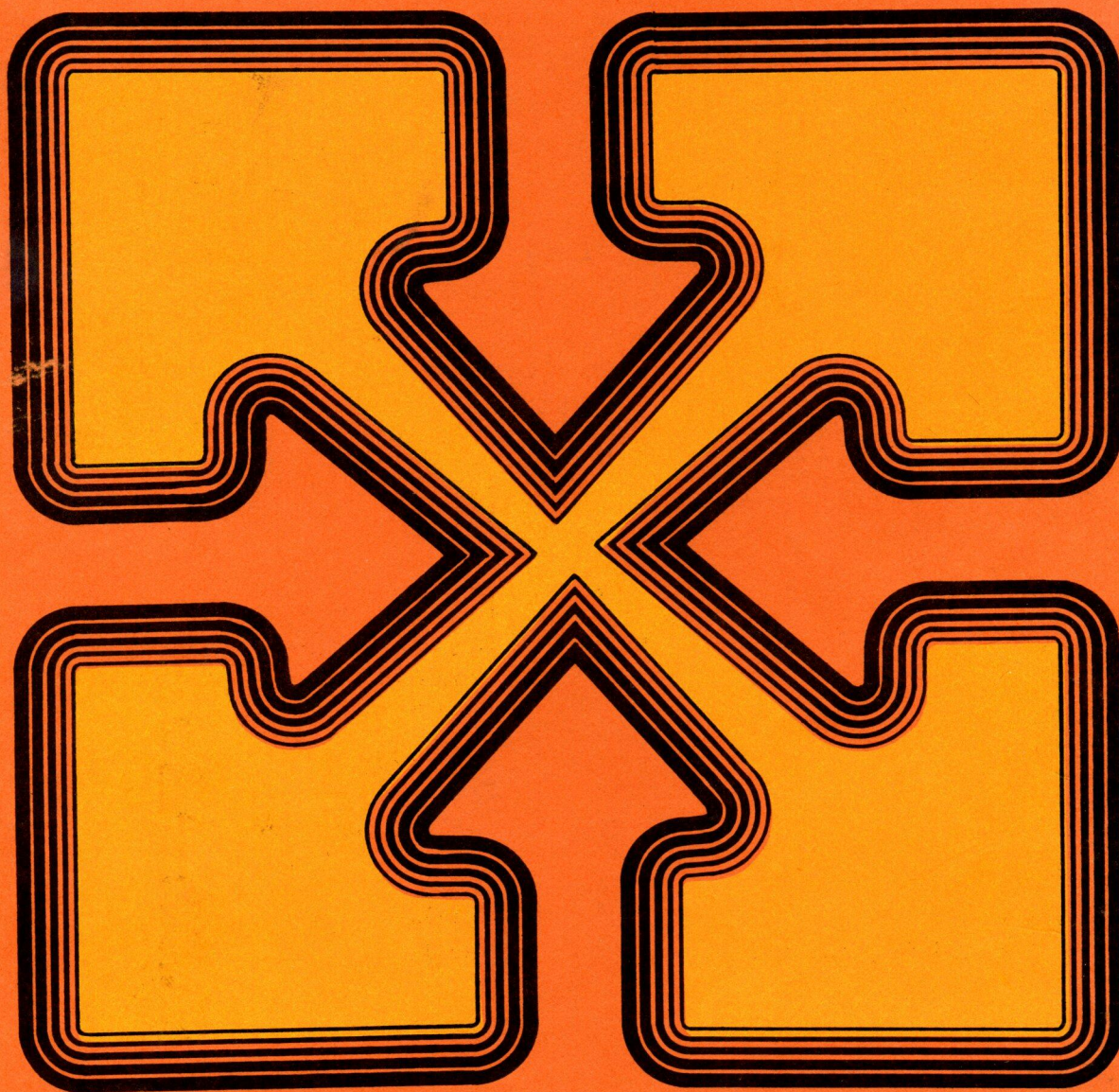


Synthesis

A Review of Events Reported in the Canadian Press



- Canada's International Balance Sheet
- Unemployment: A C.N.S.P. Special
- Immigration Bill: Opposition Mounts
- Quebec's Language Policy White paper

Vol. 5,
Number 4,
\$1.00

Canadian News Synthesis Project

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INDEX

CANADA AND THE WORLD	1- 7
International	1- 3
Trade	3- 7
THE ECONOMY	8-16
General	8- 9
Oil and Gas	10-13
Mining	13-14
Fishing	14
Forestry	14-15
Transportation and Communications	16

LABOUR	17-23
General	17
Workers' Struggles	18
Quebec Labour	19
Immigration	19-22
Native People	22-23
POLITICAL	23-31
Federal Government	23-24
Quebec	24-28
Courts	28-29
Prisons	30
Health	31

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CANADA AND THE WORLD

INTERNATIONAL

CONFERENCE SCENE

The major industrialized western countries are holding a summit in May in London, England to face the need for wholesale economic restructuring. In the next 30 years the world has to find ways of feeding, clothing and housing an additional population equivalent to the present total. The present economic structure can't even master present difficulties. Oil country surpluses have been a deflationary factor, kept at bay by industrialized countries who are reluctant to institute expansionary policies, and pushing off problems onto the Third World countries least able to bear them. These countries have gone into debt, and must divert to debt servicing the resources that would otherwise have been used for development. Hopes for restructuring are not encouraged by the Carter administration's lack of enthusiasm thus far for new economic order proposals. The advanced countries need a new order as much as the rest. MS 21/3/77 p. B9; The Observer service

BETTER ATTITUDE FOR NORTH-SOUTH TALKS: MACEACHEN

Industrialized countries are working to a common position on the main questions discussed at the North-South Conference on International Economic Co-Operation conference, says Allan MacEachen, its co-chairman. The CIEC conference will conclude with a ministerial-level meeting May 30 - June 1, in Paris, postponed since last December. Mr. MacEachen stated that indexing of raw materials prices to those of manufactured goods is not attainable at present, and debt relief remains a thorny question. He admitted that a common fund to stabilize world commodity prices is still a "live issue," but stated that Canada would only support it if it was "feasible." Earlier talks on the common fund failed to make progress. Europeans are pushing other developed countries to back the principle. GM 8/4/77 p. B1 Leo Ryan

CNSP NOTE: *The CIEC agenda is as old as international discussions between north and south. If debt relief and indexing of commodity prices are both dead issues for CIEC and if the common fund is not yet feasible in the eyes of nations like Canada, there seems to be little tangible evidence that Mr. MacEachen's optimism about the Conference has any material base, at least as far as the Third World is concerned.*

European press sources, including the Economist and the Guardian of London, feel the European agreement to back the principle of a common commodity fund is auspicious. They state that it may lead to an agreement at the London summit, when Prime Minister Trudeau and six other western leaders meet. Should the U.S. and Canada agree, they could take an offer of a compromise fund to the CIEC dialogue in Paris at the end of May, and press for a limit on oil price increases in exchange. HCH 13/4/77 p. 25; WFP 13/4/77 CP

BILDERBERG CONFERENCE TO MEET

A grand steering committee for western governments? A subversive huddle of power-thirsting internationalists? The Bilderberg conference, founded in 1954 by Prince Bernhard of the Netherlands, continues this year, in secret at Torquay, England. It will bring together David Rockefeller, West German Chancellor Schmidt, Henry Kissinger, and Marc Lalonde among others, but its agenda and its purpose are secret. TS 21/4/77 p. B4 George Bain.

COMMODITIES

DEMANDS FOR DOMESTIC PROCESSING CALLED RISKY

Developing countries would enjoy greater benefits from mining more and trading more than from cartels, price-fixing and trade restrictions, say G.J. and M.H. Govett, geology and mineral economic consultants from Fredricton, N.B. Speaking to the Canadian Institute of Mining and Metallurgy, they warned against attacks on the mineral-consuming industrial nations, and stated that resource confrontation is based on a false premise, that the industrialized countries are short of minerals. They called for new forms of finance and technology to expand mining ventures. L.H. Fischman, a Washington-based resources consultant, told the group that there will be recurrent mineral scarcity episodes in the next 25 years because of lack of timely investment now. GM 19/4/77 p. B6

W.G. Deeks, Executive Vice-President of Noranda Sales Corp., cautioned against too many demands in Canada for processing resources at home. To access for our manufactures we must be willing to supply other industrial countries with raw materials they need. Deeks stated that it was not sensible to withhold production because of future domestic needs. Technology may change the need for ore in the ground today and make it obsolete. GM 19/4/77 p. B6 Lawrence Welsh

SUGAR INDUSTRY FACES DISASTER

Caribbean sugar is on the threshold of disaster, and only a dramatic increase in world prices through the new international sugar agreement being negotiated under UNCTAD can make any difference. The world market price for sugar has tumbled from a record of \$1,100 per ton in November, 1974 to around \$200 today. Production costs in Trinidad are presently between \$250 and \$300 per ton. Competition from beet production in the U.S. and the beet growers' lobby in Europe makes the future of the industry difficult. High-fructose corn syrup, used increasingly for soft drinks, preserves and fruit products in the U.S., is a low-cost competitor as well. Last year, the U.S. trebled its duty on sugar from \$14 to \$42 per ton. The labour-intensive Caribbean industry is vulnerable, and unemployment in Trinidad hovers around 16 per cent. Santo Domingo, Trinidad, Guyana and Jamaica have been hard hit. Guyana has a guaranteed sale to Algeria, and a quota in Europe has helped it. Trade ministers from African, Caribbean and Pacific sugar exporters met

CANADA AND THE WORLD

recently in Barbados to plan for the price negotiations with the European Economic Community, their only guaranteed market. A drastic overhaul of the domestic industry is part of the answer. MS Jeremy Taylor, Observer

The drop in world sugar prices to seven cents per pound was a key factor in persuading Cuba to improve relations with the United States, because Cuba feels it could sell \$500 million worth of agricultural products and light goods per year to the U.S.

HCH 15/4/77 p. 14 UPI

COFFEE PRICES INCREASE AGAIN

General Foods and Folger's (A Proctor and Gamble subsidiary) have increased coffee prices again by about 50 per cent to a record \$4.21 and \$4.88 per pound respectively. General Foods attributed the rise to a 437 per cent increase in green bean prices since a July, 1975 frost destroyed 73.5 per cent of the Brazilian crop. HCH 17/3/77 p. 5

Three weeks after the frost, Brazil made \$1 billion available in low-cost loans to farmers to get back into production. More than 575 million coffee trees have been planted to date, which should bring Brazil back to full coffee production by 1980-81.

MS 10/2/77 p. B3 Los Angeles Times

"SELECTIVITY" URGED IN HUMAN RIGHTS

External Affairs Minister Donald Jamieson told a Canadian Council of Churches seminar in Ottawa that Canada must be selective in dealing with human rights cases, because "our case will be stronger where the offence is greater and if the weight of Canadian and world opinion is behind our presentation." He noted that international human rights machinery is cumbersome that other countries may have different human rights standards from Canada's, and that he is willing to consider such pressures as suspension of aid only where it is shown that such action is effective and does not deny food to the needy. OC 28/3/77 p. 13 Stephen Scott

CANADA LETS UNCLE SAM DO IT

The Ottawa Citizen (29/3/77 p.6) was not impressed with Jamieson's speech. It cited Canada's role as a stalking horse for American diplomacy in Vietnam, China and Cuba, and its limited role in cases of political refugees. It seems, says the Citizen, that External Affairs prefers to let the United States administration carry the burden of morality in defence of oppressed peoples.

D.H. Burney, an External Affairs employee, replied (OC 14/4/77 p. 6), arguing for quiet diplomacy. He stated Canada's record in human rights has been excellent, and that refugee programmes in Chile and Argentina are still continuing.

NEW CANADIAN HUMAN RIGHTS GROUP

A new Canadian human rights group, the Canadian Committee for International Human Rights has been formed to "break the silence which exists through the country on the subject of infringements of basic freedoms."

The committee recently called for the release of several dissident intellectuals in Czechoslovakia, but mentioned it is interested in such other countries as Uganda, Argentina, Uruguay, Chile, Ethiopia and Cambodia. Included among organizers are John Humphrey, McGill University professor, former realtor George J. Wesley, and attorney James Leavy, as well as journalist Jean Pellerin of La Presse. Their declaration was signed by Senators Therese Casgrain, Carl Goldenberg, Henry Hicks, Eugene Forsey, and Renaude Lapointe. MS 16/4/77 p. A17 Charles Lazarus

CANADA FIGHTS FOR HUMAN RIGHTS

The Canadian Ambassador to the United Nations, William Barton, in a major address, made a devastating attack on South Africa's racial policies. He urged the U.N. security council to develop a new declaration of principles for South Africa and give the western powers a chance to apply diplomatic pressure on Pretoria to change its policies. Canada is among nations trying to avoid a triple Western veto of African resolutions calling for mandatory economic sanctions against South Africa. Canada wants to use moral influence first. MS 31/3/77 p. A1

Canada has been working behind the scenes to get a declaration of principles at the U.N. which would give Black Africa some hope of change in the Republic of South Africa. South Africa is Canada's seventh largest trading partner, and Canadian investments in the country total more than \$100 million, a large enough sum, but small compared with the \$10 billion which other western states have invested. HCH 26/3/77 p. 47 CP

DEBT

MORE BANKS ENTER EUROBOND MARKET

The European bond market is undergoing marked structural changes leading to further growth. Volume of new issues reached a record \$4.87 billion (U.S.) in the first quarter of 1977, up from \$3.74 billion in first quarter 1976. Canadians have been major borrowers in this market. Commercial banks are floating many medium-term issues. TS 11/4/77 p. B6 CDJ

For some weeks underwriters have refrained from floating Canadian issues because of European uncertainty caused by the downward fall of the Canadian dollar and rumours regarding Quebec separatism. Bell Canada is planning a \$75 million, 10-year issue, and the Deutsche Bank will float a \$100 million, 10-year issue for Ontario Hydro, with a Province of Ontario guarantee. HCH 26/3/77 p. 31 William Ellington

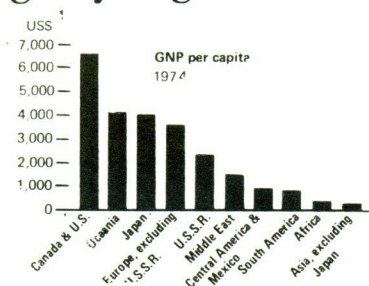
Canadian borrowing fell in the first quarter of 1977. First in international borrowing last year, Canada has fallen to fifth place, behind France, Britain, Sweden and Venezuela. FTC 4/4/77 p. 41 Staff

Canadians have borrowed less, but are borrowing more of it in Canada and in the Eurobond-Eurodollar market. Lenders in Europe are more responsive to Canada as a resource-based economy than American lenders are at present. HCH 29/3/77 p. 21 John Meyer.

CANADA AND THE WORLD

Long way to go

F.P. 2/4/77 p. 8



THE WORLD Bank, whose job it is to provide financial and technical assistance for the development of poorer countries, puts out a statistical World Atlas each year that covers 187 countries and territories. The bank itself is now "providing more than \$6,600 million annually in support of projects designed to raise living standards," but the figures in the new atlas show there's an awfully long way to go. In 1974, 16 of the 125 countries with populations of one million or more had a per capita GNP of more than \$4,000, but there were about 50 countries with per capita GNP of less than \$400. Looking at the 1969-74 period, the experience is hardly encouraging. Canada's average annual increase in real GNP per capita came to 3.5% during these years, according to the bank. Of the 25 poorest countries, only two — Malawi and Lesotho — matched or outran this gain. Seven of the 25 suffered actual declines in real living standards.

A NEW ENERGY APPROACH

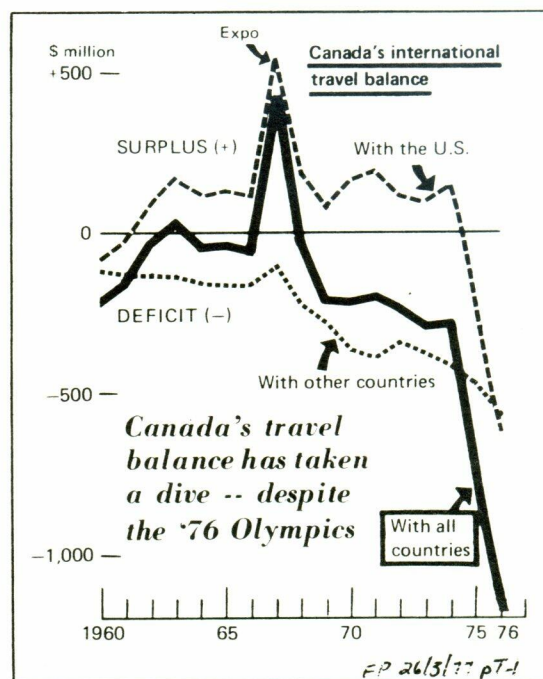
United States President Carter has sounded a new note in his energy policy, indicating that he believes high oil costs are here to stay and that waste is the problem, a change from Ford's Arab-blaming approach. The world financial community has come to the same conclusion. In the aftermath of the oil crisis in 1973, the big banks in North America and Europe took on recycling petrodollars and lending to the Third World, elbowing the International Monetary Fund aside. Now, the banks are worried about risks, charges of political interference and about the possibility of some of their clients defaulting. They want to "institutionalize" the problems by handing them to the IMF, so that it can lend to cover the oil costs of poor nations. The IMF is likely to expand further as an international debt manager and financier of world oil deficits. FTC 24/3/77 p. 8 Peter Cook

TRADE

FEBRUARY TRADE SURPLUS

Canada had a seasonally adjusted trade surplus of \$109 million in February, down from a revised surplus of \$130 million in January, Statistics Canada reports. GM 26/3/77 p. B14

CANADA REGISTERS BIG TRAVEL DEFICIT



When Canadians spend more tourist money abroad than visitors to Canada spend here, the country chalks up a deficit travel balance which ultimately affects our balance of payments position. In 1976, the travel deficit was \$1.18 billion. Tourism is a \$9.2 billion industry in Canada involving 80,000 businesses and employing, directly and indirectly, 800,000 Canadians. Last year Canadians spent \$7.3 billion travelling at home and \$3.1 billion travelling abroad. But Canadian tourist spending abroad outpaces spending by visitors to Canada which amounted to only \$1.9 billion. FP 26/3/77 p. T1; FTC 28/3/77 p. 5

BATTLE OF THE TARIFF BARRIERS

Of all exports by Canada to the U.S., 65% go in duty free, usually because they are unprocessed, less labour-intensive products. The 35% of the goods that are subject to duty, are largely manufactured products, many of which come from U.S.-controlled subsidiaries. As a result of this form of tariff barrier, the manufacturing sector in Canada remains underdeveloped. Similarly, Canadian tariffs work to exclude the manufactured goods of Third World nations which hold only a 3.1% share of total Canadian imports in finished goods compared with shares of 18% in the U.S., U.K. and Germany. EJ 17/3/77 p. 53; OC 18/4/77 p. 11

EXPORTS FIRMS OPTIMISTIC

According to the Canadian Export Association, export companies are anticipating gains in sales in 1977, especially to the markets of the U.S. and Latin America. OC 30/3/77 p. 11

CANADA AND THE WORLD

EDC SUPPORTS DEAL WITH CHILE

The Crown-owned Export Development Corporation has announced approval of credits insurance, loans and investment guarantees in deals with six countries, including Chile. No specific details were released on the Chilean deal "for reasons of commercial confidentiality." EDC Press Release, #77-14, 20/4/77

THE BOTTOM LINE: IN THE RED ON THE CANADIAN BALANCE SHEET

Spring is finally here and it's income tax time once again. It's also the season devoted to the release of glossy annual reports by corporations telling their present and prospective shareholders the good or bad news about last year's economic activity.

