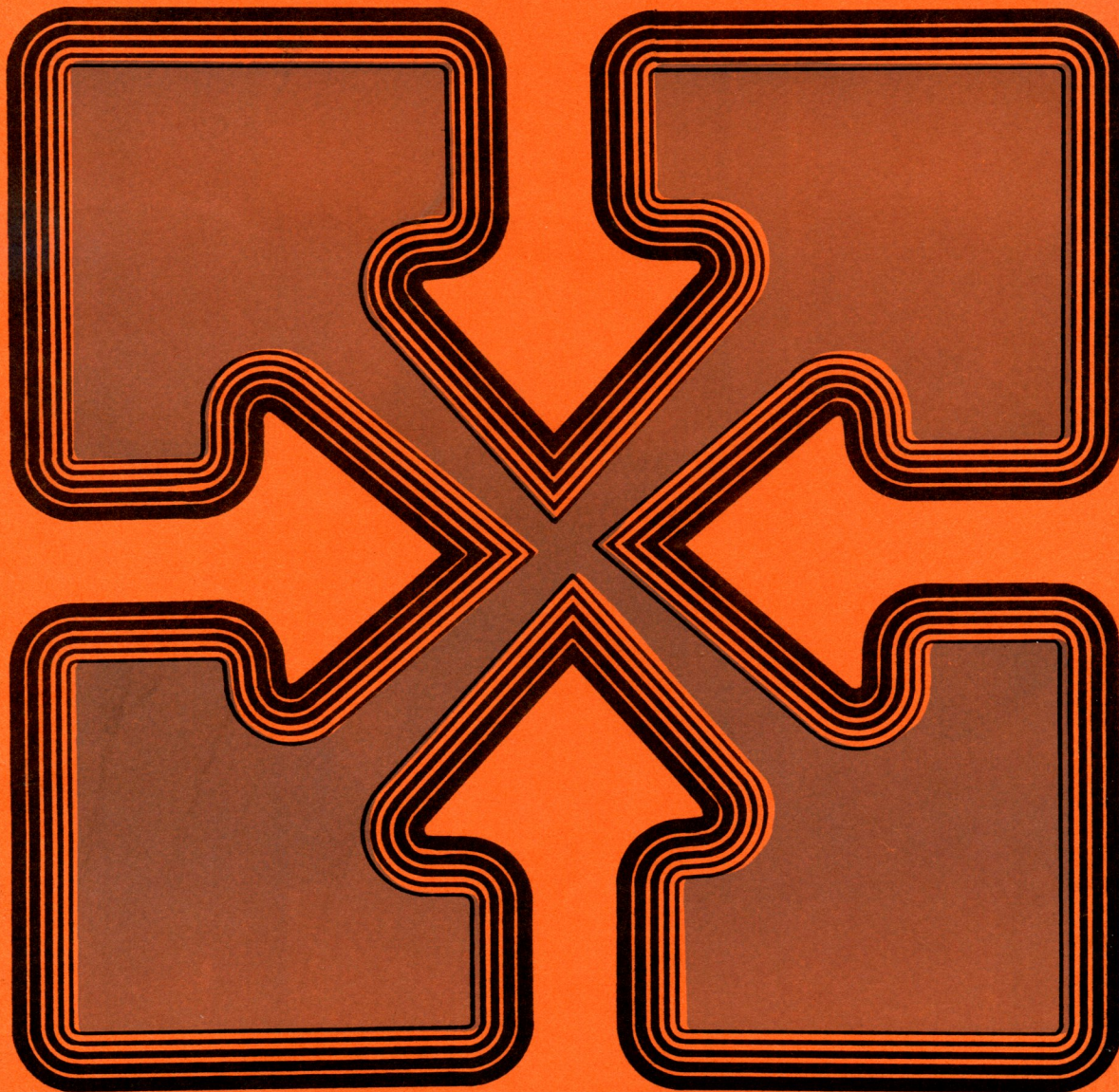


Synthesis

A Review of Events Reported in the Canadian Press



HIGHLIGHTS

- Foreign Debt Up
- GNP Slumps
- UIC Pays Less \$
- More \$\$ For Military

Vol. 5,
Number 3,
\$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.

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<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
<i>Ottawa Citizen</i>	OC

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CANADA AND THE WORLD

INTERNATIONAL

A TRILATERAL DESIGN?

President Carter has a comprehensive programme indirectly spelled out in the works of the Trilateral Commission, a private study group composed primarily of officers of the world's largest corporations. The Trilateral papers represent the first overall response of the international business community to the challenge of the Third World. The Trilateral Commission programme is a point by point rejoinder to the agenda of Third World countries.

The Trilateral answer to Third World demands for price indexing and a new commodity institution is to strengthen GATT programmes on commodities. Trilateral agrees with Third World demands to permit manufactures preferential tariffs in advanced capitalist markets, and also favors assistance to injured first world industries.

Third World demands for industrial relocation are answered with a Trilateral recommendation for a gradual approach in which initial processing of Third World raw materials would take place in their countries of origin.

The Group of 77 Third World countries attacks multinationals as well as admitting some positive effects and encourages them to promote Third World exports. Trilateralists suggest GATT should establish rules to protect as well as regulate multinationals, and favour an International Resources Bank that would protect mining and drilling companies in Third World nations, while assuring a joint benefit to host countries.

The Third World demands a change in the International Monetary Fund to put economic development as its first priority, and to increase the role of Special Drawing Rights for poorer countries. The Trilateral Commission prefers cautious moves, would like to see the IMF become a world central bank, and fears the ruining of confidence in SDRs if used for development currency.

Both the Commission and Third World countries favour increased aid. Third World countries, worried by the increase of their debt from \$70 billion in 1971 to \$220 billion in 1976, favour rescheduling of repayment and even talk about a moratorium. The Commission suggests that debt problems be handled on a case-by-case method so as not to upset world money markets.

Regarding the style of negotiations, the Third World prefers widely attended meetings where all viewpoints are represented. The Commission favours smaller meetings, saying the 10 largest industrial countries account for 70 per cent of trade and their needs must be met, and because they feel large meetings degenerate into political disputes. WFP 23/2/77 p.45 (Christian Science Monitor News Service)

CNSP NOTE: *This useful overview of Trilateral Commission strategies gives background to the positions not only likely from the Carter administration but already embodied in Kissinger's approach to such meetings as UNCTAD IV (Nairobi, 1976). The article, however, reduces and distorts the extent of the Third World critique of multinationals, the possibility of a moratorium on debt, and the critique of the IMF.*

TRILATERAL: CO-ORDINATING THE POWERFUL

The participation by Canadians in the Trilateral Commission raises interesting issues. The Canadians who attend this international private planning group founded by the Rockefellers, include: Doris Anderson, editor of *Chatelaine*; Jean-luc Pepin, of the AIB; Robert Bonner, Chairman of BC Hydro; Gordon Fairweather, PC MP; Mitchell Sharp, Liberal MP; Michel Belanger, president of the Provincial Bank of Canada; Claude Masson, vice-dean of research at Laval U.; Louis Desrochers, a leading Edmonton lawyer; Maurice Strong, chairman of Petro-Canada; Alan Hockin, exec. vice-president of the Toronto Dominion Bank; Michael Kirby, a Nova Scotia public utilities commissioner; Peter Dobell of the Parliamentary Centre for Foreign Affairs and Foreign Trade. There are 11 Canadian members among the 170 from Europe, Japan and the U.S.. The Trilateral Commission is described by former candidate for the U.S. Senate, Tom Hayden, in *Rolling Stone*, as "a coordinating mechanism for the powerful against the weak." They have little trouble stomaching "mass starvation of brown and black peoples" that results from the operation of capitalism. A Canadian right-wing critic, Ron Gostick of Flesherton, Ontario, fears the Trilateral is a route to World Government, and "communism". Southam News columnist Don McGillivray writes that the Canadians on the Commission are small "l" liberals rather than big "c" capitalists or communists. He notes that the power of the Commission is symbolized in the persons of U.S. President Carter, Premier Raymond Barre of France, and Roy Jenkins, the new Common Market President, all of whom are former Commission members. Also former members in the Carter administration are: Walter Mondale, Cyrus Vance, Michael Blumenthal, Harold Brown and Zbigniew Brezinski, who was himself former director of the Trilateral. Present members include *Time's* editor-in-chief, the president of the UAW, the presidents of the Bank of America, Fiat, Mitsubishi, Nissan, Hitachi, Sony, Toyota, not to mention the founding eminence, Chase Manhattan president David Rockefeller. Most attacks on the Trilateral, including a recent one by Noam Chomsky, in the American magazine *Seven Days* are based on a 1975 study paper, "the Crisis of Democracy", which was co-authored by Samuel Huntington of Harvard. The paper concludes that the U.S. and other advanced capitalist countries suffer from "democratic distemper", an "excess of democracy", and calls for a limit on democracy. Canadian participants do not take Rockefeller money to participate. Their way is paid by a combination of External Affairs, and two private foundations, the Donner Foundation and the Weston Foundation. Both Tom Hayden and Third World

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critics suggest that Carter is the product of a Trilateral "choice", their candidate for President. The Canadian membership is a pool of people with friends in the White House. OC 14/3/77 p.8 (Southam)

CANADIAN COMPANIES IN SOUTHERN AFRICA

Indian Ambassador Rikhi Jaipal, member of the UN Council for Namibia, accused seven Canadian companies of collaborating with the illegal South African Government in Namibia in the exploitation of the territory's natural resources. The Council plans to go to Ottawa, and will draw the issue to the attention of the Canadian government. Jaipal indicated it was not his intention to ask Canada to pressure the companies, only to report their transgression of the Council's authority over the natural resources of Namibia.

The Council representatives also indicated they had notified Canadian firms that they would visit Toronto and be available for consultation. In visiting Ottawa, Jaipal and Botswana representative Thomas Tlou, suggested that Canadian firms suspend operations until the situation of control of Namibia is clarified, saying this would be a good gesture to the eventual rulers of independent Namibia. External Affairs Minister Don Jamieson reiterated that Canada does not assist firms operating in Namibia, but would not interfere with companies that want to operate in the territory. WFP 8/3/77, p. 13, (CP), and GM 13/3/77, p.4, (CP)

Two representatives of the African National Congress told an Ottawa audience to boycott products of Canadian transnational corporations with plants operating in South Africa, including Alcan, Bata, Falconbridge, Massey-Ferguson and Sun Life. An Amnesty International spokesman charged that while the situation in Southern Africa has worsened, Canadian investments have grown. He said that Canadian banks including the Royal, Montreal and Commerce have said that they will not boycott South Africa. OC 12/3/77 p.16

HUMAN RIGHTS DEBATE HEATS UP

CNSP NOTE: President Carter's statements regarding the importance of concern with human rights and U.S. Congress action to reduce foreign aid to regimes transgressing human rights have helped Canadian critics of aid to repressive regimes to become more articulate, and the Canadian government is expressing at least increased verbal sensitivity to the issues.

Tory aid critic Doug Roche (PC Edmonton-Strathcona) urged Canada to co-operate with the U.S. in putting pressure on regimes which deny basic human rights to their citizens. He mocked the "quiet diplomacy" of the Liberal government in aiding dissidents and the oppressed. In addition to Eastern Europe, Roche stressed the plight of Chile, Argentina, Brazil, Uruguay, Indonesia and Uganda. External Affairs minister Jamieson indicated that Canada was willing to co-operate in these efforts to a certain degree, and indicated that the government is asking Canadian ethnic groups to help develop a policy platform for the coming review of the Helsinki agreement. He also indicated he is considering applying some form of human rights

test to see if Canadian food aid should be cut off. (EJ 4/3/77, p.8, Paul Jackson, OC 4/3/77 p.16, Patrick Best).

David Macdonald (PC Egmont) has introduced a bill (C-404) calling for the denial of economic aid to regimes involved in such human rights violations as imprisonment without trial. Canada must stop divorcing economic aid from human rights he stated. He noted the recent initiative of the Carter administration in cutting aid to Argentine, Uruguay and Ethiopia. (OC 4/3/77, p.16, Patrick Best).

In a strong editorial, (OC 9/3/77, p.6) the Ottawa Citizen noted that concern with human rights is being taken up in a "me too" fashion in Canada. Human rights problems did not just begin to occur, nor are they restricted to eastern Europe.

WATER UNDER THE BRIDGE

Jim Bruce, Chairman of the Canadian preparatory group for the United Nations Conference on Water (Mar del Plata, Argentine, March 14-25) says Canada will resist efforts by third world countries to have the U.N. set up a new body to administer projects involving water development; "we don't need another layer of bureaucrats". (WFP 3/3/77, p.9 (CP))

Only one-fifth of the world's population has access to processed drinking water, and more than a third get it from a standpipe, not in their homes. All nations are affected. A water shortage in much of the world is the central concern of the 11-day world water conference. Canadian delegation head Senator Ray Perrault indicated Canada's opposition to a world water aid body. (OC 14/3/77 p.42 (TPNS), M.S. 15/3/77 Ell, (CP), OC 16/3/77, p.30 c 1, (AP))

Quebec Environment Minister Marcel Leger complained that Canada's delegation to the Water Conference virtually ignored the country's French character and Quebec's jurisdiction. Almost all conference documents, including Canada's official declaration, were in English, and all meetings of the Canada group were in English with no translation. Leger then interceded in the Conference, stating he spoke for Quebec.

He spoke in opposition to a committee proposal that national water policies be strongly centralized. Senator Perrault stated that Mr. Leger spoke as a component of the Canadian delegation not as a representative of Quebec. Two days later Leger suddenly left the Conference. On his return to Canada, he expressed surprise at the rift created by his action in the Conference. He stated that his position was not opposed to the Canadian position, but simply expressed Quebec's position in areas falling within its constitutional jurisdiction. OC 16/3/77, p.30, (CP), GM 17/3/77 p.1, (CP), OC 19/3/77, p.5 AP staff, MS 19/3/77, p.A-10

An Ottawa Citizen editorial (18/3/77 p.7) attacked ministers of the Quebec government for overstepping

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their authority in international forums. In Brussels Jacques Yvan Morin told the EEC that Quebec should be represented in future discussion relating to Canada-EEC trade co-operation. At Mar del Plata, Marcel Leger announced he was there as a Quebecer, and in Paris, Morin refused to participate as a member of a Canadian delegation to an international Conference of French-speaking education ministers. These actions were an attempt to humiliate the federal government, said the Citizen, which supported Trudeau's warning that Quebec will be excluded from future conferences if it doesn't behave within the terms of the constitution.

CANADA/US RELATIONS

TRUDEAU IN WASHINGTON

Prime Minister Trudeau brought a large contingent--some 70 people to Washington. He also had several hours private talks with President Carter. On the eve of the visit McGill economist Eric Kierans published a major analysis in the Washington Post, stating that Quebec is expressing a bureaucratic thrust for power, nothing more or less. TS 21/2/77 p.A1 val sears

A retired U.S. Information Service Officer in Toronto, Gerard Donohue predicted in the Toronto Star (TS 21/2/77 p.34), that Canada and the U.S. will be a lot closer in the year 2000, by necessity. The "panicky demand for energy, . . . will unite us against the rest of the world". The U.S. will not be able to produce enough oil, nor will Canada be able to without massive infusions of U.S. capital and technology. He attacked the "third option" of the Liberal Government, and pointed to large Canadian investment in new plants in the U.S. market.

In an interview with CTV, President Carter, stated he was confident Canadians could take care of their own internal political problems. He judged that separation will not happen. He stated that any decision to bring oil and gas down from the North would be made "with the full knowledge and after close consultation with the Canadian government leaders, both the provincial and the national government." Among common interests he included energy exchange and mutual defense. TS 22/2/77, p.A3 (CP), MS 22/2/77 p.A-10 local)

In their talks, President Carter complemented Prime Minister Trudeau on his accomplishments as a statesman dealing with less developed countries. He asked for advice on how to deal with the Soviet Union over human rights. Trudeau avoided direct comment on Carter's letter to the Soviet dissident Andrei Sakharov. Walter Mondale and Zbigniew Brzezinski took part in the talks. Trudeau and Carter agreed on continued consultation on how to approach the Belgrade conference reviewing the results of the August, 1975 Helsinki accords. GM 22/2/77 p.1 gm, EJ 22/2/77 p.10 (Southam, CP), EJ 22/2/77 p.1 (Southam)

Trudeau told a presidential state dinner that Canadians intend to keep Canada strong and united. MS 22/2/77 p. 1

In an analysis article Paul Whitelaw of the Winnipeg Free Press (WFP 22/2/77, p.4) states that the purpose of the Trudeau visit is to rebut Levesque's visit to New York.

Prime Minister Trudeau's address to the U.S. Congress stressed the basic non-negotiable friendship between Canada and the U.S. He stated that the present policy of the government of Quebec reflects a minority opinion within the province. He stated that "Canada's unity will not be fractured. Accommodations will be made. Revisions will take place. We shall succeed." He stressed the pluralist dream of Canada. He stressed joint projects like the St. Lawrence Seaway and the International Joint Commission between Canada and the United States.

Trudeau mentioned the need to mobilize the electorates to construct a new world order which could deal with current challenges of hunger, poverty, environmental degradation and nuclear proliferation. (MS 23/4/77 p.A-12)

Only about 150 legislators out of a possible 450 attended the speech, although they were highly enthusiastic. Senator George McGovern called it the best speech heard in Congress in 20 years. Opposition leaders Clark and Broadbent praised the address. MS 23/3/77 p. C-2, GM 23/2/77 p.1)

Claude Ryan, editor of Montreal daily Le Devoir, stated that the prime minister was misleading when he told Congress the problem facing Canadian unity is one of language. He stated that Trudeau had a moral obligation to speak of the Quebec reality, and that Quebec and Canada are two distinct societies. MS 23/2/77 p.C2

"Trudeau's a hit" headlined the Toronto Star (TS 23/2/77 p. A-1, star) Canadian officials were delighted with the results of his two days of diplomacy in Washington. Globe and Mail correspondent Hugh Winsor stressed the number of friends won by Trudeau, from Senator Kennedy to House Speaker Tip O'Neill. (GM 23/2/77 p.39) The Ottawa Citizen quoted an American magazine writer who stated "He did you proud". Canadian consul general Barry steers stated the speech was of singular importance and impact. OC 23/2/77 p.45 (CP)

Editorial and column reaction to the Prime Ministers visit was positive. Charles Lynch of Southern, stated "Canadian-American relations have entered a golden age, provided Canada doesn't self-destruct". Americans like and need us. The President, Congress and others warmed to Trudeau. Trudeau's speech was so warm it was almost a throwback to the post-war days of continentalism in flower. (OC 23/2/77 p.7 Charles Lynch)

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The Ottawa Citizen stressed the responsive chord Trudeau struck in Congress. Trudeau "effectively and forcefully" repudiated totally what Levesque had to say in New York, the editorial stated (OC 23/2/77 p.6). The Toronto Star editorialized on Trudeau's vigour stating he struck "just the right notes". Congress was impressed. (TS 23/2/77 p. B-4) Globe and Mail editorial (23/2/77 p.6) stressed Trudeau put Canada's position in the centre of the world context. Trudeau had resurrected our pride in our internationalism. We will not throw away this "good country".

