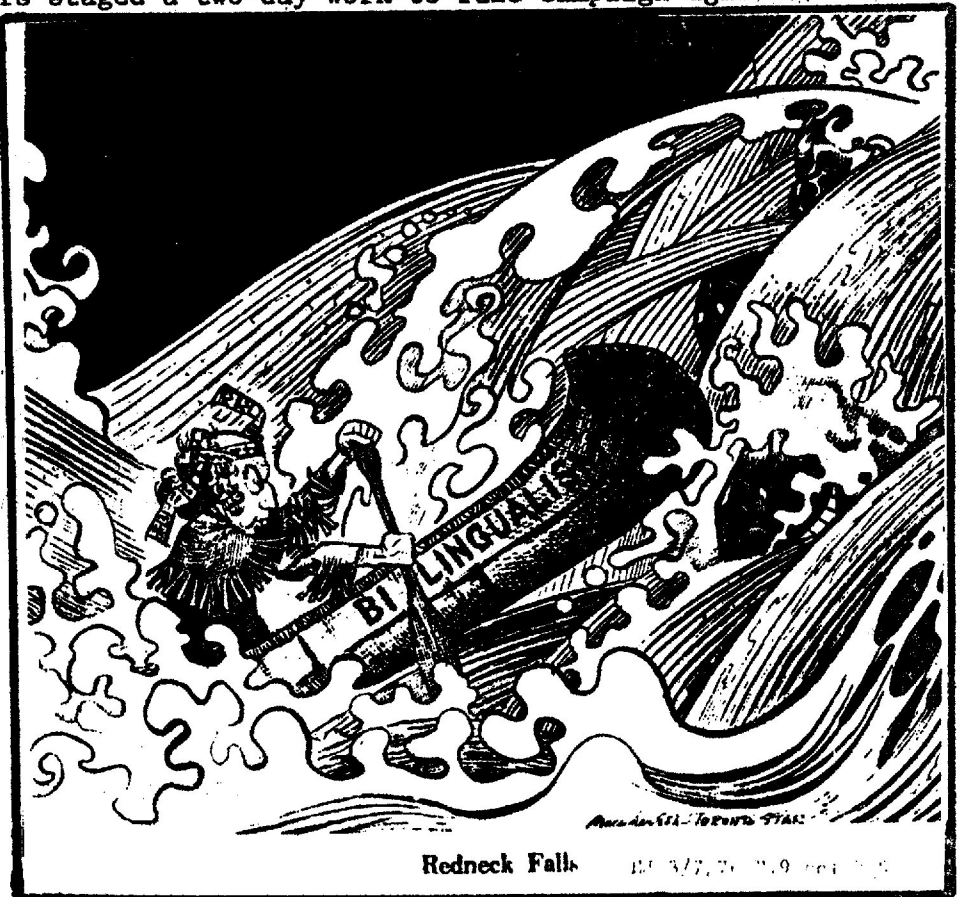
(EJ 29/6/76 pl c5-8; TS 30/7/76, PA1 cl-6; TS 1/7/76 pA1 c4-6)

Quebec air traffic controllers staged a two-day work-to-rule campaign against airlines which had supported the walk-out. The controllers pointed out that pilots "say bilingual air space is not safe so we are countering the effects of their stress" by exercising extra ordinary caution. The pilots retaliated by harassing French-speaking controllers. (TS 1/7/76 pA1 c4; WFP 2/7/76 pl cl-2)

The Quebec director of CATCA was suspended for threatening to disaffiliate the Quebec air traffic controllers from CATCA.

(GM 14/7/76 p8 c2-6)

VOL. IV, NO. 5.



Redneck Falls

1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

Over 300 Air Canada mechanics are requesting transfers out of Montreal (the airline's overhaul base) because their union, Local 1751 of the International Association of Machinists voted to support bilingual air traffic control.

(GM 10/7/76 P. 4, col. 1-6)

BILINGUALISM IN THE AIR

Introduction: The emotionally laden information available to Canadians through the English-language press about this issue deserves to be balanced by data from Le Jour, which reveals that safety is not the issue English pilots and controllers are pretending is central in the dispute, as is clear from international practice. The following statistics were reported by Patrick Fina in the Montreal Star:

Proportion of Languages in Communications during International Flights:

France: 80% English, 20% French
Italy: 70% English, 30% Italian

Belgium: 85% English, 15% French.

(LJ 28/6/76 P.14, col. 1-6 editorial)

An inquiry undertaken by M. Claude Dupras (M.P. Labelle) revealed that 12 of 24 countries surveyed used two languages on international flights. They are: Argentina, Belgium, Chile, Colombia, Finland, France, Greece, Israel, Japan, Italy, Norway and Switzerland.