Long before the first flowers of spring appear, we will also see the blooming of a series of government budgets, both federal and provincial, as holders of the public purse compute the balance sheet of the national well-being. Just as taxpayers hunch over their annual tax returns and corporate accountants wade through their maze of financial figures, governments too compile a record of how much the nation took in and how much it spent in 1976. One of the most important calculations just completed by Ottawa is the record of Canada's trade and financial dealings with other nations. It's called the "balance of international payments", and besides being a guide for budget formulators on Parliament Hill, it is also an obligatory report to the international revenue service that has regulated the world's transactions since the end of World War II - the International Monetary Fund.

If a nation like Canada goes into the red in any given year, the IMF stands ready to free up some of our nation's international reserves to bail us out. At the same time it also operates like a credit-rating agency, evaluating the financial viability of countries and obliging them to tighten their belts or adopt more "responsible" economic practices if they expect to receive the confidence of international lenders and investors. So, when the balance of international payments ledger is drawn up for each previous year, more is at stake than our own financial integrity. The nation stands to be judged by the IMF and the international business community to see if we have the ability to pay our own way or are going bankrupt. For ourselves the question is if we are growing more dependent upon the whims of our mortgage holders.

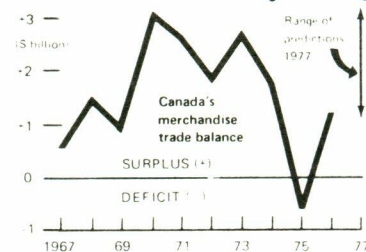
Balance sheets are not designed to tell all. Just as an individual works through as many deductions as possible on his or her tax return, and as the corporation employs an army of accountants to figure out the maximum number of tax dodges, the calculation of a country's balance of international payments statement is designed to say certain things and hide others. Presumably the government in power wants to record items

which make it, and the national economy, look good - especially when elections are on the horizon. The bad news can often be hidden in a maze of complicated terminology and jargon aimed to confuse more than clarify. Very few ordinary people have either the interest or the inclination to wade through any balance sheet, corporate, personal or governmental, let alone draw out the implications for the future. Yet the Canadian balance sheet for 1976 is an important record of where our economic planners and "captains of industry" are taking this country. And the picture doesn't look very good. Not only are we collectively in the red, but we're going further into debt while doing nothing to change the reasons for a poor showing on the bottom line.

By Anne Bower

FP 2/4/77 p8

Trade could do anything



THE BALANCE OF INTERNATIONAL PAYMENTS

The auditing of the international trading system is a complicated process today, but it grew out of very straightforward concepts in earlier periods. In the early days of international trade each nation was expected to have a "balanced" account. Countries would barter for goods or buy each other's products with gold as a universal currency. Either the country would only buy as much as it sold, or, if it bought more, gold would be shipped to the supplier nation to cover the deficit. When a nation didn't meet its payments the remedy was for the creditor country to send in the gunboats to teach the debtor some financial responsibility. Trading systems it should be remembered are never "honest" exchanges between "equal" partners. The gold system for example, obviously favoured those nations with lots of the shiny metal in their soils or those with the sheer military might to invade, colonize and loot weaker lands and peoples.

The system became more sophisticated with the creation of international credit. Nations were permitted to balance their accounts in the long run rather than every year. The idea was that if a country had a deficit one year as a result of importing more than it exported, it could get a loan to tide it over until the "good years" returned. Then the debts would be paid off. The theory is nice, but breaks down when a country has nothing but bad years. Countries that export raw materials, for example, have historically found the prices for their exports set by the industrialized consumer nations at levels that never allow them to climb out of debt.

CANADA AND THE WORLD

In recent times, the incidence of gunboat solutions to such structural problems in the economies of dependent nations has decreased, but not disappeared. Instead new instruments of international finance have been created to prop up parts of the trade system that threatened to topple. The establishment of "development assistance" through national aid-giving agencies or international organizations such as the World Bank, allowed dependent Third World countries to spread out payments on their debts over a longer period of time at more concessional terms. The "rich" nations behind such institutions look upon them as finance companies, giving indebted nations more credit to pay back past debts while maintaining consumption levels of First World corporations' products.

From the point of view of those who benefit from this system, the objective is stability, not radical changes to end the basic structural problems of in-

debtedness and "balance of payments" crises. And here's where Canada falls much more into the same category as dependent, Third World countries. Canada, too, needs some drastic measures to correct very serious economic problems.

Here is Statistics Canada's record of our 1976 balance of international payments ledger. The idea is that a nation can only spend (on imports from other countries, on tourism abroad, on payments for past debts or dividends to foreign corporations) as much as it earns (from export sales, from tourist spending by visitors in Canada, from profits made by Canadian corporations or banks operating abroad). If the country spends more than it earns on the basis of these transactions - called the "current account balance" - the difference can be made up by obtaining short or long-term loans, private investment from other countries or by using up what it has saved (as reserves) in past years:

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

	(millions of dollars)		
	<u>1974</u>	<u>1975</u>	<u>1976</u>
Current Account Balance:			
1. Merchandise Trade (a)	+1,698	- 639	+1,132
2. Service Transactions			
3. travel	- 284	- 727	-1,182
4. interest and dividends	-1,529	-1,970	-2,562
5. freight and shipping	- 235	- 370	- 319
6. other service transactions	-1,275	-1,200	-1,435
7. withholding tax	- 430	- 465	- 504
8. Total balance on service transactions (b)	-3,753	-4,732	-6,002
9. Net transfers (c)	+ 563	+ 406	+ 541
Total Current Account Balance (a+b+c)	-1,492	-4,965	-4,329
Capital Account Balance			
10. Long-term capital movements (d)	+ 871	+4,106	+7,548
11. Short-term capital movements (e)	+ 645	+ 455	-2,697
Net Capital Balance (d+e)	+1,516	+4,561	+4,851
Net monetary movements:			
Official international reserves	+ 24	- 404	+ 522

Source: Statistics Canada, Quarterly Estimates of Canadian Balance of International Payments, Fourth Quarter, 1976. A positive (+) sign indicates a net inflow of funds into the country, and a negative (-) sign indicates a new outflow of funds from Canada.

READING THE BALANCE SHEET

Line 1 in the table, the merchandise trade balance, represents the difference between the value of goods imported by Canada and the value of goods exported. Last year we exported about \$38 billion worth of merchandise and imported about \$36.8 billion to give us a positive trade surplus of \$1.132 billion. The merchandise trade balance is the most important item for Canada's international ledger. Usually it is a surplus figure and helps pay the deficit items which follow. A year earlier in 1975, Canada recorded a negative merchandise trade balance for the first time in many years, a result of the international recession and a large imbalance on trade in auto parts with the

U.S. under the Auto Pact. What the figures don't show is that a great amount of this apparent trade between nations is actually "intra-company" trade -- the exchange of raw materials, parts and equipment between different subsidiary companies in different countries of the same transnational corporation.

The following lines 2-8 record service transactions -- forms of trade in "invisibles" that are not physically moved in crates through customs offices, but which represent the spending of Canadians abroad or the receipt by Canadians of foreign payments.

On line 3 the travel balance, Canada usually experiences a negative figure because Canadians traveling abroad for business or vacations spend more than tourists or business visitors do in Canada. In 1976

CANADA AND THE WORLD

the negative balance was abnormally high as Canadians spent \$3.12 billion on international travel while visitors here spent \$1.94 billion. Some countries which experience a similar deficit on the travel account, attempt to rectify the situation by putting restrictions on the foreign travel or spending of their citizens. Canada's latest strategy is a high-powered advertisement campaign to encourage nationals to spend their vacations visiting other parts of their own country, thus keeping tourist dollars at home.

The interest and dividends balance on line 4 represents payments by foreign subsidiaries in Canada to their head offices in the form of dividends or profit remittances and service payments on Canada's international debt. This deficit is rising at an alarming rate, registering a 25% increase between 1974-75 and more than 30% between 1975-76. Last year's deficit of \$2.5 billion means that foreign, primarily American, corporations and bankers skimmed off this amount of cream from the Canadian economy in excess of the earnings of Canadian corporations and banks on their foreign operations. The problem is the high level of foreign ownership of our economy and the rapidly increasing levels of foreign borrowing by Canadian governments and corporations upon which annual service payments must be made. The figures do not reflect how much of the profit made by foreign companies in Canada is actually sent back to head office. Some of that amount is annually reinvested in Canada to expand foreign control of Canadian industries. Mel Hurtig, former chairman of the Committee for an Independent Canada, says that American ownership in Canada will have grown in 1976 by \$7 billion "without a cent of direct American investment". This is one of the hidden aspects in the balance of payments accounts. The amount of profits actually remitted from Canada to the U.S. increased at a rate of 11.6 per cent annually between 1961 and 1973. If this rate of increase continues for the next few years - and there is every reason to believe it will - by 1985 Canada will be losing \$10.3 billion a year in profits to the U.S. That's enough money to build a James Bay hydro complex or construct a Mackenzie Valley pipeline, if either were truly necessary.

Line 5 registers the amount paid by Canadian governments and corporations for freight and shipping charges to other nations in excess of that received by Canadian shipping companies. The 1976 deficit of \$319 million is expected as the country has a relatively small merchant marine and relies on the services of ships under flags of other countries.

Line 6 states the balance of "other service transactions", a catch-all category which includes professional services, use of foreign patent rights, royalties, consulting fees and other such payments made by governments, corporations and individuals to foreigners. A principle cause of the 1976 deficit of \$1.435 billion is the degree to which subsidiaries of American-owned companies operating in Canada turn to their head offices for managerial services or to make payments for use of American-registered patent rights. The U.S. Department of Commerce calculates that in 1975 U.S.-owned affiliates in Canada remitted the sum of \$566 million. In contrast, unaffiliated companies, that is, Canadian-owned

firms, paid a modest \$37 million for services and patent rights they deemed necessary for their operations. A further sign of Canadian dependence on the U.S., and cause for future increases in deficits in the "other service transactions" category, is the fact that fully 95 per cent of Canadian patents are awarded to foreigners.

Line 7 is used to register withholding tax, the amount of tax that a corporation in one nation has to pay to another nation as part of a payment on one of the above service transactions. Canadians pay out more to the tax treasuries of other countries on service transactions than out tax treasuries receive from other countries.

Line 8 makes a total for all service transactions from line 3 to 7. The balance is a depressing deficit of \$6 billion.

Line 9 states Canada's balance for "net transfers", another catch-all category which includes: inheritances paid to Canadians from other countries, or from Canada to foreigners; funds sent abroad by immigrants to their families; and other miscellaneous remittances by persons and institutions, not related to specific services rendered.

THE BOTTOM LINE

Finally, all the above is added to determine Canada's "current account balance" -- how much we spent compared with what we earned on sales of both goods and services. For the second year running our deficit is over \$4 billion. Whatever earnings the country collected from merchandise sales abroad were more than wiped out by the large payments made for service transactions. Of the 24 industrial nations belonging to the Organization for Economic Co-operation and Development, only France had a 1976 current account deficit larger than Canada's.

But the process doesn't end here. A nation can always borrow abroad, receive aid, or encourage other forms of capital inflow with which to "balance", at least on paper, its yearly current account deficit. And that's just what Canada has been doing for almost every year since 1950: encouraging foreign investment inflow, and borrowing money from abroad, not solely to have a positive balance of payments, but in part at least so that the books square off at the end of a year.

Line 10 and line 11 register long-term and short-term flows of capital for investment or borrowing purposes (short-term capital movements are those under a year duration). It is well-known by now that in 1976 Canada achieved the dubious distinction of being the largest international borrower. Canadian corporations and governments on all levels combined to issue \$8.9 billion worth of new securities (bond, debentures) to foreigners. This is the amount by which the nation increased its external debt. The ledger registers the \$8.9 billion figure as an inflow to be balanced against the amount of capital sent out of the country by Canadians. Canadian banks for example make both short and long-term loans overseas. Canadian corporations made direct foreign investments in 1976 worth \$555 million, mostly in the United States. And in 1976, for the first time in many years, no net direct foreign in-

CANADA AND THE WORLD

vestment entered the country. Foreign control of the Canadian economy increased but not due to the influx of new monies; instead retained earnings, domestic borrowing, and stock and bond issues allowed foreign firms to expand their ownership using Canadian funds.

For our balance sheets, the "long-term capital movements" column registers an inflow of \$7.5 billion. The "short-term capital movement" deficit of \$2.7 billion reflects a sharp outflow of funds as foreigners withdrew investments when the value of the Canadian dollar dropped at the end of the year. Thus, the overall capital balance in 1976 was a surplus of \$4.8 billion.

All of which is pleasing to the officials at the International Monetary Fund who see that Canada's surplus on its capital account exceeds its deficit on the current account by \$522 million, the sum by which these bureaucrats will note an increase in the country's official international reserves. The books balance for another year and everyone can sleep soundly at night.

A COUNTRY IN HOCK

Or so it seems. But after all the modern bookkeeping magic is done some serious problems still remain. We are a country whose mortgage payment is due, but we can't pay unless the bank loans us more money. So we go deeper into debt to pay off today's bills, only to find that tomorrow's payments are even higher. By the end of 1976, Canada's net foreign indebtedness from all sources stood at \$48.5 billion. Billions of dollars out of each year's foreign earnings have to be set aside, not for the development of Canada, but to pay back past debts and interest.

It's a vicious circle. The nation mortgages its future through long-term loans in order to pay off the short-term debts on our current account. At the heart of the problem is the extent of foreign ownership of our economy and Canada's integration into the American market.

The current high level of Canadian borrowing on the New York money market is in great part related to gigantic resource-related energy projects -- James Bay and other electric generation projects now, and the Mackenzie Valley Pipeline in the near future. Many of these are designed to serve U.S. energy demands and have little to do with Canadian needs. Should Canada decide not to proceed with such projects, a major incentive for increased indebtedness would be removed.

As long as foreigners own a large and growing chunk of the Canadian economy, a constant drain of capital will occur. It is quite clear by now that government legislation such as the Foreign Investment Review Act (FIRA) is totally ineffective in slowing the takeover of our economy and does even less to reduce our present dependency. Our federal

policy-makers seem to have adopted attitudes prevalent in Third World countries. They would like to see more of our industry Canadian-owned, with profits staying in Canada, to provide more jobs, especially in the manufacturing sector. But they know that the rules of the international game, refined and refereed by the IMF, say that if you are nasty to foreign investment your credit rating is likely to fall and loans to cover your current account deficit will become more costly. An so Ottawa officials keep the Canadian business climate "healthy" for foreign investors. Thus, they can attract investment and credit inflows to balance a deficit arising in part from existing foreign ownership.

Increased Canadian ownership of our own economy is one long-range way of getting out of the red. But at the same time the country has to reassess not how much it exports but what it exports. Traditionally Canada shows a trade surplus in agricultural commodities, raw materials and semi-processed goods. In fact, primary materials - the rocks and logs of the national heritage - make up about 40 per cent of our shipments abroad. It is also traditional that Canada records a deficit in its trade in finished products. In 1976, Canada had a \$10 billion trade deficit in these manufactured goods, a figure which was only balanced by our massive export of raw materials. This means that we had to import \$10 billion worth of manufactured goods from other people, even though we could produce most of them ourselves and increase employment across the country. Production of this amount of manufactured goods would provide more than 175,000 job opportunities and make a big inroad into unemployment statistics.

Applied together, these measures could brighten the prospects for both the Canadian people and our international balance sheet. Reducing foreign ownership would reduce the estimated \$4 billion paid annually in the form of profit, dividend, royalty, patent and service remittances to foreigners. Expanding the manufacturing sector would provide jobs and substantially increase our trade surplus by minimizing the need to import such a huge quantity of finished goods. As a result, the nation would be under much less pressure to borrow abroad and could begin reversing the debt spiral. Otherwise, all that future generations might inherit is a pawnshop stub for a nation in hock.

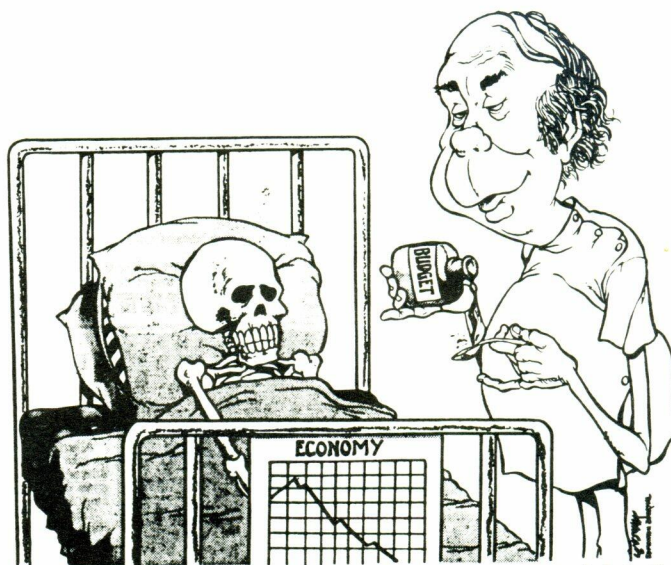
SOURCES: GM 16/3/77 p. B1, Wayne Cheveldayoff; OC 1/3/77 p. 6, Edward Carrigan; TS 3/3/77 p. B5, Edward Carrigan; GM 9/3/77 p. B6, Roger Newman; "Canada's Economic Squeeze", Business Week, 28/3/77 p. 60; "Merchandise Trade Back in Surplus", Bank of Montreal Business Review, December, 1976; "The Deterioration of Canada's Balance of Payments", Economic Review of the Provincial Bank of Canada, January-February 1977; Also see; GM 16/3/77 p. B16; FTC 21/3/77 p. 5; FP 19/3/77 p. 1; GM 10/3/77 p. B2; OC 9/3/77 p. 9

THE ECONOMY

GENERAL

MONTHLY STATISTICS

	Mar. '77	Feb. '77	Change from 1-year ago %
<u>Consumer Price Index</u> (1971=100)	157.0	155.4	7.4%
<u>Canadian Industrial Corporation</u>	Sales	Profits	
fourth ¼ 1976	\$61 billion	\$2,173 million	
fourth ¼ 1975	\$56 billion	\$2,475 million	
<u>Housing Starts</u>	Feb. '77	Year to date	
	8,994	20,464	75.0%
<u>Trade: (\$millions)</u>	Feb. '77	Jan. '77	
Exports (Customs Basis)	3,162	6,272	8.0%
Imports (Customs Basis)	3,186	6,189	4.9%
<u>Farm Cash Receipts</u> (\$million)	Jan.-Feb. '77	Jan.-Feb. '76	
all prov. except Nfld.	1,973.2	2,426.9	-18.7%
<u>Employment</u> (million)	Mar. '77	Feb. '77	
	9.35	9.26	1.0%
<u>Unemployed</u>	944,000	932,000	24.4%
<u>Job Vancancies</u>			
first ¼ 1977	39,900		
fourth ¼ 1976	40,300		



"We'll have you on your feet in no time." ES 3/4/77 p4

MACDONALD'S "ENTERPRISE" BUDGET

INTRODUCTION: *The federal government's 1977 budget, brought down on March 31, has met with the cautious approval of the business community. Finance Minister Donald Macdonald announced he did not wish to "administer a shock of stimulus" that would cause greater inflation. Thus, he held the growth of government spending to 9.8 per cent, which is less than the growth rate of the Gross National Product.*

The main items of the budget were:-

- an increase from \$150.00 to \$250.00 in the maximum allowed employment expense deduction in calculating personal income tax.
- tax credits for child-raising increased by \$50.00 per child, the maximum credit remaining at \$500.00.
- the five per cent tax credit for business investment, due to expire on June 30, was extended for three years, and widened to increase research spending. The credit was also increased to ten per cent in the Atlantic Provinces and the Gaspé, and to seven and a half per cent in the rest of Quebec, in Northern Ontario, Manitoba, and Saskatchewan.
- a special depletion allowance for oil and gas wells costing more than \$5 million to drill. This allowance could also be deducted from profits on a company's operations outside the oil industry.

