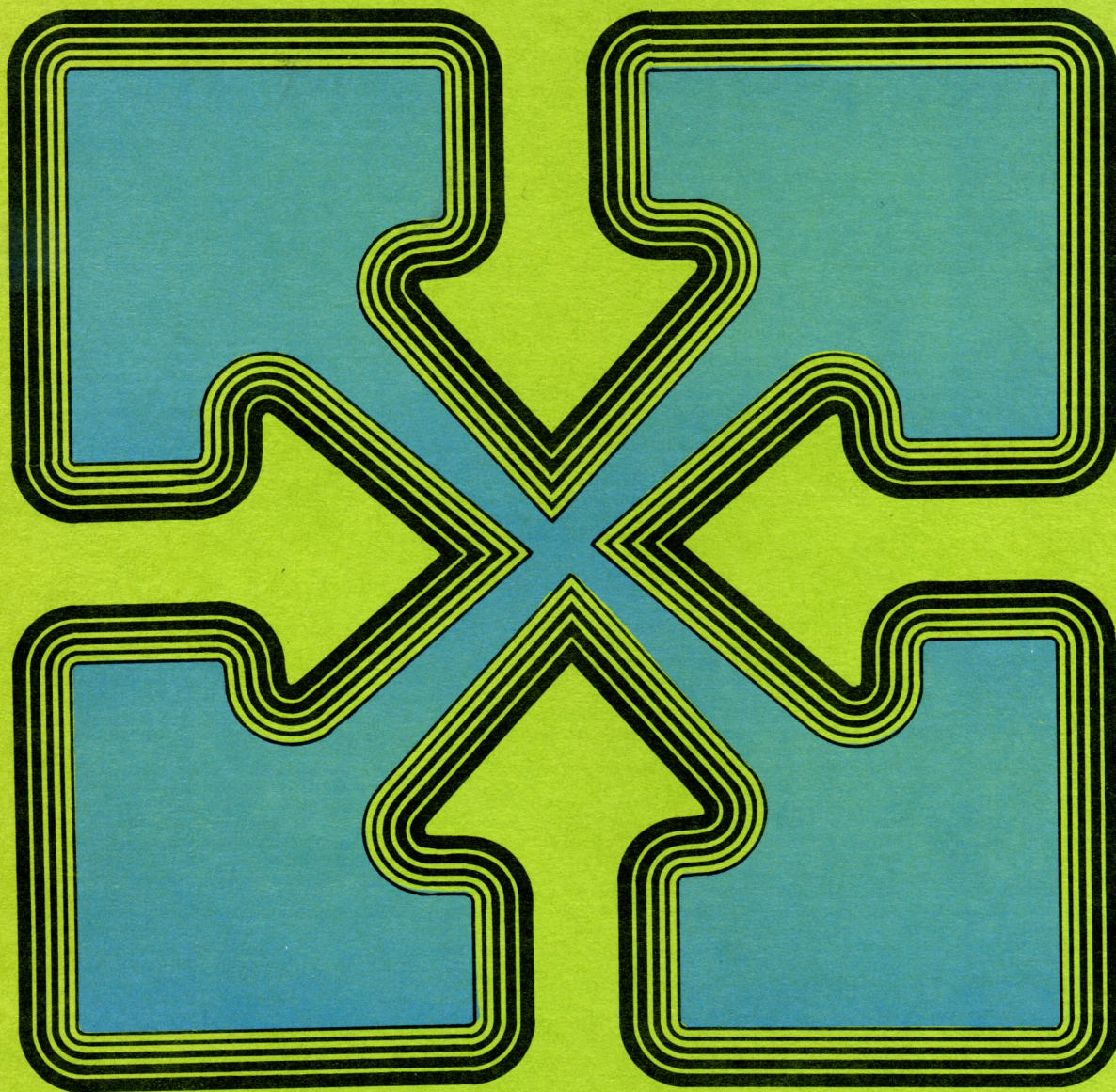


# Synthesis

A Review of Events Reported in the Canadian Press



## HIGHLIGHTS

- "Floating Dollar" Sinks 12
- A Wooden Nickel for Sudbury 15
- More Mountie Melodrama 26
- "Affirmative Action" for Women 32

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# Canadian News Synthesis Project

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

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

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## A Review of Events Reported in the Canadian Press

### HIGHLIGHTS

As Jean Chretien took the federal finance portfolio, the dollar continued its plunge, touching 89.63 cents (US) at one point. The press says investors have "lost confidence" in Canada, and can see only disaster ahead. Prospects are indeed grim, but not for the reasons the papers give. See page 12.

Inco, having sold everyone in Canada a wooden nickel, is going to the Third World. Larger ore deposits and cheaper labour in Indonesia and Guatemala mean more profits for Inco. The Sudbury area faces disaster, but the federal and Ontario governments are offering the same old solutions. See page 15.

Revelations of wrongdoings by the RCMP continue as Solicitor-General Fox admits the force broke into the PQ headquarters in 1973. The "war against subversives" seems to have widened considerably, raising even more questions about the federal government's role in these "operations". See page 26.

Laws against discrimination in hiring are not succeeding, so some corporations and government agencies are moving to "affirmative action programs". AAP began in the United States, but has only recently begun to catch on in Canada. Meanwhile, women still face discrimination in the workplace as income disparities are not closing and unemployment among females is consistently higher than among males. See page 32.

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# CANADA AND THE WORLD

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## THE GENERAL CONTEXT

### LAW OF THE SEA

Canada lacks a lobby in Washington and it is missing the boat as the U.S. Congress debates deep-sea mining legislation. The bill would legalize unilateral deep-sea mining by American-dominated consortiums, for nodules containing nickel, copper, cobalt and manganese. Nickel is the real reason behind the legislation. The main obstacle to corporate ambition is the seven-year old U.N. Law of the Sea conference which is supposed to devise an international agreement for the exploitation of "the common heritage of mankind." The U.S. gets 90 per cent of its nickel from Canada, and 29,000 Canadians work in nickel smelters, mines, refiners and support firms. If the multiplier effect of "5" quoted by the Mining Association of Canada is correct then 180,000 Canadian jobs depend on the nickel industry. Exports of nickel were worth \$1 billion in 1976. Deep-sea mining by U.S. consortiums would bury prospects of new mines in Canada, Ungava and the N.W.T. With this much on the line Canada should be lobbying in Washington. TS 26/9/77 p.C4, Bogdan Kipling; EJ 28/9/77 p.87

### MANUFACTURING SECTOR IN TROUBLE

A number of private individuals, agencies, and commentators speculated on the context in which Canada's economy is set during the month. The Science Council of Canada, in a preliminary report on the condition of Canadian manufacturing, says if the global stresses and strains continue for long, Canada will suffer. "The demise of Canadian secondary manufacturing would occasion a serious deterioration in the nation's quality of life and its freedom of action," the Council adds. It called for specialization and rationalization with a focus on advance technologies and indigenous markets to build companies that can grow to world status. Even in the sixties, few countries did as poorly as Canada in increasing the proportion of finished manufactures in its exports. Without automobile ex-

ports to the U.S., Canada is simply, like Australia and New Zealand "a prosperous primary producing nation". GM 4/10/77 p.B7 Jeff Carruthers

CNSP NOTE: *See also Finance for a discussion of the falling Canadian dollar.*

### FREE TRADE NEEDED

Carl Beigie, Executive Director of the C. D. Howe Research Institute said he is pessimistic about Canada's short run possibilities. Low-cost nations are providing stiff manufacturing competition. But, he said, later they will open up to imports from Canada. He stated further liberalization of trade barriers through the Tokyo round of GATT negotiations is essential to provide stability and economic order. GM 26/10/77 p.B2

### IMF MEETING

H. J. Witteveen, Manager Director of the International Monetary Fund, told a meeting of finance ministers and central bank directors in Washington in September to enact tax cuts to stimulate consumer demand and business investment. Witteveen also said to the IMF that West Germany and Japan should pump up their economies so they will buy more from others, that unions must be made to moderate wage demands, and that liberalization of trade barriers must be undertaken. He called for tax cuts which would decisively correct the lag in demand. Economic leaders are worried about Japan, which is expected to run up a 10 billion dollar surplus in trade and financial dealings. These surpluses compound the problem the rest of the world has in finding enough money to buy oil. U.S. News and World Report 10/10/77 p.62

Charles Baird, President of INCO Ltd., called for action from Japan, West Germany and the U.S. to stimulate recovery. Capital expenditures in nickel have been made, he said, to ready the industry for continuing growth should the economy recover. GM 27/9/77 Lawrence Welsh

### YOUTH UNEMPLOYMENT A MAJOR PROBLEM

The OECD recently analyzed unemployment and emphasized the importance of the 15-24 age group. The rate of unemployment among Canadian youth in that group in 1968 was 2.2 times greater than that for over 25s. In 1976 it was 3 times that of over-25s. In West Germany the jobless youth rate was only 1.4 times as the over-25s. In the U.S. black teenage unemployment is officially recorded at 40.5 per cent vs. 17.5 per cent for the entire population. Unemployment among youth is termed simply a "time-bomb" in terms of U.S. political and social life. FP 15/10/77 P. 20 Hyman Solomon

# CANADA AND THE WORLD

## THE SPECIFIC AREAS

### Trade

#### ECONOMIC SLUMP FEEDS INTERNATIONAL PROTECTIONISM

Geneva talks under the General Agreement of Tariffs and Trade (GATT) are proceeding quickly towards reducing trade barriers and stimulating "free trade". But blows to the economies of most European nations are generating increased pressure of protectionist measures to safeguard domestic industries and employment. Most of Western Europe is returning to double-digit inflation, sharply rising unemployment, critically lagging foreign and domestic investments, and badly faltering growth rates.

Several nations are moving to offset their economic woes by promoting exports and restricting imports; an attempt to export unemployment to other countries. Such moves threaten the "free trade" commitments undertaken by the industrialized nations at economic summits earlier this year. Similar pressure is growing in the United States, the most ardent supporter of freer trade. The U.S. faces a record 1977 merchandise trade deficit of \$30 billion and prospects for 1978 show no sign of improvement. In contrast, Japan and West Germany stand to register \$15 billion surpluses in their trade balances by the end of the year. *Forbes* 15/10/77 p.29; *FP* 8/10/77 p.3; *FP* 24/9/77 p.38

#### U.S. PUSHING TARIFF CUTS WITH CANADA

Washington has made new overtures to Ottawa for the lowering of tariff restrictions to trade. Several weeks ago, U.S. Ambassador to Canada, Thomas Enders, said that "substantial bilateral tariff cuts" had been placed on the bargaining table between Ottawa and Washington. More recently, Enders told the Calgary Chamber of Commerce the U.S. might be willing to give Alberta's petro-chemical and agricultural products improved access to American markets if the province would assure the U.S. of additional supplies of natural gas.

The Toronto *Star* is uneasy about the latter suggestion. Such an exchange would bring Canada under even tighter foreign control by U.S. corporations and Washington. The *Star* cites the danger that once a commitment is made to supply the U.S. with additional natural gas it's hard to turn the tap off even when it may be necessary for Canada's own energy needs.

The American initiatives for a bilateral agreement to reduce tariff barriers suggests that Washington is constructing an alternative strategy in case protectionism in Europe cuts off the possibilities of growing trade links in that direction. The move represents a "Fortress North America" concept. The idea of a continental free trade arrangement surfaced in the 1975 report of the Economic Council of Canada, but quickly petered out under worsening economic conditions in Canada. Now, Enders' free trade proposal

has sparked a sympathetic response from former Conservative leader Robert Stanfield. He is calling for a "common market" arrangement between Canada and the U.S. to stimulate the economy and reduce regional disparities by providing access to a larger market for Canadian goods. *TS* 27/10/77 p.B3; *EJ* 17/10/77 p.4; *TS* 26/10/77 p.A7; *TS* 26/10/77 p.B4 ed.; *EJ* 19/10/77 p.43; *EJ* 6/10/77 p.37; *FTC* 3/10/77 p.6 Don McGillivray

#### FINANCE MINISTERS WANT FREE TRADE--BUT SLOWLY

After the first day of their two-day meeting, federal and provincial ministers of Finance and Trade approved a move towards freer trade policies. Federal Finance Minister Jean Chretien said that Canada stands to gain from freer trade, a concept echoed by his provincial counterparts. Ontario's Treasurer, Darcy McKeough, said lower tariffs could increase Canadian incomes by \$2 billion annually if Canadian industries are aided to produce competitively.

Speaking for the four western provinces, B.C. Economic Development Minister Don Phillips said steps towards improved market access and trade liberalization are crucial to the industrial development goals of the west. The priorities list of the western provinces includes projects based on strong natural resource industries. Further processing of oil into petro-chemicals, of agricultural products, refining of minerals and pulp and paper productions head the list. Phillips accuses the present tariff policy of transferring western wealth to aid Ontario manufacturing, with little benefit to the west.

Quebec's Jacques Parizeau agrees with the free trade direction but calls for special protection of the province's weak but crucial industries--textiles, clothing, furniture and shoes. *WFP* 6/10/77 P. 1; *HCH* 6/10/77 P. 34; *GM* 6/10/77 P. 13; *EJ* 6/10/77 P. 7

#### GOVERNMENTS ON THE EXPORT PROMOTION CIRCUIT

In the past month, federal and provincial trade missions have set out to various countries to promote trade and investment possibilities for their industries.

Ontario's Premier William Davis met an abrupt rebuke in Japan on a September provincial trade mission when a leading Japanese business executive, Eiichi Hashimoto of the Mitsui Company, told him that Ontario and Canada are not good places to invest because of labour disputes, timid businessmen, high taxes, stringent environmental policies and a small market for manufactured goods.

A week later Transport Minister Otto Lang was in Japan with the federal government's trade promotion road show. Lang had come from meetings with the new rulers of China where he held trade talks and encouraged the Chinese to join a new world wheat agreement being worked out among producers and importers.

Meanwhile, B.C. Premier Bill Bennett was returning from an 18-day, five country trade mission in Europe where he found brightened prospects for exports of the province's coal, forest products and non-ferrous metals.

Ontario's Minister of Industry and Tourism, Claude

# CANADA AND THE WORLD

Bennett was in Iran with a group of nine Ontario businessmen trying to whip up increased trade with that oil-rich nation.