In his concluding press conference, Prime Minister Trudeau refused to speculate further on the implications of Quebec separatism. He stated that Canada continues to welcome foreign investment and that less than 15 per cent of major U.S. investment proposals were rejected by FIRA. He stressed that Americans should find Canadian unity as good business. He mentioned an interim agreement on Canada-U.S. fishing rights, settling the sharing of West Coast salmon in mutual fishing rights until the end of 1977.

He also stated that the Canadian government will make a decision on the natural gas pipeline from Alaska in time to enable Carter to meet his own deadline this year in deciding which route should be accepted. He reiterated Canadian desire to support domestic broadcasting but noted that continuing deletion of U.S. border television commercials has been suspended pending further studies. OC 23/2/77 p. 1 (CP)

CANADA/US RELATION: ENERGY

A conspiracy of circumstances has come together to ensure that the U.S. dictates Canada's future energy policy. It was no accident that U.S. Judge Litt of the Federal Power Commission announced his decision on competing applications for an Alaska natural gas pipeline before rather than after Prime Minister Trudeau's visit to Washington, and before the report of Canadian Judge Berger on the effects of the project. A U.S. Federal Power Commission judge some years ago made a similarly arrogant decision on flooding in B.C. to provide electricity for Seattle, Washington.

Judge Litt's decision in favour of a proposal by a U.S.-dominated consortium (Arctic Gas) to build a line down the Mackenzie has the strong implication that he expects Canada will agree and not let land claims get in the way. There are many in Canada who regard the land claims as a matter of justice, not as a "troublesome problem," as referred to by Judge Litt. But Canadian Energy Minister Alastair Gillespie has already indicated he may agree with Litt, because he is against allowing himself to be "blackmailed" by native groups. There is nothing new in this; western Canadian oil and gas has been dominated by the U.S. from the beginning. Decisions about the place and timing of exploration and development are made with an eye to U.S. interests, with benefits to Canada merely of secondary importance. The only way Canada can get more exploration to take place is to bribe the oil companies with higher prices and lower taxes. MS 12/2/77 p. C5 Jes Odam; See also Oil & Gas.

GARRISON

The International Joint Commission has recommended that the U.S. pay for about \$3-million in flood-control projects in Manitoba as the price for completing a \$9.4 million project for the Roseau River basin in north-western Minnesota. GM 24/2/77, p.3 cp)

The Federal Government has conceded that some form of completion of the North Dakota Garrison diversion project is inevitable and that pollution harmful to Manitoba will result. OC 12/2/77 p.19 Southam.

The U.S. diffused criticism by conceding a suspension in the project at least until after an inquiry by the International Joint Commission. MS 19/2/77 Al Star.

North Dakota Senate minority leader, Democrat Sen. S.F. Hoffner says he is disappointed with Carter's concessions on Garrison, but remains confident the project will go ahead. TS 21/2/77 A-8 cp

Jody Powell, Presidential press secretary stated that good money should not be thrown after bad on the Garrison and 18 other U.S. water projects. The U.S. has agreed to Canada's demand for moratorium on the construction of Lonetree Dam, a key to the Garrison, which was to have begun this spring. WFP 22/2/77, p.5 FP.

A coalition of 21 American environmental groups has launched a campaign to prevent Congress from restoring funds for Garrison. The coalition includes the National Audubon Society, Sierra Club, Izaak Walton League and the National Wildlife Federation. North Dakota Senator Milton Young, senior Republican in the Senate has vowed to keep Garrison going. MS 1/3/77 p.B7 Starr

Private members in the Manitoba legislature have called on the Manitoba government to take a strong stand against further Garrison construction. Liberal and PC members have been active in supporting the resolution. WFP 3/3/77 p.3 local

Sidney Green, environment minister in Manitoba, stated he will ask the International Joint Commission to delete the Souris and Red rivers entirely from the Garrison diversion scheme. He made this statement during a meeting with Governor Arthur Link of North Dakota. WFP 4/3/77, p.1, local.

Supporters and opponents of the Garrison Diversion clashed before the International Joint Commission at hearings in Minot, N.D. Gary Pearson of the Northern Environment Council (NOREC) of Jamestown, N.D. backed Sydney Green of Manitoba in his request for deletion of the Red and Souris Rivers from the project. North Dakota government spokesmen criticized a Canadian-American study of the project for not giving adequate weight

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to positive wildlife effects of the diversion.
(WEP 9/3/77 p.1, local)

The Canadian Government, is not, as yet, requesting that the U.S. prevent Missouri River water from entering the Red and Souris rivers, as demanded by Manitoba, but it is not prepared to accept any pollution injurious to Canada, Sean Brady of the Trans-Boundary Environmental Section of the External Affairs Dept. told the IJC. Brady said Canada wants careful testing. GM 11/3/77, p.9, G-7 m.

Defenders of the Garrison project have renewed hope because of hostile congressional reaction to Carter's decision to halt the project. The Senate voted 65-24 to order the President to spend all money presently budgeted for the 19 water projects in the current and next fiscal years. (OC 12/3/77 p.23, c1-4, CP)

North Dakota mounted a counter-offensive before the International Joint Commission led by Governor Link and State Attorney General Olson. Olson accused the Manitoba government of taking the position that water is not to be degraded at all. He held this was beyond the spirit of the 1909 Boundary Waters Treaty. OC 16/3/77, p. 30, CP

CANADA/WORLD: ECONOMY

Canada Tightfisted With Its Poor

A report on income distribution by the Organization for Economic Co-operation and Development shows that compared to other advanced industrial nations, Canada is among the most tight-fisted when it comes to its poorest sector. Canada, like the U.S. alots a paltry 1.5 per cent of its national income to the bottom ten per cent of the population. Only France, which offers 1.4 per cent is worse. Japan does the best by its poorest people.

Distribution of Post-Tax Income by Deciles

(The decile with the lowest income is No. 1, that with the highest, No. 10).

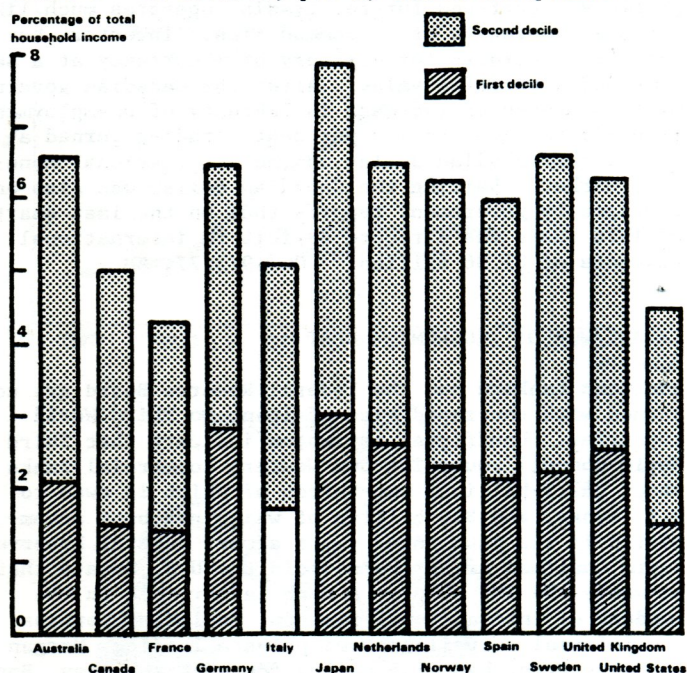
	1	2	3	4	5	6	7	8	9	10
Canada	1.5	3.5	5.1	6.7	8.2	9.7	11.2	13.1	15.9	25.1
Australia	2.1	4.5	6.2	7.3	8.3	9.5	10.9	12.5	15.1	23.7
France	1.4	2.9	4.2	5.6	7.4	8.9	9.7	13.0	16.5	30.4
Germany	2.8	3.7	4.6	5.7	6.8	8.2	9.8	12.1	15.8	30.3
Italy	1.7	3.4	4.7	5.8	7.0	9.2	9.8	11.9	15.6	30.9
Japan	3.0	4.9	6.1	7.0	7.9	8.9	9.9	11.3	13.8	27.2
Holland	2.6	3.9	5.2	6.4	7.6	8.8	10.3	12.4	15.2	27.7
Norway	2.3	4.0	5.6	7.3	8.6	10.2	11.7	13.0	15.1	22.2
Spain	2.1	3.9	5.3	6.5	7.8	9.1	10.6	12.5	15.6	26.7
Sweden	2.2	4.4	5.9	7.2	8.5	10.0	11.5	13.3	15.7	21.3
United Kingdom	2.5	3.8	5.5	7.1	8.5	9.9	11.1	12.8	15.2	23.5
United States	1.5	3.0	4.5	6.2	7.8	9.5	11.3	13.4	16.3	26.6

MS 25/1/77 p.C1

A report on income distribution by the Organization for Economic Development shows that compared to other advanced industrial nations, Canada is among the most tight-fisted when it comes to its poorest sector. Canada, like the U.S. alots a paltry 1.5 per cent of its national income to the bottom 10 per cent of the population. Only France, which offers 1.4 per cent is

worse.

Canadians may feel that we are improving income distribution, but it is not so. The OECD indicates that Canada and the U.S. tend to be increasing inequality while most other OECD countries are slowly reducing them. Canadian business executives seem to be unconscious of these facts. A Montreal company executive thinks the average Canadian family is making \$25,000 to \$45,000 per year, when the fact is about \$16,000. William Turner president of Consolidated Bathurst, stated recently that we are going overboard worrying about income distribution in Canada. W. Earl Mclaughlin, chairman and president of the Royal Bank told a recent annual meeting about the "selfish power struggles over who is going to get what share of the incomes". MS 25/1/77, p.C-1, sheila arnopoulos



MS 25/1/77 p.C1

CANADA/WORLD: ECONOMY: THE DOLLAR

In six trading days the Canadian dollar lost a full cent (U.S.) of trading value. On February 23, it was 96.52 cents (U.S.), the lowest close since 96.49 cents in November 30th, following the PQ victory in Quebec. (GM 24/2/77, p.B-1, Angela Barnes, see finance p). Finance Minister Donauld told a Commons Committee that the present government policy is to allow the international marketplace to decide the value of the Canadian dollar by a floating exchange rate, in operation since 1970. Last November, the dollar was valued at \$1.03 (U.S.), but now some experts predict it may fall below 90 cents later this year. Between 1962 and 1970, it was pegged at 92.5 cents (U.S.). Oc 2/3/77 p.9 CP

A "cheaper" dollar could assist industry in Canada. Keith Dixon of the Canadian Importers Association says consumers can expect at least a 10 per cent increase in the cost of imported cars, TV sets, Stereos, etc., and that domestic prices will tend to follow-suite. He expects the dollar to stabilize at 94 cents (U.S.).

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He said clothing prices may be 30-40 per cent higher by April. On the producers' side, startling profit gains are forseen. Noranda Mines reckons that every cent reduction in the dollar value helps sales so much that it brings an extra \$4 to \$6 million in profits. Both Consolidated Bathurst and MacMillan Bloedel see a \$2 million profit increase for each one cent drop in value of the dollar. But James McAvity, president of the Canadian Export Association says big exporters buy most of their capital equipment abroad and could run into higher costs because of the \$ drop. MS 12/3/77 p.A-2

Some Canadian Commentators accuse operators in the International Monetary Market, a division of the Chicago Mercantile Exchange, of causing the Canadian dollar's problems. Currency futures trading operates much like futures trading in other commodities. Investors buy and sell contracts for delivery of a currency at a set time and a specific value. After the Canadian government announced an increase in February of unemployment from 7.5 per cent to 7.9 per cent, trading turned against the Canadian dollar on the International Monetary Market. Selling the Canadian dollar was also encouraged by government reports that in the last quarter of 1976 there was a record deficit in international payments of \$1.36 billion. OC 19/3/77, AP

CANADA/WORLD: ECONOMY: DEBT

American bankers and the Federal Reserve Board are concerned with the rapid rise of loans to Third World countries. Unofficial estimates indicate that Third World non-oil countries owe Western commercial banks about \$67.7-billion, two-thirds of which is owed to U.S. banks, and \$46 billion of which has been accumulated in the past three years alone. Federal Reserve Board Chairman Arthur Burns told the U.S. Senate that he wants the IMF to play a much larger role in the conduct of international finance, including perhaps the informal surveillance of private lending. Morgan Guaranty Trust has also called for such scrutiny. Both Burns and Morgan Guaranty want the IMF to do more to enforce measures in borrowing countries that would cut inflation, boost exports and trim imports, making the Third World countries better credit risks. OC 3/3/77 p.9 c3-4 Reuter

OPEC nations pledged financial support for a new international fund to keep oil prices steady for third world producers of raw materials, as part of projected \$6-billion common commodities fund to be set up by UNCTAD under U. N. auspices. OC 2/3/77 p.40 Reuter

GROWTH RATES

The Bank of Montreal predicts that real economic growth for major industrialized countries in 1977 will be 4.5 per cent down from 5.2 per cent last year. West Germany is expected to be 4 per cent down from 5.2 per cent last year, and Canada to be 3.9 per cent down from 4.9 per cent. GM 3/3/77 p.B5

CANADA/WORLD: DEBT

Canada's total foreign debt stands at \$34.7-billion. Public sector long-term debt is \$16.2-billion, and short term is \$200 million. Private long-term borrowing is \$15.5 billion with short-term obligations of \$2.8 billion. Compared to the size of the economy, Canada turns out to be at the top of the debtor's league, with external borrowing accounting for 22 per cent of the GNP, and equal to 89 per cent of the value of Canadian exports in goods and services. By comparison external borrowing is only 11 per cent of GNP. The cost of servicing this long-term debt will be a continuing and serious drain on our balance of payments. OC 21/1/77 p.9, Peter Cook, Financial Times News Service

The estimated cost of servicing the national debt will rise by \$700 million in 1977-78 to a total of \$5.3-billion. Debt servicing will thus be the largest single item of government expenditure and can be compared to \$4.9-billion for old age pensions and \$2.1-billion for family allowances. Transfer payments in social services transfer resources from the rich to the poor, at least in theory. But interest payments made on the national debt go largely to financial institutions and individuals with enough money to buy bonds. If the government had to pay less interest it would give more room to move in other fields, to increase transfer payments to the poor or to cut taxes or to do both. The increase in the public debt service cost in the next year will be more than twice the amount that Canada will spend on its new special employment strategy. OC 24/2/77 p9, Ben Malkin

Statistics Canada estimates Canada's net foreign indebtedness as \$48.5-billion at the end of 1976, up from \$43.3-billion a year earlier. These figures reflect the book value of all types of investments, loans, bonds, equities and retained earnings. The ballooning of Canada's net indebtedness has led to record net outflow of interest and dividends of \$2.56-billion in 1976, or 1.4 per cent of gross national product. Canada has had to borrow from foreigners just to pay for this net outflow of interest and dividends because the net surplus on merchandise trade has not been high enough to pay for it. GM 16/3/77 p B16 Wayne Cheveldayoff

When P.M. Trudeau goes to the U.S. he will be speaking to the people who hold the mortgage on our house and we can't afford to make the mortgage payment this year unless we can borrow more money from them to do it. The feeling about Canada was expressed when the value of the Canadian dollar slumped below 97 cents U.S. Behind this slump is doubt that we can meet our obligations because we are so deeply in debt. Further, our economy is stagnant. OC 21/2/77 p 9 Don McGillivray, Southam. See also Finance in this issue



CANADA AND THE WORLD

TRADE

EDC TRADE BOOSTER

The Crown-owned Export Development Corporation (EDC) is becoming one of Ottawa's most favoured vehicles for promotion of trade through the agency's provision of loans, export insurance and foreign investment insurance. (See LACIR, Vol. 1, No.9, enclosed with this issue for a discussion of the EDC) In 1976, the EDC supported export business valued at more than \$2 billion, and already in 1977 the agency has approved support for more than \$1 billion worth of Canadian export sales. The most recent deals include:

- a \$1.7 million loan to support the sale of Douglas Aircraft wing assemblies to the Philippines
- \$4.7 million in loan provided by the EDC with the Banque Canadienne Nationale and the Bank of Montreal for export of three fishing vessels to Senegal
- participation in an international syndicate of lending institutions to support the sale by Cooper-Bessemer Ltd. of natural gas pumping equipment to the Soviet Union.
- a \$524 million package of loans, insurance and investment guarantees for deals made by Canadian firms with Algeria, Mexico, Venezuela, the Soviet Union, Finland, Poland, and Argentina. Of this amount, \$511.8 million is approved for loans, \$10.2 million for export insurance, and \$2.3 million for investment guarantees.
- a \$23.3 million package of similar facilities to smooth deals with Romania, Israel, Brazil, Peru, Japan, and the U.S. (\$14 million in loans, \$5.5 million for insurance and \$3.8 million in investment guarantees).

Although the EDC is a Crown corporation using tax monies from the public treasury, it is not required to divulge information about commercial transactions. Thus, in the last two items above, the EDC only says that "more details and names of the Canadian companies involved could not be disclosed at this time for reasons of commercial confidentiality."

The agency is currently approaching Parliament for authorization to significantly increase its scale of operations which are of particular importance in supporting trade to "non-traditional" export markets for Canadian goods (i.e. all trade other than that with the U.S., Japan and the EEC).

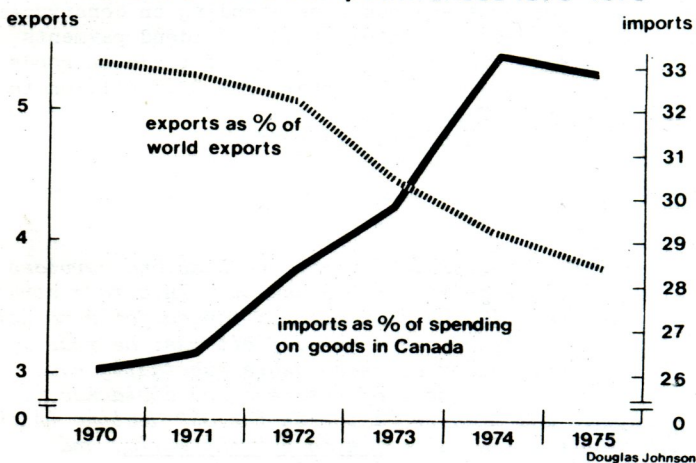
MS 14/2/77 p.B 11; EDC press releases #7-11, 1977

CNSP NOTE: *The growth of the trade deficit in goods and services is especially significant because it points to a structural weakness in the economy. If Canada fails to sell its product abroad, then the deficits must be made up by borrowing. However, these debts eventually have to be repaid. The payment of interest and dividends to foreigners was a major factor in the GNP decline in the last quarter. (See also Canada and the World, and Economy:Finance.)*

Financial Times 27/9/76

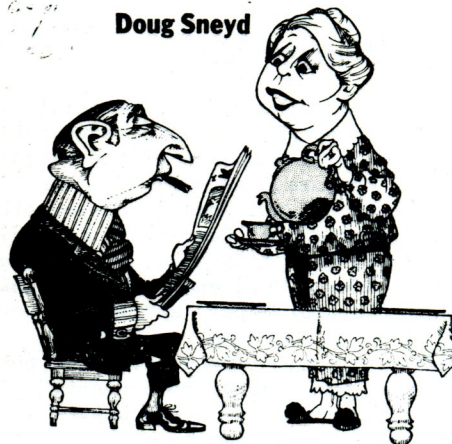
Losing ground...

