

canadian

November
1976

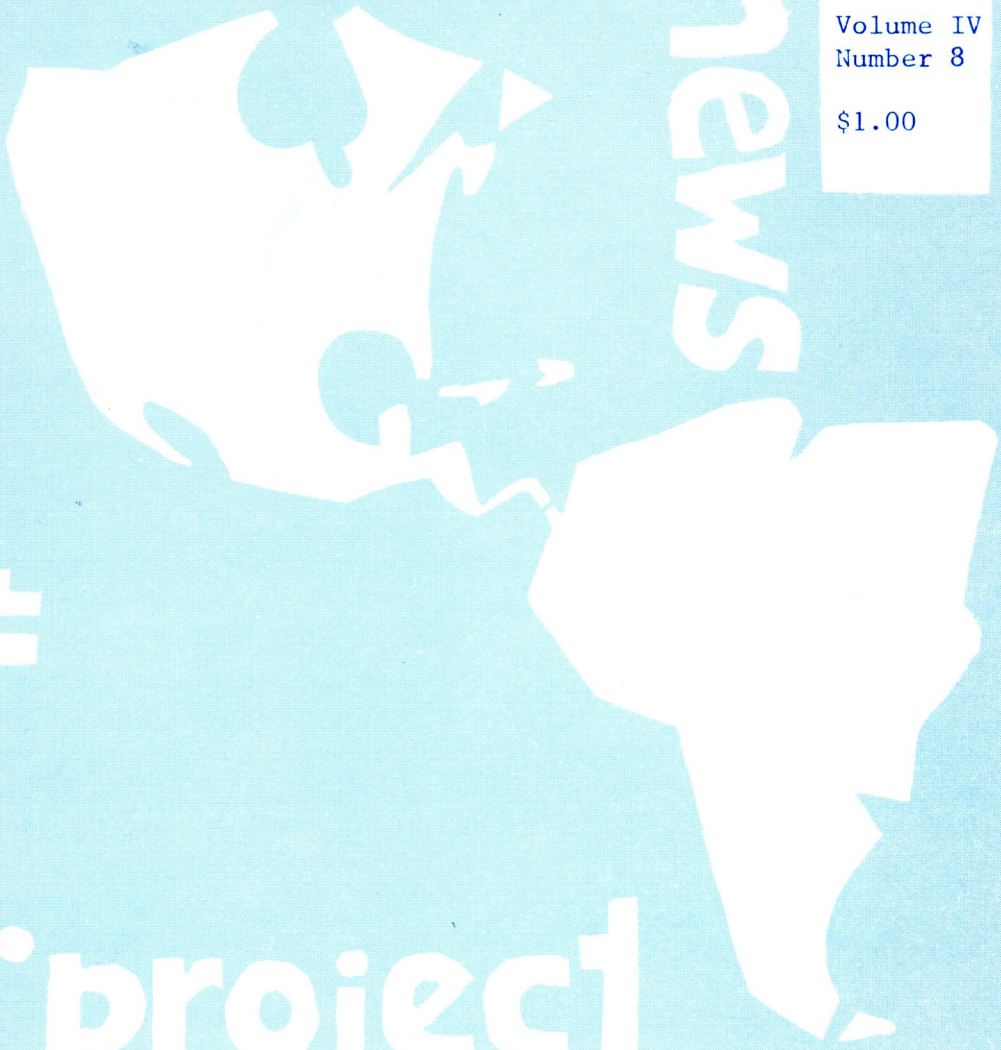
Volume IV
Number 8

\$1.00

news

synthesis

project



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.

CNSP is co-producer of Latin America & Caribbean Inside Report (LACIR), a monthly interpretive news bulletin.

clipping service

All clippings are kept on file and are available at a nominal cost to individuals and groups wishing to do research.

newspapers used

Toronto Star	TS
Globe and Mail	GM
Financial Post	FP
Ottawa Citizen	OC
Montreal Star	MS
Halifax Chronicle Herald	HCH
Winnipeg Free Press	WFP
Le Devoir	LD
Edmonton Journal	EJ
Montreal Gazette	MG

special publications

1. **Chile and the Canadian Press**..... \$.50
2. **The Resource Question: Whose Priorities?**..... \$.25
3. **GAI: "Only Solution" or Welfare Jungle?**..... \$.50
4. **An analysis of Canadian Press Coverage of the Green Paper on Immigration and Related Issues**. \$.75
5. **Canadian Press Coverage of the Food Debate: An Analysis**..... \$.50
6. **Review 1974-75: Canada in an International Context**..... \$1.00
7. **Of Dust and Times and Dreams and Agonies by Pat Bird. A short history of working people in Canada**..... \$4.50

subscription rates

box 6300
station 'A'
toronto
canada
M5W 1P7

\$10.00 per year for individuals; \$20.00 per year for institutions. (Add \$10.00 per year for Air Mail Service; add \$5.00 extra in Canada for First Class.) Back issues are available at \$1.00 per copy. The Canadian News Synthesis Project publishes monthly, except August.

HIGHLIGHTS

1. Revised estimates by the Organization for Economic Cooperation and Development and major western economists indicate that the much trumpeted economic recovery has been cut short. The U.S., as the engine of western growth, seems to be caught between internal tight money pressures and the need to stimulate its own economy to boost international growth. Pp. 1 & 2
2. Trade officials in Ottawa are concerned that foreign-owned subsidiaries in Canada are refusing to make export deals unless they get financial aid from public funds through the Export Development Corp. Pp 3,4
3. Treaty Nine Indians in Northern Ontario have refused to take part in provincial hearings on the proposed Reed Paper development, suggesting instead a Royal Commission into development north of the 50th. parallel. In Quebec, the James Bay Cree have charged 15 mining companies with mercury contamination. See P. 24.
4. The Quebec election:- an analysis of Press coverage, Pp. 26-30.
5. Projections for Canadian military expenses continue to soar, despite cutbacks in other major areas of government spending. Included in the agenda are new multi-purpose aircraft and new naval vessels worth about \$1.5 billion. See. Pp. 31,32.

INDEX

	Page		Page
CANADA/INTERNATIONAL	1-2	LABOUR	
Canada/Latin America	2	General	15
Trade	3-4	Labour Struggles	19
Foreign Investment	5-7	Quebec Labour	22-23
		Native Peoples	23-25
ECONOMY		POLITICAL	
General	8-9	Quebec Election	26-30
Oil & Gas	10-12	Military	31-32
Agriculture	13	Housing	32-33
Mining	14	Media	34-35

Note: Please find the enclosed CNSP special publication:

MAKING HISTORY: Labour and the Press after the Day of Protest.

CANADA/INTERNATIONAL RELATIONS

INTERNATIONAL ECONOMIC PICTURE

The Organization for Economic Co-operation and Development(OECD) which is made up of the 24 most developed capitalist nations has revised its predictions of growth for the second half of 1977. In July they forecast a growth rate in GNP of 4.5% this year in capitalist countries. They now predict an annual growth rate of 3.5% for 1976. The revised figure reflects the problems in the Italian and British economies, and the French government's austerity measures.
(CM 6/11/76 pB2 cl-2)

OECD predictions for the first half of 1977 show an unexpected growth rate of 4.3% - down from previous predictions of 5.25%. If OPEC decides in Qatar on December 15 to revise oil prices by more than 10% this may force a further downward revision in growth figures. One reason behind lower growth is that personal consumption in OECD member states has not been rising as quickly as expected.

Western economists evidence the worst pessimism since the 1930's, and experts cite confusion, uncertainty and a feeling the western economies are beyond control. In France, unemployment has passed the million mark, up 70,000 in one month. The EEC has informed Japan that it has to cut its exports to the EEC or face restrictions and quotas. Japan has announced a balance of payments deficit of \$100 million for October. In this atmosphere, 17 prominent West German economists have argued for faster growth in the U.S., West Germany and Japan to boost their demand for imports and to stimulate the "weaker sisters" of the world economy. The West Germans are cautious however, and the Japanese are determined to hold their currency down. But there is evidence that key groups in the Carter entourage in West Germany and Japan will be pushing for growth and investment incentive approach early.
(MS 22/11/76 p5; MS 25/11/76 np)

In the U.S., there is evidence that Carter's growth plans may run into the caution of the Federal Reserve Board Chairman, Arthur Burns. Burns has cautioned publicly against the use of past methods of stimulating the economy including budget deficits and easy credit. Democratic Wisconsin Senator William Proxmire has stated that if the Federal Reserve Board does not ease its money growth policies it could force Congress and the Carter administration to adopt "big spending programs" and end up in a head on clash. Lacking President Ford's vetoes, Congress can push ahead with a full employment program. Carter's top economic advisor, Lawrence Klein, advises a quick tax cut, tax rebate or increase in federal spending.
(HCH 4/11/76 p48; HCH 13/11/76 p24)

Meanwhile, concern over international debt levels grows. The Federal Reserve Board of the U.S. predicts payment problems on the part of a number of third world countries and cites the \$32.6 million which U.S. banks have out to Brazil, Argentina, Mexico, Peru and Indonesia. Meanwhile, the U.S. Export-Import Bank which makes loans and loan guarantees to foreign buyers of U.S. merchandise points out that Zaire, Nigeria, Mexico and Thailand are already in arrears on loan payments. Morgan Guarantee Trust Company points out that Britain has a total of \$45 billion outstanding public and private borrowing, the Soviet Union and

other Comecon countries have \$40 billion outstanding, Brazil, Mexico and Italy are each over \$20 billion. France, Finland and Indonesia each have outstanding foreign debts of close to \$10 billion.

The lending is being done by large Eurocurrency banks, based in the major western European countries, Canada, the Bahamas, Panama, the Cayman Islands, Japan and Singapore. They had net foreign-currency liabilities of \$70 billion in 1970, \$160 billion in 1973 and \$275 billion today. Leonard Silk of the New York Times comments, "Some crucial decisions lie in the hands of private bankers, not public officials." (MS 12/11/76 pB6 c1-2 TS 15/11/76 p13 c1-3)

S.S. (Sonny) Ramphal, Commonwealth Secretary-General, and former foreign minister of Guyana visited Canada and voiced scepticism about the possibilities of any movement at the Paris Conference on International Economic Cooperation (CIEC). The CIEC may be just a mechanism used to delay and defer real decisions. He specified the U.S. rather isolationist approach as a major block. The CIEC has become a "dialogue about dialogue." (GM 5/11/76 8 c1-3, MS 11/11/76 All c1-4)

Oil producers and developing countries are frustrated at the lack of progress in CIEC. The Conference commissions have produced little that is concrete. The rich nations have preferred to defer all decisions to the December ministerial meetings. It seemed possible that the OPEC countries due to meet in Qatar in December might delay their decision on prices until after the Minister meeting in order to exert pressure on the West to make concessions in CIEC. Meanwhile French President Valery Giscard d'Estaing appealed for continued dialogue. Canadian Cabinet minister and Conference co-chairman, Allan MacEachern made a surprise visit to Paris to attempt to keep the conference afloat. At a press conference, he and co-Chairman Manuel Perez Guerrero, President of Venezuela, admitted that the year long effort has left many substantive issues unresolved. Attention now focuses on the December 20th conference of oil producing countries.

(GM 5/11/76 1 c1-3, MS 19/11/76 All c1-4, HCH 17/11/76 9 & 15, GM 16/11/76 B2 c6-8, OC 18/11/76 10 c3-5)

CANADA/LATIN AMERICA RELATIONS

NEW LINKS:

SEVEN CANADIAN BANKS HAVE AGREED TO LEND THE GOVERNMENT OF ARGENTINA 66 million dollars to extend the maturity of its external debt. The loan agent is the Royal Bank of Canada. Other consortium members are the Bank of Montreal, the Merchantile Bank of Canada, the Bank Canadian National, the Bank of Nova Scotia, the Toronto-Dominion Bank and the Canadian Imperial Bank of Commerce. Argentina reports that it has already secured \$574 million from commercial banks in the U.S. and Japan, and is seeking the remainder of a total of \$1 billion from European banks. (GM 20/11/76 B2 c 1)

In the House of Commons Nickel Belt MP John Rodriguez (NDP) asked whether or not the Canadian Government was willing to ask Canadian banks loaning funds to Chile to respect the moral position of the Canadian government and the tech-

nical and economic unacceptability of the loan? External Affairs Minister Jamieson could see no reason why the government should interfere. The Toronto Dominion, Royal and Nova Scotia Banks have joined a consortium which has lent \$125 million to the Chilean military junta, to ease it through the refusal of the International Monetary Fund to support its external debt.