(LJ 6/7/76 P. 2, col. 3-6 CP)

An international association of French speaking pilots and controllers has thrown its support behind their Quebec counterparts. The President, M. C. Bouvier-Muller, stated that those who are fighting bilingualism in Quebec have accommodated to it for 30 years when they fly to Paris, Geneva, Rome, Madrid or Athens.

(LJ 15/7/76 P.5, col.1-3)

MANAGEMENT TESTING ITS MUSCLES

Members of the Sheet Metal Workers' International Association, in their first Alberta strike in 70 years, are entering their third month of a strike against R. H. Albert and Co., a steel manufacturer. The company is demanding that the union drop its existing health, welfare and pension plans, now industry wide (allowing sheet metal workers job mobility), that holidays be reduced from three to two weeks, and that overtime pay be reduced from double time to time and a half. The union has asked that the dispute go to binding mediation. The company refuses to negotiate.

(EJ 8/7/76 P. 34, col. 1-8)

THOMPSON CIVIC WORKERS WALK OUT

Municipal workers in Thompson, represented by the United Steelworkers Union, are on strike. The contract they are negotiating is identical to that of the Inco workers. Talks broke down over the demand for a joint management-labour job evaluation (as in the Inco contract.)

(WFP 3/7/76 P. 7 col.1-3)

POLICE STRIKE IN REGINA, ESTEVAN

Regina city police struck for 19 hours on Dominion Day. They were available for emergencies, but refused to patrol the city or to protect property. The central issue (as it has been for five years) is the right of the Board of Police Commissioners to negotiate as an employer. The Board and City Council insist that the agreement must be ratified by the Council. Previously, the police worked for 17 months without a contract because City Council refused to ratify the agreement reached by the Board. The police had to take the issue to court, where it was decided that the Board was the employer. (Apparently, City Council had not accepted this ruling.)

(GM 2/7/76 P.8, col 2,3.)

Police struck for 3 hours in Estevan, The strike forced the Estevan board of commissioners to accept a contract they had rejected hours before.

TS 10/7/76 P. A13, c 3-5.

MORE B.C. LABOUR STRIFE

Negotiations between 8 construction unions and a management team representing contractors broke down when the workers were locked out- halting all construction in B.C. Management is offering an 8% salary increase because "any more than that and we could find ourselves facing a rollback ordered by the AIB. Then the whole exercise could become utterly ridiculous".

TS 29/6/76 P. A7, c. 1-2

WFP 2/7/76, P.5, c. 1-2

OTHER AIB STORIES

Rollbacks

Workers at the Manitoba Sugar plant in Fort Harry were rolled back to 14% from 15.8%.

WFP 9/7/76 P.3 c. 1-2

Manitoba liquor store workers' wage increase was rolled back from 23.6% to 12% in a one year contract. The liquor commission was ordered to implement the rollback within 30 days and to collect the overpayment of salaries. The commission claims the AIB has acted outside its authority by acting "unilaterally, arbitrarily and without consultations."

WFP 5/7/76 P.3, c. 1-2

APPEALS

Two Ontario school boards appealed wage rollbacks to Tansley, AIB administrator. The rollbacks were not only upheld but improved upon -ie wage increases were reduced even more.

TS 10/7/76 P. A16, c. 9

CNSP NOTE: Presumably having, as his first decision, increased the Inco settlement, Tansley felt called upon to show his muscle - thus the CUPE rollbacks.

OTHER

Striking United Mine Workers occupied a federal building in Cranbrook B.C. demanding Pepin come to settle their AIB related dispute with Kaiser (Kaiser refuses to negotiate- offering a flat 8%). Pepin refused.

EJ 29/6/76 P8, c.4-8

The United Fishermen and Allied Workers Union has accepted a one year contract with an 8% wage increase. Homer Stevens, president, said that the contract was accepted only because of the AIB.

WFP 5/7/76 P. 53, c. 2

FOLLOW-UPS

An agreement between CUPE and 59 Ontario hospitals has been reached. The terms, apparently, are similar to those negotiated by the SEIU. (see CNSP June 1976).

GM 5/7/76 P.5, c.8-9

CUPE workers at 11 Nova Scotia hospitals walked out. The major area of dispute is wages. (see CNSP May 1976).

TS 12/7/76 P. A3 c.9

The B.C. Labour Relations Board has ruled that Alcan can not fire any of the striking Kitimat workers. It also reduced the length of time CASAW members may be suspended. Although Alcan's disciplinary actions have been somewhat lightened, they do violate Alcan's agreement to discipline no one.