- the limit of deduction from taxable income for investment losses was increased from \$1,000.00 to \$2,000.00 per year.
- an inventory allowance was introduced, by which companies can deduct three per cent from the value of their inventory before calculating tax.
- some loopholes in Registered Home Ownership Savings Plans and Registered Retirement Savings Plans were closed.
- the allotment for Canada Works and Young Canada Works was increased by \$100 million to \$458 million. Macdonald expects the \$458 million to create "600,000 man-months of employment." OC 1/4/77 p. 1; EJ 4/4/77 p. 78; TS 2/4/77 p. D10; HCH 1/4/77 p. 1 CP GM 1/4/77 p. 6; Hansard, March 31.

THE ECONOMY

The government expects the inflation rate to be seven per cent this year, so controls will remain for now. Macdonald did hint that "a recent initiative on the part of business and labour" supporting "voluntary restraint" might convince Ottawa to begin phasing out controls this year. GM 1/4/77 p. 6 Geoffrey Stevens; Hansard, March 31.

CNSP NOTE: *Labour representatives denied supporting voluntary restraint.*

Official unemployment figures will rise to over one million in 1977. Macdonald expects 150,000 jobs will be created this year, but the labour force will grow by 250,000, leaving another 100,000 people without work. FTC 4/4/77 p. 1 Joan Fraser.

CNSP NOTE: *Before the budget Macdonald had promised the unemployed "would receive substantial attention." (CNSP Vol. V, #3). Yet, in the face of over one million unemployed, \$458 million is woefully inadequate. Macdonald, in a curious turn of phrase, announced that this money will create "600,000 man-months of employment." He neglected to mention that having one million people unemployed for one year means losing twelve million man-months of employment.*

FREE TRADE IF NECESSARY, BUT...

Macdonald said Ottawa wants to avoid becoming "more protectionist in the face of our impaired competitive position." This would only cause barriers against our own exports, hurting Canada's trade. Later in the budget speech Macdonald said Canada will increase the tariff on machinery imported from Britain from 2½ to 15 per cent. This move was necessary "because of serious difficulties facing Canadian manufacturers." OC 7/4/77 p. 9 Ben Malkin; Hansard, March 31.

REACTIONS TO THE BUDGET

Conservative leader Joe Clark said the budget did not relieve business uncertainty because it did not remove controls.

Former NDP leader David Lewis said history has shown that giving tax concessions to the corporate sector doesn't produce jobs. NDP leader Ed Broadbent said the budget was stupid in economic terms. "In human terms, it's cruel."

John Bulloch, President of the Canadian Federation of Independent Businessmen, said it was "a budget for New York bankers.... Macdonald has to show responsibility - show he's dealing with inflation - to restore confidence in the international business community."

Paul Pare of Imasco Ltd. was pleased at the proposed reduction in government expenditure.

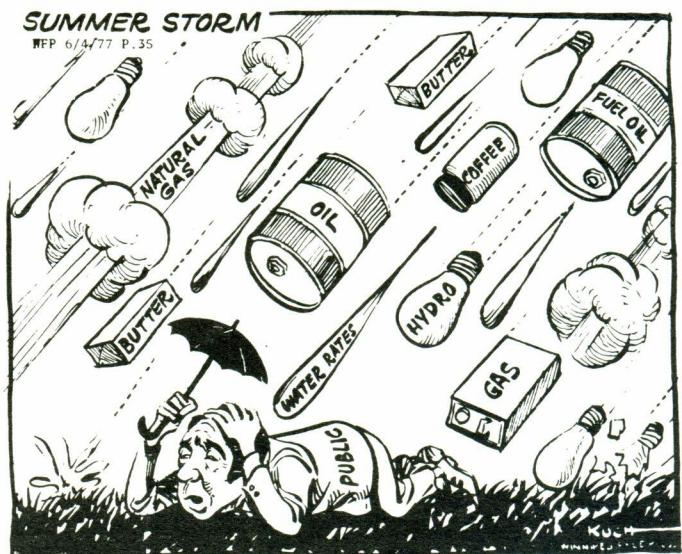
John Porter of the Independent Petroleum Association of Canada, applauded the depletion allowance for drilling, and the permission to count royalties paid to Petro-Canada or the Canada Development Corp. as income tax deductions. OC 1/4/77 p. 11.

Spokesmen for the five major banks said the government did its best given the limited options. B.V. Gestrin of the Canadian Imperial Bank of Commerce was relieved the government resisted irresponsible

demands at a time of high inflation. F. Rogers of the Bank of Nova Scotia found the budget "sober but constructive." R. Sultan of the Royal Bank said it should restore confidence in the business sector. J. Totten of the Bank of Montreal said inflation is still the number one problem that must be defeated before unemployment can be tackled. GM 2/4/77 p. B2.

CNSP NOTE: *This budget is important not for what it does, but for the attitudes it expresses. The budget was attacked as "do-nothing," but as the Financial Post (9/4/77 p.1) pointed out, this was exactly Macdonald's intention. Macdonald has done nothing, but instead has re-affirmed his own commitment to the corporations. Macdonald has done nothing to fight unemployment because he believes that the corporations, if given the right incentives, will expand, hire more workers, and eventually defeat unemployment. Thus, the major changes were all designed to encourage investment in the stock market. Economist Dian Cohen points out (OC 18/4/77 p. 9) that it doesn't make much sense to provide incentives for business to expand when plants are operating at only 80 per cent of capacity.*

However, the budget is more a political document. Macdonald seeks to assure the business community that the Liberal Party is the best one to defend its interests. He exercises "restraint" and "responsibility" to show that inflation is still enemy number one. The leaders of Canada's business community are still more worried about productivity and inflation than about unemployment - they still have jobs, but inflation threatens their profits. Macdonald is seeking to insure corporate profits and re-assure businessmen that their alliance with their protectors and servants in the Liberal Party is as strong as ever.



THE ECONOMY

CIC CALLS FOR GREATER FEDERAL CONTROL OF OIL/GAS

The Committee for an Independent Canada wants the government to establish a National Energy Committee to supervise all energy development and distribution. CIC Chairman Bruce Wilson says Canada is getting shafted by the oil companies and needs "a Canadian plan for Canadian needs." The CIC also suggests Ottawa buy a foreign-owned oil company to get a window on industry practises, and that Ottawa take complete ownership of the Syncrude project. Domestic oil prices should not increase the CIC says, "because prices should be equitably based on actual costs and not those levied by a monopolistic foreign cartel." TS 29/3/77 p.a3; EJ 30/3/77 p.a17

DRILLING CONTINUES APACE IN THE WEST

Exploration activities for conventional supplies of oil and natural gas should continue at record levels during 1977 in western Canada. The industry has received a boost from an Alberta incentive plan which allows operators to earn cash credits according to the depth of wells drilled. As a result, reserves are expected to increase from formerly less profitable sites. Almost all drilling rigs are now operating, with prospects enhanced by escalating well-head values and assured markets for all domestic production beyond 1980.

GM 21/4/77 p.b1; WFP 26/4/77

CORPORATE CHIEFS DEFEND INTERESTS IN WASHINGTON

Testifying before a US House of Representatives land committee, Canadian Arctic Gas President, Verne Horte said native leaders do not represent the views of most natives. He also said that the government should not delay a pipeline until land claims are settled. Foothills President, Robert Blair, said Yukon native groups are willing to accept his proposal to have a pipeline build across the southern Yukon and down the Alaskan-Canada highway. Daniel Johnson of the Council for Yukon Indians said in earlier testimony his group is opposed to any pipeline until land claims are settled. EJ 30/3/77 p.13

BERGER LEAK

MP John Crosbie says the Berger report will recommend no Mackenzie Valley natural gas pipeline for at least five years. The report allegedly was leaked from a Berger Commission translator. MS 30/3/77 p.H 13

SHELL ENDS DELTA DRILLING

Shell Canada Resources Ltd., and American affiliate Shell Explorer Ltd. are ending their Mackenzie Delta drilling programme until the Mackenzie Valley pipeline is approved. EJ 25/3/77 p.35

CNSP NOTE: *The Shell decision may be the first of several blackmail moves by the oil industry to force the government to ok a Mackenzie Valley route. Oil and gas exploration has become a major economic force in the north and curtailment of activity will likely bring howls from northern residents and businesses committed to white southern-style development. The oil companies have yet to find enough definite gas reserves to justify the pipeline. Of the 5 trillion cubic feet (tcf) found so far, 4 tcf are committed to export for American consumers.*

MACKENZIE GAS TOO COSTLY SAYS HELLIWELL

A University of British Columbia economist says Mackenzie Delta gas is not likely to be much cheaper than imported oil. John Helliwell says the proposed Mackenzie Valley pipeline should be postponed until the late 1990's. Noting that cheaper non-Mackenzie gas will meet Canadian needs until the turn of the century, Helliwell found 1. the cost of arctic development has been underestimated by the pipeline companies, 2. arctic gas reserves are much lower than the companies assumed, and 3. the Foothills proposal would be best even though it would not serve Canadian needs in its initial design.

MACKENZIE PIPELINE FINANCIAL BOONDOGGLE: KIERANS

Economist Eric Kierans says the Mackenzie Valley Pipeline will be a financial boondoggle, offering nothing but economic ruin for Canadians. The pipeline is in the American national interest, but not Canada's. Financing the \$10 billion project would badly distort the Canadian economy, inflate the value of the Canadian dollar, and permanently cripple the already immature Canadian manufacturing sector. GM 4/4/77 p. 1

N.E.B. ENDS HEARINGS TOO EARLY

Francois Bregha, energy analyst for the Canadian Wildlife Federation said in letters to the Globe & Mail (21/3/77) and the Ottawa Citizen (21/4/77) that a recent National Energy Board decision to end hearings early will mean two of the Mackenzie Delta producers (Shell and Gulf) will not have determined whether it is economical to develop their northern reserves, and that contracts for the purchase of Delta gas will not be in place. In addition, Canadian Arctic Gas has just redesigned 500 miles of its route in the Northwest Territories, which will not receive full discussion and study.

JUST THE FACTS: MACDONALD

Finance Minister Macdonald says the federal government's decision on the Mackenzie line will be made on dollars-and-cents facts. The American need for a transportation system for their gas will not influence Canadian considerations, he claims. He also notes that Ottawa is not willing to give unconditional backup guarantees to the sponsors of a pipeline. GM 23/4/77 p. B8.

THE ECONOMY

MACKENZIE DECISION MAY BYPASS PARLIAMENT

Gerald Vandezande, director of the Committee for Justice and Liberty, says the Mackenzie Valley pipeline may be built without Parliamentary approval. A closed-door decision may commit Canada to a multi-billion dollar project, the costliest in Canadian history. Vandezande recommends a full-scale parliamentary debate and the establishment of a parliamentary committee to hold public hearings across the country. The Mackenzie pipeline is really about "Canadian approval, Canadian money, Canadian environmental damage and Canadian oppression of native people so a U.S.-dominated consortium can transport U.S. gas across Canada to serve U.S. interests." GM 22/4/77 p. 7.

BEAUFORT WELL STILL SEEPING GAS

The Canadian Arctic Resources Committee (CARC) made public a federal government report that shows natural gas still leaking from a well in the Beaufort Sea, where a fresh-water blow-out occurred last fall. Dome Petroleum the only company granted permission to drill in the environmentally-fragile northern sea, acknowledged the leak, but dismissed it as "negligible." CARC warns that Dome does not have the technology to deal with conditions in the Beaufort Sea. The group also urged the government to reject Dome's call for a five-year approval and grant only a one-year extension. If Dome can't overcome drilling problems this summer, then no further exploration should be allowed. HCH 31/3/77 p. 29; EJ 31/3/77 p. 88

CNSP NOTE: The government report released by CARC also revealed that Dome's claims of a "Canadian project" are false. Drilling operations, the report says, "were essentially conducted from Dallas, Texas."

ENVIRONMENT MINISTRY FUNDS OIL SPILL STUDY

A \$7 million, five-year study of oil spills in the Arctic and the technology needed to handle them has been set up by the federal Environment Ministry. Studies last year showed a complete inability to deal with spills or blowouts. EJ 29/3/77 p. 21.

ENVIRONMENT OFFICIALS OPPOSE BEAUFORT DRILLING

Officials in the federal Environment Ministry oppose drilling in the Beaufort Sea but are working on environmental conditions for it, if approved. Moving ice in the area would make it difficult to plug a blowout, according to L. Edgeworth, head of the environmental protection service. However, he told a Commons environmental committee, the government may give the go-ahead for other reasons. Canadian Marine Drilling (CANMAR), a Dome Pete subsidiary, will face an additional 22 environment protection conditions and 28 new technical requirements this summer. HCH 6/4/77 p. 5.

POLAR GAS PIPELINE REVVING UP

Polar Gas President, John Houlding, says the consortium has decided on a pipeline route along the western shore of Hudson Bay. Polargas is expected to file its application to the N.E.B. to build the \$6.6 billion, 2,300-mile line next September. The proposed 48-inch-diameter line would reach the edge of the northern mainland via alternating sections buried on land or laid on the seabed to link the islands of the archipelago. Virtually all the gas found so far has been in the western sector of the Arctic islands. About 16 trillion cubic feet of gas have been found, with 20 tcf needed to justify the line. The threshold will likely be reached in the summer of 1978. Polar-gas is comprised of Panarctic Oils Ltd., TransCanada Pipeline (the managing company), Ontario Energy Corp., Petro-Canada, Tenneco Oils Ltd., and Pacific Lighting and Development Ltd. According to Panarctic President Charles Heatherington, the price of the gas will be competitive with alternatives at the time of delivery. GM 5/4/77 p. B1; EJ 5/4/77 p. 84.



OIL COMPANIES QUIT NFLD. COAST

Total Eastcan Exploration, a group of seven companies drilling for oil and gas off the Labrador coast has suspended its \$60-million exploration programme for the 1977 season as a result of jurisdictional disputes between Newfoundland and the federal government. Newfoundland refused to give the Eastcan group assurances on continued premit rights, and has taken its claims for offshore mineral rights to the Supreme Court of Canada. Industry sources say the suspension will set back East Coast exploration by several years. GM 29/3/77 p. B8.

SHELL PULLS OUT OF NOVA SCOTIA

Shell Oil says it will abandon work off the Nova Scotia coast after four holes drilled this year in concert with Petro-Can came up dry. The Shell group may return to drill off the East Coast under "certain conditions", according to Shell Canada President, C.W. Daniel. A disagreement with Petro-Can over sharing of earned interests in future wells has been mainly responsible for the partnership folding, according to Petro-Can President William Hopper. Petro-Can felt it got hosed on the original deal and lost heavily on the dry holes drilled earlier with Shell. GM 31/3/77 p. B6; MS 31/3/77 p. B12

THE ECONOMY

PETRO-CAN FALLING APART?

Internal disputes over exploration policy may be contributing to a rash of resignations by corporate executives at Petro-Canada. At least eight people have left in the last four months. Recently Donald Axford, senior vice-president for exploration strategy and R.H. Edwards, southern region exploration manager for Petro-Can Exploration Inc. quit. Maurice Strong, Petro-Can Chairman, also left the company to become a governor of the International Development Research Centre, a government corporation which tries to adapt science and technology for developing countries. Strong was previously executive secretary of the UN Environment programme. OC 7/4/77 p.15; WFP 7/4/77 p.7

CNSP NOTE: Petro-Can reported a \$3.33-million profit in its first year of operation, all of the earnings retained. GM 6/4/77 p.B1

ALCAN PIPELINE YUKON LEG INQUIRY ANNOUNCED

University of British Columbia Dean of Law, Kenneth Lysyk has been appointed to chair the inquiry into the socio-economic impact of the proposed Alcan gas pipeline along the Yukon portion of the Alaskan Highway. The hearings will begin May 1, 1977, with most of the hearings to be held in the Yukon. The report is to be presented to the Cabinet by August 1 for a northern pipeline decision by September 1 this year. GM 20/4/77 p.B 3

CNSP NOTE: These hearings, which have as yet received little publicity, may be crucial given the recent U.S. Federal Power Commission split decision putting the Alcan-Foothills route back in the running. The three-month time-line announced by the government is shamefully brief, considering the two-year Berger Commission. Ottawa is being stampeded into a decision by the U.S. where a decision must be made by September 1 this year. Actions like this make fairytale nonsense of Gillespie's comments about an independent Canadian decision.

KITIMAT PIPELINE LAUDED BY GILLESPIE AND SCHLESINGER

In talks with U.S. energy advisor James Schlesinger, Energy Minister Gillespie said the proposed Kitimat, B.C. deep-water terminal and associated pipeline to Edmonton and south to the U.S. would provide economic stimulus and enable Canada to import Indonesian crude to the west coast. Schlesinger said the Kitimat route would benefit Canada by extending the life of existing pipeline while Canada's reserves are dwindling.

Gillespie noted that in the interim Canada could continue to supply the U.S. with oil in return for supplies from Alaska when the Kitimat line is finished. GM 5/3/77 p.B2; MS 5/3/77 p.B1

KITIMAT OPPOSITION MOUNTS

Opposition is increasing from environmentalists, fishermen and natives against the 750-mile Kitimat pipeline. The Kitimat Oil Coalition, a group of 10 B.C. environmental organizations, plans to oppose the route. An oil spill, the group notes, would wipe out both the fishing industry and the 8,000 Indians in the area who rely on fish for their food. EJ 21/2/77 p. 6; EJ 19/2/77 p. 10

The B.C. government is sceptical of the benefits of the Kitimat line to B.C. A B.C. Energy Commission report says a Kitimat terminal would be hazardous and mean greater petroleum costs for B.C. consumers with the eventual switch to foreign oil. Premier William Bennett has said he can see little benefit to B.C. from the proposed pipeline. MS 22/2/77 p. B1.

HEARINGS DELAYED

The N.E.B. has delayed until late summer hearings into the proposed line between Kitimat and Edmonton. Andrew Thompson, Commissioner of the Kitimat Oil Port inquiry says he will apply to the federal government for funds for groups planning submissions on the project. Thompson is to investigate the social, environmental, fisheries and navigational safety aspects of the oil port and tanker route along the B.C. coast. EJ 24/3/77 p. 9; EJ 4/4/77 p. 6.

CNSP NOTE: There are two inquiries into the Kitimat proposal. The N.E.B. is looking at problems around the pipeline only. The Thompson hearings will examine the oil terminal and shipping dangers.

MINING

WORLD SCRAMBLE UNDERWAY FOR OCEAN WEALTH

Without waiting for the drawn-out international agreements on the seas, coastal nations have pushed their claims far out into the waters off their shores. Within a couple of years the globe's open fishing areas have been nearly halved, with potentially devastating effects on countries like Japan, which depends heavily on fishing in foreign waters.

Recently, ten countries have pushed their territorial limits (as opposed to fishing control) 200 miles out to sea. Five more have extended their claims to less than 200 miles. Like other major maritime nations, the United States draws a sharp distinction between simply extending fisheries and the far more drastic step of claiming sovereignty. While the U.S. claims a 200 mile fishing limit, it opposes establishment of sovereignty over the area. The slow-moving Law of the Sea Conference currently is attempting to resolve the pivotal dispute over deep-sea mining. WFP 11/4/77 p. 11

Deep-sea mining is the key to the long delay in reaching any Law of the Sea agreement. Third World

THE ECONOMY

countries, who consider the ocean-bed resources to be "the common heritage of mankind," argue that they should be marketed by an international authority. The United States and Canada want private enterprise to do the job. The oceans contain vast amounts of copper, nickel and manganese, and would threaten Canada's future expansion, since this country accounts for 40 per cent of world nickel production. Canada's proposal is that deep ocean mining should be limited to one half of annual growth in world demand and that each project should be executed as a joint venture between private enterprise and an international authority.