(Hansard, 18/11/76 1130 c 2)

The Universities of Sherbrooke and of Montreal are setting up a Canadian-Latin American centre in cooperation with Candido Mendes University in Rio de Janeiro, Brazil supported by CIDA. (FP 13/11/75 35, c4)

The Export Development Corporation will lend up to \$3.1 million to support the \$3.5 million sale by Erco Industries of Toronto of a Canadian chlorine dioxide plant and related services to Brazil. The Royal Bank of Canada will participate in the financing of up to \$945,000. The equipment will be part of a 400,000 ton a Year pulp mill complex at Aracruz, some 400 miles north of Rio de Janeiro. (MS 12/11/76 B6 c3, GM 9/11/76 B3 c7-8)

TRADE

INTRODUCTION

Although Canada's merchandise trade balance by the end of the year will show a surplus, (after last year's deficit) future trade opportunities do not look bright. Few concrete export opportunities were produced by recent ministerial trips to the USSR and to Japan. With the economic recovery in the U.S. and Europe faltering, new markets are not readily apparent. The slowness of Europe's recovery has significant consequences for Canada since it means increased dependency on the U.S. market for sale of Canadian products, shattering the hopes of the Third Option trade strategy and Trudeau's "contractual link" with the European Common Market.

Two items in this month's synthesis give further credence to the long-held theory that foreign-controlled subsidiaries in Canada are not interested in using Canada as a base for exports. A recent Canadian tour of Japanese businessmen made the claim, and trade officials in Ottawa confirmed, that unless these foreign subsidiaries receive Canadian government export support, they are unlikely to seek out and retain foreign markets. If this is the case, Canadian export support programs are doing little more than subsidizing the coffers of foreign transnational corporations. Such an attitude by foreign corporations means serious trouble for the government's trade-dependent solutions to problems in the Canadian economy, as they limit the amount of growth that is possible for Canada's export sector and export-related job creation.

TRADE SURPLUS CONTINUES FOR OCTOBER:

Canada has a seasonally adjusted trade surplus of \$163 million in October, its third consecutive monthly surplus, Statistics Canada reports. Canada's merchandise surplus by the end of the year is expected to total about \$1 billion reversing a 1975 deficit of \$639 million. (GM 27/11/76 pB14) (FP 6/11/76 p8)

BUT THE EUROPEAN MARKET WILL BE WEAK

Forecasts by the Organization for Economic Cooperation and Development (OECD) indicate that the European Common Market will experience a much smaller rate of economic growth in 1977 than previously predicted. Canadian exporters will

have few opportunities to test the value of the recently signed "contractual link" agreement with the EC as the export market for Canadian goods is unlikely to increase significantly. (FP 13/11/76 p1)

FROM RUSSIA WITH FEW RESULTS

Businessmen returning from a recent trade mission with External Affairs Minister Don Jamieson to the USSR say that while the trip opened up a few additional export opportunities for Canada, the size of the trade is small and will not significantly help solve Canada's trade problems. In 1975 Canada exported about \$400 million in goods to the USSR, about 80% in grain sales. Canadian imports of USSR products totalled only \$30 million. (FP 20/11/76 p6 ed)

SALE TO POLAND FINANCED BY EDC

While in Warsaw promoting Canadian exports, Len Marchand, minister responsible for small business, signed an \$80 million contract for the export of three paper-making machines to Poland. The sale will be financed by the Export Development Corporation (EDC) and will create an estimated 800 man-years of work in Canada. (WFP 3/11/76 p17 CP)

JAPANESE TRADE MISSION COMPLAIN ABOUT CANADIAN INVESTMENT CLIMATE

A group of executives of important Japanese corporations expressed serious concerns about investing in Canada while on a 10 day trade mission in Canada. Following on the heels of Prime Minister Trudeau's recent visit to Japan (see CNSP Vol. IV, No. 7, p.4) the Japanese delegates discussed with Canadian business and government representatives the possibilities of increased Japanese investment in Canada as a way to upgrade Canadian raw materials before export to Japan. They cited the following inhibiting factors for investing in Canada:

- government interference in the private sector, especially in provinces with NDP governments
- high labour costs, production time lost due to strikes and high taxes as compared with conditions in the U.S.
- the small size of the Canadian Market
- environmental regulations which are too strict

The Japanese delegates were not overly concerned about Canadian anti-inflation policies, but generally state that "investment incentives are not sufficient to cover" the various inhibiting factors. The visiting delegation contends that American companies with subsidiaries in Canada--particularly manufacturers--are not interested in selling to Japan from their Canadian operations.

(FP 13/11/76 p9) (GM 6/11/76 p12) (FP 6/11/76 p12) (GM 2/11/76 p8)

CHRETIEN MOVES TO SUPPORT EXPORTS:

Industry, Trade and Commerce Minister Jean Chretien announced

several initiatives to promote Canadian manufacturing and export sales:

- the government will loan \$7 million to the state-owned deHavilland Aircraft Company to develop the Ranger, a long-range reconnaissance version of the DASH-7 short take-off and landing aircraft for export to countries whose new 200 mile offshore zones require patrolling aircraft.
- a federal guarantee has permitted Bombardier-MLW Ltd. to sell two light,

rapid, comfortable (LRC) trains to Amtrak, the U.S. passenger train service. The government guarantees to buy back the two trains for \$8.3 million if Amtrak does not want to keep them after two years of operation. The federal government will have to decide by December 6 if it will give supportive guarantees to help a consortium of Canadian companies in a bid to win a Venezuelan contract to construct a new railway line. The total value of the deal could be up to \$1 billion. The Canadian companies involved are: Bombardier-MLW Ltd (supplying locomotives), Hawker Siddley (freight cars), Sydney Steel Corp. (railtracks), and Canadian National, Canadian Pacific and Loram International Ltd., three firms which would provide technical services.

(OC 4/11/76 p 10 TS 4/11/76 pC8, GM 4/11/76 pB3, FP 13/11/76 p9)

U.S. SUBSIDIARIES ABUSING GOVERNMENT SUBSIDIES:

Federal trade officials are concerned that foreign-owned subsidiaries in Canada will trade their Canadian-made products only when Ottawa offers special export financing or assistance. Government officials believe that many subsidiaries are being told by their parent companies to do deals only when they can get special support from the government--usually through the Export Development Corporation (EDC) and the Canadian International Development Agency (CIDA). If special help is not available, the subsidiaries are instructed to leave foreign deals to head office operations in the U.S. or Europe. There have been cases when CIDA financing opened up a new market in Africa for a foreign-owned subsidiary's Canadian products, only to have that market later transferred to the parent company's Belgian subsidiary--a case of Canadian tax dollars opening a market for a transnational corporation which then leaves Canada out in the cold. Officials of the federal government have informed companies that they will lose future government subsidies if they do not hang on to markets developed with government assistance. The same threat applies if the companies do not pursue export opportunities other than those subsidized by government agencies. There is some concern that criteria for companies given export financing be tightened up. (FP 13/11/76 p 35 Stephen Duncan)

FOREIGN INVESTMENT

WESTINGHOUSE: A NEW STAGE

A merged corporation will take over the Canadian operations of the former appliance division of Westinghouse Canada Ltd., of Hamilton, and with it take control of approximately 36% of the Canadian major appliance market. The appliance divisions of GSW Ltd of Toronto and of Canadian General Electric will merge to form this as yet unnamed Canadian firm. C.G.E. is 92% owned by General Electric Co. of Fairfield Conn., U.S.A. The new merged firm will be 60% owned by CGE. The announcement of the merger comes as a new stage in the long fight between GSW Ltd. and White Industries of Canada for control of Westinghouse Canadian appliance business, in which FIRA objections kept White out of control. The new merger will have a 50-50 split on voting shares, between the two firms, Federal intervention has played a considerable role in the merger which was announced by Trade Minister Jean Chretien on Nov. 10th. The new company promises no plant closings, new investment of at least \$50 million over the next five years in

plant and production, and attempting to create at least two new product lines for export. The fight over trademark rights continues.
 (MS 11/11/76 C15 c5-8, OC 11/11/76 9 c1-6, WPF, 13/11/76 19 c1-4,
 FP 20/11/76 3 c1-2)

The Financial Times of Canada hit the intervention of trade minister Chretien in the Westinghouse affair, charging that political action had confused the role and image of FIRA. The FT also stated that it seemed odd that a government which set up a commission on corporate concentration should sanction the birth of a company with well over one third of the appliance market. (FT editorial, 15/11/76 9 c1-2)

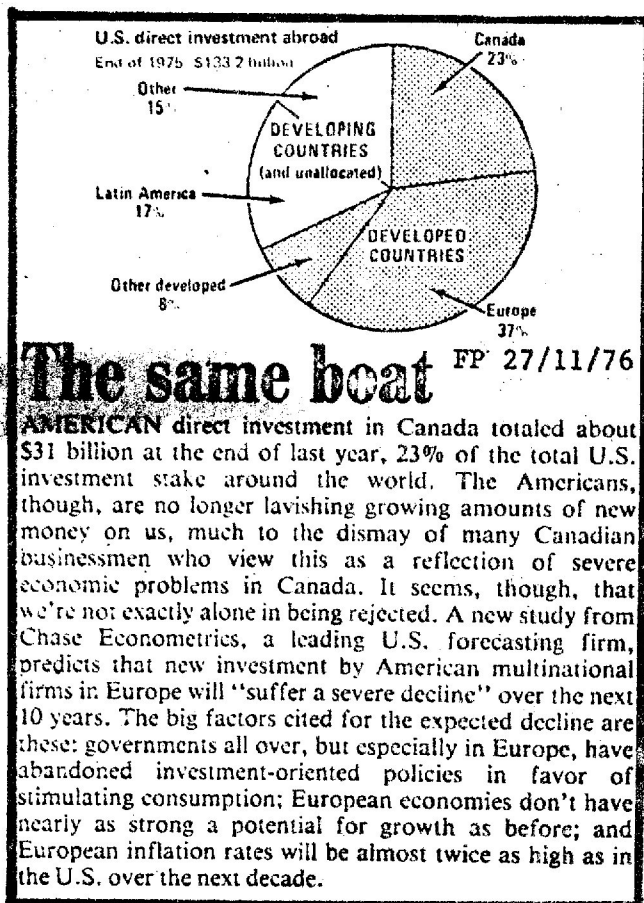
FIRA

Meanwhile a continuation of the press campaign against the Foreign Investment Review Agency included several articles charging that Canada had lost "investment appeal." Peter Held of Dunwoody and Co. charged that foreign investment in Canada has become a "virtual trickle", and highlighted the efforts which Ontario Premier Davis and Industry Minister Claude Bennet had made in Europe to reassure potential investors. Among the culprits he listed were the federal anti-inflation controls, too much government, the FIRA and the 1972 Income Tax Act. He attacked those federal and provincial taxes which are levied on foreign investors but which Canadians escape. (WFP 6/11/76 15 c3-4)

Several pages gave coverage to the remarks at a Canadian-American Conference in Toronto by Alexander C. Tomlinson, Chairman of the executive of First Boston Corporation. Mr. Tomlinson recently returned to Boston after four years organizing financing for new projects in Canada. He charged that Canada has lost its appeal to American investors. He cited FIRA particularly for slowness of consideration of applications as a cause. Further he hit Canadian wage rates and labour conditions as being non-competitive, "rampant nationalism in all its other unattractive forms", the questioning of the pipelines for resources to the U.S. by Canadians, the cuts in oil and gas sale contracts to the U.S., the potash takeover in Saskatchewan, the prospective threat of U.S. television programs, the end of concessions to U.S. magazines. Canadian companies are also shifting their investment attention to the U.S. The result is that Canadians are turning to debt capital (borrowing instead of equity capital) for new projects. (HCH 10/11/76 3 c1-3) In an opinion article, Chronicle Herald Executive Editor, Alvin Savage, inquired as to how such a significant deterrent as FIRA can be justified, particularly since it retards development in the less advantageous parts of Canada. (HCH 19/11/76 8 c1-4) Further the Chronicle Herald sided with Mr. Tomlinson in a lead editorial calling for a constant flow of investment from abroad. (HCH 16/11/76 6 c1-2)

Industry, Trade and Commerce Minister Jean Chretien says that "worrying about foreign investement is a Toronto-area mentality." He adds, "we need foreign investment and we need it across the country. We have to make it clear that we aren't against it." (FP 6/11/76 p14)

The executive director, division of industry of the Ontario Ministry of Industry and Tourism told Japanese businessmen while in Toronto that the Foreign Investment Review Agency is "somewhat of a paper tiger." Mr. M.L. Garland pointed out that FIRA has approved 83% of all the applications for acquisitions by foreign companies and has approved 95% of the applications for new investments. (GH 2/11/76 p B2)



Overseas, FIRA came in for a lambasting by American Secretary of Commerce, Leonard S. Matthews, who charged at an international meeting of marketeers, that "nationalism had reared its ugly head" and cited Canada and the Andean countries as examples.

Matthews was speaking in favour of the role of the multinationals because they "can become the single most important vehicle for accelerating the growth and raising the standard of living in developing countries". A number of listeners remarked that Matthews, who will soon be out of office, was "just trying to get in one last swipe while he could". Financial Post columnist, Anthony Whittingham, pointed out that his rather aggressive remarks were "a case study in how Canada gets bad press on FIRA policy. FP 20/11/76 p21 c8.