GM 16/7/76 P.8, c.3-9

QUEBEC LABOUR

THE CSN CONVENTION

The Issue

I The Strike Fund and Loss of Members

The majority of CSN members are public service employees who must contribute to the strike fund (dues have increased substantially in recent years) but seldom benefit from the fund. They are usually legislated back to work before they can collect strike pay. It means a situation where the large public sector supports a fund that is used almost exclusively by private sector employees such as the asbestos workers last year. As a result, the nurses' federation broke away last year and Hydro workers are threatening similar action now.

MS 29/6/76 P. A12, c.1

Ray Douset

II The Election of a New President

Marcel Pepin, president for the last 11 years resigned recently. The candidates for the position are Michel Chartrand, president of the Montreal central council of the CSN and Robert Rodrigue first vice president of the CSN, former head of the social affairs federation. Chartrand is considered a left winger and Rodrigue a moderate.

OC 2/7/76 P.67, c.1-8 CP

RODRIGUE ELECTED

Rodrigue became the new president of the CSN Saturday, defeating Chartrand 626-255. Rodrigue differs from former presidents Marcel Pepin and Jean Marchand in that he came up through the rank and file. He keeps a low profile and has promised to take a conciliatory position vis a vis disgruntled locals and to strengthen the internal unity of the CSN. MS 8/7/76 PA9 c.1-4 Dominique Clift

THE SCHOOLS

CNSP NOTE: No settlement has been reached in the negotiations in this sector.

THE HOSPITALS

Introduction: Although the Common Front has settled its dispute with the Quebec government, 5,500 nurses are still on strike affecting 29 hospitals in the Montreal area. Unresolved issues are department to department transfers, weekend leaves and professional re-training. TS 3/7/76 P C3, TS 14/7/76 PA9

Emergency legislation to force striking nurses back to work has been drafted and a decision on whether to enact the legislation will be made at a Cabinet meeting today.

GM 15/7/76 P.F10

Nurses returned to work last night following legislation forcing them back. But lab technicians numbering 1,000 have remained out, protesting against the agreement reached by the Common Front last month which ended their traditional parity with nurses in salary which they have had for 20 years.

LD 27/7/76 P. 1 c.1-5

Lise Bissonnette

IMMIGRATIONPOPULATION REPORT CRITICIZED

Fernand Sequin, a biochemist and longtime science commentator on CBC French radio and television, has resigned from the Science Council of Canada over its forthcoming report on population.

The report, to be published late in July, calls for a sharp reduction in immigration to slow Canada's population growth and maintain its high standard of living, and for massive investment in high technology food production.

Mr. Sequin says that moving to large increases in food exports would help create a small club of privileged countries, in line with the U.S. strategy which seeks to bring the weight of food exporting countries to bear on international relations, as oil exporting countries have done.

He added that the high technology alluded to in the council report would require massive participation by multinational companies, a large scale influx of foreign capital and the construction of more than 100 nuclear power plants in Canada. The reality behind the policy is that Canada would align itself with "U.S. food imperialism so that hunger-stricken countries would have to come and eat from our hand."

MS 29/6/76 P. 7 c.2-8 CP

EMPLOYERS FACE JAIL TERMS IF THEY HIRE WORKERS HERE ILLEGALLY

Many Canadian employers are exploiting illegal immigrants, often hiring them at less than the minimum wage, but the first step in a government crackdown has begun.

Until now it has been almost impossible to prosecute employers who hire illegal immigrants because the law says they must have done so "knowingly". Social insurance numbers, the key to getting a job, have been easy to get and don't show citizenship status. But, starting yesterday, applicants for a social insurance number must prove their status. If they are neither a citizen nor a landed immigrant, their number will begin with 9.

It will be the employers' responsibility to check the number, and he'll face a maximum penalty of \$1,000. or 12 months in prison if he hires an illegal immigrant.

TS 2/7/76 P.A14 c. 6-9

Brenda Zosky

REFUGEES

Chileans in Canadian Embassy

Twenty-seven Chilean exiles who took refuge at the Canadian embassy in Buenos Aires pleaded for asylum because they fear for their lives in Argentina.

A diplomatic source said the names of some of the 27 were in a list of names and addresses stolen by armed men three weeks ago from a volunteer refugee organization.

EJ 5/7/76 P. 2 c.7-8 AP

POLITICAL REFUGEES TO ENTER CANADA

Canada will take another 1,000 political refugees from South America, Immigration Minister Robert Andras announced.