Private enterprise has already made a concerted move. Of the five nickel consortia (four American and one French), International Nickel has a 25 per cent share in the U.S.-Japanese-Canadian group Ocean Management Inc. Noranda Mines has a 10 per cent share in a consortium headed by Kennicott Copper which includes British and Japanese partners. These companies have control over the technology for mining the ocean beds. MS 5/1/77 p. A9

FORESTRY

INTRODUCTION: The European Economic Commission has begun investigations to determine whether Canada and Scandinavian newsprint producers are operating a cartel. Figures for forest industry profits for 1976 are causing industry spokesmen to complain over cost factors and competition from the U.S. With a cost squeeze and the AIB regulations to back them they are arguing for a hard stand against contract renewals this June in B.C. The inquiry into the proposed Reed development is getting off to a slow start and the pulp and paper industry is being accused of blackmailing the Ontario government into not pressing for stricter pollution regulations.

CHARGES OF CARTEL

The European Economic Commission's monopolies branch is investigating charges in Britain that Canadian and Scandinavian newsprint producers are operating a cartel. The investigations arise from complaints about increases intended to offset the decline in the value of the pound relative to the U.S. dollar between August 1976-January 1977. However, in comparison to the Canadian dollar the pound had scarcely fallen at all in that period. GM 5/3/77 p.15

PROFITS AND LOSSES

Domtar Ltd.'s annual report shows a 1976 loss of \$3.2-million in pulp and paper, the first loss in the company's history. The previous year's earnings in the division were \$22.7-million. In a bleak summary the report said the oversupply of most forest products in relation to demand will continue while the costs of labor and materials are expected to rise. It also expresses concern about uncertain markets and the current inventory of available houses. HCH (CDJ) 25/3/77 p. 13

FISHING

TRANSCONA PLANT CALLED "DISASTER"

Federal and provincial attempts to bolster the fishing economy in northern Manitoba led to a large processing plant in Transcona. Thompson's mayor, Tom Farrell, charges that the corporation operates on misguided principles because it is not economical to haul whole fish over large distances. The freshwater fish marketing corporation should instead have financed several smaller plants in strategic spots throughout the province. WFP 2/4/77 p. 9

OTTAWA PLANS \$41 MILLION FISHERY OUTLAY

A \$41 million programme to upgrade Canada's East Coast fishery, including the installation of new equipment in 200 Newfoundland communities, has been announced by the federal government. The programme is meant to be of particular benefit to inshore and nearshore fishermen, who handle small craft. Measures will also be taken to help the trawler fleet to operate within the new 200-mile fishing zone. GM 21/4/77 p. B1

Abitibi Paper Company's annual report cited profits of \$13,024,000.00 for 1976. Vice president, R. Duncan said this was unsatisfactory. He added that U.S. wood and paper firms now can develop facilities and supply U.S. markets at prices equal or lower than those of Canadian firms. Abitibi sells about 50 per cent of its production to the U.S. Its profits in 1975 were \$13,329,000.00. HCH (CP) 28/3/77 p.30 The provincially owned Manitoba Forestry Resources Ltd. rolled up a loss of \$6.3-million last year. It lost \$4.4-million the previous year. WFP 2/3/77 p.1 MacMillan Bloedel ended 1976 with a \$22.8-million net profit on sales of \$1.5-billion. This compared with the previous year's loss of \$18.9-million on sales of \$1.3-billion. FP 5/3/77 p.11

COST SQUEEZE

Bernd Kohen, vice president of Abitibi Ltd., says high labor costs and inefficient mills have left Eastern Canada's lumber producers unable to compete with U.S. producers. He cited rail transportation costs in Canada as being higher. EJ 21/2/77 p.19

THE ECONOMY

Ian Barclay, chairman of the Canadian Pulp and Paper Association says the Canadian newsprint industry has not enhanced its reputation as a reliable supplier in U.S. and world markets over the past few years. He said work stoppages, a strong Canadian dollar and rising capital and labor costs were factors. He regards with concern activity among U.S. newsprint manufacturers to raise capital for new ventures there. He thinks, however, it is better to expand here since U.S. costs are accelerating and southern energy is short. Canadian costs are also affected by the cost of capital and the problems include federal-provincial taxation conflicts, the small size of the domestic market, severe competition from Scandinavian producers and utilization of forest resources. GM 1/3/77 p.B7

FOREST INDUSTRY LABOR

Contracts in all sectors of the West Coast forest industry expire in June and the most crucial labor bargaining of the year for B.C. is now under way. Since negotiations will be carried out with AIB regulations the International Woodworkers of America (IWA) is bargaining with an emphasis on the work place rather than money. At the same time they are insisting on a one-year contract so they can take advantage of the end of controls. The companies are bargaining from the standpoint of trying to stay competitive with U.S. companies. OC 18/4/77 p.7

Representatives of the Maine Woodsmen's Association are demanding border restrictions on the importation of Canadian workers by the state's pulp and paper mills. The number of imported Canadian workers is estimated at 75 per cent. The Association wants the controls in order to compel the companies to raise their rates to fill their needs with U.S. workers. HCH 15/4/77 p.1C

REED DEVELOPMENT

Ontario Supreme Court Justice Patrick Hartt, chosen last December by Premier William Davis to assess Reed's proposed \$400-million pulp and paper mill at Red Lake, will conduct his inquiry in steps. The beginning will concentrate on native people's complaints and suggestions. The government assumes it can be conducted without a full Reed report or a forest inventory. This part will be completed while the initial hearings are being conducted. After that Hartt will address environmental and economic issues. He said his approach will be "one against polarization". FP 5/3/77 p.24

INQUIRY TOO NARROW

Chief Andrew Richard, chief of Grand Council Treaty 9, the Indian group that represents the area covered by the Reed proposal isn't happy with the terms of reference for the inquiry. He thinks they are too narrow, restricting the inquiry to the area covered by the Reed plans. Richard had been given the understanding

that Hartt would be free to look into the impacts of development on the entire northwest. TS 12/4/77 p.D1

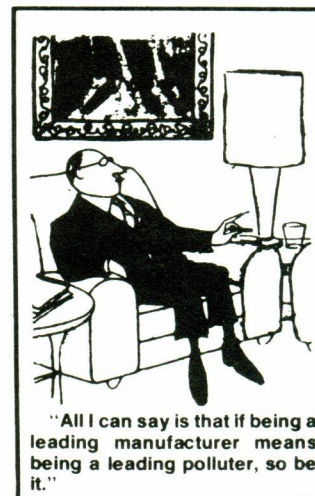
REED UNDERDEVELOPS

Already real estate values are sliding in Red Lake and its four sister communities since Reed decided to build 40 miles south at Ear Falls. All five communities have started lobbying to have the mill closer to them to boost a sagging economy based on a dwindling gold mining industry. The lobbyists say it has been government policy to make the Red Lake area the centre for the forest industry and that no new towns would be created until existing ones become stable. Leaders in the area argue that they have essential services such as a new hospital and high school which would be undermined if development took place at Ear Falls. The drawing off of businesses, population and services will mean economic death for the area. OC 24/2/77 p.9

INDUSTRIAL POLLUTION

Reed Paper is admitting it caused the pollution of the Wabigoon River but argues that it should not be found guilty of charges laid by the provincial environment ministry. A lawyer for the company said Reed was making a genuine effort to comply with government orders to end pollution. Ten charges were laid. The firm has now been given until 1979 to install pollution control equipment—a three year extension on the previous 1976 deadline. TS 20/4/77 p.A6

Ontario NDP leader Stephen Lewis said studies show industrial polluters, especially paper companies in northern Ontario have blackmailed the government into easing its pollution regulations by threatening to shut their mills, causing widespread unemployment. He said between 1966 and 1971 only 12 convictions were registered against pulp and paper mills under the Ontario Water Resources Act and the average fine was \$812.50. In the last five years there hasn't been a single prosecution against one of 31 companies. TS 22/2/77 p.A6



"All I can say is that if being a leading manufacturer means being a leading polluter, so be it."

THE ECONOMY

TRANSPORTATION

BELL CANADA RATE HEARINGS

Bell Canada has applied for CRTC permission to raise its rates. It is the fourth request in four years and, if allowed, will add \$172-million to Bell's revenues. The hearing opened on March 8. The rate change has been strongly opposed by many groups. The Consumers' Association of Canada and the National Anti-Poverty Organization both pointed out that Bell's top 29 executives received a pay raise at the beginning of 1977 which brakes the AIB guidelines and brings executive salaries up to \$102,000.00 per year.

OC 13/3/77 p.15; OC 14/3/77 p.22; TS 14/4/77 p.8

Stanley Knowles (NDP) pointed out the same fact in parliamentary debate. HCH 19/3/77 p.22

The National Anti-Poverty Organization also pointed out that Bell discriminates against working class and poor people by its policy of demanding advance payments from people in low income groups who order a phone. Their figures show that 42 per cent of orders from these people are cancelled because the advance payment cannot be met. Customers in government, as well as business executives get unlimited credit and those in professions get good credit. HCH 23/3/77 p.16; EJ 12/3/77 p.9

Some of the most telling briefs came from Native groups and individuals. They tell a story of shameful service in the North--poor connections, inaccurate billing, no help for those who speak native languages, waits of up to a week for calls, deaths and injuries because hospitals and doctors could not be reached. The Inuit Tapisirat has set up its own high-frequency radio service to link communities where the telephone system is not dependable.

OC 11/3/77 p.15; OC 20/3/77 p.43; EJ 28/3/77 p.22

Two briefs to the Commission, one from a former Bell engineer, oppose the rate increase until Bell can show that the revenue from telephone service goes back into that service. Both submissions accuse Bell of using profits from telephone operations to make risky investments in other ventures.

OC 14/4/77 p.22; TS 23/3/77 p.B2

Bell's response to the briefs? The company's lawyer objected to the Anti-Poverty Organization requesting "endless useless data." EJ 23/2/77 p.20; WFP 23/2/77 p.18

The company threatened to install no new telephones until the raise is approved. At the Company's annual meeting, the Chairman said that the CRTC hearings are holding up Bell's capacity to improve service.

MS 20/4/77 p.E1; TS 9/3/77 p.A8; OC 9/3/77 p.21; GM 9/3/77 p.B1

FEDERAL GOVERNMENT CHANGES ITS MIND ON URBAN TRANSIT

On February 19 the Federal Government announced it would not put any money into urban transit. In the 1974 election, \$290-million was promised. The government said it is necessary to cut down federal spending in order to curb inflation, and urban transit is normally the responsibility of the provincial governments. WFP 19/2/77 p.11; MS 19/2/77 p.A11

There was a storm of protest from all parties. Opponents of the decision pointed out that the government spends large sums of money on air transportation which serves 10 per cent of the population and then nothing on transit which serves 75 per cent of the population. Also, good transit systems could cut down Canada's energy consumption as much as 25 per cent. GM 25/2/77 p.1; GM 24/2/77 p.8

On February 26 Trudeau claimed that the announcement had been misunderstood and the decision was still before the cabinet. GM 26/2/77 p.12; WFP 26/2/77 p.9

Finally the government announced that it would subsidize urban transit, but not to the extent originally promised. WFP 5/3/77 p.6; GM 5/3/77 p.11

CNSP NOTE: On budget night, March 31, Finance Minister Macdonald finally announced that federal spending on public transit would be halted as part of the government's spending restraint.

PACIFIC WESTERN AIRLINES

The government of Alberta has been in court since 1974 defending its right to buy Pacific Western airlines without approval of the Canadian Transport Commission. The Supreme Court eventually ruled in favour of the Province. Federal Transportation Minister, Otto Lang, was disgruntled at the loss of the case and announced that he will draw up legislation which will make it impossible in the future for a province to buy an airline without Federal approval. TS 23/2/77 p.C9; GM 23/2/77 p.B1; EJ 23/2/77 p.1

CNSP NOTE: Lang's proposal will continue his movement towards consolidating control of all transportation policy in the hands of the Minister of Transport. The amendments to the Transportation Act now before the House take much of the power over transportation policy away from even the Canadian Transportation Commission, and make it subject to order in council from the cabinet. The control of transportation policy is, in large measure, also control over the Canadian economy, since freight rates, and transportation subsidies have a huge impact on agriculture and manufacturing. If transportation policy-making is taken from the CTC and given to the Minister of Transportation, it will no longer be subject to public scrutiny while decisions are being made.

ST. LAWRENCE SEAWAY SUBSIDIES

The Minister of Transportation decided in early March to write off the \$842-million debt of the St. Lawrence Seaway Authority, and double the seaway toll by 1978 in order to keep the debt from accumulating again. MS 3/3/77 p.A10

The government of Ontario opposed the plan, requesting a study of the effect of higher tolls on shipping before the increase is put into effect. GM 5/3/77 p.B2

The Maritimes are very angry about the cancellation of the debt because it is a subsidy to central Canadian and American industry at the price of the Atlantic ports. Halifax was refused an earlier request for Federal money to build new container-handling facilities in the port there. GM 19/3/77 p.8

GENERAL

LABOUR, BUSINESS ASK FOR END OF CONTROLS

Top labour and business leaders have demanded an immediate end to the federal anti-inflation program of selective wage and price controls. On March 22, 1977, the labour and business representatives met with Prime Minister Trudeau, Labour Minister Munro and Finance Minister Macdonald shortly before the latter was to bring down the new federal budget. Labour was represented at the meeting by Canadian Labour Congress president Joe Morris, CLC vice-presidents Shirley Carr and Julien Major, and William Mahoney, national director of the United Steelworkers. Business representatives included Paul Desmarais of Power Corp., Alfred Powis of Noranda Mines, Jack Barro of Simpson-Sears, and Ian Barclay of B.C. Forest Products Ltd.

Business and labour had held secret talks earlier, and had agreed upon a joint delegation to the Cabinet, the first of its kind. Morris said that business and labour leaders plan to continue meeting among themselves to discuss common concerns about the economy. He called the experience to date "the rebirth of tripartism", the proposal for joint labour-business-government planning made by the CLC in its May, 1976 "Manifesto".

Since the high-level meetings, the Steelworkers' Mahoney has publically indicated-while speaking to the policy meeting of the Liberal Party-that there would be no upsurge in wages when controls are lifted. Morris subsequently announced that neither the labour nor business leaders made any promises to government regarding voluntary restraints after controls are lifted-a commitment that both the Prime Minister and Macdonald have been requesting. The CLC also warned that any move by Macdonald to keep controls on the public sector and lift them from the private sector would lead to an "explosive situation".

Business seems to have come around to the idea of tripartism. Alfred Powis, a vocal opponent to the CLC's Manifesto, now says that "we're going to have to feel our way toward some form of tripartism".

In his budget presentation on March 31, Finance Minister Macdonald made no commitment to ending the controls programme, explaining that the government was seeking voluntary restraints from both labour and business in the de-control period. Macdonald also asserted that a commitment for wage restraints would have to come from individual major unions, not just from the CLC.

Business and labour leaders have agreed to hold monthly meetings to hammer out common positions after which they will meet with government-tripartism in the embryonic stage. WFP 23/3/77 p.1; EJ 24/3/77 p.57; EJ 30/3/77 p.100; GM 31/3/77 p.2; GM 2/4/77 p.B12; TS 4/4/77 p.B9; GM 20/4/77 p.9

See Quebec Labour for further stories

TIGHTER JOBLESS PAY RULES PROPOSED

The proposed bill would require people to work twelve weeks out of 52, an increase from the current eight weeks required, before they are eligible to collect payments. It would also reduce to 32 from 44 the number of weeks payments would be given to people with the lowest working requirement living in regions with the highest unemployment rates.

MPs from areas of high unemployment, including members of the governing Liberal Party, have opposed these proposals. With the number of jobless at its highest level since the Depression, MPs from the hardest-hit areas have put pressures on the government to ease up. Critics of the bill say some people have difficulty finding even the eight weeks of work now required to be eligible for benefits. GM 23/3/77 CP

CONTROVERSY OVER UNEMPLOYMENT INSURANCE BILL

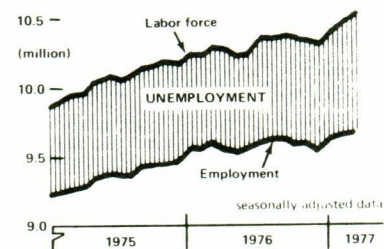
MPs approved in principle a bill to tighten criteria for collecting unemployment insurance payments. The proposed legislation now goes to a Commons committee where changes can be made.

Newfoundland Liberal MP David Rooney (Bonavista-Trinity Conception), 13 New Democratic Party MPs and four Social Credit MPs voted against it. Rooney is one of 13 Liberal MPs from the Atlantic provinces who have asked Manpower Minister Bud Cullen to back down on major provisions of the bill that is estimated to stop about 50,000 claimants from collecting unemployment insurance benefits. OC 1/4/77 p.17 Juliet O'Neill CP

By Anne Bower

F.F. 23/4/77
P.3

Behind the rise



LAST month's jobless rate of 8.1% is disturbingly high, although it isn't, as some suggest, the highest on record. That distinction still belongs to the 1930s, and by a long shot. From 1932 to 1936, the jobless rate ran between 13% and 19%, and it stuck above 9% until 1941. Today's rate does, however, top the highest rate seen in the 1950s (7.9% in June, 1958) and the highest rate in the 1960s, too (7.7% in Feb., 1961). The 1974-75 recession sent the jobless rate up to 7% in mid-1975 from 5% in mid-1974. Economic recovery then got under way and the rate held steady for about a year, but it rose in the second half of 1976 (hitting 7.5% in December) as the economy flattened. The latest climb in the jobless rate (up 0.6 percentage points in three months) actually comes in the face of job opportunities that are much improved from the conditions of late 1976. There were, for instance, 120,000 more jobs in March than in December (see chart). The labor force, however, was up by an even bigger 204,000 — and so the jobless rate soared.

LABOUR

WORKERS'S STRUGGLES

GRIFFIN STEEL: PROTEST OVER OVERTIME CONTINUES

With the strike six months old, workers have decided to appeal to the Manitoba legislature for laws banning overtime as the only possible solution to the conflict at Griffin Steel. The company re-opened the plant on February 28, using scabs, and reducing its projected work force from 140 to 105. This means that it will be difficult in the event of a settlement for all the striking workers to regain their positions. WFP 26/4/77 p.4

About 200 strikers and their supporters held a three hour demonstration at the Manitoba legislature to press demands for a law banning overtime. A CAIMAW representative charged that the government has delayed action on such a law for months and in so doing has taken the side of the employer in the dispute. Ken Dillon, an NDP member, pledged his support to the strikers and said Griffin was one of the most ruthless companies operating in Manitoba. WFP 2/4/77 p.1

CNSP NOTE: See CNSP March issue for further information.

PEEL TEACHERS STILL WORK TO RULE

Teachers have been on a work to rule campaign since February 15 and extracurricular activities have been cancelled. Negotiations began almost fourteen months ago and reached an impasse last week. Teachers are asking for a 10.9 per cent increase in wages and benefits. The board's offer is closer to nine per cent.

High school teachers in Peel voted last night to escalate a 12 week work to rule campaign.

TS 7/4/77 p. A2; GM 19/4/77 p. 9

UNIONS SEEK TO SUE THE OTTAWA JOURNAL

The five locked-out unions at the Ottawa Journal have filed an application for permission to sue the newspaper, its publisher and president. They based the application on an allegation that the

newspaper had failed to bargain in good faith. The major issue when the lockout began last October involved a dispute between the unions and the newspaper over proposals to increase automation. GM 8/4/77 p.5

UAW WINS PAID LEAVE FOR COURSES IN UNION EDUCATION

The agreement between the United Auto Workers and Rockwell International (Canada) will provide about \$60,000.00 in a three year contract to be used for union education. The union plans to launch a series of courses in the fall of 1978 on topics such as labour history, local union functions, collective bargaining, leadership training, economics, politics and research. GM 22/3/77 p.5; TS same day

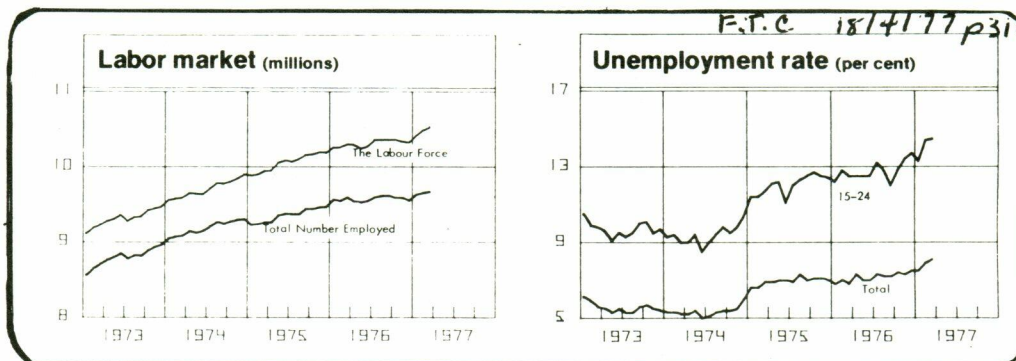
DESPERATE INCO PENSIONERS SEEK RAISE

Tom Hannaway, representing Inco pensioners, spoke at the company's annual meeting and compared the monthly pension which retiring Inco chairman Edward Grubb will receive, \$10,500.00 a month, with the average \$240.00-\$280.00 a month which workers receive, often having worked 25 to 42 years at the company. Grubb responded saying he could make no promises and that he didn't think Inco could afford to index pensions to the cost of living.