Peter Gordon, Chairman of the Steel Company of Canada, told the Canadian Club of Toronto that Canadians must be more hospitable to foreign investment instead of scaring it away. He attacked environmentalists, and those who think only of redistribution rather than of production. "We cannot protect the helpless and the weak by destroying the will and the initiative of the enterprising and the strong". TS 23/11/76 pC7.

FIRA released its second annual report in November. It shows that the most significant transactions taking place are take-overs of foreign-owned businesses by other foreign capital. Fewer, smaller Canadian controlled firms are being sold to foreign buyers. In the year ending March 31, 1976, FIRA approved 114 of 159 applications to invest in Canada. Twenty-two applications were disallowed and 23 were withdrawn. The disallowed applications represent as much as \$25 million in forgoing capital. FIRA says that the agency is making foreign investors more aware of Canada's overall economic objectives. The U.S. accounted for 67% of the applications under review, as against 63% in 1974-75. HCH 2/11/76 p1 c1-2; TS 2/11/76 pA3 c8-9.

ECONOMY

GENERAL

Monthly Statistics

I Capital

G.N.P.	3.2% growth	3rd quarter, 1976
National Debt	\$43.3 billion	1975
Real Domestic Product Index (1971 = 100)	124.1 (Sept. 1976)	down 0.1% since August, 1976
Merchandise Trade Balance	+\$163 million	October, 1976
Index of Industrial Production (1971 = 100)	120.5 (Sept. 1976)	down 0.1% since August, 1976
Profits (Corporate)	\$579.4 million (3rd quarter)	Up 10% from 3rd quarter, 1975
Prime Lending Rate	9.175%	Down 0.5%
Consumer Price Index (1971 = 100)	151.7 (Oct. 1976)	150.7 in Sept. '76 142.8 in Oct. '75

II Labour

Unemployment	679,000	October, 1976
	7.6% of work force.	



SHUFFLEBOARD, ANTONEX

TSL 18/11/76 p 37

WORLD ECONOMIC RECOVERY HALTED

The recovery of the economies of the western nations that was predicted for 1976 has stalled. Seventeen economists at a conference in Washington have called upon the western nations to abandon the anti-inflationary slow growth policy agreed upon by seven western leaders at the June conference in Puerto Rico. President-elect Carter of the U.S. is said to be considering tax cuts to stimulate economic growth, and the economists recommend that other nations adopt the same measure.

GM 9/11/76 P.B2, Col. 3,4.

CONTINUED CANADIAN RECOVERY "UNCERTAIN"

A Canadian Imperial Bank of Commerce study of economic trends in the third quarter of 1976 concluded that "prospects for continued recovery of the Canadian economy are rather uncertain." The most significant indicators, in the Bank's view, were the decline of non-

residential building permits (i.e. offices, factories, stores) in Canada, "uncertainties" attached to the anti-inflation programme, and a pause in the recovery of the U.S. economy. (See also the *Real Domestic Product Index and the Index of Industrial Production on P.7.*) The Bank suggests that measures by the Carter administration to spur the U.S. economy would improve Canada's trade prospects, and that "an earlier than planned phase-out of the anti-inflation programme would also improve Canada's business climate."

GM 18/11/76 P. B16

NEW NAMES, OLD FACES

The Federal Government expects that unemployment will reach 8% this winter, so Bud Cullen, Minister of Manpower has introduced "a new employment strategy." \$350 million is to be freed for job creation. However, John Gray of the Ottawa Citizen has pointed out that of this total, \$40 million will be spent of Young Canada Works and Summer Job Corps--and this money was raised by eliminating OFY and Company of Young Canadians. Also, \$200 million will be spent on Canada Works, a programme similar to the old LIP programme, but this amount is less than LIP received four years ago when unemployment was lower than it is now. Of the \$110 million remaining, \$34 million is for LIP (winding down an old programme instead of going to new ones) and \$ 25 million will go to a student programme, which is the same amount as last year's programme received. Thus, the new funds, despite government rhetoric, really only amount to \$43.4 million.

CC 1/11/76 P.7, c.1-6 (See also *Labour, General*)

MACDONALD URGED TO CUT INCOME TAXES

G.V. Jump and T. Wilson of the Institute for Policy Analysis of the University of Toronto have called on Finance Minister Macdonald to drop the surtax on high personal income, cut personal income tax by 5% across the board, extend till the end of 1978 the 5% investment tax credit, and increase by \$500 million the direct funding of private housing. Jump and Wilson say these measures will stimulate the economy by encouraging spending, leading to increased production and lower unemployment.

TS 3/11/76 P.C13, c.1-3 (See also *Labour, General*)

CNSP NOTE: Jump and Wilson's proposals, if implemented, would help high-income earners, not the low earners. The proposed reductions would return more money to the rich since 5% of a high income is more than 5% of a low income. This means that the tax burden will be placed even more squarely on the poor. At a time when income disparities are widening, there is a growing call for tax reform, but such measures as a reduction on surtax of high incomes and tax credits for the few who can afford to invest are clearly regressive, and will harm groups that are already suffering the most from inflation.

OIL & GAS

INTRODUCTION: *The issue of government financial guarantees for the MacKenzie Valley pipeline is being played down by government although Ottawa has initiated a study to determine backstopping. To date, Canadian Arctic Gas has received \$450 million in equity investment from Canadian sources and there's lots of American cash waiting if Canadian corporations are not able to produce the rest. In Edmonton, a collection of business and government heavy weights at the Northern Development Conference were given some competition by a counter-conference which called for a moratorium on northern development. In general, there seems to be a trend towards relaxing restraints of the oil and gas producers. Petro-Can has entered into an \$80-million deal with some oil giants to stimulate exploitation in the Arctic Islands. The federal government is pushing the tar sands again with a third plant in the wind and the BC Energy Commission has recommended more money for the petroleum industry to induce more exploration.*

GOVERNMENT PIPELINE GUARANTEES CREATE PROBLEMS

In demanding government financial guarantees for its MacKenzie Valley pipeline beginning construction, Canadian Arctic Gas has put the ongoing National Energy Board hearings into a whole new light. Projects like the James Bay hydroelectric development and the U.S. Alaskan oil pipeline indicate that cost overruns are almost guaranteed. The public is being asked to assume the risks so that corporations behind the pipeline can make profits once the risks have disappeared. Arctic Gas wants the guarantee issue solved before the NEB makes its final decisions, thus putting the national regulatory agency in a double bind. This means that the NEB must consider the financial guarantee demand of Arctic Gas even though the Government has not yet made a public decision on the matter.

Although Arctic Gas has known about the need for guarantees for almost two years and informed the government about a year ago, the information was released publicly only a few weeks ago. The pressure is now on the government to make a quick decision with almost no time for public discussion of the financing issue.

GM 23/11/76 pB2 -- Jeff Carruthers.

OTTAWA LAUNCHES COST STUDY

The Department of Energy, Mines and Resources has commissioned a study to determine the cost overruns that could occur from a MacKenzie Valley gas pipeline. The study is to discover the financial risks the government would have to assume if it granted the financial guarantees Canadian Arctic Gas is asking. Government officials say they are not prejudging the case but rather preparing themselves for a decision that may be made after the NEB decision.

WFP 18/11/76 p62

ARCTIC GAS ANNOUNCES \$450-MILLION INVESTMENT COMMITMENT

Seven Canadian companies, including the Government-owned Canadian Development Corporation (CDC), have conditionally committed a total of \$459-million in equity investment in the proposed Arctic Gas MacKenzie Valley pipeline. Trans-Canada Pipelines, a member of the Arctic Gas Consortium, has pledged \$200-million, while the CDC has committed \$100-million. Other investors include: Consumer's Gas - \$50 m., Union Gas - \$50m, Northern and Central Gas Corp. Ltd. (and its two subsidiaries, Gas Metropolitan and Greater Winnipeg Gas Co.) -- \$24.2m, \$15.3 m and \$10.5 million respectively.

Elf, Shell and Imperial have all committed \$50 million each and Arctic Gas says it has \$1.05-billion in conditional equity commitment from other U.S. investors if Canadian sources do not come up with the money.

HCH 3/11/76 p29.

CNSP NOTE: *This article received fairly wide coverage. It was highlighted by a short paragraph noting that the investment commitments are conditional on their ability to have the cost of the investment (i.e. the interest on money borrowed for that purpose) paid for by the gas consumers through local gas consumers through local gas rates. This fits very neatly into the general thrust of the oil and gas industry to have the public foot the bill for its investment risks. In this case, the public will eventually help the final owners of the pipeline by paying their higher gas bills to cover their debt payments.*

MACENZIE VALLEY PIPELINE: FINANCIAL BOONDOGGLE

In a review of The Big, Tough Expensive Job, a book critical of the oil industry, former cabinet minister Eric Kierans noted that the MacKenzie Valley Pipeline is likely to be a "financial boondoggle", with the chief beneficiaries being the Canadian banks. If, as the banks would like, the Bank of Canada increases the money supply to enable financing and the government clears other projects in the path of the pipeline, the result would be inflation and less money for housing and other basic needs and priorities. GM 13/11/76 p41.

OIL PRODUCERS URGE PIPELINE START BEFORE LAND CLAIM SETTLEMENT

The three major oil and gas producers in the MacKenzie Valley Delta -- Gulf, Shell and Imperial (all foreign controlled) -- say the MacKenzie Valley pipeline should not be delayed until native land claims are settled. To postpone the project would be, in their words, "to hold the rest of the country ransom". GM 16/11/76 pB11.

NORTHERN DEVELOPMENT CONFERENCE

INTRODUCTION: *Edmonton was host to two simultaneous conferences on development in the North. The "official" conference attracted about 500 delegates and a clutch of business and government speakers. The counter-conference hosted by the Alberta Energy Coalition, drew upwards of 300 people and much less press coverage. In general, speakers at the official conference decried Canada's upcoming oil and gas shortages, calling for an immediate start on the MacKenzie Valley pipeline, more conservation by consumers, and fewer restrictions by government on exploration incentives and (paradoxically) more aid from government in helping to finance future major energy projects.*

The counter conference hosted various critics of the oil and gas industry most of whom were unanimous in calling for a moratorium on energy development in the North. Comments from speakers at both conferences follow.

MARSHALL CROWE (CHAIRMAN OF THE NATIONAL ENERGY BOARD) - Crowe defended the NEB's decision in the early 60's to allow vast quantities of cheap, Canadian oil to be exported to the U.S. Energy exports, he said, have contributed to a positive trade balance in recent years. EJ 4/11/76 p89.

J.L.Stoik (President, Gulf Oil Canada Ltd.) -- "Efforts by the private sector to act responsibly in the national interest can succeed only if all levels of government respond in a similiar fashion". "It is clear that the main emphasis of Canada's energy policy options must be directed at the petroleum sector".

Dr. Angus Bruneau (Chairman, Science Council of Canada) -- "Over the long term, crude oil as an energy resource will begin to wane in importance. Nuclear power will likely provide the backbone of the over-all future energy economy. EJ 4/11/76

Kathy Vandergrift (counter-conference organizer) -- A moratorium on huge energy projects in the North reflects a feeling that decisions on Northern development should "not be based on profits, but on real human needs". EJ 5/11/76 p13.

POLAR GAS BY LNG TANKERS

Transportation of gas from the high Arctic by Liquefied natural gas tankers (LNG) could be a distinct possibility in the early 1980's according to TransCanada Pipelines Chairman, J.W.Kerr. Gas would be shipped to the east coast from areas where reserves do not warrant pipeline construction. A Polar Gas Pipeline would be necessary for the bulk of the reserves, he said. GM 5/11/76 pB1.

PETRO-CAN PUMPS CASH INTO ARCTIC

Petro-Can, Canada's national oil company, has entered into its first deal with the major multinational oil companies to boost exploration in the Arctic islands. The \$80-million deal will be divided four ways among Imperial Oil (35%), Gulf Oil (25%), Panarctic Oils (22%) and Petro-Can (18%). About \$29-million will be spent, peanuts compared to other areas of exploration, but an indication that the oil companies will work under new land regulations. Panarctic (45% owned by Petro-Canada) will now have a total annual budget of about \$75 million, enough to put oil and gas exploration in the Arctic Islands on track again. FP 20/11/76 p1; MS 15/11/76 pB8.

GOOD NEWS FOR OIL AND GAS PRODUCERS FROM BC

The BC Energy Commission has recommended higher natural gas prices for producers and reduced royalties on oil production in B.C. The price increase is aimed at boosting exploration by the industry. TS 2//11/76 pC7.

TAR SANDS BECOME PRIORITY AGAIN

Energy Minister Alastair Gillespie has indicated that the federal cabinet intends to make the Albetta tar sands a focus for future oil extraction. Gillespie wants to see an additional 1-billion barrels a day from oil sands and heavy oil plants by 1990 to try and regain Canada's energy "self-reliance". Ottawa and the Alberta government have agreed to a rapid development of a third extraction plant. The original \$2.4-billion Syncrude plant, more than half completed, was financed mainly by the Albetta, Ontario and federal governments. Alberta Energy Minister, Don Getty, says private industry will be encouraged to finance the next plant. But, he notes, the government will almost certainly allow restructuring of taxes and royalty payments on oil produced from the sands. MS 23/11/76 pC3 TS 22/11/76 pA15;

GM 26/11/76 pB1.