It was also announced that most of the 27 Chileans who have been sheltering in the Canadian embassy in Buenos Aires for almost two weeks will be admitted to Canada as special cases.

The Canadian government is responding to an appeal from the United Nations High Commission for Refugees on Behalf of 1,000 political exiles in Argentina whose lives are in danger.

HCH 15/7/76 P.4 c.2-5 CP

NOTE: See Latin America Newsfile for further information on Argentina.

NATIVE PEOPLENEW NATIVE PRESIDENT IN NWT

George Erasmus has been elected to be the new president of the Indian Brotherhood of the Northwest Territories. The Brotherhood represents more than 1,000 Mackenzie Valley treaty Indians. The new president called for unity among the Dene people in their struggle for rights to self-government and ownership of 450,000 square miles of northern land.

EJ 7/7/76 P.26 c.5-8

GM 9/7/76 P.10 c.5-6

METIS ASSOCIATION AND BROTHERHOOD NOT TO AMALGAMATE

At a special general assembly of the NWT Metis Association, it was decided that the Metis Association would not amalgamate with the NWT Indian Brotherhood. Those in favour of the amalgamation feel that a united Metis-Indian stance on native self-government will be the only way the federal government will listen to their aboriginal rights. However, those in opposition to the amalgamation such as Metis president, Rich Hardy, feel that any land claim settlement must legally recognize the distinct Metis people of the North. Hardy points out that many Metis are successful businessmen and says they are more "individualistic" while Indians are more "collectivist".

EJ 9/7/76 P.22 c.1-8

EJ 10/7/76 P.19 c.5-8

MERCURY POLLUTIONFEDERAL AND PROVINCIAL MINISTERS MEET

Five Ontario Cabinet Ministers and three federal ministers met to sort out responsibilities for the problems of mercury pollution in the English Wabigoon River systems and the resulting loss of livelihood for the Indians in the area. Originally it was to have been a private meeting but as a result of protest by native people, several Indian representatives were allowed to attend an hour of the meeting. The pressing issue was the Indians' request for a ban on sport fishing. However, at the request of Federal Health Minister Lalonde to ban sport fishing on the river system, the Ontario government has refused.

The proposal which came out of the meeting involves creating a new national park around The English Wabigoon system. According to Indian and Northern Affairs Minister Judd Buchanan the park would provide the vehicle for dealing with the mercury pollution in the river, compensate those affected, and rebuild the area's economy. But Indian representatives said the proposal for a park was illogical and just an attempt to ease a tense political situation.

GM 10/7/76 P10 c.3-7

OC 8/7/76 P.4 c.3-6

TOLL-GATE TO PROTEST MERCURY POLLUTION

Chief Issac Mandamin of the White Dog Reserve has announced that a toll gate will be erected on the only road leading to the reserve and several tourist camps. The toll gate will charge \$10.00 a car except for cars belonging to the Ontario ministry of Natural Resources which will be charged \$25.00. The chief says the toll gate will remain until the English Wabigoon river system is closed to sport as well as commercial fishing.

WFP 12/7/76 P.1 c.3-8

INDIANS PROTEST LOGGING PROJECT

Chief Andrew Rickard tore up his copy of the 1909 treaty between his tribe and the Canadian government in a Toronto protest over a proposed logging development in his area. Cree and Objibwa members of Treaty No. 9 in the Red Lake area are urging the government to halt all negotiations with Reed Paper Company Ltd. on permitting logging in an area of 18,000 square miles. They are demanding there be large scale environmental and social impact studies carried out to determine whether logging will destroy native hunting and fishing areas.

TS 29/6/76 P.A5 c.1-4

The Ontario Federation of Labour has joined Cree and Objibwa Indians in asking Premier William Davis to intervene in negotiations aimed at allowing Reed Paper Ltd. to log 18,000 square miles of land around Indian reserves. The federation calls for further studies and further consultations with the Indians before an agreement is completed.

GM 6/7/76 P.4 c.1

JOB CONTRACTS FOR NATIVES WITH SYNCRUDE

Two agreements have been signed by Syncrude president, Brant Scott, Minister of Indian Affairs, Judd Buchanan, and Harold Cardinal, president of the Indian Association of Alberta which guarantee work for Indians with Syncrude's oil sands project in North eastern Alberta. Under the first agreement, Syncrude is committed to offer employment to Indians in all parts of the oil sand development. The federal government will provide up to two years pre-employment academic up grading for those Indians not meeting Syncrude's education requirements. The second agreement will provide a maximum of \$3 million to assist Indian owned firms to get established in the Fort McMurray area where the Syncrude project is located. Money will be available to create Indian companies through the establishment of the Indian Oil Sands Economic Development Corp. and a second company which will act as a foundation or trust.

