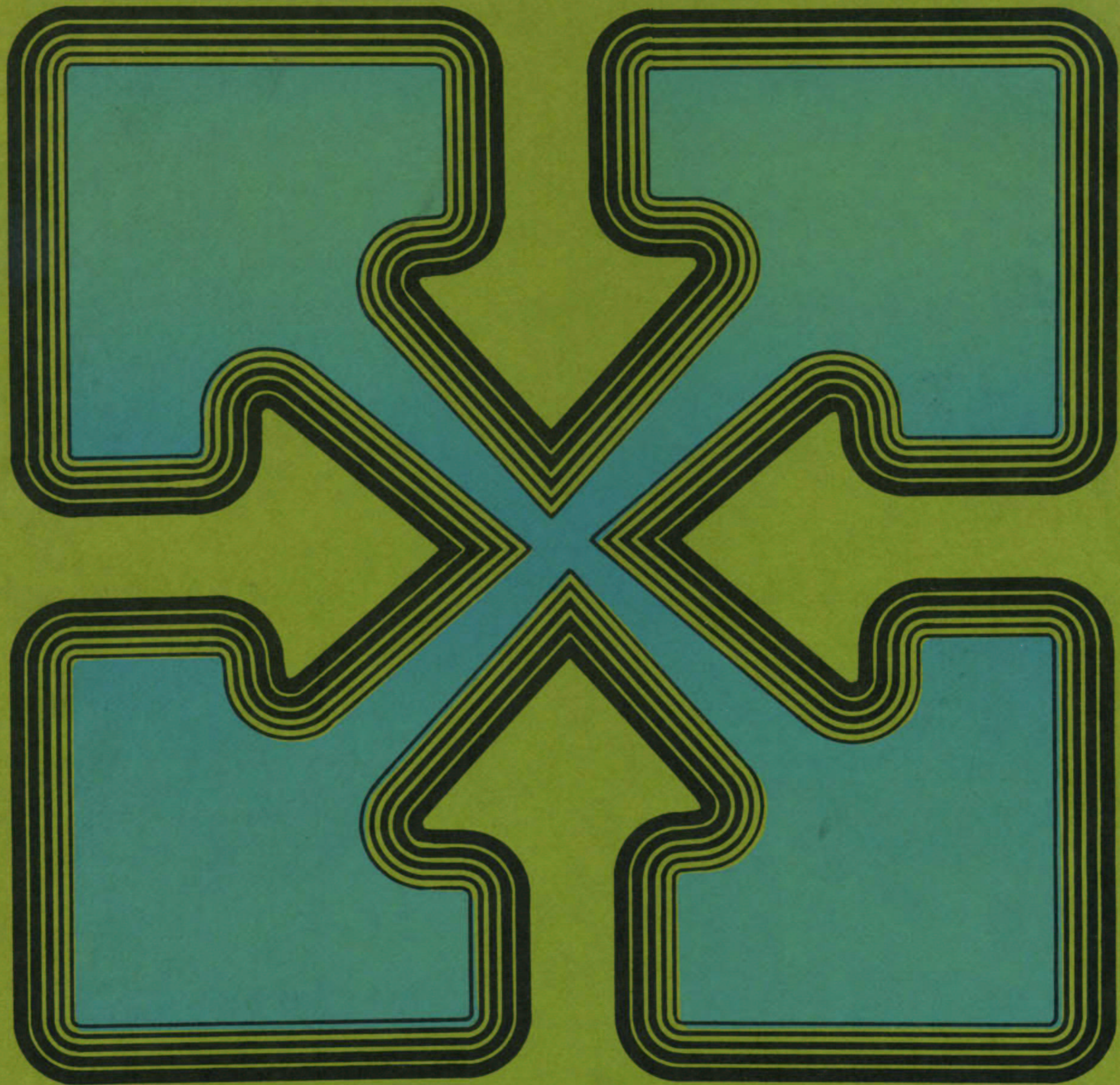


# Synthesis

A Review of Events Reported in the Canadian Press



## HIGHLIGHTS

- Garrison Dam Halted
- Tax Loopholes for Rich
- Employment Picture Bleak
- Commission on Government Secrecy

Vol. 5,  
Number 2  
\$1.00

# Canadian News Synthesis 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 and 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

<i>Halifax Chronicle Herald</i>	HCH
<i>Le Soleil</i>	LS
<i>Montreal Star</i>	MS
<i>Le Devoir</i>	LD
<i>Le Jour</i>	LJ
<i>Financial Times of Canada</i>	FTC
<i>Financial Post</i>	FP
<i>Globe and Mail</i>	GM
<i>Toronto Star</i>	TS
<i>Winnipeg Free Press</i>	WFP
<i>Edmonton Journal</i>	EJ

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## Subscription Rates

\$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.

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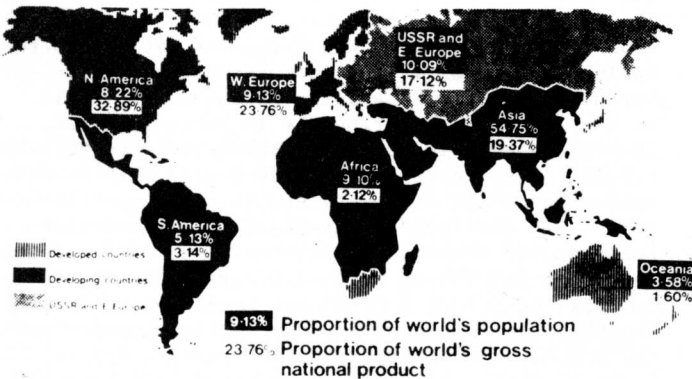
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# CANADA AND THE WORLD

## International

### UN POPULATION REPORT

The world's population reached 3.967-billion in 1975, a one-year increase of 77-million, the U.N. Demographic Yearbook reports. This is a 1.9 per cent growth rate, meaning a doubling of world population within 37 years. (56.9 per cent of the world's people live in Asia, 11.9 per cent in Europe, 10.0 per cent in Africa and 8.2 per cent in Latin America) Most rapid population growth is taking place in Africa where ten countries have rates of 3 per cent or more. Sweden has the lowest infant mortality rate, at 8.3 per 1,000 live births, followed by Finland, Norway, Netherlands, Japan, Iceland, Denmark, France, Switzerland, Spain, Singapore, Luxembourg and Canada (15 per 1,000). The United States with 16.7 per 1,000 comes twentieth just behind Byelorussia. Burundi has 150 deaths per 1,000 live births, Liberia has 159.2, Malawi 142.1, Guatemala 81.2 and Chile 77 per 1,000. Norwegian girls and Swedish boys have the longest life expectancy. GM 31/1/77 p. 30



### NORTH SOUTH DIALOGUE

The North-South Dialogue talks remain stymied despite meetings between co-chairman Allan MacEachern of Canada and Manuel Perez-Guerrero of Venezuela and American administration figures. The new Carter administration has not made known its position. President Carter has indicated a preference for a world economic summit conference. The non-oil producing less developed countries have a pressing debt situation with a total of \$250-billion owed, some \$100-billion of it to private banks. There is the spectre of a third-world debt moratorium. Zaire has already declared a quasi-moratorium on about \$400-million in debt to private investors who had to accept an extension on repayment. Argentina and Peru were lent more money to meet payments on older loans. According to *Deaknews*, a financial newsletter in the foreign exchange field, default "could well bring down the whole rotten debt structure our economy is built on". WFP 12/2/77 p40

### COMMODITIES

According to U.S. Department of Agriculture figures, the world's wheat and other grain stocks will be at

a six-year high of 167.8-million metric tons by the time 1977 harvests are ready, up 51 per cent from last summer. But bitter cold in the U.S. may threaten 1977 figures. The U.S.S.R. has also suffered from cold and India has suffered drought. GM 3/2/77 p. B2

The International Coffee Organization will seek to boost coffee consumption around the world. Delegates predict that U.S. consumer prices will zoom to \$5.00 a pound by the end of 1977. General Foods indicates that third-quarter earnings in 1976 declined 15 per cent, primarily because of "reduced" profits from coffee. HCH 27/1/77 p. 27

Meanwhile Nestle Co. boosted wholesale prices on all sides, and the Prime Minister of St. Kitts in the Caribbean says that the island should grow its own coffee because instant coffee imports now cost \$11 a pound. In Brazil, the Coffee Institute raised green coffee prices by 10 cents a pound. Green coffee beans prices have quadrupled over the past 18 months. OC 1/2/77 p. 3

Canada and the United States want to organize a world copper organization which would link producer and consumer governments. The European Economic Community also supports such consultation. HCH 10/2/77 p. 33

### STANDARD OF LIVING

International standard-of-living comparisons have been published by the Union Bank of Switzerland based on data gathered in May and June 1976. Wage and salary calculations are based on a spectrum of occupations including primary school teachers, bus drivers, automobile mechanics, textile operators, bank tellers and secretaries. Some 41 cities were examined. Tokyo easily registered the highest costs for a fixed basket of goods and services. Its cost was 21 per cent higher in Tokyo than in Zurich. Toronto prices were roughly in the middle of North American levels, about 4.3 per cent below New York levels but over 13 per cent higher than San Francisco. Pre-tax earnings are behind Chicago, New York and San Francisco. Real purchasing power in Toronto, however, was much lower than that in Chicago because wage levels are lower. Toronto

TABLE 2: AN INTERNATIONAL COMPARISON OF GROSS ANNUAL EARNINGS FOR 3 OCCUPATIONS — ZURICH=100

City	Primary School Teachers			Construction Workers			Secretaries		
	Pre-Tax	After-Tax	Index	Pre-Tax	After-Tax	Index	Pre-Tax	After-Tax	Index
Tokyo	55	59	79	100	100	100	100	100	100
Zurich	100	100	100	100	100	100	100	100	100
Tel Aviv	23	29	35	93	32	32	34	34	67
New York	91	162	104	92	110	100	119	109	26
Paris	40	32	57	79	196	78	64	64	149
Toronto	90	152	78	64	88	71	64	64	83
Chicago	91	158	85	64	88	71	64	64	72
San Francisco	79	196	78	64	88	71	64	64	66
Amsterdam	64	88	71	64	88	71	64	64	91
Rio de Janeiro	10	8	58	64	88	71	64	64	185
London	40	54	41	64	88	71	64	64	124
Bogota	11	7	28	64	88	71	64	64	288

TABLE 1: AN INTERNATIONAL COMPARISON OF PRICE LEVELS, WAGE AND SALARY LEVELS AND PURCHASING POWER — ZURICH=100

City	Price Level	Wage & Salary Level		Purchasing Power Level		Food Basket	No. of Working Hours Needed to Purchase Goods & Services Listed Below	Total Basket Goods & Services
		Pre-Tax	After-Tax	Pre-Tax	After-Tax			
Tokyo	121	69	71	57	59	70	162	162
Zurich	100	100	100	100	100	36	92	92
Tel Aviv	93	32	32	34	34	67	268	268
New York	92	110	100	119	109	26	76	76
Paris	91	56	58	61	64	54	149	149
Toronto	88	97	95	111	109	25	83	83
Chicago	87	111	107	127	122	25	72	72
San Francisco	78	100	102	139	130	22	66	66
Amsterdam	77	78	65	101	84	34	91	91
Rio de Janeiro	64	32	33	50	52	63	185	185
London	62	46	39	73	63	44	124	124
Bogota	50	16	18	32	36	85	288	288

GM 4/2/77 p. 32

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# CANADA AND THE WORLD

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workers must work 83 hours to purchase the same market basket as can be had for 66 hours in San Francisco, 268 hours in Tel Aviv and 162 in Tokyo. GM 4/2/77 p.B2

## TNC MANAGEMENT NEEDS INCENTIVES TO WORK IN CANADA

Spokesmen for Massey-Ferguson told the Canadian Senate Committee on Canada-U.S. relations that it takes about 25 per cent more pay to lure employees from the U.S. to Canada, because U.S. personal income tax benefits and living costs are so much better. The company also finds there are lower corporate taxes in the U.S. GM 9/2/77 p. 1

## U.S. INTEREST RATES RISING

During 1975 the Bank of Canada wanted to keep the money supply under control and refused to allow Canadian interest rates to drop towards U.S. interest rates. With higher interest rates the external value of the dollar rose, and capital equipment imports became cheaper. Now that inflation has subsided non-financial corporate borrowers will probably be less cautious about new issues. This will put some upward pressure on long-term interest rates. As Canadian rates come closer to U.S. rates, Canadian firms will look to domestic sources for their money. FT 7/2/77 p. 9

## AID

External Affairs Minister Jamieson says he will probe rumours that CUSO employees are undermining Canadian unity, even though he's not sure just how they could do that. He was answering charges by John Diefenbaker based on statements of Arnold Smith, former Commonwealth Secretary-General. CUSO received \$8.5-million from CIDA during 1975-76. Next important among NGOs were: the Canadian Catholic Organization for Development and Peace at \$3.3 million, Canada World Youth at \$3.1-million, Canadian Executive Service Overseas at \$1.2-million and Care at \$1-million. GM 15/2/77 p.43

CIDA will get a new President, Michel Dupuy, a former assistant undersecretary of state and former director of the bureau of economic affairs for the Department of External Affairs. He will replace Paul Gerin-Lajoie who has been President for six years. CIDA, which has a \$1-billion annual budget, is under a long list of charges from the Auditor General, including diversion of funds to projects not specified in the original accounts, deliveries of below-standard food aid, unlimited financial commitments to foreign governments, delegation of sub-contracts without sufficient supervision and authorization of purchases after the fact. FT 14/2/77 p. 11

However, CIDA will not be given to a minister other than the minister of External Affairs. It was thought that CIDA might be given to Allan MacEachen, but the Prime Minister's wish to do so has been blocked by Michael Pitfield and by Basil Robinson, the undersecretary of state for external affairs, who feared a lack of co-ordination. Meanwhile, Conservative MP Doug Roche states that Mr. Trudeau fired Mr. Gerin-

Lajoie because of public loss of faith in CIDA administration. WFP 8/2/77 p. 6 c6-8

The Toronto Globe and Mail took an editorial position over the charges of CIDA misadministration, supporting the position of Douglas Roche. The Globe states that the relations of rich and poor are now the real business of the world "inextricably linked to the survival, collapse or improvement of the world monetary system, to the international distribution of energy resources", etc. CIDA's budget is pathetically small when weighed against these problems, and Canadians remain uninformed and without understanding. In this situation CIDA gives us doublespeak. While Lester Brown has told us that roughly one-million people died of starvation in India in 1972, CIDA tells us that "Relative self-sufficiency in food grains was achieved in 1972" in India. The Globe attacked Gerin-Lajoie's imperial style, opposed the idea of giving CIDA to a separate minister, and called for bringing CIDA issues into the heart of Canadian policy debates. GM 16/2/77 p. 6

## GUATEMALA

CIDA is giving 41 American "hippies" \$70,000 to rebuild San Andreas Itzapa in Guatemala. Clive Carruthers, who was Canadian consul in Guatemala at the time of the earthquake in February, 1976, took the gamble in assigning the volunteers to help rebuild 1,600 houses and now they will turn to five more schools and community health centres. The volunteers are from an organization of Tennessee farms called Plenty, which boasts about 800 members in a communal living situation, and which has a small Canadian branch on a farm near Lanark, Ontario. Alongside the Plenty volunteers worked members of the Brothers of Immaculate Love from St. Jovite, Quebec. These volunteers redesigned CIDA houses to suit Guatemalan weather and set up an assembly line for the almost 2,000 three-room wooden houses. TS 16/2/77 p. A16