CNSP NOTE: *Despite repeated demands from an Alberta public interest group --- Save Tomorrow, Oppose Pollution (STOP) --- for public hearings on the oil sands developments, Alberta Environment Minister Davy Russell says the provincial government will not hold hearings for three or four more years. The public advisory committee of the provincial Environment Conservation Authority also voted to support the call for public hearings. The Edmonton Journal, in an surprisingly liberal stance, called for the environmental impact public hearings to begin immediately, so that "public opinion can have an impact on the direction and the consequences" of the development.* EJ 8/11/76 p4 editorial.

AGRICULTURE

INTRODUCTION: The "food imperialism" policy of U.S. multinationals (CNSP IV, 6) has made deep inroads into the international grain trade. This year's bumper crop in the west co-occides with a concerted attack on the "regressive" quota system with its inefficient marketing and transportation methods. Other Canadian food suppliers have developed a deep distrust of the government-controlled market boards that appear to be the only answer to unregulated movement of foodstuffs across the borders.

WHEAT EXPORTS THREATENED

Canada has a record wheat crop on the world market. As world grain stocks increase--30% over last year--prices are falling. China has not indicated whether it wants to negotiate a new pact with Canada when its 1973 long-term wheat agreement falls due at the end of the year. From 1965 to 1975 Canadian wheat exports as a percentage of total world exports dropped from 24% to 10%. U.S. exports increased from 38% to 41% in the same period.

EJ 15/10/76 P.10, c 1-3
WFP 9/10/76 P. 1 c.6

U.S. STUDY ATTACKS CANADIAN MARKETING

Canada uses a restrictive bureaucratic sales monopoly which bypasses the private grain trade, according to a U.S. study and private traders in Canada. Canadian marketing systems have remained unchanged for 40 years. The quota system protects smaller farmers and discourages innovation by talented or market-oriented people.

WFP 13/11/76 P.14, c.3-7 Charles O. Swartz.

CANADA TO LOSE THIRD WORLD MARKETS

The economic development theories of the past twenty years have stressed industrialization through capital-intensive import substitution. It would be financed by squeezing investment funds out of the agricultural sector, manipulating the prices of agricultural products and using other forms of taxation. These anti-agricultural policies of the past are being reversed after the grain and oil crises of recent years, as countries must try to be more self-reliant. Many of Canada's regular markets are going to disappear in the future. In 1974-75 China, Pakistan, India, Brazil and Cuba accounted for 47% of Canada's total wheat exports, while Japan and the U.S.S.R. received another 17%.

FP 9/10/76 P.7, c.1-3

MARKETING BOARDS

Canada's traditional position as a secondary market for U.S. supplies has long plagued Canadian food producers. As a means of regulating supply and demand within Canada, as well as import and export flows, provincial and federal marketing boards have been established. Currently, about one hundred such boards operate, most of them provincially. Agriculture Minister Eugene Whelan is a staunch defender of such systems.

The as-yet-unregulated broiler market provides an example for forming such an agency. Maritime poultry plants lose several thousand dollars per day trying to match the price of U.S. birds available on the market. U.S. plants have lower production costs. Similarly, unregulated beef prices are down because Canada is swamped with cheap imported beef. Although Canada provides 6% of U.S. beef imports, it does not supply enough for domestic consumption. New Zealand and Australia's price war has caused the flooding of U.S. markets and the imposition of quotas there. Whelan followed suit in Canada recently with the statement: "Canada could no longer be a dumping ground."

Telegraph-Journal 19/8/76 editorial
MS 25/10/76 P. 30, c 2-5
GM 9/10/76 P. B14, c.1-5

MINING

Except for the uranium boom in Canada, mining is in a state of depression. An Inco delegate, speaking at a regional mining meet in Ontario, blames this on the new political risks of increased government involvement in the economy. He blamed orientation of NDP governments in Manitoba and Saskatchewan to nationalization as being a threat to the industry.

WFP 8/11/76 P. 9 c1-3
WFP 9/11/76 P. 6 c7-8

The prospect of another oil price hike has led to a covert scramble to stockpile nuclear fuel (Uranium). The most important uranium sources in the Western World are in Canada, the U.S., South Africa, France, Niger, and soon, Australia. Uranium now sells for \$42 per pound, eight times as much as in 1972.

MS 26/11/76 P.41, c1-6

Canadian energy demands are expected to double in the next 15 years. Canada appears to be experiencing an exploration boom and substantial new resources may be discovered. The government plans to establish a policy of 67% ownership. Interest is focussed in northern Saskatchewan, particularly around Beaverlodge, where a number of foreign firms have recently staked claims. Many plan to build multi-million dollar refineries. Premier Blakeney actively encourages such investment. Other areas in Canada such as Bancroft are experiencing a resurgence of activity.

EJ 22/10/76 P.93 c1-4
Northern Miner 23/10/76 P.c19

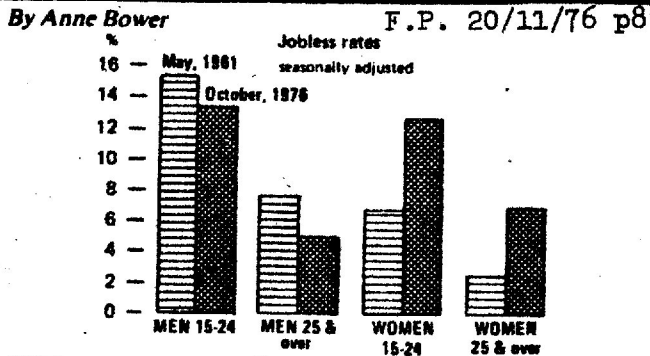
POTASH

Saskatchewan's Premier Blakeney has assured potential U.S. fertilizer companies that Potash Corp. of Saskatchewan will be a good corporate citizen, and will not rock the boat. The crown company will control about 24% of the province's capacity by early 1977. The alarm aroused among U.S. buyers by the nationalization programme now seems to have abated with Blakeney's moves to keep that important (70%) segment of the market open to the private sector. U.S. investors have already been eyeing New Brunswick's proven reserves for possible mining, and events in the west have speeded that process.

WFP 2/11/76 P.24, c7-8
GM 9/10/76 P. B1 c1-5

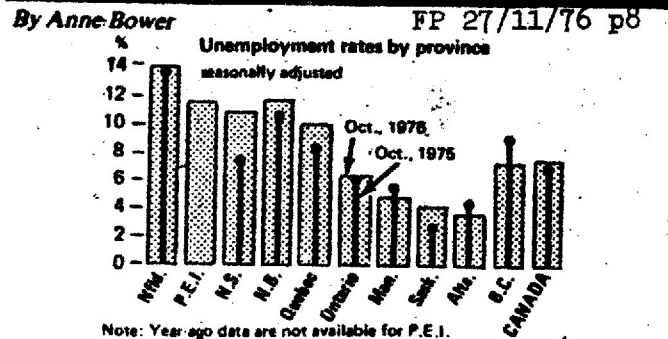
WORKERS, PEOPLE, OPPRESSED

GENERAL



Then and now

LAST time Canada's unemployment rate was as high as it is now — a seasonally adjusted 7.6% in October — was back in spring, 1961. The make-up of unemployment today is, however, quite different from what it was. While totally exact comparisons aren't possible because of recent changes in StatCan's labor force definitions, one fact stands out especially clearly: jobless rates among women are sharply higher than they were 15 years ago while unemployment among men is much smaller (see chart). In the early 1960s, economists were able to say with some confidence that the economy could be considered to be operating at its potential if the jobless rate were around 3%-4%. But the great structural changes that have taken place in the labor force since, together with the liberalization of unemployment insurance benefits, make it awfully difficult to figure out what should now be considered full employment. Today's unemployment of 7.6% certainly doesn't indicate nearly as depressed an economy as it did in 1961. Still, it's a far cry from being a good performance — and that's why new job-creation efforts are badly needed.



Not the same all over

THE ALL-CANADA jobless rate climbed to a seasonally adjusted 7.6% last month, up from 7.1% a year ago. No one really needs to be reminded that this overall figure of 7.6% masks substantial regional variations. But one fact that isn't widely known is that in some parts of the country — namely British Columbia, Alberta and Manitoba — unemployment is actually lower than it was a year ago. Rising unemployment, in short, is not a Canada-wide happening. There are a couple of implications in this for policy making. First off, it would seem logical for a number of the provinces that are experiencing rising unemployment to consider bringing in cuts in personal income tax or in retail sales tax. A second implication is that Ottawa ought to move quickly and introduce selective manpower programs aimed at job-creation in those places where unemployment is most severe: in the Atlantic provinces, and among the young and women. Unless Ottawa soon stops talking about new initiatives in job-creation and actually gets them going, they will be too late to ease unemployment in 1977.

MORE JOBLESS PREDICTED

An economist with the Toronto Dominion Bank in London, Ontario predicted that Canada will face higher unemployment in 1977 although there will be a slight decrease in inflation. Speaking to the Chartered Accountants Association of Western Ontario, Sid Dolgoy stated that unemployment will reach levels "that a decade ago we would have considered intolerable". Unemployment, which stayed at about 7% in 1976, is expected to rise to about 7.5%, he said. WFP 1/11/76 p15 c7-8 CP.

MORE JOBLESS UNLESS OTTAWA ACTS

"If the federal government doesn't act quickly ... there will be 868,000 Canadians out of work the year after next — nearly 200,000 more added to the existing host of unemployed in this country".

This future prospect is noted in a study published by the University of Toronto's Institute for Policy Analysis. "The study recommends an extension of the 5% business investment tax credit" and "calls for a 5% across-the-board cut in personal income taxes" ... "as well as an infusion of money into new housing construction through C Central Mortgage and Housing Corporation".

"Such measures would reduce the unemployment rate from an expected 8% in two

years to 7.5%. That still means there would be 143,000 more Canadians out of work than there are now". TS, editorial, 4/11/76 pB6.

EMPLOYMENT RATE CAUSE FOR CONCERN

The employment rate is a comparison between the number of jobs and the number of Canadians of working age. Until March 1976, the number of jobs for every 100 Canadians over the age of 15 was on the upswing. Seasonally adjusted this rate reached a peak last winter when there were jobs for 57.3% of the working age population. In the last three months, there was a sharp drop to 56.6%, lower than at any time in 1975. An up and down pattern has resumed, but at a lower level.

Across the country, divergent trends are evident. The strong growth in the number of jobs available in Saskatchewan, Alberta and British Columbia kept the employment rate higher than it would have otherwise been. Other provinces, such as Newfoundland with only 46 jobs for every 100 working age Newfoundlanders, was not so fortunate. In four provinces, Quebec, New Brunswick, Nova Scotia and Prince Edward Island - there have been significant reductions in the employment rate. Quebec, for example, had only 53 jobs for every 100 of its working age population this September compared with 54.3% in September 1975.

The loss of economic momentum is a very real fact because the employment rate has fallen despite a slowing growth rate in the adult population and a declining rate of immigration. EJ 8/11/76 p29 c4-8; Don McGillivray.

SECRET REPORT SEES NO BREAK FOR UNEMPLOYED

A finance department memo leaked by Ed Broadbent, leader of the New Democratic Party, forecasts that the jobless rate will continue at record levels for the next 8 months. The report also warned of a drop in the number of new jobs. According to the forecast, unemployment will average between 7.5% and 8% for the first six months of next year.

Earlier in the week, Statistics Canada reported there were 679,000 people unemployed in October, up 9,000 from September. This figure represents a 15 year high. TS 11/11/76 pA1 c1-3; John Honderich

WORK SCHEME SET

Manpower Minister Bud Cullen announced plans for a \$350-million job creation program described as the first stage of a five year program. Of the total amount to be spent on a year-round employment scheme for adults and three summer student job programs, \$110 million is expected to come from the savings due to changes in the unemployment insurance system. WFP 22/11/76 p1 c3 CP

WINTER WORK PROJECTS

Manpower Minister Bud Cullen announced details of the government plan to spend another \$150 million this winter on make work programs. At the same time opposition members protested against layoffs of at least 3,000 workers in the transport ministry.

In addition, Cullen said that the Government will double spending in the Local Initiatives Program to \$200 million. The money is to go to regions where unemployment is above 7%. It is expected to "make work" for 47,000 people.

GM 26/11/76 p8 CP.

AIB AND WORKERS

CLC FINDS REINFORCEMENT IN AIB REPORT

The anti-inflation board's first annual report indicated that the federal controls program is heavily biased against wage and salary earners. Joe Morris, in a state-

ment issued by the CLC stated that "a comparison between \$9-million excess corporation profits found by the Anti-Inflation Board and the rollbacks in wages and salaries which amounts to hundreds of millions of dollars confirm what the CLC has said again and again".... GM 2/11/76 p 3 CP

TWO UNIONS LASH PAY BOARD AS RAISES DROP TO 9.7%

Leaders of two unions denounced the AIB following Ottawa's announcement that wage and salary settlements during the third quarter of this year were at their lowest level since 1972. The Department of Labor reported that the 167 wage settlements made during the third quarter showed an average increase of 9.7% annually compared to 11.2% average increase in the previous three months.