OC 5/7/76 P.13 c.3-6 CP

B.C. INDIANS CLAIM COASTAL FISHERY

The Native Brotherhood of British Columbia have claimed ownership of the entire coastal fishery. The declaration was made in announcing support for the general claims of tribal groupson land which was never surrendered to civil authority. The claim encompasses all the resources of the area but relates specifically to aboriginal fishing rights. The Indians are prepared to negotiate sharing their resources with their fellow Canadians but indicated, however, that they may hold out for a bigger share than the 50% of the Washington State coastal fishery awarded to U.S. Indians by a district court judge two years ago.

EJ 26/6/76 P68 c.7-8 CP

POLITICAL- POLICE, COURTS, PRISONSI CAPITAL PUNISHMENT BILL

Members of Parliament voted to abolish the death penalty for all civilian offences on July 14. The vote was 130 in favour of Bill c-84 and 124 against. Second reading of the bill was approved by 133 votes to 125 on June 22. Thirty-seven Liberals and all 11 Social Credit members opposed the bill while 16 Progressive Conservatives and all 16 New Democrats voted for it. Seven MP's were absent for the vote making

a total of 254 votes cast. There are 264 seats in all but there are two vacancies and the speaker votes only to break a tie. The bill will substitute a 25 year prison sentence for first degree murder, which is defined as premeditated murder, and a mandatory 10 year sentence for second degree murder which is defined as not premeditated. Convicted murderers will not be able to take a temporary leave of absence from prison for humanitarian or rehabilitative reasons without the National Parole Board's permission. Without the amendment convicted murderers would have been granted temporary leaves of absence with escorts for health, humanitarian or rehabilitative reasons with the permission of either the local jailer or the commissioner of penitentiaries.

TS 10/7/76 P.A2 c.7-9

SOME CRIMES UNDER DEFENCE ACT CALL FOR SENTENCE OF DEATH

Although Parliament wiped the death penalty from the Criminal Code, several offences against the National Defence Act, including spying, desertion or failure to encourage soldiers to fight courageously, still require a mandatory punishment of execution.

For all the crimes, it must be proved that the person committed a traitorous act. A traitor who displays disloyalty or false allegiance to her majesty's armed forces. Since 1900, a total of 26 Canadians have been executed by firing squad after trials before a court martial. All but one were executed during the First World War. Under another section soldiers, sailors or airmen who are taken prisoners of war because of their own neglect could face a death penalty. Once taken prisoners, they would be punished by death if found guilty of aiding the enemy or failing to rejoin the Canadian army when freed. Other crimes punishable by death include misconduct in the presence of the enemy such as disobeying orders, delaying military action, abandoning a ship or other military unit or handing over equipment. Security leaks to the enemy in any form, such as revealing a military code or interfering with a secret password are also crimes punishable by mandatory execution under the act.

TS 14/7/76 P.A13 c.1

SOCIAL WELFARE

GUARANTEED INCOME PROPOSAL BLOCKED

Provincial welfare ministers have temporarily blocked federal hopes for agreement to provide guaranteed incomes to those who can't work or who have jobs that pay less than needed to cover basic living costs. Final approval was also held back on proposals to revamp social service laws to provide aid to handicapped, aged, jobless and distressed communities. The federal government said it would pay two thirds of the cost of the plan to help the working poor and one half the cost to help unemployables. The plan, scaled down from a \$1 billion proposal to \$225 million was accepted in principle but many of the welfare ministers would not commit their governments to the program.

EJ 3/6/76 P.1 c.1-3 CP

EJ 2/6/76 P.1 c.1-8

WELFARE FUNDING LIMITS FOR PROVINCES

The 10 provincial premiers were told that Ottawa is sticking to its decision to end a 4 year old program insulating provincial coffers against adverse tax changes at a meeting of the first ministers. The federal government wants to limit the growth of social service grants in line with the growth of the GNP.

GM 16/6/76 P.1 c.7-9

CNSP NOTE: Grants given in line with the inflation rate would be approximately 12% whereas the GNP rate would be about 2% and would most severely affect the poorer provinces.