And finally, at the end of September and beginning of October, federal Supply and Services Minister Jean-Pierre Goyer was touring North Africa with a group of 23 Canadian businessmen to promote the sale of Canadian goods and services. TS 27/9/77 p.A1; EJ 6/10/77 p.42; EJ 30/9/77 p.8; GM 28/9/77 p.B16; GM 11/9/77 p.B4; FP 15/10/77 p.6

## Finance

### CANADIAN INDEBTEDNESS GROWS

Statistics Canada published a review of Canada's international investment position up to 1973. Published March, 1977, the report pointed out that Canada's gross liabilities had risen from \$8.2 billion in 1945 to just under \$65 billion in 1973, or just about \$3,000 per person. Canada's net indebtedness to investors in other countries has increased in the same period from \$4.2 billion to \$32.4 billion, or around \$1,500 per person. But even conservative estimates indicate that our net indebtedness to foreigners will likely be \$22 billion greater at the end of 1977 than at the end of 1973, or about \$54.5 billion in total. It has taken us only four years to create a volume of foreign debt equal to that built up during the first 98 years after Confederation. The servicing of this debt will add between one and two billion dollars annually to the already substantial (\$2.5 billion) current account deficit in dividend and interest transactions. Canada increasingly must borrow abroad to pay the interest on previous borrowing. Even if manufacturing exports improved, the situation would yield a crisis, but apart from automobile products, they have declined since 1962. GM 21/10/77 P. B2 Fred Lazar

CNSP NOTE: For further discussion of this problem, see Vol. 3, No. 12 and Vol. 5, Nos. 1, 3 and 4.

## Investment

### U.S. INVESTMENT CUT

A secret survey of Canada conducted 11 months ago by a group of Canadian and American business and labour leaders revealed a negative image regarding Canada's suitability for foreign investment. The Quebec election led many to cool off to Canada. The survey's findings were confirmed by the U.S. Department of Commerce roundup of investment intentions of U.S. firms. They slash projected investment in Canada for 1977 by 60 per cent from \$804 million to \$380 million. Canada is regarded positively because it is close to the U.S. and its resource bonds are solid.

But apart from this, investors call the situation cloudy, and remark on the rate of inflation, etc. Instead of investing in Canada, Americans are going to Europe, where projected investment is expected to rise 17 per cent instead of a previously-predicted nine per cent. Chemicals, trade and the food sector are hardest hit among Canadian industries. TS 24/10/77 P. B10 Bogdan Kipling; FTC 3/10/77 P. 1 Peter Cook.

### CANADA KINDER TO INVESTORS

A Wood-Gundy study on the taxation treatment of Canadian investors as compared with those in other countries indicates Canada ranks considerably better than is generally recognized. Canada is much kinder to capital gains than the U.S., it has gone far toward eliminating the double taxation of corporate profits paid as dividends. Taxes on shareholders are also lower than most. If the shareholder in Canada receives \$100 in pre-tax dividend income from a corporation, after taxes he will have \$31.60. The corresponding figures are \$15.60 in the U.S., \$1.50 in Britain, and \$44.00 in West Germany. TS 15/10/77 P. B10 Patrick Fellows

### FIRA

In two articles, Globe & Mail correspondent Wayne Chevaldayoff examined the Foreign Investment Review Agency. The representative view he found was expressed best by Nevada businessman Tom Blair, president of Vita Plus Inc., which had asked to begin packaging and distributing vitamins in Canada. The company received a lot of help from the Canadian Consul in Los Angeles. As for FIRA: "Fantastic. They did a super job for us." FIRA still generates some bad feelings, but business generally supports the federal Government's contention that FIRA is not curbing foreign investment in Canada. Norman Kert of Kert Advertising of Toronto feels the process works well for Canadian firms seeking partnership with larger foreign firms.

Federal figures indicate FIRA rejects only one in seven foreign applications for take-overs, and only one in 12 foreign applications for investment. FIRA statistics indicate that the 54 take-overs disallowed in the three years up to March 31, 1977 involved only \$187 million in assets and 5,400 jobs. Liberal critic Herb Gray regards FIRA as having become "a vehicle for facilitating foreign investment rather than for renewing it." Government secrecy, says Chevaldayoff, is hindering public scrutiny of FIRA. While it might be permitted by the legislation, the Federal Cabinet is refusing to reveal the commitments regarding jobs and capital investment that foreign firms must make to FIRA to prove "significant benefit to Canada." GM 3/10/77 P.1, 4/10/77 P. 1 Wayne Chevaldayoff

In a three-year review of its operation, FIRA indicates that it has granted permission for foreign take-overs of Canadian businesses in 88 per cent of the cases brought to it before March 31, 1977. GM 4/10/77 P. B10

# CANADA AND THE WORLD

## ASSISTING CANADIAN INVESTMENT OVERSEAS

The Canadian Government is planning a new government backed credit bank for Canadian Businessmen investing overseas. The proposed facility will be used as a "last ditch" form of insurance to cushion the risk for domestic industries hoping to expand abroad. Government sources said existing facilities such as the Export Development Corporation are not sufficient to cover the risk for businessmen. The Government plan was hinted at in the Speech from the Throne as "further support...to the private sector in undertaking large capital projects in other countries." TS 19/9/77 p.C9 Stephen Handelman

*CNSP COMMENT: Large foreign ventures like Noranda and Falconbridge's planned investments in Chile and the INCO investments in Guatemala and Indonesia are dependent on co-operation by the Canadian Government and various public and tax-funded agencies. Thus, the Government, while leaping for short term export gains (of equipment and engineering contracts, etc.) is really servicing an overall transfer of assets and new job opportunities out of Canada. The recent discussion over INCO layoffs has helped to bring the long-range implications of this self-defeating policy before the Canadian public. See Labour General.*

## TNC ROLE QUESTIONED

External Affairs Minister Don Jamieson questioned the traditional hands-off attitude Canada had taken to the behaviour of Canadian owned transnational corporations in such areas as Southern Africa. He called the attitude "a bit of a cop-out". He suggested that government should scrutinize the attitude towards apartheid of Canadian owned companies before granting these firms tax concessions for their South African operations. Critics of Canadian corporations and government policy in South Africa and Chile have raised these issues, and the government is understood to be looking into tax law and the behaviour of corporations overseas. External Affairs is said to be supporting some method for discouraging corporations from following policies which are opposed to Canada's policies, but finance and trade departments show little enthusiasm. Responding to Jamieson's press conference, MP John Rodriguez (NDP Nickel Belt) said the Government should slap trade boycotts and controls on Canadian currency flowing to countries like South Africa. Conservative MP Doug Roche, vice-chairman of his party caucus, said Canada should be critical of human rights violations, but should be wary of withdrawing foreign economic aid. Rodriguez charged that a subsidiary of Falconbridge Nickel in Namibia places blacks in separate quarters, pays them "peanuts" and does not allow them to rise to management positions. HCH 23/9/77 p.G4; EJ 23/9/77 p.8; HCH 24/9/77 p.44

U. N.

External Affairs Minister Don Jamieson called for a rejuvenation of open debate at the United Nations,



WFP 5/3/77

# I WANT YOU

## U.S. TIGHTENING CONTROL OVER DATA-PROCESSING

Canada may have to take a nationalist position to maintain control over computer data. There is a tremendous consolidation of the computer industry in the U.S., with 20 acquisitions taking place so far in 1977. By the 1980s, it is predicted that a dozen firms with annual revenues of \$250 million or more will dominate. Currently, data-processing services are being transferred to centrally-stored programs in the U.S., leaving Canada with terminals only. If the process continues, says former Science Minister Hugh Faulkner, Canada will lose up to 40,000 jobs in the next five to ten years. The Canadian Association of Data Processing Service Organizations, which represents many of the 350 firms competing in the Canadian market, has called for an immediate scrutinizing of the situation. No-one really knows what is happening in the north-south flow of information. The Science Ministry seems to be content to publicize the situations at the moment, rather than taking action. FP 1/10/77 P. 10 R. Stklasa

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# CANADA AND THE WORLD

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proposing that the Security Council should meet at the ministerial level regularly, at least once or twice a year. Jamieson's push for reform grows, comments Mark Gayn from frustration with African states' do-nothing attitude to human rights violations in Uganda, or about bloodletting in the East African horn. TS 28/10/77 p.B3; WFP 27/9/77 p.1 CP EJ 28/9/77 CP; TS 26/9/77 p.A9 Mark Gayn

## LATIN AMERICA

Among new Canadian ambassadors appointed in October is Dwight Fulford, 46, appointed to replace A.P. Bissonet in Buenos Aires, Argentina. Fulford has had several foreign postings and most recently was on the staff of the northern pipeline commissioners' office. GM 28/10/77 p.8 CP

Don Jamieson met with Latin-American diplomats assembled for the General Assembly opening in New York, including the foreign ministers of Paraguay, Brazil, Argentina and Jamaica. He discussed nuclear non-proliferation systems with Argentina and Brazil he said. HCH 29/9/77 p.5 CP

The Chilean embassy in Ottawa asked Canada to investigate allegations that agents of the Chilean secret police are harrassing Chilean refugees in Winnipeg. The embassy noted recent comments by Immigration Minister J.S.G. Cullen that he doubts that Chilean agents have entered Canada and are bothering Chilean refugees. The Winnipeg Chilean Association said recently that at least four refugees have been abducted and questioned by secret police in the past year. GM 29/9/77 p.9; WFP 14/9/77 p.3

## AFRICA

Canada informed the U.N. secretary-general that it was ready to put troops into Africa to prevent a racial holocaust. The offer was conditional on adequate provision for financing. Ottawa wants to

know what other countries would be involved in such a force. Secretary-General Waldheim has been authorized to study a force for Namibia, the decision over which hinges on discussion between Canada, the U.S., Britain, France, West Germany and South Africa. The timetable for South African withdrawal of troops is the block. GM 27/9/77 p.13 CP; TS 27/9/77 p.A10; W.R. Frye

## PRESS COMMENT

The Globe and Mail in an editorial (GM 26/9/77) decried Canada's potential role as "peacekeeper to a fraud". "For Canadians...to go charging in just to bear the white man's burden would be madness," it concluded.

## RHODESIA

Joshua Nkomo, co-leader of the Zimbabwe Patriotic Front, made a 12-day visit to Canada. At Carleton University, he stated that weapons are being shipped to Ian Smith from St. John, N.B. Ottawa sources later denied that arms to Rhodesia originated in Canada. Nkomo specified the date and description of the shipment, but RCMP said they were unable to find any evidence. Later, Nkomo stated the African nationalist movements do not want Canada or anyone else in a U.N. peace force in Rhodesia. He further stated that the Patriotic Front objects to the Anglo-American transition plan because it requires that their military forces, which are responsible for the changes presently occurring, should be neutralized. "It is not the sort of plan which we have given our lives for," he said. Some Canadian officials remarked that Mr. Nkomo's attitude was "unreasoned intransigence", and referred to alternative African nationalist movements in Rhodesia. HCH 18/10/77 p. 19 CP; GM 18/10/77 p. 10 CP; TS 21/10/77 p. C19; GM 25/10/77 p. 11 Hugh Winsor



## GENERAL

### MONTHLY STATISTICS

CAPITAL			
	Sept.	Aug.	Change from year ago
Consumer Price Index (1971=100)	163.4	162.5	8.4%
Trade surplus (\$million)	60	298	
Current Account Balance (Deficit)	-1st quarter \$ 845 million -2nd quarter \$1,550 million		
II LABOUR			
Employed (million)	9.91	10.26	
Unemployed	798,000	838,000	
Unemployment Rate*	8.3%	8.2%	
Job Vacancies	-Up 5.0% in 3rd quarter over 2nd quarter, 1977 -Down 16.0% against 3rd quarter, 1976.		
*Seasonally adjusted			

### MANITOBA WAGE CONTROLS INVALID

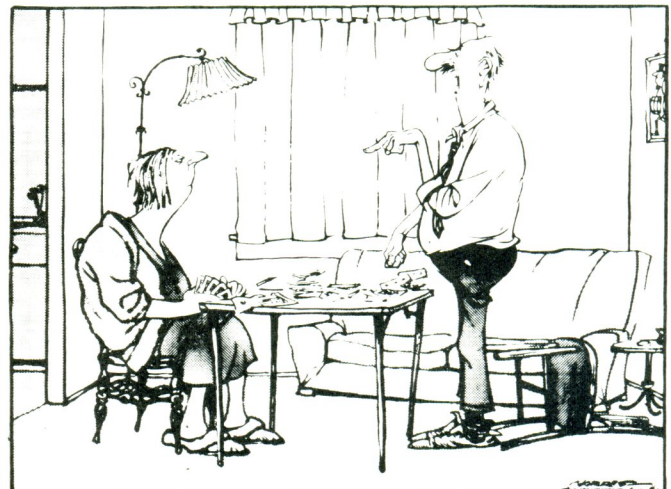
The Supreme Court of Canada ruled the Manitoba Government did not have proper authority to apply federal wage guidelines to its employees. Employees of the Manitoba Liquor Commission had signed a collective agreement giving them a 23.8 per cent wage increase. The AIB administrator had rolled back the increase and ordered \$300,000 in overpayment to be given to the federal government. But the court said the Manitoba Cabinet did not have the power to sign an agreement with the federal government which superseded provincial labour laws. The decision means the agreement placing all of Manitoba's 16,000 civil servants under rules for federal workers is invalid. GM 1/10/77 p.1

### GOVERNMENT PREDICTS \$8 BILLION DEFICIT

The federal government's deficit in the first five months of the fiscal year beginning April 1 was \$3.857 billion. It predicts the 1977-78 deficit will be a record \$8 billion. As planned, government spending rose by only seven per cent, but revenues fell off drastically. This was caused by a drop in revenues from income tax. GM 5/10/77 p.1 (CP)

Southam's economics editor Don McGillivray points out personal income tax revenues fell because of unemployment. FTC 10/10/77 p.6

CNSP NOTE: Economist Eric Kierans says the corporations are receiving too many tax concessions. (TS 17/10/77) The government gives up tax revenue to encourage the corporations to hire workers. They don't hire, so unemployment is high. This means government revenue from personal income tax falls. The budgetary deficit grows, so conservative writers attack this as inflationary. Anderson then calls for government and worker "restraint" to fight inflation and protect corporate profits. Catch-22 lives on!



"I don't think a man who shares \$8 billion in debt with his government can be called a conservative, unimaginative piker . . ." WFP 17/10/77 p.55

# THE ECONOMY

## OIL AND GAS

**INTRODUCTION:** *The jury is out on an NEB decision to allow a liquified natural gas terminal and pipeline in New Brunswick. In B.C., another pipeline inquiry is taking place with almost no publicity and little public debate. The debits and credits have not been totalled yet on the Alcan Pipeline deal, but there is some indication that Canada may get the short end of the stick. Overtures are being made for increased Canadian gas exports to the U.S. this winter, with general industry support.*

### MARITIME LNG TERMINAL HEARINGS

The National Energy Board has conducted eleven days of hearings on the proposed U.S.-backed liquified natural gas terminal at Lorneville, New Brunswick. The terminal pipeline complex would funnel Algerian gas into the northeast U.S. The NEB stressed there must be benefits for Canada, although the only tangible benefits appear to be a short-term stimulus to the depressed Maritime economy.