## CANADA/U.S. RELATIONS

In a carefully-worded statement an official of the U.S. State Department gave a business seminar a declaration of U.S. concern regarding Canadian unity. John Rouse, head of Canadian Affairs at the State Department, spoke to a seminar on business prospects in Quebec held in Evanston. He cautioned against over-reaction to the Quebec election, and hinted that the U.S. would prefer a united and self-confident Canada. Quebec Industry Minister Tremblay brought a message to the seminar telling businessmen not to be alarmed and gloomy, and stated that Quebec would welcome foreign investment and bring business-like government to the province. Businessmen stated that they were impressed and reassured by Tremblay, but were skeptical regarding his argument that a separate Quebec would not fragment and damage the Canadian economy. EJ 27/1/77 p. 1, CP

# CANADA AND THE WORLD

U.S. President Carter publicly thanked Canada for providing emergency energy supplies. During the previous two weeks the National Energy Board had approved emergency requests from pipeline companies to pump additional 18-billion cubic feet of natural gas to the U.S. eastern states. EJ 1/2/77 p. 14, UPI

Republican Senator Ted Stevens of Alaska called a press conference in Washington to publicly ask Prime Minister Trudeau whether he is prepared to waive some Canadian laws in order to get a gas pipeline built through Canada quickly. Stevens backs an Alaskan route rather than a Canadian route. TS 11/2/77 C6

Vice-President Walter Mondale briefed P.M. Trudeau on the findings of his world trip, and told him that Canada would be invited to participate in the next economic summit, tentatively scheduled for May, in London. With balance-of-payments problems high on the list of concerns, Canada stands as a big-deficit industrial nation. European leaders are pressing for an early economic summit. Rumours that President Carter wants a summit involving political and military issues as well have been coolly received. FP 12/2/77 p. 26

The Toronto Star (editorial, 19/2/77 B2) called on Prime Minister Trudeau to gain U.S. support for a united Canada on his visit to Washington. It also called on him to explain why Canada must screen foreign investment, why Canada regards the U.S. as a friend, and said that Canada welcomes President Carter's speaking up for Human Rights. Meanwhile, the retirement of Canadian Ambassador to the U.S., Jake Warren, was greeted as a "blunder" coming as it did on the eve of Prime Minister Trudeau's visit to Washington. TS 18/2/77, GM 18/2/77 p. 1, Hugh Windsor

## GARRISON DIVERSION

U.S. Government ordered that a key element of the \$500-million Garrison water diversion, the Lone Tree reservoir in North Dakota, be shelved. N.D. Senator Milton Young stated that it "just about ends the project unless something new develops." The action follows a report of the International Joint Commission which recommended \$60-million in modifications of the project because of its expected effects on soil conditions, wildlife and fisheries in Manitoba, where the Red and Souris rivers empty. The announcement preceded Prime Minister Trudeau's trip to Washington, where the Garrison issue was expected to be high on the agenda. It also followed unanimous House of Commons support for a resolution proposed by Stanley Knowles (N.D.P., Winnipeg North Centre) supporting P.M. Trudeau's plan to request that Washington defer the project. EJ 25/1/77 p. 8 CP; WFP 2/2/77 p. 5; WFP 4/2/77 p. 8; GM 19/2/77 p. 3, CP; GM 19/2/77 p. 1 CP; TS 19/2/77 p. A1, CP-AP

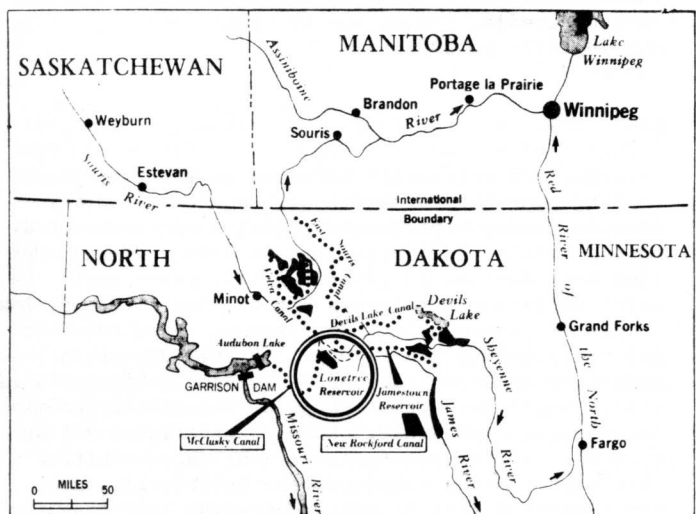
## Trade

### 1976 DEFICIT IN END PRODUCTS

Although Canada experienced an overall merchandise trade surplus in 1976 of \$1.13-billion, we experienced a \$10.2-billion deficit in end products trade with other countries. GM 19/2/77 p.B3

### JAPAN EDGES IN ON CANADA'S SHARE OF U.S. MARKET

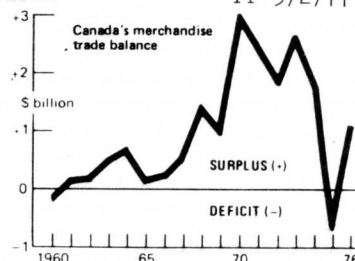
Last year, trade between Canada and the U.S. topped \$50-billion, a record flow for any two nations in the world. Although Japan is a distant second to Canada in the U.S. market, its trade has been expanding at a faster rate than Canada's. During the 1970's Japanese trade with the U.S. almost tripled while Canadian exports have only doubled. Japan's main exports are consumer goods, which could be subject to growing protectionist moves by Washington, especially since the U.S. trade deficit in 1976 stood at \$5.9-billion. FTC 7/2/77 p. 16.



## TREND OF BUSINESS

By Anne Bower

FP 5/2/77 p8



# CANADA AND THE WORLD

## FREE TRADE GETS A KNOCK

Myron Gordon of the University of Toronto's Faculty of Management Studies is against those economists who argue in favour of free trade (the removal of tariff barriers which now protect Canadian industry under the theory that such a move would raise the level of competition, force specialization and produce a more viable Canadian economy). Gordon says that free trade is a prescription for disaster for Canada: "multi-nationals would shift a significant fraction of output to lower-cost plants in the U.S. and third world countries." Gordon says that our manufacturing plants tend to produce at the lower-technology end of the spectrum while we import the high-technology items. His solution is forced mergers of Canadian companies to create larger economic units operating at world-scale levels. FP 5/2/77 p. 6, editorial



## EDC SUPPORTS MORE EXPORTS

The Crown-owned Export Development Corporation (EDC) will participate in a \$14-million loan to support the sale of ocean-going tugboats to Norway. The EDC also announced that it will provide long term loans, credit insurance and investment guarantees totalling \$524-million to support the sales of Canadian goods and services to several countries including Algeria, Mexico, Venezuela, the Soviet Union, Finland, Poland and Argentina. Of the total amount, \$511-million is approved for loans, \$10-million for insurance on payments for exports, and \$2.3-million for investment guarantees. GM 17/2/77 p. B3; EDC press release of Feb. 4/77.

## GOVERNMENT SUPPORTS TRADE FAIRS

In the 1975-76 fiscal year the federal government, through various export promotion schemes (other than the EDC), helped 524 Canadian companies to take part in 48 international trade fairs, while 18 trade missions organized by Ottawa took 110 Canadian businessmen to 16 countries. The total cost to Ottawa was \$3.7-million. The efforts generated direct sales of more than \$147-million. Ottawa is likely to continue to emphasize trade fairs while trade missions may decline as a vehicle for export promotion. FP 5/2/77 p. 6

## Foreign Investment

**INTRODUCTION:** *Despite calls by Walter Gordon and Herb Gray for a reversal of the growth of foreign control, the government continues to weaken legislation and/or its application. The list of takeovers is lengthened again this month and the government retreated further from action in the area of patent reform.*

## EDC INCREASES ACTIVITY

The assistant director of the Export Development Corporation, Barry A. Culhan, states that Canada is finally waking up to the fact that overseas investment can reap benefits. EDC is in the business of encouraging this process. The EDC insures investments for up to 15 years. The insurance can be cancelled only by the investor and not by the EDC as long as the contract conditions are maintained.

Canada is assisting with a \$937-million pulp and paper project near the town of Kwidzyn on Poland's Baltic coast, including \$50-million design and project management contract for Vancouver-based H. A. Simmons (International) Ltd. A \$500-million financial protocol with Poland, involving the EDC, will facilitate Canadian-Polish trade. By offering Poland a good line of credit, Canada won the deal. HCH 10/2/77 p. 29

## LAND

Foreign cash enters the Canadian real estate market in large amounts in search of long term security. Lincoln W. North of Montreal just completed a study of the matter. He criticized Ontario's 20 per cent land transfer tax as retarding this investment. He maintained that foreigners are willing to accept low levels of return which Canadians are not, and that for every dollar they invest, another dollar in construction money is released. He blames Ontario's land transfer tax for the shortage of new rental accommodation in the province. He said FIRA takes a liberal view of new real estate investment in recognition of this fact. Darcy McKeough, the Ontario Treasurer, has indicated that he will reduce the land transfer tax in time for the spring budget. TS 16/2/77 p. C9 c6-8

# CANADA AND THE WORLD

## GORDON SAYS BUY OUT LARGE CORPORATIONS

Walter Gordon, former federal finance minister, called for a 10-year programme to transfer ownership of the 30 largest foreign-controlled Canadian corporations to Canadian hands. This would resolve the foreign control issue, he told a seminar in Washington, D.C. The cost would be about \$15-billion payable over a 10 year period and is clearly within the financial capability of Canadians. Oil companies, he said, have lost their credibility through their fluctuating advice on Canada's reserve situation. They should be placed under firm Canadian control.

TS 17/2/77 p. A2 c5-7

## FIRA

Liberal MP Herb Gray stated to a Fanshawe College (London) group that the federal government is increasingly using FIRA as a way of making it easier for foreigners to buy Canadian companies, contrary to the purpose of the Act. It is paradoxical, he said, that while the country is worried about unity following the Quebec election, it is ignoring the threat of high levels of foreign controls. The federal government, instead of controlling investment, is relying on high levels of foreign fund inflow, and this dependence is a key reason for Canada's chronic economic problems. Canada remains unable to develop the productivity and innovation needed to correct its weak international competitive position. Gray stated there can be "no successful political nationalism without economic nationalism." EJ 26/1/77 p. 62 c3-8

His Excellency Curt Heidenreich, head of the delegation of the Commission of the European Communities in Ottawa, stated that the objectives of the Canadian FIRA are not readily understood by European investors. The legislation is not a major obstacle, but it is a psychological barrier. He spoke in favor of joint European-Canadian ventures in fishing, forestry and oil fields. HCH 5/2/77 p. 5 c1-2

FIRA reversed an earlier rejection of a Hayes-Dana bid to take over Western Wheel and Part Ltd. of Burnaby, B.C., and allowed Security Pacific Overseas Investment Corp. of Los Angeles to set up a commercial lending business in Toronto. FTC 21/2/77 p. 4

The White/Westinghouse dispute continues. In an editorial (TS 8/2/77 p. B4) the Toronto Star called on Trade Minister Jean Chretien to submit the merger of General Steel Wares, CGE and the Westinghouse appliance division to FIRA. If he does not, it gives a precedent for running around FIRA, and shows government flouting its own laws.

Meanwhile, White Canada has a division ready to sell appliances under a White-Westinghouse trademark as soon as the trademark's ownership is cleared

by the federal registrar of trademarks, Ross Carson, who must rule on who owns it. The ruling is not expected until May, 1977. FTC 7/2/77 p. 19

The Ontario Securities Commission (OSC) has ordered the Toronto Stock Exchange (TSE) to accept the change of ownership of a U.S.-controlled broker, Baker Weeks of Canada Ltd. The TSE and the Investment Dealers Association (IDA) of Canada opposed the change of control of the firm. TS 31/1/77 p. B8; TS 1/2/77 C6

The Toronto Star (editorial, 1/2/77 p. B4) argues that the OSC needs a reminder that Premier Davis is committed to the maintenance of Canadian control in the brokerage business. It argues with the IDA and the TSE that the foreign-owned firm provides no unique service not otherwise available to Canadians. The Securities Commission directed the TSE not to refer the issue to a vote of its members. The Star calls this high-handed, and calls on Premier Davis to overrule the OSC order to the Stock Exchange.



FJ 3/2/77 p4

Good grief! This balance sheet won't do — why damn it, a child could understand it."

## PATENTS

In the face of mounting industry criticism, the federal Department of Consumer and Corporate Affairs is retreating from its 1976 working paper which strongly questioned the need for a patents system. Noting that 95 per cent of Canadian patents are awarded to foreigners, it proposed ways to encourage foreigners to license Canadian manufacturers so more patents could be employed in Canada.

The Canadian Manufacturers Association saw this as an attack on foreign investment in Canadian industry, and feared that foreign research and development in Canada would dry up. The paper maintained that a patent is a monopoly for which society often pays excessive prices. Patents hold up the dissemination of technology while the patent holder works his rights to the end of the 17-year patent term. Patents protect products from competition and thus may encourage inefficient production. Patents may encourage international price discrimination when a Canadian firm holding a patent

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# CANADA AND THE WORLD

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or license has exclusive rights to the Canadian market and charges higher prices than might apply in other countries.

The Department's draft law proposes a nine-year term for patents, and a possible extension of five years. Under CMA pressure it is now moving to a term of 20 years. The proposed law recommended that inventors, who now have few rights, should have the right to their invention if the company holding the patent did not employ the patent within three years. Briefs attacked the term as too short. The CMA has pressed for a patent law reform committee, but the department sees this as a further delay of reform. The department hopes to have the bill passed by 1980. GM 12/1/77 p. B1

## Canada/Latin America Relations

### CUBA

Canada's Progressive Conservatives took divergent positions on relations with Cuba during the past month. In two articles in the Halifax Chronicle Herald (4/2/77 p. 7; 9/2/77 p. 7), Heath MacQuarrie, MP for Hillsborough, P.E.I., stressed the strong links between Canada and Cuba, expressed in such small details as the fact that rum outsells all other spirits in all four Atlantic provincial control boards. He praised Mr. Diefenbaker for holding out against American pressure to cut off relations with Cuba in 1962. He detailed Cuba's remarkable agricultural advances and improvements in animal health, as well as recent research on the uses of sugar cane by-products. Aid to Cuba, which has increased its viability as a trading partner, should be applauded by Canadians, he stated. He noted that at last March's first Congress of the Cuban Communist Party, resolutions of good will toward Christian believers were passed.

On another tack, Steve Paposki, M.P. for Edmonton Centre, suggests that Canadian planes loaned to Cuba have been used to ferry either troops or supplies to Angola. "When will the Liberal government put a stop to this?" he asked. (EJ, 4/2/77 p. 10) He was joined in a call to end Canadian aid to Cuba because of its troops in southern Africa by Douglas Roche, M.P. for Edmonton-Strathcona. Government spokesmen indicated that virtually all aid money granted in past years has been spent, and that aid projects are winding down this year. WFP 11/2/77 p. 12 cl-5; GM 2/10/77 p. 9 cl-4

Herb Gray (Liberal Windsor West) and Lorne Nystrom (NDP Yorkton-Melville) called for government action to halt the application of American law to Canadian exports to Cuba. American export licenses represent application of American law to Canadian companies. Under Combines Law amendments which came into force last year in Canada, such persons or companies seeking to apply foreign law in Canada can have

action taken against them. The law has not been tested, says Gray, and should be.

