

canadian

October  
1976

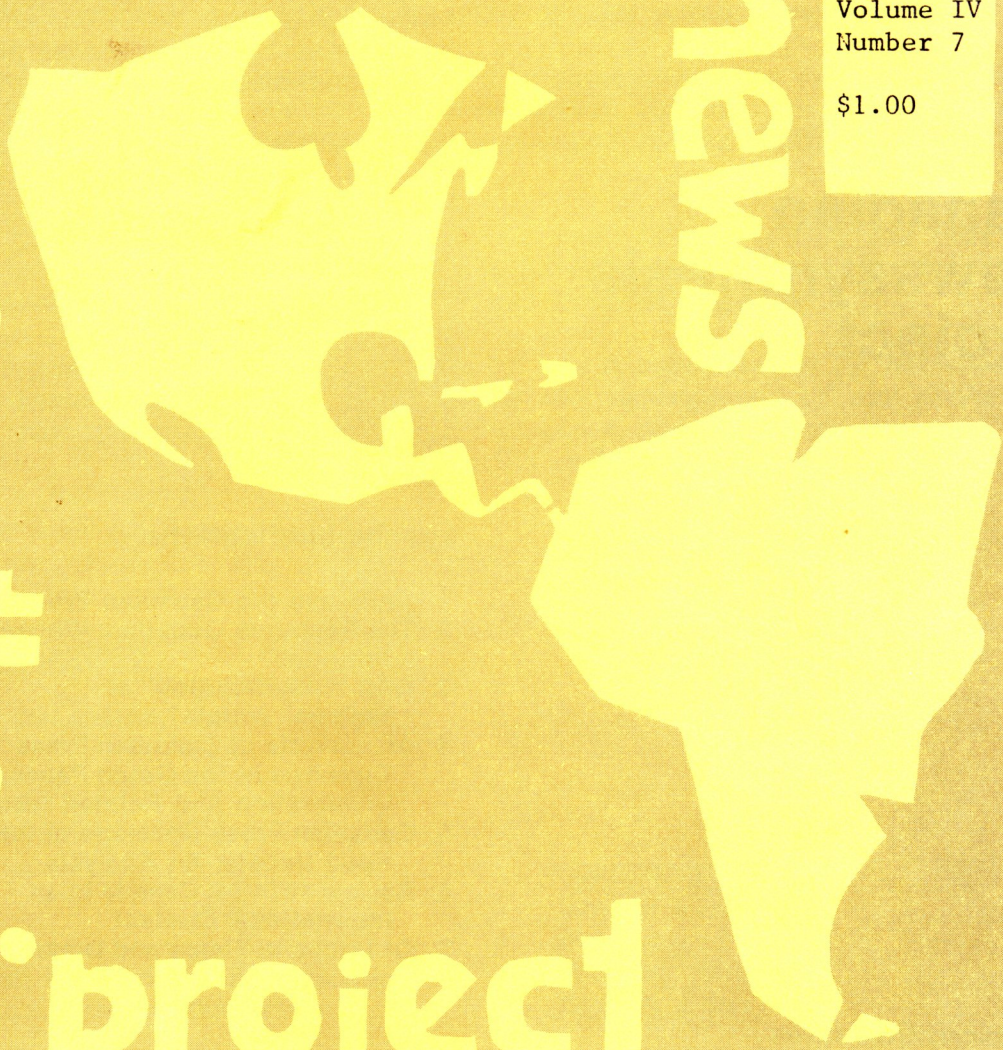
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# canadian newssynthesis project

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

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# HIGHLIGHTS

## October 1976

**ANOTHER SYNCRUDE?** While oil company profits are bouncing up, and new pipeline schemes are being conjured up, pressures are mounting on the Canadian Government to provide financial assistance to the proposed Mackenzie Valley pipeline. Both government funds and guarantees up to \$2 billion are desired. see Energy: Oil and Gas page 10

**NATIONAL DAY OF PROTEST-** an historic event- in spite of the press see page 18

**THE DENE NATION** submission on land settlement to the government has met with disapproval from the Metis Association on the NWT Territorial Council. In Ontario, Reed Paper's proposed deal for timber rights is stiffly opposed by the Indians living in the area see Native People page 29

**PACKING THE PRISONS** CNSP takes a special look at our riot-torn prisons, the over-crowded and obsolete situation of prisoners and the hard-pressed prison guards. A key area where out-backs out a lot of people. see Prisons page 35

**WE'RE OVERTAXED** CNSP presents a special overview of how a combination of tax hikes and government social service outbacks is transferring the savings out of our pockets and control and into the control of Canada's big investors and corporations. see Health and Welfare page 37

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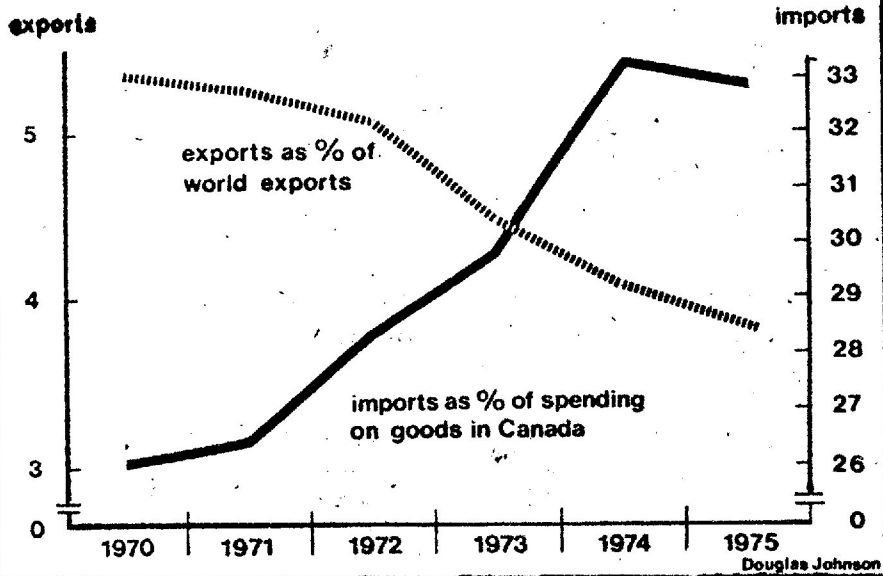
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# CANADA/INTERNATIONAL RELATIONS

## TRADE

FINANCIAL TIMES OF CANADA 27/9/76 p.9

### Losing ground... ...Canada's trade competitiveness 1970-1975



CANADA'S DECLINING TRADE POSITION  
Canada's share of total world exports has been declining steadily for the last five years from a 1970 share of 5.4% to a 1975 share of 3.8%. At the same time imports into Canada as a percentage of spending on goods, rose from 26.1% to 32.9%. Thus, while Canadian exporters were losing their share of international business, foreign exporters were occupying more of the Canadian market.

(Financial Times of Canada, 29/9/76 p9; HCH, 2/10/76 p21)

SEPTEMBER REGISTERS TRADE SURPLUS  
Canada had a seasonably adjusted merchandise trade surplus of \$271 million in September, compared with a revised surplus of \$349 million in August (earlier reported at \$193 million). Total trade level was slightly lower than in the previous month.

Borrowing from abroad has reached a record \$7 billion this year.

(GM, 23/10/76 pB2; EJ 6/10/76 p65)

#### Canada's Share of World Exports and of Exports to Selected Countries (%)

Share of:	1966	1969	1970	1971	1972	1973	1974	1975
world exports to all countries	4.9	5.3	5.4	5.3	5.1	4.5	4.1	3.8
to U.S.	23.5	27.8	27.1	26.5	26.1	24.9	21.9	22.5
to W. Europe (1)	2.1	1.7	2.1	1.8	1.5	1.4	1.3	1.2
to W. Europe (2)	4.7	4.2	4.6	4.3	3.4	3.4	2.8	2.8
to Japan	4.5	4.6	5.0	4.9	4.8	5.2	4.0	4.0
to Communist countries	2.4	0.5	0.9	1.1	1.5	1.2	0.9	1.1

(1) Includes trade between W. European countries  
(2) Excludes trade between W. European countries

#### TOTAL TRADE PICTURE STILL BAD-- PEPIN

Jean-Luc Pepin, chairman of the AIB, told the Canadian Export Association (CEA) that the government's controls programme has helped prevent a deterioration of Canada's international trade situation. But, he said, "the balance of trade problem is still

in bad shape". Canada's current account balance (which includes merchandise trade, services traded, interest and dividend payments, and tourist revenue) showed a \$3.1 billion deficit in the first half of 1976. (HCH, 20/10/76 p34; MS 20/10/76 pF6 CP)

CNSP NOTE: As Glenn Somerville notes above (see *Canada/International*) Canada's current account balance will continue to be in a deficit despite an improvement in this year's merchandise trade balance. One of the drains on the current account is the payment of interest and dividend payments on Canada's foreign debt of \$43.3

*billion, an amount that totalled \$2.5 billion in 1975. The high interest rates being maintained by federal government policy attract new foreign inflow of money to offset this current account deficit, though at the same time making Canadian exports more expensive -- harming our trade balance. It all appears like a case of a vicious macro-economic circle in which ordinary Canadians don't even figure.*

#### NEW MARKETS IN POLAND

The state-owned Export Development Corporation (EDC) will lend up to \$102 million to Poland for the export of Canadian equipment for a major pulp and paper operation in that country. Recently, the EDC raised more than \$100 million through private bond placements outside Canada, and are currently undertaking to place a \$75 million private bond offering in Canadian capital markets. Both fund-raising efforts are aimed at increasing the crown corporation's capital in order to finance export credits, export insurance and investment guarantees. (GM 13/10/77, pB1; GM 5/10/76 pB1)

#### CHRETIEN INITIATIVES

Industry, Trade and Commerce Minister Jean Chretien told the Canadian Export Association that he will initiate a major export drive beginning in the spring with a number one priority of creating new jobs. Another federal minister, Jean Goyer of the Department of Supply and Services, has proposed the establishment of a state trading agency to boost exports and expand foreign markets. The new trading company would operate through the already established Canadian Commercial Corporation which now acts as a buyer for the government particularly in defense contracts. Goyer feels that such a state agency would be better suited to deal with countries such as China which are suspicious of private exporters. He says that the trading company would allow Canada to compete with single bids for projects in other countries instead of submitting several bids from different Canadian corporations -- bids which often lose out to countries where the government coordinates exports. The CEA is opposed to the idea in principle, but seems open to the possibility of the state agency taking some of the risks out of the export business. (GM 20/10/76 pB1; TS 28/10/76 pC11)

CNSP:NOTE: *The basic premise of much of the federal government's activity in the area of export promotion -- including the ministerial meanderings to Japan, Europe and Latin America -- is that such efforts help sell goods. Contrary to this assumption, a recent survey by the CEA indicates that the replying corporations do not believe that their exports have increased as a direct result of various forms of government assistance (trade fairs, trade missions, export market development, etc.)*

#### OTTAWA POLICY ON ARAB BOYCOTT OF ISRAEL

External Affairs Minister Don Jamieson announced that Canadian companies will lose government aid if they take part in the Arab nations' boycott campaign against Israel. The Arab boycott has been in place for over two decades

and requires that those wishing to do business with Arab countries not do business with Israel. The federal government will also publicize the names of companies that comply with the Arab boycott.

(MS 22/10/76 P. A6, c2-4: TS 22/10/76 P.A9 c7-9)

#### NEW BRUNSWICK OIL DEAL WITH ALGERIA

A deal signed in Algeria between that government and the Tenneco oil company agrees for an annual delivery of 10 million cubic metres of liquified natural gas to a port near Saint John, New Brunswick, to be sent through a pipeline to the eastern U.S. The remaining gas will stay in Canada.

(WFP 7/10/76, P.43: EJ 7/10/76 P.,55)



EJ 27/9/76, P.4

#### LOUGHEED ASKS U.S. TO HELP HIM LOBBY OTTAWA

Alberta Premier Peter Lougheed told the provincial legislature that he will appeal to U.S. leaders at all levels who might be able to use their influence to change Ottawa's trade policies. Lougheed wants bilateral negotiations of trade deals between Canada and the United States to lower tariffs on such Alberta products as petrochemicals and meat products that are exported to the U.S.

(EJ 20/10/76, P. 1, c5-8)

#### U.S. AMBASSADOR PREFERS MULTILATERAL TRADE TALKS

Speaking to the Canadian Export Association, U.S. Ambassador to Canada Thomas Enders said Canada and the U.S. should use multilateral trade negotiations as the main vehicle to deal with concerns about the bilateral trade relationship between the two countries. Both countries, he said, have interests which "broadly overlap", such as "more reliable access for our dynamic agricultural exports."

Enders also noted that roughly one million American jobs depend directly on exports to Canada and that for nearly a century (from 1881 to 1967) Canada annually bought more from the U.S. than it sold.