The hearings revealed, contrary to earlier statements, that no Algerian gas would be available for Canadian use. Almost one billion cubic feet of gas would be processed daily over the 20-year life of the project. Environmentalists protested that the potential risks would far outweigh minor economic perks.

The hearings were also enlivened by the intervention of the Quebec and Nova Scotia government, both of whom stressed their desire for the LNG terminal.

Tenneco, the U.S. corporate giant pushing the scheme, says the terminal would not be adequate for processing possible LNG from the Canadian high Arctic.

Meanwhile, Dome Petroleum, one of the main actors in the search for northern gas, announced a possible 50 per cent partnership in the project.  
FP 15/10/77 p.37; 22/10/77 p.12

### WEST COAST OIL PIPELINE HEARINGS

The West Coast Oil Ports Inquiry, headed by UBC law professor Andrew Thompson, is considering the pros and cons of three potential pipeline schemes to transport Alaskan and Indonesian oil across the U.S. to the midwest states.

Plans to reverse oil flows in the existing pipeline from Cherry Point, Washington, to Edmonton, and then direct the oil to the U.S. through existing distribution lines have been scotched by the U.S. senate.

Another route from Port Angeles, Washington, across the northern states, avoiding Canadian territory altogether, is not backed by major oil companies. Financing for it appears difficult.

Interest seems to have picked up again in the proposed Kitimat deep-water port and oil pipeline across B.C. to Edmonton. This route has been opposed vigorously by Canadian fishermen, native people, and environmental groups. A U.S. House of Representatives sub-committee has urged President Carter to push the Kitimat route.

The Thompson inquiry will cost \$1.4-million and is expected to complete its report early next summer.  
GM 11/10/77 p.9; 21/10/77 p.B1

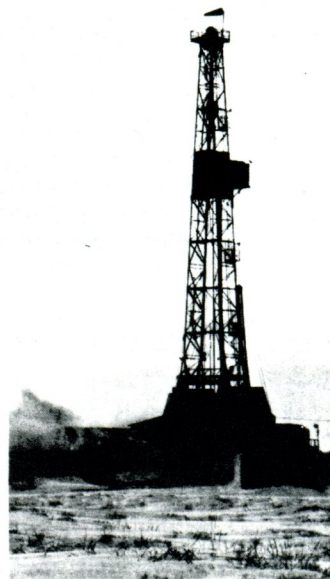
### ARCTIC PIPELINE: WHO WON?

All the opinions aren't in yet on the Alcan gas pipeline but preliminary estimates show Canada may have been out manoeuvred. Although Ottawa calculated that the property tax arrangements worked out will give more than \$1 billion to Canada, the Canadian Wildlife Federation says the benefit works out to only \$260-million. This is scarcely more than Foothills' original estimate of the taxes it would have to pay over the pipeline's 25-year life.

In addition, U.S. energy Czar James Schlesinger, stressed that the deal gives the U.S. access to Alberta gas in the south and eventually to Mackenzie Delta gas. GM 12/10/77 p.7; 13/10/77 p.7; 27/9/77 p.B2

### HEAVY OIL DEVELOPMENTS

Plans for a \$520 million, 100,000 barrel a day heavy oil upgrading plant by Husky Oil Ltd. near Lloydminster, Saskatchewan have received enthusiastic endorsement from the Saskatchewan government. Husky is demanding a sweetened incentive plan, including lower royalties on production and lower taxes on processing. Saskatchewan Natural Resources Minister, John Messer, says he sees no problem with such demands.  
FP 15/10/77 p.15; GM 1/10/77 p.B5



# THE ECONOMY

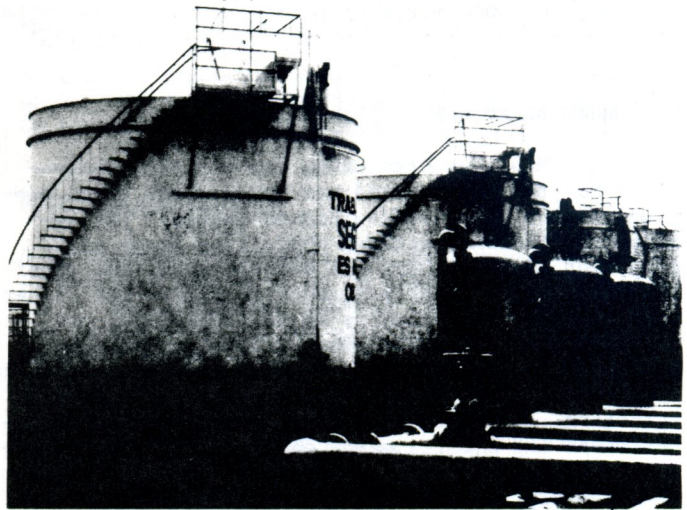
## U.S. WANTS MORE CANADIAN GAS

Contingency plans drawn by the U.S. Federal Energy Administration count on Canada shipping 9.5-billion cubic feet of additional gas per month this winter. Last winter, during a critical shortage of natural gas in the U.S. midwest, Canada exported 45-billion cubic feet in emergency exports.

Trans-Canada Pipelines would like to ship at least 60-billion cubic feet of gas to the U.S. this year, by accelerating deliveries under existing contracts or by swapping for Alaska gas later.

Alberta Premier Lougheed, however, is demanding increased access to U.S. petrochemical markets for Alberta products as well as tariff relief for Alberta beef, in exchange for more gas.

U.S. Ambassador Thomas Enders hinted that the U.S. would be willing to enter into this kind of agreement. FTC 31/10/77 p.19; FP 22/10/77 p.13; GM 13/10/77 p.B1



## AGRICULTURE

*INTRODUCTION: Last spring, prolonged drought conditions raised doubts about whether grain producers could produce a good crop this year. In May the rains finally came, with a vengeance. The majority of reporting dealt with the wet, cool weather which covered most of Canada since early August. Another series of stories centred around the farmer caught in the cost-price squeeze.*

### ADVERSE WEATHER CONDITIONS

Grain and vegetable harvests in all parts of the country were seriously threatened by the unusually wet weather this fall. Not only did the wet weather delay the harvest, but the rain caused a marked deterioration in the quality of the grain harvested. Much of the grain had to lie in the fields for long periods, vulnerable to damaging moisture and sun, thus lowering its grade. There was even some question about the Canadian Wheat Board's ability to meet its contract commitments for high quality grain.

Fruit and vegetable growers were also hit by the weather. Carrot and potato crops in the rich 8,000 acre Holland Marsh area of Ontario were delayed in their harvesting since soggy ground made it impossible to get harvesting machines into the fields. Similarly, as much as a \$6.25 million loss was predicted in Ontario grapes.

The wet weather finally broke and most of the grain harvest was taken in although the quality was much lower than usual. EJ 14/9/77 p.1, 1/10/77 p.33; GM 27/9/77 p.A2, 5/10/77 p.B3, 7/10/77 p.B1, 15/10/77 p.B5; FP 15/10/77 p.1, 8/10/77 p.13; TS 4/10/77 p.B4

### FARM INCOMES DECLINE

Total farm income in the first half of 1977 dropped to \$2.5 billion, compared with \$2.8 billion in the corresponding 1976 period and with \$3 billion in the first six months of 1975.

Deteriorating grain prices for western farmers coupled with an annual 10 per cent increase in farm

operating costs has caught farmers in a tough cost-price squeeze. It costs around \$3.96 to produce a bushel of wheat, but the price has fallen from \$5.50 to around \$2.40 in the past two years.

On a provincial basis, total farm cash receipts declined in Quebec, Manitoba, Saskatchewan and Alberta in 1976. The only appreciable increase was in P.E.I. (25.7 per cent), due mainly to higher potato sales following a drought in Europe.

In the past year, farm income has slipped from 2.2 per cent to 0.8 per cent of national income, lowest in post-war history. FTC 26/9/77 p.1; GM 15/9/77 p.B4; EJ 27/9/77 p.49, 24/9/77 p.17; HCH 9/9/77 p.22

### LAND USE

The issue of the use of agricultural land for other purposes appeared in scattered articles. Fred Bentley, dean of agriculture at the University of Alberta says that the development around Edmonton and Calgary is "Horrible". "Three-quarters of the land being absorbed by those cities qualifies as top agricultural soil." EJ 8/6/77 p.12

The Ontario cities of Guelph, Kitchener, and Brantford are accused of using prime agricultural land for development when poorer land is available. "Based on current development statistics, about 150,000 acres of the area's best agricultural land will be claimed by development by the year 2,000." HCH 15/10/77 p.29

In Quebec, land under cultivation has dropped by 12 per cent in 15 years. Around Montreal specula-

# THE ECONOMY

tors hold 536,000 acres of good land, of which 70,000 are completely vacant. MS 8/9/77 p.A10 editorial

## NEW WHEAT BOARD HEAD

Transport Minister Otto Lang, the minister responsible for the Wheat Board has named a new chief commissioner of the board -- Esmond Jarvis. The appointment is controversial since Lang broke with tradition in not naming the current assistant chief commissioner (R.L. Kristjanson) to the vacant higher post. The reason seems to be an ideological one. Kristjanson had angered some officials, including Lang, for outspoken speeches which seemed to indicate that he desires more government control of grain marketing. Co-operatives such as the Manitoba, Saskatchewan and Alberta wheat pools all lobbied vigorously for Kristjanson's appointment. However, Lang named Jarvis, a former deputy minister of agriculture, and a complete outsider to the Board. GM 16/9/77 p.B9; WFP 15/9/77 p.1, 23/9/77 p.17

## FORESTRY

### DEMAND LOW, COSTS HIGH

In spite of the drop in the Canadian dollar the forest industry has been hit by falling export demands, especially for pulp and newsprint. Only the lumber market has been strong, mainly due to increased U.S. housing starts. TS 20/10/77 p.C10; GM 15/10/77 p.B14; TS 29/10/77 p.B8; FTC 12/9/77 p.11

Mr. Loughlan of the Ontario Forest Industries Association says the industry is pricing itself out of a competitive market. Canadian forest productivity is lower while its costs and taxes are higher than those of other countries. GM 22/9/77 p.B9 (CP) HCH 24/9/77 p.27 (CP)

### ENVIRONMENTAL POLLUTION

Public hearings on environmental effects of Alberta's forest industry will be held early in 1978. Multiple use of forests; role of the public in policy setting; the industry's effect on the economy; conflicts among logging and recreation; foreign ownership of the forest industry; cutting rate compared to regrowth; effect on forest ecology - are some of the topics expected to be issues. EJ 13/10/77 p.46

### ONTARIO GOVERNMENT TAKES ON POLLUTERS

Ontario Environment Ministry officials say the paper industry has fallen 11 years behind in its pollution clean-up commitments. The NDP says it could create 4,000 jobs in fabrication of pollution equipment for Ontario's pulp and paper mills if pollution regulations were more strictly enforced. Environment Minister Kerr claims "We'll have them all on strict control orders with specific deadlines in 1980 or 1981".



T.J. Bell, chairman of Abitibi Paper, against whom an environment control order is currently pending, says a clean-up will cost too much. He argues that stringent environmental regulations are making Ontario industry uncompetitive and this could lead to loss of jobs. GM 21/9/77 p.1; GM 19/10/77 p.3; TS 20/10/77 p.B9; OC 8/6/77 p.44

### QUEBEC NATIONAL ASSEMBLY COMMITTEE ON PULP & PAPER

The CNTU and its paper and forest workers affiliate blame the slump in the pulp and paper industry on mismanagement and neglect by the corporations that control the industry. They cite a lack of re-investment, poor productivity and the cost of transportation. They contend the major producers neglect their operations in Quebec because they are diversified and can use other sources of supply or revenue. Their brief says forest concessions should be limited to 2,000 acres. They want a government agency to be established to oversee cutting, distribution, and sales to the mills. WFP 26/9/77 p.14 (CP); GM 24/9/77 p.34 (CP)

Abitibi's Bell told the committee the major problem in the newsprint industry is not obsolete mills but competition from the southern United States. Abitibi would consider indirect government intervention, but opposes direct intervention. GM 12/10/77 p.B16; EJ 13/10/77 p.59

The Association of Quebec Forest Industries also blames competition from the U.S. It cites higher Canadian wages and taxes. Only in the cost of energy does Quebec come out ahead of its U.S. rivals. HCH 29/9/77 p.26

The Montreal Star has this analysis. Like most of Quebec's resource industries, the pulp and paper sector is primarily controlled by foreign industries; most often in vertical integration with newspaper or publishing interests. The P.Q. platform calls for a national exploitation of the forest, beginning with

# THE ECONOMY

the revoking of the public forest concessions held by the giant pulp and paper companies. These groups have been content to exploit aging factories and installations with little re-investment, all the while pocketing the profits that come from supplying more than 20 per cent of the western world's newsprint. Rather than re-investing in Quebec, the industry tends to move to the southern U.S. where wages are lower, unions less militant or non-existent and environmental standards lower. Trees also grow faster in the southern climate.

To stay in operation and compete, companies are now asking their workers to take wage cuts and are demanding more subsidies from the government. Private operations in the public forests have also been less than vigorous in their reforestation programmes, so more wood is cut each year than comes to maturity.

Yves Berube, the lands and forest minister, is encouraging small woodlot operators to increase their contribution. He would also like to introduce co-operatives into the exploitation of the public forests -- to the detriment of the companies. However, industry is holding the threat of further closings of "unprofitable" plants over the government's head. MS 14/9/77 p.41



## CLOSURES

Three hundred and seventy-five workers at the Consolidated Bathurst Mill at Cap-de-la Madeleine will be out of work after October 15 in spite of a request by the Quebec National Assembly to delay closing for at least a year. The mill is closing because the company will not replace old equipment. GM 1/10/77 p.B13; HCH 4/10/77 p.B13

## MILLS REOPENING

The New Brunswick government is investing in the newly formed Juniper Lumber Co. DREE has also offered a financial incentive to assist in reopening the sawmills taken over by this company. HCH 15/10/77 p.21

## TO SPRAY OR NOT TO SPRAY

Budworm are attacking the pine needles of spruce trees in the Maritimes. Once the trees die they are no use for pulp and paper, a major industry of the Maritimes. New Brunswick's usual method of combatting the budworm infestation is aerial chemical

spraying, despite opposition by the concerned parents group. In Nova Scotia the government has not yet allowed the use of spray until the users and promoters can prove the spray is harmless to humans. GM 23/5/77 p.10; GM 24/5/77 p.8; HCH 6/10/77 p.1; GM 15/10/77 p.8; HCH 7/10/77 p.5

## NEWFOUNDLAND CLOSURE

A crown-owned linerboard mill in Stephenville employing 650 people is to be closed by the end of the year. The government says it can no longer absorb the losses at which the mill is running. MS 10/5/77 p.B5

## MANUFACTURING

### AUTO DEFICIT RISING - AUTO PACT UNDER DISCUSSION

The Canada-U.S. Auto Pact is surfacing as a major political issue again as the latest statistics confirm Canada has a rising deficit. For the eight month period ending August 31/77, Canada registered a deficit of \$780 million, up from \$573 million for the comparable period last year. Canada's surplus in assembled vehicles was wiped out by a \$1.8 billion deficit in auto parts. At this time last year the deficit was \$1.5 billion.