WFP 2/2/77 p. 7; See CNSP Vol. V No. 1 Canada/Latin America

### JAMAICA

The Toronto Star (editorial 4/2/77 p. B4) lamented that Jamaica's Michael Manley has to turn to either the Soviet Union or Cuba for models and assistance when Jamaica has rich friends closer to home in Canada and the United States. Manley has been pushed into a corner because of Canadian foreign policy. Canadian foreign aid programs have not worked. We are more interested in protecting our banking and resource investments in Jamaica than in helping that tiny country of 2-million people improve its standard of living.

### GRAND CAYMAN

The Cayman islands are happy places for a quiet holiday, or as a tax haven for corporate wealth. No direct taxes are paid at all. A liberal Companies Act and a stable government as a British Crown colony have made the Cayman islands a haven for thousands of companies. Canadian banks have established a prominent presence (the Royal, the CIBC and the Bank of Montreal).

FP 19/2/77 p. 39 cl-5



### CHILE

Adonis Sepulveda, General Secretary of the Chilean Socialist Party, stated in Calgary that no Canadian money should be invested or loaned to Chile because it will be used to buy guns for the military and the police. He drew attention to the abject poverty of the majority of Chileans. EJ 25/1/77 p. 17

### ARGENTINA

Canada should drop the \$400-million nuclear reactor deal with Argentina unless she can properly explain mysterious payments to promoters, states NDP MP T. C. Douglas. Taxpayers would save \$25-million if the deal was dropped, since it has suffered from inflation of costs of production. Industry Minister Gillespie refused to consider dropping the deal. WFP 3/2/77 p. 30; EJ 3/2/77 p. 6

### CANADA AND THE ORGANIZATION OF AMERICAN STATES

External Affairs Minister Don Jamieson cited confusion among the 23 members as the main reason Canada remains aloof from the Organization of American States. Senator Eugene Forsey points out that to join the OAS would be to put our-



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# CANADA AND THE WORLD

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selves in the position of losing friends either in the U.S. or among Latin Americans who tend to line up against the U.S. So Canada will remain an observer. WFP 10/2/77 p. 13

## JAMIESON TOUR

Ken Foran, the only member of the English Canadian press to accompany Mr. Jamieson on his junket through Brazil, Peru and Colombia sent back four articles to the Halifax Chronicle Herald. Brazil was the highlight of the tour, and the signing of the contract between Kaiser Resources and Companhia Vale do Rio Doce was the icing on the cake. Kaiser will ship coal from B.C. to Brazil and may get involved in expanding coal mines in Brazil. Petrocan expressed interest in a working relationship with Brazil's Petrobras.

Mr. Jamieson stated that he could foresee a \$250-million Canadian participation in the Itaipu hydro project in the form of turbines and related equipment. (HCH 4/2/77 p. 1 c5-8) With the loan of up to \$14-million from Canada's Export Development Corporation and the Bank of Montreal, Brazil will be able to bring an off-shore oil field into production earlier, through the purchase of an advanced undersea petroleum gathering and production system from Lockheed Petroleum Services Ltd. of New Westminster, B.C. (HCH 7/2/77 p. 3 cl-2)

Canadian investments in Brazil total \$1-billion and Canadian banks have lent a further billion. Jamieson pointed out in Sao Paulo that Canada is Brazil's fifth largest source of capital and that trade between the countries is important and roughly in balance. "Canada and Brazil", writes Foran, "share a similar pattern of economic development -- both have relatively small domestic markets, large areas of hostile territory, huge resources and both must go outside for financial aid."

There is a large trade of motor car engines manufactured in Brazil and auto parts made in Canada. Jamieson specified opportunities for application of Canadian experience and technology in hydro electric generation, and construction of transmission lines, in airport construction and STOL aircraft, in pulp and paper mills, railways

and telecommunications. Canadian firms, he stated, were willing "to cooperate in exploring for natural resources, whether minerals or oil, whether on the land or under the sea, in extracting them and then in refining them." Financial problems in balance-of-payments are forcing Brazil to restrict imports and to require import permits on all goods. In 1975 Canada exported \$194.46-million worth of goods to Brazil and bought back \$170.21-million. HCH 10/2/77 p. 3

Jamieson announced new technical and scientific agreements with Colombia and the ratification of most-favoured-nation status for Colombia in trade and tariff preferences with Canada. Canada will be investing \$4.2-million in Colombian fishery and furniture industries and rural development. Canada will loan Colombia \$5-million to finance projects in small and medium mining industries and reforestation. Talks are proceeding regarding a \$10-million loan by the Canadian Export Development Corporation and the Royal Bank to the Colombian Electrical Energy Institute. HCH 27/1/77 p. 5

## BRASCAN: TO SELL OR NOT TO SELL

In analysing the proposed Brascan sale of the Light subsidiary in Brazil to a group of Brazilian businessmen (See Lacir, Vol. 1 No. 8), Harvey Levenstein dwelt upon the criticism among secular and religious circles both of the sale and of the effect of transnationals on the Brazilian economy.

Stressing the debt repayment pressures on the Geisel government and the need for better support for Brazil's huge population of poor, Levenstein doubted that the Brazilian government could take on the necessary guarantees of the deal which would make Brascan's sale of the Light possible. TS 16/2/77 B3

Meanwhile, the company itself stated that there have been no further developments regarding the possible sale, which was announced on December 1st, 1976. Light is in the process of completing a \$42-million loan in West Germany to finance its 1977 capital program. This loan will be guaranteed by the Brazilian government. GM 3/2/77 p. B7

# THE ECONOMY

## General

### MONTHLY STATISTICS

#### I. ECONOMY

##### Corporate Profits (\$-million)

4th Quarter - 1976 \$2.177  
Down 9.0% from 4th Quarter 1975

##### Corporate Sales (\$-million)

4th Quarter - 1976 \$60.748  
Up 8.4% from 4th Quarter 1975

##### Housing Starts (Urban Centres)

December 1976 17,658  
December 1975 19,758  
Change - 10.6%

Total 1976 209,762  
Total 1975 181,846  
Change + 15.4%

#### II. LABOUR

	Jan.	Dec.
<u>Persons with Jobs</u> (millions)	9.26	9.48
<u>Unemployed</u>	889,000	754,000
<u>Unemployment Rate</u> (Adjusted)	7.5%	7.4%

**INTRODUCTION:** *With the renewed upsurge of prices and continuing pessimism about 1977 growth rates, the Canadian economy is in trouble. Prices have not been significantly controlled and business is complaining of lack of demand. Manufacturers are now calling for income and sales tax cuts while Finance Minister Macdonald is considering his next move. Observers believe that he will shortly bring down a budget to relieve unemployment and to "restore business confidence".*

*The government has increased tax deductions for Registered Home Ownership and Registered Retirement Savings Plans. As John Rodriguez pointed out in his opposition to the bill, government relief usually goes to the rich and the corporations. Given the increasing cry for "restoring business confidence", it is likely that Macdonald's budget will follow this tendency.*

#### FOOD CAUSES CPI JUMP -- WILL INFLATION SURGE?

The Consumer Price Index rose by 0.9 per cent in January, the largest single monthly jump since November 1975. This corresponds to an annual rise of 8.4 per cent. In 1976 low food prices had kept increases in the CPI below the government's target

of eight per cent. In January a food price jump of 1.2 per cent (14.4 annually) caused a large cost-of-living increase. GM 12/2/77 p. B12, CP; TS 11/2/77 p. A1

**CNSP NOTE:** *The government has claimed that its controls programme succeeded in 1976 because the CPI rate of increase was below eight per cent.*

*Critics of the AIB claimed that retail prices had not been controlled, but the CPI growth rate had slowed because food prices, which are not controlled, had stabilized. Thus, while most prices had risen, the government appeared successful. Eventually, however, food prices had to rise, as they did in January. The January statistics are proof of the argument that the AIB has been unable to control prices.*

#### SLOW GROWTH YEAR PREDICTED

R.D. Fullerton of the Canadian Imperial Bank of Commerce predicted that in 1977 Canada's Gross National Product would grow by between four and 4½ per cent after discounting the effects of inflation. This is considered a low growth rate. Fullerton expressed concern about the lack of investment incentives for business. He suggested that the government act to "encourage the business sector and restore a measure of confidence in the economy". Fullerton wants the government to extend the two-year tax write-off for expenditures on new machinery to all industries and to widen the write-off to all types of fixed capital investment. EJ 12/1/77 p. 72

#### CMA WANTS TAX REDUCTION

The Canadian Manufacturers' Association (CMA) called for a reduction of either federal sales tax of personal income tax. A reduction in sales tax would reduce prices and restore consumer confidence said the CMA. TS 17/2/77 p. C9

The Financial Post notes that a sales tax reduction of one percentage point by all governments in Canada and a two point reduction in manufacturers' federal sales tax would return \$1.5-billion to the economy. FP 12/2/77 p. 1

#### MACDONALD'S BUDGET PRIORITIES

Federal Finance Minister Donald Macdonald indicated that the next budget will stimulate the economy. He listed four priorities:  
-- to encourage investment;  
-- to promote an improved balance of payments picture;  
-- to generate downward pressure on prices;  
-- to relieve areas and sectors of high unemployment.  
GM 7/2/77 p. B1

# THE ECONOMY

## HOUSE APPROVES TAX CHANGES--NDP OPPOSED

The House of Commons approved on February 14 the changes to the taxation bill proposed by the Liberals in the May 1976 budget. Because of the NDP opposition to the bill, especially a modern-day record six-hour speech by John Rodriguez, the government introduced a closure motion to limit debate and to force a vote by the evening of the 14th. The closure device has only been used 22 times in the history of Parliament, but the last two occasions came in February as the Liberals cut off further discussion of the taxation amendments. The tax amendments were approved by a vote of 155 to 13, with only the NDP and one Social Credit member opposing.

The changes approved by the House raise the allowable deductions from taxable income for retirement savings plans, registered home ownership plans and child care expenses. The NDP opposed the changes as favouring the rich since only they can afford retirement and home ownership plans. They are also opposed to the system of tax deductions which reduce taxable income to a lower rate. They want instead a system of tax credits which would be a fixed amount calculated separately from rates of taxation.  
HCH 15/2/77 p. 1, CP

**CNSP NOTE:** *The Liberals and the Conservatives, who both favoured the tax changes, charged that the NDP was delaying the changes merely for partisan reasons and to embarrass the government, which had already included the changes in its taxation forms for 1976. However, Rodriguez' speech was more than a filibuster. During his speech he made several incisive comments about the distribution of power in Canada and about the role of the Liberals and Conservatives as servants of the rich and powerful, and as defenders of their interests and arguments.*

The Registered Retirement Savings Plan was introduced ostensibly to help people save for their old age. However, Rodriguez pointed out that the RRSPs have become tax shelters for high-income people who do not wish to pay tax on extra income that they can afford to put aside.

INCOME BRACKET (\$)	# OF PEOPLE IN BRACKET USING RRSP	AVERAGE DEDUCTION
5000 - 10,000	3,580,000	\$34.49
25,000 +	274,009	\$1,501.76

Rodriguez also attacked the provisions for Registered Home Ownership Savings Plans. He quoted figures from the National Council of Welfare which pointed out that only one in 49 of those earning between five and ten-thousand dollars a year took advantage of the programme since 1974. Meanwhile, one in 16 of those earning over \$50,000 used the scheme. The plan can only help those who make enough to put money aside. Low income earners need to use more of their income for day to day essentials and cannot afford to put money into these schemes.

TAXABLE INCOME BRACKET (\$)	AVERAGE RHOSP GRANT (\$)
below 2,000	105.21
2,000 - 5,000	203.18
5,000 - 10,000	264.93
10,000 - 15,000	309.93
15,000 - 20,000	365.80
20,000 - 50,000	462.11
50,000 +	571.06

Since the schemes create deductions from taxable income, the deduction is higher for high income people. Rodriguez pointed out that the system of tax deductions is regressive. A deduction from taxable income is taken out of a person's highest tax bracket and reduces the amount of income taxed at that person's highest rate. Thus, a deduction from a 40 per cent tax bracket is a greater saving than a deduction from a 25 per cent tax bracket. Rodriguez pointed out that a tax credit which reduced tax paid by a given amount for anyone claiming that credit would be a more equitable method. "One of the benefits provided by the tax credit system is to ensure the payment of tax on every dollar earned." After tax is calculated, credits would then be returned.

This method could also be applied to corporations. Rodriguez showed that corporate contributions to federal revenue dropped by 38 per cent between 1962 and 1970. During the same period, contributions through personal income tax increased by over 23 per cent.

The use of tax deductions by corporations has allowed Canadian oil companies to defer payment of \$1,036-million since 1968. The corporations were allowed to keep this money for use in exploration, but only one third of the deferred tax dollars were used for exploration.



# THE ECONOMY

Rodriguez claimed that the total value of mining production in Canada in 1975 was \$12-billion, yet the mining companies paid only \$1-billion in taxes. The ability of the corporations to use tax deductions has meant that corporate income tax has fallen from 6.6 per cent of the GNP in 1951 to 4.2 per cent in 1975. Personal income tax rose in the same period from 5.9 per cent of the GNP to 15.3 per cent.

## TAXES AS % OF GNP

YEAR	CORPORATE INCOME TAX	PERSONAL INCOME TAX	INDIRECT PERSONAL TAX
1951	6.6	5.9	12.4
1975	4.2	15.3	13.5

The taxation amendments, as they were finally passed, serve to increase the burden on those least able to bear it. The policies of both Liberal and Conservative governments have allowed the corporate share of taxes to fall at the expense of the people. The latest amendments serve to widen the loopholes open to only the high-income members of society. At the present time, the top 20 per cent of Canadian income earners receive 48 per cent of the total personal income, while the bottom 20 per cent receives only 3 per cent. Rodriguez' speech highlights the fact that the government, fully supported by the Conservatives, acts only to protect the interests of the corporation and the wealthy, meanwhile increasing the burden of taxation being carried by the poor.

Source: House of Commons Debates, Monday, February 14, 1977

FP 12/2/77



Art Shanks

'Interesting. Five in favor and one in dissent.'

## Oil and Gas

**INTRODUCTION:** In the face of energy shortages unprecedented in the United States since the 1973 OPEC scare, a Federal Power Commission Judge gave his support to the Canadian Arctic Gas Mackenzie Valley pipeline proposal. Rebuffed by the FPC, the backers of the Alcan pipeline have announced another route, a new "Express" pipeline to carry Alaskan gas into the U.S. A phasing out of exports of Canadian light crude to American midwest refineries, combined with an oversupply of crude to refineries on the U.S. west coast, will put pressure on Canadian authorities to push through the proposed Kitimat oil pipeline to funnel Alaskan crude through Canada to oil-hungry refineries in the American north.

While the federal government has chipped in more funds to alternate energy research, the Maritime provinces have announced the probable formation of a Maritime Energy Corporation to share new energy development costs.