The second year of the anti-inflation program which starts October 14, calls for a basic increase of 6%-8% for the rise in the cost of living and 2% productivity bonus. TS 3/11/76 p19

AIB REVEALS DATA ON WAGE CONTRACTS

About 41.7% of the 23,000 working agreements referred to the anti-inflation board in the 53 week period ending Oct. 22 were above federal wage guides. The agreements which exceeded the guides provided average first-year increases in pay and fringe benefits valued at 12.3%, about 3.1% higher than the controls permit. The other agreements were at or below the guidelines and averaged 1.2% under the allowed controls. WFP 17/11/76 p17 c1-2 CP

PROVINCIAL FEDERATIONS

SASKATCHEWAN LABOR FAILS IN BID TO CHANGE NDP STAND ON CONTROLS

The Saskatchewan Federation of Labor (SFL) has failed to persuade the New Democratic Party to censure the provincial NDP for cooperating with the national anti-inflation program. Labor leaders were persuaded by party officials to accept a compromise that continues opposition to the federal program but leaves out specific mention of the provincial goal. The party agreed to continue to urge an end to the federal program and to accept the SFL program to fight inflation.

GM 15/11/76 p9.

TOUGH B.C. LABOR CHIEF BEATS OFF MODERATES' CHALLENGE

Len Guy, the tough head of the British Columbia Federation of Labor, held on to his job yesterday, but not by much.

At the federation's annual meeting, Mr. Guy faced strong opposition for the job of secretary-treasurer but finally won with 534 votes to 418 for challenger Arthur Kube.

The opposition to Mr. Guy's confrontation approach to labor-management relations came from some of the larger unions, such as the International Woodworkers of America and the United Steelworkers of America. GM 20/11/76 p14 M.Gray.

ONTARIO FEDERATION OF LABOR CONVENTION

OFL DRAFTS ECONOMIC POLICY FOR A 'SOCIALIST' PROVINCE

The OFL drafted its own economic manifesto in preparation for its upcoming convention. Unlike the CLC's manifesto, which steered clear of partisan politics, the the OFL expresses labor's belief in a "socialist province in a socialist Canada".

The immediate goals in the document include full employment, price stability and distribution of income. Unlike the CLC's manifesto with its proposal for power sharing within its framework of a tripartite council made up of labor, management and government, the OFL proposal is for a consultative role.

GM 18/11/76 p7 Wilfred List

OFL DELEGATES REJECT CLC'S PROPOSAL FOR A THREE-WAY POWER-SHARING

The tripartite power-sharing arrangement proposed by the Canadian Labor Congress was disowned by delegates to the OFL convention. More than 1,600 OFL delegates adopted a statement of Principles and Social Purposes which placed emphasis on political action in shaping Ontario's economic future. At the same time, it expressed willingness to cooperate and participate in formulating economic policies through advisory bodies on which labor would have equal representation with management.

GM 23/11/76 p39 Wilfred List

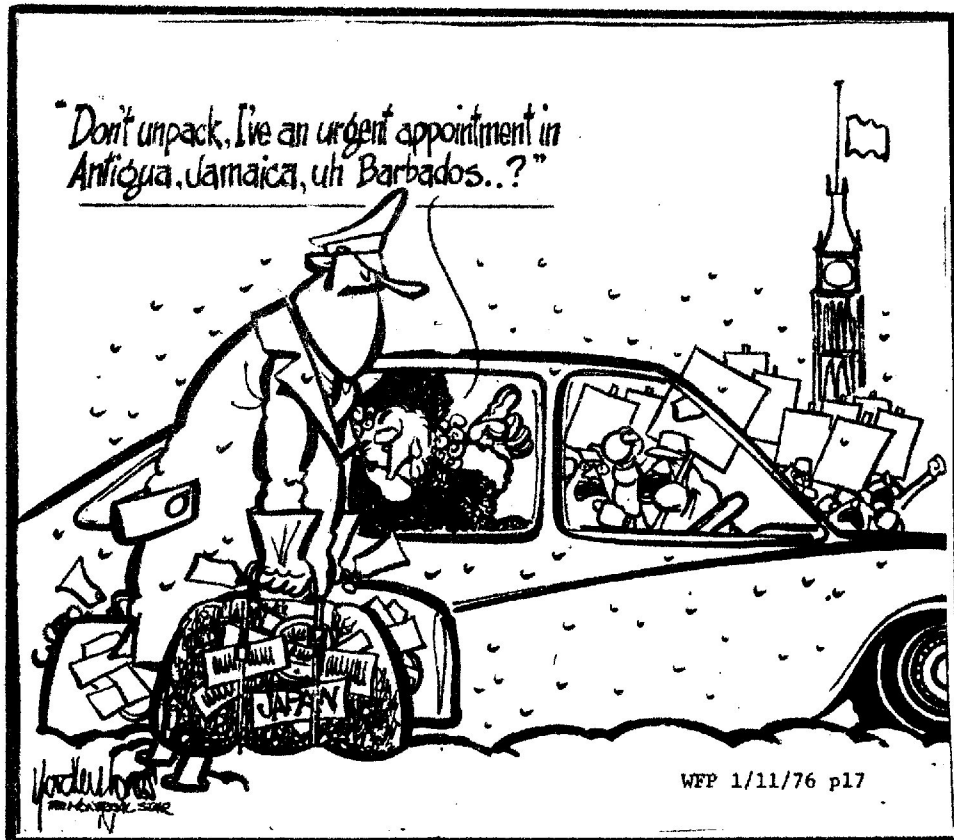
PILKEY WILL STEP UP MILITANCY BY LABOR

Clifford Pilkey, political education director of the United Auto Workers, defeated David Archer for the presidency of the 800,000 member labor federation, the largest within the CLC. Mr. Pilkey campaigned on the theme of a need for a stronger and more militant leadership, while Mr. Archer, president for the last 18 years, campaigned on his record.

Mr. Pilkey said he plans to discuss with the Ontario government the province's withdrawal from the federal wage and price controls program. If Ontario and Quebec under the Parti Quebecois, withdrew support, the controls program would go by the boards by spring, said Mr. Pilkey. Pilkey also forecast closer ties between the federation and the NDP.

GM 24/11/76 p5 c1-8; Wilfred List; TS 24/11/76 pA19,

Rosemary Speirs.



LABOUR STRUGGLES

INTRODUCTION

It isn't very often that Labour Minister John Munro and four of his senior staff get involved in mediating a dispute involving 275 workers. But when the employer --Canadian Press (a consortium of all major newspapers in the country)--is unabashedly revealing the anti-union sentiments of the controllers of information the government has to step in before the public starts to think the news might be biased.

The battle for union security at CP is crucial to labour's strength in the rest of the industry. Local papers like the Ottawa Journal can continue publishing so long as they have the wire service. The introduction of new technology will not only eliminate a lot of jobs but will enable local papers to feed wire stories and local copy directly into typesetting computers. If labour is going to fight successfully the anti-union propoganda of the press, the reporters will have to be organized.

Their position could become crucial to the success of the increasing number of labour struggles that are fought out under the public eye. (i.e. CUPW dispute with the Post Office.)

A FOOT IN THE DOOR AT CP:

Over a year ago, the Canadian Press Union drive fell. The workers joined the Canadian Wire Service Guild, after several previous organizing drives had been smashed by management. (CP management are the heads of the major Canadian dailies.) Negotiations have been terminated by CP. The Guild has been in a legal strike position since July. They went on rotation strikes, including a week long picket at the House of Commons Press Gallery. (Trudeau refused to cross their picket line a few days before the day of protest.) CP brought in non-union reporters and management. After a few press passes had been issued to strikebreakers the Press Gallery decided to respect the "closed shop" principle. CP appealed the decision to keep out scabs to the Speaker of the House. He, too, recognized the union.

Meanwhile Guild officials accused CP of stockpiling over \$1 million to fight the union by installing equipment in management homes, buying labour-saving devices and using daily reporters to fill in for the strikers.

(EJ 20/10/76 p2 c5-8, GOM 20/10/76 p39 . TS 20/10/76 pA4, c1-2, EJ 20/10/76 p22, c1-4 (CP) EJ 11/11/76 p3, c3-4 (CP))

AT THE LOCAL LEVEL:

Ottawa's two papers (The Journal-F. Publications and the Citizen-Southam) each bargain with a joint council of the five unions in their shops. The Journal is introducing new electronic editing and production. The International Typographical Union (ITU) has demanded job security. The two papers had agreed not to publish if either was struck. Thus when the ITU slowed down the Journal, Ottawa was without a daily. When the collusion was challenged as contravening the Anti-Combines Act, the Citizen pulled out of the non-publishing agreement.

Although the Journal and ITU agreed on job security, ITU members could be transferred to other union jurisdictions. The slow downs continued until the Journal staged a lock-out. But the paper kept publishing with non-union workers and scabs. (WFP 23/10/76 p6, c4-6 (CP) GVM 27/10/76 p9, (CP))

PILOT'S STRIKE: THE AFTERMATH

The Quebec Superior Court has ordered Air Canada to reverse its English only in the cockpit ruling of last April. The decision also allows French to be used

with ground stations and orders all manuals, etc. to be translated into French.
(TS 30/9/76 pA2, c7-9 (CP) CO 16/10/76 p 17, c 1 (CP))

THE A.I.B.: HARD AT WORK IN THE YUKON

INTRODUCTION

The situation of the Steelworkers at the Anvil mine in Faro is a textbook example of the contortions and maneuvering forced on workers by the A.I.B.

- the workers negotiated a wage hike of 36.5%
- the A.I.B. rolled this back to 9.1%
- the workers appealed and were awarded 14%
- the workers walked out and were promptly charged with violating their negotiated contract
- the Canadian Labour Relations Board ruled the contract invalid because the AIB cut voided it
- the workers appealed their cut back to Tansley (the A.I.B. administrator)
- they were further cut to 8%

November 19th the workers signed an agreement designed to meet the A.I.B. ruling but leaving open the possibility of getting the full increase if the legal situation changes. The irony of this is that the mine exports all its products and so is not covered by price controls. The cut-back of \$3.4 million, (\$4,7000 per worker) goes to the company. The losers are the Anvil workers whose cost of living is 30% higher than in the south, the town of Faro which is losing population rapidly and eventually the mine-- since it won't be able to attract workers.

(G&M 9/10/76 p1, (Wilfred List) MS 9/10/76 p4, c1-5 (CP) G&M 22/11/76

p9, c6-8 (Wilfred List))

THE POST OFFICE--AGAIN

INTRODUCTION

As you remember, the CUPW strike of a year ago was settled when the Post Office agreed: to give 120 days notice of technological changes; to meet with CUPW on the changes; and to settle unresolved issues through binding arbitration. This agreement has been unworkable. The basic problem is that the Public Service Staff Relations Act puts control of technological change solely in the hands of management. The Post Office has made good use of this fact by simply going ahead with the changes after the 120 days' notice, regardless of whether disputes have been settled or arbitration decisions reached.

OCTOBER-NOVEMBER CHRONOLOGY

- Sept. 88-CUPW applied for an injunction to halt changes in Montreal.
(G&M 28/9/76 p9 c3-4 (CP))
- Oct. 1-CUPW injunction is not accepted because it was made in provincial court
(G&M 11/10/76 p31, c1-7 (CP))
- Oct. 3-Vancouver CUPW wild-cat (TS 4/10/76 pA1, c8-9 (staff))
- Oct. 4-Ottawa CUPW wild-cat
- The Post Office seeks injunctions to force Vancouver workers back
(G&M 5/19/76 p1, c6-8, (CP))
- Oct. 5- CUPW officials were served with legal writs to stop illegal work stoppages (WFP 6/10/76 p1, c6-8, (CP))
- CUPW employees walk off the job at St. John's, London and Edmonton.
(G&M 6/10/76 p1, c1-2 (Wilfred List))
- Oct. 7-CUPW and the Post Office agree to a one week delay in court proceedings and the union calls off the walk-outs. (WFP 8/10/76 p1, c1 (CP))

Oct. 8-The Post Office proposed negotiations and a mediator to settle its dispute with CUPW. Postmaster General Blais neglected to mention the suggestion to CUPW. (OC 9/10/76 p4, c1-6 (CP))

Oct. 14-The Post Office and CUPW agreed to a second postponement in court proceedings. (TS 15/10/76 pA3, c4-6 (Trish Crawford))

Oct. 17-Negotiations stopped because the Post office is taking disciplinary action against wild-cat strikers. (EJ 18/10/76 p6, c1-6 (CP))

Oct. 19-CUPW and the Post Office agree to adjourn court proceedings and send the dispute to a mediator. As in the past this agreement is of no accord at all. The "status quo" is defined by CUPW as no changes until the mediator reports and by the Post Office as full-steam ahead with changes. (TS 20/10/76 pA2C, c1-2 (Michael Benedict))

Oct. 22-Postmaster General Blais stated the yet-to-be named mediator can not deal with the halting of technological change or disciplinary action. (OC 23/10/76 p1, c3-5 (CP))

Nov.- Noel Hall is named as mediator. (HEH 9/11/76 p8, c1-4 (CP))

THE HALIFAX PORT DISPUTE (See SNSP Sept. 1976)

The underlying issue in this dispute is (again) technological change. The traditional pattern of work on the docks is through union hiring halls. Workers appear at the hall and are assigned work for the day--which they can take or refuse. With containerization, jobs now require specialized skills and a more settled work force. The International Longshoreman's Union (ILU) and Maritime Employers Association (MEA) have been attempting to negotiate new rules for assigning work (dispatching). August 8th the MCA locked out the ILU. In September Labour Minister Munro suggested the MEA end the lock-out, that the two sides reopen negotiations on rules of dispatch. If agreement hasn't been reached by Dec. 10, the problem would go to binding arbitration under Judge Nathan Green (who wrote the conciliation report). The MEA refused this suggestion demanding immediate binding arbitration. The ILU and MEA couldn't reach agreement so the federal house ordered an end to the lock-out under Munro's terms.