The Department of Industry, Trade and Commerce is beginning to voice concern that the Canadian side of the industry has only minimal participation in the development of new technology for car-making although Canada accounts for almost eight per cent of the North American market. Most industry innovations - the use of new materials and environmental, safety, and fuel economy changes - have been carried out in the U.S. Mr. Gordon Osbaldeston, deputy minister of the Department told the fall conference of the Automotive Parts Manufacturers Association of Canada that the government would try to work out "new approaches to the U.S.-Canada auto agreement". The Minister, Jack Horner, has begun a series of meetings with the major car-makers to insist Canadians must get more jobs in producing auto parts. The initiative comes after strong criticism by NDP leader Ed Broadbent. Broadbent says the government has written off more than \$336 million in duty which should have been paid on U.S. auto parts brought into Canada since the Auto Pact was signed 12 years ago. The auto companies have failed to live up to Canadian content standards which "clearly provided that such firms would be forced to pay duty on U.S. parts brought into Canada in excess of the amounts allowed under the pact". Not a nickel of this duty has been collected, according to Broadbent. GM 19/10/77 p.B2; GM 7/10/77 p.B1; GM 28/10/77 p.B1&B5; EJ 13/10/77 p.16

### JOBS LOST IN MANUFACTURING

In August of 1977, there were 80,000 fewer jobs in the manufacturing sector than in August of 1976. According to the Canadian Manufacturers Association (CMA), about one-third of the country's unemploy-

# THE ECONOMY

ment is due to the decline in competitiveness of Canadian manufacturing. In a report entitled Agenda for Action presented to the federal government recently, the CMA says that since 1970 about 250,000 jobs have been lost in the manufacturing sector. The CMA brief calls for sustained restraints on government spending, removal of sections of the currently-proposed competition legislation, and caution by Canadian negotiators at the international trade talks under the General Agreement on Trade and Tariffs which could give away concessions while gaining little from which the vulnerable manufacturing sector could benefit.

The CMA expresses serious misgivings about the "free trade" direction of federal government at GATT. Free trade benefits the consumer, says the association only if industry remains strong enough to provide employment and wages to buy cheaper imports. CMA executive director Roy Phillips says that one of the main reasons for the loss of competitiveness is Canada's high wage structure, aggravated by federal and provincial legislation raising the minimum wage. FP 8/10/77 p.8; WFP 13/10/77 p.21; HCH 12/10/77 p.14

## FINANCE

### THE DOLLAR IS FALLING--THE SKY IS NOT

The Canadian dollar fell dramatically in September and October to around 90 cents (US). In October 1976 the dollar stood at \$1.02 (US). The slide began soon after the PQ victory last November, but the real reason for the fall lies elsewhere.

During Ontario Premier Davis' recent trip to Japan, business leaders there expressed concern about Canadian workers' productivity. They said they preferred to invest in the United States. The notion that Canada is unattractive to foreign investment is more important to the plight of the dollar.

Canada's foreign earnings come from the sale of raw materials. In recent years, the prices for these have fallen because the demand is low. At the same time, we must import a great deal of manufactured goods. Also, Canadian governments and utilities have been borrowing heavily to finance their operations. In addition, the high degree of foreign ownership of the economy means we send profits and dividends abroad in large amounts. Thus, each year our payments are greater than our earnings.

To make up for these deficits we borrow abroad or invite foreign investment. Thus, governments try to keep Canada an attractive place for foreign capital. Canada has been a favorite place for investment partly because interest rates here have been significantly higher than those of the United States. However, the Bank of Canada has been reducing interest rates to fight inflation while the U.S. has been allowing its rates to rise.

Noticing the reluctance of foreign investors, money dealers at the large American money exchanges began to cut the price of Canadian dollars. Given the long-range forecasts about the Canadian economy, dealers say they could profit by speculating against

CNSP NOTE: *The CMA brief also wants union hiring halls to be exposed to competition by Canada Manpower centres.*

### PC ECONOMIST PROMOTES CANADA AS HEWER OF WOOD

One of Joe Clark's top financial advisors and a front-bencher of the Conservative Party, James Gillies, says "there's nothing disgraceful about being a hewer of wood and drawer of water if that's where you have your comparative advantage". Gillies claims that Canada has been on the wrong track in its thinking for the last twenty years in trying to develop high technology industries. He says we should develop and sell our natural resources because we cannot compete in factory-made goods -- and we might as well face this reality. WFP 15/9/77 p.1; GM 15/9/77 p.9

the dollar.

Then, the Chase-Manhattan Bank published a report on the Canadian economy, calling the short-term prospects "impossibly bad". It called wage and price controls "a drag on the economy", but said the government had no choice but to retain them, since labour refused to support a new, weaker price stabilization scheme.

The Toronto Star interpreted the dollar's fall as a loss of confidence in the government's handling of the economy. It pointed to the Chase report and the Japanese criticisms and said steps must be taken to

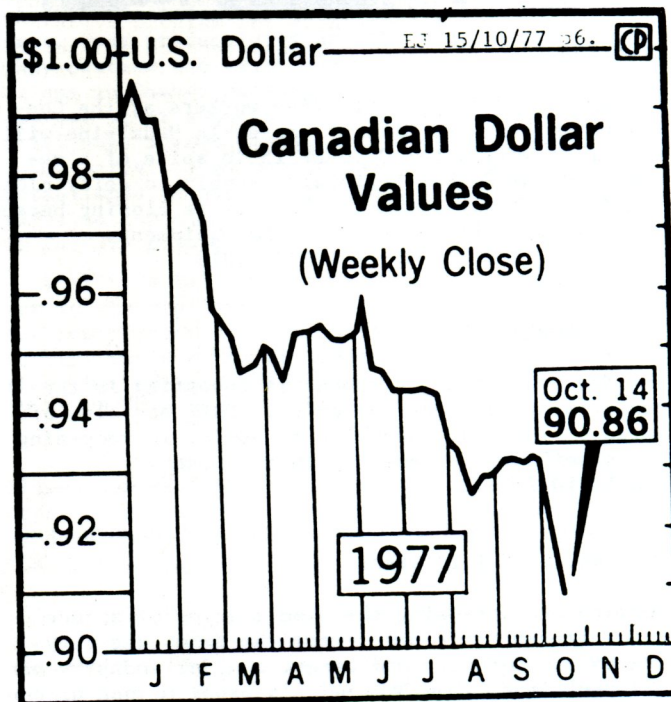


Chart shows how Canadian dollar has dipped since January

# THE ECONOMY

"restore investor confidence". The press view of the situation was of panic-stricken bankers fleeing from the dollar after hearing Chase cry out, "The sky is falling".

Meanwhile, observers called on Finance Minister Cretien to take action. At first, he put on a brave front, asserting, "The Canadian dollar is floating, and when it floats, it floats." He quickly changed his tune as critics pointed out it had sunk instead.

The federal government arranged a standby credit of \$1.5 billion (US) with the Canadian chartered banks. This was a signal to currency dealers that the government would step in to buy Canadian dollars to support the price if it fell too far. However, Cretien would not establish a fixed rate. Instead, the Bank of Canada used \$1.2 billion (US) of its currency reserves to ensure "orderly marketing".

What does all of this mean? First of all, the panic-stricken response of the press is inappropriate, and it diverts public attention away from the real issue. The press attitude seems to be based on a belief that "up is good, down is bad". In reality, observers had been saying for over a year that the dollar was over-valued and would soon drop. Since then, dealers have been making money by speculating against the dollar.

Secondly, mining and forestry companies make windfall profits. Their products are sold in American dollars on world markets. If the Canadian dollar falls, by 10 per cent, the American dollars the companies earn increase by that much. Thus, profits increase by 10 per cent without them taking any action at all. They won't hire more people, or

work to increase their share of the market since demand is slack. They will pocket the extra profits instead. In general, exports will be cheaper, and should be more competitive. The government allowed the dollar to slide as far as it did to give exporters this advantage. It seems that exporters -- primarily the large raw materials companies -- have the government's ear on this question.

On the other hand, imports are more expensive, leading to further inflation in Canada. Domestic manufacturers could take advantage of this by expanding production, but they won't. Our manufacturing sector is largely controlled by foreign corporations who have established branch plants to cater to the Canadian market. The transnationals will not allow their Canadian subsidiaries to increase production since this will threaten the profitability of other operations. Thus, employment in the manufacturing sector will not grow either.

In the end, this issue shows how the capitalist system allows speculators to make profits at the expense of the workers. Canadians will now suffer from higher inflation. What Canadians need is a strong industrial policy based on the needs of Canadian working people. Workers continue to demand a stronger manufacturing sector to increase employment and end the uncertainty about our debt situation and balance of payments that allows speculators to make such profits.

Sources GM 29/9/77 p.B1; TS 7/10/77 p.A1, p.C4  
TS 8/10/77 p.B3; GM 28/10/77 p.1



# LABOUR

## EMPLOYMENT

JOBLESS RATE CLIMBS FORECASTS DIM

Latest Statistics Canada figures showed that the unemployment rate for September hit a post-1940 high of 8.3 per cent. The 8.3 per cent jobless rate, which takes into account seasonal variations in the work force, matches the post-Depression high reached last April. The dismal job picture has been accentuated recently by comments from Finance Minister Jean Chretien that there is likely to be little substantial improvement over the next year and a half. WFP 12/10/77 p4.

A confidential government report released by Ed Broadbent, New Democratic Party leader, confirms a steadily rising jobless trend. The report prepared for the Employment and Immigration Department paints a gloomy picture for over-all economic growth. Regional disparities will worsen, and the Atlantic provinces will be particularly hard hit.

By 1977-1978, unemployment in Newfoundland will average 17.4 per cent of the work force compared to a projected average of 7.6 per cent. An average 10.1 per cent will be out of work in Prince Edward Island, 11.4 per cent in New Brunswick, and 11.3 per cent in Nova Scotia. Quebec unemployment will average 9.8 per cent for this same period. TS 18/10/17 pA3 CP.

RESPONSES: POLITICIANS, UNIONS, UNEMPLOYED

CNSP NOTE: See *Economy-General for business response.*

PM Trudeau: "Unemployment is not as bad as some people out there want to pretend it is". Trudeau told a crowd in London, Ontario that many people will not take the menial jobs. TS 8/10/77 pA1. Mary Janigan.

Conservative Economic critic James Gillies: said impetus for economic growth must come from the private sector. "We're not going to solve unemployment by massive government spending of a general nature."

NDP leader Ed Broadbent: "What we need is a commitment approach to jobs." Broadbent said a new government make-work program would "at worst" mean a marginal increase in federal spending be-

cause the government would at least save money otherwise earmarked for unemployment insurance and welfare. The government would also increase its tax revenue if thousands found jobs. WFP 12/10/77 p4 CP.

Manitoba Finance Minister Saul Miller: "High unemployment constitutes a 'dangerous threat' to national unity."

CLC secretary treasurer Donald Montgomery: "The frustration of many people who have been out of work for months with little prospect of finding a job could lead some people to desperate measures." Montgomery called for a new budget to stimulate the "demand side of the economy."

Nova Scotia Labour leader Yetman predicted violence in Nova Scotia if the employment level continues to rise. TS 12/10/77 pA1

CNSP NOTE: Several articles referred to the ugly mood in the Maritimes as more and more workers and their families see little hope for jobs.

Jack Haley of the Committee of Concerned for the Unemployed (Nova Scotia): "There's anger in the people now, a feeling of militancy." The committee is planning a mass meeting of the unemployed in November. TS 29/10/77 pC1. John Doig.

RALLIES TO EXPOSE "SICKNESS OF UNEMPLOYMENT"

The Ontario Federation of Labour (OFL) held forums on unemployment in six Ontario cities to give the jobless a chance to speak out and to try to force governments to realize that unemployment is the nation's most pressing problem.

OFL president Clifford Pilkey said the rallies would put a "human face on unemployment." A tentative program for creating jobs and stimulating the economy was put before the forums for approval.

The Federation's program to stimulate the economy calls for:

- government programs aimed at creating full employment as the nation's number one priority;
  - scrapping of federal wage and price controls and Ontario's restraint programs;
  - cuts in personal income taxes;
  - a large scale public investment in transportation and home insulation;
  - increased old age pensions;
  - strategies to promote secondary manufacturing;
  - establishment of a price review board to prevent gouging.
- T.S. 22/10/77 pA1.

FOREIGN FIRMS ROB JOBS

Thousands of jobs are being lost because foreign-owned firms are shutting down plants or moving part of their Canadian production to the U.S. In speech after speech to the OFL forum on unemployment, union leaders pointed out that Canadian workers are the victims as foreign firms cut back operations in Canada. The auto industry, the electrical industry, the rubber industry, the energy



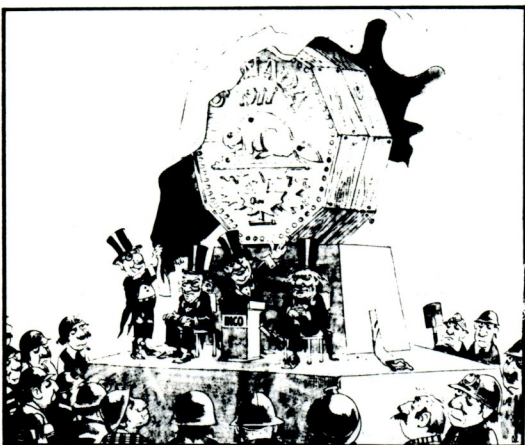


industry, and the mining industry are almost totally or primarily controlled by U.S. corporations. TS 22/10/77 pA1.