### FPC STUDY FAVOURS ARCTIC GAS

U.S. Federal Power Commission Judge Nahum Litt has recommended construction of a joint pipeline to move Alaskan and Canadian gas to southern markets. The Judge gave the \$8.5-billion Canadian Arctic Gas Pipeline the nod over competing routes, claiming the CAGPL route would be of greatest benefit to American consumers. The decision is still to be considered by the five-man FPC, President Carter and the U.S. Congress before it is accepted. Carter is expected to make his decision by September 1, 1977.

In Canada, CAGPL was understandably buoyed by the report while Robert Blair, President of the competing Foothills Pipeline saw the decision as

part of a U.S. power play to push through a route for Alaskan gas as fast as possible.

GM 2/2/77 p. B5; FTC 7/2/77 P. 20, WFP 3/2/77 p. 37

**CNSP NOTE:** The FPC Judge's decision prompted an unprecedented amount of analysis in selected newspapers, a number of which seem to be just twiggling to the implications of the pipeline decision. Most papers noted that the U.S. decision combined with the natural gas shortage scare will put Canadian decision-makers (the National Energy Board and the federal Cabinet) under even greater pressure. The U.S. Judge dismissed completely the Alcan route, seen as a likely compromise in the event that a

# THE ECONOMY

*Mackenzie Valley line is rejected by the NEB. He endorsed the El Paso LNG line as his second choice. (El Paso would move liquified natural gas from Alaska by tanker to California.)*

## OIL COMPANY LOBBY MOUNTS

Oil company lobbyists are warning the government that exploration could be cut back drastically if the CAGPL project is not approved this fall. Federal officials suggest the threatened cutback could be a mistake for the oil companies. Exploration permits in the Mackenzie area come up for renewal in the next year, which means the government could retaliate against Gulf, Shell and Imperial by refusing new permits. Officials also suggest that if the companies are ready to cut back exploration, then there may not be enough gas and oil to justify the pipeline. GM 10/2/77 p. B1 - Jeff Carruthers

## ANOTHER PIPELINE ENTERS THE FRAY

Rebuffed by the U.S., FPC, the backers of the Alcan pipeline route, have altered their plan to funnel Alaskan gas through Canada to the U.S. midwest. A new 2,500-mile, 48-inch, "Express" pipeline, costing over \$10-billion would use the right of way of the Alaska oil pipeline from Prudhoe Bay south through Alaska to the Alcan Highway corridor to Whitehorse in the Yukon. From there, the line would run through northeastern B.C. into Alberta to a terminal near Calgary; then one spur would go west to Kingsgate, B.C. and one east to Monchy, Saskatchewan. Both points are near the U.S. border.

The line is backed by sponsors of the 'old' Alcan route and the 'all-Canadian' Foothills route -- Northwest Pipeline of Utah, Foothills and Alberta Gas Trunk Line of Calgary and Westcoast Transmission Co. of Vancouver. The "Express" route would use right of ways already held by industry and would avoid permafrost and land claims problems, according to the route's backers. GM 17/2/77 p. B7

## KITIMAT ENVIRONMENTAL STUDY PROMISED

Energy Minister Alastair Gillespie says the National Energy Board will make its decision on the proposed Kitimat oil pipeline from B.C. to Edmonton and south to the U.S. midwest, without considering risks to the Marine environment if studies are not available. However, he did promise that the Cabinet would not make a decision until the Environment Ministry conducts an environmental impact study. The Kitimat terminal, at the end of an 80-mile-long fjord, would process about 13 supertankers a week by 1981. Critics say that oil spills will be certain and the delicate ecology of the region would be permanently damaged. WFP 8/2/77 p. 13; GM 8/2/77 p. 4

**CNSP NOTE:** *The NEB and the Cabinet will be under intense U.S. pressure to approve the Kitimat oil pipeline. The line is seen as essential by refineries in the U.S. midwest where Canadian exports*

*of light crude are gradually being cut back, leaving them without other sources. For Canada, the line would offer little benefit in the future and none in the present. One alternative might be to bring tankers even further down the B.C. coast to Port Angeles, Washington, where a proposed "northern tier" pipeline could be built to transport oil across the north into Minnesota. Environmental dangers for the Canadian west coast would be even more severe in this case. Watch for some fast footwork on the Kitimat Line.*

## SASKATCHEWAN MAY GET HEAVY OIL PLANT

In an attempt to inject some life into heavy oil exploration in the Lloydminster area, Petrocan -- the federal government-run oil company -- and the Saskatchewan government are trying to attract private oil companies to invest in a \$1-billion heavy oil upgrading plant. A decision is expected to be made within a year for a start-up in 1982. Provincial Mineral Resources Minister John Messer suggested a consortium would be needed which would include both the provincial and federal government. Messer also said the government would be willing to offer such Syncrude-style concessions to private industry as a world price for oil. GM 1/2/77 p. B1



# THE ECONOMY

## Nuclear Energy

### FEDS ANNOUNCE ALTERNATIVE ENERGY PLANS

Ottawa has announced the establishment of a renewable energy resource branch in the Department of Energy, Mines and Resources. An advisory committee on conversion and renewable energy is also being created by the federal government. Of the \$10-million increase in federal energy Research and Development funds for 1977-78, \$4.4-million will go towards the study of renewables; (solar, wind, biomass, etc.). Total federal Research and Development funding for the next fiscal year will be \$138-million. WFP 12/2/77 p. 11

CNSP NOTE: *The increase of Research and Development funds for renewable energy sources has only come after years of criticism from supporters of alternatives. Up to two years ago, less than one per cent of the federal funds for energy research went towards non-conventional sources. The lion's share of funds still goes towards nuclear power.*

### N.S., OTTAWA IN \$80-MILLION ENERGY DEAL

The federal government will contribute \$63-million and Nova Scotia \$17-million in an effort to lessen that province's dependence on foreign oil for energy. The combined programme will involve \$33.4-million in grants and \$17-million in loans for home insulation, \$24.2-million to reduce the role of oil in electrical generation and \$5-million to promote energy conservation in industrial and commercial operations. The announcement ended a year of haggling between Nova Scotia Premier Gerald Hatfield and the federal Energy Minister. Nova Scotia had originally requested \$400-million to hold down electricity costs in the province over a 3-year period. HCH 15/2/77 p. 1



"But it is a peaceful use of atomic energy. We're only testing the bombs."

February 1977 Bulletin of the Atomic Scientists

### MARITIME ENERGY CORPORATION PROPOSED

The three Maritime provinces have agreed in principle to form a Maritime Energy Corporation which would develop new power projects and transmission lines in the region. Federal money will be likely involved in the corporation as Ottawa was instrumental in urging the three provinces to join forces to try



to lower unit costs of electricity. A feasibility study is now under way, with two-thirds of the cost being financed by the federal government. The new corporation would:

- Have responsibility for funding, construction, and operation of regional power projects.
- Negotiate agreements with neighbouring power systems for expansion, sale transfer or purchase of electricity.
- Coordinate and direct the day-to-day operation of the system in the three provinces.

FP 19/2/77 p. 31; WFP 9/2/77 p. 38

### Nuclear Power

#### A SURVEY OF PROVINCIAL NUCLEAR ENERGY AGENDAS

The following outline is a simple compilation of the nuclear energy development plans of the provinces. The information was gleaned from industry spokesmen, published papers from Atomic Energy of Canada, major provincial utilities, and scattered press clippings over the past six months.

#### MARITIMES

A 600-megawatt nuclear station at Point Lepreau, 20 miles west of St. John, New Brunswick, is scheduled to start up in 1980. Prince Edward Island has said it will not adopt nuclear power, but would likely tie into an eventual maritime electric grid with both New Brunswick and Nova Scotia. AECL President Dr. John Foster says the Maritimes will install a nuclear unit every other year after 1985. Newfoundland has studied atomic power but made no decisions. Nova Scotia, according to Gordon Mader, Vice President of the Nova Scotia Power Corporation, is seriously considering nuclear power.

## ONTARIO

The heart of the Canadian nuclear programme. Already there are five commercial reactors in use — four in Pickering and one in the Bruce complex on Lake Huron. There are four more 500-megawatt reactors being installed at Pickering and seven 750-megawatt units at the Bruce site. Ontario Hydro plans four 850-megawatt units at Darlington, 20 miles east of Toronto. In addition, there are the NRU and NRX research reactors at Chalk River. There may be three units a year installed during the 1980's.

## MANITOBA

Regarded as the next most likely candidate for nuclear power. Feasibility studies on a 600-megawatt reactor and heavy water plant have been done. The betting is that nuclear power will come on tap by the mid-1990's after the 700-megawatt potential of the Churchill-Nelson hydro-electric system has been absorbed.

## QUEBEC

The province has one commercial 600-megawatt station scheduled for operation in 1979 -- Gentilly-2 on the shores of the St. Lawrence across from Trois Rivieries. Gentilly-1 is a demonstration reactor of a slightly different design from the standard Candu. AECL predicts Quebec will build three units a year during the 1990's. There could be 30 reactors by 2000.

## SASKATCHEWAN, ALBERTA AND BRITISH COLUMBIA

Dr. Foster of AECL predicts the west will install "a couple of units a year in the 1990's." There have been no firm commitments from any of the three provincial governments, but according to an AECL official most provincial utilities (including the west) say growing electricity demand will be impossible to meet without a major contribution by nuclear power.

## Fishing

### THE 200-MILE LIMIT: HOW DO WE DIVIDE THE WATERS?

Canadian and American officials agree that a settlement of their competing claims to offshore jurisdiction will have important, far-reaching consequences. The depletion of fish stocks and a dramatic decline in intrinsic fuel reserves emphasize the need for the 200-mile boundaries. Canada focused this concern when it extended the country's fisheries management zone from 12 miles to 200 miles offshore. The U.S. followed suit on March 1. Maritime nations in Europe had already done so, also acting before the United Nations' Law of the Sea Conferences had reached any sort of agreement on the 200-mile limit.

Canada said it was making the move in light of the crises in the fisheries industry in the Atlantic

region. The industry has been providing about 70,000 jobs in an area where unemployment rates are above 15 per cent. Over-fishing has forced plants to operate at 40 per cent capacity.

Canada has negotiated a series of bilateral agreements with the Soviet Union, Norway, Spain, Portugal, and Poland, setting quotas on stocks that are "surplus to Canada's needs." Fishing boats from these countries are issued permits when allowed to fish in Canada's newly declared zone. Ottawa feels this plan will benefit the Canadian industry as it is aimed at areas not fished by Canadians, and it

GM 17/2/77 p7

## Canada's New Fishing Zones



will teach them new techniques. The Hamilton bank off Labrador is not fished because of ice problems there. Other countries can fish in the bank and may be able to teach Canadians how to fish under the difficult ice conditions. Spokesmen for the fishing industry are suspicious of the quota system; they had hoped for a complete ban on foreign fishing. They are also uneasy about the failure to sign an agreement with the French islands of St. Pierre and Miquelon, south of Newfoundland.

Canada's dispute with the U.S. concerns the division of the areas that hold the most immediate potential for riches. Given the potential for oil and gas, the conflict between the claims to the waters off the East coast in the Gulf of Maine, the Beaufort Sea and the Strait of Juan de Fuca is increasingly important. GM 17/2/77 p. 7

The government's pride at its announcement of the 200-mile limit did not rub off on fishermen. They blame Ottawa for allowing fleets of foreign 'vacuum cleaners' to deplete stocks. The federal government has been forced to subsidize the industry with \$250-million a year. WFP 8/1/77 p. 1

A gathering of all unions representing workers in the fishing industry dealt with the problem of forming a central voice for all those in the industry. The meeting was the first of its kind in Canada. The CLC will set up a fisheries council to work with the various union staff. The fisheries officials hope to have the first meaningful consultations between government and fishermen this year. WFP 15/1/77 p. 8

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# THE ECONOMY

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## Forestry

**INTRODUCTION:** *Canadian forestry analysts are predicting a sluggish recovery in the industry after the depressed markets of '75 and '76. The industry is faced with increased costs at home and growing competition from the U.S. The Canadian Pulp and Paper Association, which represents the largest producing and export industry, has responded by affirming its faith in free enterprise. The CPPA says with present returns on profit it is incapable of contributing to Canadian economic growth and employment. To improve this situation it recommends a reduction of income tax, increased government incentives and an encouragement of mergers to improve Canada's competitive position.*

### FORESTRY OUTLOOK

Don Lanskaill, president of the Council of Forest Industries (CFI), said lumber sales led the forest industries market improvement last year. Pulp and paper markets appeared good until mid-year when softening demand led to overstocking of world inventory. Plywood faced severe competition at home and finished weaker in overseas markets. He said lumber improvements in 1976 should be considered against the depressed market in 1975, when production fell 19 per cent from the 1974 level to 7.5-billion board feet. Mr. Lanskaill said U.S. housing starts, a key factor for the B.C. forest industry, did not reach expected levels in 1976. An improvement to 1.7-million starts from 1.5-million starts is forecast for the U.S. in 1977. This would benefit Canadian producers. He said Canadian costs are allowing American plywood producers to overcome a 15 per cent tariff barrier and grab over 22 per cent of the Canadian domestic market. Five years ago, the U.S. held less than one per cent of the Canadian plywood market. Laskaill said high costs in the Canadian forest industry have created a price situation "which is allowing our lower cost competitors to build manufacturing facilities and enter the market." WFP 10/1/77 p. 18

### LOWER CANADIAN DOLLAR HELPED EXPORTS

A major problem faced by the Canadian forestry industry in 1976 was the higher value of the Canadian dollar relative to the American dollar, but the drop in value of the Canadian dollar late in 1976 helped forestry exports. WFP 15/1/77 p. 40 CP

### SLUGGISH IMPROVEMENT FOR PULP AND PAPER

Shipments from Canadian pulp and paper mills in 1977 are expected to total 20-million tons, about one-million tons more than 1976, predicts H. Hart, president of the Canadian Pulp and Paper Association. He said mills would probably run at 85 per cent capacity, with the prospect of temporary shutdowns during the first half of the year. With an inadequate return on investments, Mr. Hart raised questions about the industry's ability to renew itself and contribute to Canadian economic growth and employment. "What concerns us is our ability to locate in Canada a reasonable share of the new

production facilities required to serve demand, rather than see them so elsewhere." GM 5/2/77 p. B12

Figures for corporate earnings for each share of ownership. Note that prices of stocks of many of these companies set their all-time highs years ago.

### U.S. NEWSPRINT COMPETITION

Melvin Kurth, president of Southland Paper Mills of Houston, cites unfavourable Canadian wood and labour costs, and the growing obsolescence of Canadian mills as reasons for the improved position of U.S. newsprint producers. Any improvement in the market share of U.S. producers will come exclusively at the expense of Canadian companies, whose market share has already shrunk from 74 per cent in 1966 to 63 per cent in 1976. About two-thirds of U.S. newsprint needs now are supplied by Canadian sources, but rapidly rising wood and labour costs suggest that Canadian firms will be forced to raise prices more rapidly than major U.S. producers. Another U.S. advantage is the lower cost of capital, which enables producers to build new mills more cheaply than Canadian companies. A disadvantage for the U.S. is the rising cost and shortage of energy which caused several mills to reduce production in recent weeks. This may lead to reduced inventories and increased demands for Canadian newsprint. GM 12/2/77 p. B2

### PULP AND PAPER ECONOMIC PRESCRIPTION

The Canadian Pulp and Paper Association is calling on the federal government to provide strong economic leadership and improve the investment climate to strengthen the competitive position of Canadian industry. They want political leaders to explain publicly the central place of profits in the system. Their brief was a response to a government document, "The Way Ahead", which deals with economic strategy after the phase out of wage and price controls. The CPPA says:

- personal income taxes should not be increased because their high levels contribute to increased wage demands;
- investment tax credits to industry should be increased;
- provision should be made for the impact of inflation in calculating taxable earnings;
- accelerated write-off for pollution abatement expenditures should be extended;



-- anti-inflation controls on profits should be relaxed.