(GM 19/10/76 P.B9: Thomas Enders, "Trade Strategies for Canada and the United States," USIS, Ottawa, 18/10/76: OC 20/10/76 P.14 HCH 23/10/76 P.44)

*CNSP Note: Thomas Enders seemed to garner more press attention from his speech to the CEA than any Canadian participant - an example of Canadian cultural inferiority or a case of the Canadian press realizing who butters the bread?*

*ANALYSIS: Canadian federal ministers have been globe-trotting again in the past month. While Finance Minister Donald Macdonald represented Canada at the International Monetary Fund meeting in the Philippines (See Canada/International), Industry, Trade and Commerce Minister Chretien was off to Venezuela to settle a deal for the export of Canadian powdered milk and electric generating equipment. Later in the month, External Affairs Minister Don Jamieson began a trade promotion trip to Russia. A busy month for Canada's "third option" trade strategy even without mention of the major news item: Prime Minister Trudeau's trip to Japan to try to increase the export of Canadian manufactured goods to that country.*

*Canada is seeking to increase trade with Japan (Canada's second largest trading partner after the U.S., to whom we exported goods worth \$2.1 billion in 1975), especially in the area of manufactured goods which currently make up only 3% of the total. The rest of our exports are in raw and semi-processed resources. In particular, Canada was seeking to sell Japan - the world's largest importer of petroleum - on Canada's CANDU nuclear reactor to ease its energy problems. Other items on the Canadian list included the STOL aircraft (manufactured by deHavilland Aircraft, a crown-owned company) as an example of the type of high technology product Canada is trying to market, and west coast finished lumber, currently experiencing a serious slump in demand from U.S. markets. At the same time, Trudeau tried to ease Japanese apprehensions about Canada's Foreign Investment Review Act, and to encourage Japanese investment in areas such as the Athabaska Tar Sands development. Japanese investment in Canada has grown from \$70 million in 1969 to \$260 million in 1974. But Canada may be losing in its attempts to gain Japanese investment capital. The latter seems to be more interested in the more open attitude of the resource-rich Brazilian state where Japan has already invested \$1.3 billion and intends to invest another \$2.7 billion by 1980. At the end of the visit, Trudeau and Japanese Prime Minister Takeo Miki signed a very vague 24-point communique calling for closer economic and cultural co-operation and a non-binding "framework" for developing future economic relations. In summary, the visit's possible consequences appear to be as lacklustre as the final documents that issued from it.*

*(See: Financial Times of Canada 27/9/76, P.28: GM 15/10/76 P.B12: MS 21/10/76 P.A10: GM 22/10/76 P.B1: GM 26/10/76 P.B16: MS 26/10/76 P.B6)*

## CANADA/LATIN AMERICAN RELATIONS

### CHRETIEN MAKES VENEZUELA DEAL

Jean Chretien announced the sale of heavy equipment, skim milk powder, and \$60 million worth of hydro-electric power generators to the Venezuelan government. The generators are to be built at the Peterborough General Electric plant. He said several other projects that could mean contracts for Canadian companies are

nearing completion. Canada wants a bigger share of Venezuela's trade because of a \$800 million to \$900 million deficit in its business with that country, mainly because of the steep rise in world oil prices.

WFP 28/9/76 P.23, c.1-2

## EXTERNAL AFFAIRS

### NORTH-SOUTH CONFERENCE

Alan MacEachen will be co-Chairman of the December ministerial Conference on International Economic Co-operation (CIEC). He retained this post, which he has held through the past year, when he was switched from Minister of External Affairs to House Leader. In an Ottawa speech to the Canadian Export Association he stated that CIEC had been on the verge of collapse in July, but that a programme of action would be proposed to the December meeting of ministers.

(HCH 20/10/76 P.34 c2-3: WFP 21/10/76 P49 c6-7)

The four commissions of the CIEC (energy, finance, raw materials and development) commenced new meeting this week in Paris, and will meet again after the U.S. elections in November to prepare for the December ministerial meeting. Months have been wasted while industrialized countries try to prepare a common line against the positions of the Third World states. The U.S. position is central, and although the Third World countries expect Jimmy Carter to be more receptive to their demands, observers point out that Congress itself is opposed to many Third World positions. In finance, for instance, the representatives of the Third World countries desire an immediate moratorium on debt repayments for the most seriously affected. The U.S. and the EEC prefer to allow Third World countries to consolidate their debts, but oppose the moratorium. In the area of raw materials, Third World countries have pushed indexing raw material prices to those of manufacturers. The U.S., supported by West Germany, has strongly opposed any measures which would interfere with the "open, market-oriented system". Regarding raw material development, the U.S. is still pushing the idea of an international resources bank which would generate the flow of private capital, but the Third World, backed by France, prefers a common fund which would intervene in the commodity markets to push up prices. A total of 27 nations are represented directly in the discussions, which exclude socialist bloc countries.

(Leo Ryan, comment, GM 23/10/76 P.B14, c1-5)

### IMF/WORLD BANK

A Commonwealth finance ministers' meeting in preparation for the joint IMF, IBRD annual meetings in Manila called for more money for the soft-loan affiliate of the World Bank, the International Development Association (IDA). They stressed the need for an increase in World Bank capital to allow for real growth in its lending programme, as well as a \$9 billion replenishment of IDA.

(HCH 2/10/76 P.46, c2-4)

The 31st annual meeting of the IMF will be deceptively tranquil, comments Peter Cooke of the Financial Times of Canada. The U.S., Japan and West Germany are having elections and don't want any conflict. Besides, during the Nixon era the



IMF had a *laissez-faire* attitude, allowing crises to settle themselves. In fact, people were very upset about the petrodollar threat of 1973 and 1974, but far from going irreversibly into debt, the industrial world is now earning rich trade surpluses from the inflated cost of its exports, and from selling vastly more to the OPEC countries. Last year, the balance of payments of the rich nations showed a \$19.4 billion surplus, after a deficit of \$9.6 billion in 1974. The big problem is that poorer nations are going deeper into debt, but the IMF, dominated by U.S. donations, cannot do much about that. The IMF will move to institutionalize the free floating of currencies. This may mean higher prices and costs in Canada when the dollar comes down and the cost of imports goes up.

(FP 27/9/76 P.2 c1-4)

Among the 3,000 invited participants in the IMF-IBRD annual meetings are the heads of the world's richest banks and the governors of the most powerful state banking systems. Such communist nations as Vietnam, but not China, are represented. They are faced with worries from EEC representatives that the IMF auction of 25 million ounces of gold (the profits of which are to go to the assistance of Third World countries) will depress the market for gold. Also, the delegates will face an expected balance of payments deficit of \$32 billion among the poorer countries this year. Economic improvements for rich countries have not helped their many unemployed.

(GM 1/10/76 P. B9 c 7-9)

The Poorer countries have abandoned proposals for a debt moratorium, in an effort to retain the confidence of donor nations and institutions like the IMF and the IBRD. Britain is seeking IMF aid, and Italy and France are worried about the slide of gold prices, injuring their reserves. The U.S. representative, Treasury Secretary Simon is "stony" in response to Third World demands. He is pushing the international resources bank idea floated by Henry Kissinger at the UNCTAD meeting of May, 1976 which is aimed at stimulating developing nations' output of raw materials. Simon met appeals for increases in IBRD capital with the comment that more is not necessarily better, and that he did not wish to see this matter discussed. Canadian Finance Minister Macdonald, echoing the Commonwealth stance, called for a substantial increase in IBRD working capital and for the replenishment of the IDA. Simon criticized the OPEC nations for increasing the debt loads of many countries through oil price increases.

(GM 4/10/76 P.3 c5-8: MS 4/10/76 P.A8 c1-6  
MS 5/10/76 P.A11 c1-2: GM 6/10/76 P.B3 c3-4)

A polite offensive by African, Latin American and Asian nations criticized the lending policies of the World Bank as operating more like a commercial bank than an aid agency. Specifically criticized was a new formula by which the Bank would review its interest rate every three months, taking into account the cost of raising money on the commercial market. Central African Republic Finance Minister Marie Christiane Gbokou stated that Africa's external public debt jumped from \$9.2 billion in 1967 to \$28.5 billion in 1974, and that the cost of interest payments is now almost 20% of export earnings in some African countries.

(MS 6/10/76 P.B1 c5: GM 6/10/76 P.B3 c1-6)

The Finance Ministers of eight OPEC countries asked their governments to donate their share of the profits from the sale of IMF gold reserves to a trust fund for the assistance of the poorer developing countries. EJ 7/10/76 P#7 c1-2

OC 7/10/76 P. 10 c1-2

Delegates to the IMF-IDRB annual meeting believe that austerity is the correct policy to adopt to avoid another burst of inflation just when the surge in prices which began in 1972 is receding. OECD predictions indicate that the growth of the non-Communist leading industrial nations in the second half of 1976 will be less than expected, and expect real GNP growth to be 3.5% this year rather than 5% as predicted earlier. (GM 9/10/76 B14 c1-4)

The IMF is running low on money due to exceptionally heavy borrowing during the past two years, and finds that it cannot meet fully the requests of Great Britain and Italy. These two countries are encouraged to turn to General Arrangements to Borrow, which means that the U.S. and nine other industrialized countries will supplement the IMF to provide borrowings by any of their number. The IMF has reserves of approx. \$6.3 billion, and Britain alone seeks \$3.9 billion. By the end of 1977 a 33.6% increase in members quotas or subscriptions to the IMF agreed upon last January, should add about \$6 billion to the lendable resources of the IMF. (GM 27/17/76 B3 c5-9)

#### JOBLESS RATE ALARMS IMF

The International Monetary Fund annual report fears chronic rather than temporary unemployment. Curbing inflation must continue to be governments' first priority in spite of increased joblessness. The economic recovery has been led by the United States, West Germany, and Japan - who account for two-thirds of the major industrial nations' output. (WFP 29/9/76 P59 c-8)

## FOREIGN INVESTMENT

### FIRA

The Toronto Star in an editorial (4/10/76 B4, c1-2) called for further government intervention in the fight over trademarks for Westinghouse appliances in Canada. It argued that if White Industries wins its fight to possess the trademarks in Canada formerly owned by the parent Westinghouse in the U.S., the will of the Canadian parliament which approved the foreign investment will all be frustrated. The Star calls for federal action to specify that patents and trademarks used by foreign-owned companies here are part of the assets of the subsidiary, or any relevant part of the subsidiary which is up for sale.

Industry, Trade and Commerce Minister Jean Chretien told a Toronto audience made up mainly of U.S. executives that foreign investment flows into Canada are welcome and that there is little chance that interest payments on them will become an excessive financial burden. Jean Chretien also announces that FIRA will take less time to examine foreign investment applications. He stated that application forms had been shortened for investments below \$2 million and 100 employees or less. Further the regulations regarding information requirements for all cases are being revised to reduce both the review time and the information required. (GM6/10-76 B1 c2-3, FP, 9/10-76 36 c1-2.)

Max Saltsman, leading NDP member of parliament, stated that FIRA is "too tough", and when Canadian alternative investment was not found, and takeovers were prevented as well, companies were forced to fold and employment opportunities were lost. To turn the "takeover thing" around FIRA would have to have resources of capital, incentive and entrepreneurial skills to provide as an alternative to U.S. investment, and it doesn't command these resources. Mr. Saltsman said that massive government involvement was the only way in which the takeover trend could be reversed. He called for a large scale revamping of the Canadian Development Corporation to become a giant multinational with resources necessary to step in and take over failing businesses. The present CDC is a "dinky toy" operation. (HCH 10/9/76 p1)

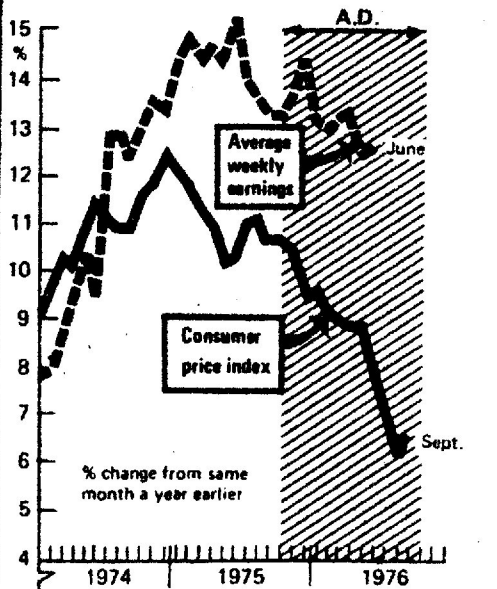
Andre Raynauld, chairman of the Economic Council of Canada, told a conference of Canadian and American government officials and academics in Durham, N.C., U.S.A., that places which are dominated by foreign economic centers often develop strong economic centers themselves. Raynauld admits that Canada's economy is dominated by subsidiaries of multinational firms centered in the U.S., but he argues that the whole idea of dependency and underdevelopment is based on a static view of the world. He used the evolution of the British empire, with the growth of economic development in New York, Toronto, Bombay, Cape Town and other places as examples. (TS 15/10/76, pA2 c2-3)