## THE INCO LAYOFFS

On Thursday, October 20, INCO Ltd. (formerly the International Nickel Company of Canada) announced it will reduce its workforce by about 3,450 by mid-1978 through layoffs and attrition. At the company's Thompson, Manitoba operation, 650 workers will be cut mostly through attrition - the regular turnover of workers and retirements. In Sudbury, the workforce will be cut by 2,800 workers with direct layoffs of 2,200 at the end of January, 1978. Earlier the corporation had announced the layoff of 375 workers at its Port Colborne refinery in southern Ontario.

INCO explains the need for the massive layoffs on the weak international nickel markets due to oversupply of the product and large inventories. Sales for the first nine months of the year are down from last year as are its profits: \$95.2 million compared with \$135.9 million in 1976. In addition to the layoffs, INCO will be closing several of its Ontario mines and putting others on a standby basis. Canadian production of nickel will be further curtailed by a four-week shut-down of Ontario operations next July.

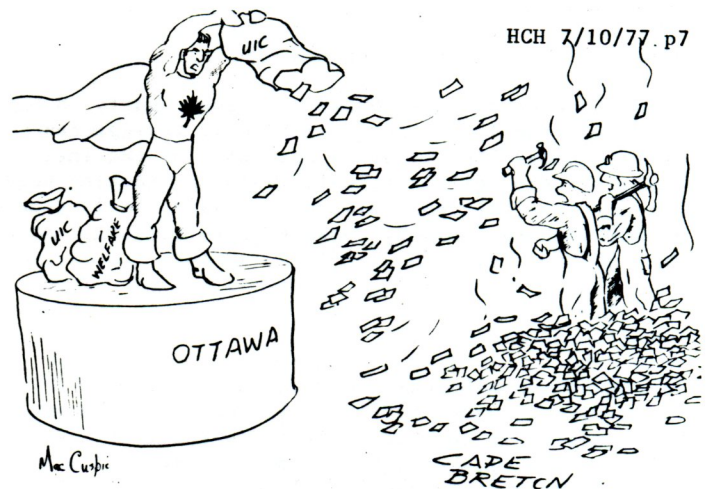


"AND NOW, THE NEW SUDBURY BIG NICKEL." TS 26/10/77 B4

Earlier this year the transnational mining giant opened two new nickel operations in the Third World. The Indonesian operation of P.T. INCO on the island of Sulawesi will eventually require an investment of \$850 million when all its stages are complete. The corporation's subsidiary in Guatemala, EXMIBAL, came on stream on July 12 of this year. It is a \$224 million investment producing 25 million pounds of nickel annually from lateritic ores. Both foreign operations have been aided by export credits from the Crown-owned Export Development Corporation (EDC) with Guatemala receiving \$20.75 million in credits and Indonesia \$57.25 million in credits. The company has also begun deep sea mining experimentations at a cost of \$35 million.

The layoffs generated considerable debate in the House of Commons and even more interest and attention in the Canadian press. Opposition parties and MPs charges that INCO was taking money out of Canada to invest in the Third World at a time of high unemployment in Canada. Canadians would lose jobs while INCO's cheap labour force in Indonesia and Guatemala provided it super profits. Critics of the layoffs emphasizes the social impact of such a loss of employment in a community like Sudbury and derided the company for neither giving advanced warning nor spreading out the impact of cutbacks over a period of time. In response the federal government and the Province of Ontario fell back upon the company's explanation of "market forces" as the cause of the tragedy.

Proposals and counter-proposals ran thick and furious for over a week in the House of Commons. Prime Minister Trudeau mused aloud about the potential of creating a nickel cartel but this idea was rejected shortly afterwards by Finance Minister Jean Chretien. The federal government rejected union and opposition proposals for government stockpiling as well as a suggestion from Ontario Liberal leader Stuart Smith that INCO be ordered to stop production at its overseas plants and meet world demand from Canadian nickel inventories. The government's main counter-proposal was for a working-sharing plan under which the Unemployment Insurance Commission would subsidize INCO if it kept employees working, but at a four-day week. The Steelworkers union which represents INCO workers, rejects such a proposal as just "spreading poverty". Instead the union suggests measures such as an end to overtime, early retirement and adjustments of the vacation schedules. Both federal and provincial authorities initiated a series of talks with the company and the union. The Ontario legislature will hold hearings into the layoffs. Sources: EJ 21/10/77 P. 20; GM 21/10/77 P. B1; GM 21/10/77 P. 1; GM 26/10/77 P. 1; TS 24/10/77 P. A1; GM 26/10/77 P. 7; TS 24/10/77 P. C4 ed.; GM 22/10/77 P. 6 ed.; FTC 31/10/77 P. 1



WE WANT WORK! WE WANT JOBS!  
WE WANT WORK! WE WANT JOBS!

# LABOUR

## OTHER LAYOFFS

### FORT McMURRAY, ALBERTA

The \$2.3 million Syncrude project is nearing completion, and hundreds of workers have been laid off. The Syncrude workforce peaked at 8,000 last spring. By April, 1978, when the processing plant is scheduled for completion, most of the 7,000 workers still at the site will have to pack up and look for other jobs. The initial need for employment is expected to be met with construction in Edmonton and Calgary and industrial projects in northern Alberta. TS 26/9/77 P. B14

### MANITOBA BUILDING TRADES UNEMPLOYMENT

Unemployment in the Manitoba construction industry stood at 11 per cent on September 2. Statistics from the Winnipeg Builders Exchange pointed out that there were 5,951 unemployed tradesmen in June; 4,538 in July; and 3,680 in August, "normally the busiest months of the year for the industry. WFP 23/9/77 P. 6

### JOB PROSPECTS DROP

Almost fourteen per cent of 900 Canadian companies surveyed by Manpower Temporary Services of Toronto said their personnel needs would decline in the fourth quarter of this year. The mining industry was the most pessimistic. Fifty-four per cent said the decrease would be substantial.

Manufacturers of durable goods also suggested there would be more layoffs than hirings. In construction, fifty-eight per cent said employment would be stable, while twenty-one per cent expected a decrease.

Greatest optimism was expressed by those in the wholesale and retail trade. However, the president of Manpower Services said this was probably a reflection of upcoming Christmas sales. GM 29/9/77 P. B2

### ELECTRONICS FIRMS SHED WORKERS

Canada's electronics industry has lost nearly 30,000 jobs over the last eight years due to foreign competition, says the Canadian president of the International Union of Electrical, Radio and Machine Workers. Glenn Pattison said the Canadian industry had 80,000 workers in 1969, compared with slightly more than 50,000 now. HCH 7/10/77 P. 30 (CP)

### ONTARIO LAYOFFS MASSIVE

For the six-month period ending September 30, 1977, there were 85 cases of plant closings or cutbacks involving 25 or more workers, for a total of 8,894 workers left without jobs. For the same period last year, there were 63 layoffs, involving 5,226 workers.

According to an executive officer in the Employment Standards Branch of the Ontario Ministry of Labour, the number of complete closings is growing

as companies look harder at marginal operations. This is especially true if the plants in the borderline areas are subsidiaries of larger corporations.

The 132 layoffs from January to August brought to the attention of the employment adjustment service include the following sectors:

### Primary I

Primary (including mining).....	3
Food and related products.....	5
Rubber and plastics.....	6
Textiles.....	4
Wood products, paper and furniture.....	13
Metal and mineral production.....	18
Machinery and farm equipment.....	11
Electrical products (including components).....	25
Petro-chemical firms.....	10
Miscellaneous manufacturing.....	6
Retail trade.....	13
Service industries.....	5
Health and welfare.....	2

GM 27/10/77 P. 2 Wilfred List



## WORKERS' STRUGGLES

### B.C. STRIKE PROMPTS LEGISLATION

With a ninety per cent strike mandate from its members, the B.C. Ferry and Marine Workers Union walked off the job on Thanksgiving weekend in protest over a contract proposal by the government-owned B.C. Ferry Corporation. The 2,600 member union, which is bargaining for its first contract with the newly-created corporation, says the deadlock concerned overtime, job security, grievance procedures and crew sizes. They voted to strike when government ordered a 90 day cooling off period in mediation talks. The union was ordered back to work by the government, but refused until they had a collective agreement.

The seven day strike ended when the ferry workers voted to go back to work with the understanding that no legal action would be taken against any employee. They also gave a ten-day deadline for contract settlements. Government officials deny that they made a deal not to take action over an illegal strike. A contempt action is being pressed by the corporation at the Supreme Court level according to Transport Minister Jack Davis.

Following quickly on the heels of the ferry workers' strike, the B.C. government introduced a new labour bill covering essential services which potentially give the government sweeping powers to cope with public sector strikes. The bill proposes the following:

- extending the government's existing authority to suspend essential services strikes to include any strike which poses an immediate and substantial threat to the economy and welfare of the province and its citizens
- the government will have power to have the Labour Relations Board designate essential services which the parties will be forced to maintain
- the government will retain its power to suspend a work stoppage for 90 days or to appoint a special mediator
- an Essential Services Advisory Agency will be set up to advise the Cabinet on the extent of danger posed by a public sector strike

According to B.C. Labour Minister Allan Williams, "the broad objective of this bill is to prevent strikes and lockouts from taking place in essential service areas." EJ 8/10/77 p.8, TS 12/10/77 p.B11 CP, GM 19/10/77 p.11, M.Gray, FP 29/10/77 p.12 John Schreiner

### CLC TARGET BANKS

The Canadian Labour Congress has decided to initiate a nationwide drive to recruit the employees of Canada's eleven chartered banks. The banks employ 145,379 people. The campaign will be able to draw from a \$1 million fund established in 1972 when the Congress first decided to support organizing bank

and insurance company employees. The Congress plans to recruit as many workers as possible through an organizing committee and then let the workers decide for themselves whether they want to form their own Canadian union or join an already established union.

The Canadian Union of Bank Employees (CUBE) and the Service, Office and Retail Workers of Canada (SORWC) have both been engaged in organizing bank workers. They plan to meet with the CLC to discuss their role in the CLC's new organizing effort.

In Saskatoon, the United Steelworkers of America (USWA) began a drive to organize bank workers. It is the first time in Western Canada that a major industrial union has tried to represent bank workers. The USWA has applied to the Canada Labour Relations Board to be certified as the bargaining agent for 11 employees of a Toronto-Dominion Bank branch in Saskatoon. HCH 29/9/77 p.11 CP, GM 14/10/77 p.B3 Angela Barnes, GM 26/10/77 p.B.

### TEXTILE WORKERS PROTEST

About 600 textile workers marched through downtown Montreal streets to protest what they said is the federal and provincial government's failure to curb a flood of imports which eliminate jobs in the domestic textile industry. The workers, members of the Amalgamated Clothing and Textile Workers Union, encouraged bystanders to boycott foreign goods. John Alleruzzo, leader of the union, says the march is the first step in a campaign for proper import protection for the domestic industry. EJ 6/10/77 p.12

### NARROW MARGIN ON ELECTRICIANS VOTE

Toronto-area electricians have voted by a narrow 13-ballot margin to approve a new contract that includes a work-sharing program to help fight unemployment. The new one year contract between the International Brotherhood of Electrical Workers Union and the 390 companies in the Electrical Contractors Association of Toronto, will give the electricians a six per cent raise to \$12.31 an hour, retroactive to last May 1. The contract's most important feature is a work-sharing program designed to rotate jobs among union members. Although all the 3,200 members are now working to clear up the 12-week strike backlog, there were 600 out of work when the walkout began in June and there will probably be that many again by Christmas.

Under the new contract, an electrician will be permitted to work only 550 hours in any 18-week period.

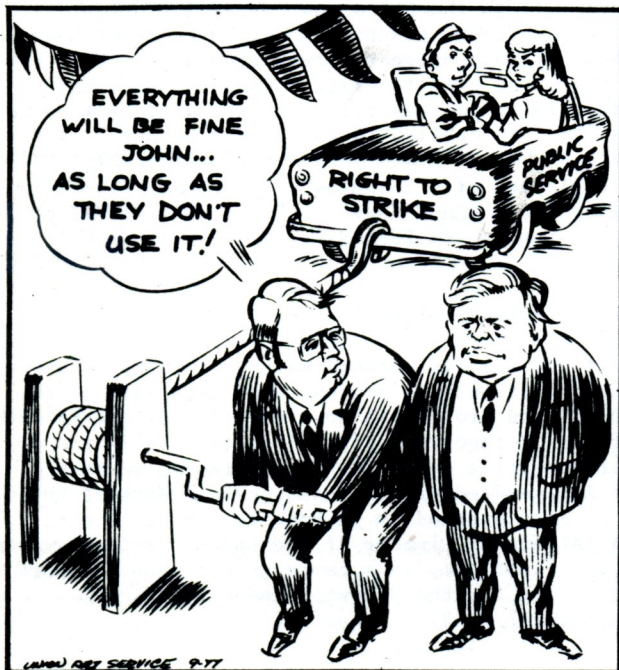
Since electricians normally work a 37.5 hour week or 675 hours over 18 weeks, this means each electrician will go off the job for 125 hours--about three weeks--allowing an unemployed worker to take over his job during this period.

Many members think the program still doesn't do enough for the jobless. TS 4/10/77 P. B1 R. Speirs

# LABOUR

## WORK TIME LOST THROUGH STRIKES IS DOWN

In the first eight months of this year, time lost because of strikes and lockouts amounted to 2,557,840 person days, down substantially from 6,882,790 in the corresponding period of 1976, reports the federal Labour Department.  
GM 19/19/77 pB2 CP



## QUEBEC LABOUR

### STRIKE AT THREE MAJOR QUEBEC DAILIES LE SOLEIL, LA PRESSE AND MONTREAL MATIN

#### Background:

A bitter strike took place at La Presse in 1971-2 over control of editorial policy. At that time, Paul Desmarais, president of Power Corp, and controlling financial interest in La Presse, said he would rather cease publication than surrender management control over editorial policy. The unions won only the right to be consulted, without veto power, about nominations to a couple of key positions.

In the years following, concentration of the press in Quebec had proceeded at a fairly rapid pace. Jacques Francouer bought Le Soleil in 1974. He has links with Power Corp. Power Corp controls La Presse and Montreal Matin. Their combined circulation is around 500,000.

In 1975, reporters at Le Devoir struck for almost two months demanding a committee be set up with decision making powers over a range of edit-

orial matters. In the settlement such a committee was set up. It meets once a week to review coverage of major events and evaluate what has been done and what will be done. The committee can be overruled by the publisher, but this power has never been exercised. GM 18/10/77 p9 W. Johnson

#### STRIKE CALLS

On August 30, 1977, 108 journalists at Le Soleil went on strike. On October 6, La Presse reporters followed suit and Montreal Matin reporters went out in solidarity. They work in the same building as La Presse workers and agreed to honour the picket line.