(HCH 8/10/76 p1, c4-5 (Ted Larsen) HCH 3/10/76 p3, c1-6 (Ted Larsen)
G&M 23/10/76 pB4, (CP))

JOBS LOST

Hawker Siddley's Trenton, Nova Scotia steelworks has laid off more than 1000 workers who produce railway cars. The loss to the area's economy is expected to be \$20 million annually. (HCH 24/11/76 p1, c6-8)

Domtar announced without warning that they are closing their Georgetown, Ontario plant resulting in the loss of 176 jobs. Georgetown has only one other major industry. (WFP 1/11/76 p13 c7-8)

GOOD NEWS--AT LAST

In 1972 a CIP mill at Temiskaming closed down. The Canadian Paperworkers Union (CPU) and townspeople struggled for months to keep the mill (the sole employer) alive. Eventually the people, a small group of investors and the Quebec government took over. In the intervening years the Temiskaming Mill has prospered. In the latest collective agreement, Tembec and the CPU have equal representation on committees governing hiring, work schedules, job evaluation and classification, operating costs, etc. This is the first major attempt at industrial democracy in Canada. (G&M 23/10/76 pB2 (CP))

QUEBEC LABOUR

INTRODUCTION

The Quebec election overshadowed news on other issues like labour disputes during November in both the French and English language press. Coverage of the Hydro-Quebec strike was spotty. We include in this section some reactions from Quebec labour leaders to the Parti Quebécois victory, November 15.

Hydro Quebec workers began a general strike this morning in order to force a quick settlement of remaining issues. They have been without a contract since last November. To be resolved are the following:
--the union is demanding a withdrawal of suits against it for disrupting service during the spring; compensation salary for money lost during the strike; and the removal of disciplinary measures handed out by the courts last spring. (LD 1/11/66 p1 c1-6)

Charging the union with a 'political strike' Bourassa lashed out at workers saying the Liberal government could not withdraw criminal charges without appearing to play with the law.
(LD 2/11/76 p1 c1-6)

The Hydro Quebec strike ended as both sides made substantial compromises regarding the unresolved issues. (LD 15/11/76 p3 c1-6)

CNSP NOTE: it was not reported whether Hydro Québec workers achieved parity with Ontario Hydro workers.

LABOUR REACTIONS TO THE PARTI QUEBÉCOIS VICTORY

THE FTQ:

Louis LaBerge, president of the Quebec Federation of Labour said:
"I am especially happy the Quebecers did not fall for the Liberals fear tactics. Now we have an honest government which can stand on its own feet." (EJ 16/11/76 p14 c6-8)

THE CEQ:

Yvon Charbonneau, president of the Quebec Teachers Federation said:
"the results mean that recently negotiated contract settlements for teachers, nurses and other public service employees are not safe from wage rollbacks. PQ leader Lesvesque was the only one to reassure the unions on that point during the campaign. (EJ 16/11/76 p14 c6-8)

THE CSN:

Norbert Rodrigue, president of the Confederation of National Trade Unions said: "Even if our labour problems remain, we cannot consider the current situation as being anything but a victory for the people against a government which has been against the workers for the past six years." He continued however saying that the CSN is considering seriously promoting the creation of a real workers party in Quebec and would

carefully watch the Parti Quebecois on the questions on wage controls, inflation and unemployment--problems which remain unresolved for the majority of Quebec workers. (EJ 16/11/76 p14 c6-8, LD 18/11/76 p9)

SOME PLANKS IN THE PARTI QUEBECOIS LABOUR PLATFORM:

- a guaranteed annual income system for all families and the elderly;
- the minimum wage to be raised to \$3 from its current \$2.87 per hour (unions are seeking \$4 as a minimum wage);
- maximum work week of 40 hours rather than the present 45 hours;
- new laws to permit easier unionization of workers particularly in small enterprises
- extended and paid maternity leaves of up to 6 months;
- the creation of a province wide network of day care centres, free of charge

(MS 24/11/76 pG1 c1-3)

NATIVE PEOPLES

THE BERGER ENQUIRY ENDS

The Berger Inquiry into the social, environmental and economic impact of a natural gas pipeline in the Mackenzie Valley ended this month after a final week of hearings in Yellowknife. In the final week Berger heard briefs from native groups in the North and from the two pipeline companies vying for the right to build the pipeline. The Indian Brotherhood of the NWT pointed out the conflict between corporate decision-makers and social interests, stating that the massive project is "genocidal in impact." Linking the Dene struggle with that of peoples throughout the world, the Brotherhood said recognition of Canada of Dene' rights will set a world precedent for people "who will never have the opportunity to even make their case known because of the oppressive conditions under which they are forced to exist."

The Council of Yukon Indians also expressed their concern that land claims be settled before any plans for the pipeline be finalized.

The Metis Association of the NWT, however, expressed an alternate view. Many Metis are involved in small businesses and so welcome the pipeline because it will create an economic climate where their businesses will prosper. They agreed though that land claims should be settled before pipeline construction starts.

The Committee for Original Peoples' Entitlement (COPE) represented by lawyer John Bayly told the inquiry the Northern people fear their land, their communities and their way of life will be destroyed if the pipeline is built before the land claims are settled. They are asking for a law making 10 year residency a requirement for voting in the North and recommend that any land selected by the natives as part of a land claims settlement be exempt from repopulation by the government for industrial use or as a transportation corridor.

The pipeline company Arctic Gas urged in their final brief that construction of the pipeline be started quickly, that any deferral would cause stagnation in the North, a continuation of the present dependency and the present levels of poverty and discontent. They pointed out that it was the imminence of development that really produced the James Bay Settlement which otherwise may never have been achieved.

Justice Berger announced that his report would appear in two volumes. Volume I will deal with the broad social, environmental, and

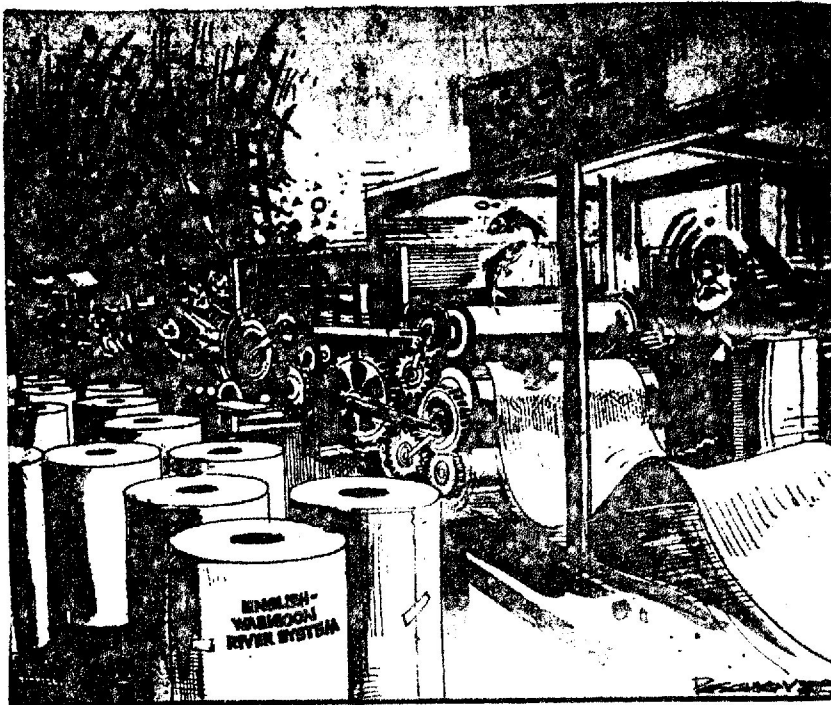
economic impact of the pipeline and the energy corridor, and the measures that might be taken to enhance or to ameliorate its impact. Volume II will set out in detail the specific terms and conditions that ought to be imposed on the right-of-way, if the pipeline is to be built. Berger stated that it is not up to him to make the decisions but rather to enable the government of Canada to make an informed decision. (JE 16/11/76 p3 c1-6, WFP 18/11/76 p2 c1-6 (Cp), GM 19/11/76 p9 c1-5, EJ 20.11/76 p5 c1-2)

INDIANS CONTINUE BATTLE AGAINST REED

The Treaty 9 Indians of Northwestern Ontario have stated that they will not participate in environmental hearings for the proposed Reed Paper Lt. timber project. Rather they are asking that a royal commission be set up to investigate all resource development in Ontario north of the 50th Parallel. They have also rejected the provincial government's offer of financial assistance to pay legal costs involved in participating in hearings before the board. Chief Andy Richard of Treaty 9 says that the offer of financial assistance "comes very close

to being a bribe." He stated in a letter to Premier Davis that "it is tragic that a stroke of a pen, by your Minister of Natural Resources and president of Reed Paper Ltd., has destroyed the enthusiasms and hopes our people had planned for their social and economic lives."

(GM 11/11/76 p4, NFP
NFP 12/11/76 p46 c5-8 CP)



"19,000 SQUARE MILES -- WHAT'S ALL THE FUSS?"

TS 9/11/76 p34

MERCURY POLLUTION

QUEBEC INDIANS SUE FIRMS
Northern Quebec's Cree Indians have charged 15 mining, pulp and paper companies with mercury contamination of their lands, air and water and have filed an \$8 million claim in damages. The Indians'

written submission states that the firms have the necessary technology to prevent mercury discharges and requests a Quebec Superior Court injunction ordering the companies to halt mercury contamination.

(OC 26/11/76 p55 c1-4, MS 26/11/76 pA10 c1-6)

NATIONAL PARKS PLAN REJECTED

Indian Affairs Minister Warren Allmond has announced the federal government has abandoned plans to create a national park in the area of the mercury-poisoned English-Wabegoon River system. Indian bands in the area have concluded that a national park would not solve the economic and so-

cial problems created by mercury pollution as it was intended to do. As well, it was found that the area did not contain adequate parks values.

Mr. Allmand has announced that he will meet with Ontario officials to discuss possible solutions to the mercury problem. At the same time Chief Isaac Mandamin of the Whitedog Indian Reserve has warned the two governments if they don't come up with some solution, Indians will block roads to tourist camps this spring.

(CP Gm 17/11/76 p10 c5-8, JJ 18/11/76 p6 c3-5, OC 19/11/76 p56 c1-4)

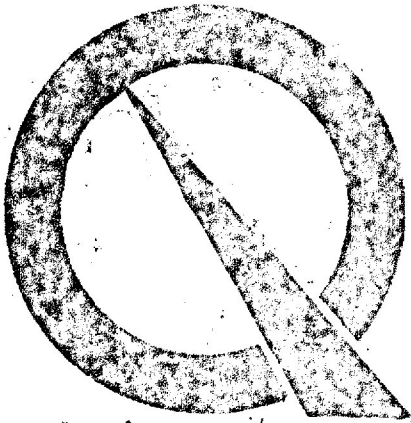
ALLMAND PUSHES YUKON NATIVE PARTICIPATOIN

In a speech to the Yukon legislative council, Indian and Northern Affairs Minister Warren Allmand stated that Yukon Territory will not become a province until its Indians can participate fully in its political life. Allmand noted that Indians are not represented in any visible way on the territorial legislature, in the municipal councils, in the public service, in many of the advisory boards and committees that make up the supportive mechanisms of government. He said that northern natives are determined to participate effectively and in ways of their own choosing-- in the political, economic and social evolution taking place around them. (OC 4/11/76 p22 c1-6 (CP))

NATIVE HOUSING POLICIES ATTACKED

Opposition parties have condemned the Liberal government for policies which have made native housing a national disgrace. Native housing and living standards are far below acceptable standards and are still deteriorating, says J.R. Holmes, Conservative Indian affairs critic. He estimated that 4,300 housing units are now needed by status Indian families without shelter on their reserves. This does not include Inuit, Metis and non-status Indians, or status Indians living off reserves.