600 jobs in Rexdale are in danger in a takeover bid before FIRA. One Canadian firm, a subsidiary of an American firm, is to be taken over by Monogram Industries, another American firm which plans to take over the parent as well. The Rexdale firm, Royal Industries, has an annual output of more than \$23 million primarily in auto disc brakes, and more than half its output is sold in 59 foreign countries. Royal Industries' Canadian executives charge that "successful Canadian businesses are under hostile attack for control by Monogram Industries Inc.", and that there is a great chance that if Monogram's application succeeds the Canadian production and jobs will be transferred to the United States. (TS 30/10/76 pD7 c6-7)

# ECONOMY

**Inflation numbers down sharply**

FP 16/10/76 P.51



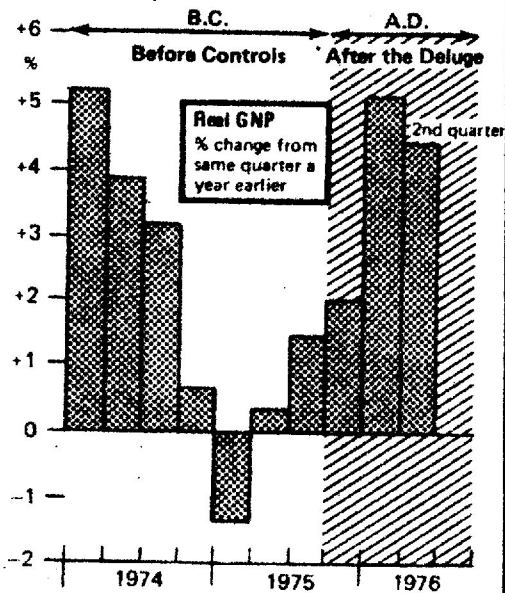
**Jobless rate hangs high**

FP 16/10/76 P.51



**Mediocre growth for a recovery**

FP 16/10/76 P.51



FP chart by Duplantier



#### ALBERTA COMPANIES MOVE TO THE U.S.

There has been a significant move by manufacturers from Alberta to the American Pacific Northwest and the Great Plains states. This has been caused, claim the companies, by Canadian government policies which are less favourable to business than those of the U.S. A Child of Burns Foods, Calgary cited lower wages, lower taxes and lower costs of raw materials.

T. Tyson of Renn-Culpit Industries, Calgary, said: "the work ethic isn't dead in the United States; they work harder there and there is much less ---- government interference". He complained about the higher cost of borrowing in Canada as well.

Another executive said: "U.S. state and federal governments are doing what ours should be doing.....creating a good and stable business climate".

(GM 1/10/76 pB1 c4-6)

#### FREE ENTERPRISE

The insurance bureau of Canada has been extolling the benefits of free enterprise. "Think about the spirit of good, healthy competition that keeps on improving the quality of life in Canada".

The Financial Times points out that in 1975, 53 insurance companies accounting for 1/3 of the general insurance business, all members of the bureau, were convicted by the Nova Scotia Supreme Court for conspiracy to fix fire insurance prices. (Financial Times, 27/9/76 p8)

# OIL & GAS

**INTRODUCTION:** An increase in Alaskan oil on the US West coast has resulted in another possible Canadian pipeline from the B.C. coast to Edmonton. The oil and gas industry is pulling more irons out of the fire as the deadline approaches for a government decision on the Mackenzie Valley Pipeline. Now the companies want the government to give financial guarantees to insure the completion of the project and to satisfy investor confidence. Meanwhile, the industry appears to be back on its feet with a vengeance as a drilling boom hits the west.

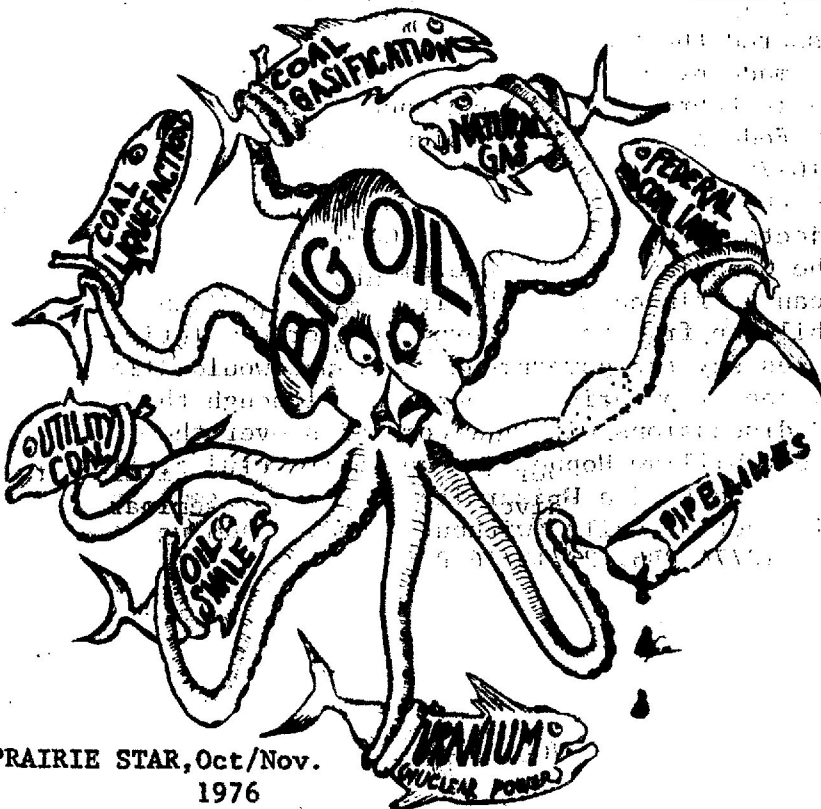
## MORE PIPELINES ON THE HORIZON

The expected glut of Alaskan oil on the US west coast after the completion of the Alaskan oil pipeline plus the decrease in exports to the US of Canadian crude are combining to produce at least two new pipeline proposals. The Americans do not have the refining facilities to handle the expected increase of crude so a possible swap may be in the works. The proposal is that Canadian oil continue to be shipped from Alberta to supply the northeastern US while Alaskan oil is brought to Kitimat B.C. and then transported by a new pipeline to Edmonton where refining facilities already exist. From Edmonton, lines run to eastern Canada and the US. The new line called the Trans-Provincial Pipeline would also include a deep-water port at Kitimat with a total cost of nearly \$600-million. Portions of the line would be built along an already established pipeline which runs from Jasper to Edmonton.

A competing US consortium wants to build a Northern-Tier Pipeline to run from Washington to Minnesota to supply the US northwest and northcentral states with Alaskan oil as Canadian exports decrease, and the northern US refineries are able to process more crude.  
(TS 15/10/76 pc6, MS 26/10/76 pd2, HCH 25/9/76 p15)

## THE MACKENZIE VALLEY: THE PLOT THICKENS

CNSP Note: The second phase of the National Energy Board hearings into the three competing northern gas pipelines has begun and a wealth of information has appeared there and in statements by the oil companies. What seems to be emerging at this point is a replay of the infamous Syncrude debate in which public funds were shunted in to bail out the oil companies. Much of the information is conflicting. The highlights appear in the following points.



PRAIRIE STAR, Oct/Nov.  
1976

- W.P. Wilder, Chairman of Canadian Arctic Gas says capital requirements for his project represent only 1% of Canadian Capital requirements for the next ten years and presents no threat to the Canadian economy. (GM 5/10/76 PB2)
- After abandoning the \$100-million partially completed Mackenzie River highway, the federal government is looking into the possibility of dredging the river. A \$600,000 environmental impact study is now under way. The plan appears to favour CAGPL as Foothills has not endorsed the dredging and not agreed to pay for any of it. CAGPL has spoken in favour of the government plan. (GM 6/10-76 PB2)
- Both Foothills and CAGPL have revised cost estimates of their particular routes. Foothills to \$3.08-billion from \$2.89-billion in August and CAGPL to \$8.76-billion. (MS 6/10-76 PB3)
- Two US gas companies who had tied up the bulk of the Mackenzie delta gas in contracts for US users have agreed to amend their contracts to release initial volumes to Canadian users. The two companies (Pacific Lighting Gas Development Co. and Alberta and Sathern Gas Co.) will still have first-call rights after Canadian needs are met. (GM 27-10/76 PB2)
- Gulf Canada and Shell Canada have told the NEB they will not be able to commit themselves to gas processing plant for delta gas until mid-1977. Both companies said it would be easier to make the decision if they knew what pipeline will get the final go-ahead. Both are supporters of the CAGPL route. The NEB will thus have to decide on a pipeline route before it has assurances that the gas will even be processed. (GM 29/10/76 PB5)
- CAGPL may have to redesign up to 250-miles of its pipeline to eliminate frost-heave -- a buckling caused when a chilled gas pipeline runs through northern permafrost. CAGPL has not been able to refute testimony of an expert witness before the Berger Commission which warned of the danger. (EJ 20/10-76 P62 GM 15-10-76 PB5)
- The Canadian government has assured the US that a decision on the Mackenzie Valley route will be made by May, 1977 after the Berger Commission report is submitted in February. The announcement fits neatly into the US timetable. The US Federal Power Commission is also to reach its decision by May. (MS 6/10-76 PE3)
- Pressure is mounting from both the oil and pipeline companies for government support of the projects with public funds. CAGPL says financial backing from both the Canadian and US governments will be required before any pipeline can be financed and built. Total assurances could amount to more than \$2-billion from both governments for completion and interruptions. The companies say the government assurance would allow them to obtain all the money they need from private sources. Although the government has as yet only had discussions with the companies over the support funds, Petrocan President William Hopper is one influential civil servant who endorses the scheme. He told a University of Calgary seminar that an Arctic gas pipeline will not be built "without Canadian and US government guarantees". (GM 6/10/76 PB6, 28/10/76 PB12)

PROFITS UP: COMPANIES ARE BACK

The federal government's gift to the multinational oil companies has resulted in a phenomenal upswing in drilling particularly in the Alberta foothills region. Federal legislation now allows any corporation to deduct exploration costs. There was a 40% increase in wells drilled in the first 9 months of this year. The return of the rigs -- 68 rigs left Canada in 1964-65 when profit levels were not seen as high enough -- has also been prompted by improved royalty and tax incentives in Alberta. A point of comparison -- net income (profit) of Canadian operations of EXXON affiliate Standard Oil of Indiana increased by over 60% in the first nine months of 1976; from \$45.5 to \$71.7-million. (FP 30/10/76 P25; EJ 26/10/76 P57)

CNSP Note: Despite increasing profits and a flurry of activity in new drilling, the oil industry is still complaining about a poor environment for investment. Warning of future oil discoveries as the most expensive in the world, an Imperial Oil spokesman called government uncertainty over northern exploration regulations a disincentive to investors. (WFP 27/9/76 P.36)

POLAR OIL FINDS INCREASE

Panarctic Oils, a consortium owned 45% by the Federal government and 26 other private companies, has struck commercially significant amount of crude at a new Bent Horn well on Cameron Island in the high Arctic. The company is now expanding its search to adjacent islands before it will have reserves thought to be commercially visible. A transportation scheme proposed by the company would move oil through a 150-mile pipeline from Cameron Island to Bathurst Island and from there by tanker to refineries on the East Coast. Some officials think the oil could be moving south before any Arctic gas -- as early as 1980. FP 9/10/76 P48)

LAW OF THE SEA - FISHING

the 150 nations involved in the latest Law of the Sea talks in New York have come no further towards a resolution than earlier talks this year. Canada has decided to go ahead with its 200 mile off shore limit in January 1977, and the USA will follow suit in March. Meetings are expected to continue some time next year.

Both countries now are exploring possibilities of sharing natural resources and fishing within their respective claimed territories. At issue are "such basic questions as the nationality of the fish and how to prove it," especially such migratory species as tuna. The major territorial problem is the Georges Bank, a rich fishing ground and potential oil-rich area off Nova Scotia and Maine.

By March 1 the US government will have decided to issue oil drilling permits in the Georges Bank area. The Interior Department has already completed an environmental impact statement. (MS 21-10/76 PA5 c1-8 HCH 14/9/76 C1-5 P3)

FORESTRY

Introduction: Newsprint prices have been increased twice this year to the maximum and newsprint production and marketing is up over a year ago. At the same time, investment analysts predict that Canada will be the major beneficiary of growing world-wide demands. Abitibi, which owns about 20% of Canada's newsprint capacity, stands to benefit the most from the price increases and growing demands. Its vice-president points to the need to control rising domestic costs. He says labor is the cause of rising costs but brokerage analysts say it is the inflation in the capital. While the large companies benefit from increasing demands and prices, woodproducers and woodlot owners find themselves in a situation where they are selling their land to companies in order to exist.