#### THE ISSUES:

##### For Le Soleil reporters:

The issue of concentration of the press and control over information. "There certainly isn't complete monopoly of the press in Quebec. But there exist empires in certain regions and concentration enough to influence opinion, for example in a crisis, that is absolutely unreconcilable with democracy. Another example is that Desmarais says his reporters are free but he will tolerate no one who supports the Parti Quebecois. It is strange that there is not a single daily in the whole province of Quebec that openly supports the present government." (From a report published in 1976, quoted in LJ 30/9/77 )

##### For Montreal Matin reporters:

The issue of concentration of the press has for these workers another meaning. They fear being absorbed little by little into La Presse and losing their jobs as a result. Since 1974, nine unions at Montreal Matin have been absorbed by the larger La Presse. GM 18/10/77 p9

##### For La Presse reporters:

The issue of control over the choice of head editors. The sports editor in chief was chosen by management without consulting the reporters. This action triggered the strike.

At Le Soleil this issue of control over what management views as its domain is also important.

William Johnson of the Globe and Mail calls it the quest for reporter power. Reporters want greater control over the editorial policy of the paper, no change of substance in a reporter's story without his permission, detailed job descriptions, etc.

Wage increases are also at issue, particularly at Le Soleil, whose reporters earn about \$35 less than comparable workers at La Presse.

Management of the news, of information, neglect of important issues like the environment, immigration, communication and regional issues are cited by Le Soleil workers also as issues. Since Le Soleil publishes in Quebec city, the decline in regional coverage is particularly serious.

GM 18/10/77, LJ 30/9/77, LD 30/8/77

CNSP NOTE: For once, English language coverage, especially the Globe article of Oct. 18 was as informative on the issues of the strikes as the French language papers, *Le Devoir* and *Le Jour*. Of special interest is the editor of *Le Devoir's* comment: it is illusory for the reporters at *Montreal Matin* to fight against concentration and integration of the press. That's the reality of the day. Michel Roy, LD 22/10/77

Also of note is the fact that reporters at *Le Soleil* have published a 100 page report entitled *Écris et tais toi* (Write and shut up!) which analyzes the tendency of newspapers today to package the news and information and concentrate on the spectacular. This report is available at a cost of \$3 or \$10 if you want to support the union's strike fund. LD 25/10/77 p10

## ROBIN HOOD: GUARDS CHARGED WITH CRIMINAL NEGLIGENCE

Two guards have been charged with criminal negligence following a preliminary enquiry into the shootings outside the Robin Hood plant in Montreal last July. They will stand trial at the next court session. LD 21/10/77 p3

## FTQ-CONSTRUCTION: ELECTION OF A NEW DIRECTOR

Maurice Pouliot, brother in law of Andre Desjardins, was elected new director of FTQ-Construction by a slim margin of two votes. This position is not filled by an election of all the membership but rather by delegates from the various construction unions which make up the central body, FTQ-Construction. Observers note that the choice of Pouliot means a setback for the reform element in the construction unions since Pouliot is linked to Desjardins, a symbol of corruption since the Cliche enquiry. Pouliot's brothers are also prominent in construction. One has control over the treasury of the Office of Construction in Quebec, the body which regulates the construction industry. Another administers over \$10 million worth of pension funds of construction workers. LD 26/10/77 p3

CNSP NOTE: This was the only labour story in Quebec which received front page coverage. A picture of Desjardins accompanied the story.

## NATIVE PEOPLE

### METIS ASSOCIATION PRESENTS LAND CLAIM

The Metis Association of the North West Territories presented its land claim to Indian Affairs Minister Hugh Faulkner in Ottawa on September 28. The claim includes these proposals:

The Metis ask for preservation and protection of the land, their culture, and their future.

They claim the Mackenzie corridor as land for hunting, fishing and trapping.

The North West Territories should be divided in half, each half governed separately.

The Western part would be governed by a new Territorial Council elected by those who are permanent residents of the North. The current Council is elected by anyone who has been in the Territories more than six months and tends to represent temporary residents from the south.

The Territorial Council would include a Native Peoples Senate called the "Senate of the Mackenzie Corridor" which would be responsible for the use of renewable resources such as fish and timber, and would have the power to protect the environment.

The Senate would also have the power to deny permission for development on aboriginal land. This could be overruled only by Federal legislation.

Compensation would be paid for aboriginal land which has already been developed. Part of the payment would go to those 55 or older in compensation for their hunting territories. The rest would be divided between immediate payment and a trust fund for future generations. The trust fund would be used for cultural programmes and the stabilization of hunting, fishing and trapping.

Faulkner promised a quick start to land settlements.

The Metis claim applies to the same land that the North West Territories Indian Brotherhood has claimed for the formation of the Dene Nation. The two groups were working on a single land claim until last year when the Metis Association decided that it could not accept the concept of a separate nation for native people. The Federal Government has also rejected the Dene proposal. Native Press 30/9/77 p.1; GM 29/9/77 p.9

### FAULKNER STATES HIS POLICY ON NORTHERN DEVELOPMENT

One week after accepting his new post as Minister for Indian Affairs and Northern Development, Hugh Faulkner stated his policy on some of the issues he faces.

"I have no objection to development," he said; but he announced a "new concept of development" which would take the whole picture into account rather than developing the different sectors separately. He hopes that this approach will make preservation of the environment a central issue.

He stated his opposition to the Dene Nation on the grounds that "ethnic clusters can infringe on freedoms."

He said native land claims would be a high priority for the department, but the pipeline is "a reality they have to face". His greatest challenge, he said, is to "see that the pipeline is a positive factor for Indian and non Indian alike". WFP 22/9/77 p.13; HCH 22/9/77 p.5; EJ 22/9/77 p.36

CNSP NOTE: Faulkner's speech makes it clear that he is pro-development and pro-pipeline. He replaces Warren Allmand who favored limiting development and protecting the rights of native people.

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# LABOUR

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## FEDERAL STUDY OF MERCURY POISONING

On September 22 the Federal Health Department announced a two-year study of mercury poisoning among the Indians of Ontario and Quebec. The Department says that there are no officially confirmed cases of mercury poisoning in Canada and hopes that the study will show whether or not the symptoms claimed by the native communities are the result of mercury.

The native people say there is no question that members of their communities are suffering the terrible, irreversable deformities of Minamata Disease. The Federal Health Department has already been testing native people since 1970. They have found extremely high levels of mercury in their blood. Still, the neurologists involved say only that the symptoms might be caused by mercury.  
WFP 22/9/77 p.9; EJ 22/9/77 p.10

## ALTERNATE EMPLOYMENT IN ENGLISH-WABIGOOON RIVER AREA

While the dispute goes on over mercury poisoning among the native people who live along the English-Wabigoon River system, fishing has been banned and the communities are suffering from the loss of their income and food supply. On September 8, representatives of the communities and the Federal Government met to consider alternate sources of employment. The Federal Government is exploring the possibility of sale of fish to schools and laboratories for dissection, fishing on nearby bodies of water not connected to the rivers, and logging. None of these suggestions has yet been put into effect. EJ 22/9/77 p.9

## INDIAN WOMEN FIGHT DISCRIMINATION

Indian women are actively continuing their decade-long battle for equality in the Indian Act.

In New Brunswick, women occupied the band council offices on the Tobique Reserve at Maliset for a week. They are demanding equal consideration in the distribution of welfare and housing funds as well as changes in the Indian Act which would allow

them to be part owner of their homes and keep their treaty rights after marriage to a non-Indian.  
EJ 2/9/77 p.24; WFP 3/9/77 p.70

On the 24th of September, the national women's organization called Indian Rights for Indian Women met with MPs in Ottawa to request elimination of the section of the Indian Act which robs them of their treaty rights after marriage to a non-Indian, but gives treaty rights to a non-Indian woman who marries an Indian man. They received a polite hearing but no moral or financial support. The Indian Affairs Minister did not come to the meeting and only three reporters were there, all women.

The government does not want to make any revision of the Indian Act until it is completely revised in consultation with the National Indian Brotherhood in 1981. The women have applied to the Brotherhood to be part of those negotiations, but their request has been refused. The Human Rights Commission also does not want to act for at least a year. GM 25/10/77 p.15; TS 27/10/77 p.B4

## CONTROVERSY OVER LAND CAVEATS IN ALBERTA

The Government of Alberta has passed legislation removing the right to file caveats on land in the Province retroactive to April 1973 in Southern Alberta and January 1975 in Northern Alberta. A caveat warns third parties that a certain piece of land is in dispute and tends to lower the value of the land and make it harder to sell. Most caveats in the province have been filed by native people in connection with their land claims.

The Alberta Human Rights Commission has objected to the legislation on the grounds that it is discriminatory and has asked that the retroactive part of the legislation be withdrawn. The native groups have made the same request. Their caveats filed since January 1975 include a 33,000 square miles piece of land between Peace River and Fort McMurray which the native people hope to claim.  
EJ 18/10/77 p.53; EJ 19/10/77 p.24

## FEDERAL GOVERNMENT

**INTRODUCTION:** *While the Queen stole headlines across the country during her visit this month, the newspaper people focused on more pressing matters facing the Federal Government: decentralization and a job relocation scheme, and a potential violation of the Combines Investigation Act by the uranium cartel.*

### THRONE SPEECH

The Queen opened the third session of the 30th Parliament on Oct. 18 with a speech that focused on unemployment in Canada and national unity. For the first time, the government directly linked the search for national unity with the stagnating economy and unemployment. Government plans for constitutional proposals were vague and there were no specific suggestions dealing with the economy. The uncommonly brief speech promised a federal ombudsman to right bureaucratic wrongs, an end to wage and price controls by early 1978, tax reduction and investment incentive legislation, legislation to enhance exports and to help private industry undertake projects in other countries, a National Food Conference to formulate food strategy, measures to improve the national transport system, constitutional reform to safeguard fundamental rights and freedoms, an amendment to the Criminal Code to assure the right of accused to be tried in the official language of their choice, and a petroleum and natural gas act to regulate oil and gas exploration on federally administered lands and establish a system of royalty payments. TS 19/10/77 p. A3; EJ 19/10/77 p. 16 CP; TS 19/10/77 p. A1; GM 25/10/77 p.9



### JOB RELOCATION

Finance Minister Jean Chretien announced a job relocation program on Oct. 3 which he claimed can make a significant contribution to national unity and decentralization. Fifteen federal department units and 4000 jobs are to be moved from Ottawa to 12 communities around the country. These are: Sidney, Antigonish, Yarmouth (in N.S.); Rigaud, Sherbrooke, Quebec city (in Que.); North Bay, Sudbury, Thunder Bay (in Ont.); Saskatoon, Sask., Camrose, Alta., and Kamloops, B.C. Of the 12 towns, 11 are totally or partially represented by Liberal MPs--five of them by Cabinet Ministers. They are: Industry Minister Jack Horner, Environment Minister Len Marchand, Postmaster General Jean-Jacques Blais, Treasury Board President Robert Andras, and Transport Minister Otto Lang.

Criticism of the scheme was launched on several

fronts. A Winnipeg Free Press columnist, W.A. Wilson, called it "blatant...political patronage" while an Edmonton Journal editorial claims that a shift of 4000 out of 323,000 jobs is a poor effort at decentralization. Don Mazankowski (P.C.-Vegreville) called the program "a sop to Quebec" because close to 60 per cent of the 4000 civil servants affected would be moving to Quebec.

Quebec Premier Levesque criticized the plan because of the requirement that children of English-speaking civil servants be allowed to attend English schools. Levesque interpreted this position as "blackmail" to pressure Quebec to amend the French-language charter. TS 3/10/77 P. A1; TS 4/10/77 P. A2; WFP 5/10/77 P. 45; EJ 5/10/77 P. 4 ed.; TS 10/10/77 P. A3

**CNSP NOTE:** *Clearly, this requirement is a contravention of the Quebec French-language charter, which states that only children whose parents were educated in English schools in Quebec may go to English schools in Quebec.*

### ALLMAND PROBES CARTEL

On Oct. 4 Consumer and Corporate Affairs Minister Warren Allmand announced an anti-combines investigation into whether the uranium price-setting cartel, set up with the federal government's support in 1972, led to violations of the Combines Investigation Act.

The international cartel was set up in 1972 because the United States, which was the largest market for uranium, was protecting its own producers with an embargo on imports, creating a surplus of uranium on the world market. As uranium prices fell, non-U.S. uranium producers from Canada, South Africa, France, and Australia formed a cartel which operated through a secret secretariat in Paris. This cartel had tacit Canadian approval.

Energy, Mines and Resources Minister Alistair Gillespie admitted this month that the government had been worried in 1972 that the cartel could violate the Combines Investigation Act if it operated "so as to limit the volume of exports or unduly lessen competition in the Canadian market." To get around this problem the government passed in Cabinet a regulation (order-in-council) to the Atomic Energy Control Act directing the producers to limit uranium exports in line with the cartel's agreement. Gillespie argued that because the activities of the uranium industry were effectively regulated (by the Atomic Energy Control Board) then the cartel was not in violation of the Combines Investigation Act. The government promised uranium vendors that they would not be charged with contravening the Combines Investigation Act if they joined the cartel.