It said labour-management relations cause disruption, weaken competition and damage Canada's reputation in world markets. It suggested that the right to strike in key public sectors be limited and provisions be made for the secret ballot on strike votes. The brief said encouragement of mergers, specialization and development of export agreements would enable the industry to compete more effectively. WFP 13/1/77 p. 33 cl-8

CNSP NOTE: *The CPPA wants a return to "traditional free-enterprise values." In the case of the forestry industry this means increased government protection for the corporations to make their investment as risk free as possible. Apparently, government intervention in the marketplace is acceptable as long as it benefits the corporations.*

## ECONOMIC MUSCLE VS. QUEBEC SEPARATISM

Canadian Pulp and Paper Association president, Howard Hart - a Montrealer, expressed his "faith in both the Canadian idea and the instrument through which it has been pursued, a federal system of government." He urged "fellow-moderates" to speak out so unity can be realized. Columnist Jack McArthur claimed that if the pulp and paper industry -- the province's largest -- voiced anti-separatist sentiments Quebecers may begin to fear losing their jobs if the nation splits. TS 11/2/77 p. 7

## Transportation and Communications

### CANADA GETS UNIFIED RAIL PASSENGER SERVICE

Minister of Transportation, Otto Lang, has announced the formation of a new Crown Corporation which will operate all rail passenger services in Canada. VIA Canada, Ltd. will be a wholly-owned subsidiary of Canadian National Railways and will have government financing. Lang said that his intention is to create an efficient, profit-making company in spite of the fact that the American model for the corporation, Amtrak, has steadily lost money. WFP 14/1/77 p. 1; EJ 14/1/77 p. 10; HCH 15/1/77 p. C3; EJ 7/2/77 p. 15; FP 12/2/77 p. 2

### CN TO OPEN SHARES FOR PUBLIC OWNERSHIP

Lang has also announced a new policy for the ownership of Canadian National. He has asked the corporation to establish a separate audit for each of its operations and subsidiaries (hotels, travel bureaux, American and Canadian railways, trucking lines) and prepare to put shares from the profitable operations on the public market. Trudeau made the statement that the intention of the policy is to "reduce government involvement and provide new opportunities to the private sector." GM 15/1/77 p. B14; MS 15/1/77 p. A10; EJ 15/1/77 p. 8; EJ 18/1/77 p.54; GM 20/1/77 p. 7

### AIR CANADA TO BE SEPARATED FROM CN

Air Canada showed a loss of \$22-million in 1976. The loss was blamed on inflation and the pilots' strike in June. The company plans to cut some overseas flights, review domestic flights and raise domestic fares. Lang's solution to the loss is to separate Air Canada from CN, its sole owner, and attempt to make it a profitable venture by diversifying its services. EJ 13/1/77 p. 10; TS 13/1/77 p. C1; TS 11/1/77 p. B11; HCH 11/1/77 p. 5

CNSP NOTE: *The media frequently refer to shares on the market as "public ownership". What is actually involved is the transfer of ownership of a publicly-owned Crown corporation into the private sector.*

### GOVERNMENT CONTROL OF TRANSPORTATION POLICY

Lang has increased government control over freight transportation by introducing legislation which sets maximum freight rates. This move is in response to complaints from Western farmers and manufacturers that freight rates discriminate against them. GM 28/1/77 p. B10

Lang also tightened government control of transportation by transferring policy powers from the Canadian Transportation Commission to the Transport Department. EJ 28/1/77 p. 51

### CHANGES IN BELL CANADA

Telesat Canada, the corporation which owns Canada's communication satellites has sold a controlling proportion of its shares to Bell Canada. Bell uses the satellites in its long-distance calling system. MS 10/12/76 p. C11; OC 10/12/76 p. 9; HCH 10/12/76 p. 33

The Restrictive Trade Practices Commission has proposed public hearings on its recommendation that Bell Canada be separated from its subsidiary, Northern Telecom (formerly Northern Electric). Bell will try to convince the public that the unified control of the two companies is of advantage to the Canadian public and the national economy. GM 18/2/77 p. B1

CNSP NOTE: *Bell is the largest manufacturing company in Canada with assets of \$6.6-billion.*

Bell has also received large grants from the government to establish phone service in every community in the North West Territories. GM 22/1/77 p. B4

# LABOUR

## General

**INTRODUCTION:** *Almost all coverage of general labour news focused on the growing number of Canadians without jobs. The most common response to the rising jobless rate was anger -- although a number of commentary articles attempted to downplay the seriousness of the problem by insisting that workers were becoming too choosy or by stating that many people seeking work -- such as women and young people living at home -- did not need to work. However, most editorial comment, as well as response from opposition politicians and the public at large, insisted on decisive action to provide jobs. Several commentators underlined the human and social costs and pointed out that the worst economic cost of unemployment is not society's expense in maintaining those out of work. The larger cost is the lost production represented by such a high level of joblessness.*

### MP: EASTERN JOBLESS RATE UNBELIEVABLE

Andy Hogan, NDP - Cape Breton-East Richmond, says unemployment is "unbelievable and is as high now as any time in the last 20 years -- in some cases almost as high as during the depression."

The jobless rate in areas of Cape Breton, Newfoundland, northern New Brunswick and Quebec is running as high as 35 per cent, says the NDP member, and part of the problem is due to the government attitude toward the distribution of income.

HCH 2/2/77 p. 4

### 7.7% JOBLESS RATE FORECAST FOR 1977

Canada's labour force is expected to grow at slow rates of 2.2 per cent in 1977 and 1.9 per cent in 1978, compared to a rate of 4.2 per cent between 1973 and 1975, according to Wood Gundy Ltd. of Toronto in a detailed economic forecast for the next two years.

But despite this, the investment firm predicts that unemployment will rise to an average of 7.7 per cent this year and 7.8 per cent in 1978 from an actual 7 per cent in 1975. Wood Gundy notes that, although unemployment among skilled workers is lower and less volatile than the rates for the semi-skilled and unskilled workers, "the situation has worsened for this group with the poor performance of the economy since late 1975."

GM 2/2/77 p. B2

### JOBLESS RATE 11% AND NOT 7.1% ASSERTS BROADBENT

The higher number given by NDP Leader Broadbent for the 1976 unemployment rate includes the "hidden unemployed" -- those unemployed who have become so discouraged by the unavailability of jobs that they have stopped looking and therefore are not contained in the official statistics.

The official figures point to 735,000 unemployed men and women during 1976 but Broadbent, in a speech in Cambridge, Ontario, stated that a further 450,000 people were among the hidden unemployed because they were laid off or lost their jobs several months before and had given up looking for work. The total of unemployed is therefore 1,185,000 -- including both official and hidden jobless -- or 11 per cent

of the labour force.

GM 5/2/77 p. 11, W. Cheveldayoff; TS 7/2/77 p. A9; HCH 7/2/77 p. 3; WFP 7/2/77 p. 4 CP

### JOBLESS TOTAL SETS CANADIAN RECORD

Actual unemployment in January was 889,000, the highest recorded since monthly labour force statistics began to be recorded in 1953. The jobless rate, adjusted for seasonal variations, stood at 7.5 per cent, the same as for December. The actual unemployment rate was 8.8 per cent.

In January 1976, the unemployment rate was 6.6 per cent and there were 800,000 persons without work. In December there were 754,000 people unemployed.

The high seasonally-adjusted rate for January 1977 reflects a worsening unemployment trend. There was a slight increase in the unemployment rate for persons 25 and over. Of the total unemployed, 266,000 were heads of family units.

On a provincial basis, Ontario's unemployment rate declined by 0.3 per cent to 6.2 per cent in January. For Quebec, the rate declined by 0.8 per cent. Unemployment was highest in the Maritimes, Saskatchewan, Alberta and Manitoba. The rate remained unchanged in British Columbia.

EJ 8/2/77 p. 1 CP; TS 8/2/77 p. A1; WFP 8/2/77 p. 1

### BEN WICKS

GM 22/1/77 pB14



It's disgusting. They should be made to get a job.

## LABOUR FORCE 'FACTS'

In December, the labour force, adjusted to take out seasonal distortions, was 10,324,000. This was just 133,000 more than a year earlier. Therefore, the rate of growth of the labour force has dropped to 1.3 per cent.

In the same 12 months, the American labour force increased by 3 per cent, more than double Canada's rate of labour force growth.

But it is not enough to be of working age to be counted as a member of the labour force. You must also "participate" by having or looking for a job. And the participation rate is sharply down.

Out of the possible 418,000 new workers in 1975, three-quarters actually joined the work force. Out of the 383,000 possible new workers in 1976, only about a third actually joined the work force.

Why is the participation rate -- the number of Canadians of working age who are actually working or looking for a job -- down so much? Probably because there are few new jobs to be had. While the labour force was growing by a meagre 133,000, the number of jobs was growing by only 67,000. When there are so few jobs appearing, people get tired of looking and no longer count themselves as being in the labour force. They would be in the work force again if they thought they could get a job.

But the people are still there, an invisible regiment in the army of the unemployed. And this makes it all the harder to achieve a reduction in the unemployment rate.

EJ 8/2/77 p. 4, Southam News Services

## CULLEN FOR 'DISCOURAGED' TALLY

Manpower Minister "Bud" Cullen told the Commons that the government should determine the number of discouraged unemployed -- those who have given up looking for work. But the discouraged should not be considered unemployed and lumped in with the unemployment statistics.

In answer to Ed Broadbent's accusation that the government's methods of tallying unemployment underestimated the real totals, Cullen said that the NDP leader had "concocted, interpreted and misinterpreted" the unemployment figures. He did acknowledge, however, that Statistics Canada figures do not present a complete picture of the unemployment situation. WFP 11/1/77 p. 13 CP

## DRIVE TO CREATE JOBS RULED OUT BY CULLEN

"Given the fact that we are in a time of restraint, we do not want to increase inflation and thereby increase the government's deficit or increase interest rates", Cullen said in the House of Commons in face of opposition questioning on the unemployment situation. He ruled out special programs to create jobs since they would have an inflationary effect. TS 16/2/77 p. A3

## JOB VACANCIES DROP BY 31% IN 3 MONTHS

There were markedly fewer job vacancies in the three month period ending January 31 than in the same period a year earlier, according to Statistics Canada. At the same time, a survey of business conditions in January found that the biggest problem for manufacturers is a shortage of skilled workers. TS 18/2/77 p. A12 CP

## UIC EMPLOYEES FINGERPRINTED

The government seems "so afraid of letting information out that they implement police-state methods to curb any such disclosure".

"Latest in that line of things is the admission by Manpower and Immigration Minister Bud Cullen, that more than 1,700 Unemployment Insurance Commission employees across Canada have been ordered to complete personal history forms, and to have their fingerprints taken." EJ 2/2/77 p. 4, Editorial

## PROPOSED UIC LEGISLATION WILL HURT ATLANTIC REGION

Legislation increasing the eligibility period for unemployment insurance benefits is going to hit hardest in the very areas of Canada where unemployment is highest, says Egmont Conservative David MacDonald. The bill proposes raising the UIC eligibility period from 8 to 12 weeks. This would cause a loss of income in New Brunswick of \$16-million, in Nova Scotia of \$8-million, in Newfoundland as much as \$18-million and in Prince Edward Island of up to \$4-million.

HCH 3/2/77 p. 4

## QUARTER'S WAGE RISE LOWEST IN FOUR YEARS

Wage settlements in large contract negotiations during the fourth quarter of 1976 provided for an annual increase in base wage rates of 8.3 per cent over the life of the contract, the lowest quarterly rate in four years.

Over the whole of 1976, there were 599 major collective agreements covering 500 or more workers, excluding construction, with average annual increases in base rates of 10.5 per cent. In 1975, average yearly increases for 416 agreements were 17.1 per cent. GM 5/2/77 p. B12

## LABOUR INCOME

Labour's share of national income dropped to \$9.04-billion during November 1976, from \$9.19-billion a month earlier, reports Statistics Canada. The figure measures wage and salary incomes, as well as supplementary income for 10 major categories of employee groups. While labour income fell in the one-month period, it was up in November last year from \$7.87-billion in November 1975. GM 9/2/77 p. B5

# LABOUR

## CLC EXECUTIVE MEETS WITH TRUDEAU

Joe Morris, president of the Canadian Labour Congress, said that the meeting with Trudeau and members of the federal Cabinet has created an improved climate in labour-government relations and set the stage for a tripartite meeting.

The two and one-half hour meeting covered a wide range of economic issues but there were no conclusions or agreements on any issue. GM 1/2/77 p. 9, W. List

## QUEBEC UNION DRIVE

The Conseil de Syndicats Nationales is seeking to gain new members in three sectors: hotel, insurance and school transport workers.

In the first case, the CSN is seeking to draw workers away from the International Union of Hotel Employees which, they charge, do not meet the needs of workers, particularly those at the Quebec Hilton.

In the case of insurance workers, the CSN is seeking to represent workers in Industrielle, La Survivance, La Solidarite, La Fiducie de Quebec and l'Assurance Desjardines.

LS 11/2/77 p. C3-8, Samson

## REGIONAL UNEMPLOYMENT IN QUEBEC - %

	Jan.	last Dec.	
Lower St. Lawrence And Gaspé	22.7	20.7	+
Saguenay - Lac St. Jean	12.7	15.4	-
Quebec	11.6	9.9	+
Trois Riviere	12.5	13.1	-
Eastern Townships	13.7	9.1	+
Montreal	8.8	7.8	+
Outouais	8.1	10.3	-
Northwest and North Shore	19/11.2	14.9	+

LS 9/2/77 p. H1

## QUEBEC LAYOFFS

- 125 at woollen mill, Thor Mills, Granby, Quebec because of a too high inventory.
- Gulf Oil has laid off 400 at a chemical plant in Shawinigan. The plant is 75 years old.
- 700 are in danger of layoffs at three furniture plants in Quebec. The largest, Victoriaville Furniture, does an annual volume of better than \$15 to 20-million. The causes of the layoffs: high inventory stocks and competition from American companies who are running at 75 per cent capacity and pay lower wages than the Quebec firms.

LD 31/1/77 p. 2, C4, CP; LD 1/2/77 p. 1, C1;  
LS 11/2/77 p. A11, Michel Morin

## Workers' Struggles

### THE STEELWORKERS ELECTION

Preliminary tabulations give the establishment slate of Lloyd McBride and Lynn Williams the vote for leadership of the powerful 1.4-million-strong Steelworkers. AP figures gave McBride 296,053 against 193,192 for Sadlowski, approximately 60 per cent of the vote. Official results will not be known for a number of weeks. Sadlowski has not conceded and, in fact, has charged voting irregularities in some southern locals. The McBride slate was endorsed by the outgoing USWA president and other influential members of the American labour establishment, including George Meany, who viewed the possible Sadlowski victory as a potential catalyst for similar rank and file uprisings throughout the U.S. movement. McBride will earn \$75,000 a year.