Gerry Martin, forest analyst for the brokerage firm, McLeod, Young, Weir and Co. of Toronto says the Canadian industry with its existing huge, low-cost capacity "stands to be the major beneficiary of tight supply, rising prices and growing world-wide demand for pulp and paper. The slowdown in the expansion of manufacturing capacity is world-wide and a direct result of the inflation in capital for new plants. (WFP 12/10/76 p37 c1-4)

Abitibi vice-president, W. Harrison, says Canada is in a good position to take advantage of growing world demand for pulp, paper and paperboard if the Canadian industry is able to keep inflationary pressures from destroying the ability to compete. He said the long term prospect requires coming to grips first with the short term situation of rising costs domestically. (WFP 1/10/76 p15 c7-8)

Canadian Pulp and Paper Association figures show newsprint makers shipped 800,873 tons to all markets in August, up 28.6% from August 1975. Production total was up 37.7% from a year earlier. (GM 1/10/76 pB10 c7)

Newsprint prices have been increased twice this year. The first rise came in March with a raise of \$20.-\$25. a ton and the second increase will come in December with an added \$20 a ton increase. The increase is the maximum allowed under Canadian price controls and will raise newsprint prices to \$305. a ton. (WFP 15/10/76 p18 c5-8)

Combines investigators - who deal with monopolistic business practices such as price fixing, takeovers and mergers- launched inquiries into the pricing policies of five major forest companies. Involved are Abitibi of Toronto, Consolidated-Bathurst, Domtar and Canadian Pulp and Paper, all of Montreal and MacMillan Bloedel and Crown Zellerbach, both of Vancouver. Some observers assume the investigations are linked with increases in the price of newsprint. Others suspect the inquiries may be a continuation of those begun last year after Abitibi bought control of Price. Because both Consolidated-Bathurst and Domtar also owned Price shares, the combines branch began examining the ownership as a possible joint venture. Abitibi Price has almost 20% of Canada's annual newsprint capacity of 10.3 million tons and about half the total of the U.S., the world's second largest producer. (GM 1/10/76 pB1 c2-3; TS 1/10/76 pC6 c1-4)



## SECONDARY - MANUFACTURING

### General:

Manufacturing and processing activity declined in September from August according to a survey of 75 firms conducted by the Purchasing Management Association of Canada. The survey indicated that 25% of the companies were laying off employees while 19% were doing some new hiring, and the rest said that employment was unchanged. (GM 29/10/76 PB4)

### Petrochemicals:

High concentration of manufacturing in Ontario at the expense of other parts of the country has provoked attempts by Alberta to build a new manufacturing industry based on that province's oil resources. The guts of Alberta's industrialization scheme is its support for a new \$400 million petrochemical investment by US-owned Dow Chemical Company. Construction of three chemical plants and a thermal-electric generating station has begun.

However, at the same time a \$575 million petrochemical project for Sarnia, Ontario, owned by Petrosar Ltd., a crown corporation of the federal government, is scheduled for completion early next year and will be an obvious competitor to the Alberta plant. But the Sarnia plant will feed on Alberta petroleum. In a defiant gesture Alberta Premier, Peter Lougheed, is refusing to allow Petrosar to purchase Alberta oil directly from the provincial government. Petrosar would have to buy it from intermediary companies -- probably at a slightly increased price. Ontario Energy Minister, Dennis Timbrell, is meeting with the federal government to try to get assurances of Petrosar's oil supply.

Meanwhile, despite the competition in the petrochemical field, a recent study by the

Ontario Economic Council says that as long as the federal government maintains a policy of uniform oil and gas prices across the country, Ontario will have a competitive advantage over the rest of the provinces.

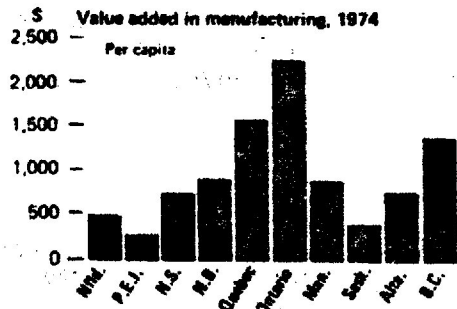
(EJ 15/9/76 P78 c1-3)

(TS 15/10/76 PC6 c7-9)

(TS 19/10/76 PC6 c5-9)

### CONVICTIONS IN MONOPOLY OF LIGHT BULBS

Three major manufacturers of light bulbs in Canada -- Canadian General Electric Co. Ltd., Westinghouse Canada Ltd., and GTE Sylvania Canada Ltd. --



## All the pieces count

ONTARIO houses 36% of Canada's population but it accounts for more than 50% of all manufacturing production. This powerhouse role of Ontario in manufacturing shows up even more dramatically when output is expressed in per capita terms. Statistics Canada figures show that, in 1974, value added in manufacturing worked out to \$2,240 for every man, woman and child living in Ontario. That's almost nine times the figure for P.E.I., and almost three times that of Alberta. Manufacturing isn't, however, the only source of output and income. It accounts, in fact, for only around one quarter of GNP, albeit an important quarter. It also comes in very handy to have oil, cattle and grain in your back yard. So handy, in fact, that personal income per capita in Alberta is on the way to catching up with, and maybe passing, that of Ontario. This year, Ontario's per capita personal income will likely come in around \$7,275, only 5% ahead of Alberta's estimated \$6,925.

have been found guilty of conspiring to stifle competition in the industry. The judgement against the three US-owned companies comes more than two years after the trial, but sentencing has been put off another month.

(TS 3/9/76 PA15 c1-3)

#### SHIPBUILDING SLIDING

The Canadian shipbuilding industry is in danger of sliding into oblivion unless the government comes to the rescue to place orders for vessels for the Department of National Defense or other government agencies. Shipyard employment in British Columbia and on the east coast has fallen to 10,000 from 13,000 last December. No new shipbuilding contract has been placed in Canada for a year and a half.

(FP 16/10/76 P14

(HCH 29/9/76 P25 c3-8)

#### THE AUTO INDUSTRY

The overall deficit for Canada in its automotive trade with the U.S. has shrunk substantially this year in comparison with last year's near \$2 billion deficit. This is due to increased sale of Canadian-made cars in the U.S. But Canada continues to experience a very serious trade deficit in auto parts, an element which the 1965 Auto-Pact overlooked in granting Canada safeguards to maintain a proportional share of the North American market. Manufacturing in Canada turns out 12% of all domestic autos sold in North America, but the Canadian parts industry gets only 6% of the parts business.

But few people really expect the Auto-Pact to be re-opened for negotiations on such points. While Canadians -- especially the auto parts manufacturers - are anxious for such a renegotiation, there is a realization that in new talks the Americans would come out fighting for more protectionism and cutbacks in Canadian levels of auto production in favour of more US production.

Recently the Automotive Parts Manufacturers Association recommended to the federal government to adjust tariffs on the importation of foreign cars to encourage foreign car makers (other than American ones) to place more auto parts orders in Canada. The proposed measure would apply particularly to Japanese and European car makers and would allow a reduction of duty payments according to quantity to Canadian-made parts in the imported vehicles. However, after returning from his trip to Japan, Prime Minister Trudeau informed the parts makers that no immediate action would be taken on the proposal because it could lead to countervailing action by the U.S.

As a result little change in auto industry problems is seen for the near future even though the need for action is apparent. An unreleased federal study of the future of the North American industry indicates that Canada's trade gap is likely to widen in the future.

(FP 25/9/76 P1 c1-2)

(GM 27/10/76 PB6)

### GENERAL MOTORS MAY MOVE OUT IF CONTROLS NOT LIFTED IN 1978.

Having been restrained from applying new price increases to 1977 model cars by the AIB, General Motors announced that if the controls programme lasts longer than 3 years, the corporation will seriously reconsider investing in this country.

(TS 15/9 /76 pB8 c3-9; WFP 16/9/76 p51 c1-7,CP)

### MORE TEXTILE PRODUCTION

Under pressure from Canadian textile producers, Industry, Trade and Commerce Minister Jean Chretien has imposed an import limit for the next 6 months on double-knit fabric in order to protect the domestic manufacturers. However, the news was met with anger from the Canadian Importers Association which said that the import restriction will cause an increase in the cost-of-living.

Meanwhile, Canada's largest textile producer, Dominion Textile Ltd. of Montreal, announced that unless Canada's economic environment for textiles improves the company will not build any new plants in Canada and will "spread our investment outside the country". (GM 9/10/76 pB14; GM 14/10/76 pB4; MS 16/10/76 pB1 TS 21/10/76)

## TERTIARY FINANCE

During September the Federal Government introduced a White Paper outlining its proposals for revising the Bank Act. The Bank Act must be revised every ten years, and the existing term expires in June, 1977. The White Paper assumes that Canadians want a banking system that is "national in scope controlled by Canadians and as competitive as possible". The stated goal of the Paper is to increase competitiveness within the banking field.

The major proposals are:

-to make it easier to found a bank by eliminating the need for a special act of Parliament authorising such a step.

-to allow affiliates of foreign banks to operate in Canada to a limited degree, providing that Canadian banks are allowed to operate in the home countries of

the banks which open here.

-to allow other Canadian financial institutions to compete with the banks.

This will be done by -

a) the creation of a "Canadian Payments Association which would be a clearing system for all cheques offered by Canadian financial institutions, and b) the requirement that the "near banks" (trust companies, credit unions, and caisses populaires) keep reserves with the Bank of Canada in return for certain borrowing rights.

-to remove present limits on the amount of mortgage holding business done by the banks. (MS 5/10/76 pC1)



"If the government's out to reform them...why are they so happy?"

*It is interesting to note that the Banks are happy with the proposed changes, while the "near banks" protested loudly. Many commentators noted this and pointed out that Government "reforms" of the Banking system seldom threaten the power of the Chartered Banks. Noel Wright of the Montreal Star says: "It is not inconsistent with Canadian tradition to produce bank acts that please the banking industry, The Senate is dominated by men having close ties with the banks."*

As a matter of fact, if the proposed changes go through, the control of the industry by the five largest banks --- who already have 90% of Canadian bank assets -- will be increased. The admittance of foreign banks will open up new countries to Canadian banks without hurting the domestic position of the banks since many foreign companies have been entering Canada already and operating as "near banks".

The insistence that "near banks" keep reserves with the federal government will also help the banks. At present, only chartered banks are required to keep reserves. These reserves earn no interest, and thus are a cost of doing business. While the "near banks" will only be required to keep two percent of their first \$500 million on reserve with the Central Bank and 4% of the remainder, and the banks must keep 12% of their deposits, the near banks operate with a far smaller margin, so the reserve requirements will seriously affect their competitiveness. The banks had argued that it was unfair that they had to operate under federal reserve restrictions while the near banks did not. However, the "near banks" had to operate under provincial regulations, so they now have to follow two sets of rules. Also, the federal government has invaded an area of provincial jurisdiction. As Noel Wright points out: "It is not obvious how the customers of trust companies and caisses populaires will benefit". The banks stand to gain much of the mortgage field. One analyst has argued that the reserve requirements will force the trust companies to increase mortgage rates. The removal of the limit of the amount of mortgage business that banks can do will allow them to use their far greater lending capacity to capture the field. (MS 5/10/76 pC1 c1-6, Noel Wright)

ROYAL BANK chairman W. Earl McLaughlin praised the White Paper, saying it will strengthen the Bank of Canada's control over monetary policy. He said that bringing "near banks" under control will allow the government to better control growth of the monetary supply and thus fight inflation. He emphasized the importance of regulation and competition between the various companies being on equal terms.

(HCH 10/9/76 p27 c2-7)

*NOTE: McLaughlin neglects to mention the huge superiority of the banks' financial muscle and their concomitant power to control the industry, especially when the limits on mortgage lending are removed.*

Trust company spokesmen expressed "surprise, verging on shock" at the benefits given to the banks. E.A. Wickens of Royal Trust said: "It looks almost as if it were written by the banking fraternity".

#### IRVING NEWSPAPERS COMBINE

The Supreme Court of Canada is to decide shortly is the control of New Brunswick's newspapers by K.C. Irving contravenes the Federal Combines Act.

(MS 9/10/76 pA9 c5-6)

# WORKERS, PEOPLE, OPPRESSED

## October 14, a national day of protest.

**We're out  
to fight  
controls.**

THIS MONTH'S LABOUR SECTION IS DEVOTED TO PRESS COVERAGE OF THE NATIONAL DAY OF PROTEST - BEFORE, DURING AND AFTER. NEXT MONTH THE CNSP WILL PUBLISH A POPULAR, MORE COMPLETE ANALYSIS OF THESE HISTORIC EVENTS.

"What we are doing on Thursday (October 14th) has never been done before in North America. It may change the whole attitude by the trade unions toward the way in which they lobby for social change and the way in which they present their ideas to government...it means that we can see we will now be able to develop within the structure of labour in Canada a form of political pressure that is not necessarily based on party affiliation, but on the need to raise political questions within the context of the entire Canadian society."