TS 21/4/77 p.A3

HEALTH RISKS FOR GRAIN HANDLERS: A FIVE YEAR STUDY

Respiratory problems occur in up to 75 per cent of workers who are exposed to grain dust, a background paper for a five year study of Thunder Bay grain handlers show. 31,000 workers are employed in this industry across Canada. Frank Maxur, chairman of the Canadian Lakehead Grain Elevator Workers said: "When I walked through the grain elevators ten years ago, they smelled like grain. Now it smells like a drug store." GM 12/4/77



QUEBEC LABOUR

INTRODUCTION: *The issue which received the most coverage in both English and French papers was the strike by some 4,200 Quebec provincial police.*

QUEBEC PROVINCIAL POLICE STRIKE FOR TWO-MAN PATROLS

Although they did not win their demand for 24 hour patrols, Quebec Provincial Police expressed satisfaction at gaining a compromise: two-man patrols at night and the promise of a legislative enquiry into safety. During the strike, police unions in Toronto and Vancouver sent messages of solidarity to the striking policemen. LS 13/4/77, p.B1; TS 12/4/77 p.A3

the current session. Scabs are currently being used in a number of strikes in Quebec, notably at General Trust, Robin Hood and Domtar. The vice-president of the CSN, Andre L'Heureux, called the Labour Minister, "incompetent". TS 15/4/77 p.A8; LD & LS same day.

D) QUEBEC LABOUR LEADERS CALL THE PQ BUDGET "A SCANDAL"

Norbert Rodrigue, head of the CSN, criticized the PQ budget for fighting inflation rather than unemployment, failing to index income taxes which is absolutely contrary to PQ promises during the last election campaign, and being timid with Alcan in raising its taxes. Alcan, he charged, is getting the equivalent of \$117 million tax break in 1977.

Yvon Charbonneau, head of the CEQ, noted that the budget raises individual taxes 27 per cent. He criticized the increase of 8.6 per cent to the private school system, while the public system only gets a 4 per cent increase. MS 13/4/77 p.A11; LD 14/4/77, p. 19.

QUEBEC UNIONS NOT INVITED TO TALKS BETWEEN GOVERNMENT, BUSINESS AND LABOUR IN OTTAWA

The three major Quebec union federations say they were not invited to the meeting held March 18-20 in Ottawa. The Quebec Federation of Labour said Joe Morris assured the federation that no agreement has been reached on the question of voluntary restraint once controls are lifted. Louis Laberge further noted that there can be no question of a common front between business and labour to end controls. Corporations like Power and Noranda simply want freedom to increase their profits, he said. OC 24/3/77, p.16; LD 28/3/77 p.16.

QUEBEC LABOUR SUPPORTS THE PQ WHITE PAPER ON LANGUAGE

Fernand Daoust, secretary general of the FTQ, expressed support for the White Paper, while noting that he must consult the rank and file before giving detailed comments. Norbert Rodrigue of the CSN expressed support with reservations particularly noting the ambiguity of the paper on minority rights. OC 6/4/77 p.1

Thirty-eight separate unions make up the Building Trades Council of the FTQ. Until now, individual unions were autonomous and could withhold at will funds from the council. At a special convention in April, delegates voted to transfer power from local leaders of the individual unions to the executive of the building trades council. The executive will be chosen from among the business agents of the various unions and it is expected that this will result in more appreciation of rank and file concerns. Funds will now go directly from the employer to the FTQ-Construction. Observers feel that one reason for change within the council was the poor showing which the council made during the last round of negotiations. It is felt that the rival CSN construction federation could make gains this summer when workers again have to choose which union they belong to. LD 4/4/77 p. 3; GM 12/4/77 p. B2; OC & WFP same day

RELATIONS WITH THE PQ

A) PQ DROPS CHARGES AGAINST WORKERS LAID BY THE BOURASSA GOVERNMENT

In the name of "social peace" Justice Minister Marc Andre Bedard has cancelled more than 7,000 charges against public service workers during 1975-76. "The laws were clearly inadequate and were used in an abusive way by the former government. MS 26/3/77 p.1

B) MANITOBA STEELWORKERS FAVOUR SELF-DETERMINATION FOR QUEBEC AND OPPOSE THE USE OF FORCE TO KEEP QUEBEC WITHIN CONFEDERATION

The resolution, passed by INCO workers at Thompson, Manitoba, will be presented to a national Steelworker policy meeting in Winnipeg in May. WFP 31/3/77 p.5

C) DEMONSTRATION BY THE CSN TO GAIN ANTI-SCAB LEGISLATION

Facing a noisy but disciplined demonstration of CSN unionists, Jacques Couture, Quebec Minister of Labour, promised anti-scab legislation would be introduced in

IMMIGRATION

INTRODUCTION: *The Liberal government claims that the new Immigration Bill- the first major overhauling of immigration policy since 1952, is progressive and humane. It avoids, they say, racial and national discrimination. Critics, such as leading Church officials say, however, that the bill violates the spirit of Easter. David MacDonald (PC Egmont) feels that the bill leads the way to a more totalitarian state-and plays on Canadians' fears rather than presenting immigrants as one of the most valuable asset a country has.*

LABOUR

The Commons voted 178 to 18 to approve in principle the proposed immigration law. All Conservatives, except David MacDonald voted for the bill while it was opposed by the New Democrats and Social Credit members. The bill will now go for a detailed study before a Commons committee. If passed, the bill will give the government the right to set annual entry limits to dictate where the immigrant shall settle for at least six months and other controls over immigration. Though the government claims that the law avoids any racial or national discrimination and is committed to keeping families together, others criticize the bill. The Conservatives voiced reservations about the wide latitude given to cabinet and immigration officials in the regulations-which, though unspecified, are thought to be the meat of the bill. The NDP criticized a proposal which would permit the government to require that unspecified people report to immigration before leaving the country, and another proposal which permitted the government to take immigrants' fingerprints. David MacDonald, from Prince Edward Island, criticized the government for treating immigrants as a problem requiring management and regulation rather than an opportunity to contribute to Canada's further development and enrichment. WFP 24/3/77 p.13 CP; TS 24/3/77 p.A15 CP; EJ 24/3/77 P.10 CP; GM 24/3/77 p.8 CP MS 24/3/77 p.A7 CP

RED TORY DROPPED BY CLARK

Opposition leader, Joe Clark has dumped MP David MacDonald from his 20-member political strategy planning committee because the Conservative front bencher voted against the governments' immigration legislation on March 22. MacDonald was the only conservative to oppose the legislation though the party voiced a great deal of criticism of the bill. MacDonald said that he broke with the party's decision to support the legislation's "anti-immigrant tone". The bill, he said, is "regressive, negative about the future of Canada and gives enormous powers to the bureaucracy. It would be a real step towards totalitarianism."

MacDonald's dismissal came at the same time as Clark censured Jack Horner (PC Crowfoot) and Horner's switch to the Liberal Party. Clark, according to party sources, has decided to impose the same rules of solidarity on his shadow cabinet as Mr. Trudeau does with his ministers. This would be to tighten control over the Conservative Party. Mr. MacDonald said that he understood Clark's concern for party unity, but he felt that a political party must also respect strongly held positions of conscience. There was a difference, he said, between the solidarity expected of Cabinet ministers and that required of Opposition front-benchers. MacDonald was a member of the special joint committee of the Commons on Immigration. He submitted a minority report opposing the majority committee report because of his opposition to the bill. Clark had considered stripping David MacDonald of his post as regional development critic, according to sources, but decided to treat this case less seriously than the Horner case. GM 8/4/77 p.9CP; WFP 9/4/77 p.1 Doug Small CP

An editorial in the Toronto Globe and Mail supports David MacDonald as being a man of integrity, well-informed and able to follow a principle in spite of disagreement with his party leadership. He is not a gadfly or a challenger of party leadership. The editorial does not find Joe Clark's decision to equate MacDonald's case with Jack Horner's situation, or to treat his political strategy planning committee as one would a Cabinet to be valid. Tories need, as the opposition to examine, dissect and oppose especially to counteract their reputation as a monolithic party of the right. GM 12/4/77 p. 6
David MacDonald notes the complete turnabout of the Liberal government's attitude towards immigration from the White Paper of 1966 to the Green Paper of 1974. Immigration once seen as a benefit is now viewed as a pathological problem. The proposed act plays on people's fears, providing the opportunity to insulate and hide from the poor who look to Canada with hope. The Immigration bill is subtle in its discrimination. MacDonald says, "we do not discriminate according to education. We do not discriminate on the basis of origin, but our immigration offices are selectively located". MacDonald believes the act will lead to a more closed society, necessitating more, but hidden, rules and regulations. It is the logical framework for the siege mentality of a privileged ghetto". The bill does not clarify the definition of refugee despite the recommendations of the joint parliamentary committee. Those concrete measures that "are spelled out are a direct contradiction to a growing concern for civil and human rights and on occasion will even reverse centuries of traditional British justice. TS 21/4/77 p.B6

PRESS CRITICISM OF THE BILL

The Montreal Star urged that the approval in principle stage not be the end of debate on the proposed Immigration Bill. While they approve of the general aims of the bill as being humane and reasonable, other areas demand close scrutiny. They feel that the Immigration minister, Bud Cullen must either explain or amend the broad power of the regulations. MS 30/3/77 p. 1A9

The Toronto Star in two editorials expressed their disapproval of the Immigration Act. On the surface, the bill seems a positive, liberal measure, which for the first time in Canadian history declares immigrants an asset to the country and promises that immigration will be non-discriminatory. "But the bill gives Ottawa the powers to curb immigration and close the door to newcomers who have nothing more than a desire to work hard. You won't find this in the bill itself but this prospect flows from what is unsaid and as yet unpublished--the regulations." To restore confidence in the bill, the government should amend the bill so that the regulations must be published within thirty days of passage and table the regulations for parliamentary discussion. The bill subordinates our moral obligation to aid refugees from political persecution, to an excessive concern for national security. Instead of inspiring us to be generous, providing opportunities for other's growth, it sets a restrictive annual quota on immigration. Instead of focusing on immigrants' past contributions to Canada's

economic, cultural, and social life, the bill caters to those who view newcomers as a threat. Instead of welcoming those with "work-hardened hands", the bill favours the educated and well-to-do. There is still time to act on changing the bill, so that it reflects "the spirit of life giving openness" that motivates most Canadians. TS 6/4/77 p.B4; TS 12/4/77 p.B4

CHURCH LEADERS CRITICISE THE IMMIGRATION BILL

Leaders of the four largest churches in Canada -- Roman Catholic, United, Anglican and Lutheran say that the Immigration law (Bill C-24) violates the spirit of Easter. They say the debate over the bill shows "that we are tending to look upon newcomers to this land with selfishness and fear. What is being said about the bill shows us to be far from willing to make sacrifices or even to be generous so that others may have an opportunity for fuller human development." The leaders -- Most Rev. Emmet Carter, President of the Canadian Catholic Conference of Bishops, Most Rev. Ted Scott, primate of the Anglican Church and moderator of the central Council of the World Council of Churches, Right Rev. Wilbur Howard, moderator of the United Church and Rev. Roger Nostbakken, president of the Lutheran Council of Churches, say that the bill is too restrictive, "the needs of immigrants and even refugees as human beings, are ...being subordinated to our ends and to our excessive concern with national security." Not only does the bill limit the number of immigrants, but it threatens freedoms traditionally observed by this country for all persons. "This statement, one of the strongest ever issued by an ecumenical group of top ranking prelates followed a statement issued earlier this month, disagreeing with the widely-held view that immigration must be restricted because of the threat of overpopulation in Canada. Those problems which arouse fears of overcrowding, urban crowding and decay, rural neglect, unemployment, housing shortages and pollution" are all problems that reveal the need for a new social and economic order and not merely the need for a new law that would control immigration. TS 7/4/77 p.A1, Tom Harpur

IMMIGRATION BILL REGULATIONS

The government has outlined proposed immigration regulations which will govern the day-to-day operations of the legislation. Although the legislation must be passed by MPs, the regulations are enforced by cabinet order. Bud Cullen, Immigration Minister said, that without the regulations "Canada would be inundated with new arrivals." The regulations were given for eighteen sections. There will be at least thirty-five sections in the bill. One regulation clarified who could be fingerprinted (an issue that had been strongly criticised by MPs for its ambiguity). Fingerprints can be demanded for: a) applicants for visas, student or employment authorizations would be required to submit suitable photographs as well; b) deported persons would be photographed or fingerprinted; c) if an immigration official questions a person's identity he could require a fingerprint or photograph of anyone seeking admission to Canada at a port of entry. This would also apply to persons wishing to extend

or change conditions of their stay in Canada or anyone arrested or detained for immigration inquiry.

Other regulations allowed immigration officials to impose conditions on an immigrant's stay in Canada and another requires certain people to report to an immigration official before leaving Canada. One regulation allows officials to set up a system of "out-bound reporting by all travellers", supposedly to keep track of visitors over-stepping their allotted time. No person could be prevented from leaving Canada or require a permit to do so.

As of yet, no regulation has been established to allow officials to order immigrants to take a job in a community designated as underpopulated. Such a regulation could be passed if immigrants break their promises to take certain jobs.

The basic point system will still be in effect with some changes. Applicants must get fifty out of 100 points before gaining entry. Education points would be reduced to twelve from twenty with vocational education now in its own category worth up to fifteen points. Occupational experience would be worth up to eight points. Skills that meet occupational demands will still gain up to fifteen points, while an arranged job can be worth up to ten points. An extra credit would be given to people who would be self-employed on arrival. Up to ten points are given for knowing French and English -- though alternatives to how this could be applied will be considered after consideration with the provinces. Age is unchanged at ten points. Up to five points go to immigrants taking jobs in designated communities and five can be deducted from those who don't. Five points are awarded, generally, if the person has relatives in Canada and ten points are available for undefined personal qualities. WFP 6/4/77 p.1 CP; EJ 6/4/77 p.60 CP; MS 6/4/77 p.C6 CP; OC 6/4/77 p.22 CP.

CNSP Note: The Immigration Bill (C-24) is not yet passed. The Bill is still to be debated in Committee early in June. There is a growing demand that amendments be made at this stage before the Bill goes for the final vote. The criticisms of the Bill are many. The regulations, especially, are a cause for concern. It is important that letters of concern be sent to the Standing Committee of Labour, Immigration and Employment. Key members of the committee are: Aileen Nicholson (Chairperson), Jake Epp (PC Immigration Critic), and Andrew Brewin (NDP Immigration Critic). For detailed criticism and proposals of the bill, write to Inter-Church Project on Population, 90 Parent Ave., Ottawa, Ont. K1N 7E1

ACTION NEEDED NOW

IMMIGRATION DOWN IN '76

Immigration to Canada was down twenty percent in 1976 as fewer applicants were accepted due to the tight job market. Quebec, usually the third most popular province, after Ontario and British Columbia, moved into second place with 29,182 of the 149,429 immigrants because of heavier immigration from French-speaking Lebanon and Vietnam. Immigration in the fourth-quarter of 1976 slowed down, also because of economic conditions here. Great Britain remains the primary source of immigrants, followed by USA, Hong Kong, Jamaica, Lebanon, India, Phillipines,

LABOUR

Portugal, Italy and Guyana. Bud Cullen said that forty-one percent of those admitted last year were sponsored relatives (mainly the spouses and children of people already here) another twenty percent were close relatives in the nominated class with pre-arranged jobs or skills that were in some demand in Canada. Independent applicants and their families (most of whom had pre-arranged jobs or skills in demand) made up thirty percent of the immigrants. MS 14/4/77 p. A1, Dan Pottier; WFP 14/4/77, p. 22 CP; HCH 14/4/77, p. 28, CP; GM 14/4/77, p. 9, CP.

NATIVE PEOPLE

WHO DECIDES?

U.S. legislators have expressed concern that opposition by Canadian native people could delay construction of a pipeline. The concern followed presentations by Native leaders from the Yukon and Northwest Territories stating they will oppose construction of any pipeline until land claims and mechanisms to control development are established.

However, Lawrence Raicht, director of the state department's Office of Fuels and Energy advised the congress subcommittee to be skeptical of their testimonies. He states that Canadian law will not permit rise of court action to block a pipeline if the federal government decides to adopt the project. MS 7/4/77 p. C13 CP Garry Fairbairn

A confidential U.S. government document presented to a House Representative subcommittee says the Arctic Gas consortium has offered to "make a settlement of native claims along the route of the proposed gas pipeline in northern Canada". The document, a cable from U.S. Ambassador Tom Enders in Ottawa, also quotes the ambassador as saying Canadian government agencies dealing with the pipeline question "are indeed moving very slowly.

President of Canadian Arctic Gas Pipeline Ltd., Vern Horte, deemed that his consortium had offered to settle native claims. Flora MacDonald (PC) said in the Commons that these events give Canadians the impression that land claims in the NWT are being worked out in Washington. When questioned about the "settlement", Indian Affairs Minister Warren Allmand denied any knowledge of the offer and said that land claims remain a matter between the federal government and native groups involved but he said, "the offer sounds strange since Arctic Gas doesn't have any land to give." CP WFP 7/4/77 p. 22; CP MS 6/4/77 p. H3

THE DENE ASSEMBLY

More than 200 people of Indian ancestry from 25 settlements in the Mackenzie Valley met in Ft. Franklin, March 29 to April 1. One of the main objectives of the Assembly was to plan strategy regarding the construction of the proposed Mackenzie Valley Pipeline and to find ways of convincing the government that the Dene agreement in principle must be taken seriously. President George Erasmus reported on the results of his trip to the south. He stressed the importance of Dene travelling south because of the concerted effort on the part of oil and gas companies to convince the

public Dene want the pipeline in order to get jobs. This is despite the fact that more than 1,000 Dene testified before the Berger Inquiry that they were opposed to the pipeline. The Assembly passed a resolution stating their opposition to any pipeline proposal until land claims are settled and implemented. This could take up to 20 years.

Dene unity occupied much of the delegates attention. To settle the split and subsequent land claims of the Metis Association, the Dene approved a resolution to bring more than 500 delegates to Fort Fitzgerald, Alberta. The proposed gathering, the largest ever held by native people in the Mackenzie Valley, is scheduled for the end of June at approximately the same time the Metis Association will present its land claims to the federal government. The Dene plan to amend the constitution of the Indian Brotherhood to allow all people of Indian ancestry to join, not just status Indians.

The delegates agreed to return all land use permits to the federal government until an agreement has been reached on the control of land. It had been government practice to send land use permits to native groups for their comments before granting licenses for exploration, mining and other land use. The band councils say their advice is rarely taken and that by handling the permits they are accepting the idea of development before a land settlement.