# POLITICAL

In announcing the probe, Allmand denied that the government had any reason to believe that there was a contravention of the Combines Investigation Act, but that "it is in the public interest that the air be cleared". The investigation will be headed by Roy Davidson, acting director of the Bureau of Competition in Allmand's department, and it will be carried out in private (the results will be made public). The combines investigation, which is the first ever ordered by a federal minister, will begin immediately and will take about a year to complete. GM 30/9/77 p. 1; GM 1/10/77 p. 1; GM 3/10/77 p. 8; GM 4/10/77 p. 1; TS 4/10/77 p. A1; EJ 6/10/77 p. 4; EJ 4/10/77 p. 16; TS 11/10/77 p. B4; GM 15/10/77 p.11

## CARTEL "GAG" RELAXED

A revised Cabinet order-in-council removed the restriction that for the past year has made it illegal in Canada to discuss or pass on any information concerning the Government's role in setting up a uranium cartel. Energy, Mines and Resources Minister Alistair Gillespie announced the lifting of the ban on Oct. 13. It is now legal to discuss information that has been made public about the government's role in the cartel, but it is still illegal for uranium producers or government officials to make any more information public. EJ 14/10/77 p. 24; GM 14/10/77 p. 8; TS 15/10/77 p.7

## CARTEL AND ONTARIO HYDRO BILLS

While former Finance Minister Donald Macdonald (who was Energy Minister while the uranium cartel was in operation), Energy Minister James Taylor, and Ontario Hydro all deny that the uranium cartel raised Ontario hydro bills, Sinclair Stevens, Conservative finance critic keeps producing documents which indicate the contrary. Stevens charged on Oct. 25 that the files of Gulf Minerals Canada Ltd., a subsidiary of Gulf Oil Co. show that Ontario Hydro was paying inflated world prices for its uranium. Stevens produced evidence to show that Gulf Minerals made a profit of \$51 million on a 1971 sale of uranium to Ontario Hydro--a profit of 51 per cent before taxes. Stevens claimed that by 1980 when delivery starts, Ontario Hydro customers will have to pay \$20 to \$30 more annually because the government-inspired cartel allowed Gulf to charge Hydro the same price as it was charging Spain, Japan, and Finland. GM 1/10/77 p. 11; TS 1/10/77 p. A4; TS 26/10/77 p. A1; TS 27/10/77 p. B8; GM 28/10/77 p. 4



# PROVINCIAL GOVERNMENT

## MANITOBA

MANITOBA ELECTION STANDING - ELECTION OCTOBER 11, 1977

NEW STANDINGS:		AT DISSOLUTION:	
NDP	23	NDP	31
PC	33	PC	23
LIB	1	LIB	3
OTHER	0	TOTAL:	57
TOTAL:	57		

POPULAR VOTE: 1973		POPULAR VOTE: 1977	
NDP	42.1	NDP	38.5
PC	36.5	PC	48.9
LIB	18.9	LIB	12.0
OTHER	2.5	OTHER	0.6

MANITOBA ELECTION - ANALYSES FROM ACROSS THE COUNTRY

Edmonton Journal: Manitoba was never an NDP province. Schreyer was elected because he was a leader and people liked his moderate style. NDP carried the blame for the generally dismal state of the Canadian economy. EJ 13/10/77 p. 4 Ed.

Financial Post: The Manitoba public is not in a spending mood, and turned with welcome relief to a government that offered to lop off unnecessary government programs, pare down the size of the civil service and stimulate the economy through the private sector. - Susan Hoeschen, FP 22/10/77 p. 6

Halifax Chronicle Herald: The Tories campaign of "less is more" worked to dump the administration which they claimed had been responsible for excessive taxation, mismanagement and too much government interference in the economy. - Gretchen Pierce HCH 12/10/77 p. 1

Globe and Mail: The people opted for "orthodoxy" - with reason. Personal income taxes are high compared to other provinces; concern over government investments in industrial operations; concern over lack of private investment money; concern that social programs were being administered with wasteful generosity.

Rumours that he was thinking of working for the federal government may have harmed Schreyer's campaign to remain Premier. GM 13/10/77 p. 6 Ed.

Toronto Star: The turnaround was largely due to the virtual collapse of the Liberal strength.

It underscored Conservative claims that Manitoba with its strong agricultural base has always edged reluctantly into socialism. - Stephen Handelman TS 12/10/77 p. 1, 3

Editorial: Voters have become increasingly nervous over their futures, with unemployment and inflation staying high and the nation threatened by Quebec separatists. No longer are expensive social programs such as no-fault auto insurance and increased aid for the poor in vogue. Today, the cry is for sound economic management that will protect jobs and hold the line on taxes. TS 16/10/77 p. A9



# POLITICAL

**Winnipeg Free Press:** The Conservatives benefited from almost complete polarization. - Mary Ann Fitzgerald and Alice Krueger, WFP 12/10/77 p. 1, 4

**Southam News Service:** "The right wing of the Liberals defected to the Tories virtually en masse... the electorate perceived Schreyer as more arrogant than cool; when the NDP leader spoke of equalitarianism, they heard only statism...The voters weren't as concerned over Lyon's lack of forthrightness denying and then confirming a \$3,000 monthly allowance paid when he sought the party leadership in 1975 as they were about "communistic leanings" in the blandly socialist New Democrats...While it held onto the votes of the elderly, the NDP failed to attract any substantial support among the new 18 to 24 year-old voters...Equally damaging to the NDP in at least two ridings was the less than total support from organized labour; angry at the government over strikebreaking tactics, too many unionists stayed away from the polls...Lyon promised not to dismantle social programs his party once opposed like provincial government automobile insurance and premium-free medicare but he didn't promise any major innovations." - Peter Calami EJ 13/10/77 p. 69

**CNSP NOTE:** A look at the political map of Manitoba after October's election confirms an analysis that appeared in the WFP on Sept. 26, in an article by Steve Kerstetter of the Canadian Press. He predicted a map that shows a diagonal line beginning on the Manitoba-Saskatchewan border about halfway between The Pas and Swan River, going south and east bisecting Winnipeg and continuing to the southeast corner of the province.

With few exceptions, he said, the better farming areas of southwestern Manitoba and the more affluent sections of southwest Winnipeg are Conservative country. The northwestern half of Winnipeg, with many working-class and ethnic neighbourhoods, and other territories north and east of the city are NDP territory.

Not surprisingly, many of the constituencies located on or next to the diagonal battle line were not firmly in either camp. He predicted that some 1600 strategically cast votes in these marginal ridings could ensure a Majority PC government. He did not hold much hope for the Liberals and his pessimism proved correct.

The riding of Thompson, north of Lake Winnipeg, is a Tory island in a sea of NDP ridings. Ken McMaster, a former union leader who is now INCO Metals Company Ltd. external activities supervisor took 23 of 27 polls to defeat the incumbent NDPer Ken Dillen. Other northern ridings maintained their NDP support.

## WHAT WE CAN EXPECT OF THE NEW PC GOVERNMENT

A prompt letup in pressure from government for supply management through farm marketing boards should be obvious in the agricultural policy of the new government. They will probably support producers forming their own groups. - Jack Francis WFP 13/10/77 p. 21.

**Globe and Mail:** Lyon said the legislature would have to pass retroactive legislation to make AIB rollbacks in wage agreements between the government and the civil service legal. GM 13/10/77 p. 9

If Lyon remains true to election promises, a dozen government-owned companies could be sold soon to the private sector. Some possibilities are bus manufacturer Flyer Industries Ltd. and McKenzie Seeds Co.

Insurance firms will be able to compete with the government-run auto-insurance corporation, and the mining industry's tax position will improve. The government is prepared to get out of mineral exploration and disband the provincial Crown corporation, Manitoba Mineral Resources Ltd., to turn the work over to the private companies. - Susan Hoeschen FP 29/10/77 p. 16

Lyon evaded questions on whether the Workplace Health and Safety Act and legislation stipulating overtime payment at 1 3/4 the regular hourly rate would be scrapped or watered down, saying only that the health and safety legislation contains features thought by "many" to be "negative and non-productive". WFP 15/10/77 p. 13 Wally Dennison

## SOME PC PROMISES

- \* Reduce government involvement in the mining industry.
  - \* Reduce both personal and corporate income tax.
  - \* Abolition of succession duties and gift taxes.
  - \* Sale of the approximately 200,000 acres of farmland held under the NDP's land lease program.
  - \* A reduction in Manitoba's 14,000-member civil service.
  - \* Retention of autopac and premium-free medicare and pharmacare, as well as the tax credit system initiated by the NDP.
- WFP 12/10/77 p. 17 Scott Edmonds.

## NOVA SCOTIA

### FREEDOM OF INFORMATION IN NOVA SCOTIA

Effective Nov. 1, Nova Scotians were the first in Canada to get freedom of information legislation. Everyone will be allowed access to information on government department organization, rules of procedure, final decisions of administrative tribunals, statements of general policy, personal information contained in files pertaining to the person making the request, the annual report and department regulations. HCH 7/10/77 p. 1 Chris Morris

The list of material the act forbids access to includes information of a personal nature about others, information resulting in personal gain, information affecting negotiations or a department's ability to compete commercially and information likely to hurt relations with another government. TS 7/10/77 p. A7 CP.

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# POLITICAL

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## ONTARIO

### ONTARIO FREEDOM OF INFORMATION COMMISSION

Ontario's commission studying freedom of information and individual privacy in Ontario began its public hearings early in October. It preceded these hearings with requests to deputy ministers that they inform it of the impact freedom of information legislation would have on their ministries. The chairman of the commission, D. Carlton Williams, pointed out that there is no right to privacy in Canadian law. GM 20/9/77 p. 5

Pierre-Margaret stories were defended at a meeting of the Ontario Press Council on the grounds that the public "has an appetite for such stories". TS 15/10/77 p. All

## NEWFOUNDLAND

William Rowe won the Liberal Party leadership Saturday night defeating incumbent Ed Roberts 439 to 376.

First elected to the legislature in 1966, Rowe became a cabinet minister at 24. He left the House in 1974 to further his studies and later resumed a law practice. He is now 37. EJ 17/10/77 p. 98; TS 17/10/77 p. C17 CP

## QUEBEC

*INTRODUCTION: This month we focus on two main stories. The first is the referendum campaign and the strategies of the PQ and the Common Front of six pro-federalist organizations. Secondly, we look at various aspects of PQ economic policy. The English press continues to highlight every case of business criticism of the PQ. The French press is instead concentrating on presenting the problems of governing in a context of high-powered resource development (see section on Hydro Quebec), weakening traditional manufacturing industries, and business resistance to PQ plans for expanding manufacturing in the asbestos industry. Quebec faces growing unemployment, but is reluctant to finance job-creating programs because of the borrowing needs of Hydro Quebec.*

### PQ ORGANIZES FOR THE REFERENDUM

The PQ hopes to raise \$2 million next spring in its membership campaign. In each riding the PQ hopes to organize a committee in charge of the referendum campaign. The locals will hold meetings, distribute literature and get media coverage in order to present the pro-independence option to Quebecers. At the national level, the PQ is planning to buy a series of monthly half-hour TV programs (Cost: \$113,000) to present its arguments. It will also twice a year

## PRINCE EDWARD ISLAND

Only a few weeks after the government introduced controls to keep agricultural land in production, it announced the construction of a tourist information centre on 45 acres of prime farmland. The National Farmers Union has filed an appeal with the provincial land-use commission which has the power to prevent work going ahead. GM 29/10/77 p. 9 Martin Dirrell

## BRITISH COLUMBIA

The legislature has adjourned after passing legislation including, among others, the B.C. Resources Investment Corporation Act which sets up a public corporation to allow private investment in assets acquired by the former NDP government. WFP 28/9/77 p. 7 CP

## QUEBEC

Sources in the Quebec NDP say the national office is ready to pump \$100,000 into Quebec provided Quebecers are willing to dump their leader, Henri-François Gauthier in favour of someone more attractive to the electorate. The man the NDP people in Ottawa are seeking is Phil Edmonston, the president of the Automobile Protection Association which he founded. He is perhaps Canada's best-known consumer advocate and his reputation is even stronger in French-speaking Montreal than it is in English Canada. GM 27/9/77 p. 11 Richard Cleroux

send PQ deputies to all of the ridings for meetings with the electors. The first tour is planned for next February, and ridings which did not elect PQ members will receive the greatest attention. LJ 30/9/77 p. 13 Michel Auger

### PRO-FEDERALIST COMMON FRONT

The spokesmen of six pro-federalist organizations, five of which are Quebec-based, have announced they will join forces to fight in the referendum campaign. They are:

- 1) The Council for Canadian Unity founded in 1964 whose members are 250 businessmen. The president is Mr. Louis R. Demarais.
- 2) Quebec-Canada was born after last Nov. 15 and estimates its adherents at 100,000 organized in each of the 110 ridings. The president is Mr. Claude Nolin.
- 3) Decision Canada has 600 members and plans a door-to-door campaign to promote its position. The president is Mr. Richard Lande.
- 4) Committee for Positive Action has 40,000 members and was first organized last spring around the French language charter debate. It is mainly an English-speaking organization which does research.
- 5) Ralli Canada organizes public debates. Its president, Mr. Jean L. Renaud, describes it as "the physical face of the common front".
- 6) Commitment Canada is a Canada-wide organization that sees its task as explaining Quebec to the rest of Canadians. LD 14/10/77 p. 11 Rodolphe Morissette

## HYDRO QUEBEC LOAN

Through its agent, the First Boston Corp. (Solomon Bros.), Hydro Quebec has succeeded in raising a loan of \$200 million. Two of the largest investors involved were Prudential and Metropolitan Life insurance companies. The interest rate is 9.25 per cent over 20 years.

TS 14/9/77 P. A1 Harlow Unger

*CNSP NOTE: Commentators disagreed in their interpretation of this event. The pessimistic ones noted Ontario Hydro has been able to borrow on better terms. The optimistic ones point out Ontario has historically had more favourable terms and say the terms of a private (investors directly involved) as opposed to a public placement are generally less favourable.*

## WAS THE LOAN NECESSARY?

Mr. Roland Giroux, former president of Quebec Hydro and now a special advisor, explained Hydro's decision to make a private rather than public placement at lower interest rates. "It improves our credibility in the U.S."

Actually, Hydro did not really need the \$200 million it borrowed. It has fixed assets of \$2 billion and completed 1976 with a cash flow of \$1 billion for a 30 per cent margin of self-financing. Further, it had already borrowed \$571 million this year in Canadian, European and Japanese money markets. The only explanation given was a "political" desire to test the American market.  
LD 14/9/77 p. 19; LD 15/9/77 p. 1

## HYDRO RAISES RATES

Hydro is proposing to raise its rates to consumers by 20 per cent on January 1, 1978. It proposes to have similar increases in the subsequent two years

as well. Rate increases of this magnitude were a condition of the recent loan negotiated in the U.S.  
LD 14/9/77 p. 1

## JAMES BAY COSTS WON'T RISE THIS YEAR

Thanks to the overall economic climate of recession James Bay Project directors plan to keep costs to the present figure of \$16.1 billion. LD 15/9/77 p.1

*CNSP NOTE: It is small comfort indeed that costs will not rise again this year since the project's original estimate was \$3.5 billion only a few years ago. Critics of various pipeline projects often cite James Bay to show how preliminary cost estimates double and quadruple long before such projects are completed.*

## PARIZEAU STICKS TO BUDGET

From July 1976 to July 1977 Quebec had a net loss of 10,000 jobs. The construction sector remained constant while the tertiary sector (public sector, finance and retail) saw an increase in jobs. Manufacturing lost 55,000 jobs, especially in textile and clothing, shoes and furniture. In the face of this, Quebec Finance Minister Jacques Parizeau stated the PQ government is ready to encourage the construction of thousands of new housing units and to be involved in the manufacturing sector (probably asbestos). He made it clear, however, that funds would not come from additions to the government's budget. Mr. Parizeau does not want to borrow any more since Quebec Hydro wants to borrow \$2 billion in the next two years. Parizeau is anxious to avoid competing on the bond market. Clearly, resource development comes first, even though many PQ deputies are calling for job creation. These are in closer contact with their constituencies where unemployment is felt. Observers believe the PQ is planning to put a mere \$50 million into job creation this winter, a very small percentage of the province's \$11.5 billion budget for 1977-'78. LD 15/9/77 P. 1, 16/9/77 P. 1

## ASBESTOS

A quarter million dollar study financed by the asbestos industry has just been published by the Sorès Mining Association (SNC Group) and Arthur O. Little Consultants. It identifies five asbestos products which may offer Quebec promising possibilities for developing a secondary industry in asbestos. The government is presently reviewing the study. Up to the present time, only three per cent of the asbestos mined in Quebec is processed there. The study identifies products made of a combination of asbestos and cement and polished facings for buildings as prime candidates for domestic manufacturing. Others are the asbestos and paper backing for linoleum, parts for disc and shoe brakes and certain types of paper containing asbestos. Quebec presently imports these products. Use of asbestos in textile production was ruled out because the industry

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consumes only about one per cent of asbestos production. LD 2/9/77 p. 15

## BUSINESS - PQ MEET

Presidents of Labatts, Molsons, O'Keefe, Trans Canada Pipelines, Northern Energy Resources, Gulf Oil, BP Canada, Sun Oil, Alcan, Dominion Engineering,

Bombardier-MLW Worthington, Consolidated Bathurst, Imperial Tobacco, Canron, and DuPont met with Premier Levesque and PQ cabinet members in a colloquium organized by the Financial Post Conferences and the School of Advanced Commercial Studies. Gerard Docquier of the Steelworkers was also present. LD 30/9/77 p. 15.