...Canada's trade competitiveness 1970-1975



Douglas Johnson

Doug Sneyd



"Now should we be saving to fight inflation and spending to fight recession or saving to fight recession and..."

THE ECONOMY

GNP SLUMPS IN FOURTH QUARTER

Canada's economic recovery has ground to a halt. The Gross National Product grew by only 4.6 per cent in 1976. Most of this was accounted for by production increases in the first quarter. In fact, the GNP fell by 0.6 per cent in the fourth quarter almost to its first quarter level. The fourth quarter decline was the first since the 1974-75 recession. Nineteen Seventy-six was expected to be a year of strong growth after the poor 1975 performance when the GNP was the slowest in 21 years-1.2%. Statistics Canada blamed the decline on reduced exports and business spending on construction, and on an increase in interest and dividend payments to foreigners. The deficit balance of trade on goods and services grew in the quarter from \$2.7 billion to \$5.9 billion. OC 1/3/77 p.9; GM 1/3/77 p.B1 Wayne Cheveldavoff

CNSF NOTE:

The growth of the trade deficit in goods and services is especially significant because it points to a structural weakness in the economy. If Canada fails to sell its products abroad, then the deficit must be made up by borrowing. However, these debts eventually have to be repaid. The payment of interest and dividends to foreigners was a major factor in the GNP decline in the last quarter. (See also Canada and the World, and Economy; Finance in this issue.)

BUSINESS FORMS EXECUTIVES' LOPEY

William Twaits, former chairman of Imperial Oil Ltd., has formed a group called the Business Council on National Issues. The BCNI is composed of the executive officers of Canadian corporations, and the founding members are chief executives of the largest corporations. They include Peter Gordon (Steel Company of Canada), Roy Bennett (Ford Motor Co. of Canada), William Maclean (Canada Packers), Earle McLaughlin (Royal Bank of Canada) and Thomas Bell (Abitibi Paper) and Alfred Powis (Noranda).

The BCNI's goal is to "improve dialogue between the private sector and the federal government." The group is attracting a large number of executives worried that the government is aggravating the economy's ills. "The growing voices of labour and the public sector in Ottawa added impetus" for the formation of the group. Twaits says the high rank of the members is key to its voice

being heard. BCNI has already commissioned a study of the effects of inflation on business. As a result, the Ontario government established a committee to study the problem, headed by a partner in the company which undertook the original study. BCNI president W. Archibald said the budget will be "as big or as small as it needs to be, but it's not likely to be in the millions of dollars."

OC 28/2/77 p.8 Patricia Anderson, Financial Times

CNSF NOTE: *As Eric Keirans pointed out (CNSF Vol. 5, No. 2), big business never had it so good. Profits and assets rose by over 100 per cent between 1970 and 1975 while corporate tax fell. It hard to believe that Ottawa needs to be made more aware of the big business viewpoint, or that it can become any more willing to fulfill its wishes.*

MONTHLY STATISTICS

I Capital

Real GNP Growth 1976 (by quarters)	3.1%; 0.4%; 0.5%; 0.6%	Feb. '77	Jan. '77	Dec. '76
Consumer Price Index (1971=100)	155.4	154.0	152.7	
Trade: (\$ millions)				
Exports (Customs Basis)		3,103	3,238	
Imports (Customs Basis)		3,006	3,021	
Deficit balance of Trade in goods and services	(fourth $\frac{1}{4}$, '76=5.9 billion) (third $\frac{1}{4}$, '76=2.7 billion)			

II Labour

Employed (million)	9.29	9.26	
Unemployed	932,000	889,000	
Unemployment Rate (seasonally adjusted)	7.9%	7.5%	
Job vacancies	Nov-Jan '76 37,800	Nov-Oct '76 55,100	(Job vacancies are down 31%)

OIL AND GAS

INTRODUCTION: *Continental energy strategies were a focus of press attention this month with visits by both Mr. Trudeau and Energy Minister Alastair Gillespie to Washington. New estimates of gas reserves in Alberta appear to make any Mackenzie Valley pipeline redundant. Meanwhile, a controversy is brewing around the planned Kitimat oil terminal and pipeline on the west coast. Opposition is growing, even though Gillespie and his U.S. counterpart, James Schlesinger, came out in favour of the line. Plans for the new liquified natural gas facilities in New Brunswick are steaming ahead while a similar LNG transport system from the High Arctic is also receiving growing industry support.*

THE ECONOMY

IS THE MACKENZIE PIPELINE NECESSARY?

A decline in demand coupled with increased supplies of natural gas from conventional areas in the west make it appear that a Mackenzie Pipeline may not be needed until the late 1980's or early 1990's. The department of Energy, Mines and Resources is supposedly impressed by the volumes of surplus gas that have been discovered in Alberta in the last two years.

The potential for undiscovered reserves ranges from 55-trillion cubic feet to 100-trillion cubic feet. Even the low estimate could fill Canada's needs for almost 40 years. Canada now produces 2.5-trillion cubic feet a year; one tcf is exported to the U.S. and 1.5 consumed here. In these circumstances, gas from the high Arctic and the Mackenzie Valley delta would be surplus and pipelines from these sources would be redundant. GM 24/2/77 p. E 2 Thomas Kennedy

ATLANTIC OIL HOPES DIM

Spokesmen for Gulf and Mobil say gas reserve estimates off the east coast of Canada may be optimistic. They blamed legal disputes, jurisdictional disputes and financial considerations for decreased enthusiasm on the part of the oil companies. Economic and political conditions must also be right before production can begin, the executives said. EJ 28/2/77 p.51

CNSF NOTE: These comments by Gulf and Mobil (both of whom were recently bailed out by and injection of public funds from Petro-Can for their operations off Nova Scotia) are aimed at the dispute between Newfoundland, the federal government and the oil companies about royalty payments on offshore discoveries near Labrador. Typically, they speak of coercion and blackmail, and reveal the power the oil companies have over economically desperate regions of the country.

TRUDEAU: "NO MACKENZIE EMBARRASSMENT" FOR CARTER

Prime Minister Trudeau says he gave no assurances to President Carter that Canada would approve a Mackenzie Valley natural gas pipeline during his recent visit to Washington. According to an aide, Trudeau told Carter he would "like to be in a position not to embarrass him" over the pipeline. Carter will make his decision by September 30 and Trudeau says Canada will do all it can to meet the U.S. deadline. EJ 23/2/77 p., 25/2/ EJ 23/2/77 p.1; 25/2/77 p.49

LAND CLAIMS NO CAUSE FOR DELAY: GILLESPIE

Federal Energy Minister Alastair Gillespie says a Mackenzie Valley Pipeline should go through with or without a settlement of native land claims. "If the (claims) can't be settled quickly, that should not be a reason for not proceeding with the pipeline if every thing falls into place..." TS 26/2/77 p.D 10

PIPELINE GUARANTEES QUESTION IGNORED

A crucial element of the proposed Mackenzie Valley

Pipeline--when and how the government will provide financial guarantees--is being ignored by Ottawa and the pipeline companies. Arctic Gas would prefer that financial guarantees not be requested until after the joint U.S.-Canada route gets the nod. After the decision is made, the government would have less room to move on the question of public financing.

For the government, a wait-and-see attitude would mean it would be able to avoid a risky Parliamentary debate and provide public funding needed to backstop the Arctic Gas project without seeking legislative approval. Southam energy reporter Jeff Carruthers asks whether such an important financial matter can be left until the last minute. MS 15/2/77 p.C2

GOVERNMENT REPORT SUPPORTS DOME BEAUFORT SEA DRILLING

Findings of three government committees researching the technical, environmental and social impact of Dome Petroleum's \$400-million programme to drill 12 exploratory wells in the Beaufort Sea support continuation of the company's efforts. The final report by the Beaufort Sea steering committee will be presented to Indian Affairs and Northern Development Minister Warren Allmand by April 1.

The socio-economic committee noted the chance of an oil "blowout," but discounted the likelihood of such an event. The committee lauded the jobs created by Dome and noted the importance of company funds pumped into the northern economy. Despite many technical criticisms, the committee reasoned the risks were worth the benefits. EJ 16/2/77 p.1

NEW BRUNSWICK LNG TERMINAL GEARING UP

The proposal for a regasification plant and deepwater port at Lorneville, N.B.--less than ten miles from downtown Saint John--is inching ahead. Letters of intent have been signed for the construction of four liquefied natural gas (LNG) tankers to carry gas from Alberta to northeastern U.S. and Canada.

Although some New Brunswick MPs have suggested an inquiry may be held into the impact of the proposed project, a spokesman for Canadian Pacific (the eventual owner of the regasification plant) says it would be "a generalization" to suggest the Saint John area was chosen because U.S. east coast centres have refused to allow an LNG terminal. FP 5/3/77 p. 10.

NEW BRUNSWICK FISHERMEN OPPOSE LNG SITE

New Brunswick fishermen say the \$500-million LNG terminal at Lorneville will end the \$15 million Bay of Fundy fishery. One LNG tanker every 2½ days will dock at the terminal by the time it goes into operation in 1981.

Leonard Wilson, president of the Saint John Commercial Fishermen's Association, says the proposed port, with the existing deep-water port in East Saint John, will end fishing along a 25 mile stretch down the Bay of Fundy. GM 23/2/77 p.B 5

THE ECONOMY

LNG PLANS FOR THE HIGH ARCTIC

A bevy of corporate, technical, and government experts have given impetus to plans for transporting natural gas from the high Arctic islands by LNG tanker. The plan is to build a floating gas liquification plant to be towed to Melville Island, the site of most of the 16-trillion cubic feet of natural gas discovered so far. A short pipeline would funnel the gas to the plant where it would be frozen, pumped into LNG ice-breakers and shipped south--possibly to the deep-water terminal planned outside Saint John, New Brunswick (see above). About 250 tcf of gas would be shipped daily, most of it destined for U.S. markets.

Cost estimates for the scheme vary, but upper limits are said to be close to \$5-billion.
FP 5/3/77 p5; MS 24/2/77 p.D11; FTC 28/2/77 p.14

Five shipping companies have joined Petro-Canada (the government-owned oil company), Panarctic Oils Ltd., (in which the government has a 45 per cent interest) and Alberta Gas Trunk Line Ltd. of Calgary in a feasibility study for moving gas from the Arctic islands to the east coast. The shipping companies include Canada Steamship Lines, Montreal Crowley Maritime (San Francisco), Genstar (Montreal), Federal Commerce and Navigation (Montreal) and Upper Lakes Shipping (Toronto).

This study will complement the recently-announced feasibility study of the barge-mounted LNG plant and related production, gathering and distribution system by Alberta Gas Trunk and Petro-Can.
MS 15/3/77 p. G3; OC 14/3/77 p. 14.

EJ 21/2/77

"Don't worry, that's an oil tanker. The only thing they can hit is land!"



AGRICULTURE

INTRODUCTION: *Press attention to food production has been a confusing round of: 'consumer group opposes'-'farmers beef'-'Whelen blasts'-'costs soar'. The real issues behind the boom and bust farm income cycles cannot be comprehended through such treatment. Western grain co-ops see a ray of hope in their opposition to large inland terminals. The terminals are proving prohibitively expensive to construct.*

FARMERS CAUGHT ONCE MORE IN COST-PRICE SQUEEZE

Canadian farm income has dropped 40 per cent from a peak \$4.25-billion in 1975. Those regions with a large farm sector had an above average growth at that time and are now experiencing a slow-down. The upsurge of farm income between 1972 and 1975 occurred because prices out-stripped costs and there was large export demand for grain. No improvement is forecast

CNSP NOTE: *The proposed LNG scheme would complement, not replace, the planned Polar Gas pipeline. Polar Gas (which also includes Petro-Can and Panarctic) plans to build a 48-inch pipeline south to Canada and the U.S. The LNG scheme would act as an interim arrangement to enable producers to regain some of the capital spent so far on exploration. Panarctic estimates \$500 million has been spent in the last decade.*

The Polar Gas line has a start-up time of at least ten years from now, and has a price-tag of \$10 billion. The short pipeline gathering system necessary for the LNG project would also enable Polar Gas members to have an Arctic "laboratory" for the construction of the larger pipeline later on. MS 24/2/77 p. D11

NEW HEAVY OIL PLANT PLANNED

Nineteen Alberta heavy oil producers have announced a feasibility study into building a 100,000-barrel-a-day oil upgrading plant in eastern Alberta. A.M. McIntosh, Vice-President of Pacific Petroleum of Calgary, and chairman of the producer group, says the plant will require tax and royalty concessions from the federal government to be viable. The proposed plant would make heavy oil from Alberta and Saskatchewan suitable for refining in Canada. Most Canadian heavy oil is presently shipped to the U.S.

EW 5/3/77 p. 1

EMR STUDY EMPHASIZES SANDS AND HEAVY OIL

A study by the Department of Energy, Mines and Resources (EMR) places development emphasis on Alberta's oil sands and heavy oil deposits on the Alberta-Saskatchewan border. Canada's frontier regions offer only modest to moderate prospects for future oil and gas discoveries, the study notes.

as consumer demand, farm supply, and international price-supply developments all have a bearing on the problem. FTC 7/2/77 p9 J.R. Downs

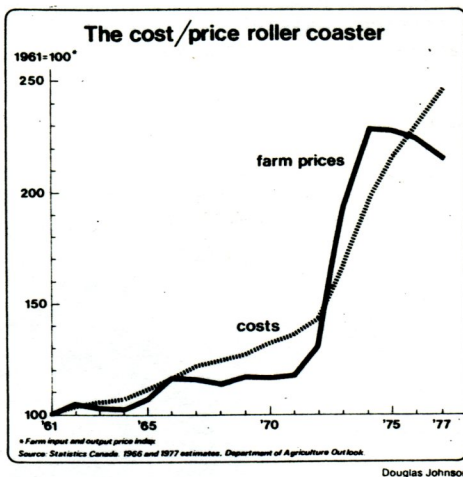
CNSP NOTE: *The roller-coaster cost-price squeeze has long been particularly erratic in the agriculture sector. Farmers managed to increase their per-capita output six fold between 1951 and 1966 and they in-*

THE ECONOMY

creased their total volume of agricultural production by 40 per cent. But net farm income remained below the average for manufacturing wages in Canada. During this period there was a 50 per cent decline in the number of farms. Farmers are caught between large farm equipment suppliers who affect production costs and the corporate food industry which determines farm product prices. Several studies have proven the existence of price fixing on both ends—adjusted according to farmer income. That is not very difficult, as certain companies maintain subsidiaries on each end. Some, like Canada Packers, which operates a string of feed-lots, will go one step farther and compete directly with the producer. This trend is gaining momentum. Another rarely mentioned cost to the farmer is the huge increase in land values. Driven to greater production, the farmer must acquire more land and bear the consequent cost.

FOOD PRICES SOAR

A sharp rise in food costs early this year pushed up the cost of living at its fastest rate since November 1975. This has been blamed on seasonally higher prices for vegetables. Coffee, chicken, and restaurant meals also increased costs to the consumer. TS 11/2/77



INLAND GRAIN TERMINAL DRAWS STRONG OPPOSITION

Roger Murray, president of Cargill Canada Ltd., says the three huge inland terminals now in operation still have to prove themselves financially and costs may be a limiting factor in building such large facilities in the future. The problem of costs has surfaced at the Weyburn (Sask.) terminal, where a Montreal construction firm has filed a \$3-million lien to cover construction costs greater than anticipated. Critics of the large terminals said they would duplicate existing facilities at Thunder Bay and Vancouver ports as well as further erode rural communities. The three prairie co-operative, farmer owned wheat pools have been leading the opposition. EJ 16/2/77 p.71

LANG ALLAYS FEAR OVER UNIT TRAINS

Use of unit trains to carry grain to east ports from inland terminals on the praires would not result in special rates or quotas for terminals, according to Transport Minister Otto Lang. He said the Canadian Wheat Board is assessing how quickly and efficiently and at what cost savings grain could be cleaned on the praires and moved east. Despite comments made earlier, he has no intention in backing away from his user-pay policy contained in a bill amending the National Transportation Act. LP 19/2/77.

CNSP NOTE: Farmers have long demanded public regulation, control, or ownership of the grainhandling system. As a result, public influence on wheat marketing and pricing decisions has grown and farmer-owned co-operatives have developed to handle wheat in competition with the international grain trade. The Wheat Board's quota system of delivery and compulsory pool of all marketed wheat resulted from the struggle. The long established Crow Rates provided maximum rates on grain shipment by rail.

Currently the business-aligned Falliser Wheat Growers, the railway companies, and the international grain trade are urging the government to abandon the Crow Rates, along with miles of rail lines, and support large inland terminals for the sake of greater productivity. The Hall Commission on Grain Transportation is studying the issue.

Realized net farm income

	1972	1973	1974	1975	1976*	1977*
In current dollars	2.14	2.74	3.86	4.25	3.36	2.53
In 1971 dollars	2.04	2.43	3.09	3.07	2.27	1.61

Current dollars deflated by Consumer price index.
* Estimates from Agriculture Canada.

Financial Times 7/2/77 p.9

MINING

Uranium Embargo

The federal government has delayed issuing uranium export permits until it reaches nuclear safeguard agreements with a number of countries. The European Economic Community has issued a public appeal to Canada and the U.S. to maintain nuclear supplies and fulfill contracts. They depend on North America for much of their uranium supplies. Canada wants a final say on re-export of nuclear technology, equipment, and uranium before lifting the embargo. GM 11/2/77 p.B-2

Noranda Blames Wages

Noranda sales for 1976 dropped seven per cent, from 50.5 to 46.7 million dollars. Production was reduced from planned levels and inventories rose, while costs increased. Higher Canadian wage rates compared with those in the U.S. put profit margins under "severe pressure," claimed the company. TS 19/2/77

THE ECONOMY

HOUSING

INTRODUCTION: *The budget presented by Central Mortgage and Housing proposes to cutback on spending for public housing and to increase funds for assisted home ownership.*

Last year was a record for housing units but the economic recession has created large inventories of unsold houses. The industry is also experiencing declining profits, fewer contracts, bankruptcies and high rates of unemployment.

In Manitoba a royal commission is looking for the reasons behind high land costs.

CMHC BUDGET

Central Mortgage and Housing Corporation's (CMHC) \$1.8-billion budget reveals a sharp cutback in money for public housing and only a marginal increase for non-profit and cooperative programs. Largest increases are for the Assisted Home Ownership Program and the Residential Rehabilitation Assistance Program. Funds for public housing will fall to \$268 from \$340-million. Resistance by provincial governments has weakened the program's appeal. GM 16/3/77 p8

HOUSING PRODUCTION

CMHC figures show a national housing production record of 270,000 units was set in 1976. The previous record was 268,529 in 1973. There is a target of one-million housing starts for the four-year period beginning in 1976. HCH 8/1/77 p29 CP

F. Clayton, president of Clayton Research Associates, told the annual convention of the Housing and Urban Development Association of Canada that demands for houses will not be sufficient to absorb the large number of new units flooding the market. He said part of the problem stems from a poor economic outlook in general



and the fact that property taxes and utility costs will be up. The only positive sign is lower mortgage rates. MS 11.2/77 pC6 CP

CNSP NOTE: *Clayton's complaint of a housing glut at a time when people in cities are experiencing shortages leads one to ask whether builders have not been concentrating on the wrong type of housing, housing that is too expensive and beyond the means of most people.*

HOUSING COST

Average sale price of housing properties in 1976 with percentage increases over 1975. Figures are based on 417,989 properties listed for Multiple Listing Service. Sales-to-listing ratio declined to 34 per cent in 1976 from 43.2 per cent in 1975.