The Assembly urged all native groups engaged in negotiating with the federal government for recognition of their rights, to "express solidarity on the essential aboriginal right to self-determination through a government of their own". EJ 31/3/77 p. 2, Jon Ferry; Project North Newsletter Vol. #6

A MOVE TOWARDS SELF-GOVERNMENT

The 4,200 Inuit in Northern Quebec are at the beginning of economic plans they hope will eventually free them from an almost total dependence on Southern Quebec. The terms of the James Bay agreement provides for new native controlled investment and establishment of structures for self-government.

About 250,000 square miles of the area north of the 55th parallel will come under a new regional administration largely run by the Inuit. The regional government will have all the powers of a municipal government including responsibility for policing, education, social services, zoning and game wardens.

The monetary settlement the Inuit will receive is \$90 million, much of which is in Hydro-Quebec bonds. However 1/4 of it will be available for investment in native owned companies.

A regional school board called Katwik has been set up and will gradually take over the school systems now operated by federal and provincial governments. The Inuit consider this an important tool for preservation of their culture and will put emphasis on teaching the native language, Inuktitat. WFP 12/4/77 p. 16

QUEBEC INUIT PROTEST LANGUAGE BILL

Northern Quebec Inuit want to negotiate exemption from the provincial government's proposed language legislation. They protest that since the Parti Quebecois formed the government, provincial communications have

been almost entirely in French and few Inuit speak it. Charlie Watt, president of the Northern Quebec Inuit Association, says the Inuit and the PQ have similar views about language and culture preservation and hopes they can come to an understanding. CP WFP 7/4/77 p. 9

POLLUTANT FINED

American Can of Canada Ltd. has been fined \$64,000 in provincial court after pleading guilty to 16 counts of environmental pollution involving mercury. This is the highest penalty ever assessed for environmental pollution in Canada. WFP 3/4/77 p. 5

INJUSTICE RIGHTED

The governments of B C, Premier Bill Bennett and Prime Minister Trudeau have agreed in principle that 33,000 acres of land taken from 23 Indian bands in B.C. must be returned in kind or cash. They intend to return all but 3,000 acres which have been sold or used. A coordinating committee headed by Chief Philip Joe of the Squamish band is negotiating for adequate compensation for the 3,000 acres. OC 28/3/77 p. 7
Nicholas Hills

ONTARIO LAND CLAIMS

The Walpole Island Indian band is preparing three land claims for a total of 3,632,000 acres of land in southwestern Ontario. Dean Jacobs, land claims development officer with the Association of Iroquois and Allied Indians, has just completed a **two-year** study on the

validity of land surrender in the area. The Band wants compensation in the form of land and cash.
CP MS 7/4/77 p. B16

UNION OF NOVA SCOTIA INDIANS MEETS

Discussions at the eighth annual assembly of the Union of Nova Scotia Indians, centered around the Indian Act, land claims and economic development on reserves. It is felt that the Indian Act, which now gives Indian Affairs responsibility over Indians from the "cradle to the grave", must undergo sweeping changes to solidify the rights of Indians and prevent assimilation.

President of the Union, Alex Devrey pointed out the vital need for economic development and self-reliance on Indian reserves and says this should be viewed in the same light as the need for maintenance of Cape Breton's coal and steel industry. Job creating projects on reserves should not depend on their immediate economic success but should be supported and funded on the basis of long-term effects on the community.
HCH 25/3/77 p.2, 28/3/77 p. 5

PELTIER CONVICTED

Leonard Peltier, leader of the American Indian Movement (AIM), has been found guilty of 1st degree murder in the shooting deaths of two FBI agents on South Dakota's Pine Ridge Indian Reservation. The death penalty has been waived, but no sentence set. Peltier had sought asylum in Canada as a political refugee but was extradited back to the United States.
AP TS 19/4/77 p. A10

FEDERAL GOVERNMENT

INTRODUCTION: The major stories this month were Trudeau's Winnipeg Speech on bilingualism and Jack Horner's switch to the Liberal party. Ed Broadbent criticizes the trend towards decentralization as harmful to the poorer provinces.

REBUILDING CANADA!

In his speech in Winnipeg, Prime Minister Trudeau tried to show he is ready to come to grips with the causes of western Canada's grievances. Its' often forgotten by other Canadians that through much of their history westerners have felt cut off from the main sources of political and economic power in this country. In politics this resulted in the formation of new parties to voice western grievances -- such as the Social Credit, the Progressives and the CCF.

Trudeau said the November 15 Quebec election has opened the opportunity for all Canadians to get a better deal out of Confederation. Quebecers want a revised Confederation that gives them equality for the French language, an opportunity to speak and work in their own language within Canada.

Westerners want to share more fully in the economic and political life of the country and to use their resources to build a fuller life in their own part of the country.

The Atlantic provinces need help in overcoming their problems of slow economic growth.

And Ontario wants a united Canada that achieves greater economic and cultural independence.

But next Trudeau has to get down to specific policies. He should start to unveil them soon.
TS 19/4/77 p. B4 (Editorial)

WHAT DOES BILINGUALISM MEAN?

In his speech in Winnipeg, Prime Minister Trudeau said he wished they had never used the word "bilingualism" to describe the official languages policy - because the word implies that our intent is for all Canadians to learn two languages. Such is not our intent at all.

He said, the population of Canada is 27 per cent Francophone. Yet even by the early 1970's studies showed that the national proportion of French-Can-

POLITICAL

dian senior executives was less than nine per cent in the federal public service .

The population of Quebec is more than 80 per cent French-speaking. Yet a senior corporate executive recently reported that out of Quebec's 104 largest business firms, only four have five or more French Canadian senior executives -- and 43 of these firms don't have a single French-Canadian in their senior ranks.

Trudeau went on to say bilingualism means simply that the government of Canada and its institutions should be able to serve citizens in the official language they speak, and that French as well as English-speaking Canadians can have a chance to work in the federal public service in their own language. TS 19/4/77 p. B3 (Excerpts from Winnipeg speech)

NEW BILINGUALISM

In Trudeau's New Bilingualism there are three flaws

First, he's not telling the truth. If in the official Languages Act of 1968, Trudeau's goal had only been so modest a one he never would have classified 65,000 civil servant posts as bilingual, nor would he have irritated the west with "STOP-ARRET" signs, nor would he have spent \$600 million, and be planning more on second-language training in schools.

Second, it's too late. Explained and executed eight years ago, Trudeau's New Bilingualism would have prevented the western, "Quebec, Go Suck a Lemon" editorials, and the back-lash over the air traffic control strike, that provoked, in turn, a front-lash in Quebec.

Last, Trudeau has lost his nerve. He now is telling westerners what he thinks they want to hear, and through them he is telling Quebecers what he believes they now believe. TS 23/4/77 p. C1 (Richard Gwyn)

BROADBENT: PC PROPOSALS ENDANGER FEDERALISM

Federal NDP Leader Ed Broadbent said the PC proposals to turn back health, welfare, and education programs to the provinces are dangerous to federalism.

To decentralize economic power would strengthen the rich provinces, weaken the poor, broaden the gap between east and west, and lessen English Canada's capacity to understand and accept change in Quebec.

He said, the federal government recently had transferred 13.5 tax points to the provinces, meaning a bonanza for Ontario worth \$1 billion more than that which any other province received. A tax point was worth \$10 per capita in Ontario and \$4 in P.E.I. WFP 21/4/77 p. 7

HORNER: JUST CHANGING SOAPBOXES

Jack Horner, 19 years a conservative MP announced he's joining the Liberals. He said his reason is so there will be someone in the cabinet listening to western Canada.

I'm just changing soapboxes and getting a more effective one so that, without a doubt, I'll be able to accomplish more. When the redistribution of par-

liamentary seats takes effect this summer, Western Canada will gain ten seats, Quebec gains one, and Ontario gains eight.

"Vital issues I'm insuring Alberta will have a voice in are freight rates and the development of the Mackenzie Valley gas pipeline to name a couple. That's all I'll be doing in the cabinet and I won't be sacrificing any of my concepts to do it." TS 23/4/77 p. B1 (Jack Horner)

LIBERALS PICK HORNER TO GAIN IN WEST

The switch of PC MP Jack Horner to the Liberals strikes another blow at Joe Clark's credibility as leader of the Tories. It gives the Liberals a chance to rebuild their fortunes in the West.

It brings to the government a new member with about equal potential for becoming an asset or a major headache. And it moves the cabinet's political centre of gravity significantly to the right.

Many of Mr. Horner's views conflict with Liberal policy. He favours outlawing strikes in essential services. He opposes the present wage and profit controls. He's against agricultural marketing boards based on supply management. He objects to screening of foreign investments and he is wary of current bilingualism policies. FT 25/4/77 p. 14 (George Rodwanski)

QUEBEC

PQ Budget

Parizeau: "The road to independence is through sound finances."

In 1977-78, the Quebec government's expenditures will rise 12.5 percent over last year's to a total of \$11.5 billion. The province plans to borrow no more than \$.9 billion and has instructed Hydro Quebec to limit its borrowing to \$1 billion. The government did not introduce the indexing of income taxes to cost-of-living. (An estimated \$250 million in additional revenues will result without officially raising taxes.) Corporate taxes on small and medium businesses (under 200 employees) will be channelled into a special fund to stimulate industrial expansion. For the first time since 1946, taxes have been increased for private firms who produce hydroelectric power. Alcan which owns 6 generating facilities (2.7 million kilowatts) estimates the new taxes will amount to \$6.3 million annually.

New spending commitments in the budget include:
---\$80 million in job creation (includes a subsidy for hiring farm labourers, road maintenance in rural areas and forestry projects);
---\$8 million to extend free dental care for children up to age 12;
---\$2 million for increased day care facilities;
---\$3 million for free drugs for the aged;
---\$15 million for increased aid to co-op housing, restoration of old houses and new construction.
The government forecasts a 3.5 per cent increase in real domestic product and a 9.3 per cent level of unemployment.

Revenues to the province include the following:

personal income	\$3.7 billion
corporate taxes	.6 billion
consumer taxes	2.3 billion
health premiums	1.4 billion

It is estimated that a Quebec family of four pays \$1,000 more per year in taxes than other Canadian families. MS 13/4/77 p.A10-11; HCH 14/4/77 p.25; HCH 13/4/77 p.3; GM 30/3/77 p.1; OC 14/4/77 p.7.

BUSINESS REACTION

Michael Belanger, president of the Provincial Bank said, "The important thing is that he has reduced the deficit and reduced financing needs."

Jean Louis Lamontagne, director of the 3,200-member Quebec Federation of Small Businesses, said the budget was "realistic but I doubt if there will be any effects visible before the fall of 1978."

Bernard Finestone of the Montreal Board of Trade, the traditional voice of English-speaking businessmen, said the help to small businesses "opens the door to discrimination and patronage." MS 13/3/77 p.A11

CNSP Note: *Labour Reaction is presented in the Quebec Labour section.*

PRESS REACTION

Globe and Mail: "A banker's budget, surprisingly hard-nosed and orthodox. The main thrust is clearly toward restraint, fiscal discipline and

the creation of incentives to investment and job creation in the private sector. 14/4/77 (edit.)

Toronto Star: PQ chooses bankers over jobless. Essentially it is a conservative budget. Political idealism ran head on into conventional wisdom and lost. (It should keep) New York's bankers happy. 14/4/77 (editorial)

Ottawa Citizen: The pseudo-socialist PQ has produced a budget which any ultra-conservative economist could condone though it will impose considerable hardship on citizens. 14/4/77 (edit)

Le Jour: Even taking into consideration the difficulties inherited by the PQ government, the budget is unsatisfactory. Even if the brakes must be applied, a more substantial effort should be made towards economic and social recovery. 22/4/77 (editorial)

Le Devoir: Mr. Parizeau's choices leave much to be desired. There is no evidence of compassion and an overconcern with financial respectability. 14/4/77 (editorial)

Le Soleil: Mr. Parizeau spoke at some length of the burdens being carried by Quebec taxpayers. He did nothing, however, to improve their situation. Even given the difficult situation, it's important not to be so 'orthodox' as to eliminate any room to manoeuvre (ie to bring social reforms). 13/4/77 (editorial)

LANGUAGE POLICY

INTRODUCTION: *The debate over language in Quebec has a long history. The PQ is the third Quebec government in recent years to draft language legislation. This month we shall present the major points of the White Paper. Since the issue has sparked a number of charges and accusations on the part of the English community within Quebec and the English press outside the province, the sections dealing with those questions are highlighted. Quotations from the White Paper are taken from the Ottawa Citizen, April 2/77, which carried the complete text. Next month we will present a summary of reactions to the emerging language policy. In this way, we hope to enable readers to assess the reports they are receiving of the language question in Quebec.*

WHITE PAPER

INTRODUCTION

The French of Quebec have never believed that their language could be dissociated from the destiny of the entire nationality, of its economy and of its culture.

CHAPTER 1: THE SITUATION OF THE FRENCH LANGUAGE IN QUEBEC

Between 1950 and the present (this is documented in several official inquiries), the following trends emerge that are a concern to French speaking Quebecers. If population trends continue, there will be fewer and fewer French speaking Quebecers. Although the proportion of people of British origin

is diminishing, immigrants show a strong tendency to integrate into the English speaking minority. Why? An immigrant who comes to Quebec because he wants to improve his situation and that of his family is led to join the community which seems the strongest, the most influential and the most affluent. English is the language of business; its use is often an essential condition of employment; and it is the language of social success. In business, French is to a very great extent the language of inferior jobs and low income.

Gradually the realization has come that the language question is much more than one to be solved by having programs to encourage people to speak well; it is socio-economic in nature. A large segment of Quebec society now wants the use of French to have priority. Language policy

POLITICAL

must concentrate on giving Quebec's institutions and its society a thoroughly French character.

CHAPTER 2: PRINCIPLES FOR A LANGUAGE POLICY

In stating that everyone must know French in a society like Quebec, the government does not intend to prevent the learning and speaking of other languages; it intends to ensure that there is a communal language base similar to that found in all other normal societies. It implies also respect for minorities.

English in particular will always hold an important place in Quebec. The government recognizes that an English population and an English culture exist in Quebec. While a study of the (legal) texts reveals that there is no constitutional guarantee for the English language in Quebec, its existence depends on the respect that the Quebec community has always shown for, and which it has no intention of withdrawing, from this largest of minority groups. The same principle of respect hold true for the Eskimos and Indians of Quebec. Certain steps have already been taken with regard to the language of instruction in the territory of the New Quebec School Board -- that is, the right to receive instruction in their own language if they wish it. Increased government aid is necessary to safeguard and promote the language and culture of Quebec's native peoples.

CHAPTER 3: THE CHARTER

THERE WILL NO LONGER BE ANY QUESTION OF A BILINGUAL QUEBEC

While the Canadian state defines itself as bilingual, this does not prevent every other province, except New Brunswick, from being solidly English speaking. For the first time in Quebec, there will be a law which proclaims that every Quebecker has the right to work in French, to receive his education in French, to express himself in French in any deliberative assembly and to require that the public administration, health and social services, professional corporations, employees' associations and various enterprises communicate with him in French.

The francization of business will not be optional; it will be obligatory for all firms with 50 or more employees. These firms employ some two-thirds of the Quebec labour force. Further, the great majority of firms with under 50 employees are French language firms already. By 1983 the firms

affected by the law must have instituted a program of francization which includes the following objectives:

- the acquisition by the management and personnel of the firm of a satisfactory knowledge of French;
- an increase in the number of Quebeckers capable of expressing themselves in French at all levels within the firm including the board of directors, drafting of French texts for manuals, catalogues, and any other documents used in the firm and relating to its work;
- ensuring the use of French in communication within the firm and with suppliers, customers and the public;
- the use of appropriate French terminology;
- the use of French in advertizing.

THE LANGUAGE OF LABOUR RELATIONS

Every employee may demand that his employer address written communication to him in French. Collective agreements and arbitration awards will be written in French. An employer may not dismiss or demote a salaried workers solely on the grounds that he does not speak any language other than French. Any employee may require that his union deal with him in French.

THE LANGUAGE OF INSTRUCTION

English schools have a large staff and considerable resources. There can be no question of abolishing English education. If it is fitting to guarantee the English minority in Quebec access to English schools, it is legitimate to make sure that persons who come to settle in the future in Quebec send their children to the French school. The English school which forms a special system granted to the present minority in Quebec must cease being an assimilating force.

The following may be admitted to English schools:

- 1) any child one of whose parents has attended English elementary school in Quebec;
- 2) any child already receiving instruction in English and his younger brothers and sisters;
- 3) any child one of whose parents attended English elementary school outside of Quebec provided that the parent is domiciled in Quebec at the time the Charter is adopted.

Finally, English schools will be open to those whose parents are residing temporarily in Quebec provided that their stay is of limited duration.

The Charter will stipulate that students who go to English schools must pass a written and oral exam in French before the end of high school.

AN ANALYSIS OF THE DEBATE

INTRODUCTION: *The white paper generated massive coverage in both the English and French press. The objectivity of this coverage varied greatly. Some papers (OC, MS) printed the entire white paper thus giving their readers the opportunity to judge for themselves. Others (EJ, OC) have invited Evelyn Dumas, editor of Le Jour, to write a bi-weekly column in their papers for their English-speaking audiences. Some reported a variety of reactions to the policy, political, business, ethnic and English. Editorial opinion is summarized below. The Globe and Mail was the most strident in its opposition to the language policy. Its headlines proclaimed the unfairness and misrepresentation of facts it perceived in the white paper. Several articles were devoted to the "Machiavellian" strategy of the PQ in "orchestrating" the language debate.*

EDITORIALS

Toronto Star: The new language policy shows reasonable respect for the traditional rights of the English-speaking minority in Quebec. Ontario still has a long way to go before its French-speaking minority gets the kind of treatment Quebec's English minority enjoys, even with the new proposals.
2/4/77 (editorial)

Globe and Mail: The PQ policy takes us back to an era of racial discrimination we thought we had left behind long ago.
4/4/77 (editorial)

CNSP NOTE: *The Globe chose to describe French Quebecers' concerns about loss of language and cultural identity as "ancient fears, long-standing grievances, cultural insecurities, myths and misapprehensions." (GM 6/4/77 p.8 Wm. Johnson). The day before, the Globe quoted Liberal MP Maurice Dubras as saying the white paper reminded him of Hitler's Mein Kampf 5/4/77 p.9*

Le Devoir: It involves serious violations of individual liberties. It comes as a shock.
(quoted in GM 5/4/77 p.1)

Winnipeg Free Press: The sizeable non-French minority in the province is rightly, greatly disturbed (about their future). Mr. Levesque is cynically unconcerned about the fate of French-speaking Canadians outside his province.
3/4/77 (editorial)

Le Soleil: One must attest in all objectivity that the document in its basic argument should be reassuring for all sectors of Quebec society.
2/4/77

It shouldn't surprise us that some reaction to the white paper is politically, partisan reaction.
5/4/77

Le Jour: In the days since the appearance of the white paper, there has arisen in all sectors of French-speaking Quebec society a sense of relief, relief at having escaped the minuscule preoccupations in which Bill 22 embroiled Quebec. In the anglophone community, there is a stream of protestations.

This is understandable. For 200 years the English minority has perceived itself in the role of Conqueror. It will take time for it to recognize and

accept its present status -- a minority whose rights are respected but which can no longer dictate policies to the majority.
8/4/77 (in French)

I was surprised at how pleased I was. It started out by stating what a language is: more than a way of speaking, a way of life. It noted that natural tendency of members of a community to recruit other members of their community. In Quebec this led to a situation where one was "born to" an economic role" business and management for the English: the liberal professions, the civil service and blue collar jobs for the French.

Only a sharp, firm turn at the helm can break this vicious circle of self-recruitment at the top and exclusion of the majority from the centres of power. I understand English Quebecers. What is at stake is not their rights, but their position of power. In a unilingual French Quebec, the English are demoted. It is a far cry from racial persecution but admittedly its unpleasant and maybe frightening.
in OC 13/4/77 p.6 (in English)

Chronicle Herald: If Quebec has no other base for its language program than the desire to put its English speaking residents in their place, the cause is lost. If there were injustices in the past there is no reason to continue them today.
19/4/77 (edit.)