1. 90% of native houses do not have water
 2. 90% have outdoor toilets
 3. 40% have no facilities for garbage disposal
 4. Wally Firth (NDP for NWT) says that much of the illness and mental stress among the native people can be attributed to miserable housing.
- (EJ 19/11/76 p11 c1-4 (CP), OC 19/11/76 p56 c1-5 (CP))



PARTI QUÉBÉCOIS EMBLEM

Parti Québécois victory

On November 15, 1,370,000 Quebecers voted for the Parti Québécois, giving it 69 seats (a majority) in the National Assembly and the opportunity to govern for the next five years. *Le Devoir* pointed out that the PQ won not only in its stronghold, Montreal, but in almost every region of the province. The PQ took 4 of 5 seats in Quebec City. PQ won seats in Trois Rivières

Sherbrooke, Chicoutime, Drummondville, Victorialville and came close in Royan Noranda and Hull. The PQ also won in rural Quebec—9 of 10 ridings on the north bank of the St. Lawrence and 4 of 8 in Gaspé. (17/11/76) Polls taken in the weeks leading up to the election showed that popular support for the PQ has doubled since 1970.

Few commentators have bothered to ask Quebecers why they supported the PQ and what they desired from the new government. Only a few attempted to relate what happened on November 15 to historical and deeply rooted cultural, political and social trends in Quebec or to a growing determination on the part of Quebecers to overcome dependent relationships and create for themselves a society in which they can be a proud and self-reliant people. The PQ campaign spoke to precisely these questions, and Quebecers' reflections afterwards confirm it.

"The worst enemy is not the Liberals or the federalists but the myth that if you tinker with the smallest thing the standard of living drops."
Jean Roch Borvin, campaign adviser

"This (the PQ victory) is mostly a victory over ourselves, not over the English in Canada. Last night we overcame our deeply rooted feelings of inadequacy. We're no longer marginals." a PQ supporter

"We're no longer struggling for our identity, we're beginning to live it. This is the first time since 1760 that we feel like winners." Quebecer quoted in TS 29/11/76 pB3 cl-2 Ann Charney

In this issue we analyse reactions to the PQ victory on the part of businessmen and political leaders. For labour reaction see Quebec Labour section. There is also an analysis of press coverage of the closing days of the campaign and the press's reaction to the PQ victory. Finally, there is an analysis of the PQ's policy statements and an introduction to the new cabinet.

BUSINESSMEN REACT

Fred McNeil, chief executive officer of the Bank of Montreal

"He's (Levesque) is not a stupid man— he knows he must have the goodwill of the business community if he is going to govern the province." OC 17/11/76 p55 cl-3

Edgar Bronfman, brother to Charles, chairman and chief executive officer of Seagram's
"We have no contingency plans to move or sell our operations in Quebec. I think he (Charles) was a bit extravagant." GM 17/11/76 pB2 cl-3

Pierre DesMarais II, president of the Conseil du Patronat and a director of CNR and Air Canada

Quebec businessmen have generally reacted positively to the change of government. Frank discussions need to be held to "clear the air" over some of the PQ's more contentious platforms— the role the state intends to play in economic development

and in the labour relations field.

T. J. Bell, Chairman of Abitibi Paper

"Until we have a greater degree of certainty in Quebec I don't think we will want to invest." HCH 17/11/76 p26 c1-4

Pierre Trudeau and Marc Lalonde held a meeting with Paul Desmarais and Peter Curry of Power Corp, Charles Bronfman of Seagram, Fred MacDeil of Bank of Montreal, Robert Scrivener of Bell Canada and Ian Sinclair of CP. to discuss inflation and the economy in the light of the PQ victory. LD 20/11/76 p1 c6

POLITICAL LEADERS

"We have a single mandate: to govern the country. We will not negotiate separation with any province." Trudeau LD 17/11/76 p5

"There is no question of using Chilean tactics on Quebec." Quillet TS 19/11/76 pA6 c5-8

(Note: This is a reference to the U.S. freeze of financial assistance to Chile during Allende's government, aimed at destabilizing the economy and polarizing the society in order to provoke a military coup)

"It is a grave illusion to believe that those who seek the breaking up of Canada would suddenly cease because provincial governments were given more powers. Trudeau TS 25/11/76 pB1

"My position is clear. I will cooperate with his (Levesque's) government to improve the lives of Quebecers within confederation. I will work against him in any effort to destroy our county. Joe Clark PC leader TS 25/11/76 pB7

"Support for this political change in Quebec must be qualified For it is precisely the same set of idealistic men and women who want to improve living conditions in Quebec who also want to wrench Quebec from the heartland of Canada. As leader of the NDP of Canada I reject firmly and unequivocally the separtism of the PQ." Ed Broadbent NDP leader TS 25/11/76 pB7

"A national referendum on the status of Quebec is a logical step if Quebecers vote to separate from Canada." Trudeau TS 26/11/76 pA1 c3-7

"I believe that Canada cannot, indeed that Canada must not survive by force. Trudeau TS 25/11/76 pB7



TS 26/11/76
P.B3

ROBERT BOURASSA
Lost despite Bronfman's plea

THE PQ POSITION

Levesque:

The PQ government will seek step by step expansion of Quebec's powers. All Quebec governments in recent decades have bargained for expanded powers. But all previous governments have run into a wall of paralysed federalism. (MS 23/11/76 pA3 c4-5)
I do not see the Canadian version of federalism loosening up in any way to give a decent and respectable framework for what we seek as our national affirmation.

Parizeau: (Minister of Economics and Finance)

Will there be a financial panic? The Caisse Depots has assets of more than \$4 billion. It has, from pension plan contributions, a cash flow of more than \$2 million a day. It is our instrument for stabilization. The issue isn't federalism or separatism but competence. We'll provide good government and that despite all the talk, is what businessmen want. We could have had meetings with the money people to make it clear, we're not fools, They'll understand. What will happen to property values? What property values? Do you mean these? (three and four storey walk ups in Montreal's eastend) Do you really think independence would change their values? Or do you mean those in Westmount? TS 15/11/76 pC6 c5-7

"We're locked into James Bay but we may decide to take 5 Years longer to complete it. That much of a slow down would mean we'd have hundreds of, millions of dollars more each year to pump into municipal services." TS 19/11/76 pA6 c1-5

Rodrique Tremblay: (Industry and Commerce)

One priority will be to find ways to fight unemployment. That means good economic policies. A step in the right direction would be getting the green light for several big investment projects including the establishment of a uranium enrichment plan which would serve the huge European markets.

To broaden the tax base means increasing private investments, private productivity. We are not in favour of keeping our resources and energy just for ourselves. We'll share with others but with good terms of course. MS 22/11/76 pA1 c1-3

THE NEW PQ CABINET

Five Ministers will not have responsibilities for a specific department in order to free them for overall planning. They are:

Robert Burns:	Minister of State for Parliamentary Reform
Camille Laurin:	Cultural Development
Pierre Marsis:	Social Development
Bernard Landry:	Economic Development
Jacques Leonard:	Housing

Other important ministries are:

Education	Jacques Yvan Morin (re drafting over Bill 22)
Inter-governmental Affairs	Claude Morin (negotiations with the federal government)
Finance and Revenue	Jacques Parizeau
Energy	Geof Goron

Agriculture
 Social Affairs
 Municipal Affairs
 Labour, Manpower and Immigration

Jean Goron
 Denis Lazure
 Guy Tardif
 Jacques Conture
 LD 27/11/76 p7 cl-3

CNSP NOTE: The press interpreted the cabinet as calming business and representing the moderate wing of the party. Further information and background on the cabinet members is available on request from CNSP.

In the closing days of the campaign, the Chronicle Herald's articles discussed Liberal Unpopularity (3/11/76) and Bourassa's anti-separatist plea (12/11/76), concluding there would be a "close battle" (15/11/76). The Financial Post reported "fear and bitterness move into Quebec campaign, noting fears particularly in Ottawa (13/11/76). The Winnipeg Free Press stressed the difficulties of Bourassa and the upsurge of the Union Nationale (8/11/76). The Ottawa Citizen had little sympathy for Liberals who had no one to blame but themselves if the PQ win a minority victory." (11/12/76) The Edmonton Journal also concentrated on Bourassa's floundering campaign (8/11/76), on the dilemma for Quebec's English voters (9/11/76) and on the rising fortunes of the PQ (11/11/76). It reprinted the Montreal Gazette editorial which said a PQ victory would be "a calamity for Quebec and for Canada" and urged voters to vote for a federalist option but not necessarily Bourassa's Liberals (13/11/76). The Montreal Star noted the problems of Bourassa's Liberals but cautioned its readers to vote for them anyway to avoid electing a PQ government (11/11/76). It gave a lot of attention to Bill 22 and the economic difficulties a PQ win would mean (12/11/76). The Globe and Mail stressed that the PQ was "downplaying separatism" (11/11/76) and worried about the Liberals slipping popularity (9/11/76). Calling the election "an exercise in opportunism", warned the "alternative is a separatist package", and pleaded with English voters to avoid the "fool's errand" of voting for the PQ (10/11/76). The Globe's main worry was the economic problems caused by investor uncertainty should the PQ win (12/11/76). It concluded that reform within the Liberal party was "the better of bad options" (15/11/76). The Toronto Star's coverage was sensationalist.

It's me or separatism: Bourassa 6/11/76
 Investors may flee Bourassa warns 9/11/76
 A message to Quebec before it is too late 13/11/76
 If separatists triumph we pull out: Seagram 15/11/76

CNSP monitored three French dailies prior to the election. On November 6 Le Soleil saw nothing but the "useless news" of the campaign. By the 11th (after the poll showed PQ advances) it was stressing the dilemma of voters who disliked both Bourassa and separatism. La Presse argued that the PQ was disqualified from the election because it represented an impossible option-- that of changing one's country not just one's provincial government (30/10/76). It noted with alarm the results of the polls but hoped the Liberals would be re-elected (11/11/76). Le Devoir in previous elections had always supported the federalist option and had refused its support of the PQ. This time it catalogued the defects of the Bourassa regime, gave prominent coverage to the polls (10/11/76), and carried PQ full page advertisements (13/11/76). In the closing days of the campaign it gave its support to the PQ.

EDITORIAL REACTION TO PQ VICTORY

We must remain calm and resist panic. The PQ's priorities must be jobs, houses, industrial development, education and the attitude of Quebec's often militant unions. Perhaps ahead of all other considerations Levesque must endeavour to reassure big business particularly American business of the sanctity of their investments in Quebec. He must persuade both Canadian and foreign investors, industries, banks and commerce that Quebec is financially, economically and politically "safe".

HCH 18/11/76 p6

A healthy development. This could be the opportunity for a genuine re-examination of the meaning of Confederation. No more will Quebec's "federalist" politicians be able to blackmail Quebecers and other Canadians into acceptance of dubious policies in the name of holding the separatist menace at bay.

EJ 16/11/76 edit

Separatism is the glue that holds the diverse elements of the PQ together. The transition period is likely to be difficult. Quebec has elected its first socialist government and the switch to socialism will in itself be a wrenching operation. The fear of separatism will have political economic and social consequences.

GM 16/11/76 p6

The greatest cause for concern is the danger of straining too successfully to assure ourselves that all is well. Mr. Levesque has stated his intentions with a clarity that leaves us no excuse for failure to recognize that this country is in great danger.

GM 17/11/76 p6

Yesterday's vote was quite clearly not a mandate for separatism. An agenda of immediate issues should be enough to ensure that Rene Levesque's new government will behave as a normal alternative administration operating within the existing constitutional framework.

MS 16/11/76 p6

In contemplating its proposed reforms the new government will have to operate in a context of serious financial restraint.

MS 26/11/76 p8

In terms of Confederation's future it is five minutes to midnight. OC 16/11/76 p6
The Toronto Star outdid everyone else in editorial reaction to the election. There were 5 editorials with the headlines

Sleepwalking to Disaster	27/11/76
False Comfort About Quebec	28/11/76
The Choice for Saving Canada	30/11/76
A Plan to keep Canada's Dream Alive	1/12/76
New Faces to Save the Country	2/12/76

and an introduction that repeated 5 times over:

"Canada's future is imperilled by the election of a Quebec government dedicated to Separatism."

Essentially a call for a thorough going reform of the federal system, the Star unfortunately resorted to hysterical language. Examples include "our country's peril" "this national emergency" "Canada is in mortal danger".

Le Devoir 17/11/76 p4 The PQ is not first of all separatist and even less isolationist whatever else one can say about it. But it is determined to define and assure for the people of Quebec first place in political power. And it wants naturally that power to be located in Quebec under the direct control of the citizens of Quebec. This puts it inevitably in a fundamental conflict with Ottawa. If Mr. Trudeau wants to counter the advantages the PQ now has for putting forward the case for its option, he must avoid taking refuge in legalities, for unless he takes part in a democratic and public debate his legalist arguments will bring the country into an even greater crisis than that of October 1970.