- Joe Morris, President of the CLC  
(GM 13/10/76 p.1)

### GETTING READY: press coverage before the Day of Protest

NATIONAL: A preliminary cross-country survey by the Canadian Press indicates that more than one million unionists have so far committed themselves to join the Day of Protest by not going to work on October 14th. This represents almost half of the Canadian Labour Congress' (CLC) membership of 2.2 million workers. The CLC says the protest will not be restricted to union members. Students, unorganized workers, housewives and old age pensioners are being encouraged to join. In Windsor, Ont., for example, about 2,000 senior citizens are expected to participate.

(WFP 1/10/76 p1)

Support for the National Day of Protest is especially strong in the construction, steel and auto industries. Postal services will likely be disrupted in several areas although most essential services - police, firefighters and hospital workers -- will stay on the job.

(WFP 13/10/76 p1)

THE WEST: The Canadian Union of Public Employees (CUPE) has asked the 1,000 mem-staff of the Royal Alexander Hospital to stay off the job on October 14. Five other CUPE locals in Edmonton and Calgary announced their support for the protest.

(EJ 5/10/76 p19)

2,800 members of the United Steelworkers of America local in Thompson, Manitoba will not show up for work on the 14th at the INCO mining complex.

(WFP 9/10/76 p7)

The Day of Protest is expected to have a bigger impact in British Columbia than in the rest of the country. Firstly, the province has a higher percentage of organized workers - 36% as compared with a figure

of 28% nationally. Secondly, B.C. is dominated by a few big industries and they are virtually 100% organized. The protest will shut down the provincial economy quite thoroughly. Thirdly, 20,000 of the 35,000 employees of the provincial government are expected to take the day off in support of the protest. In Saskatchewan, virtually all unions with the exception of provincial government employees will be off work on the 14th. In Alberta and Manitoba the support is more spotty.  
(TS 9/10/76 pB4)

ONTARIO:

Toronto may be one of the weaker spots in nation-wide protesting on the 14th, but unions in the city predict more than 150,000 workers may be off the job. There is support from 31,000 construction workers as well as from auto and steel unionists. There will probably be no mail delivery since members of the Canadian Union of Postal Workers will not report to work on the evening of the 13th. However, Toronto's sizeable municipal workers voted against joining the strike.

(GM 1/10/76 p4)

Toronto Transit workers have voted to stay on the job on the 14th, but to encourage the wearing of black arm-bands in protest. The Ontario Teachers' Federation urged its members to take part in protest activities outside of school hours. Only 19 out of 2,200 University of Toronto professors will not teach.

(GM 7/10/76 p49)

(TS 7/10/76 p1)

Autoworkers, paperworkers, construction workers, steelworkers, garment workers, postal workers, glass workers. Altogether over 100 Toronto area union locals, 35 sympathetic groups (the Ryerson student body) and an interdenominational church group have pledged support for the 14th. There is strong support for the Day of Protest in industrial cities like Hamilton, Oshawa, Windsor and Sudbury.

(TS 9/10/76 pB4)

QUEBEC:

The Quebec Federation of Labour says that 200,000 of its 276,000 workers will support the strike. The Confederation of National Trade Unions says about 100,000 of its 175,000 membership will join. Forty per cent of Quebec's hospital workers have decided to support the protest.

(GM 8/10/76 p9)

Louis Laberge, president of the QFL, says that "we in Quebec are responsible for having pushed the CIC to take such a position." Support for the protest is strong among Bell Canada workers, miners, steelworkers, and 25,000 garment workers.

(WFP 9/10/76 p24)

In spite of optimistic reports by QFL and CNTU leaders the



work stoppage in Quebec will not be general. The 37,000-member Centrale des Syndicats Democratiques (CSD) is boycotting the Day of Protest. The 80,000 - member union of Quebec teachers (CEQ) is also being very careful, and the 35,000-member civil servants union has also decided to ignore the strike call. Under Quebec's Labour Code the strike is illegal and unionists taking part can be subject to personal fines of \$25 - a fact that some companies have advertised in the factory.

(TS 9/10/76 pB4)

THE EAST: New Brunswick nurses will not be participating in what they consider an illegal strike. Off-duty nurses will be encouraged to join marches and rallies.

(GM 5/10/76 p16)

Reversing an earlier decision, locals representing school board employees and Truro municipal employees will participate in the protest.

(HCH 9/10/76 p21)

About half of Atlantic Canada's organized labour force, at least 100,000 workers, are expected to take part on October 14. St. John, New Brunswick, appears to be the city most committed to the protest in the east with support from Irving Pulp and Paper workers, port workers and garbage workers. Supermarkets will be closed and the transit service suspended. In Newfoundland all but one of the province's construction unions will be out in protest; fishermen and shipyard workers in Marystown will demonstrate; and paper mill workers in Grand Falls will also join the protest.

(TS 9/10/76 pB4)

...AND BUSINESS PREPARES TOO...

Some employers have threatened heavy penalties for workers who do not show up on October 14th. The Province of Ontario, with some 65,000 workers, has hinted that up to five days pay may be docked.

(GM 2/10/76 p2)

Dominion Glass Company Ltd. has applied to the Ontario Labour Relations Board for a cease and desist order to prevent its employees from joining the one-day protest. The case could have major implications in deciding whether the day constitutes an illegal strike or is a political protest that does not come under the scope of the Labour Act. CLC Vice-president Grace Hartman testified before the OLRB saying that the national walkout is a political protest, not a strike. Later the OLRB ruled that Domglass workers could be reprimanded if they joined the protest.

(GM 5/10/76 p56)

(GM 9/10/76 p5)

PROTEST AGAINST THE WAGE CONTROLS

Over a million workers went off the job on October 14th in support of the first national strike in North American history. The Canadian Labour Congress, calling the day an inspiring victory, said that at least 1,054,744 union members stayed away from work to protest the government's wage controls policy.

For its part, the English-Canada press covered the day heavily if uninspiringly, and most overlooked the historical significance of the act. The tone of articles and headlines -- especially the Ottawa Citizen, the Halifax Chronicle-Herald and the Winnipeg Free Press -- underplayed the protest's significance while suggesting that things would continue as usual.

IN THE HEADLINES: (14-15/10/76)

"1,054,744 Off the Job, CLC Says  
In Protest Rallies Across Canada"  
(GM p1)

"Strike Moderate Success, but Divisions  
Throw Doubt on Repeat"  
(GM p1)

"Thousands Walk Out -- But Life  
Goes On"  
(TS p1)

"Toronto Bats About Average In  
Protest League - 200,00 Off the Job"  
(TS pA8)

"Protest Spells Strife for Unions,  
Clark Says"  
(TS pA9)

"One Million Heed Strike Call"  
(MS p1)

"Walkout Irritated Average Citizen"  
(MS p1)

"Protest Day Gets Cool Reception"  
(EJ p1)

"B.C. Gives CLC Its Only Success"  
(EJ p37)

"Day's Success Varies Widely"  
(OC p1)

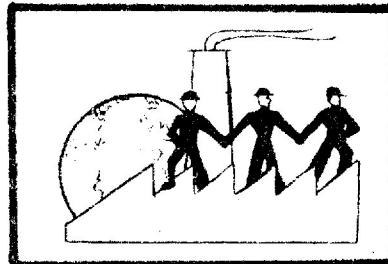
"One Million Demonstrate, CLC  
Claims"  
(WFP p1)

"Fewer Participants Than Predicted"  
(HCH p1)

"Halifax Labour Turnout Disappoints  
Leaders" (HCH p1)

ONE MILLION OFF THE JOB  
A Provincial Breakdown

Newfoundland	18,500
Nova Scotia	30,400
New Brunswick	27,300
Prince Edward Island	1,900
Quebec	230,000
Ontario	450,105
Manitoba	30,800
Saskatchewan	27,729
Alberta	48,360
British Columbia	189,650
Total	<u>1,054,744</u>





EDITORIAL REACTION:

OTTAWA Today's Canadian Labour Congress protest against the anti-inflation  
CITIZEN program is a clumsy reaction to an unjust policy...Not that labour  
 is wrong to be angry, but to wait a year to register that anger and then expect  
 to be taken seriously is rather naive... The moment, of course, was long lost,  
 and labour's attempts to proclaim a victory in the face of defeat will hardly  
 help its cause. (OC 14/10/76 p6)

TORONTO It's really sad to see big labour ganging up with big business in a power  
STAR play to overthrow the government's anti-inflation program... Organized  
 labour in Canada has a long tradition of championing the little guy --  
 the worker, pensioner, any one else among the millions of ordinary Canadians who,  
 individually, didn't have the clout to negotiate a fair share for themselves...  
 Today, Canadian labour has turned inward. Its national protest against the govern-  
 ment's anti-inflation program is a sign that labour has abandoned its historic  
 role and chosen to fight for special privilege for the minority of Canadians it  
 now represents. By doing so it has forsaken the pensioners, the needy, the bulk of  
 the Canadian labour force who do not belong to unions...The controls are working  
 and it's absolutely essential to keep up the fight. It's a shame that organized  
 labour in Canada has chosen to fight for the other side.

(TS 14/10/76 pB4)

CNSP NOTE: The Star, never known for its public concern for working  
 Canadians in the past, now at least makes clear what side  
 it has chosen. Its opposition to the working Canadian, using  
 the shield of the "little guy", is both pretentious and  
 misleading.

STRONGHOLDS IN THE PROTEST

British Columbia was a standout, despite the disappointingly small rallies. Some  
 40,000 forestry workers, 15,000 steelworkers and 4,000 longshoremen were  
 among those who walked out. The ferries didn't run and Vancouver and  
 Victoria newspapers didn't go to press. (TS 15/10/76 pA11)

In Saskatchewan, more than half the unionized workers were off the job and despite  
 hurricane force winds, 20% of the Saskatchewan Federation of Labour mem-  
 bership attended rallies across the province. The SFL estimated that  
 27,729 of a membership of 55,000 supported the protest day.  
 (TS 15/10/76 pA10)

In highly unionized northern Ontario mining centres like Atikokan were shut down.  
 In Sudbury, all 24 industrial plants were closed: mail, milk and bread  
 supplies were halted. However, only 2,500 of an expected 10,000 turned  
 out for public activities. In the south of the province, automakers  
 did not make a car, and only 200 of Massey-Ferguson's 3,400 workers  
 showed up for work. (TS 15/10/76 pA11)

On the East coast about 80% of industry was closed down in St. John, N.B. In  
 Sydney, Cape Breton, there was no mail, no garbage pick-up, no hospital  
 cleaning or nursing staff, and supermarkets were shut down, a steel mill  
 closed and telephone workers out. (TS 15/10/76 pA11)

QUEBECThe Day of Protest:

Norbert Rodrigue outlines special reasons that the CSN has for supporting the CLC day of protest:

-In Quebec, government and business have been attempting for months to weaken the labor movement. The anti-inflation program is one tool.

-The government removed the right to strike from the public sector in the spring (during the Common Front strike).

-Employers are arguing that foreign investors are leaving Quebec solely because of labor troubles.

-the growing number of lockouts;

-the growing presence of police in labor disputes;

-The government is proposing a government committee to scrutinize strike votes.

Rodrigue predicted that 45,000 members of the CSN would definitely participate. (LD 5/10/76, p3 c5-6)

The FTQ predicts 200,000 will participate. Among them will be 25,000 clothing workers, 10,000 auto workers, 14,000 miners and 32,000 steelworkers. (LD 8/10/76 p6 c4-5)

More than one third of Quebec's union members, about 225,326, participated in the day of protest - 157,268(FTQ); 66,778(CSN); and 1,140(CEQ). (LD 15/10/76 p1 c3-6)

Work stoppages were most effective in the mine and metal industries, the auto, clothing, rubber, electrical and textile industries. Schools and hospitals functioned normally. (LD 15/10/76 p1 c3-6)



REPRISALS SET IN: Press Coverage After the Day of ProtestOTHER INTERPRETATIONS:

As could be expected after such a momentous act as the Day of Protest, a multitude of commentators began furiously pounding typewriters to give their two cents worth of interpretation. Many only played the numbers game in assessing the day's success or failure. One suggested that because only 39,200 people attended demonstrations on the day, the CLC's figure for one million off work should be questioned. Some commentators, such as Richard Gwyn, were amazingly off-base with their assessments:

"...labour's muffled, but moderate, protest is one sign that things are on the mend. Labour has worked its outrage out of its system." (R. Gwyn, MS 19/10/76 pA9)

A more enlightening comment came from free-lance writer Dian Cohen, appearing in the Ottawa Citizen and the Winnipeg Free Press (both 19-18/10/76 ). A synthesis follows:

While business and the media generally pronounced the day of protest a "failure" on the grounds that less than 10% of the total work force remained at home, labour is generally claiming a "success" on the grounds that fully 50% of organized labour participated. Commentators who play the numbers game omit the fact that Canadian workers gave up at least \$40 million in wages for the protest -- something not to be written off as a "macho" gesture. The National Day of Protest was an Historical "first". This was the first time any labour organization in North America rallied its members in a coast-to-coast political demonstration against a government's political decision. The real meaning of the strike goes beyond the immediate opposition to wage and price controls. The crux of the problem is to determine the division of national income between the rich and the poor, the consumers and the investors, the public and the private sectors. The protest suggests that a politicizing process is taking place in Canada, and there is a shifting of society in the power struggle for income shares.