LD 11/2/77 p. 8; HCH 11/2/77 p. 4

In Canada, with about 50 per cent of the votes counted, McBride received 45,283 votes to Sadlowski's 10,541. Gerard Docquier appears to have won the position of national director by a vote of 33,694 18,577. Stewart Cooke is in the lead for Ontario director with a vote of 15,059 against Gilchrist's 5,865. Len Stevens is likely winner for the head position of District 3 which covers all western Canada, the Northwest Territories and the Yukon. GM 9/2/77 p. 5; WFP 9/2/77 p. 8; WFP 10/2/77 p. 1

### THE POST OFFICE

Four union demands must be met, says Davidson, president of the Canadian Union of Postal Workers, if a spring strike is to be avoided:

- restrict the use of casual labour;
- eliminate a dexterity test for placement of workers in the new mechanized postal system;
- remove security surveillance of the mail rooms;
- begin formal negotiations now instead of the beginning of May.

A Post Office spokesman says security surveillance has been abandoned on a trial basis for six months. Casual labourers hired will be offered permanent positions. The Post Office rejects the demand for early bargaining, saying it is a union ploy to freeze work conditions, i.e. stop current automation. The Post Office has agreed to remove dexterity tests and return to the criteria of seniority appointments, but has not yet settled whether this will apply retroactively. Tensions between the union and management have increased because of differing interpretations of Article 29 of the current collective agreement which states: "In carrying out technological changes, the employer agrees to eliminate all injustices to, or adverse effects on employees which might result from such changes."

A recent confidential study by management consultants Hay Associates found that the problem lies chiefly at the door of management.

The Post Office employs 50,000 (it was not clear whether this includes outside carriers as well) and

has suffered 40 major disruptions in the past decade. Postmaster Jean-Jacques Blais estimates the Post Office is losing \$90-million a year to private courier services. FP 5/2/77 p. 1; FP 22/1/77 p. 9; TS 9/2/77 p. A8

## DISPUTE AT IRON ORE: LABRADOR

Extra RCMP, 17 in all, were flown in to this western Labrador area as 400 Steelworkers continued their wildcat strike against Iron Ore Co. of Canada over safety on the work site. GM 12/2/77 p. 60.

Twenty-five hundred workers continued to defy an injunction ordering them to return to work. Since January 27, in a period of 10 days, three workers were killed and two seriously wounded because of unsafe working conditions. The workers are demanding an investigation into safety at the site. LS 15/2/77 p. D20

## WIVES SUPPORT HUSBANDS ON CUPE PICKET LINE: ST. JOHNS

Wives of striking outside municipal workers formed a human chain to prevent snow equipment leaving the depot. At issue in the strike is job security. The union also wants a 12 per cent increase (65¢ over the current \$5.20 an hour). The city is offering 6 per cent. GM 18/2/77 p. 3

## OFFICE CLEANERS WIN BACK PAY: TORONTO

Businesses who contract out office cleaning jobs can no longer get away with paying less than the minimum wage, following an Ontario Labour Relations Board hearing that ruled on claims by four office cleaners. It is a precedent that will have far-reaching implications in the cleaning industry, estimated to employ almost 40,000 workers, mostly immigrants. Experts estimate that as many as half may work under the contract system for companies such as the one which employed the four cleaners. TS 16/2/77 p. D18 cl-3

## CIVIL SERVANTS DROP SUPPORT FOR NDP: MANITOBA

The largest union in Manitoba, the 15,000 member Manitoba Government Employees Association says it won't support the NDP in the coming election unless the government repeals the "antiquated" Civil Service Act which denies government employees benefits and protection enjoyed by private sector workers. WFP 12/2/77 p. 1

## ELECTRICAL WORKERS SIGN CONTRACT: NOVA SCOTIA

Local 1030 of the International Brotherhood of Electrical Workers have signed a one-year contract with Maritime Telegraph and Telephone. The contract was ratified by 64 per cent of the members. One thousand plant workers will receive an 8 per cent increase while 800 traffic operators will receive 6 per cent. By the end of the contract,

plant workers will earn between \$4.52 and \$7.42, traffic operators between \$3.40 and \$4.66 an hour. HCH 2/2/77 p. 21

## SETTLEMENT AT SASKATCHEWAN POWER

A tentative one-year contract has been reached between Saskatchewan Power and Oil, Chemical and Atomic Workers International which represents 1,200 workers. Details are withheld until after ratification. GM 4/2/77 p. B3

## TEACHERS IN DURHAM COUNTY SETTLE: ONTARIO

Members of the Ontario English Catholic Teachers Association voted 86 per cent in favour of a settlement. Twenty-seven schools were closed for nine school days. TS 11/2/77 p. A3

CNSP NOTE: *The teachers struck to force the Board to agree to binding arbitration.*

## TEACHERS IN PEEL COUNTY START WORK TO RULE

Almost 2000 secondary school teachers in this Ontario county will start a work to rule campaign next Tuesday. They reject the board's offer of a minimum salary for a beginning teacher of \$11,769, up from a current \$10,801 and a maximum \$25,139 up from \$22,739. TS 19/2/77 p. B2

## AMC WORKERS WIN RAISE MUCH LOWER THAN OTHER AUTO WORKERS

Negotiators for 1,200 American Motors Corporation workers in Brampton have accepted a pay raise considerably lower than that won by their Canadian counterparts at Ford, GM and Chrysler. The present average hourly rate of \$5.70 will rise by 41¢. At the other three companies, increases averaged \$1.75 an hour in a three-year contract. The company's difficulties were given as the reason for the lower settlement. TS 16/2/77 p. A3

## BELL CANADA VOTE: A CLOSE ONE

59.9 per cent of workers voted to accept the new contract. Reed Pomeroy, president of the Communications Workers Union said, "We knew it would be close. I think the guys got tired of waiting. It's just been a long time without a contract, a long time without a wage increase... You can't really blame them." The agreement will lower the ceiling on the overtime an installer will be obliged to work. The agreement expires December 1, 1978. WFP 31/1/77 p. 59

# LABOUR

## Quebec Labour

STRIKE AT THE FLOUR MILLS OF OGILVIE, ROBIN HOOD, MAPLE LEAF AND PHOENIX

These four flour mills produce 22.5-million pounds of flour a week and supply 80 percent of the flour used by Quebec and the Maritimes. Ogilvie employs 280 workers, Robin Hood, 130, Maple Leaf, 58 and Phoenix, 40. They supply Weston, Christie, Kraft, Catelli, and many others. Salaries range from \$5.40 to \$5.73 an hour. The AIB has rolled back their latest contract by 40¢ an hour from the first year of their contract. HCH 5/2/77 p27 CP; LD 11/2/77 p1.

Workers in the Ontario mills have been asked to block shipments of flour to Quebec. At Port Colborne, workers at Robin Hood have done this. Carl Masson, strike director for the Canadian Food and Allied Workers, will actively encourage support by its members. The Canadian Association of Millers has sent a telegram to the federal government demanding a settlement of the conflict. WFP 11/2/77 p5 CP; LD 11/2/77 p1.

Despite requests to reverse the rollback, the federal government is maintaining its original position, arguing that Quebec flour mill workers are the best paid in the country. Union spokesmen say that salary cuts will directly increase the profits of the four companies and will not result in any decrease in the price of bread. NDP leader, Ed Broadbent, said in the Commons, that he had seen reports of bread costing 20¢ more a loaf since the strike began.

Meanwhile, the Wheat Board has authorized imports of flour from the U.S., which critics say is an attempt to break the strike. The union is appealing to the CLC in order to gain cooperation from international unions that would be handling the flour, and the Teamsters. LS 12/2/77 p1; LD same day; LS 16/2/77 pE2.



A CSN spokesman said the union 'deplores' reported violence on the part of union goon squads attempting to stop flour shipments moving from Ontario to Quebec. He added that guards at Steinberg's bakery in Montreal

had 'high powered rifles' aimed at peaceful picketers. A spokesman for Steinberg's expressed dismay saying Philips Security Agency had been given specific orders not to have weapons on the site. WFP 12/2/77 p8.

CNSP NOTE: *While the HCH, WFP and EJ all covered this story, Ontario papers gave no coverage.*

## THE UQAM STRIKE

INTRODUCTION: *Discussions on the formula for a return to work continue.*

Summary: Agreement has been reached on the following points:

- payment in full to maintenance workers (a concession by the administration,
- a one-year moratorium on contract renewals for 140 teachers (a concession by the teachers),
- forty-four days' pay for the teachers (half the strike's duration).

Agreement has not been reached regarding a proposed bonus for 100 maintenance workers who crossed the picket lines. The union opposes this bonus. Students are demanding compensation from the government for lost income since many will have to forego summer jobs in order to complete the winter term. LD 18/2/77 p. 1; LD 19/2/77 p. 3.

## JOHNS MANVILLE WORKERS DEMAND CONTRACT BE REOPENED

Two thousand, two hundred workers, affiliated with the Confederation of Democration Unions (CSD), are seeking a raise of 41 per cent over two years although their contract is not up for another two years. These workers did not join the common front of other asbestos workers last year. They currently earn \$6.04 per hour. They are also seeking an additional week of holidays that would give workers two weeks after one year, three weeks after seven years, four after 17 years, five after 23 years, and six after 30 years of work.

LS 15/2/77 p. D20; LD 16/2/77 p. 7.

## CONFLICT AT ITT-RAYONIER

Three hundred and fifty workers affiliated with the Canadian Union of Paperworkers voted narrowly (51.2 per cent in favour) to return to work after a lock-out of nearly two months. They failed to get a special mediator named in the dispute. Workers were receiving \$15 dollars per week in emergency funds. At issue were salary demands, as well as vacations and working conditions. The new contract will last 34 months; the average work week will be 42 hours; wages will be increased by 10.1 per cent in the first year, by six per cent in the other two. The current hourly wage is \$5.80; it will rise to \$8.13 at the end of the contract. The union had recommended rejection of the contract. LS 26/1/77 p.E8; LS 29/1/77 p. G16.

## 23,000 TEACHERS STILL WITHOUT A COLLECTIVE AGREEMENT

Five and a half months after the acceptance of the provincial agreement of education, 23,000 teachers at the elementary and secondary level are still negotiating with their local school boards. More than 40,000 teachers have settled. Some school boards are demanding longer hours of teaching than the provincial agreement demanded. LD 9/2/77 p. 8.

## MONTREAL POLICE DISSATISFIED

Five thousand, three hundred Montreal policemen who have been working to rule went back to work after the union executive threatened to resign. The police are seeking a uniform plan for suburban and city officers regarding pensions, which they want indexed to the cost of living, and made available when police reach 55 years of age.

Fifteen hundred policemen began voting on a contract which includes parity in salary with the Toronto police force, their pension demand, and a joint committee to study working hours, specifically, a proposal for a four-day-work-three-day-rest agreement. The union executive favours the contract, but dissatisfaction is deep in the ranks. Some expect a strike. LD 18/2/77 p. 1

CNSP NOTE: *The figures quoted vary between 1,500 and 5,300.*

## LABOUR AND THE PARTI QUEBECOIS

Jacques Couture has announced the replacement of the director of the Commission of Work Accidents, Maurice Tessu, by Robert Sauve. M. Sauve was a former CSN secretary-general. He plans to put more emphasis on prevention rather than payment for accidents, and to restructure the commission in order to decentralise it. LS 27/1/77 p. B3; LS 17/2/77 p. 5.

Pierre Marois, Minister of Social Development, plans to introduce legislation this spring that would form a basic collective agreement with all working people, especially those working for the minimum wage.

LD 14/1/77 p.1. The FTQ has called the proposal utopian, unless the government is willing to hire an army of inspectors to ensure its application, or else brings in legislation that really allows workers to unionize, and therefore watch over working conditions themselves. The CSN welcomed the legislation, but warned workers not to assume that it would take the place of unions. LS 16/2/77 p. E4; LD 15/2/77 p. 8

Some observers feel the CSN should participate since there might be a re-alignment of power between the FTQ and the CSN. The former Liberal government gave much greater support, especially in construction. LD 18/2/77 p. 3.

Louis Laberge, speaking to the Toronto Labour Council, warned that companies which move their head offices out of Quebec could face a boycott by Quebec workers. He was referring to the decision by the Royal Bank to move some of its headquarters. GM 18/2/77 p. 1

## THE NDP AND QUEBEC LABOUR

Talks aimed at establishing the NDP as an effective political force in Quebec have been going on quietly between Louis Laberge and NDP leader Ed Broadbent. GM 19/2/77 p. 4

Members of the CSN have criticized Energy Minister Guy Joron for his holdings in a variety of companies that have anti-labour policies, especially Trust General, in which he has shares worth \$1.5-million, and which has refused to negotiate with its union for over a year. He also holds 5,000 shares in Alcan, 1,000 shares in Kodak, which supports South Africa's apartheid policy, and 8,000 shares in Massey-Ferguson, which "exploits numerous workers in Latin America." LS 12/2/77 p. All.

Joron, in turn, has criticized the proposals of the CSN to nationalize Alcan's hydro-electric facilities, and its demand for an end of power sales to the United States. LD 17/2/77 p. 3.

The CSN is currently debating whether to join in the "economic summit" proposed by Parizeau to determine when controls should be lifted. Michel Chartrand and the Montreal council are opposed to attending. Norbert Rodrigue, CSN president, believes it is necessary in order not to be marginalized from the political arena. Chartrand is not opposed to bilateral talks, but rejects tripartite discussions.

## Immigration

INTRODUCTION: *The Canadian government was hard at work this month defending the country from world-reknowned academic Andre-Gunder Frank, a specialist in Third World development issues. Meanwhile, while citizenship regulations have been relaxed somewhat, General Dang Van Quang, former South Vietnamese strongman, heroin dealer and alleged mass murderer, is still living comfortably in Montreal.*

# LABOUR

## INTERNATIONALLY-KNOWN SCHOLAR DENIED VISA

Andre Gunder Frank, internationally known author and economist, has been denied a visa to enter Canada. Frank, a lecturer at the Max Planck Research Institute in Frankfurt, Germany and a West German citizen, was to be the main speaker at a March 4 conference at Queen's University in Kingston, Ontario.

Prime Minister Trudeau said that Frank was denied a visa for security reasons and not because of his political views. Frank has been denied visas in the past. He was also prevented from taking a teaching post at the University of Montreal in 1974. He had taught at Sir George Williams University in Montreal (now Concordia University) from 1966-1968. While at the university he participated in a teachers' strike. He has also lived in the U.S. (where he has been denied re-entry), Brazil, Mexico and Chile. In Chile, where Frank taught, he also acted as a financial advisor to President Allende. He was expelled by the military junta after the coup.

D.G. Sinclair, the Dean of Arts and Sciences at Queens University, has accused immigration officials of conducting a vendetta against Frank. The Canadian Association of University Teachers (CAUT) has supported a move to force the government either to allow Frank to enter the country or to state the reasons why his visa was denied.

A Canadian Government official, though refusing to comment on the Frank case, said that if a person was denied entry for security reasons it would be because the government thought that the person was involved in another country's intelligence network, or trying to get secret information from Canada or was a known terrorist. Or he said, "It might be to punish someone for something done before".