INCOME SUPPLEMENT FOR WORKING POOR

Delegates at the Canadian Conference on Social Development endorsed the federal government's proposal of income supplement for the working poor. The proposal would provide a maximum of \$80 a month for a family of four classified as working poor. It is scheduled to be implemented by 1978-79. The supplement will not cover single people or childless couples under the age of 54. Critics of the program say it is unfair to residents of the poorer provinces that cannot afford to pay their share of the program costs. (GM 18/6/76 p5 c7-9)

WELFARE ROLLS DROPPING

Tightened eligibility requirements have decreased welfare rolls by 10.6% from January to April of this year. (GM 8/6/76 p2 c3-5)

PENSION INCREASE

Increases in old age security pensions, guaranteed income supplements and spouses' allowances will become effective in July. Basic pensions will increase to \$137.06 a month from \$135.43. (TS 10/6/76 pA3 c1-2) (EJ 11/6/76 p3)

EDUCATION

CNSP INTRODUCTION: In the current climate of economic retrenchment, the federal government has already made moves to "politicise" the universities and keep a tighter hold on purse strings (see CNSP Vol. IV, No.3). Along with the de-emphasis on university training for those entering the labour force, Ontario's move to integrate high-school training with industry is pioneering.

THE ROAD TO INDUSTRY

Ontario has recently established an industrial training council to investigate the bridging process between high school and industry. The council will look closely at an experiment in the U.S. where students gain on-the-job experience during the course of their education. Schools are too "university oriented" and industry apprenticeship programs are inadequate. It costs an estimated \$22,500 to train a single journeyman metal machinist - an investment few companies will make. Also, a shortage of trained instructors exists. The chairman of the new council, Douglas Omand, says "industry and government are going to have to get together." (GM 18/6/76 p6 c5-6 editorial)

OLYMPIC SECURITY

Quebec Solicitor General Fernand Lalonde revealed that police have used files collected during the 1970 FLQ crisis in their visits to persons concerning Olympic security. This, according to PQ member Robert Burns, contradicts a statement made by ex-minister Jerome Choquette that persons who were arrested in 1970 but against whom no charges were laid, remain ordinary citizens without political files. Choquette explained that fingerprints and photographs were destroyed after 1970 but the police did keep information files on people. Mr. Lalonde said that 75 people had been visited and the number would rise to 200. Besides Quebecers a number of Chilean immigrants have also been visited and encouraged to leave Montreal during the time of the Montreal Olympics.

(LD 10/6/76 p1 c1-8) (LJ 10/6/76 p3 c1-6)

FLASHBACK -- 1968 -- MEXICO, TEN DAYS BEFORE THE OLYMPICS

A demonstration in the Place of Three Cultures in Mexico City in October, 1968, a few days before the opening of the Olympics, ends in bloodshed. Official figures say 60 people were killed but unofficial figures say it was more than 300. The demonstration was to protest Mexican policies that put the staging of the Olympics ahead of more pressing social needs.

(LJ 7/7/76 p12 c3-6)

THIRTY HOMELESS FAMILIES OCCUPY 2 SCHOOLS IN MONTREAL

Many groups of tenants gathered at City Hall to protest the lack of action to solve Montreal's severe housing crisis. One spokesman for the groups said the demonstration was to show the other side of the Olympic coin.

(LJ 9/7/76 p4 c1-6)

See also CNSP Vol. IV, No. 4. pages 36-36

FEAR FOR WAR MEASURES AT THE OLYMPICS

A spokesman for the League for the Rights of Man (LDH), M. Cloutier, says the group has learned of legislation being prepared in Ottawa that is similar to the War Measures Act invoked during the 1970 crisis. He has advised many people to leave Montreal during the Olympics to avoid being put in preventative detention. The Bagotville military camp is the likely detention centre to be used. Mr. Cloutier also stated that the public should be vigilant to protect civil rights and denounce illegal police actions.

(LD 11/6/76 p12 c1-2)

THE OUTCASTS

by Ben Wicks



LATIN AMERICA NEWSFILEARGENTINEArgentine Government Starts "Controlled Violence" Campaign.

Terrorism by Left-wing guerrillas in Argentine has provoked counter terrorism by security forces. Argentine has become very dangerous for anyone suspected of having connections with guerrilla organizations. At least three military intelligence services, the federal police and some armed right-wing "paramilitary" groups have been trying to destroy the guerrilla forces. Some actions by these counter groups have taken the government, led by General Jorge Rafael Videla, by surprise. An example is the kidnapping of 25 Chilean and Uruguayan refugees from U.N. Shelters in Buenos Aires. The government had announced that they were among the 20,000 refugees from Chile, Brazil, Uruguay and Bolivia whose continuing presence in Argentina is "not compatible" with internal security.

However, the kidnapping caused a conflict with the United Nations and an international uproar that the government viewed with concern at a time when the minister of the economy, Jose Martinez de Hoz, was negotiating in the United States for financial help.