POLITICAL REACTION

Joe Clark said it would be unfortunate if Canadians outside Quebec got the impression that PQ language proposals discriminate against the province's English speaking minority.
EJ 4/4/77 p.3.

PM Trudeau said he did not want the provincial government to create a unilingual French Quebec with a unilingual English Canada the spinoff. EJ 5/4/77 p.1

BUSINESS REACTION

Bell Canada: Jean de Grandpre, president of Bell Canada, does not think the white paper on language will prevent Bell from keeping its head office in Quebec.
GM 5/4/77 p.B1

Conseil du Patronat: The white paper is prejudicial to Quebec enterprise; business may move as a result.
WFP 7/4/77.

POLITICAL

Chamber of Commerce: It could accelerate the exodus of Quebec's most useful anglophones. The government should make teaching English as a second language in all French schools a priority. GM 16/4/77 p.B14

Royal Bank: In our head office work is transacted in English. The basic reality is that most of international business, particularly banking, is conducted in English. TS 19/4/77 p.B3

CNSP Note: *Camille Laurin responded to Mr. McLaughlin's speech by saying "there were those in the anglophone community who preferred to live in a cultural ghetto. This attitude though less prevalent still exists in specimens such as Mr. McLaughlin. We will not accept that any longer."* GM 22/4/77 p.9

Montreal Board of Trade: The white paper will keep "expert personnel" out of Quebec. "Too few French speaking Quebecers seek employment in the private sector." GM 23/4/77 p.B14

ETHNIC REACTION

Many spokesmen of Montreal's ethnic communities are reconciled with the language of education proposals. One said, "We have to respect the aspirations of the Quebec majority." Another said, "I think what we're being offered is fair". GM 4/4/77 p.2

ENGLISH REACTION

"The principles are just and the application is in the great majority of cases quite generous", said the Anglophone Committee for a United Quebec.

"The government can achieve its goal of primacy of the French language without having to enforce half of the measures outlined in the paper", said a spokesman for the Committee for the Advancement of Minority Rights in Education in Quebec." GM 12/4/77 p.8

Small groups of English Quebecers are discussing ways to adapt to the changing political reality in Quebec. A spokesman for one of the groups stated: "We have to participate with the majority and not impose on them the structures and ideas we have. In doing that we hope to protect the rights of everyone, including ourselves." HCH 28/3/77 p.3; EJ 25/3/77 p.56; WFP 28/3/77 p.61.



"Dark of the bright side — at least the Quebec issue's taken people's minds off unemployment and inflation."

COURTS

INTRODUCTION: The issues this month centre around the inefficiency and back-logging in the courts with the introduction of experimental court programs in Ontario to correct such delays. A new Federal Inquiries Act gives more power to investigatory committees and a water-down gun control act was proposed. There is also new legislation proposed to curb monopolies.

THOUSANDS OF USELESS LAWS

According to Mr. Justice Lamer, Canada has thousands of laws that unnecessarily make criminals out of people who break them. Two examples are playing poker for small stakes on a plane or boat and possessing marijuana for personal consumption. Lamer says that "when the government sees something wrong it passes a law." He says that the courts have become so over-used that there is

apathy towards the law in general, and the courts have thereby lost their effectiveness. TS 19/3/77 p.A3; GM same day.

EXPERIMENTS IN JUSTICE

Ottawa: Senior Provincial Judge Thomas Swabey has set aside courtrooms for *pro forma* hearings at which lawyers for the crown and defence swap evidence. The hearings are presided over by a judge, who makes suggestions if the swapping

of evidence is not going the way he thinks it should.

Toronto: Some Supreme Court judges have been making themselves available for pre-trial conferences where crown and defence lawyers swap information.

Such sessions have been criticized for including judges because the judge could pressure a lawyer to disclose information harming the defendant. Starting May 1, judges will be removed from the disclosure process. Crown attorneys will provide the defence with a synopsis of crown evidence. When defence lawyers agree that no witness need appear, the crown will provide a synopsis of the witness' evidence. If a witness is to stand, no synopsis will be provided. The purpose of these experiments is to find a way of eliminating unnecessary questioning of witnesses and eliminating unnecessary trials. GM 6/4/77 p. 6; WFP 22/3/77 p. 51.

FEDERAL LAW REFORM

A proposed Federal Inquiries Act will give broader powers to investigatory commissions and provide heavier penalties for witnesses refusing to give evidence. The working paper proposes to increase legal protection for witnesses. The penalty for people who refuse to give evidence will be a fine not exceeding \$400 or imprisonment with a short sentence. The paper further suggests that such commissions be given power to obtain search warrants to get relevant evidence. GM/18/4/77 p. 1.

WATERED DOWN GUN CONTROL

New gun control regulations require those buying or borrowing firearms to have a certificate but would not require a guarantor as had been suggested a year ago. No fee would be required for hunting or trapping for a living and children 16 and under would need no permit if using guns under supervision.

Earlier proposed legislation would have required owners to apply for a licence which would include a fitness test to screen out the violent or unstable. Justice Minister Ron Basford said it was clear Parliament could not have passed last year's bill and that the present provisions are "a substantial improvement" over present gun laws. GM 21/4/77 p.1.



"Of course, if it could be proved guns cause cancer in rats, we'd restrict their sale."

PROPOSED RULES ON MONOPOLIES

Anthony Abbott, Minister of Consumer and Corporate Affairs, says new competitive practices legislation would lower the standard of proof needed for courts to rule that a business monopoly is illegal. Under the present law, it must be proved that a monopoly is detrimental to the public interest or unduly lessens competition before a monopoly can be ruled illegal. The Supreme Court dismissed a final appeal in the Irving case (K.C. Irving owns all five English language dailies in New Brunswick) saying lawyers had failed to prove Irving ownership was detrimental to the public. WFP 22/3/77 p. 15

POLITICAL

PRISONS

INTRODUCTION: Millhaven's former director gets his wrists slapped by the Commons sub-committee into prison violence for unnecessarily ordering tear gas to be used against a prisoner. The Committee hears more stories of disorder and prison chaos from prison guards while bids and controversy over proposed sites for new penitentiaries go on in Quebec and Manitoba.

SUBCOMMITTEE REPRIMANDS MILLHAVEN EX-DIRECTOR

A report by five members of a special House of Commons subcommittee into prison violence said the amount of gas used to subdue prisoner Danny Brass at Millhaven was excessive. The report says it was far from evident that Brass and another prisoner had deliberately jammed the locks on their cells. As Brass attempted to explain that the lock needed oiling, he was gassed.
TS 10/3/77/ p.A3.

UNION GUARDS SAY FEDERAL PENS A CHAOTIC MESS

Union leaders representing prison guards told the subcommittee that the federal prison system is a mess. Guards said they were given binoculars with no lenses and revolvers without holsters. Paul Gascon, vice-president of the Public Service Alliance, said that assaults on guards have decreased since the subcommittee went to work last fall. Gascon said problems at the B.C. pen began 16 years ago when new programs were introduced and guards were not trained to deal with them. "Many guards have been unable to adjust to change but the solution was to pension them not to fire them". The union does not condone brutality but there is no definition of "unnecessary force" in the Criminal Code, and the union won't act as judge, jury and executioner for its own members.
GM 23/3/77 p.9; TS same day.

PRISONERS TO BE INCLUDED IN UNION

The Ontario Labour Relations Board has ruled that prisoners working for a private firm on prison property are entitled to be represented by a union. Forty-three inmates at Guelph Cor-

rectional Centre are part of the 78 employees working for Guelph Beef Centre. They are represented by the Canadian Food and Allied Workers Union. The inmates are employed as trainees and their wages which range from \$3.50 to \$4 an hour for a 40 hour week pay \$35 a week room and board to the Ministry of Correctional Services. If they were included the company would be in a position to break a strike. GM 2/4/77 p.2.

NEW PRISON SITES

Quebec communities of Mirabel and Ste. Anne have been selected as sites for two new federal prisons. This is part of a program to construct four new institutions in Quebec in the next two years as well as in other areas of the country. GM 19/4/77 p.9

Churchill, Manitoba is looking at the possibility of having a proposed maximum security penitentiary as a way out of the town's "desperate tax situation". It would provide a staff of 200 and a \$3 million annual payroll.
WFP 28/3/77

The Pas, Manitoba, has also made a bid for the penitentiary offering "an abundance of suitable property" which is semi-isolated and recreational.
WFP 12/4/77 p.6.

Selkirk Manitoba is the site of controversy over a proposed maximum security penitentiary. On the one hand, it is seen as the salvation of Selkirk's economic woes, but on the other hand citizens fear a soaring crime rate.
GM 16/4/77 p.8.

HEALTH

HEALTH CARE COSTS AND THE HOSPITAL SYSTEM

The *Financial Post* carried a series by James Bennett and Jacques Krasny on health care in Canada. Their research claims that costs are skyrocketing out of control and yet the returns, in good health, are diminishing. In the new federal provincial cost-sharing agreement, provincial funding will be tied to individual tax revenues and the growth of the GNP. The previous cost-sharing agreement compensated the provinces primarily for in-patient hospital treatment and provided minimal reimbursement for lower cost health services. There is a need to limit the growth of the number of doctors by limiting medical school admissions. Doctors currently control access into the system.

The nature of fatal illness is different today than it was years ago. The greatest reduction in deaths has taken place from 1865 to 1934 prior to the use of sulfonamide drugs. Infectious diseases were reduced with the introduction of cleaner water, proper sewage and pasteurized milk. Now the nature of fatal illnesses has changed and heart diseases and cancer are prominent causes; such diseases do not respond to the treatments of the first half of the century. Marc Lalonde, federal Health Minister, in his policy paper, "New Perspectives on the Health of Canadians", has laid the blame for the poor health of Canadians on life-style. Those involved in looking critically at health care in Canada do not agree. Critics lay the blame on profit-oriented corporations; industrial complexes filling the environment with pollution, the control of which would limit their profits; food manufacturers filling our food with untested and dangerous chemicals for preservation; drug companies who spend millions of dollars persuading doctors to prescribe medicines for any situation; and government hesitation in passing or upholding stringent regulations on any of these corporate activities. FP 26/3/77 p.6; also 2/4/77 p.39; 9/4/77 p.38; 23/4/77 p.36.

Manitoba's health care costs will rise 9.1 per cent. WFP 5/3/77 p.3.

Alberta's Health Care Insurance rates will rise about 10 per cent effective April 1, 1977. EJ 28/1/77 p. 14.

HOSPITAL CLOSINGS

Frank Miller, former minister of Health of Ontario, last year ran around the province trying to find nine hospitals to close to save \$50 million by threatening the jobs of 1200 hospital workers. Four of the nine have remained open. The Government is appealing the case on "hospital closings" in court. Mr. Timbrell, the present Minister of Health wants to settle the question of principle concerning the ability of the Ministry to close facilities it cannot finance. GM 22/4/77 p.14 (editorial)

CNSP NOTE: *It is important to note that the closing of hospitals has been only the attempt to implement*

the Henderson Report, produced by the Special Program Review Committee set up by Cabinet in June 18, 1975. Its purpose: to inquire into ways and means of restraining government costs. The committee was packed with representatives of business and the Tory government. This report constituted the most reactionary document prepared in Ontario in the 1970s. In the hospital sector, phasing out operations were recommended and a 10 per cent reduction in paid hours to reduce hospital labour costs.

NURSES CRITICIZE THE HEALTH CARE SYSTEM

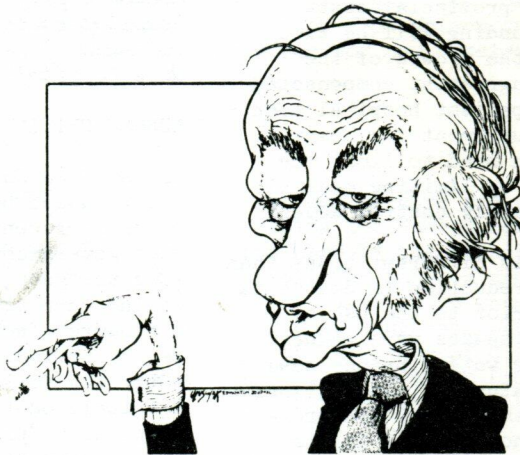
Let Us Take Care is a report recently made public and produced by the Ontario Nurses Association (ONA) which represents 23,000 nurses in the province. It says government cutbacks are misdirected and identifies the gaps, misuse, waste and irresponsible actions of the current hospital system. The press and government were often critical of the nurses refusing to be identified. Their fears were confirmed, however, after the firing of a male nurse at Etobicoke General Hospital, on the grounds that he had violated the hospital's "press code" by speaking to a reporter. The concept of the report is to bring the public into the debate because it is public money that finances health care. Among the recommendations of the ONA report is a restructuring of the present health care system from acute institutional emphasis to preventative, supportive, rehabilitative community health care. The nurses want to involve citizens and health care workers in all aspects and levels of planning health care. GM 13/4/77 p.1; TS 15/4/77 p.B1.

75 percent or more of all complaints of illness can be treated routinely by a general practitioner or a paramedic working from a simple office or a patient's home. Newfoundland's Health Minister said hospital administrators should take a closer look at the system and put emphasis on preventative care, ambulatory care and on non-institutionalized settings. FP 2/4/77 p.39 (Bennett and Krasny)

EXTENDICARE LTD. OF TORONTO PROFITS GROWING AT AN ANNUAL RATE OF 15-20 PER CENT

Extendicare manages about 700 nursing homes and hospital beds in Canada and the USA. The number of company-owned operations are expected to increase by about 50 percent during the next 5 years. Aside from nursing homes, the company operates a medical supply company and laboratory operations. GM 31/3/77 pp. B6 and C 4-6.

CNSP NOTE: *The ONA Report made very clear the heart-breaking situation for the Aged in areas of Ontario. With rising costs, nursing homes have had to cut back on staffing in an area which requires much more care. It is a disgrace that Extendicare is making profits at the expense of our aging people.*



ES 6/4/77 p4

"I think we should have an investigation into the CBC's English-language news service for suspected pro-federalist bias."



A Special Report

Vol. V No. 4

DIGNITY DENIED: UNEMPLOYMENT IN CANADA

Unemployment in Canada has now hit its highest level ever recorded - 8.1 per cent, seasonally adjusted. Statistics Canada estimates 994,000 people out of work. More accurate figures that include the "hidden unemployed" - those who do not fit the statistical definition of jobless, native people both off and on reserves, and those who have given up hope of finding a job - bring the total unemployed to over 1.5 million out of a work force of just over 10 million.

There are almost as many different views on the causes and solutions to unemployment as there are jobless Canadians. Different views tend to reflect different interests in society. In this pamphlet, the Canadian News Synthesis Project will try to debunk a few myths about unemployment. We also look at some deeper, less obvious roots of the problem and suggest proposals for reducing unemployment. Strong, immediate action is needed to bring dignity back into the lives of hundreds of thousands of Canadian women and men.

The Unemployment Picture

Seasonally Adjusted Figures for March, 1977

Not Including Hidden Unemployed

REGIONAL	PROVINCE	% of Provincial Labour Force	Unemployed by Province	Labour Force by Province	% of National Labour Force
OVERALL		8.1%	944,000	10,300,000	
	Newfoundland	16.1	33,000	180,000	1.7
	New Brunswick	14.3	41,000	250,000	2.4
	Nova Scotia	11.7	43,000	324,000	3.1
	P.E.I.	9.9	6,000	47,000	.5
	Quebec	10.0	299,000	2,709,000	26.3
	Ontario	7.1	312,000	3,938,000	38.2
	Manitoba	5.7	32,000	445,000	4.3
	Saskatchewan	4.6	26,000	404,000	3.9
	Alberta	4.5	47,000	865,000	8.4
	B.C.	8.8	106,000	1133,000	11.0
WOMEN	9.5% unemployment rate		The participation rate of women has increased:-		
	14.1%	" " under 25	1956 - 25%		
	7.3%	" " over 25	1976 - 45%		
	39.9% of the unemployed				
MEN	7.3% unemployment rate		YOUNG 25% of labour force		
	14.9%	" " under 25	(under 25) 50% of unemployed		
	4.9%	" " over 25			
	60.1% of the unemployed				

Faces Behind the Figures

Jean Pierre Lussier, 30, has seven years experience in warehouse work and loading delivery trucks. After injuring his back in late 1975, he lived on Workmen's Compensation for a year. Pronounced fit to work now he has been looking for work since December but no employer seems interested.

Doug Salter, 22, laid off a month ago from his job as a helper with a cartage firm, has been searching as far away as Sudbury for work. "It's useless" he says.

Nora Porobic, 24, in her final year of civil engineering, has been answering ads, approaching governments and writing letters to potential private employers. "I'm not really very optimistic right now, but there's nothing else to do but keep looking."

Ted McCallum, 30, says: "I want to teach; I'm qualified to teach a university course, but there simply isn't a job available. And one third of the people who are teaching in Canadian universities now are Americans. It's pretty disillusioning."

Albert Crilly, 55, has fifteen years of teaching experience, but only one year with the Toronto board. He had no seniority and so he lost his job.

John Henley, 21, emigrated from Ireland two years ago as a qualified bricklayer. He worked steadily until three months ago. "At first I thought it was the usual winter slowdown, but now it's spring and there should be work and there's none. Living on his unemployment insurance cheque of \$108 a week is not much fun, for sure." From TS 16/4/77 P.1-2

Marg Bacon, , was hired by a meat-packing plant as a "casual" but hasn't heard from them in three months. She finds the isolation and lack of daily contact with people one of the hardest things about being unemployed.

The costs of unemployment are high for those caught in the tightening grip of recession. They are measured in more than just dollars and cents of lost wages and lost productivity. Social costs are staggering -- emotional turmoil, frustration, despair, loss of self-worth, bitterness, and alienation.

Unemployment also affects those who have jobs. When expensive machinery and equipment stands idle, inefficient use of our capacity drives up the cost of production, increasing prices and stimulating inflation.

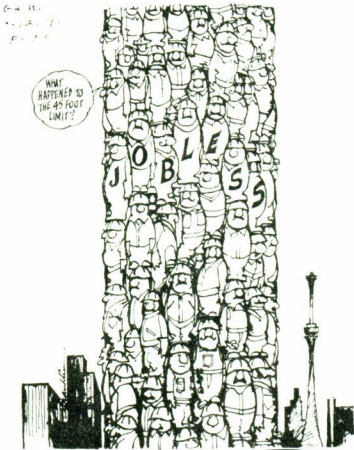
The substantially reduced buying power of the unemployed ripples through the whole economy. Less money in circulation puts a damper on economic recovery, and opens up the possibility of further job cut-backs.

MYTH: THERE ARE JOBS, BUT WORKERS ARE TOO CHOOSY

The press has been strong in promoting the idea that jobs exist, but workers are becoming too choosy about the kind of job they are willing to do. Guy Demarino of the Edmonton Journal, for example, refers to;

"those who are voluntarily and happily unemployed. Yes, there are many of those... Men who could earn damn good money, if they chose to work, but prefer not to, or choose to hold out until something extremely appetising comes along. Hence, we have some jobs that are unfilled or are filled by imported workers, while available Canadians stand by. And these are not necessarily back-breaking or dirty or far-away jobs." (EJ 12/2/77 P.5)

Jack McArthur of the Toronto Star echoes this sentiment in his question ;
 "Yet are not some of the unemployed -- hidden or otherwise -- being so selective about the jobs they'll take that it's impractical to count them in the labour force... Should an office worker be called unemployed when she could get a job as a cocktail waitress but refuses to take it? An economy can't be transformed to fit the arbitrary wishes of the people." (TS 19/2/77 P. D10)



The latest government statistics refute this argument. They show that there are about 35,400 full-time job vacancies, a figure which represents a 31 per cent drop from earlier last year. With 944,000 people unemployed, this means there are about 25 people for each job opening. There are simply not enough jobs for everyone. An Economic Council of Canada (ECC) study shows that 54 per cent of available jobs are in the semi- and low-skilled categories, offering pay rates 15-25 per cent below average. Many available jobs with marginal enterprises offer tough working conditions and no security. (People and Jobs, P.12)

MYTH: UNEMPLOYMENT IS HIGH BECAUSE PEOPLE ARE LAZY AND UIC BENEFITS ARE TOO EASY

Convinced that UIC benefits deter people from looking for jobs, the Liberal Government has introduced a bill requiring claimants to work 12 weeks out of every 52, instead of the present eight.