Frank wrote the classic The Development of Underdevelopment in which he states that the economic relations of poor countries with capitalist countries hinders rather than aids their development.

TS 2/2/77 pA12 EJ 3/2/77 p12 GM 11/2/77 p8 Hugh Winsor GM 19/2/77 p11 Hugh Winsor

## CITIZENSHIP LAW CHANGES

New citizenship regulations came into effect Feb. 2, 1977. Residency requirements have been reduced from five to three years. Women and men are treated as equal under the new law. Women may now apply for citizenship for their children under 18. Children born abroad may choose the citizenship of either parent. Applicants must be 18 years or over. The special status of British citizens has been removed as well as the definition of a Canadian as a "British subject". The new definition is a "citizen of the Commonwealth". People married to Canadians must wait three years to apply for citizenship as opposed to the former one year for women and five years for men. Canadian citizens who have lost their citizenship while living abroad may regain it after living in Canada for one year. The phrase demanding prospective citizens to be "of good character" has been dropped as being too subjective. TS 11/2/77 p13 CP

## ILLEGAL IMMIGRANTS

Immigration officers have complained in a confidential report to Manpower and Immigration Minister Bud Cullen

that they do not like the way illegal immigrants are being handled. The report, prepared by Chief Enforcement Officer, C.J. Dagg, alleges that some RCMP and Metro Toronto Police Officers avoid immigration work because it is "too susceptible to political interference." The report also claims: 1) arrests of illegal immigrants have been put off because of overcrowded detention facilities, 2) many officers feel they have inadequate training to handle an arrest of an illegal immigrant, 3) they don't have enough knowledge of what they legally can or cannot do during an arrest. TS 11/2/77 p13

## QUANG STILL IN CANADA

Dang Van Quang, former general in the South Viet Nam Army is still in Canada despite his deportation order over a year ago by Robert Andras former Immigration Minister. Quang, living in Montreal with his family, has no restrictions on him other than having to report regularly to immigration authorities. He has been accused of being heavily involved in the drug trade in South Viet Nam and other illegal activities as well as being involved in a CIA-Vietnamese operation that resulted in the death of 20,000 people and the imprisonment and torture of many more. So far no other country will give Quang refugee status. The U.S. has refused his attempts to enter three times, even after Quang received a job offer from Sam Jaffee, a scrap metal dealer and literary agent with operations in Southeast Asia. Despite the intervention of both Andras and Prime Minister Trudeau at that time, the application was rejected by the U.S. Friends of Quang including two retired U.S. generals and representatives of the Methodist Church have contacted the Carter Administration to give support to Quang's application to enter the U.S. TS 5/2/77 pB6

## MP ATTACKS IMMIGRATION REGULATION

Progressive Conservative MP Marcel Lambert attacked a federal government immigration regulation on age calling it discriminatory. Mr. Lambert also criticized the government's practice of issuing a separate series of social insurance cards for immigrants in Canada on minister's permits. He made the comments during Commons debate on the government's human rights bill.

Mr. Lambert said the government immigration rule on age goes directly against the bill. He said that under the government's point system determining whether an applicant for immigration is acceptable, he loses one point a year up to a maximum of ten points for every year he is over 35. He also said the government practice of issuing social insurance cards directly caused discrimination and hardships. He said any immigrant in Canada under a special ministerial permit is issued a social insurance card in an easily-identifiable series.

Employers are on the lock-out for that series of cards and exploit holders by offering them jobs at salaries that are less than the going rate, he said. These cards are "like the mark of Cain".

HCH 2/12/77 p2C



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# LABOUR

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fears that increasing financial needs of social services will leave little money for economic development programs to help native people break the shackles of their poverty. WFP 3/2/77 p9.

## INDIANS MEET ON POLLUTION

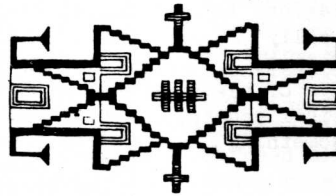
Indian leaders from mercury-contaminated areas of northwestern Ontario and northwestern Quebec are meeting for the first time to discuss their similar problems. Leaders from the Grassy Narrows and Whitedog reserves are meeting the Grand Council of Quebec Cree to discuss scientific, legal and health problems created by the mercury pollution. WFP 9/2/77 p10 CP.

## UNION CERTIFIED FOR INDIAN WORKERS

The Ontario Labour Relations Board, in a precedent-setting decision, has certified the United Garment Workers Union to represent Indians employed by a private company on a reserve near Deseronto, Ontario. The company, on the Tyendingaga reserve, is owned by four Indian brothers. It sews uppers for North Star jogger shoes, manufactured by Bata Ltd.

The labour board also set a precedent in an earlier decision by ruling that it had jurisdiction over Indians who live and work on reserves in the province if they are employed by a private company. The company had argued that they came under federal jurisdiction. Of the 58 native employees, 48 are band members and ten are former members.

The board sees it as an extraordinary labour relations issue. GM 5/2/77 p5.



## Federal Government

### OTTAWA ACCUSED OF TRAMPLING CITIZENS' RIGHTS

A 19-member joint Commons-Senate investigating committee has accused the government of using sweeping, decision-making power to avoid the parliamentary process.

Examples: 1) meat inspection regulations were imposed and made retroactive months before being formally registered by the privy council; 2) secret guides for immigration officers permit the government to admit or reject prospective immigrants without the applicants knowing why; 3) civil service inquiry regulations allow public employees to be fired by cabinet order "in the interest of the safety or security of Canada or any state allied or associated with Canada". TS 4/2/77 p. A3; WFP 4/2/77 p. 1

### PM: CANADIANS DON'T NEED RIGHTS U.S. CITIZENS ENJOY

During questioning about the so-called "black list" of 21 civil servants sent to Cabinet ministers in 1971, Prime Minister Trudeau said "Canadians should not have the same rights as U.S. citizens to look at files the police or their government have collected about them."

Conservative MP's pressed that the 21 on the list be informed that their loyalty had been questioned. Trudeau said, "Persons on that list were not adversely affected. There must be thousands, if not millions of files with the RCMP concerning many people in Canada and other countries. Until those files become activated in some way and negatively affect the career of a person I do not think it is reasonable or acceptable that everyone check with the RCMP". GM 4/2/77 p. 1

CNSP NOTE: *See Police, CNSP, Vol. V, No. 1, January/77, "GOYER BLACKLIST"*.

### NDP AND CONSERVATIVES DENOUNCE FILE ACCESS LEGISLATION

Proposed legislation to give Canadians access to government files on themselves was denounced in the Commons as a farce by NDP and PC MP's. The personal privacy part of the bill would supposedly give people the right to see government files on themselves, ask for corrections and find out what the information had

been used for. However, the bill would allow a cabinet minister to suppress all or part of a file if it contained a Privy Council confidence, information about another person or facts that might impede the functioning of a court or quasi-judicial board. A file could be withheld if it contains legal opinions or advice to the government.

Eighty-nine government departments, ministries, agencies and other institutions would contribute files to proposed information banks. These range from the National Parole Board to the Unemployment Insurance Commission, the Bureau of Pension Advocates and the Royal Canadian Mint. WFP 12/2/77 p. 9

### GET UNEMPLOYED BACK TO WORK

Finance Minister Donald Macdonald argued against demands to create jobs, claiming that close to \$1.2-billion was being pumped into the economy as of January 1st. But, too much stimulus could bring back inflation. He said he would consider the possibility of applying some stimulus in a new budget in a few months.

NDP leader Ed Broadbent said stimulus is needed now, but predicted tax cuts and spending stimulus will not be applied until June. He said, given the six to nine month lag between government action and economic effect, they will put the economy in shape just in time for an election the Liberal government is expected to call in 1978. TS 9/2/77 p. 1  
TAX BILL PASSED

An income tax bill increasing the ceilings on deductions for registered retirement savings plans and for day care was approved by the Commons yesterday. The Government had limited debating time to pass the bill quickly so that the rebates for people who have already filed income tax returns could be processed.

The NDP pointed out that only three per cent of returns are processed by mid-March, 20.2 per cent in April and 36 per cent in June. The NDP charged that the government cut off debate to silence criticism of the huge loopholes in the tax amendments. GM 15/2/77 p. 8

CNSP NOTE: *See POLITICAL, Synthesis Vol. V, No. 1, January, 1977, "NDP FIGHTS TAX BILL". See also ECONOMY GENERAL in this issue.*

## Provincial Government

### QUEBEC

INTRODUCTION: *We focus this month on the up-coming meeting of the Parti Quebecois National Council, developments in asbestos and PQ textile policy and coverage of the New York speech continues. Next month we focus on the energy policies of the PQ and Quebec Hydro and a report of the legislation the PQ has introduced in its first major session of the National Assembly.*

# POLITICAL

## ECONOMIC FORECAST

The Quebec Bureau of Statistics forecasts growth of below 4 percent in Quebec's economy in 1977. The inflation rate is expected to increase from the 6.8 percent level in 1976 to 8 percent this year because of higher food and clothing prices. There will be slow growth in income, sales and manufacturing shipments for 1977 and average weekly wages will rise by 10.1 percent in 1977 compared with 12.5 percent in 1976. HCH 6/1/77 p11 CP

## PQ NATIONAL COUNCIL MEETS

The 209-member National Council is the party's supreme body between the annual national conventions. The PQ constitution requires that all "major political decisions" taken by the PQ government be submitted first to the National Council. The Council is made up of 110 riding presidents, 11 regional presidents, 15 members of the national executive, two permanent party officials and the 71 elected members of the Quebec Assembly. Pierre Renaud, national executive secretary of the PQ announced that for the first time the meetings will be closed to the public. The Council will hear reports from five ministers regarding proposed legislation for the March session. GM 18/2/77 pB8 Richard Cleroux

The meeting of the National Council of the PQ is the first real test of strength of the party militants over the orientations of the government. LD 16/2/77 pl

## THE PQ AND BUSINESS

Social development minister Pierre Marcis urged businessmen to become less preoccupied with making money and to get involved in building a new society in Quebec. He appealed especially to those involved in small or medium-sized firms who currently provide 54 percent of the jobs in Quebec. Industry Minister Tremblay says his department will help smaller business avoid take overs by informing them of government programs to help them expand. HCH 12/2/77 p24 CP

## ASBESTOS

The asbestos industry does not need to fear nationalization if it sufficiently increases asbestos processing in the province, Quebec Industry Minister Rodrigue Tremblay said. Ninety five percent of the province's asbestos is shipped out in unprocessed form. The asbestos firms are willing to go 15 percent processing but the provincial government goal is 25 percent. HCH 29/1/77 p27

Johns Manville Corp. of Denver will delay its previously announced \$77-million capital expenditure program in Quebec pending conclusion of a provincial government study of nationalization of the asbestos industry. GM 1/2/77 pB12

The government of Quebec will not hurry its action regarding the asbestos sector simply because of the Johns Manville Corp., says Mr. Levesque. LD 3/2/77 p6

The first documents which Minister of Natural Resources has submitted for the study of the PQ cabinet contain no precise recommendations regarding the steps to gain control of decision-making in asbestos. However the message is clear, the government wants to maintain the present level of primary production or even see it grow, to foster the maximum degree of secondary processing and to co-ordinate the industry with regional development plans. Quebec's five large asbestos companies have up till now shown no interest in secondary processing (only 2 percent of total production is processed on site). The entire industry is under foreign control. Quebec has no control over the organization of the markets or of the profits generated by the extraction of asbestos. What are the options open to the PQ government?

Legislative and regulatory action to declare the provinces rights to sub-soil, to raise the royalties and to impose on the companies quotas for secondary processing. It is doubtful that the companies would accept this action.

The creation of a marketing office which would have power to regulate secondary processing quotas and give the government experience in marketing. Again companies may not accept this.

The creation of a company in the asbestos field that is distinct from the existing companies. It is estimated that it would cost \$300-million to buy the property at Brinco and set up the installations for primary extraction. The fourth is to buy into one or two important companies. (See Vol. 5 No. 1). While it is not decided yet on which option to follow, the government intends to demand immediate investment to reduce health hazards. The companies say that the estimated \$80-million necessary to do this is too much. LD 5/2/77 pl

## TEXTILE POLICY SUGGESTED

Industry Minister Rodrigue Tremblay is recommending to the Federal Commission on Textiles the following: 1) a guarantee to maintain the 1973 level of employment until 1985 for each of the three sectors - textiles, hosiery and garments, 2) maintenance of the restrictions imposed last year, 3) opportunity for workers in the textile industry to make representation before the Commission. LS 27/1/77 pC9

CNSF NOTE: See Vol. 5 No. 1 for an indepth discussion of textiles.

## NEW YORK SPEECH

The Halifax Chronicle Herald and Le Soleil carried major portions of Mr. Levesque's speech in their columns. Le Soleil editorialized that Mr. Levesque had been clear about his party's intentions with respect both to sovereignty and to business. Le Soleil felt the test of the success of the speech would be read best in Quebec's ability to

borrow rather than setting too much store by the immediate public reactions in New York and here at home. LS 26/1/77 p. A4

The Financial Post on the other hand took a dimmer view a week later. It's headline "Lenders in shock; Wall St. replies 'Not interested'" quoted many unnamed spokesmen who labelled the speech "disastrous". FP 5/2/77 p. 1



## PRESS COMMENT

*Le Devoir* devoted considerable space in its columns to covering major speeches by Prime Minister Trudeau who at the beginning of the month visited Quebec.

## QUEBEC AND THE FEDERAL PROVINCIAL RELATIONS DEBATE

INTRODUCTION: *This month's news coverage included several indepth discussions of Canadian prospects in the light of events in Quebec. The customs union was discussed. Ramsay Cook puts the question in historical perspective and Eric Kierans raises critical questions about the independence option within the capitalist framework. He also suggests an outline for a renewed federalism.*

## "QUEBEC AND TOMORROW" EDITORIAL COMMENT

It is not hard to sympathize with those who today wrestle with the compounding Canadian economic problems. Theoretical "social experiments" must give way to pragmatic policies. In practice this means profound changes in investment, trade and transportation policies and a much speeded-up program of development for the national extremities at the (in the very short term) expense of the centre. HCH 29/1/77 p6

Although the future of Quebec and thus of Canada is of intrinsic importance to the future of the country, the immediate worry should be that of the economy. Inflation is a powerful weapon with which to wreck a democratic society. As the Canadian dollar devalues and controls come off the suppression of inflation will be impossible and within a year or two inflation could mount at 15 percent or even worse. Political instability, already very worrisome would under these circumstances be exacerbated. WFP 5/2/77 p45

## CUSTOMS UNION QUESTIONED

Senator Eugene Forsey thinks a customs and monetary union between an independent Quebec and Canada would

*In addition, its articles on the Kierans speech and an article analysing American press coverage of events in Quebec point to the fact that Le Devoir sees itself as a forum in which the debate about the future of Quebec can take place.*

The American press was unanimous in concluding that the desire for change manifested in the results of the November 15 election ought not to go as far as breaking up Canada. It recognized, however, that the election puts in question not only the policies of Mr. Trudeau, but also the equilibrium of powers in Canada. The American press felt it was preferable to have a single strong neighbour than a series of unhappy mini-states. Unhappy though they were at the prospect of a separate Quebec, many observers considered separation possible. The American press urged those outside Quebec to use the next few years to resolve the problems which have brought about the present impasse. It called for

- a better language policy;
- a better sharing of powers between the federal government and the provinces;
- a recognition that Quebec is not the only region with griefs -- the West and the Maritimes are also alienated;
- a positive reception of the French fact in the rest of Canada.