MILITARY

INTRODUCTION

During this past month the 22nd annual meeting of the North Atlantic Treaty Organization (NATO) was held in Virginia from Nov. 15-22. Tremendous emphasis was placed on the "Soviet Threat". A call was given to all NATO members to strengthen their conventional defenses. Only one of the Dutch delegates appeared to question the continued building of defenses by suggesting that the west was exaggerating the Soviet military threat.

The Canadian members returned convinced that all defense capabilities must be strengthened. Meanwhile, on the home front, the defense department is considering more military expenditures for the next decade, while the new defense minister, Barney Danson, is 'pondering' the possibility of base closures which would result in increased unemployment.

MORE ARMS, MORE DEFENSE. . . MORE SPIRIT?

General J.A. Dextrage, Canada's Chief of Defense Staff stated: "The best deterrent for any kind of assault is a strong defense. A trend toward declining military strength in the West must be stopped. We must change. . . a disarmament of the spirit into a rearmament of the spirit." (G, 28/11/76 p4 c1-2)

NATO ASSEMBLY

U.S. senators warn the USSR might be tempted by NATO's defense weaknesses to launch an attack. (HCH 15/11/76 p32, c1-3) Delegates at the assembly were told that "the real danger to the alliance is lack of political will" and were asked to face up to the military challenge of the Soviet Union. (WFP 22/11/76 c1-8 p46)

CANADA'S RESPONSE

Canadian delegates at the NATO assembly went away placing a high priority on Canada's involvement in NATO. One member from Winnipeg South said that "if peace and security is to be maintained then our commitment to NATO must be strengthened. The Soviets have a 2:1 military edge over the NATO alliance." (WFP 27/11/76 p53 c1-4)

CANADA'S ROLE IN NATO

One of the NATO roles given to Canada and the U.S. is the reinforcement and resupply of European forces which is contingent upon a drawn out conventional war. It appears that Canada is locked into its heavy armored European role purchasing \$184 million worth of German Leopard tanks, 85 of which are going to its European-based forces. (GM 15/11/76 c1-5 p7)

CNSP COMMENT

One might question Canada's role in an organization that clearly sees itself as an alliance defending the West against a Soviet takeover. There is little evidence that the USSR is considering an invasion of Europe. The occupation of Czechoslovakia can be seen as a tragic and ineffective Soviet attempt to maintain the status quo within the Warsaw Pact. It does not indicate a move to attack other western European countries.

Furthermore the adamant opposition of most East European countries to the occupation indicates that the Warsaw Pact is politically weaker than before.

Canadian taxpayers spend an average of 20¢ on the dollar on NATO policies while Canadian defense forces are minimal and basically ineffective. Supporters of Canada's role in NATO claim that these commitments are necessary for political reasons and it is important to voice our "peace keeping" role in policy making procedures. However, it has been evidenced in the past that major decision making is initiated by the large powers (The US) and approved by the organization even if originally disapproved by smaller countries. Canada's opinion, if different from the States, most often is not highly considered.

(See: On Guard For Thee, Canadian Dimension, John W. Warnock

POSSIBLE NEW MILITARY EXTRAS:

The purchase of 18 Aurora long range patrol planes in July represented the largest defense spending arrangement in peace time in Canadian history. Now, 4 months later, Canada is considering the following expenditures:

1. multipurpose combat aircraft replacing the CF101
 2. new Leopard tanks, up to \$200 million over 2 yrs.
 3. armored cars--\$200 million over 6 years
 4. naval vessel--about 1.5 billion
 5. \$90 million pr. year for construction at bases
 6. \$410 million per year replacement and acquisition of an array of "essential" weapons, ammunition, office equipment, etc.
- (HCH 5/10/76 cl-5 p3 (CP), WPF 5/10/76 cl p26)

DANSON 'PONDERS' BASE CLOSURE

New Defense Minister Barney Danson says he must make decisions regarding closure of military bases for increased military and economic efficiency. Danson says "not enough of total defense department budget is allocated to equipment. 20-25% of the budget should be for equipment."

(CP 8/11/76 WFP p5 c6-8 HCH p5 c6-8, CM p10 cl-4)

HOUSING

Canadian real estate companies are deploying 5-20% of their assets (\$1.5 billion) annually to the U.S. market. Developers say they are being driven out by:

- municipal, provincial and federal red tape
 - laws preventing developers from deducting carrying charges on land they are banking from their taxable income
 - Anti-inflation Board regulations which limit profit
 - sales tax on building materials and construction equipment
 - rent controls which discourage investors from building rental accommodations
 - a slow down of overseas investment since FIRA took over.
 - federal legislation which prevent developers from making profit by buying land and re-selling it as serviced lots to builders. The developer is only allowed to get back costs of improving the land over and above the purchase price.
 - land freezes which make it impossible for developers to buy and develop land
 - elimination of capital cost depreciation allowance once used as a tax shelter
- TS 27/9/76 pA1 cl-9 WFP 1/10/76 p3 cl

Other factors, not mentioned by developers, which influence this capital flight is related to a saturated high income housing surplus and a lack of interest on the part of developers to supply low income housing. Opportunities for various types of development in Canada are restricted by a population base a tenth of the U.S.

Canadian markets of expensive housing are oversupplied. Edmonton reports having an oversupply of expensive housing while people searching for rental accommodations or cheap housing are having trouble finding vacancies. (EJ 11/11/76 p20 c4-8) A report of the Canadian Council on Social Development blames inflated house prices on rising land prices which far outstrip construction cost rises. It adds that high costs are now being sharply felt in smaller areas as available land is used up in major cities. (WFP 14/10/76 p8 c6-8) Ten percent of houses built under the Ontario Housing Action Program are offered to people earning less than \$17,000 a year. The Home Ownership Made Easy program provides low interest loans to developers to build low cost housing, but there has been a decline of buyers. (TS 3/11/76 pA5 c1-2) Less than 20% of the population can afford to buy a home at today's prices. Over half the people in larger cities are tenants unable to buy houses so Canadians settle for being apartment dwellers or tenants. The resulting shortage pushed rents to the point where controls were introduced which had the effect of curtailing new apartment construction.

In recent years municipalities have developed a no growth philosophy due to citizen attitudes and because development increased to restrict alien land ownership which drives up land prices above the level that local demands can afford and which result in land utilization patterns that are not in accordance with the needs of residents. To put Canadians in a preferred position provincial and federal governments have passed laws restricting aliens on nonresident ownership. Federally this includes the Foreign Investment Review Act. Ontario has the Land Speculation Act which imposes discriminatory taxes on transfer of real estate. Prince Edward Island limits the sale of acreage and shoreline, while Saskatchewan limits the value of agricultural land holdings transferred.

FP 9/1/76 p1-2 c1-5

Edmonton city's submission to the Royal Commission on Corporate Concentration says that because land development corporations can decide which may not be in line with their expectations. As the burden of growth becomes greater the city must abandon its role in the servicing of land in favour of the developers themselves who gain control over the rate of development.

Concentration of land ownership leads to manipulation of supply so it sells at the highest price. The report also says that the more remote the corporate decision-making centres are, the more frustrated local or national interests become in their inability to have impact on decisions. This produces an

adverse labour climate and increased labour strife says the report. EJ 27/10/76 p36 c3-5

EJ 13/10/76, P.4



"Is this lady bothering you, my good man?"

MEDIA

PRESS

K.C. Irving Newspaper Chain

comprised of all five English speaking dailies in New Brunswick was declared not an illegal monopoly by the Supreme Court of Canada on the grounds that the chain was not detrimental to the public interest. Bora Laskin (chief Justice) noted the editorial content of the 5 newspapers was left in the hands of individual publishers without central control. TS 16/11/76 pA6 c7-9

Canadian Bar Association declared government licensing controls would constitute a serious threat to the freedom of the press and criticized the position of the Ontario Royal Commission on Violence that newspapers should be subject to controls as radio and TV stations. EJ 3/9/76 p8 c1-6

Toronto Star Ltd. Diversifies and Expands (FP 6/11/76 p40 -Douglas Mephan)
Torstar Corporation becomes new holding communication company with Beland H. Honderick as Director. This represents the diversification of Toronto Star Ltd. by 1. the purchase of 16% shares of Western Broadcasting Company (with radio stations in Vancouver, Calgary, Winnipeg, Hamilton, British Columbia TV CTV Network)

2. Commercial Printing Newsweb Enterprise Ltd. (wholly owned printing operation)
3. Metrospan Suburban Community Newspapers Ltd. in Toronto Area
4. Cormac Communication Ltd. 95% Star owned publisher of Homemakers Magazine (French edition, Madame Foyer), Quest Magazine
5. Nielsen Ferns Ltd. 80% Star owned Canadian film production house which has commission by Imperial oil to do a series for TV entitled "The Newcomers"
6. 50% interest in 2 joint ventures with Southam Press Ltd., Southstar Publishers Ltd. (publisher of Canadian Magazine, Canadian Homes, owner of Trans Ad Ltd), Infomart (data-base information service to industry).
7. 52% purchase of Harlequin Enterprises Ltd.

The Star's investment income from real estate holdings amounted to \$1.9 million in 1975 and \$1.6 million in the first nine months of 1976. Honderich Investment holds 13.3% of voting shares, Hindmarsh Investment holds 17.2%, THALL Holding Ltd. has 13.6%, and Atkinson Estate holds 28.9%.

Media Profit Rises Faster than Wages: 8 media companies netted profit gains between 18 and 55.8% this year over previous periods.

COMPANY	1976 PROFIT GAIN (\$)	PREVIOUS PERIOD (\$)
<u>Canadian Cable Systems</u>	7.5 million (9 months)	4.8 million
<u>CHUM Ltd.</u> -82% owned by A.F. Waters	+49% -2.3million (9 mo.)	1.5 million
<u>Baton Broadcasting</u> -51.64% owned by J.F. Basset (Basset-Eaton Group)	+31% 4.3 million (9 mo.)	3.3 million
<u>Southam Press Ltd.</u> (G.H. Southam & W.J.H. Southam largest shareholders)	+26% 11.3million (6 mo.)	
<u>Toronto Star Ltd.</u>	+25% 9.3 million (Harlequin revenues accounted for much of increase.)	

<u>COMPANY</u>	<u>3 M 5 EARNINGS (\$)</u>	<u>PREVIOUS PERIOD (\$)</u>
<u>Standard Broadcasting</u> 48% owned by Argus Corp.	+24.8% 3.1 million (9mo.)	
<u>Selkirk Holdings (Southa</u>	+24.9% 2.1 million (6mo.)	
<u>Thomson Newspapers Ltd.</u> (K.R. Thomson principal owner -includes 57 U.S. & 48 Canadian newspapers--60% of revenue from U.S.	+18% 18.1 million (6 mo.)	

GM 9/12/76 P.10, c7-9

NOTE: Ed Broadbent concludes the corporate sector is faring well under AIB controls.

BROADCASTING (Radio, T.V.)

OVERVIEW: The Federal Broadcasting Act gives the Canadian Radio-Television and Telecommunication Commission (CRTC) licensing authority over all broadcasting and broadcast receiving companies and regulation of telecommunications carriers like Bell Canada, CN-CP Telecommunications. Ottawa has argued that if money was being spent by Canadian businessmen to reach Canadian viewers, it should be spent in Canada, to create better Canadian programmes. U.S. stations, especially Buffalo, Washington areas, have been selling \$20 million worth of air time yearly to Canadian advertisers. CRTC has taken two steps:- 1) enforcing Bill C-58 which prevents advertising placed by Canadian companies on U.S. border radio, T.V. stations from being a deductible expense in calculating corporate income tax, 2) ordering cable systems to delete some commercials from U.S. channels so Canadian advertisers using them could not be sure they would reach viewers at home.

A) The Consumer Association of Canada in a brief to the CRTC says that "pay TV" is a threat to existing broadcasting systems in Canada, and if introduced too rapidly, could lead to increasing foreign domination of Canadian programming. Low-income families cannot now afford Cable TV at \$6 per month, let alone another specialized channel for eight dollars more. HCH, WFP, EJ, 1/10/76 (CP)

B) "Let's Free Enterprise!" Big business is spending more advertising dollars to put across its point of view in quasi-political commercial messages, and federal broadcast regulators fear this may upset the balance in broadcasting. Imperial Oil, MacMillan Bloedel have conducted campaigns of "advocacy advertising." The Insurance Bureau of Canada (IBC), which represents companies that write about 90% of the property and casualty insurance in Canada, to promote "free enterprise" conducted a strong six-week campaign trying to convince Canadians that governments should be less involved in the economy.

NOTE: The IBC was involved in advocacy advertising against the former NDP government of British Columbia.

MS. 12/11/76 P.C4 c1-6)

C) Bell Canada and CN-CP Telecommunications cautioned the CRTC against too much freedom of public information on telecommunications matters, during its hearings. CN-CP said cost information is confidential since CN-CP competes directly with telephone companies in the computer communications field.

EJ 27/10/76 P. 20 c1-5 (CP)