The proposal, originally put forward by the Conservatives in 1975, will have a profound effect across Canada, particularly in the Atlantic provinces, where unemployment is extremely high and much of the work is seasonal. Statistics show some 53,000 people in the Atlantic region will be directly affected by the change. (HCH 3/2/77) Estimates of the total number of claimants who will be disqualified range from 50,000 to 330,000. (HCH 10/2/77)

NDP leader Broadbent scathingly accuses the government of attacking the victims of unemployment instead of the problem itself. (GM 12/3/77)

The government has further moved to tighten UIC through a benefit control system. It aims to cut off between 40 and 60 per cent of claimants who would otherwise collect. (TS 5/3/77 P. A1)

A Globe and Mail editorial of February 12, 1977 supports the government's position;

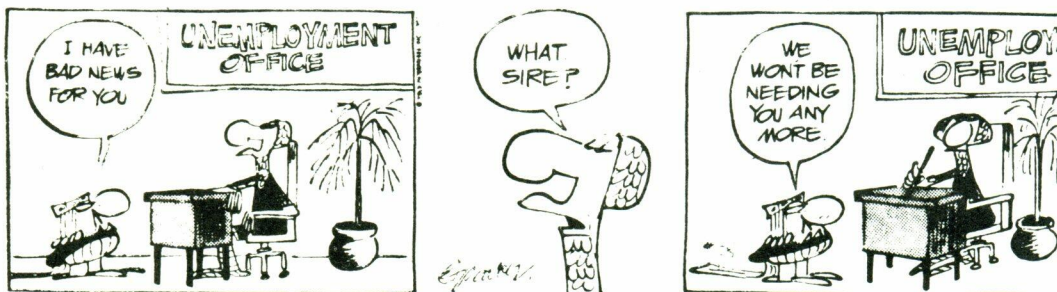
"We are giving far too much of the unemployment insurance pool to casual workers who do not intend to hold steady jobs. And in doing so we jeopardise the security of genuine workers. The Bill - which has been promised for ages and not passed into law - is a step in the right direction. It should be given top priority."

A recent ECC report contradicts the assumptions underlying government UIC actions. "Studies show," the report says, "that Canadians are strongly motivated to work and regard work as the principal vehicle to success." (People and Jobs, P. 72) "The need for UIC," the report continues, "is borne out by the fact that four out of every five persons who draw benefits are unemployed for reasons beyond their control, because of layoffs or job terminations." (P.31)

A popular misconception is that the government hands out UIC benefits from its own coffers. However, much more of the cost is now borne by working people, as set out in new legislation introduced in 1975, which amended the original funding formula. As of January 1976, the federal contribution was reduced, and the share paid jointly by employers and employees increased. (People and Jobs P.149)

The Unemployment Insurance plan was originally proposed as a result of struggles by working people and unemployed during the 1930's, to gain some protection from effects of an unemployment crisis like the thirties.

WIZARD OF ID



MYTH: HIGH WAGES AND LOW PRODUCTIVITY CAUSE UNEMPLOYMENT BY PRICING US OUT OF FOREIGN MARKETS

Prime Minister Trudeau accuses Canadians of "trying to live high off the hog." The country will go down the drain unless there is more self-sacrifice and restraint, he says. (TS 25/3/77 P. A1) His solution is to "work harder, trade more, and be more competitive".

The federal government's working paper on the economy cites high wages as the source of our economic troubles.

"As the world recovery proceeds and resource prices firm, demand for Canadian exports will increase, and our merchandise balance should again become positive and continue to increase. This general prospect is endangered, however, by the declining rates of productivity growth and recent high levels of wage settlement which together have resulted in increases in the unit labour cost of production that seriously threaten our competitive position." (Working Paper P.18)

Mr. R. Bilodeau, president of the Canadian Manufacturers' Association (CMA), says although the CMA is concerned with unemployment at this time;

"It is crucial that Canadians understand the reasons for industry's inability to create enough jobs: It is simply that increasing costs are pricing Canadian production out of the market." (TS 14/1/77)

Canadian Imperial Bank of Commerce President R.D. Fullerton says our labour costs are badly out of line with those elsewhere, particularly the United States. (EJ 12/1/77)

A discussion paper on unemployment prepared recently by Sam Gindin for the Ontario Federation of Labour (OFL) rejects these productivity arguments and examines the criteria used in their support.

Labour costs are defined as the compensation paid to workers for producing units of output. From 1967 to 1975, in countries like Japan and Germany, labour costs rose 2-3 times as fast as in Canada. In the United States, they rose at almost the same rate as in Canada. Productivity in the U.S. rose at half of the Canadian rate. It is misleading, however, to compare productivity in the two countries as each government uses different methods of determining its rate.

Comparative Compensation, Productivity, and Unit Labour Costs.

	U.S.	Canada
Productivity (output per hour)		
1971-75	+ 2	+ 8
1967-75	+13	+33
Hourly compensation (U.S. dollar basis)		
1971-75	+37	+ 48
1967-75	+78	+111
Unit Labour cost (U.S. dollar basis)		
1971-75	+34	+37
1967-75	+58	+58

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Office of Productivity & Technology, June, 1976.

Department of Labour figures show no direct correspondence between high wages and unemployment. Large contract wage settlements during the fourth quarter of 1976 provided an annual increase in base wage rates of

8.3 per cent over the life of the contract -- the lowest quarterly rate in four years. These relatively low wage increases were coupled with very high unemployment. (GM 5/2/77 P. B12)

The productivity argument is used by management and the press to imply that workers are lazy. *Yet it is the responsibility of management to run the plant, set production goals and make sure they are reached.* When management complains about low productivity, it is really admitting to its own ineptitude.

Are high wage demands the cause of Canada's inability to compete in manufacturing? Canada's deficit in manufactured goods was \$10.2-billion in 1976. (GM 19/2/77) But, the deficit almost tripled in the period 1970-1974, precisely the years in which wage gains remained quite moderate.

It is also argued that high wage rates have caused capital to leave Canada. Yet, strong capital outflow began in the mid sixties and only accelerated in the early seventies. So, there are long-term factors at work. Most rapid outflows occurred before the relatively large wage increases of 1975 and during the relatively moderate wage increases of the early seventies.

MYTH: A HEALTHY BUSINESS CLIMATE AND PROFITS ARE NECESSARY FOR THE CREATION OF NEW JOBS

This approach to unemployment argues that achieving sufficient profits and converting them into investments in plants and equipment is the key to jobs: A healthy private sector means greater employment. In the long run, the greater efficiency that flows from the investment makes us more competitive and thus more likely to retain and expand the number of jobs. This requires high profits over a long period of time which in turn means controlling "excessive" wage demands.

According to A.R. Murrich, president of the Toronto Board of Trade, Canada needs more incentives for new investment. The country's future growth and productivity depend on making more than \$500-billion in new productive investment by 1985. (TS 15/2/77) CMA president Bilodeau states that "the fight to restore Canadian industry's ability to compete is the only lasting solution to unemployment." (TS 14/1/77)



However, there is no guarantee that profits earned by business will go into expansion and new jobs. In fact, the 1970 to 1974 profit explosion in Canada coincided with record outflows of capital. The profit was not invested in Canada and did not create more jobs for Canadians. (Gindin, P.4)

The growth of the Royal Bank of Canada illustrates the lack of relationship between the accumulation of capital and job creation. In the first one hundred years of its existence, from 1870 to 1970, the Royal Bank had accumulated \$11.4-billion in assets. By 1975, five years later, these assets had more than doubled to \$25.2-billion. However, the employment growth in that five-year period is in no way proportional to its growth in assets. In 1970, the total number of people employed by the Royal Bank was 22,935. By 1975 it had increased to only 30,932. (TS 13/11/76)

MYTH: IMMIGRANTS CAUSE UNEMPLOYMENT AMONG CANADIANS

The government's proposed Immigration legislation -- Bill C24--will severely reduce the number of immigrants arriving in Canada and will more rigidly "stream" them according to the government's interpretation of the demands of the labour market. New conditions and regulations will be imposed upon immigrants detailing where in the country they can live and seek work and restricting their legal rights to demand satisfactory working conditions. According to former Minister of Immigration Robert Andras, "the general downward pattern fits the situation of unemployment in the country". (MS 23/1/76)

This argument, which links immigration to Canada's economic health, attempts to scapegoat immigrants - blaming them for serious economic problems whose causes originate elsewhere.

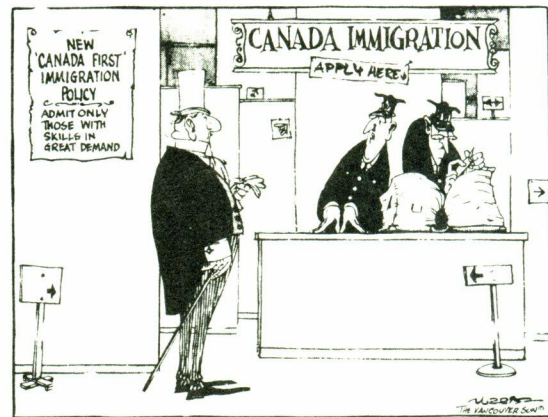
Charles Roach, a Toronto lawyer, states the "proposed bill blames immigrants unfairly for Canada's high unemployment. But it isn't true. Unemployment has continued to rise while immigration has dropped over the last four years." He says that the 115,000 immigrants entering the country last year is down from 230,000 in 1972. (TS 4/4/77)

MYTH: UNEMPLOYMENT IS NOT SERIOUS BECAUSE THE WOMEN AND YOUNG PEOPLE WHO ARE ENTERING THE WORK FORCE DON'T NEED TO WORK

Both Conservatives and Liberals have popularized this notion. Marcel Lambert, (PC-Edmonton W.) remarked in the House of Commons that the influx of women into the work force "is more of a social phenomenon than economic necessity". According to Lambert, women usually leave home to work so a family can buy a second car or do extra things, generally to increase a standard of living that is already well beyond subsistence. (GM 4/2/77 P.9) Minister of Manpower and Immigration, Bud Cullen, commenting on the unemployment rate for men twenty-five years of age and over, stated, "I suggest with respect that these are the breadwinners." (Canadian Forum Mar. '77 P.20) The same arguments are made against young people entering the work force.

Women are forming an increasing proportion of the work force. (See chart at top.) However, the facts contradict the picture painted by Messrs. Cullen and Lambert. Forty-three per cent of working women are single, widowed or divorced, and are thus self-supporting. Statistics from 1974 show 50 per cent of working wives married to men who earn less than \$8,000. The additional income "is often the difference between poverty and minimal comfort." The ECC study, *People and Jobs* found average income per family increased from \$7,602 in 1967 to an estimated \$12,716 in 1973. This increase stemmed almost entirely from the fact that proportionally more family members had to work. (P. 117)

In 1976, there were about 355,000 unemployed people under 25 years of age;- about one half the total. This high rate among young people is largely due to the very rapid growth of the young labour force as a result of the war and the post-war baby-boom. Those under 25 comprise 27 per cent of the total labour force. This increase was foreseen, but too little has been done about it -- a discouraging prospect for young people who are beginning their working lives.



"Our careful check of the records reveals that the job of prime minister is currently filled..."

OLD PROBLEMS, OLD SOLUTIONS

All of these explanations have serious limitations as we have seen. Thus solutions based on such explanations are also faulty. Federal and provincial governments seem indifferent to the fact that nearly 1.5-million Canadians (estimates plus hidden) are unemployed. The new federal budget relies on traditional means of generating employment -- handouts to corporations. It contains only a token \$100-million more for job creation.

Sam Hughes, executive director of the Canadian Chamber of Commerce, summed up the general business reaction. "We're grinning from ear to ear." (TS 1/4/77)

The proposed change to the UIC Act, referred to earlier is another government "solution" to unemployment.

Despite stiff criticisms of the government, PC proposals are not significantly different. Joe Clark has demanded an end to wage and price controls because they inhibit business from long-term planning. (TS 1/4/77)

Other "solutions" include personal tax cuts, incentives to business and pumping money into job creation. (HCH 9/2/77)

Not surprisingly, business favours the government tack. Members of the Canadian Economic Policy Committee, which includes top executives of companies like Noranda Mines Co., T. Eaton Co. and Canadian National have called for tax cuts for consumers to encourage spending, tax incentives to encourage new investment, less spending by governments and the removal of federal controls. (TS 15/3/77) Bank of Nova Scotia economist, Forrest Rogers, urges approval for the Mackenzie Valley Pipeline to restore confidence in the economy and investments. (TS 10/2/77)

drawn on by management whenever workers become more vocal in demanding higher wages or changes in working conditions. Workers must in such conditions concern themselves with job security rather than demanding better working conditions or higher wages.

Under our present economic system, the allocation of goods is not coordinated. Individual corporations make decisions in the light of their own needs and not on the basis of the needs of the majority of the population.

When workers are laid off, they can't buy homes. A soft housing market means unemployed construction workers who can't buy cars and other goods, and the cycle grows and repeats itself. Needs don't go away. Manpower and resources exist, but the two aren't coordinated.

Unemployment has always been a feature of capitalist economies. Historically, we've gone through cycles of boom and bust. Previously, if inflation was high, unemployment was low and vice versa. Now, major industries are controlled by a few large companies. Old economic laws no longer hold. Instead of lowering prices to compete when markets are soft, corporations cut-back production and lay-off workers. *Prices are raised to cover the extra costs of running at partial capacity. This adds to both inflation and unemployment.*

This phenomenon is true for all industrialized capitalist countries. Canada has a few additional features. *Foreign control* of our economy should be a central theme in the Canadian unemployment picture. Branch plants (largely U.S.) are interested only in producing consumer items for the smaller Canadian market. They're not concerned with building efficient plants to compete in international markets. This sharply limits Canadian exports while strengthening our dependence on the U.S. for machinery, equipment and research and development. Critics who emphasize Canada's low productivity and weak competitive position rarely include these factors in the scope of their comments.

VOICES FOR THE UNEMPLOYED

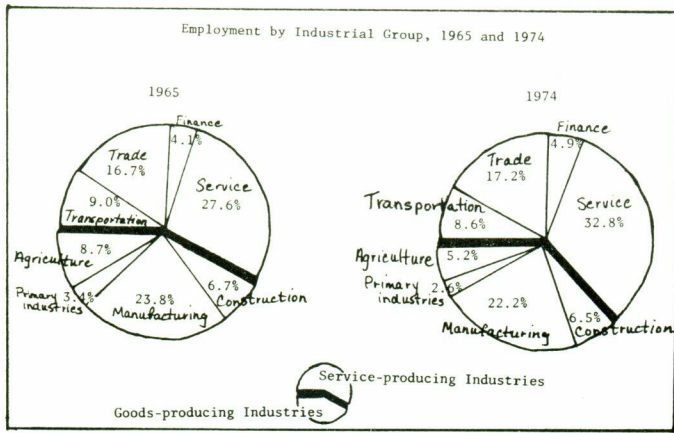
The New Democratic Party and labour unions are the only organized voices speaking on behalf of the unemployed and treating unemployment as a serious economic and social problem. Ed Broadbent, NDP leader has been outspoken in exposing the "hidden unemployed" and in attacking the proposal to lengthen the eligibility time for UIC. Both groups regard the right to work as basic.

The NDP objective is to provide individually satisfying and socially productive employment for all Canadians. According to the NDP, full employment should have a specific timetable set out in legislation. They propose unemployment be reduced to 5 per cent in two years and to 3 per cent within four years. (NDP Working Paper P.9)

Sam Gindin of the United Auto Workers (UAW) has attempted to analyse the root causes of unemployment, focusing on the dynamic of a private enterprise economy. The motivating force of capitalism is profit. *Reliance on business to solve unemployment is fallacious since business is not interested in maintaining full employment, unless it is consistent with high profits.* Management sets priorities and is free to treat an employee like any commodity. When profits are unsatisfactory, management can lay off workers or close plants and move to regions of cheap labour.

Gindin shows that employers in North America have fewer restraints in the matter of lay-offs and shut-downs than their European counterparts. Unemployment guarantees a pool of surplus labour which can be





The Canadian economy is highly underdeveloped. We rely extensively on the export of raw materials and natural resources. (lumber, wheat, minerals, etc.) Resource development requires large amounts of capital and creates relatively few jobs. Money going into developing resources means less money for manufacturing, construction etc. -- areas which do create proportionately more jobs. The James Bay Hydro-electric Project and the Mackenzie Valley Pipeline proposal are prime examples.

The resources we do produce are too often exported in raw form without the processing that would create more jobs and greater wealth for Canada. What is needed is a serious attempt at a *new industrial strategy* to promote a stronger manufacturing base. There is no evidence that tax write-offs, investment incentives and direct subsidies to powerful corporations (foreign or Canadian owned) have in the past resulted in a healthier industrial sector. The promises of the recent budget in no way challenge business to greater accountability or more effective performance in this area.

IN THE LONG TERM...

Any basic solution to unemployment means challenging the assumption that our present economic system is capable of generating full employment. It means recognising that people and their basic needs are a priority over profit.

There are, however, steps to be taken in the short term to help alleviate high unemployment.

The NDP urges:

- a cut in personal income tax for those in lower income brackets
- reactivating all federal capital works
- expanding capital budgets for low-income and cooperative housing and land assembly
- repair and renovation of homes owned by pensioners, disabled and low-income earners.

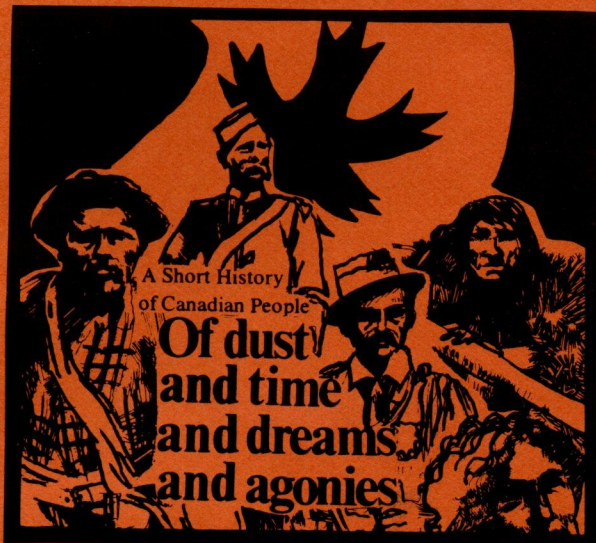
Labour groups propose:

- restrictions on the ability of corporations to lay off workers as well as their right to shut down and move entire plants
- control and channelling of investment into regions and sectors of the economy that will create more jobs for the amount invested, e.g. more into manufacturing and less into resources
- greater processing of our exports
- a government housing program on a scale to relieve current needs, and moderating private developers' prices and financing costs
- expansion of social services to be financed through greater taxation of corporations
- an end to wage controls because they restrain income thus leading to less spending, less production and fewer jobs.

WHAT WE CAN DO

- Assert the right to work as basic. Action to limit business lay-offs, cutbacks and closures.
- Pressure government and educate the public to the need for a new industrial strategy.
- Support selected NDP proposals as short-term relief.
- Support the NDP in its effort to keep unemployment as a major problem facing Canadians.
- Oppose restrictive immigration which seeks to mask the real underlying causes of unemployment.
- Oppose restrictive UIC proposals.
- Oppose social service cutbacks.
- Support organized labour around significant attempts to fight unemployment.

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THIS BOOK IS NOT:

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

THIS BOOK IS:

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

By Pat Bird

Illustrated by Yvonne Slipka

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