LD 16/2/77 p. 5 Claude Ryan

not work. Differences in economic and fiscal priorities would present difficult barriers to reaching common policies. For example Quebec would likely favour a high tariff to protect its textile industry and this would be unacceptable to the west and Atlantic provinces.

Quebec would want an expansionary monetary policy to combat high unemployment. Canada would opt for a restrictive policy to fight inflation. (Note: Nova Scotia spokesmen are also dissatisfied with the anti-inflation policy as they too face high unemployment. See Vol. 5 No. 1 p21).

Desmond Morton believes a monetary union would spell effective paralysis of the fiscal policies of both governments.

Economist Simon Reisman believes economic union is impossible because an independent Quebec (with one quarter the population and one-fifth of the economy of Canada) cannot expect to negotiate as an equal with the rest of the country in determining crucial economic and fiscal policies. TS 31/1/77 pB11 EJ 1/2/77 p9 GM 1/2/77 pB6

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# POLITICAL

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## DIFFICULTIES FACE AN INDEPENDENT QUEBEC

Peter Newman, editor of Maclean's magazine says separatist politicians are misleading their followers. They "promise a bright future", but separatism would bring Quebec "a lower standard of living, and in the long term it would mean the destruction of the French language and culture in North America".

Abraham Rotstein said an independent Quebec would be tied to Canadian fiscal and monetary policies. They were speaking at a forum organized by the Committee for an Independent Canada. HCH 14/2/77 p19

## TIME IS ON PQ SIDE: COOK

The Quiet Revolution set in motion trends whose logic pointed to ever-increasing autonomy for Quebec. Levesque and Trudeau both saw that the step-by-step achievement of special status would eventually lead to a relationship with the rest of Canada so unworkable as to necessitate independence. Levesque opted to work for independence while Trudeau went to Ottawa to resist the process which he felt would leave French Canadians even more vulnerable to the assimilative forces of North America. Linguistic equality and rough economic equality with Ontario would prove to Quebecers that their best interests lay in remaining a Canadian province.

Those who believe that Quebec's independence is desirable or inevitable, should be formulating a new scheme for the future association of the remaining Canadian provinces. It will be far more difficult than the facile phrases of the PQ program admit.

Even more challenging is the task of finding a formula to prevent the further fragmentation of Canada. It is hard to be optimistic about developing a new constitution, which will certainly be required, when after more than a century we can't even agree on how to amend the existing constitution.

Some realities to consider - the Levesque government will be a government devoted to convincing Quebecers that they should quit Confederation. Its provincial opponents are in disarray. The main federalist party in Quebec is the Liberals and 65 percent of Quebec voters voted against them in the last election. They are without a strong leader and lack coherent policies on federalism and the main socio-economic issues facing Quebec. Federal liberals, the only party to have substantial Quebec representation, have the disadvantage of having been in power for eight years.

If the backlash against bilingualism continues to gain momentum the present Liberal government or any successor, Liberal or Conservative, would have little to present before Quebec voters. Furthermore, it will require a genuine sharing of power. There is clearly no agreement about what power should be taken from Ottawa among the ten provinces. Decentralization is no panacea.

The PQ can afford to await the outcome of the next federal election in the hope that the electorate will return a government lacking credibility in Quebec; either a Trudeau minority government with little support outside Quebec, or a Clark administration with little support within Quebec.

We should not continue to enjoy two illusions that appear to dominate much of our thinking. The one is that Quebec will never opt for independence; the other that if Quebec decides to leave the divorce will be an easy one. GM 12/2/77 pB10 Ramsay Cook

## THE PQ PROJECT: KIERANS

The simple objective of the PQ is to create a new Canada that will be neither a nation, nor a country nor a State but simply a federation of two or more. This will lead inexorably to complete independence for Quebec. When the PQ promises a monetary union or a customs union it is seeking to reassure those who doubt; it promises separation and at the same time to live together. Some ministers of the PQ have in fact no interest at all in a customs union with Canada. Mr. Rodrigue Tremblay, in a text entitled, "Independence and a common market with the U.S.", argued that in such a scenario Quebec's economy would flourish. This indicates that talk of a customs union with Canada is for Quebec consumption. The PQ wants a complete separation.

Since the second world war there has been a very strong concentration of political and economic powers in Ottawa. Provincial governments have experienced extraordinary difficulties in recovering the prerogatives which the constitution gives them. A Keynesian view that charges the government with accomplishing two great national objectives, growth and full employment explains in large part the reticence of the federal government to rein in its expansion in favour of the provinces.

From his speech in New York it is clear that Mr. Levesque is no visionary in search of social revolution. It is not a question of liberating Quebec from the domination of foreign capital, of anglo-canadian capitalists, or of the commercial-industrial-financial ideology. If one says that business will continue as usual in the private sector, then separation will contribute nothing to the reorganization of industrial activity. Since it will create a certain fear and anxiety in several sectors of the economy, separation will add to the costs Quebecers have to bear. If no great changes can be expected in the private sector what radical changes in the public sector are envisaged? Will the absorption of all governmental functions contribute to bettering the lives of Quebec's citizens? Unless it does, and can be demonstrated to do so concretely, the separatist option merits no attention.

What benefits flow from the federal system? First of all there are more riches, more production and more abundant work than could be expected from the individual parties that make up Confederation. Second, there is a better chance that these benefits can be distributed more equally within a federal system.

Federalism should not be confused with centralism. The authority of the federal government should be confined to the essentials - control of monetary, fiscal and trade policy, foreign affairs, defence and transportation.

The growing centralization which Canada has experienced since the second world war ignores a fundamental reality; questions of policy related to health, to social well-being and to education are

much better handled at the regional or provincial level. In order to discharge its responsibilities a province must dispose of the necessary resources, and this before, not after the fact. It's no good to impose a program and then afterward provide from on high the resources necessary.

LD 14/2/77 pl & LD 15/2/77 pl Eric Kierans

## FEDERAL STRATEGY VS SEPARATISM

Paul Tellier has been appointed the new deputy secretary in the federal-provincial relations office. As such he takes on the job of organizing the bureaucracy against Quebec independence. He will be the focal point for work done by various government departments and bureaucrats that support the case for a united country. He and the six or eight people he plans to hire will be distilling information for use by Parliament and Canadians. His small group will include someone "with a good grasp of economics, someone at ease with figures". Others will be drawn from government or private business.

TS 11/2/77 pB3 Doug Small

## Courts

### "UNNECESSARY" LEGISLATION CAUSES COURTS' CLOGGING

New Chief Justice Willard Estey of the Ontario Supreme Court has raised the issue of court backlogs. Estey said that governments are "cranking out any and all kinds of legislation whether it's needed or not". He suggested examining existing statutes for possible adaptation instead of scrapping outdated laws.

WFP 8/2/77 p. 25; GM 8/2/77 p. 1

## PRISONS

*INTRODUCTION: The cross-country tour of Canadian prisons by the House of Commons Subcommittee dominated the news this month. The Subcommittee, headed by Liberal MP Mark MacGuigan, has unearthed a series of horror stories of alleged torture, bribery, and self-mutilation.*

### COMMONS SUBCOMMITTEE TOUR

The Commons Subcommittee has completed its tour of Canadian prisons. The most serious situation encountered in the investigation, according to Chairman Mark MacGuigan, is the Millhaven Penitentiary in Kingston, Ontario. The MP's were told of a strong-armed guard that controlled both staff and prisoners at the institution. They were told that 90 per cent of the Millhaven guards are afraid of the remaining ten per cent. WFP 2/2/77 p. 40

Some guards have complained that their cars have been damaged and they have been beaten by other guards. John Dowsett, prison director, said this group of officers may have attempted to persuade

others of their views but he stresses that he does not believe any intimidation is being used. GM 3/2/77 p. 3

Asked why an undercover investigation had not taken place, Dowsett said there is not enough evidence to warrant an investigation. Ontario regional director for the Canadian Penitentiaries Service, Arthur Trono, believes there is a group of strong-armed guards and said that Dowsett will be replaced by a management committee to get at the bottom of the problem. EJ 1/2/77 p. 16

Trono said the system has moved too fast with new programmes that jeopardizes the safety of the guards. The guards refused to accept some changes and found they could control the system.

Dowsett later admitted that about ten guards are running an "overtime racket" and enforcing it with fear and threats on the other 175 guards.

TS 5/2/77 p. A1

He added that this "small hardcore group harasses inmates, threatens withdrawal of services and intimidates other staff".

A week later the Commons subcommittee decided to return to Millhaven to investigate the use of physical force and tear gas on an inmate.

GM 9/2/77 p. 9

### STRATFORD PRISON FIRE

An inquest into the fire that caused the death of five inmates locked in their cells at the Stratford Jail was held January 6. It was found that an inexperienced guard turned the wrong valve on an air pack and ran out of air before being able to rescue the five victims. After hearing shouts, three guards arrived at the site of the fire without any of the keys necessary to open the five individual cells.

All three guards and the sergeant in charge had never participated in a fire drill for prisoners in individual cells. The five who died were locked in their cells because of a tip that some of them might be planning an escape. GM 15/2/77 p. 9

The present law is part of the Employment Standards Act and prohibits differences in pay where men and women are performing the same or similar work. This law does not apply to job ghettos. In order for this law to apply, there must be a man doing the same or similar work. The Ontario Ministry of Labour Task Force on Equal Pay supported in 1975 the equal pay for equal value concept. A further "discussion paper" was issued in October, 1976 -- 20 years of discussion is enough.

## A VICTORY

The Labour Relations Board of Ontario issued a certificate as bargaining agent to the Canadian Textile and Chemical Union (CTCU) affiliated with the Confederation of Canadian Unions (CCU) for the employees of McGregor Hosiery Mills Ltd. of Toronto. The certificate covers about 250 employees, 80 per cent of these are women, mostly Portuguese. McGregor is one of the largest hosiery mills in Ontario.

The application had been before the Board for many months as the issue became complicated due to the dismissal of one of the younger Portuguese women, Natalie Benevidis, for union activity. The Board ordered the company to reinstate Benevidis with back-pay compensation.

Press Release, CTCU (CCU) 3/2/77

**CNSP NOTE:** The organization gained impetus when female employees were denied Boxing Day bonuses and male employees were not. The women vigorously seized control of the organizing campaign. Two of the three negotiating team members were women.

## HUMAN RIGHTS BILL TOO VAGUE TO ENSURE CONCEPT OF EQUAL PAY

Laurell Ritchie of the National Action Committee on the Status of Women presented a brief to federal Cabinet Ministers and the Canadian Federation of Business and Professional Women's Clubs, on loopholes in the proposed Human Rights Bill. She suggested:

- a formal conciliation attempt before the Human Rights Commission officially hears a complaint will effectively deter those who feel they have legitimate grievances;
- mandatory investigation of all complaints;
- the bill should stipulate "remuneration" rather than "equal wages" since this might allow employers to give unequal benefits other than wages;
- the criteria for determining work of equal value be more clearly defined.

The bill could be strengthened if it put more of the onus on the employers, Ritchie said. It is expected to pass before the end of June.

GM 17/2/77 p. F3, Peggy McCallum

## PIPELINE DEVELOPMENT AFFECTS WOMEN

Yellowknife women sent a brief to Justice Berger detailing the host of family problems resulting from a development boom and an invasion of transients. They said decisions about development are made by male-dominated business and government and are based on political and financial considerations rather than human ones. GM 19/11/76 p. C4



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# Corporate Research

## THE POLITICAL POWER OF CORPORATIONS

"I cannot understand the hostility of the business community to the Trudeau government. Big business has never had it so good.

"Corporate Capitalism is not competitive capitalism. When 83 firms control 46 per cent of the assets (\$23-billion or \$50-billion) and make 43 per cent of the profit in Canadian manufacturing, they are not adjusting their price and output policies independently of each other. When 1000 corporations control 69 per cent of all the corporate assets in Canada can the remaining 300,000 corporations provide meaningful competition? A state of concentrated oligopoly power exists in sectors such as motor vehicles, glass manufacturing, sugar refining, cotton yarn and cloth, automobiles, tobacco and beer, where four firms control more than 90 per cent of the output.

"While there is a worldwide slowdown in the rate of capital spending, Canada is showing a substantial increase of 12.1 per cent over 1975.

"Profits increased from \$7.7-billion in 1970 to \$17.8 billion in 1975 (an increase of 131 per cent). Income tax rates decreased in the same period from

an effective federal rate of 29.6 per cent in 1970 to that of 26.6 per cent in 1975.

"Royal Bank of Canada: Between 1870 and 1970 its assets grew to \$11.4 billion. By 1975 they had risen to \$25.2 billion. During the period 1967-75 the banks as a whole increased their assets 242 per cent, for a yearly growth rate of 16 per cent.

"The CPR: Between 1881 and 1970 its assets grew to \$2.3 billion. By 1975 they had risen to \$6.2 billion.

"Noranda: Between 1922 and 1970 its assets grew to \$871 million. By 1975 they had risen to \$1.98 billion.

"Imperial Oil: Between 1880 and 1970 its assets grew to \$1.55 billion. By 1975 they had risen by another \$1.4 billion.

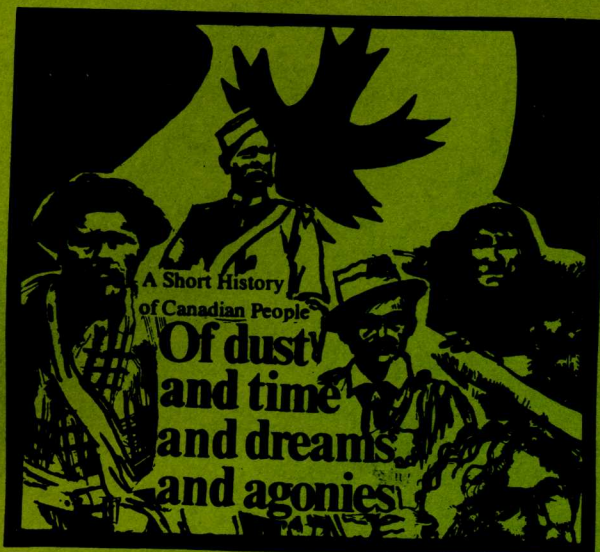
"Philosophically, politically, socially, economically and most of all culturally, society has yet to examine the awesome impact of these self-determining self-propelling, perpetual money-making machines. Who is to ask the real question: Are your goals ethically justified? To whom are you responsible and responsive?"

TS 13/11/76 p. B3, Eric Kierans, The Walter Gordon Lecture



GM 9/2/77 p10





**THIS BOOK IS NOT:**

- a scholarly treatise
- a lament for a nation
- a satire
- a textbook

**THIS BOOK IS:**

- a short economic and social history of Canada
- an attempt to describe the experience of the ordinary and not-so-famous people who have made Canadian history: the native peoples, French, Acadian, British, Irish, Scots, Chinese, Metis, Americans, Ukrainians, Polish, Finns, Italians, Portuguese and many others who worked and struggled in this country.

*By Pat Bird*

*Illustrated by Yvonne Slipka*

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