DISMISSAL OF LEADERS:

An official of the CLC says there have been fifty cases of reprisals over the day of protest. In addition to the case of Tim Kelly, Bruce Phillips and Jim McNeil, president and vice-president of the United Garment Workers local at the Carhartt Hamilton plant were fired the Friday after the protest. (TS 18/10/76 pA3; GM 19/10/76 p2)

The local post office management in Vancouver has suspended 15 workers for picketing during the day of protest. The workers union says that the post office is out to break the union since the 15 workers it chose to suspend are 13 shop stewards and two members of the union executive. (TS 19/10/76 pA2)

Canadian Porcelain Ltd. is suspending all of its workers for one day and four union officials for an indefinite period as a result of the protest. The union in the United Glass and Ceramic Workers Union. Bridge and Tank Co. Ltd. suspended 126 workers for one day and Westinghouse Canada Ltd. has filed a contract grievance against the United Electrical, Radio and Machine Workers Union. Reprimands have

also been placed by the Norton Co. against 100 workers who did not report for work on October 14th. All companies are located in the Hamilton area.

(GM 20/10/76 p9; MS 20/10/76 pE4)

In Montreal, workers at the Bombardier-MLW Worthington locomotive plant have gone on strike to protest the suspensions of 36 union officers who joined the day of protest.

(TS 20/10/76 pA1)

CUPE reported that only a few of its union leaders have been suspended after the day of protest: East York suspended the local president; St. Thomas suspended 40 employees for one day; In London, nine executive members of the Steelworkers local have received temporary suspensions by Emco Ltd. (GM 21/10/76 p10)

#### The Taber Case

Twelve municipal employees of the southern Alberta town of Taber were suspended after their participating in the protest. Following the suspensions another 15 municipal workers walked off saying they would remain off the job until the first 12 were re-instated. Elsewhere, the International Union of Electrical Workers in Brockville have voted to go to arbitration in the case of a firing of union member Tim Kelly by GTE Automatic Electric for his participation in the day of protest activities. (MS 18/10/76 pA5; GM 19/10/76 p2; WFP, 19/10/76 p11)

The Taber, Alberta, municipal employees dismissed for participation in the Day of Protest are back at work as a result of the intervention of a provincial mediator. The workers will not lose any seniority or fringe benefits but will not receive wages for the time they were dismissed. Elsewhere in Alberta, Western Cooperative Fertilizers Ltd. has suspended 66 members of the Oil, Chemical and Atomic Workers International Union in Medicine Hat. (EJ 22/10/76 p24)

#### LABOUR RELATIONS BOARDS' RULINGS

The legal definitions of what constitutes a "strike" account for the discrepancy of the Ontario Labour Relations Board finding the day of protest illegal, while the B.C. Board ruled it legal. In the labour code of B.C., Manitoba, Alberta, and Nova Scotia, a "strike" is defined as a work stoppage for the purpose of compelling the employer to agree to terms or conditions of employment. Thus, the day of protest - as an act of disagreement against a federal government policy - is not considered a "strike". However, in the federal code, that of Ontario and those of most other provinces, a "strike" occurs if there is a concerted work stoppage or similar activity designed to limit an employer's production. Thus, the day of protest, in limiting the production of many employers, was ruled illegal. The Ontario decision will be appealed and will likely go as far as the Supreme Court where the basis of a judgement will rest on whether or not the right to strike is considered to be a basic political right. (MS 18/10/76 pA9; OC 20/10/76 p6; Harold Greer)

#### General:

Consolidated-Bathurst Ltd. has applied to the Ontario Labor Relations Board for a declaration that the International Woodworkers of America engaged in an illegal strike related to the day of protest at the company's St. Thomas and Hamilton plants. Nineteen members of a directly chartered local of the CLC at Kenwood

Mills in Arnprior, Ontario received one-day suspensions. Similiar action is being taken by Johnson, Matthey and Mallory, a precious jewelry firm in Toronto against its 30 employees. (GM 19/10/76 p2)

The Hamilton and District Labour Council has protested against use of the police disguised as demonstrators during activities on the Day of Protest. Police dressed as workers carried signs and participated in the demonstration called by the CLC. Two policemen carried cameras and photographed demonstrators in the parade. The council termed the police practices "police-state" tactics" and demanded that any pictures taken on October 14th be made public. (GM 23/10/76 p13)

AND SOME CONCLUSIONS.....

"What (labor's Day of Protest) did result in was a labour movement united as it never has been before. In this sense, the CLC has made positive gains. Before the announcement of the anti-inflation programme, the CLC represented a loose collection of disparate affiliates, but it has emerged one year later as the undisputed voice of Canadian labour". (Randall Litchfield, FP 23/10/76 p8)

The real point of the Canadian companies which are punishing their workers for joining the protest is to prove that they are the boss. The reprisals are designed to punish our unions for daring to exceed their limited power in the collective bargaining process which severely limits the right to strike. (Ed Finn, TS 25/10/76 pC1)

It was particularly painful for me to witness the day of protest with its overtones of class warfare". John Munro, Minister of Labour. (GM 29/10/76 p10)

David Archer, president of the Ontario Federation of Labour, has criticized the news media for coverage of the labor's day of protest against federal wage controls. Mr. Archer said editorial writers concluded "their job was to officiate at the death of the ceremonies" of the protest which they had decided would be a failure..

The labour congress said from the start it was not interested in a head count of protesters and "would not participate in the numbers game" but the media "started by counting heads". The labour president said the more than one million persons who participated in the protest "even by conservative estimates" would not change the media's mind that the day was a failure. (EJ 26/10/76 p13)



QUEBEC LABOUR:Hydro Strike:

*Introduction: Negotiations between the 9,600 employees of Hydro-Quebec and the company began almost a year ago, November 3, 1975. Between December and May the company made 6 offers and the union 2. The strike began March 22. On June 15, the Labor Minister appointed a mediator, Mr. Yvon Blain. His report, ready the 15th of July, was welcomed by Hydro and rejected by the union. At the beginning of August, the Minister of Natural Resources, Jean Cournoyer intervened and took charge of the negotiations. His report was accepted by the union and rejected by Hydro-Quebec. At the end of October the dispute had still not been resolved/*

One of the important issues in the Hydro strike is the question of parity with Ontario Hydro workers. The government has refused to consider parity.

(LJ 30/7/76 p2 c1-3)

Hydro-Quebec workers are demanding French as the language of work. Blain suggests that French be used between management and workers but not necessarily with the public and with consumers. (LD 10/8/76 p4 c1-3 editorial)

Jean Cournoyer has asked the Quebec government to impose a solution on Quebec Hydro and accept his recommendations as demanded by the union.

(LD 23/10/76 p1 c1-3)

HYDRO QUEBEC BORROWING HEAVILY AND ASKING THE CONSUMERS TO PAY MORE.

If Hydro-Quebec's suggestions are accepted, Quebecers who now pay \$10. monthly will be paying \$21. in 1980 and \$25. in 1985.

Hydro-Quebec also projects borrowing \$1.2 billion this year, \$2.5 billion from now to 1985 and \$3.5 billion by 1990.

(LD 11/8/76, p1 c1-8; 12/8/76 p1 c1-3)

CNSP NOTE *Although the Hydro-Quebec Co. cries poor as far as being able to match Ontario wage levels for its workers, it is keeping up well when it comes to borrowing for expansion and increasing the amount consumers pay for hydro.*

CONSTRUCTION :

*Introduction: The progress of the construction strike has been confusing. Splits within the ranks of the workers and owners emerged during September. It seems generally to be an unpopular strike among workers but the reasons for this were not given in the press coverage. Nor is it clear just what the various sectors within the construction industry were being offered. It may be that the completion of the Olympics contracts has caused concern among workers who fear to press their demands very strongly.*

The Association of Construction Owners in Quebec has offered a 12% increase to construction workers for 1976-1977. However, the unskilled workers will receive approximately 5-8% while skilled workers correspondingly more.

( LD 31/7/76 p1 c1-2)

## ISSUES IN THE CONSTRUCTION STRIKE

2. 1. hiring halls  
2. choosing the shop steward on construction sites  
3. the right to stop work when workers consider conditions too dangerous.  
4. mechanism for collecting union dues.  
LD 7/8/76 p3 c1-6
3. 10,000 electricians have begun to walk off the job, 2 weeks after the current contract expired.  
LD 20/8/76 p3 c1-6
4. 35,000 workers are on strike as of today in the construction industry.  
TS 2/9/76 pA11 c8-9
5. 75,000 are now on strike in the Quebec construction industry. EJ 3/9/76 p48 c1-2
6. CNTU spokesman Michel Bourdon, said his membership is not satisfied with current offers but voted against a strike this year. GM 8/9/76 pB3 c1-3
7. Workers at a number of sites are going back to work although the FTQ has not ordered such a return. LD 20/9/76 p1 c2-5
8. The leader of the day labourers' union, Mr. Perrault, has announced the recall of the strike order since many within his union have returned to work. It is not clear why workers are dissatisfied with the strike's progress.  
LD 28/9/76 p1 c1-6
9. A number of construction companies have broken with the proposals agreed to by the Association of employers in the province and are offering better salaries to workers in the Montreal region. LD 30/9/76 p3 c4-6
10. According to negotiations for FTQ construction, only job security remains as an issue to be solved in the current negotiations.  
LD 5/10/76 p1 c5-6
11. Preliminary voting seems favourable to ending the construction strike. No details of the settlement have been released. LD 23/10/76 p3 c1-2

## BOURASSA'S NEW OFFENSIVE AGAINST LABOUR

The government is seeking 3 new powers.

- the removal of the right to strike in the hospitals
- the obligation to hold a secret vote for strikes and for the government to scrutinize such voting.
- access to scrutinize the financial balance sheets of unions

LD 8/10/76 p1 c2-5

## NATIVE PEOPLES

### DENE NATION THE BASIS OF NEGOTIATION

The Dene Assembly held in Fort Simpson early this month has given Dene leaders the mandate to negotiate land claims with the federal government on behalf of all Dene people in NWT. The basis of the Dene proposal to the government is political control and ownership of sufficient land to ensure their self-reliance and independence. The proposed agreement in principal was decided by a unanimous vote of over 200 Dene from 25 communities in the Mackenzie River Valley. In an interview, president of the Indian Brotherhood of NWT, Georges Erasmus, stated, "The issue keeps coming up as a land issue. We are trying to make it clear to the world it is not land as one entity that people are after but what we are after is self-determination. We want to preserve a way of life our people have had for a long time. It's a nation-a way of life that we want to preserve."

The five page brief presented to Warren Allmand, Minister of Indian And Northern Affairs, called for a Dene government within Confederation, "with jurisdiction over a geographical area and over subject matters now within the jurisdictions of either the government of Canada or the government of the NWT." Backing the Dene submission is extensive research including:

- a study of the Alaska native land claims settlement
- a study of native land use in the Mackenzie Valley
- a study of the super profits of six northern mining companies, a northern gas development company and a northern oil refinery
- a study of mineral and petroleum wealth in the Mackenzie Valley
- a review of what native communities think about the land claims settlement





## REACTIONS TO THE DENE PROPOSAL

Metis Association

The Metis Association of the NWT (MANWT), originally involved in a joint claim with the Dene, called for a boycott of the Dene Assembly and have refused to support the Dene submission to the federal government. Rick Hardy, president of MANWT, feels the brief is too vague and open wide to interpretation. Despite the stand of MANWT, a number of Metis people took part in the assembly rejecting their leader's stand and stating that they did not want to be separate.

NWT Territorial Council

Councillors in the NWT showed an unenthusiastic response to a draft of the Dene proposal. One councillor, Dave Nicherson, sent as far as accusing the Indian Brotherhood of wanting apartheid, while another, David Searle, compared them to Quebec in calling for separation.

GM 12/10/76 p8 c4-7  
 WFP 12/10/76 p56 c2-8  
 EJ 13/10/76 p29 c1-3  
 EJ 25/10/76 p1 c1-2  
 EJ 26/10/76 p23 c1-2  
 GM 26/10/76 p10 c1-3  
 Native Press 15/10/76 p1 c1-4

*CNSP NOTE Both the Metis Association and the Territorial Council of the NWT tend to represent business interests in the North. In fact, the Council has no treaty Indian members on it and it is responsible for governing the NWT.*

*The spirit between the Metis Association and The Indian Brotherhood regarding the Dene proposal has a long history behind it. The federal government has contributed to the spirit by creating the classifications of "status" and "non-status". Indians. It has also contributed by giving grants of equal amounts to both organizations even though there are many more treaty Indians than Metis. The Indian Brotherhood of the NWT maintains that all native people are one- they are "Dene"- and any other classification had been imposed on them by the white man.*

## AID TO INDIANS TO FIGHT REED

Both the federal and provincial governments will provide financial aid to the Indians of Treaty 9 to prepare their case against the lumber compoex Reed Paper Ltd. is planning for Northern Ontario. Reed and the Ontario government have signed an agreement giving the paper company timber rights to almost 19,000 square miles, provided forest studies and the environmental impact for a proposed mill are favourable.