	1976	Increase over 1975
British Columbia	\$55,696	10.5 per cent
Alberta	\$63,587	34 per cent
Saskatchewan	\$40,384	23 per cent
Manitoba	\$39,531	18.7 per cent
Ontario	\$52,979	7.7 per cent
Quebec	\$38,645	11 per cent
New Brunswick	\$37,177	NA
Nova Scotia	\$41,438	NA
Prince Edward Island	\$29,390	NA
Newfoundland	\$39,988	NA



THE ECONOMY

CONSTRUCTION SLOWDOWN

While builders are consoled by declining mortgage rates, some are in trouble because they have large inventories of houses built in 1976 using 12 per cent mortgage finance. Some are in trouble because they have to compete with new houses coming on the market with 10 per cent mortgages. Cadillac Fairview Corporation had house sales of \$145-million in the nine months ending November 31, an increase of 33 per cent over the corresponding nine months of 1975, but the profit margin for this part of the business declined to 5.9 per cent from 12.5 per cent.

FP 5/3/77 p1

The Montreal Urban Community's economic development office report building contracts awarded during January dropped 47 per cent in dollar value compared with January last year. This is Montreal's twelfth straight month of decline. WFP 7/3/77 p13

Only 40,000 of Quebec's construction workforce was employed full-time in January compared to a normal level of 60,000 in January over the past few years. The province's total construction work force is estimated at 150,000. There is further concern that Quebec's \$1-billion spending deficit for the 1976-77 fiscal year will lead to cut backs on projects the government committed to finance.

MS 14/3/77 p19

Unemployment in the construction industry and related fields is expected to jump to 40,000 in Metro Toronto for March. That is 10 per cent of Metro's estimated 100,000 jobless and signs are that the number will keep climbing. For every on-site construction worker out of a job there are another three persons unemployed in related industries. The loss to Metro's economy is an estimated quarter-billion dollars.

It will probably be two years before there is a substantial reverse. Dave Johnson of the Toronto Building and Construction Trades Council says the developers have the money to either wait it out or build elsewhere, but the person who is unemployed is caught in the middle. TS 28/2/77 pB1

Gordon McGarva, president of the Manitoba Association of Architects suggested that federal and provincial governments initiate a process of public building planning to help eliminate the boom and bust nature of Canada's construction industry. The slow pace of construction is producing hard times for architects. More methodical planning is seen as a way to provide steady jobs and a stimulus to the economy in hard times by having construction done earlier than originally scheduled. WFP 11/2/77 p53

LAND COSTS

CNSP NOTE: *The following articles are related to the Manitoba royal commission into land costs chaired by Dr. Ruben C. Bellan.*

City councilor Zuben said the free market system has failed 27 per cent of Winnipeg's population that can't afford to buy a house. He singled out big developers for the disproportionate share of land they control making it difficult for smaller builders to get land. He supported a provincial government suggestion that the enhanced value of land because of a zoning change should accrue to the city rather than the owner. WFP 8/2/77 p1

Winnipeg engineer Carson Templeton recommended 100 per cent tax on the unearned increment in land transactions. His brief rejected developers' suggestions that lack of serviced lots and civic red tape were to blame for rising costs, calling them straw men set up to divert attention from real causes. Such suggestions were being used to pressure the city to provide more serviced land for new developments, he said. WFP 9/2/77 p1

FINANCE

BANK RATE DROPPED TO 8%

On February 1, the Bank of Canada reduced the Bank rate from 8.5% to eight per cent. The Bank Rate is the interest charged on loans by the Bank to the chartered banks. The government uses it to encourage the chartered banks to change their own interest rates. The Bank Rate reduction immediately led the chartered banks to reduce their Prime Lending Rate to 8.75 per cent, which will attract more borrowing. The minimum reserve deposit that the chartered banks are required to keep with the Bank of Canada was reduced from 5.5 per cent of total deposits to five per cent. This made more money available to the banks for them to lend. The two moves were designed to encourage borrowing to stimulate the economy.

For much of 1976, the Bank Rate had been 9.5 per cent (the highest in Canadian history) as the Bank of Canada, as part of the Anti-Inflation Programme, reduced the amount of money in circulation, maintained high interest rates to discourage domestic borrowing, and theoretically, reduced spending and inflation. This follows the theory of the monetarist school of economics, which holds that the Central Bank should control the money supply to control inflation. The theory is that the amount of money in the economy should be related to productivity, and that inflation is caused by having too much money trying to buy too few goods and services.

However, between November 1976 and February 1, 1977, the Bank Rate was cut three times as the Bank of Canada felt that the money supply had been reduced too much, and that not enough people were borrowing to invest in production. Thus, the cuts were all made to increase credit "to accommodate a reasonable rate of economic growth." The economy is not recovering as strongly as predicted, and part of the problem is that no new investment in taking place. The Bank of Canada now says that the growth rate of the money supply is too low, and that this is caused by unnecessarily-high interest rates. Thus the Bank Rate cut.

THE ECONOMY

GM 1/2/77 p1; HCH 1/2/77 p1; TS 1/2/77 pA1;
EJ 1/2/77 p1 CP; TS 2/2/77 pC9; GM 2/2/77 pB1

CANADIAN DOLLAR HITS SEVEN-YEAR LOW

The Canadian dollar slumped from \$1.02 (U.S.) to below 96 cents after the Parti Quebecois victory last November, but rose to over 99 cents in December. However, in February the dollar began a dramatic slide, and in early March hit a seven-year low of 94.63 cents (U.S.) GM 19/2/77 pB14; TS 10/3/77 pA1; GM 12/3/77 pB14

The fall of the dollar was the focus of much debate since the exchange rate shows the demand for Canadian currency, and thus reflects the strength of the economy.

"DOLLAR STILL OVERVALUED": POMP

M. Pomp of Oppenheimer and Co. Inc. of the U.S. claimed that the Canadian dollar is still overvalued and is really only worth between 86 and 92 cents (U.S.). He said that the purchasing power of the Canadian dollar has remained constant, relative to that of the American dollar since 1967. At that time, the Canadian dollar was worth 92 cents (U.S.) so Pomp thought it should be worth no more than that now. In fact, Pomp said, Canadian inflation is probably worse than that of the U.S., but the Anti-Inflation Programme masks the forces that cause this. The major problem facing the Canadian economy, he said, is an uncompetitive manufacturing sector which has a higher rate of unemployment increase than the overall economy. Manufacturing has declined from 23 per cent to 21.4 per cent of the gross domestic product since 1971, and Canada's share of world trade in manufactured goods has fallen by 22 per cent in the past eight years.

Pomp predicted that the Canadian dollar will continue to fall as the difference in interest rates between Canada and the U.S. will narrow. The Canadian dollar is supported by higher interest rates since these attract foreign capital. The demand to buy Canadian bonds increases the demand for the Canadian dollar, keeping the price (i.e. the exchange rate) high. However, as the difference between the interest rates of the two countries narrows, foreign purchases of Canadian bonds could decrease. GM 1/2/77 pB3

CANADIAN BORROWING TOO HIGH: STEVENS

Conservative financial critic Sinclair Stevens agreed that Canada's weakness in manufacturing was the cause of the dollar's slide. He said that Canada has had to borrow heavily to pay for its deficit in manufacturing trade. Bond issues have risen from one percent of the GNP in 1973 to four percent at the present time. Stevens expressed con-

cern over the costs that will be incurred in servicing this debt, especially as much of it matures in the next five to seven years. HCH 8/2/77 p9 (CDJ)

NO SOLUTION IS PLEASANT: COHEN

Montreal economist Dian Cohen says the economic weakness that caused the dollar to drop must be cured. In the short run, there are three ways to pay our balance of payments debts; sell shares in Canadian corporations to foreigners, borrow by selling bonds, or have the government use its foreign exchange reserves to prop up the dollar. She said that the dollar must fall in order to make Canadian exports cheaper and easier to sell. Also, imports must be cut, along with foreign borrowing and travel, since these send Canadian dollars abroad. This will mean cutting our consumption of imports and producing more for export, not for domestic consumption, to earn more overseas. TS 18/3/77 pB4

CNSP NOTE: *Most observers agree that structural weaknesses in the Canadian economy are to blame for the plight of the dollar. One of the symptoms of these weaknesses is an underdeveloped manufacturing sector. Canadian manufacturing has remained underdeveloped because of its high degree of control by foreign companies. The head offices of transnational corporations often set production quotas that will only fill domestic demand. Canadian subsidiaries are discouraged from producing for export, since this would threaten the transnationals' operations in other countries. In addition, up to 35 per cent of the profits from Canadian subsidiaries are drawn back to head offices in other countries, leaving insufficient funds for expansion. Much of the remaining profit is not used to build new facilities, but to buy out existing firms in order to increase the strength of the transnational conglomerate.*

Pomp blamed the federal government for allowing "inadequate returns on capital" by forcing "low profit margins." The Financial Times called for "incentives for capital investment, productivity and marketing." However, the government already provides huge incentives to industry. As NDP MP John Rodriguez pointed out (CNSP Vol.V, #2), corporate contributions to federal revenue fell by 38 per cent between 1962 and 1970 while personal income tax increased by 23 per cent.

In fact, while the government has followed a consistent policy of providing concessions to industry, the transnational firms that control Canada's manufacturing have no desire to increase Canada's exports or to make the economy independently viable. If Canadians want a strong economy with the dollar restored to a reasonable level, then the government must be forced to draw up a comprehensive industrial strategy free from foreign influence.

COMMERCE

CONSUMER CREDIT LEGISLATION

The proposed Borrowers and Depositors Protection Bill has been criticized both by consumers and by financial institutions.

The Bill has several propositions:

- The interest ceiling on small loans will be removed. At present it is 18 per cent for loans of up to \$1,500. However, lenders will have to justify the interest rates they charge.
- Advertising for credit cards and "easy credit" will be more closely regulated, and will have to disclose details of all interest costs involved.
- Financial institutions will have to calculate interest on savings accounts at least once a month, and possibly on a daily basis, instead of every six or twelve months.
- Homeowners will be allowed to pay off a mortgage after three years with a maximum penalty of three months' interest.

Mortgage lenders attacked the last provision, claiming that their business depends on a guaranteed monthly return for the full five-year term of the mortgage.

Banks and credit unions don't want to calculate interest on savings accounts every month, saying that administrative costs would be too high. Credit unions have stated that they don't even have the computer technology necessary for such calculations. The banks and credit unions have both said that they might have to pass the extra costs involved on to the consumer by lowering the interest paid on savings accounts. Consumer Affairs Minister Tony Abbott said that the companies presently enjoy the use of millions of dollars from savings deposits, on which they don't pay enough interest, but he said that the precise method of calculating interest is still "under negotiation."

Banks, insurance and trust companies have attacked the provision that says they must justify the interest they charge. The National Association of Canadian Credit Unions support the proposed regulations. The others claim it puts the onus on them to prove they are being fair. Abbott says this is necessary since the 18 per cent interest ceiling on small loans is being removed. The ceiling is being removed to allow lenders to charge higher interest on "high risk" clients. At present, the financial institutions will not lend to "high risks", usually poor people, forcing them to turn to loan sharks. The law will allow higher interest rates to encourage loans to "high risks" but will force lenders to justify the rates in court if challenged. Lenders claim that the legislation will be open to abuse from "unscrupulous borrowers."

However, the National Anti-Poverty Organization (NAPO) says that a removal of interest ceilings will leave poor people at the mercy of finance companies. NAPO

represents 1,800 low-income groups, native people's organizations and consumer groups across Canada. NAPO said that the procedure allowing borrowers to appeal to the courts if they feel cheated by excessive interest charges is too complicated. In such cases, it argues, the poor person will be intimidated and will pay rather than argue. NAPO stated that the legal cost of a court case could be up to \$2,000 and even if the borrower won, this cost would not be fully recovered. The bill says a borrower can simply stop paying to force the lender to go to court to prove that the interest rate is justified. However, NAPO stated the finance companies will not go to court, but will instead resort to other forms of harassment. Finally, according to NAPO, many parts of the new legislation could be found unconstitutional by the courts. Thus, if the interest ceilings were removed and then the courts found some of the borrower protection clauses unconstitutional, then the consumer would be left without protection. WFP 2/2/77 p19 CP; HCH 4/2/77 p36 CP; TS 21/2/77 pB11 CP; WFP 9/3/77 p15 CP

COMPETITION LEGISLATION

The Federal Government has introduced step two of its revisions to Canada's competition laws. Consumers' Affairs Minister Abbott says the changes are needed to promote more dynamic and efficient economic growth, further strengthen consumer protection and reduce restrictive practices in the marketplace.

The Competition Act would:

- -- Create a Competition Board to prohibit "anti-competitive practices in the economy" but which would grant exemptions if this would promote efficiency.
- Appoint a "competition policy advocate" to point out restrictions of competitions.
- Remove price-fixing, unfair mergers and monopoly practices from the criminal code so that they can be dealt with by the Competition Board. This board will have the power to decide if such practices are detrimental and, if so, to prohibit them. The Competition Board, with seven members and five associates, would replace the Restrictive Trade Practices Commission, which has four members.
- Allow individuals to launch class action suits, but only for damages caused by business practices prohibited by the act. Such suits must be undertaken within two years after the damage was done.

Mergers of conglomerates would not be investigated unless they affect companies in the same field. The Government will no longer require companies to register all planned mergers.

Horizontal mergers (combining companies with similar products or services) would only be investigated if the combined share of the market of the companies exceeds 20 per cent. The Competition Board could impose conditions on mergers, but could not stop a merger if it was satisfied that the merger would bring about greater efficiency that could not be attained any other way. Companies who join forces to increase Canadian exports would be exempt from the legislation.

THE ECONOMY

Specialization agreements, if they improve efficiency, would be registered and approved by the Board. Such an agreement takes place when companies agree to stop making a number of products in competition with each other, but each agrees to specialize in a few products.

The Board, if asked by the competition policy advocate, could examine practices that entrench monopoly power, and could force a reversal of such practices. However, the Board could not act if a company achieved its dominant position "solely as a result of greater efficiency and innovativeness."

The Act does not deal with mergers of unrelated companies, despite the impact of such events on the economy, since they concentrate power in fewer hands. These mergers are being studied by the Bryce Commission. GM 17/3/77 p1; MS 17/3/77 pA10; OC 17/3/77 p9 (CP); MS 18/3/77

The Consumers Association of Canada (CAC) wants the Government to define "efficiency", which will be the criterion used to allow mergers. The CAC wants legislation that will force companies to pass cost savings gained by "efficiency" on to the consumers. It also wants Abbott to widen the grounds for class action suits. The bill would allow a suit over price fixing that injured consumers, but would not allow a suit over faulty merchandise. For example, consumers could sue if they thought the car manufacturers were fixing prices, but they can't sue if the cars rust too quickly. However, the CAC expressed satisfaction over the bill. TS 18/3/77 pC6

The Toronto Star said that the Act could be improved. It also pointed out that "efficiency" is only loosely defined by the bill. The Star was also concerned that "parallel actions" by which companies could arrive at "identical pricing decisions without collusion simply because they are all equally efficient and equally familiar with market conditions" could be subject to penalty by the Board. TS 18/3/77 pB4 editorial

CNSP NOTE: *The Ottawa Citizen* (18/3/77 editorial) was not at all worried that the corporations might be misunderstood. Instead, it called the bill "a dramatic move toward the corporate state." *The Citizen* pointed out that large transnational corporations can always argue that cost effectiveness is best achieved on a large scale. It pointed to the Foreign Investment Review Agency, (FIRA), which no longer blocks foreign takeovers as much as it works to help foreign companies to re-word their submissions to the Government to claim "significant benefit" to Canada. Similarly, a Competition Board which can reduce competition if such a move is "efficient", without defining "efficiency", will leave the Act wide open to abuse.

The debate over efficiency is central to the bill because "efficiency" leads to greater "productivity"--the latest watchword of corporate apologists.

Peter Thomson of the Southam News Service (MS 19/3/77 pC2) applauded the bill for allowing greater specialization. This, he said, will allow Canada to become an efficient producer of a few specific manufactured goods, and enable us to hold our own in world trade. This is the theory of "comparative advantage," where each country concentrates on making the few products



" I hope you realize that you are stifling free private enterprise! "

to which it best suited. Then, with tariff barriers lowered to encourage trade, each nation would earn foreign exchange by selling its product and would then be able to buy products that other countries specialized in. This is a popular corporate solution to the problem of the falling dollar and Canada's balance of payments problems.

This model ignores the dominant role of the transnational corporations. The Competition Act would certainly allow the transnationals to argue that they were the most efficient. These corporations can muster huge sums of capital, and through worldwide subsidiaries can direct the flow of raw materials and manufactured goods in a way that is most efficient and profitable -- for them.

The problem is that while the transnationals' share of the world's production has grown significantly since World War Two, there is no evidence that they are more efficient. In fact, the Canadian economy, which is in such bad shape at the present time, is also one where the concentration of corporate power is very high. The policy of the various Federal governments has for many years been to foster mergers and foreign takeovers. Ottawa has consistently offered concessions and incentives to corporate growth, but the economy is in ever-deeper trouble. Given the corporations' dismal record in the past, despite the breaks they have been given by Ottawa, is it not time to question whether more of the same will benefit the Canadian people? *The Citizen* editorial concluded with an indictment of Abbott's

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role: "Abbott has remained true to the pro-corporation, anti-consumer bias when he assumed the portfolio." This could stand equally well as an evaluation of the federal government's sympathies and actions.

CONCENTRATION IN THE FOOD INDUSTRY

Shows the percentage of retail sales in specified food-related industries in the given years accounted for by a) the four largest, and b) the eight largest companies in each industry.



	1971	1973
<u>Wholesale food industry</u>		
-four largest companies	16%	20.1%
-eight largest companies	23%	27.5%
<u>Farm Products</u>		
-four largest companies	36.5%	73.5%
-eight largest companies	46.0%	82.5%
<u>Farm Machinery</u>		
-four largest companies	19.2%	22.2%
-eight largest companies	24.8%	26.5%

	1970	1975	
<u>Retail Food Industry</u>			
-four largest companies	29.3%	37.7%	
-eight largest companies	36.4%	44.5%	
	1965	1970	1972
<u>Fish Products Sales</u>			
-four largest companies	36.5%	39.1%	42.5%
-eight largest companies	50.6%	52.4%	54.4%
<u>Agricultural Implements</u>			
-four largest companies	71.6%	70.5%	65.2%
-eight largest companies	84.8%	79.9%	77.8%
<u>Soft Drinks</u>			
-four largest companies	40.8%	45.9%	46.2%
-eight largest companies	48.0%	54.5%	55.8%
<u>Distilleries</u>			
-four largest companies	84.2%	86.4%	80.9%
-eight largest companies	96.3%	97.9%	94.5%
<u>Breweries</u>			
-four largest companies	94.5%	94.0%	96.5%
-eight largest companies	99.6%	100%	*
<u>Wineries</u>			
-four largest companies	71.1%	64.1%	63.9%
-eight largest companies	94.9%	94.4%	89.4%

* Confidential. The figure for 1970 is for only seven firms.