Under pressure from Videla, the kidnapped refugees were located and freed. Some had been tortured according to the United Nations.

Recently, the new federal police chief stated in a televised speech that the anti-subversion measures require a "high concentration of centralized violence".

But he added that this repressive violence must be "official, public and controlled". This is the position of Videla and a majority of the leaders of the armed forces.

MS 28/6/76 P.D6 c.5-8 Juande Onis
New York Times

DEATH SQUADS UNTOUCHED BY POST-PERON ARGENTINE JUNTA

As more and more people turn up missing since the military coup overthrew Argentina's Peronist government last March, each workday morning a larger number of people cluster around the entrance to Government House waiting for the doors to open at 7 am. The first 10 receive numbered slips entitling them to an afternoon interview with an army officer to ask for news of missing or detained relatives.

Hundreds of suspected supporters of the two main guerrilla groups, ERP and Montoneros, have been dragged from their homes and found later in ditches or vacant lots dead and usually bearing marks of torture.

Most Argentines expected the armed forces would abolish the death squads after the military takeover. The military now controls the police and all security organizations. However, bodies continue to appear although many are not reported because of press self-censorship and policy secrecy.

Recently, public opinion was aroused by the particularly brutal kidnapping and murder of two prominent exiled Uruguayan politicians. (See INSIDE REPORT for June, VOL. I, NO.3).

Despite a government communique condemning the killings and its promise of a "profound investigation" there has been no official explanation of why police refused to immediately investigate the kidnappings and death.

Widespread suspicion of the police attitude and concern over alleged violations of human rights expressed by foreign diplomats in private conversations recently has embarrassed the government. Some Argentinian officials explain

that Videla has to act with caution in dealing with those in the armed forces who favour a Chilean style solution to Argentina's political problems.

WFP 2/7/76 P.40 c.1-8

BOMB KILLS POLICE

Twenty-five policemen were killed when a powerful bomb exploded in the dining room of the federal police security department. The explosion came several hours after 17 left-wing guerrillas were killed in a running battle with troops in the western suburbs of the capital.

About 420 people have died in political violence since the military took power more than 3 months ago.

HCH 3/7/76 P.1 c.1 Reuter

DEATH OF PRIESTS, SEMINARIANS SHOCK PEOPLE OF BUENOS AIRES

Three Argentine priests of Irish descent and two seminarians were shot dead at St. Patrick's church in the residential area of Belgrano.

A message scrawled on the church wall said the five were killed for being sympathizers of the left-wing Peronist Montoneros guerrillas.

The pre-dawn massacre followed the discovery Saturday of 15 bullet-ridden bodies believed to be victims of right-wing death squads.

The coffins carrying the bodies of the slain priests and seminarians were displayed at St. Patrick's Monday morning before hundreds of parishioners from the middle-class neighbourhood where many Irish Argentine families live. That same day, the bullet-ridden bodies of 2 former union leaders were found near the southern Argentine city of Bahia Blanca.

EJ 6/7/76 P.11 c.3-5, NYT News Service

GM 5/7/76 P13 c.5-6, Reuter

MS 5/7/76 P.A2 c.5 Reuter

POLITICAL REFUGEES DASH FOR SHELTER IN SOUTH AMERICA

Oppressive regimes in Chile and Uruguay and increasing violations of human rights in Argentina are creating a legion of political outcasts and strained relations between South America neighbour states.

The latest flar-up came after Marta Quiroga, a 25 year old teacher and activist in a revolutionary group descendent of the Tupamaro guerrillas, was arrested in Uruguay on June 6.

During her interrogation, Miss Quiroga promised to lead police to another militant who, she claimed, was scheduled to meet her in a residential neighborhood of Montevideo. On June 26 the police, dressed in civilian clothes, dropped her off at the address she indicated. Once alone, However, she jumped over a wall into the garden of the Venezuelan embassy where she asked for political asylum. The police, seeing they had been tricked, charged into the embassy after her, beating up a Venezuelan embassy official before managing to drag Miss Quiroga back to their car.

During a week of tense negotiations, the Venezuelan government demanded the return of Miss Quiroga, charging the Uruguayans had violated the diplomatic right of asylum. The Uruguayans refused.

On Tuesday, Venezuelan President Andres Peres broke off dipomatic relations. Uruguay in turn declared Venezuelan Ambassador Julio Ramos persona non grata, giving him until today to leave the country.

The fate of Marta Quiroga remains unknown.