The plans are bitterly opposed by the Indians, who were not consulted about the agreement. The area is the home of 20,000 Cree-Ojibway living in 30 communities and includes areas where they hold rights. Treaty 9 officials say the limits contain the last virgin stand of black spruce in Ontario which cannot be regenerated after cutting. They warn that a vast treeless desert

would be the result of the cutting and this might start an ecological disaster. It could also have devastating effects on the health of the Indians in the region and destroy the basis of their livelihood.

Treaty 9 has begun to seek a federal court injunction to halt any planning or work on the project. The Indians have received support in their struggle from both the NDP and Liberal parties of Ontario. Mr. Stephen Lewis, NDP leader in Ontario has called for inquiry into all aspects of the agreement with Reed, similar to the Berger commission presently studying development of a Mackenzie Valley pipeline.

The Ontario Federation of Labour has asked Ontario to establish a three man inquiry to study the environmental and social impacts of the Reed plan. It said the committee should be composed of one Indian, One government representative and a neutral chairman.

The United Church of Canada has resolved to call on the government of Ontario to declare a moratorium on all major development projects north of the 50th parallel until a full public hearing has been held. CP GM 26/10/76 p10 c1-2  
MS 28/10/76 pA4 c1-4

TS 30/10/76 pA1 c9 TS 28/10/76 p1 c3-7

#### JAMES BAY SETTLEMENT

Indian Affairs Minister Warren Allmand says the Commons debate on the James Bay land settlement bill has been postponed until negotiations with a small band of Quebec Indians are complete. The negotiations are with members of a small band of Neskapi Indians who live near Schefferville and were left out of the original agreement. CP MS 28/10/76 pA11 c1-4

#### BERGER STAFF SAYS POSTPONE PIPELINE

In an extensive report to Mr. Justice Thomas Berger, the staff of the Berger Commission has stated that construction of a northern pipeline within 10 to 15 years after settlement of native land claims would be detrimental to native groups. A delay would be needed to set up the institutions and structures "which will guarantee the native people of the North a secure political, social and economic base upon which to face the future." CP TS 30/10/76

PA2 c7-8



CT 8/10/76 p1

**MERCURY POLLUTION CHARGED**

American Can of Canada Ltd. has been charged under the federal Fisheries Act with emitting up to 28 times more than the allowable amount of mercury from its chlor-alkali plant at Marathon, Ontario. It is the first time charges of mercury pollution have been laid in Ontario. EJ 30/9/76 p34 c1

**GOVERNMENT****QUEBEC ELECTION****INTRODUCTION**

The Bourassa government called a fall election hoping to capitalize on the success of the Montreal Olympics and its hard-line stance towards the public service strikes in the spring. It quickly ran into trouble with Bill 22 being the focus of criticism among English and immigrant Quebecers—traditional supporters of the Liberals. Opinion is divided on whether Marchand and Mackasey will help or hinder the Liberals in the election.

The Parti Quebecois is gaining popularity and seems to have weathered the Le Jour trouble of a month or two ago. The PQ campaign is down playing independence this time around and concentrating its guns on the corruption and weak economic performance of the present government. By the end of October it had not emphasized its positive proposals if it takes power, stating only that the "independence" issue would be handled by a referendum.

**BOURASSA CAMPAIGN**

Many observers believe the Liberals are taking for an election this fall because they think their chances of returning to power are at a peak.

MS 8/10/76 pA3 c1-2

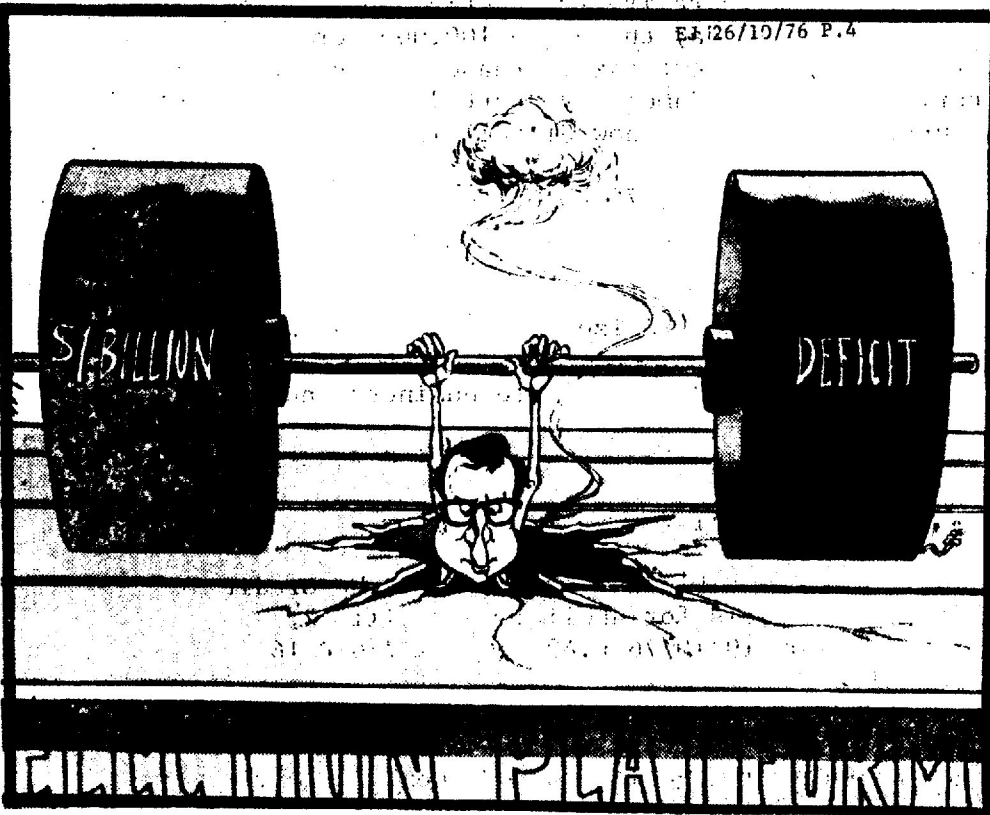
Issues the Liberals will campaign on:

- unconditional support for federalism, bilingualism and a hard-line stance towards public service strikes. MS 16/10/76 pA1 c1-6

Bourassa calls election for November 15 GM 19/10/76 p1 c8  
Standings at dissolution were Liberals 96, PQ 6, Parti National Populaire 2, Union Nationale 2, Creditiste 1, Independent 2.

Bourassa last night warned that a vote for the PQ would create political instability at a time when investors were making crucial decisions about putting money into Quebec.  
GM 26/10/76 p8 c2-8

In a debate with Rene Levesque Bourassa suggested that strong links exist between the Parti Quebecois and Quebec labour leaders who had vowed to "overthrow the (Quebec) Government".  
TS 25/10/76 pA1 c8-9



## PROBLEM AREAS FOR THE LIBERALS

Liberal candidates are scrambling to get out of English Montreal ridings hurt by a back lash against the government over Bill 22. And in ridings such as Laurier, St. Louis, Outremont, Jean Marce, Cremazie, L'Acadie, Anjou, Bourassa, Dorion, Viau, NDG, where large groups of Italian and Greek immigrants reside, opinion is also against the liberals on the same issue.

(MS 27/10/76 P.A1, cl-4)

## THE PARTI QUEBECOIS

Leveque's campaign theme is: "We deserve better than that" (the Liberal government). He is down-playing the independence theme, postponing the issue for two years after an election won by the P.Q.

(MS 13/10/76 P71, c5-6)

Leveque argued at a meeting last night that Bourassa's theory of "profitable federalism" has failed--Ottawa has refused to help pay the Olympics deficit, didn't support the French air controllers, and its agricultural policy has been disastrous for Quebec farmers.

WFP 13/10/76 P.14, cl-4)

## P.Q. PROPOSALS

The P.Q. proposes a public auto insurance corporation to eliminate the "racket of organized theft" which now exists in the car insurance industry; a profit tax on land sale to cut down on speculation in farmland; a \$50 million-a-year medical plan to offer free drugs to all pensioners, free dental care to age 17.

(MS 28/10/76 P.D3: GM 29/10/76 P.9 cl-3)

## THE LEVESQUE-BOURASSA DEBATE

Levesque: "Bourassa six years ago pledged to retire from active politics if he didn't succeed in reducing unemployment. Today there are 100,000 more unemployed in the province, and he has produced the largest tax increase and the biggest budgetary deficit in the history of Quebec. James Pay started with a budget of \$5.8 billion in 1972 and the current estimate is now \$16 billion."

(GM 27/10/76 P.7 cl-6)

## OTHER PARTIES

### Democratic Alliance

This party draws its support from the Montreal Citizens Movement, the Provincial Association of Protestant Teachers and the NDP. It proposes:-

- economic development should favour co-ops and small-scale business, not big business or big labour,
- Bill 22 should be amended to re-establish freedom of choice with regard to language of instruction.

(MS 9/10/76 P.A7, cl-6)

### Union Nationale

Its base is in small towns and will likely take away votes from the Creditistes. The party is led by Rodrigue Biron, and calls for abolition of Bill 22.

MS 19/10/76 P.A9: QC 4/10/76 P.16

## LABOUR AND THE PARTIES

The FTQ will openly support the PQ and will urge its 280,000 members to vote for

the PQ on Nov. 15th. "The PQ is the only party which has a reasonable chance to defeat the Liberals—a party that has sold out to the interests who exploit workers," said Louis Laberge, who also indicated that "FIQ support is not unconditional." The CEQ will not support any party in particular, but is preparing documentation to illustrate what the Liberal government has done. The CSN is not expected to support one party in particular.

LD 26/10/76 P8 c1-2: LD 27/10/76 P.8 c5-6)

## MILITARY, COURTS, PRISONS

*INTRODUCTION: While the government is increasingly pressured to fatten its defence budget, there is a simultaneous trend towards outbacks and a tightening-up in the courts system. The recent outbreaks in Canadian prisons show another area of outbacks where the numbers of inmates are increasing as the number of staff continues to decrease.*

## MILITARY

### Nato Calls for More Support

Dr. Joseph Luns, secretary general of the North Atlantic Treaty Organization urged more financial support from member countries. Luns stated that if allies spent as much as they did 12 to 14 years ago, we would be in an "absolutely secure military position." Praising the United States for its huge 7%-of-the-Gross-National-Product defence budget, Luns emphasized Canada's role as being extremely important in protecting her allies, especially the U.S.

WFP P.10 c6-8 17/9/76

### Defence Spending

Joe Clark raised the possibility of increasing Canadian defence spending while visiting Canadian forces in West Germany. The Federal Government's spending on defence increased from \$1.57 billion in 1962-63 to \$3.37 billion in 1975-76. As a proportion of the total federal budget, there has been a decline from 24% in '62-63 to 8.8% in '75-76.

GM 11/9/76 P,6 c1-2

*CNSP Note: The Conservatives were last in power in '62-63. Clark may be following a Conservative tradition of maintaining a substantial defence budget to keep bases open and increase employment.*

### Federal Government Pays Northrop \$9 million.

The Federal Government paid \$9 million to Northrop Corp. for damages and breach of contract. The company contended that the Government reneged on commitments given in return for the right to make Northrop's F-5 fighter aircraft in Canada and to sell to other nations. One of the conditions was that a co-operative marketing programme be set up. However the company claims that the Canadian Government pressed on alone and sold aircraft to several foreign companies.

HCH 6/9/76 P.3 c2-3

## COURTS

### Christie Paper: Speed-up or Cut-back?

The Justice Department has issued a memo, called the Christie Paper, proposing procedures

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to speed up backlogs in the courts. The memo includes 42 Criminal Code offences (i.e. high volume cases like breaking and entering) that allow a prosecutor to decide whether to proceed by summary trial or indictment. Under summary process, penalties are lighter and there is no provision for trial by jury. The accused then would elect trial by magistrate or judge. The proposal could extend this system to more serious charges that cannot be treated summarily under present law. The paper also proposed to do away with the accused's right to remain silent.

HCH 11/9/76 P.3 cl-2

Reactions to the Christie memo appeared from various groups including the Ontario Criminal Lawyers' Association and the Ontario government. Specific opposition spoke against the restriction of the use of juries in criminal cases and of the accused's right to remain silent. One Toronto lawyer suggested that cutting the cost of criminal trials by jury restriction would tie justice to the Anti-Inflation Programme.