Source: House of Commons Debates, 24/1/77, 4/2/77, 9/3/77

LABOUR

GENERAL

EMPLOYMENT

NO JOBS FOR 932,000 CANADIANS

Statistics Canada said that the present number of Canadians without jobs -- 932,000 in February -- is the highest since the recession in June 1958. To make matters worse, the survey also showed that 291,000 Canadians who have been in the unemployment statistics in the last six months did not seek jobs in the last four weeks - although many may be still out of work.

Newfoundland suffered more than any other province, with the unemployment rate rising 1.5 per cent to 15.1 per cent. Seasonally adjusted unemployment also rose in the Maritimes, Ontario, Quebec, and Manitoba.

Statistics Canada said unemployment rose chiefly among men aged 25 and over, and both men and women aged 15 to 24. The jobless rate for women 25 and over remained steady at 7%. TS 15/3/77 p1; OC 15/3/77 p1

ACTION DEMANDED ON JOBLESS LEVEL

Responding to criticism in the Commons, Finance Minister Donald MacDonald said the unemployed "would receive substantial attention" in the budget planned for March 31. Opposition Leader Joe Clark said the government should have a budget much earlier because it would take another six months for economic policies to begin reducing the numbers of unemployed. Short term measures will be needed.

NDP Leader Ed Broadbent said he will renew attempts to call an emergency debate in the House of Commons on the "scandalous" jobless figures. Broadbent called for tax cuts to low and average income Canadians, government spending to create new jobs, new funds for low- and medium-cost housing and new rapid transit systems.

Of the 932,000 official jobless people last month, 30.3 per cent were heads of family units, 11.5 per cent were people living alone, 23.4 per cent were spouses, 29.7 per cent were single sons and daughters living in the family unit and 5.2 per cent were other relatives living in the family unit.

Of major urban centres, the unemployment rate was the highest in St. John's at 13.6 per cent, followed by Chicoutimi at 12.4 per cent, Quebec City at 10.1 per cent and Windsor at 10 per cent. The lowest was Edmonton at 3.5 per cent. GM 16/3/77 p1, Wayne Cheveldayoff

NO HELP WANTED SIGNS GREET GROWING NUMBER OF JOBLESS

A visit to an industrial park in Mississauga provided quick confirmation that an unusually high num-

ber of people are looking for jobs that don't exist. None of the plants visited were seeking new workers and all but one had noticed an increase in the number of people engaged in job hunting. Mrs. Walsh of Chantler and Chantler said she feels more people are turning up in search of work than a year ago. They're mostly young people 17 to 25. She estimated the number to be from 30 to 50 people a week. Other firms have the same to say. Any job opening produces a flood of applicants. When there is no job to be had, the largest majority ask to have unemployment insurance forms filled out. GM 17/3/77 p4, T. Claridge

ONLY 37,000 JOBS OPEN FOR 932,000 UNEMPLOYED

While unemployment totals were rising in February to the highest in recent history, the number of job vacancies was also falling substantially. Statistics Canada said that for the three-month period ending February 28, there were 37,300 full-time, part-time, and casual jobs available across the country, a drop of 21 per cent from the previous three month period. TS 18/3/77 pA2 CP

JOBLESS RATE FOR YOUTH VERY HIGH

The youth unemployment rate is more than double that for people 25 or older, according to statistics gathered by the Canadian Council on Social Development. The unemployment rate for young people reached 13.3 per cent by January 1977.

As council executive director Reuben Baetz points out, these statistics do not tell the whole story, for they do not include the concept of underemployment or the number of young people in full time jobs that are far below their capabilities.



"What are they complaining about...We haven't worked a day in our lives..."

The council also feared that a pattern of poor job experience today will be transmitted into the future-unemployed young people today may simply be the working poor of tomorrow. GM 16/3/77 p8, CP

LABOUR AND LIBERALS FORM "ACCOMODATING RELATIONSHIP"

Labour Minister Munro has been negotiating with the Canadian Labour Congress on the establishment of a tripartite council of business, labour and government which would have wide powers to advise on economic policy. He said the trend toward tripartism is going to "break down" the traditional labour-NDP relationship because labour realizes it has a new, more powerful government forum in which it can be heard. GM 21/2/77 p1, Lawrence Martin

"NOT SO" SAYS MORRIS

Joseph Morris, president of the CLC, has rejected Mr. Munro's statement that labour's economic discussions with the government are leading to a shift of labour support away from the NDP. The CLC, he said, is not holding discussions with the Liberal party, but with the Government of Canada.

Mr. Morris said many trade unionists have voted for the Liberals because they believed the party opposed controls, but now they know they were sold down the river by the Liberal government, which imposed controls. GM 22/2/77 p3

CLC WANTS LABOUR-INDUSTRY COUNCIL

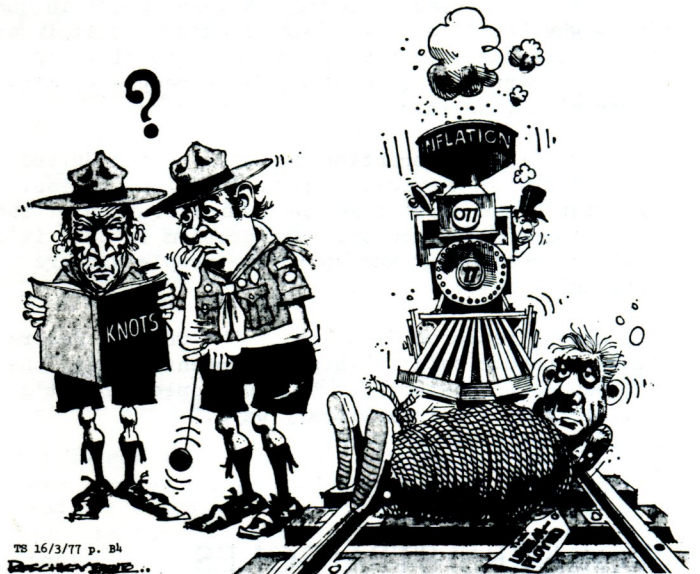
The 2.3-million-member CLC has proposed the establishment of a national council for social and economic planning "in which the two partners in industry-labour and management- can meet to discuss and debate the major issues which confront them." Joe Morris, president of the CLC said the government could be invited to observe or chair the meetings.

The council would be mainly advisory with an independent research group attached to it, said Morris. He added that the government had held a series of separate meetings with business and labour but "has so far been reluctant to call business and labour to the same table."

A full scale meeting on the economy involving business, labour and federal and provincial governments is scheduled for next month, government spokesmen say. MS 22/2/77 pA10 CP

UNEMPLOYMENT INSURANCE CRACKDOWN CRITICIZED

NDP MP Derek Blackburn said there is something illogical and even immoral about tightening the unemployment insurance system at a time when more than a million people need jobs. Mr. Blackburn made the statement as the House of Commons resumed debate on legislation imposing more stringent qualification standards for unemployment insurance benefits.



TS 16/3/77 p. B4

The bill would require people to work at least 12 weeks out of 52 before they can qualify for insurance benefits which now average about \$94 a week. It would also restore the manpower and unemployment insurance operations under a single department of employment and immigration. MS 1/3/77 pA5; OC 1/3/77 p46; TS 1/3/77 pA1

OTTAWA QUOTA CUTS OFF 40% OF JOBLESS

Documents made available to the Toronto Star indicate that an informal "quota system" exists for cutting people off from benefits. Statistics Canada figures released last week confirm that, despite higher unemployment, the number of people collecting unemployment insurance benefits dropped in 1976, along with the number of weeks they received money from the UIC.

UIC officials admit their program is hard-line, although they deny it is unfair. The theory behind the policy is that past UIC studies indicate among other things, that if people are kicked off benefits, most - 63 per cent - find jobs. In other words, that benefits encourage most people to stay idle.

But those studies were done before 1975, when jobs were more plentiful. Carrying out the policy at this time conflicts with the present fact that fewer jobs are available. According to Statistics Canada's official job survey, even if every known vacancy in Canada were filled, at least 600,000 Canadians would still be out of work. TS 5/3/77 pA1 Olivia Ward

CRACKDOWN HURTS "LITTLE PEOPLE" THE MOST

Discussing the Star's evidence of UIC benefit control crackdowns, Dick Gathercole, University of Toronto law professor and counsel to the Student Legal Aid Society, said the crackdowns discourages and disadvan-

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tages the unemployed: "there's a legal point in question - whether it's proper for an agency to apply arbitrary standards that vary from city to city and province to province, based on facts people it affects aren't told", he said.

George Milling, information director of the United Steelworkers of America, Toronto division, agrees. "This isn't the first time the administration of the act has been tightened up. The problem is that it's highly discretionary and up to the people who are carrying it out".

John Eleen, research director of the Ontario Federation of Labour said: "This government agency, the UIC, has no accountability to the people. So it's at liberty to act in arbitrary ways."
TS 5/3/77 pA10 Olivia Ward

MPS REVOLT AGAINST TRUDEAU

Newfoundland MP David Rooney is leading a group of five Liberal MPs against the proposed changes in the Unemployment Insurance Act. Rooney says he is willing to vote against the bill and will try to persuade the other members opposing it to also vote against their own party - placing the Liberal's nine-vote majority in danger of toppling. The Maritime Liberals oppose changes in UIC benefits which would seriously hurt people in high and chronic unemployment areas of the country. If the act is approved the Atlantic provinces could lose upwards of \$66 million in UIC payments to their citizens.
TS 19/3/77 pA1, Olivia Ward

WORKERS' STRUGGLES

INTRODUCTION: Unions in British Columbia and Ontario are trying to organize bank workers. The banks are resisting the move, but the organization of this women's job ghetto would be a major advance. Another significant development is the British Columbia Labour Board's ruling that farmhands can be organized. This decision will have great importance for the 140,000 permanent and seasonal farmhands across Canada. Meanwhile, the office research workers' strike against the Ontario Federation of Labour continues.

OVERTIME CONFLICT AT GRIFFIN STEEL -- MANITOBA

Griffin Steel Foundries, which supplies steel rail wheels to both major railways, and employs 140 workers represented by the Canadian Association of Industrial, Mechanical and Allied Workers (CAIMAW) had attempted to make overtime compulsory, despite a ruling in 1975 which interpreted the contract as meaning overtime was voluntary. The dispute was triggered last summer when 7 workers were fired and four others suspended for refusing overtime work. The union maintains overtime would be unnecessary if 10 or 12 new people were hired. The strike has gained support from locals of CUPE, CUPW, and the Steelworkers, though the Manitoba Federation of Labour declined its support.
WFP 4/3/77 p13-14

Three civil servants were among those arrested at Griffin. Ten picketers were charged after they attempted to block entry to the plant by management and scabbing workers. The police chief warned that anyone charged who is again removed from the plant entrance will be jailed without bail.
WFP 9/3/77 p1; TS 9/3/77

EFFORT TO UNIONIZE BANKS: B.C. AND ONTARIO

Certification applications from at least 23 banks will be ruled on this year. The decision will affect about 100,000 bank workers. One of the central

issues is over what constitutes a bargaining unit. The unions are claiming a single branch is the proper unit, while the banks argue that organizing would have to take place nationally. No union in the country can afford to take on a national campaign. Furthermore, a union drive must be completed in three months. The Bank of Commerce alone has 1700 branches across the country. The banks are being organized by two groups, the United Bank Workers based in Vancouver which has organized in 19 branches, and the Canadian Union of Bank Employees, a local of the Canadian Chemical Workers Union, in London, Ont. To counteract unionizing efforts the Commerce and TD banks are starting group dental plans, a union plank. A 1975 study showed that 56% of all bank employees and 73% of women employees earned less than \$8000. In 1976 the five largest Canadian banks had assets of \$110 billion, and profits of more than \$600 million. The TD bank pays about 15% of total revenues in salaries.

	<u>no. of employees</u>	<u>salaries</u>	<u>% of revenue</u>
TD Bank	16,500	199.5 m.	15.4
Nova Scotia	19,000	223.1 m.	14.8
Montreal	27,000	327.2 m.	18.2
Commerce	32,750	359.6 m.	16.3
Royal	31,000	428.4 m.	17.6

FP 21/3/77 p1

MINISTRY BACKS WORKERS AT IRON ORE, LABRADOR

Workers struck the plant when 3 people were killed and two others seriously wounded in the space of 9 days earlier this year. After intervention by the Nfld. minister of Labour the workers went back to work, gaining all their demands: The holding of an inquiry into the conditions of work, the right to refuse work considered unsafe and permanent inspection of the mine. LS 25/2/77 pA9

Metro Toronto Council approved an 8% wage increase for 12,000 CUPE employees. The contract covers garbage, parks, street and sewer workers and clerical and maintenance workers in Metro and city-owned institutions. The settlement brings the hourly rate to \$6.07. TS 9/3/77 pB11

Two hundred and twenty-six workers have struck Reed Paper operations in north-western Ontario. At issue is a company proposal to operate a 7 day, 9 hour shift instead of the current 5 day, 8 hour shift. GM 23/2/77 pB5

The Oshawa Times has been ordered to reinstate an employee with 6 months back pay, who was forced to quit at age 65. The action was ruled discriminatory. GM 12/3/77 p1

The Public Service Alliance of Canada has launched an advertizing campaign to convince the federal government to overhaul the pension system. The union criticizes the handling of pension plans by private companies. WFP 5/3/77 p9

STRIKE AT OFL

Researchers responsible for union education, legislative affairs, human rights, health, safety, and political education are striking the Ontario Federation of Labour Offices for the principle of equal pay for work of equal value. Staff responsible for human rights and legislative action receive \$1,500 less than the other employees. GM 9/3/77 p1

CHEMICAL UNION TO REPRESENT FARM WORKERS IN B.C.

The Oil, Chemical and Atomic Workers International Union has been certified to represent farm hands in a precedent-setting ruling of the B.C. Labour Board. There are about 40,000 permanent farmhands in Canada. Another 100,000 are seasonally employed. In Ontario, the large block of rural members in the Legislature has been a hurdle to achieving a similar change in status. In the B.C. ruling, the board noted that over the past 10 years there has been a drop of 50% in the work force. At the same time there has been a marked increase in the size and capital investment of the average Canadian farm. GM 15/3/77 p1

QUEBEC LABOUR

CONSTRUCTION: AN IMPORTANT VICTORY FOR THE RANK AND FILE

Normand Tousignant, leader of those opposing the present leadership of the Day Labourers Union, (linked to the Desjardins clan) has won the recent union election. M. Tousignant charged the former leadership with misusing union funds. LS 2/3/77 pD15; LD 2/3/77; LD 8/3/77 p6; LD 18/3/77

GENERAL TRUST: 42 WORKERS TAKE ON A GIANT IN THE FINANCE SECTOR

For 14 months, 42 workers affiliated with the CSN have been on strike at General Trust. If they succeed, it could be a precedent, opening up the finance sector to further organizing efforts. The company has employed strike breakers and used the police to protect them. The CSN argues that the PQ government has promised anti-scab legislation that would fit their struggle. They are exerting pressure to force a settlement. Joron, the Minister of Energy holds large shares in the company. LS 1/3/77 pA5

DOMTAR: ON STRIKE 5 MONTHS

A week ago, 80 per cent of the strikers voted to continue their strike to maintain the principle of indexing salaries to the cost of living. Six-hundred and ninety workers are being supported by the rest of the townspeople and by the CSN. Wives have been informed of the issues, and workers meet regularly to study the progress of negotiations. LS 15/3/77 pD3



FP 12/3/77 p.1

LABOUR

RELATIONS WITH THE PQ

CSN: DEBATE ON WHETHER TO ATTEND THE ECONOMIC SUMMIT PROPOSED BY THE PQ FOR MAY

Normand Rodrigue, president of the CSN argues that the federation should attend in order to represent the needs of its workers. Michel Chartrand, of the Montreal council of the CSN is opposed to tripartite talks, though he does not oppose bilateral discussions. The question will be decided at a meeting in late April. LD 21/2/77 p3; LS 5/3/77

CSN-CEQ PRESENT THEIR DEMANDS TO THE PQ GOVERNMENT

Among other demands, the two federations are calling for a further increase in the minimum wage to \$4.44 an hour and increased government spending on education and social services. GM 1/3/77 p9

THE CLC AND QUEBEC

The CLC and other national institutions must re-examine themselves "to remove restrictions and guarantee equal opportunity to Quebecers", Joe Morris stated, in a speech to the Canadian Club in Toronto. TS 21/2/77 pA1

REACTION TO THE INAUGURAL SPEECH

The FTQ, CSN, CEQ, and CSD have all expressed approval of the social measures included in the speech. The CEQ is happy to see education promoted to a priority position. The federations were not so happy that specific legislation to support unionization and anti-scabbing, the Rand Formula, or measures to better protect women in the work force were not in evidence. LD 10/3/77 p7

HEALTH AND SAFETY LEGISLATION THIS YEAR

The PQ government has promised legislation on this issue before the end of the year. At a meeting organized by the FTQ on the question, Pierre Marois, minister of social development, said the proposals of the FTQ coincided with the views of the PQ. LD 19/3/77 p8

IMMIGRATION

INTRODUCTION: The new Immigration Act, presently in the Commons for a second reading, has received a great deal of criticism from MPs because so much of the act's powers lie in the regulations attached to it rather than in the body of the bill. These regulations have not been revealed. The critics feel that they will be voting for an unknown.

LEVELS OF IMMIGRATION

Manpower and Immigration Minister Bud Cullen, in opening debate on second reading of the Government's proposed new Immigration Act, said the act will keep the Canadian population growth to a moderate level. But, he said the Government's present view of immigration is essentially the same as it has been since WWII.

Canada will continue to be a "significant immigration-receiving country". The bill will require that the Minister present proposed levels of immigration to Parliament yearly after consulting with the Provinces. The numbers will be based on national self-interest with the state of the economy the major consideration. There will be no ideal number, though Cullen suggested that an average number might be 140,000 a year. This number has fluctuated in former years from 72,000 in 1961 to 223,000 in 1962 and was 149,429 in 1976.

GM 11/3/77 p8, Jeffrey Simpson

CRITICISM OF THE BILL

The government, in overhauling the 1952 Immigration Act, has proposed a bill which has received criticism from all sides. The new bill, removes many of the confusing aspects of the old act and is hailed on two points. It is a clearer statement of the government's goals for immigration. There is no discrimination towards race, ethnicity, religion or sex. It also encourages the reunification of families and restates Canada's commitment to accept refugees with certain exceptions.

But there is much wrong with the bill as well according to its critics. The bill, linked to the domestic economic health gives special consideration to immigrants who will settle for 6 months in designated areas needing either manpower or specific skills.

Though less of the content of the immigration law is left to regulations than the present Act, critics feel that the Government's refusal to publish the ac-

companion regulations until after the Bill is passed, in effect is asking the MPs to make a judgement on only one-half of the policy. The regulations are an integral part of the act as they are the guide to its administration. Bromley Armstrong of the Ontario Human Rights Commission says the publishing of the regulations is especially important because of the wide discretionary powers given by the bill to officials at entry points.