Scores of Uruguayans have sought asylum in the past several weeks due to increased repression during and after the government crisis which saw the overthrow of President Juan Maria Bordaberry in June.

TS 8/7/76 P.A12 c.1-7

NEW LAW DESIGNED TO ATTRACT INVESTMENTS

The generals who overthrew President Isabel Peron in a coup March 24 have abolished a highly restrictive foreign investment law approved by the Peronis controlled Congress under the late Juan Peron in 1973.

The military regime's economy minister Jose Martinez de Hoz, a Harvard graduate and a believer in free enterprise has drafted a new law that is flexible toward foreign capital. According to sources from Argentina's Legislative Advisory Commission of nine military officers, the draft will be approved possibly without modification sometime in July. The proposal's main feature would be the elimination of a 12.5% limit on the amount of profit that foreign companies could send back home. The waiting period before repatriation could begin would be reduced from 5 years to 3 years.

HCH 30/6/76 P. 30 c.3-5 AP

ARGENTINA OPENS DOOR TO FOREIGN OIL CAPITAL

Guillermo Zubaran, energy secretary, has announced that foreign oil companies will be allowed to explore and exploit oil. In allowing foreign companies to drill and produce oil in Argentina, the new military government decided the resulting economic benefits were worth the risk of wounding nationalistic pride. For many, Argentina's control of its oil is a symbol of national sovereignty and any foreign involvement is interpreted as an affront to Argentina's economic independence.

The government has defined three areas where foreign oil companies will be able to operate: - In association with Argentine private oil companies in secondary recovery operations.

- Under risk contracts, in association with YPF, for major exploration and exploitation of oil on land.

- In association with YPF for the drilling and production of oil in the potentially rich offshore fields in the south of Argentina.

Zubaran said Argentina spends more than \$1 million a day to import oil- a heavy burden for a country with a foreign debt of \$10 billion - and would spend \$4 million a day by 1980 unless self-sufficiency is reached.

HCH 2/7/76 P.22 c.3-6

MEXICO**PRESIDENTIAL ELECTIONS**

Jose Lopez Portillo, the candidate of the Institutional Revolutionary Party(PRI), won without any official opposition, continuing nearly half a century of PRI dominance.

The strongest opposition party, National Action or PAN had no presidential candidate. There were two write-in candidates, one being the candidate of the Communist Party. These will be only tokens of protest as the party is not a legal political unit.

Portillo is expected to be slightly more to the center than outgoing president Luis Echeverria who often attacked the industrialized nations for not taking an interest in the third world.

WFP 4/7/76 P.1 c.1-3 AP

MEXICAN NEWSPAPER UNDER PRESSURE TO CURB CRITICAL STORIES

Protests mounted over the firing of Julio Scherer Garcia, the editor of Excelsior, Mexico's most influential and independent newspaper. The crusading editor was ousted in an internal management struggle believed to have been provoked by the government. In Mexico, where the press is largely conservative and subservient

to the government, Excelsior's editorial line has been considered intolerably provocative in both government and business circles.

Mexico City's 20 daily newspapers have remained silent on the issue even though it has aroused a storm of anti-government feeling among wide sectors of public opinion, particularly the publishing industry. Many provincial newspapers free from direct government influence have also condemned the deposing of Scherer and his executive staff.

The political orientation of the newspaper under the new management seems to be veering sharply to the right. Among the new opinion columnists on the editorial page are Eduardo Borrell Navarro, Former education minister under the Batista government of Cuba, and David Orozco Romo, former national head of Mexico's ultra-rightist Union Sinarchista party.

Reader reactions to the changed editorial management of the newspaper has been expressed through increased cancellations of subscriptions by university, professional and intellectual circles, which make up a vital segment of the readership.

MS 14/7/76 PH13 c.1-2 The New York Times

MS 8/7/76 P.D14 c.6-8 WashingtonPost

MS 14/7/76 P. 22 c.1-2 New york Times

PERU

PERU DECLARES STATE OF EMERGENCY

The government's stringent economic policies have sparked riots and demonstrations especially in Lima. The government of General Francisco Morales Bermudez has declared a state of emergency to last 30 days with a 10 pm to 5 am curfew.

GM 2/7/76 P.10 c.2-4, TS 2/7/76 P.A10 c.1-3

BRAZIL

NUCLEAR POWER SALE TO BRAZIL ALARMS U.S. CONGRESS

West Germany has decided to sell Brazil multi-billion dollar equipment providing a complete nuclear fuel cycle, despite fears expressed by the U.S. Congress that this might lead to Brazilian nuclear weaponry.

OC 16/7/76 P.13 c.4