TS 25/9/76 P.A12 cl-4

## PRISONS

*INTRODUCTION: This month, the Press gave a fair amount of coverage to the numerous prison riots and hostage-takings that occurred within the first few weeks of October. Most material in the media appeared detailing the events of the B.C. hostage-takings and riot, although a few articles covered the incidents at Kingston, Thunder Bay, Prince Albert, and Montreal. The following is divided into three topic sections according to the amount of press coverage given to each. The first deals with Press coverage of the incidents of the first week of October, and the other two sections look at the reactions of prison guards and government to the riots.*

### B.C. Penitentiary, Sept.27-Oct. 2

Sept. 27: Two hundred convicts in the maximum security of the B.C. penitentiary rampaged in the east wing. Five hours after the beginning of the riot, a prison guard and a food service employee were taken hostage. A seven-man prisoner committee began negotiations for the release of the two hostages. (TS 29/9/76 P.A1 cl-9)

Sept.29: Food service employee was released after officials agreed to allow the committee to make statements to reporters and to take no reprisals against hostage-takers or the 200 men involved in the riot. (TS 29/9/76 PA1 cl-9)

The Citizens' advisory committee, acting as intermediaries, released a statement by the prisoners' committee saying that the incident resulted from the desire to "expose corruption in this institution." (TS 29/9/76 P.A1 c7-9)

OCT. 1: The second hostage was freed on the following agreements:-

- 1) The RCMP would remain in the penitentiary for two weeks,
- 2) After one week, the RCMP will meet with the prison officials, the prisoners advisory and citizens' advisory committees to discuss the needs for continuing the presence of the force within the prison,
- 3) The RCMP is responsible for removing prisoners from the destroyed east wing,
- 4) No physical punishment of any prisoner involved in the insurrection,
- 5) No internal disciplinary charges are to be laid till after a public inquiry,
- 6) No prisoner can be charged under both the Criminal Code and the internal discipline code for the same offence.

(TS 1/10/76 P.A 1, c3-7)

Oct. 2: Despite the prisoners' demand that no charges be laid against prisoners involved

before a public inquiry, David Vickers, deputy attorney general, said that charges will be laid following the 81-hour seige.

MS 2/10/76 P.A15, c1-6

*CNSP Note: A good deal of press coverage was given to Ivan Horvat, president of the inmates' committee. This is the first time in the history of Canadian prisons that negotiations were held in the presence of the media.*

#### LAVAL PENITENTIARY, MONTREAL

One hundred soldiers were transported to Laval Institute after prisoners set fire to cells in the maximum security wing. The prisoners were protesting chronically poor conditions resulting from the doubling of the Laval population in the last six months.

EJ 28/9/76 P.3 c5-8

#### THUNDER BAY PENITENTIARY

Hostages were taken in the maximum security wing by prisoners protesting long-term remands. Hostages were released when a document promising to honour prisoners' request for a public inquiry was released.

WFP 18/10/76 P.1 c3-7

#### MILLHAVEN PENITENTIARY, KINGSTON

Tear gas was used to stop prisoners when they went on a brief rampage of cell destruction for the second time in 24 hours. Solicitor-general Francis Fox says that new "super-maximum security" prisons must be built for hard-core offenders.

MS 8/10/76 P.A12, c3-6

#### GUARD REACTION

Prison guards across Canada will resign unless government tears up an agreement with prisoners that resolved the hostage-taking incident at the B.C. pen. The guards are fed up with overcrowding, understaffing and outdated facilities, increases programmes for prisoners and cutbacks for staff.

TS 4/10/76 P.A1 c8-9

#### POSSIBLE STRIKE ACTION

Prison guards and support staff at Manitoba's Stony Mountain Penitentiary have voted in favour of allowing national union executive to call a strike if demands for better working and safety conditions are not met. Similar votes were taken at all Canadian pens demanding better training programmes for guards and more authority for dealing with inmates.

WFP 16/10/76 P.3 c7-8

*CNSP Note: The annual turnover for prison guards is 40-60%. Salary increases are minimal, so a guard starting at \$9,100 may be earning only \$13,200 twenty years later. Many guards put in excessive overtime to make up low salary, and the usual result is overworked, underpaid, and inexperienced workers. The role of the guard in the institution is defined as one of keeping the prisoners in line, making sure they don't escape. The presence of highly skilled rehabilitation workers within the prison poses a threat to the prison guard who finds his job more difficult when prisoners are involved in less controllable programme-oriented situations.*

TS 4/10/76 P.C3 c1-7

## GOVERNMENT REACTION

An eleven-member parliamentary sub-committee of the justice committee will hold a public inquiry into the prison system and will report back to the House on February 28, 1977. Solicitor-general Fox outlined 4 main tasks of the committee:-

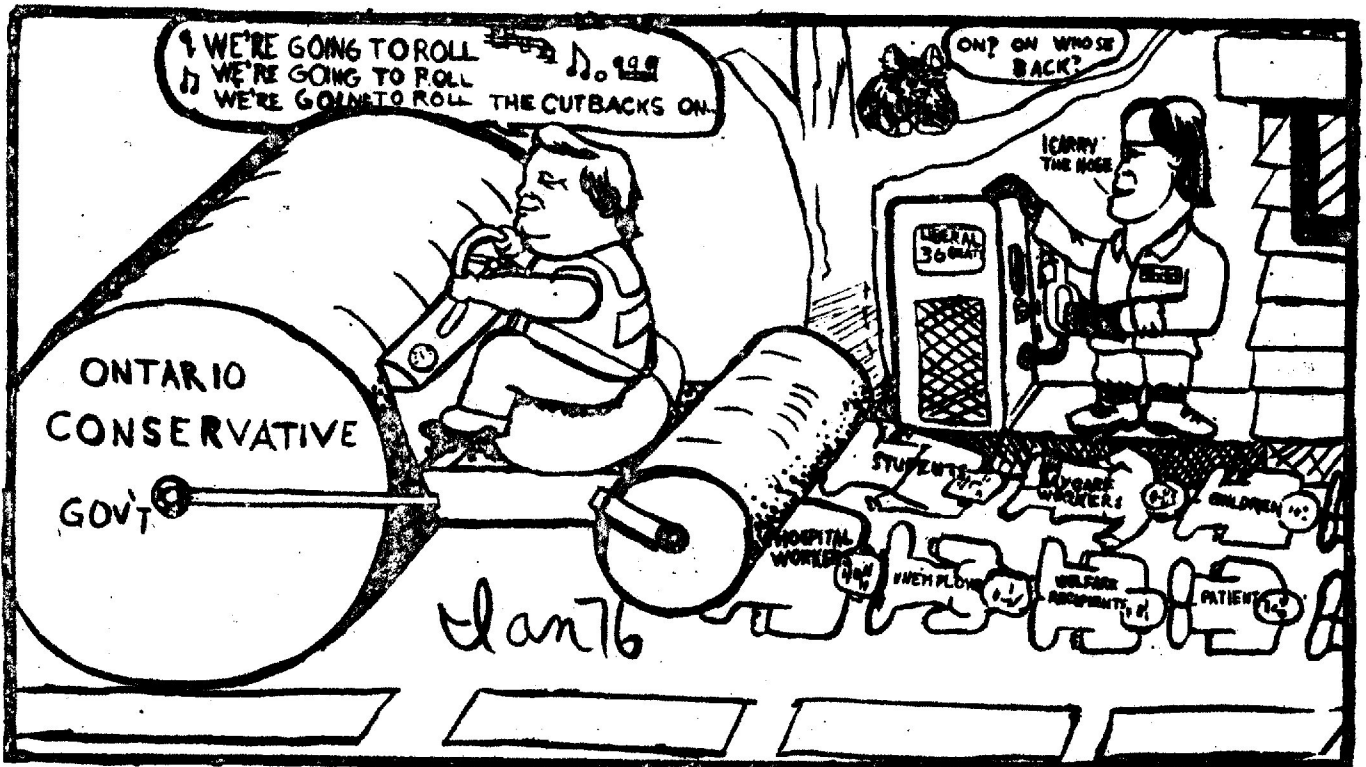
- 1) examining the adequacy of security conditions, custodial facilities and correctional programmes,
- 2) looking at administrative problems in prisons,
- 3) studying the need for and role of citizens' and prisoners' advisory committees

*CNSP Note: There have been approximately 20 committees formed in the past to look into Canadian penitentiaries, and little action has been taken on any of their recommendations. The last committee in 1973 never formally reported to Parliament.*

## HEALTH, WELFARE

"Some people will obviously have to do with less....Yet it will be a hard pill...to swallow—the idea of doing with less so that big business can have more."

Business Week, Oct. 12, 1975.



*INTRODUCTION: In order to study the repercussions of the Anti-Inflation legislation and government social service cutbacks on workers and low-income families, CNSP presents portions of an analysis of the cutbacks done by the Ottawa Committee for Labour Action.*

Taxes in Canada are levied federally, provincially and by municipalities. They can be raised federally and provincially through hikes in income tax, provincially through higher rates of sales tax, and municipally by increases in property tax. Such tax hikes directly reduce workers' incomes.



Less obvious ways of reducing the standard of living are measures such as the reduction of the quantity and quality of social services provided by governments, the elimination of previously free services; and the raising of premiums paid for services normally rendered at minimal cost. Such government actions force workers to directly finance those services which tax revenues were intended to provide. These measures are now being taken by governments at all levels and together they effectively lower the living standards of workers and their families.

#### HIGHER TAXES AND PREMIUMS

- Unemployment Insurance Premiums up 28.5% (from 1.4% to 1.8% of pay)
- Ontario Health Premiums (up 45%)
- Ontario Sales Tax up 40% (from 5% to 7%)

#### FEWER SERVICES

- Longer waits and reduced availability of UIC
- Cuts in funding of day care, children's aid, Schools and Colleges
- Hospital closings and reduction in health services
- Restriction of foreign doctors into Canada
- Cuts in federal employment programs, LIP, OFY and community enriching programmes

#### ECONOMIC HARDSHIPS

- The hospital cutbacks in Ontario totaling \$50 million will reduce number of jobs by 10,000
- Freezes by hiring by governments-unemployment will increase up to 40,000

Social Services and Welfare are being forced to spend no more than 5.5% more than was spent in 1975. With inflation likely to be about 10%, the government is forcing a real cutback. The impact of these cutbacks is most evident when recognition is given to both the growing need of welfare due to growing unemployment and also to the fact that most welfare programs are cost-shared with the Federal Government. (This means that a provincial reduction of 50¢ means a real reduction of \$1.00 in available welfare.) Such provincial expenditures are cost-shared with the municipalities. (Municipalities supply 10¢ of every dollar of welfare spent) therefore a provincial reduction of 40¢ will result in a \$1.00 reduction in welfare.

The Ontario Government has refused to allow municipalities to receive the federal matching welfare dollars This means that the municipality has to find 90¢ more to go with every 10¢ increase in welfare. This money can only be obtained through raising municipal property tax. If it cannot be raised there will be an even greater cutback in services. The provincial government is conducting a massive publicity campaign to convince workers that welfare recipients are the cause of their problems. The facts are that over 90% of recipients are unemployable and for the rest, with unemployment at a 15 year high, jobs simply do not exist.

Ontario spends the second smallest amount of money of all the provinces on social welfare services (9.2%). Over the last 3 years social service spending rose by 35.8% while prices rose by 32.2%.

#### MEANING OF CUTBACKS

The social service and security programs that now exist were won through years of hard struggle by workers. These programs are basically forced savings out of current income to be used by the worker when he or she is laid off, ill, injured or retired. These earnings are referred to, as the Social Wage.

Given the governments' commitment to assisting the corporations, the income earned by workers must be transferred from wages to profits. This means reduction of the direct wage through the AIB wage control program and the social wage through social service cutbacks and tax increases. This co-ordinated strategy by Federal and Provincial Governments is specifically designed to reduce the price of labour in order to increase profits for corporations and force workers to bear the burden of the economic crisis (created in large part by the original actions of corporations). Social service cutbacks are intended to significantly lower wages demands by taking away the workers' access to security. With reductions in UIC and welfare and with lay offs occurring, employers threats to layoff workers if wage demands are too high acquire greater meaning. Workers, through taxation, have financed industrial development and are now being forced to do it to an even greater extent. The following table on provincial and federal governments' revenues shows that taxes paid by corporations are being paid by workers.

#### TRENDS IN SELECTED SOURCES OF GOVERNMENT REVENUES (ALL PROVINCIAL GOVERNMENTS)

##### PERCENT OF TOTAL REVENUE

<u>SOURCE</u>	<u>1962/63</u>	<u>1974/75</u>	<u>% Change</u>
Personal Income Tax	8.5%	up to 21.1%	+148%
Corporate Income Tax	9.4%	down 5.5%	-41.5%
<u>FEDERAL GOVERNMENT</u>			
Personal Income Tax	30.5%	up 43.5%	+42.6%
Corporate Income Tax	22.7%	down 15.7%	-30.8%

Source: National Finances published by The Canadian Tax Foundation

It is perhaps in anticipation of the swelling public outrage that the government has been preaching about the evils of violence in our society and expanding its spending on the provision of "law and order" services by 15.1% in 1976/77. (An analysis on "Government Cutbacks" done by Alan Moscovitch and Donald Swartz can be obtained from: P.O. Box 4257, Station E, Ottawa.)