Persons suspected of engaging in criminal activity may be refused entry. The Government says this will apply to those associated with organized crime. Others fear it could be applied to almost anyone. The Government can order immigrants to leave Canada for a variety of reasons. It is feared that the focus of these orders will be blacks and Asians.

The emphasis of the Bill favours professionals and technicians over less qualified workers. The ability to immigrate is based on a point system based on education, skills, knowledge of French and English. Though all three major parties support this emphasis, other critics say it discriminates against applicants from Third World Countries.

Critics want amendments which will further strengthen the separation of the Immigration Appeal Board from the Ministry, clarify the fingerprinting and photography clause, specify the amount of security deposit demanded of visitors, and to restrict the use of arrests without warrants. GM 7/3/77 p9 J. Simpson

The Government is being irresponsible in asking MPs to approve a bill without the regulations which it will later contain says Andrew Brewin (NDP), one of the many critics of the Bill. Brewin asked Bud Cullen to clarify the regulations before debate began. Cullen refused. Brewin claims that the bill would permit the Cabinet to "specify the classes of persons who may be required to submit to fingerprinting or photography". Brewin felt that with the new bill anybody could be required to report to Immigration before leaving Canada. This, Brewin says, is something we criticize the USSR for now. It is a "rather radical new proposal", he said. Charles Caccia (Lib.) urged that the section of the bill that would require immigrants to settle in a particular region for 6 months be removed. He feels that incentives should be used to entice people to such areas rather than coercion. The requirement would be self-defeating at any rate, he noted, as people would move to larger urban areas as soon as the 6 months were up.

Other opposition members accused the government of hiding from Parliament the proposed regulations that could affect the civil rights of Canadians and immigrants both. Bill Scott (PC) claimed that the bill "defies debate... we're asked to approve the skeleton on a bill." GM 8/3/77 p10 CP; OC 8/3/77 p18 CP; OC 11/3/77 p38 CP; OC 12/3/77 p4, Juliette O'Neill; OC 16/3/77 p5 CP

QUEBEC'S IMMIGRATION STANCE

Quebec Immigration Minister, Jacques Couture says the Federal Government "can't take into account the economic, cultural and demographic disparities of the provinces" with the present admission standard. So Quebec wants to control the selection and integration of immigrants entering the province. MS 15/3/77 p1, Ken Whittinghams

An editorial in the Montreal Star, criticized Couture's demands for provincial control over Immigration. The Star felt Couture's stand would subvert the civil rights of people and make Canada a repressive society. MS 18/3/77 pA6

IMPORTED FARM LABOUR

Several thousand immigrant farm labourers, mostly from the West Indies will be given temporary visas to enter Canada to help harvest the 1977 Ontario crops. Terms of the contract's wage rates and living standards will be announced. Bud Cullen said that wages were set to attract Canadians, but that many would not take the jobs. TS 17/3/77 pA2

DEPORTATIONS

Amnesty International is trying to rally support for Pedro Denegri, a Chilean who has been ordered deported. Denegri, fled Chile after being imprisoned and tortured for refusing to falsify a report stating that townspeople had stolen food which was actually stolen by the military. Denegri can appeal the decision, then as a final recourse appeal to Immigration Minister Bud Cullen to reverse the decision. MS 24/2/77 pA14

Lev Grigoryevick Khvostantsev, a visiting scientist from the USSR has been deported from Canada for supposedly trying to buy classified material from a National Research Council scientist. EJ 25/2/77 p1 Journal News Service

NATIVE PEOPLE

WHO WILL GOVERN THE NORTH?

The federal government will make a major policy statement late this spring on the political, social and economic future of the north. The statement will be the result of consultations between Northern Affairs Minister, Warren Allmand and native and white organizations both the Yukon and the Northwest Territories (NWT).

Constitutional development leading to responsive government, the needs of the Indian people and economic development will be the main topics discussed. At present native peoples hold a majority on the NWT Council, but the Yukon Council is composed of four

LABOUR

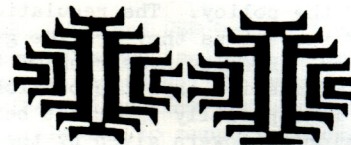
whites. "This lack of effective participation by the native people", according to Allmand, "remains the greatest impediment to the constitutional evolution of one responsible government."

These consultations come at a time when various groups in the north have been pushing for self-government. The Dene (Native People in the North) have said in a statement prepared for the National Energy Board that the government must recognize their "National rights" and their "rights to be a self-governing people". "Implicit in this is our own exclusive government which will be governed in accordance with our own principles, and which will be based on an adequate resource base", says George Erasmus, president of the National Indian Brotherhood in the brief. "When a people are no longer allowed to make their own decisions about themselves and their land, when their very collective being is completely disregarded, both common sense and history show that that people is destroyed." It would take 10 to 15 years following a land claims settlement with the federal government for the Dene to be ready to consider a pipeline or any other massive development in the North. Until then, the Dene will need time to build an economy and political institutions.

However, the Territorial Council of the NWT rejects the approach of self-determination of the Dene. They have proposed that Ottawa undertake a \$1.6-million, 13 month study into the constitutional development of the Territories which would lead to greater self-government by the council itself and political cooperation between whites, Inuit, Metis and Dene in the Territories. The council has refused to pass their budget for the 1977-78 fiscal year until Ottawa agrees to the inquiry. Mr. Allmand, however, wants a faster study and so is proceeding with the series of consultations. OC 23/2/77 p29 CP; GM 12/3/77 p3 Jeffrey Simpson

CANADIAN INDIANS VISIT U.S. SENATE

Representatives of Yukon and NWT Indians have met with U.S. legislators in the House of Representatives to voice their opposition to the construction of natural gas pipeline from Alaska through the Yukon before settlement of land claims. Rene Lamouthe and Daniel Johnson said that even when land claims have been settled it will take up to 15 years before they can negotiate and control pipeline development. OC 18/3/77 p20 CP Garry Fairbairn



INUIT FAVOUR FREEZE ON EXPLORATION PERMITS

Inuit Tapirisat, the National Inuit Brotherhood, have called for an interim freeze on exploration permits in the Arctic until Inuit land claims are settled. Mineral exploration companies in the past years have invaded traditional hunting and trapping lands causing disruption among the wild life, The Inuit are asking that exploration permits, five of which have already been applied for this summer, not be granted. MS 5/3/77 pG7 CP

MORE MERCURY POISONING

Dangerously high blood levels of toxic mercury have been found in two Tuktoyaktuk, NWT residents, indicating that mercury contamination is general across the Arctic. Federal health department tests show the blood mercury levels to be between 130 and 139 parts per billion. The normal range for mercury in the human bloodstream is zero to 19 ppb. The Tuktoyaktuk tests are the first solid indication of mercury pollution in the Western Arctic. Earlier tests have revealed abnormally high blood mercury levels among people in the central and eastern regions. WFP 21/3/77 p8 CP

Dangerous levels of mercury appear to exist in fish from lakes and rivers in the Timmins area and along the entire Mattagami River watershed, according to an official of the Ontario Ministry of Natural Resources. Initial samples indicate mercury levels in fish may not be acceptable for human consumption. Ontario Environment Ministry is to release a statement on the results of the tests completed recently on fish from lakes in the area. GM 12/3/77 p2 CP

CARDINAL HEADS ALBERTA INDIAN AFFAIRS

Harold Cardinal, president of the Indian Association of Alberta, has been appointed as head of the Indian Affairs in Alberta. Feelings among Indian people in the province are mixed, with some feeling Cardinal has sold out. However, in an interview Cardinal says, "I prefer to go two years down the road and let my record speak for itself." EJ 15/2/77 p1

QUEBEC NOT UPHOLDING JAMES BAY PACT

The Northern Quebec Inuit Association has met with the Commons northern affairs committee to discuss the failure of Quebec to uphold its end of the James Bay pact. The agreement, signed in November 1975, gives Northern Quebec Cree and Eskimo \$225-million over the next 25 years plus land for their communities and exclusive hunting fishing and trapping rights on other land. In return, the Indians give up their aboriginal title to their land.

The Inuit association told the committee it is having difficulties negotiating land selection with Quebec. The province wanted to exempt various lands from selection because they might be needed for future development. The Inuit urged Mr. Allmand to live up to his responsibilities as trustee of native rights and tell Quebec it must settle all land selection under the James Bay agreement. MS 16/2/77 pD13 CP

JAMES BAY DIVIDES INUIT

Certain aspects of the James Bay land agreement serve only to divide the Inuit says the Inuit Tapirisat. President, John Amagoalik, points out that "it distinguishes the people of Northern Quebec from the people outside Quebec in a way which they would not do themselves." The Inuit and Indians living outside the territory included in the James Bay agreement have stated that although they were not part of the negotiations and do not benefit from the agreement, their rights are being extinguished. The territory is their traditional hunting ground, even though they live outside its boundaries. MS 24/2/77 pA7 CP

FEDERAL GOVERNMENT

INTRODUCTION: The latest Gallup Poll shows Prime Minister Trudeau more popular than Clark as "the man who would make the best Prime Minister for Canada". The sudden turnabout caused speculation that Trudeau would call an early election this spring. However, Trudeau and his spokesmen denied any such plans. It seems much is going well for the Liberal government. Government spending for the current year is lower than anticipated, plans for ending wage and profit controls continue and public reaction to Trudeau's speech in Washington seems very favourable. However, the government has no specific plans for attacking unemployment or the possibility of Quebec separatism and indeed it seems vague and at times almost unconcerned.

GALLUP POLL SHOWS LIBERALS AHEAD

43 per cent of Canadians say Prime Minister Trudeau would make the best leader for Canada. Only 30 per cent chose P.C. leader Joe Clark. Six months earlier, 36 per cent were for Clark and 28 per cent for Trudeau. A P.C. spokesman noted the poll was taken soon after Levesque's speech to American businessmen in New York. "A lot of people realized only then how serious Levesque is. There was a sudden reaction which may have been reflected in the poll." WFP 5/3/77 p. 1; TS 9/3/77 p. A1

FEDERAL OUTLAYS CUT TO \$41 BILLION

The government announced supplementary spending plans of \$929.7 million, bringing total federal outlay for the financial year ending March 31st to \$41.44 billion. This is down from the \$42.15 billion estimated by the treasury board. One allocation of \$40 million is for a subsidized CMHC home insulation program for Nova Scotia and Prince Edward Island. Other items are \$71 million for writing off interest due on loans to government-owned Atomic Energy of Canada Limited, \$42 million for a loan to Manitoba Hydro and \$34 million for an energy conservation program. WFP 3/3/77 p. 13

PC'S WOULD RESTORE INVESTMENT INCENTIVES TO TAX SYSTEM

Opposition leader Joe Clark said incentives must be restored to the taxation system to encourage a higher proportion of savings into equity investment. When you compare Canadian and American tax law, an American citizen or corporation ends up with 20 per cent more profit on an investment in Canadian resources than a Canadian does on the same investment in his own country. GM 8/3/77 p. B5

BETTER PENSION BENEFITS

Treasury Board President Robert Andras said the inability to provide inflation-proof retirement income may force the government to improve benefits of the Canada Pension Plan. The inflationary period of the last few years has caused real concern among persons approaching the retirement age. A non-indexed pension plan loses buying power with every year because of inflation. So far, only the federal government and several provinces have created indexed pensions for their employees. Critics say only governments, with their "unlimited" powers to raise revenue through taxation can fund such schemes. WFP 2/21/77 p.1



BUDGET FOR UNEMPLOYED NOT BUSINESS

NDP leader Ed Broadbent said immediate help for the country's 889,000 unemployed -- not big business -- should be the main focus for the March 31st budget. He suggested tax cuts for low and middle income earners - one billion dollars worth of tax cuts to replace the Liberal government's current tax-indexing system. Tax rates currently decline annually to counter increases in the cost of living. The NDP measure would mean a tax credit of up to \$400 for people earning \$5,000 or less, and drop \$100 for every \$5,000 in earnings to a maximum income of \$25,000. After that no tax credit would be given.

TS 9/3/77 p. A2

TRUDEAU AND CONSTITUTIONAL REVISION

Without going into detail during his Washington speech the Prime Minister said Canadian unity might be encouraged through constitutional revision, social and economic reform and administrative alterations to immigration and communications policy. He said he would hesitate to put proposed constitutional amendments before Parliament, as it would just give the provinces a chance to reject them and "I don't think that's a very profitable way to proceed."

TS 25/2/77 p. A3

CABINET SHOWS CONFUSION OVER SEPARATISM

When federal cabinet ministers met in Toronto the central issue was the future of Canada in the face of

Quebec separatism. The varieties of the ministers' responses show that Ottawa doesn't see clearly what the problem is let alone how to solve it. Prime Minister Trudeau conceded shortcomings in bilingualism policies and the drive for stronger French presence in public administration, but rather than offering a lead said, "If you have a better idea seek it out." Trade Minister Jean Chretien insisted that the question of what will happen if Quebec separates wasn't worth answering because Quebec wouldn't separate anyway. But Consumer Affairs Minister Tony Abbott said that if Quebec went the rest of Canada would "inevitably" have to join the U.S. In response to questions none of the ministers offered any concrete vision of where the government is leading.

TS 21/2/77 p. C4

PROVINCIAL GOVERNMENT

PRIVATE MEMBERS BILL FOR ALBERTA?

A private member's bill to prevent foreigners from buying land in Alberta was introduced in the legislature by NDP leader Grant Notley. It would limit future land purchases to citizens or landed immigrants. Notley said the bill is mainly designed to counter the growing influence of foreign ownership on land speculation.

EJ 5/3/77 p. 14

MANITOBA TO END WAGE AND PRICE CONTROLS

The Manitoba government plans to end provincial sector wage and price controls on September 30. Bob Findlay, executive director of the Chamber of Commerce says business prefers controls remain. Larry Brown, executive secretary of the Saskatchewan Federation of Labour, says labour is pleased with the move, but he rejects the Finance Minister's suggestion that some informal system of wage and price restraints be worked out.

GM 12/3/77 p. B11

SCHREYER'S PARTY IN DIFFICULTY

The results of polling in Manitoba show the Tories ahead of the NDP and the Liberals trailing poorly. As well, the poll shows that Premier Schreyer's personal standing is favourable as ever and one survey says 18 points up on P.C. leader Sterling Lyon. However, the Tories are now ahead as a party.

EJ 26/2/77 p. 7.

NEW POLICIES BY NDP

Manitoba's NDP passed new policy positions: -- a moratorium on nuclear power plant developments until full public hearings have been held;

- a "house for a house" expropriation law to ensure expropriated homeowners equal alternate housing;
- a land use policy to prevent large amounts of agricultural land from being taken off production for urban use.

WFP 31/1/77 p. 3

\$50 MILLION HERITAGE FUND LOAN TO NEWFOUNDLAND

Premier Peter Lougheed announced a \$50 million loan to Newfoundland, calling it a "major commitment" that shows Alberta's confidence in Confederation. The Premier explained that at an annual rate of ten per cent over 21 years, the loan will earn \$5 million a year for Albertans. That's \$105 million over the next two decades.

EJ 1/3/77 p. 1

QUEBEC

INTRODUCTION: This month there are further details on the new PQ government. Quebec's credit rating is discussed. Articles then synthesize continuing business reaction to the PQ government. This month's coverage focusses attention on the economic and political power embodied in three key institutions in Quebec -- Alcan, the asbestos industry and the Crown Corporation - Hydro Quebec.

PQ FUND RAISING AND MEMBERSHIP

The National Council approved plans for a \$1.2 million fund raising campaign scheduled April 12 to May 12. Last year the party raised more than \$1 million from individual donations of no more than \$250 per person.

Party Membership has grown from 95,000 last November to 138,000 in February. TS 21/2/77 p. A1

THE REFERENDUM CAMPAIGN

The PQ National Council has appointed a seven man committee to begin preparation for the referendum campaign. They are: Robert Burns, Marcel Leger, Claude Morin, Michel Carpentier, Pierre Harvey, Pierre Renaud and Jacque Rochefort. Leger says there will be a heavy emphasis on door to door campaigning.

TS 21/2/77 p. A1

NDP VIEW OF REFERENDUM

NDP leader Ed Broadbent says Quebecers have the right to choose independence for the province and that only Quebec should decide. Broadbent himself stressed he was a federalist. He criticized PC leader Joe Clark for saying force could not be ruled out to keep Confederation intact. He attacked Prime Minister Trudeau for telling the U.S. Congress that the Quebec separation issue was the gravest issue in North America since the Cuban Missile Crisis.

WFP 25/2/77 p. 10; LS 25/2/77 p. B1

LABRADOR SEPARATISM

Labrador MP Joe Goudie says few Canadians understand his native land. There is growing tension and separatist tendencies amongst Labrador residents who feel they are being exploited by Newfoundland. Resources are being mined without sufficient jobs or environmental standards.

9 Meanwhile, fears are being raised that Quebec claims to Labrador may find sympathetic ears amongst the population. However, the Parti Quebecois platform expresses the intention to "reaffirm and defend the inalienable rights of Quebec over all its territory.

TS 24/2/77 p. B5

COMPARISONS

Two recent studies have revealed that Quebec has to pay more to borrow on Canadian money markets than Ontario since the PQ victory. For every \$1 million borrowed, Quebec pays \$7500 more annually than Ontario. However, in May 1970 - following Robert Bourassa's election - Quebec's costs soared even higher, the equivalent of \$10,500 more than Ontario for \$1 million borrowed.

TS 21/2/77 p. B9; GM 22/2/77 p. B6

BOND SALE

The PQ's first offering of bonds in Canada (\$175 million) were sold quickly. Terms (9.25 per cent interest redeemable in 1982, 1987, 1997) were considered very attractive. Banks purchased \$100 million, trust companies and insurance companies another \$50 million and the public the rest.

GM 2/3/77 p. B1; TS 2/3/77 p. C8; FP 5/3/77 p. 1

CREDIT RATING

Moody's Investors announced it is maintaining Quebec's double "A" rating. A decline in the rating is judged to cost a borrower approximately \$1 million more in added interest on \$100 million borrowed. Moody's concluded, "All factors of strength leading to the ratings remain." Market uncertainty about separatism was termed the "vaguest of credit factors".

LD 12/3/77 p. 1; LS 12/3/77 p. B6, C4-6;

GM 12/3/77 p. B14; TS 12/3/77 p. A1

POLITICAL

BELL CANADA

"If the Quebec government is not realistic in its language policies, head offices will move out of Montreal," said Jean de Grandpre, chairman and chief officer of Bell Canada. EJ 16/2/77 p. 1

ROYAL BANK

The Royal Bank announced it will transfer most of three head office departments, investments, internal money markets and corporate marketing and development, to Toronto in April. Spokesmen for the bank said "political or language considerations" were not involved. It's purely a business decision. Other head office operations centered outside of Montreal are mining and domestic money markets (Toronto), agricultural services (Winnipeg) and oil and gas department (Calgary). Industry and Commerce Minister R. Tremblay criticized the decision saying Canada's banking system is a funnel leading to Toronto. EJ 16/2/77 p. 1

ALCAN

The PQ government and Alcan will meet soon to re-negotiate the royalty Alcan will pay on the 2000 megawatts of electricity that Alcan's Saguenay district plants produce. Alcan will bargain to keep the rates as close as possible to the ones they have enjoyed for the last 50 years. At present Quebec government receives only \$3.8 million annually in revenues. By contrast Alcan has notified Hydro Quebec that it will sell it 300 megawatts of energy at \$20 million per year. Alcan can bargain hard since it must invest close to \$1 billion in its present factories to modernize them for the coming years. If it doesn't get the deal it wants it can invest somewhere else. "We believe that with a renewed dedication to improved labour relations and industrial relations, Alcan will continue in Quebec." Alcan does business in 35 countries. Alcan employed 11,700 people in 1975 in Quebec. LS 24/2/77 p. A5, C1-6; TS 22/2/77 p. C6

Alcan
Canada Products Limited



ALCAN TO ALABAMA

Alcan has reached tentative agreement to purchase Revere Copper and Brass Inc., basic aluminum plant and sheet mill in Alabama for a cost of \$140 million. Alcan officials say the U.S. investment will not alter the company's previously announced plans for "a staged expansion and modernization of smelter plants in Quebec". TS 11/3/77 p. C6

ASBESTOS

Quebec plans to acquire controlling interests in all major asbestos producers in the province, says Finance Minister Parizeau. Two companies, Asbestos Corporation and Canadian Johns Manville account for almost 70 per cent of Quebec's production. Parizeau says he has no idea of the cost of buying shares in Asbestos Corporation. TS 22/2/77 p. C6; LS 22/2/77 p. A18, C1-6; LD 22/2/77 p. 1

The Regional Council for Development of the Eastern Townships has published its report and recommendations concerning an asbestos policy. It recommends a joint venture in which the Quebec government would be an important shareholder to intervene in the mining of asbestos. The joint venture would not affect Johns Manville. It recommends a trade agency to oversee the exports of asbestos on the model of potash in Saskatchewan. Feasibility studies should precede the creation of secondary manufacturing factories for asbestos products. LD 3/3/77 p. 1; LS 4/3/77 p. A5

JOHNS MANVILLE WILL INVEST

The company announced it will go ahead with its \$44 million capital expenditure program. LS 8/3/77 p. 1, C3-6; GM 12/3/77 p. B14

EDITORIAL

Le Devoir's editorial (18/3/77) urged the PQ government to embark on an asbestos policy without further delay. It supported the Eastern Township Council on development recommendations especially the idea of a trade agency since this would allow Quebec to reap some of the profits from the present resource production in order to pay the costs of intervention in the mining and secondary manufacturing sectors. It warned the government not to content itself with half-measures.

HYDRO AND THE PQ: WHO RULES QUEBEC?

The following information appeared in an article entitled, "The Power and the Glory of James Bay", by Brian McKenna in the Weekend Magazine (March 19/77). "Hydro Quebec is so large, powerful and autonomous that its decisions could influence the future of Confederation." The president of Hydro Quebec, Roland Giroux, was "the man who reminded the men of Wall Street that Rene Levesque as Minister of Natural Resources in the 1960's paid far better than the going price for the utilities that were nationalized to form Hydro Quebec".

POWER TO DECIDE

From the moment of its creation it grew more powerful with every project. By the time of James Bay it was unchallenged. Hydro Quebec decided which rivers would be dammed. Hydro Quebec decided which lands the native

people would get, which minerals they would never get, and even which ways native health, education and social services would evolve.

Hydro Quebec rules the 250,000 square miles of the James Bay territory with greater clout than even the old masters -- the Hudson's Bay Company. No one may enter the region without an invitation from Hydro and a security check by the Hydro police. Much to the chagrin of Bell Canada, Hydro runs its own telephone company and it has its own fleet of aircraft.

BORROWING PROJECTIONS

Last summer, Hydro announced that it intended to dam every river possible in Quebec and then plunge into nuclear power, all at a staggering cost of \$52 billion. To put \$52 billion in some sort of perspective, Hydro estimates that all the oil, uranium, copper, iron ore, and forests in New Quebec are worth about \$26 billion. In the next 23 years, Hydro intends to spend twice that amount.

HYDRO STRIKE

During the Hydro strike of last October, Giroux came into conflict with Jean Cournoyer, Liberal Minister of Natural Resources. "On paper, this minister is the Hydro president's boss and as such had intervened on the side of the unions seeking a better deal from Hydro management."

"Cournoyer threw the full weight of his portfolio and his not inconsiderable reputation as a conciliator squarely behind the unions but Hydro refused to consider the union demands."

Cournoyer later reflected "I'm unemployed but Hydro goes on..."

POLITICAL POWER

Hydro Quebec has been described as a state within a state. The question is whether Quebec is the state within Hydro Quebec. There is no question that it is more powerful than the government.

Weiksner expressed his displeasure at any government control of Hydro this way: "We have seen five governments of very different persuasions come and go in Quebec. Each one has guaranteed the financial integrity of Hydro Quebec. Any political implications in the operation of Hydro would be viewed in the negative."

George Weiksner of First Boston (Bank) arranged Hydro Quebec's \$1 billion loan last year. Weiksner wanted to hear that the Levesque government would not in any way try to rein in the power of Hydro, and that the utility would still be allowed to get rate increases virtually at will. Nothing warms the heart of the bankers more than Hydro's ability to raise its rates without going through the tiresome and expensive process of facing some form of regulatory commission where rate increases have to be justified to the penny.

Not only did Levesque's speech guarantee that Hydro would be left alone, but the premier also assured the Economic Club audience that the great northern rivers

of Quebec would be developed to their fullest potential, all possible ones dammed, and the power from these Hydro dams would flow, in the premier's words, "north-south". At the beginning of James Bay there was some discussion of Quebec selling in an east-west direction.

THE QUEBEC/NEW YORK ENERGY SWAP

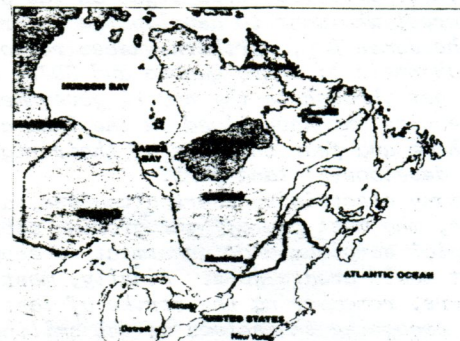
Quebec, because it had the foresight to finance the \$1 billion dam at Churchill Falls in Newfoundland, got a sweet 99-year deal on most of the power. For the moment, Quebec is going to sell at a profit to New York the same power it buys cheap from Newfoundland. But the deal demonstrates that the province was as weak-kneed dealing with New York as it was hard-headed squaring off with Newfoundland.

Quebec power going to New York state is one-third of the price paid by the Quebec consumer. Quebec only gets power returned "under emergency conditions" and at the going price of power in New York, many times the rate at which Quebec sells the power.

EXPORTING EMPLOYMENT

Although no one will come right out and admit it, one reason Quebec is able to get financing relatively easily is that instead of the power staying in Quebec to create jobs, it's shipped over the border, and the jobs with it. Instead of the power following the railway tracks that bound the confederation together east to west, flowing to Nova Scotia or even Ontario, the power flows south to the money.

For some people then James Bay is a good deal getting better. It is doubly wise to finance the people who are possibly the Arabs of Electricity, who possess riverfuls of what is possibly the last big energy source. It is also wise because there is money to be made by lending Quebec money and collecting interest (\$4 billion interest during construction alone).



POLITICAL

JAMES BAY

When construction workers finish the James Bay complex at Manic Outardes it will be manned by 170 skilled workers. However the Society for the Development of James Bay (SDJB), the main child of Roland Giroux of Hydro Quebec, has plans to develop several new resource projects that may generate up to 5000 jobs. These include:

- before 1984 - uranium mining (uranium is known to exist in the area but its exact location has not been determined) 400 - 500 possible jobs;
- before 1983 - project Feral - iron mining in the Chihougamau region - 2000 possible jobs;
- before 1984 - a fine paper factory in the forest region of Chihougamau region - 300 - 400 possible jobs;
- before 1990 - project Canadif - uranium enrichment at Radisson - 1500 highly specialized jobs.

SDJB will soon have partners in mining exploration and in resource development projects. Among them are Eldorado Nuclear, Sezu Nuclear (Fr.), El Paso, Cleveland Cliffs Iron, Noranda Exploration and the Sullivan group.

Already SDJB is looking beyond the regions of Chihougamau, Matagomi and Radisson to the far north where it is asking the Quebec government to give it both jurisdiction to undertake resource inventories and the choice of development projects to promote. LD 25/2/77 p. 19, C1-5

ALLMAND TO CONSULT QUEBEC ABOUT JAMES BAY INDIANS

Warren Allmand will discuss the issue of the protection of the rights of native peoples who did not sign the James Bay agreement with Mr. Berube Minister of Natural Resources, before deciding how to respond to Quebec Bill C9. In its present form C9 will extinguish the rights of non-signing native people. Their organizations have appealed to Allmand to protect their rights which are threatened by the provincial legislation. The PQ position is not yet clear, but indications are that the PQ will change only details, not the substance of the agreement and its embodying legislation. The native organizations say they have had no answer from Mr. Berube to their request for a meeting. LS 3/3/77 p. D1, C1-4

CNSP NOTE: These articles throw light on the powerful economic interest who want to develop the natural resources of the James Bay, northern Quebec region, and, through the channels of Hydro Quebec and SDJB, whose message will get through to the new PQ government. The native peoples who have lived on the land claim it as their home and fear the loss of their rights in the resource developers' land grab.

Quebec's many electricity users also lose, as do the taxpayers, who must pay off the growing debt by foregoing social services and investment in economic projects that would create jobs. Finally, most of Hydro's workers, remembering the strike of last year, would hardly recognize themselves as the smiling men on the cover of Weekend Magazine "who make as much as \$1200 a week working on the most expensive construction project in the world".

FEDERAL-PROVINCIAL RELATIONS

REVENUE-SHARING DISPUTE

A conflict arose as finance ministers discussed details of arrangements for health and post secondary education cost-sharing. The provinces said they would lose up to \$800-million if they accepted the federal interpretation of the cost-sharing agreements. Such an agreement would replace current dollar-matching programs with a transfer of more taxing power to the provinces.

The new Fiscal Arrangements Act caused the problem. Current legislation expires March 31st and the federal government wants new five-year legislation passed to replace it. EJ 1/2/77 pl

OTTAWA GIVES, MANITOBA TAKES AWAY

What the federal government gives Manitobans this year, the province will take away, said Manitoba Finance Minister Saul Miller after a federal/provincial finance meeting. Mr. Miller said the provincial government might raise the provincial personal income tax by 22 percent to make up for revenue Ottawa is no longer willing to give. He said the loss from federal government support came in the form of lower health service, guaranteed revenue and post secondary education grants as well as other programs. WFP 3/2/77 pl

PROVINCES CAN'T AGREE

Finance Minister Donald Macdonald said Ottawa will probably decide when to end mandatory wage and price controls because the provinces are split in their opinions. But, a federal study group will try to negotiate an agreement with the provinces. HCH 2/2/77 pl

NOVA SCOTIA WILL GET SABLE ROYALTIES

A memorandum of understanding was signed between Ottawa and the Maritime Provinces. Coupled with renewed mineral exploration off the Scotian shelf it is expected to improve the economic outlook for Nova Scotia. Under the terms, Nova Scotia will receive 100 percent of mineral revenues from discoveries on Sable Island and within an area at least five kilometres off the province's coast, and 100 percent of revenues from all areas of existing and potential sub-marine coal developments. Seventy-five percent of all mineral revenues for the rest of the offshore area, will go to the coastal province, and the federal government will pay all day-to-day administration and management cost out of its 25 percent share. HCH 1/2/77 pl

DECISION-MAKING POWER MAY BE LOST

The Maritime Provinces may have relied too heavily on the revenue-sharing aspects of any offshore agreement with the federal government, and may regret they did not hold out for decision-making power on how and when the offshore resources will be exploited, said Newfoundland Mines & Energy Minister Brian Peckford.

The big question everyone is asking is "75 percent of what?" There is no telling what costs may be taken into account before the federal government gets around to the royalty and revenue question. Newfoundland and the federal government have agreed to make a joint reference to the Supreme Court of Canada on the question of ownership, but Mr. Peckford said it was doubtful an application to the courts would be made this year. HCH 4/2/77 pl

hold an early referendum on the issue. Trudeau said, "I congratulate Mr. Levesque that he's still so popular after the election. Let's have the referendum then, before the popularity decreases as might happen!"

Constitutional changes would not necessarily save Confederation, Trudeau said. There is a tendency, particularly in Quebec, to think that changing legal structures will change fundamental relationships, or the reality that there are 6-million French Canadians versus 220-million non-French Canadians on this continent. He said, "I prefer the approach of many new Canadians. Such people recognized Canada as a country with two official languages, decided to learn both and say, I'm going to make my millions. They're not worried about the constitution. That's a bit my attitude." TS 4/2/77 pA1

CONSTITUTIONAL CHANGES WON'T SAVE CONFEDERATION

Prime Minister Trudeau again strongly attacked separatism, and challenged Quebec Premier Rene Levesque to

MILITARY

INTRODUCTION: *National Defense has become an issue of increasing priority in the eyes of the federal government. The press also seems to have taken up the cause to convince the public of its need to contribute its tax dollar to the national defense budget.*

The Financial Post produced a 20 page special report on Defense, supporting increased spending for almost everything from Lockheed Auroras to \$174 million worth of armoured cars. In addition to increased arms, there is pressure to put forces in the North once the pipeline is underway, as well as in the cities for possible civil disturbances.

Even Trudeau has taken an unusual interest in the military, visiting the Defense Department Headquarters for the first time since it opened in 1973.

MORE MONEY, MORE ARMS, MORE FORCES

Many plans for new military developments are being revealed by the federal government through Barnett Danson, Defense Minister. The Financial Post declares that this new attitude will do wonders for the business world. (CNSP NOTE: *Reading the multi-billion dollar statistics, it is easy to see why big business would delight in Canada's new defense policy.*)

A few examples of possible proposals:

- 120 - 130 planes at an estimated cost of \$2 billion;
- officials are drafting a naval program to buy 20 warships with an undetermined cost;
- arrangement of subcontracts to purchase \$200 million of Leopard tanks;
- Airborne Warning and Control System (AWACS) to purchase a fleet of Boeing 707 aircraft - Canada's contribution is \$200 million;
- fleet of new armoured cars built by General Motors;
- re-equip our air defense radar stations and build new ones.

The total Defense spending from 1977 to 1982 could run as high as \$5 billion.

FP 19/2/77 p. D1; TS 19/3/77 p. A3

In addition to these major capital expenditures Chief of Defense Staff, James A Dextrage is concerned with increasing the numbers in the military forces - for various reasons. Dextrage says, "I would put 600 in the navy, I would need about 2000 men in the army and 250 in the airforce." These forces would be used to continue their role as "peacekeeping forces" in the United Nations. Also they would be



POLITICAL

needed for "unexpected duties at home -- guarding the Olympics or moving into a strike-bound prison".

FP 19/2/77 p. D8; GM 26/2/77 p. 6

The Financial Post ran an article discussing the apparent importance of increasing numbers of forces in the Canadian North. Due to the result of such "developments as resource exploration and development, pipeline construction and the new 200 mile Canadian coastal limit, the military's responsibilities in the North must increase". The article also indicates that once the pipeline building goes ahead the "soldiers are keenly aware how vulnerable such a line might be in case of hostilities".

CNSP NOTE: *Unfortunately such predictions and preparations tend only to increase the possibility and need for violence and hostility rather than averting it.*

FP 19/2/77 p. D9, John Schreiner

A SOVIET RESPONSE TO CANADA'S MILITARY

A CP news release from Moscow showed that the Soviet Communist newspaper, Pravda, is not happy with "Canadian militarists", and the lobby of the Canadian arms industry for working against Ottawa's policy, by demanding "inflated military spending and an increase in the arms and men of the armed forces". The Soviets were pleased that Canada had "reservations" at the NATO meeting with respect to a U.S. proposal of setting up new radar systems in Europe and North America. However, Pravda says the militarists represent the pressure exercised by the U.S. military industrial lobby and NATO "hawks".

MS 25/1/77 p. B10

POLICE

INTRODUCTION: *This month the story of the Goyer blacklist continues while incidents of wiretaps and unlimited search warrants for the RCMP are causing concern amongst MP's. Also, a new human rights bill was proposed, which changes nothing, but looks good on paper.*

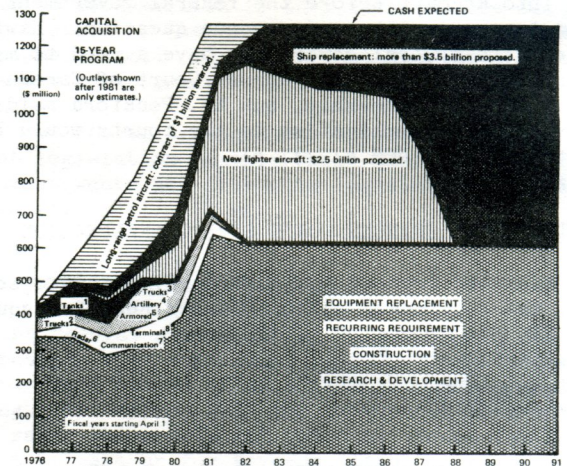
GOYER CONTINUED...

The press stirred the Goyer blacklist issue around a little more this month (see CNSP, Vol. V, No. 1). The press reported interviews with persons on the list whose jobs had been jeopardized, and descriptions of Goyer's various blunders in the past. The Conservatives accused the RCMP as being responsible for burglarizing the building containing the documents to obtain the list. Solicitor-General Francis Fox determined that the RCMP did not break into a Toronto office to obtain the information. It appears that Peter Worthington, Sun Editor-in-Chief, was given documents dealing with poverty in 1970. Unable to make use of them he gave them to the RCMP where the names of those blacklisted were found.

TS 4/2/77 p. A1; MS 3/2/77 p. B10.

Germ warfare tests are being conducted by Canada and the United States at the Defense Research Establishment near Suffield, Alberta. As yet, we are assured, no tests were carried out on human beings -- only on laboratory animals such as rats. GM 11/3/77 (CP)

What's on National Defense's shopping list



NOTES:
 1 Trucks: contract for \$185 million awarded to buy Leopards.
 2 Trucks: 1 1/2-ton trucks being delivered in \$65-million contract.
 3 Trucks: proposed \$26 million on 1/2-ton trucks and \$62 million on 2 1/2-ton trucks.
 4 Artillery: \$26 million proposed for artillery improvement program. FP 19/2/77 p. D2.
 5 Armored: \$235-million contract being finalized for armored vehicles.
 6 Radar: \$185 million proposed for Pinetree radar replacement.
 7 Communication: \$51 million contract awarded for strategic communication improvement.
 8 Terminals: \$80 million approved, but contracts not yet awarded, for replacing terminal aids such as radar and landing aids at military airfields.

1,062 ARRESTS RESULT FROM WIRETAPS

During 1976 police tapped 1,224 telephone and communication devices, reported Solicitor-General Francis Fox. The taps were authorized by judges under the 1974 Protection of Privacy Act with the results that 1,062 arrests were made including 824 people whose names were not in the applications for authorization to wiretap. "The technique was used to check out subversive activity both in the sphere of foreign intelligence... and in the violent terrorist or criminal activities directed toward accomplishing governmental change in Canada or elsewhere," said the report. GM 12/2/77 p. 1

COMMONS PROMISES TO INVESTIGATE RCMP WARRANTS

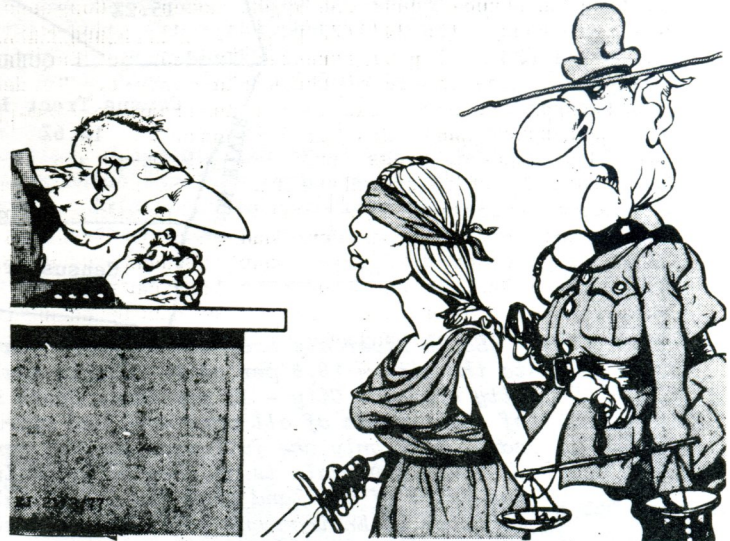
Twenty-nine writs of assistance, enabling unrestrained search warrants, not limited to a particular time or offense were issued recently to RCMP officers by M.

Justice F. U. Collier. The writs were granted to selected officers working in customs and excise to permit them to open private packages and even break down doors. Revenue Minister Monique Begin and Justice Minister Ron Basford both pledged to investigate the situation. Basford expressed concern about the scope of powers granted investigative agencies under the Criminal Code. TS 16/2/77 p. A3; MS 16/2/77 p. C2 (CP); HCH 17/2/77 p. 13 (CP); EJ 17/2/77 p. 1; OC 17/2/77 p. 70

contained a Privy Council confidence, information about another person or facts that might help impede the functioning of a court or quasi-judicial board, among other things. HCH 12/2/77 p. 3 (CP)

HUMAN RIGHTS BILL CALLED A "FARCE"

The Commons denounced proposed legislation to give Canadians access to government files on themselves as a farce. Andrew Brewin (MP - NDP) says "the personal privacy section of the bill is so full of exemptions and exceptions that they render those provisions worse than worthless". Although the bill would give people the right to see government files on themselves, ask for corrections where errors exist, and find out what the information had been used for, it would still allow a cabinet minister to suppress all or part of a file if it



"I nabbed her with my writ of assistance!"

HEALTH

CNSP ANALYSIS

A GLIMPSE AT HEALTH AND CLASS IN TORONTO

There is one thesis that workers and the poor need equal access to health care in order to achieve parity in health status. There is another thesis that, if everybody got the same amount and quality of medical care, the incidence of sickness would still be much higher among workers and poor. The reason - disease and disability are directly related to social class and living conditions. The latter thesis is the conclusion of research done in Montreal comparing the north, more wealthy area to the Southern working class area by Jack Semiatycki on "The Distribution of Disease".

Some of the factors in working peoples' lives that cause increased rates of disease are: food, shelter, neighbourhood environment, education, safety of working conditions, self-esteem, etc. All these factors are interdependent.

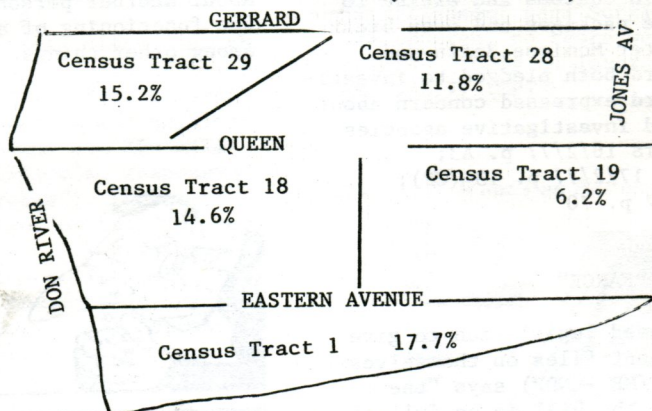
A report has been recently published by the City of South Riverdale, a neighbourhood immediately east of the Don River. This area has a large proportion of low income residents who are subject to periods of unemployment and the analysis would seem to indicate that the problems associated with this are growing. According to the 1971 Census figures income levels averaged \$7,539 in South Riverdale in comparison to the Metropolitan Toronto level of \$11,841. The half decade since the last census has been a period of worsening economic conditions in Canada. As a result - high unemployment.

The 1971 Census showed the area immediately east of the Don River with almost 16 per cent unemployment while the City of Toronto unemployment was 8.7 per cent. The present day statistic is probably almost 4 per cent higher, thus the unemployment of South Riverdale approaches the high per cent of regional disparity areas such as Eastern Quebec and the Maritimes.

By the end of 1975, 20 per cent of the South Riverdale population counted on some form of assistance for income. Yet the mobility rate was six per cent below the city average and 52 per cent of the housing units were owner occupied - ten per cent above the city average. Which is remarkable considering the lower incomes. (Many of the home owners were of the older age bracket).

POLITICAL

UNEMPLOYMENT RATES IN SOUTH RIVERDALE (East Toronto) (CENSUS - 1971)



South Riverdale has more children than the city average - 40.4 per cent compared to the city - 28.6 per cent. Single adult heads of families almost doubles the city average: City - 13 per cent; South Riverdale - 22 per cent. About 40 per cent of adult women of all ages work and approximately 1000 - 2000 children require day-care, with only one full-time daycare centre in operation.

South Riverdale is an area of intensively used land, densely populated with about one-third of its land used for industrial purposes. In July 1975, the Ontario Minister of Environment concluded an analysis of air pollutants in South Riverdale are: Sulphur Dioxide, Carbon Monoxide, and suspended particulate matter. The combination of these pollutants have a greater adverse impact on human health, i.e., injury to the human respiratory system. The high carbon monoxide content in the environment has the effect of decreasing the oxygen carrying capacity of the blood. Three major roadways have created the automobile exhaust concentration in the area. However, the sulphur dioxide and particulate pollutant concentrations exceed the acceptable levels -- and would place the area in the category "not recommended for use of outdoor space". The other major pollutant is airborne lead from lead-using plants in the downtown area. The Lead Data Analysis Task Force found that in the Canada Metal Company area in South Riverdale, the number of individuals with blood lead levels of 40 or above increase as the plant boundary is approached (The arbitrary level of 40 micrograms of lead per ml. of whole blood has been selected by a number of toxicologists and authorities as a level above which the blood level should not be allowed to rise). It would appear that the contamination from Canada Metal Company has created a substantial area of contaminated soil in the residential areas to the north of the plant. Aside from proposing that the cost be borne by the companies, there are no suggestions as to which agency should carry out the soil replacement, or when or how affected households and property owners be involved.

DEATH RATES PER 100,000 POPULATION - 1975

CAUSES OF DEATH FOR BOROUGH, CITIES OF 5,000 POPULATION AND OVER, ONTARIO -- 1974

	City of Toronto	Borough of North York	City of Toronto	South Riverdale	
			Heart	287	298
			Cancer	182	206
			Alcoholism	12	9
			Cirrhosis	12	9
			Drugs	2	5
			Suicide	18	37
			Tuberculosis	2	5
			Pneumonia	36	46
Circulatory System (Cardio-Vascular)	3132	1413			
Respiratory System (Pneumonia)	419	173			
	225	105			
Malignant Neoplasms (Cancer)	1316	758			
Stomach	95	41			
Lungs	9	2			
Cervix	39	28			
Digestive System (Ulcers, Hernias, etc.)	315	105			
Tuberculosis	15	0			
Anaemia	11	3			
Suicide	62	24			

Source: Vital Statistics for 1974 - Ontario

Source: City of Toronto Public Health Department, South Riverdale, City of Toronto Planning Board, January 1977.

A national health survey of 1960-62 in U.S.A. indicated that people whose family income exceeded \$10,000 had less coronary heart disease, myocardial infarction or angina than the rest of the population.

In Montreal, the Southern working class area has twice as high a rate of death caused by cardio-vascular disease as the more affluent North area of the city.

In Canada, about 25 per cent of deaths are due to cancer. Rates of cancer was found to be higher in the lower socio-economic class, the most prevalent sites being stomach, lung, cervix. The following statistics compare:

- 1) The City of Toronto with the Borough of North York (North of Toronto),
- 2) South Riverdale with the City of Toronto,

and seems to substantiate the above conclusions.

Medicine involves three processes: prevention, diagnosis and treatment. The most humane and effective process is prevention which involves improvement of people's living conditions and work environment. This requires a greater amount of political education of health personnel, the community and workers.

MEDIA

INTRODUCTION: *The two central media issues in February and March both deal with censorship. The radio-Canada controversy raises the question of the Federal government's right to censor CBC; the Commission on Violence in the Media continues to suggest that violence in society can be reduced by media censorship.*

RADIO-CANADA ACCUSED OF BREAKING UP THE COUNTRY

CNSP NOTE: *The Canadian Broadcasting Corporation is divided into two units according to its two languages. They operate under one budget and overall management, but program decisions are made in the language divisions. Radio-Canada, the French language network, has become a central forum for French Canadian culture and identity.*

In mid-February Hal Herbert, Liberal member from Quebec, accused Radio-Canada of having a strong pro-separatist bias. This triggered a series of accusation from the government, the Cabinet (Begin, Ouellet, and Chretien), and the Senate (Marchand and Sharpe). The main charge is that Radio-Canada is not fulfilling its mandate of promoting national unity. EJ 22/2/77 p. 7; MS 18/2/77 p. A9; MS 19/2/77 p. A6; GM 19/2/77 p. 3; TS 19/2/77 p. A3

The Conservative and New Democratic opposition took the position that the attacks came because the CBC will not be the slave of the Liberal Party. EJ 19/2/77 p. 4

The President of the CBC, Al Johnson, made a strong defense of the French language network, claiming that it has a high standard of fair journalism. At the same time he announced more cooperative programming between the French and English networks. MS 19/2/77 p. A6; GM 19/2/77 p. 3; TS 19/2/77 p. A3

In the opinion piece Denis Braithwaite predicted that the federal government would not initiate a "witch hunt" because it would bring the separatism issue to a head too soon. TS 21/2/77 p. 5

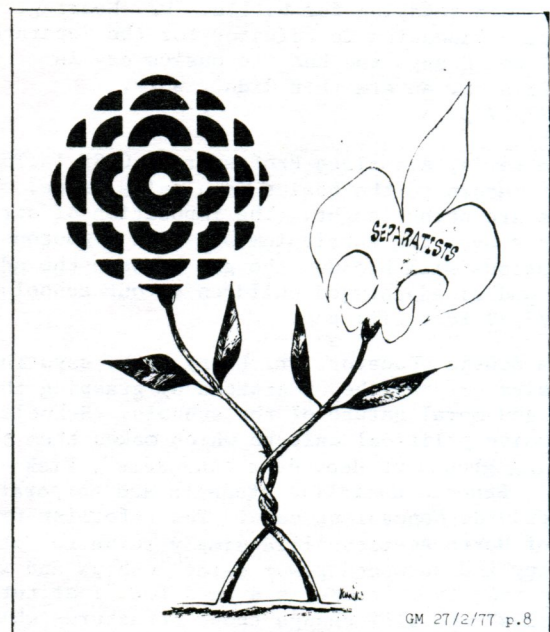
Four days later Trudeau criticised the members of his party who made the accusations and announced that

there would be no investigation. TS 25/2/77 p. A1; OC 25/2/77 p. 13; WFP 25/2/77 p. 4

The next day, however, Trudeau supported CBC critics and made the statement that "the overwhelming majority" of Radio-Canada employees are separatists and their biased reporting must be stopped. MS 26/2/77 p. A5; TS 26/2/77 p. A3; GM 26/2/77 p. 1; WFP 26/2/77 p. 4

On March 3, Trudeau asked the CRTC to conduct an inquiry into Radio Canada reporting. WFP 5/3/77 p. 1; GM 5/3/77 p. 1; EJ 5/3/77 p. 8

CNSP NOTE: *The English Canadian Press has taken a strong approach to the issue, but has also expressed strong support for journalistic freedom, as might be expected! They are divided for and against the CRTC inquiry.*



GM 27/2/77 p.8

CULTURE

EDUCATION

INTRODUCTION: *Readin', Ritin', Rithmetic -- the back to the basics controversy is still being discussed. Are Canadian schools better or worse than those of yesteryear or are they just doing their job?*

Manitoba Education Minister, Ian Turnbull said that Manitoba's education system shouldn't move "backward to the basics". He claims there is more to basics than just reading, though it is in itself valuable. Building self-concept as a Canadian is important too. WFP 5/2/77 p. 6

Thomas Wells, Ontario Education Minister reflecting on a study on Ontario's schools said that the decentralized system of education set up in 1968 "just isn't working". Wells has now established a compulsory core curriculum and a standard testing program which will take effect in September. Wells takes a middle approach. He hasn't completely repudiated the system set up after the Hall-Dennis report, but "simply refined it". There has been a call since 1973 to return to the old system from such groups as the Ontario Teacher's Federation, the Ontario Secondary School Teacher's Federation and the Ontario Economic Council. The report, issued by the ministry, claims that the students are not doing worse than previous years despite public opinion. TS 22/2/77 p. B1, Elaine Carey

OR ARE THEY SIMPLY CRYING WOLF...

Half of the University of Calgary freshmen were found to need remedial help in English composition. The province is thinking of reinstating a province-wide measurement system. The teachers, though, are readying for battle. Dr. Nearing, Secondary Education Coordinator for the Separate School Board says the back to basics cry is nostalgia for an era that didn't work. EJ 28/2/77 p. 4

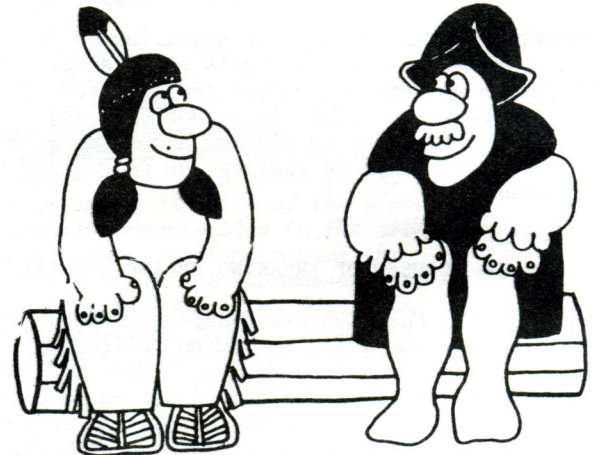
Malcom Levin, Associate Professor at OISE in Toronto says a return to the basics is a false issue. The basics are being taught. The imposition of stricter controls over the curriculum and more rigorous evaluations will broaden the gap between the advantaged and disadvantaged children in our schools. WFP 2/3/77 Editorial page

A Nova Scotia educator, Dr. Larry Fisk, says the back to basics cry must be understood by grasping the political and moral nature of the schools. Schools have "a passive political culture which makes them the training ground of dependent consumers", Fisk feels. Schools socialize students and corporations will provide benevolent care. The reformist tendencies of North American life simply serve to "strengthen existing and outmoded power relationships and structures in our society". There is a need for "institutional guerrillas" who will change those structures which "stand in the way of change and justice" and will fight for decentralization and community control. EJ 11/2/77 p. 29

The B.C. Teacher's Federation has launched a \$65,000 advertising campaign to convince the public that though the B.C. Socred government is pushing the idea of a basic education and core objectives, they should fight the idea of standardized testing. This system, the Federation feels, tends to educate people in how to take an exam and leaves children with learning or emotional problems by the wayside. GM 12/2/77 p. 8, John Clarke

MEANWHILE A NEW SLANT ON REALITY WILL BE GIVEN TO GRADE 6ERS....

School children will learn history from the viewpoint of Indians as a conquered people in a new reader published for grade 6 by the Canadian Association in Support of Native Peoples (CASNP). The reader attacks some of the myths of yesterday and today about Indians. The book talks about Indian poverty and how it was created by exploitation of Indians by the white man. TS 7/2/77 p. D1, Harvey Schachter

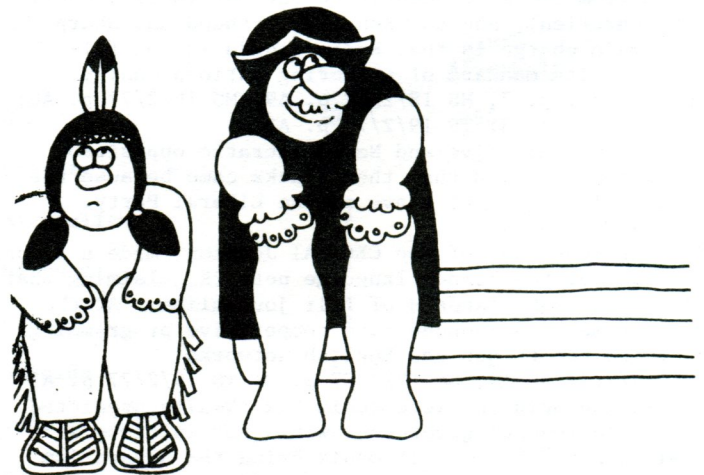


TS 7/2/77 p. D1

- Drawings by Barb Plevan

"MOVE OVER," said the white man when he came along and found an Indian sitting on a log he wanted, according to an anecdote illustrated by this cartoon in

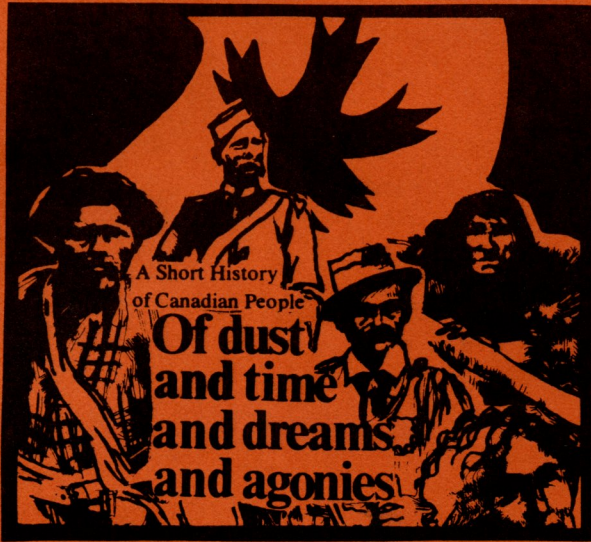
new reader on Indians published for Grade 6 by Canadian Association in Support of Native People. For what happened, look at the cartoon below.



TS 7/2/77 p. D1

"NOW THIS LOG IS ALL MINE," the white man was able to say after repeated demands that the Indian keep moving over. The book gives school-chil-

dren a chance to see history in a new way — from the viewpoint of a conquered people. It's called Indians, an Introduction to Canada's Native People.



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, Ukranians, 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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