## POLICE

*INTRODUCTION: Wiretaps, illegal entries, blacklists and withheld documents, spiced by offhand comments by Prime Minister Trudeau made up the news on the police beat during the past few months. The press has given coverage to groups protesting blacklists of "subversives", but headlines such as "BAN SUBVERSIVES" tend to enforce particular attitudes.*

*Two provincial inquiries into RCMP illegal activities have prompted serious questioning from opposition MPs over Solicitor-General Francis Fox's insistence on withholding documents from the commissions. Later, Fox admitted the RCMP in 1973 had broken into the PQ headquarters in Montreal.*

### POLICE CHIEFS' PRESIDENT WANTS "SUBVERSIVES" OUTLAWED

Jack Machan, president of the Canadian Association of Chiefs of Police, said it is necessary to outlaw politically subversive groups in Canada to maintain a just society. He advocates censorship of books that deal with subversive political thought.

TS 24/8/77 P. A13

James Dybikowski, president of the British Columbia Civil Liberties Association, said the effect of Machan's suggestion would be the repression of a person simply for being a member of a group.

GM 25/8/77

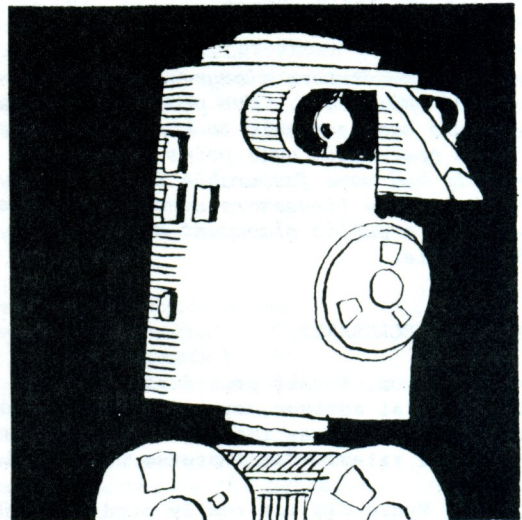
### "SUBVERSIVES" LISTS STILL MADE

M.P. Frank Oberle (PC) said the federal government continues to compile lists of private citizens it considers "subversive". The RCMP and the Solicitor-General's Security and Planning Analysis Group provided names, including members of the Canadian Union of Public Employees, the National Farmers' Union and the Indian Association of Alberta. Robin Bourne, head of SPAG, confirmed lists exist and are being sent to federal cabinet ministers. TS 10/8/77 P. A10 (CP) GM 10/8/77 P. 1 (CP)

### MPs ARE BUGGED

New RCMP Commissioner R.H. Simmonds "modified" former Commissioner M. Nadon's denial that the RCMP had used electronic surveillance on MPs since 1947. Simmonds said at least one member of Parliament has been subjected to electronic surveillance by the force. Fox confirmed Simmonds' statement, but said he didn't know how many MPs have been bugged. GM 21/9/77 P. 4; GM 23/9/77 P. 3; HCH 21/9/77 P. 3

Prime Minister Trudeau told NDP leader Broadbent not to worry if the RCMP has a file on him. He said they had one on himself for years and he still became Prime Minister. TS 10/9/77 P. A2



### QUEBEC RCMP INQUIRY

A Quebec provincial inquiry, headed by lawyer Jean Keable, began hearings into an illegal police break-in at the Montreal office of the Agence de Presse Libre du Quebec in 1973. (See Synthesis June '77) Solicitor-General Fox said he would not allow the Quebec Commission to see "sensitive" RCMP documents. He claimed this would lead to disclosure of material relating directly to current investigation conducted by the RCMP's security and intelligence branch. Fox said he would try to reach a compromise with the inquiry commission, but would go to court to prevent

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the release of certain documents. He produced three affidavits in the hope of deterring the release of the documents. Opposition MPs attacked him for keeping files secret from both the Alberta and Quebec inquiries. Fox claimed he was only doing his duty to protect national security under the mandate given him by Parliament.

The Quebec inquiry revealed there was a possible second **break-in** at the home of a woman who knew Front de Liberation du Quebec member Jacques Cossette-Trudel. The inquiry said "a letter from Cuba" was a main prize sought by anti-terrorist officers from the three police forces involved in the break-in. The RCMP made a list of "sympathizers" of the left-wing news agency, including Le Devoir publisher Claude Ryan, members of the CBC, and Rene Levesque, Claude Morin and Pierre Marois of the present PQ government of Quebec. Further testimony revealed that wiretapping of activists' phones and police infiltration of opposition movements were "run of the mill" procedures. HCH 3/10/77 P. 2 (CP) (Also TS, EJ same date) GM 6/10/77 P. 3; EJ 17/10/77 P. 72; TS 9/10/77 P. A17; GM 15/10/77 P. 14; HCH 20/10/77 P. 5 (CP)

## FOX ADMITS RCMP "OFFENCE" TO HOUSE

Solicitor-General Fox addressed the House of Commons in the course of the Debate on the Speech from the Throne. He gave a short historical review of the Security Services Mandate. He said, "As early as 1966 it was recognized by the government that greater attention would have to be given to the Security Service, to ascertaining and assessing the nature and the extent of the separatist threat in Canada, with a view to identifying those individuals, groups and organizations whose real or apparent purpose...was to subvert or destroy, by force, Canada as a united country." Fox said a fresh mandate for the Security Service was initiated in 1974 with the acceptance by Parliament of the Protection of Privacy Act, in effect after the 1973 break-in.

Fox then admitted, "An offence to property belonging to the Parti Quebecois may have been committed in 1973."

## MILITARY

*INTRODUCTION: NATO and NORAD talks still centre around the apparent need for increased expenditure to balance power between the western and Soviet blocs.*

*The French-language press picked up an interview with Rene Levesque regarding Quebec's participation in NATO and NORAD, but the story did not appear in English papers.*

*General Dextraze resigned as Chief of Defence Staff, and Defence Minister Danson is toying with the idea of a military draft.*

## GOVERNMENT DEFENDS NEED FOR NORAD

The Canadian and U.S. governments are considering ways to make the North American Air Defence Command (NORAD) more effective. Critics in the House of Commons have said NORAD is designed to counter the manned bomber, which is not a real threat today.

He said this "operation", including an illegal entry and the removal and copying of PQ membership lists, "was apparently authorized by senior officers of the Security Service."

Fox concluded his statement by asking "the people of Canada not to be overly hasty in passing judgement," since "the motives were of the highest order" and their "**sole object** was to promote the security of Canada given the political and social climate prevailing in 1973." GM 29/10/77 P. 1; Notes for remarks by the Solicitor-General of Canada, the Hon. Francis Fox, Pp 4,5,6,10-12.

Prime Minister Trudeau said he knew the RCMP was looking into the activities of separatists during the early 1970s, but ordered it stopped when he discovered the PQ was investigated. He said he didn't ask how the RCMP got its information. "It is sometimes proper for the police force to break the law 'technically'," he added. GM 29/10/77 P. 1; TS 29/10/77 P. A1

## LAYCRAFT INQUIRY

Conservative MPs questioned the federal government over the possible illegality of a secret agreement between the National Revenue Department (NRD) and the RCMP. Justice James Laycraft heads an inquiry to investigate whether unlawful acts were committed during investigations into a **carnival** company (Royal American Shows). The general manager of the Edmonton Exhibition Association was charged with accepting kickbacks from the company. The inquiry revealed police had used wiretaps in 1975 to give transcripts of conversations to the Income Tax Department. A secret agreement between the NRD and the RCMP signed in April, 1972 allowed the NRD to give the RCMP confidential information if the force was investigating an offence against the Income Tax Act by members of organized crime.

Both National Revenue Minister Joe Guay and Solicitor-General Fox denied the agreement violated federal legislation. Liberal MP Herb Gray said the original agreement forbade the RCMP to use the information for its own investigations. He states, "It appears the RCMP has been abusing the agreement." GM 30/9/77 P. 10; FP 1/10/77 P. 1; EJ 21/10/77 P. 56

The government and military say the radar systems and fighters are necessary to show the world Canada is ready to defend its sovereignty. NORAD has now existed for 20 years. Ten thousand of the 53,000 people on the NORAD staff are Canadian. Its budget for 1976 was \$1.43 billion. VS 12/9/77 P. 15; WFP 12/9/77 P. 6; VS 13/9/77 P. 6

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## NATO TALKS

In Italy: Defence ministers of the North Atlantic Treaty Organization failed to agree on the European deployment of the neutron warhead. European ministers said the weapon, which kills humans but spares buildings and objects outside the blast area, is militarily useful but politically dangerous. A senior NATO official warned against renouncing the weapon, saying it is needed to "provide balancing capability" against the Soviets. No European country at NATO favoured the deployment of the bomb on the continent, partly because of growing leftist opposition to the weapon. U.S. Defence Secretary H. Brown and NATO Secretary-General Joseph Luns tried to dispel fears by saying it is "really and artillery shell."

GM 13/10/77 P. 10 (AP); WFP 13/10/77 P. 1 (AP)

In Paris: Members of NATO proposed British military cuts would be harmful to the organization's defences. Britain defended the cut of \$400 million annually by saying its military spending is well above the average of other European NATO members. HCH 1(9/77 P. 13

## QUEBEC PARTICIPATION IN NATO AND NORAD

In an interview with the American Journal U.S. News and World Report, Premier Levesque stated, "We have had to revise our earlier position on withdrawing an independent Quebec from NATO and NORAD. Our participation in both is probably a political necessity." At its May congress, the PQ reversed its position, noting that other small countries like Portugal and Denmark are part of NATO because you have to if you want to be part of the West. LJ 23/9/77 P. 11

## HEALTH

### OHIP FIGHTING HEALTH COSTS

The way OHIP polices its \$700 million annual billings will top the agenda of the Ontario Legislature's public accounts committee during this fall session. Doctors have become increasingly vocal in their frustrations. Dennis Timbrell, Minister of Health, claims there is an oversupply of doctors in Ontario and is considering restrictions on flow of doctors from Quebec. Health costs are soaring and the government is looking for a politically acceptable way of reducing them.

Meanwhile, the Treasury Board is denying the \$150 million fund for special job creation will mean cutbacks in major social welfare programs. The government is considering a means test for family allowance.

Federal treasury block funding to each provincial government will be without prior commitment to specific programs. The Canadian Council on Social Development is concerned that social service money could be directed by provinces to other purposes. GM 25/10/77 p. 16; TS 16/10/77 p. A15.

"I have come to believe that within the State a citizen can and should be pacifist and anti-militarist, but that a State itself cannot permit itself to close its eyes to the problem of its defence unless it is content to be a State in name only."

LJ 23/9/77 ed. by Evlyn Dumas.

### BOYLE STEPS DOWN

Vice-Admiral Douglas Boyle announced his retirement from the Royal Canadian Navy. Boyle will be succeeded by Rear-Admiral Andrew Collier as Chief of Maritime Command. Boyle has accepted an assignment offered by Defence Minister Danson to "undertake the study of the effect of the military upon Canadian economic and social life." HCH 17/5/77 P. C6

### NEW JOB FOR DEXTRAZE

General J.A. Dextraze retired from his position of Chief of Defence Staff to become chairman of Canadian National Railways. WFP 9/9/77 P. 5

### DANSON PROPOSES MILITARY DRAFT

Defence Minister Danson says he favours a compulsory standing army for Canada. He said military service for all fit young Canadians would ensure the future strength of the armed forces. He added the armed forces would be an alternative to unemployment insurance. Danson later conceded: "Canada is not politically ready for a mandatory draft...but I don't think it's impossible that it will happen. TS 26/9/77 P. A1; WFP 26/9/77 P. 1 (CP); EJ 26/9/77 P. 6 (CP)

### STUDY FINDS NEW PILL DANGERS

A continuing study of 46,000 women in Britain shows that those who use oral contraceptives face a higher risk of death related to the pill than was previously thought. It concludes that pill users in general face a 40 per cent higher death rate than women of the same age who never used the pill. The new findings also suggest that the risk of death associated with the pill may increase with the length of time a woman takes the pill and that this risk may remain elevated for some years after pill use is discontinued. In light of these findings, the Royal College of General Practitioners and the Royal College of Obstetricians and Gynecologists issued the following recommendations:

- \* No change in pill use by women under 30;
  - \* No change in pill use by women 30 to 35 unless they have used the pill for 5 years or longer and they smoke cigarettes, in which case they should either stop smoking or find another contraceptive;
  - \* Reconsideration of pill use by all women over 35.
- N.Y. Times Service, GM 19/10/77 p. 15

## NO SIGN OF SETTLEMENT IN NEWFOUNDLAND NURSES TALKS

Nurses in hospitals across the province are taking strike votes. The Treasury Board and the nurses' union reached a stalemate. The government rejected a conciliation board report proposing that nurses be paid overtime after five consecutive work days. HCH 13/10/77 p. 4

## NOVA SCOTIA HOSPITALS FACE 100 NEGOTIATIONS

The Association of Health Organizations has received approval from the Department of Health that all arbitrations which are referred to the Association for advice and consideration before reaching the arbitration board stage will be given assistance. All legal fees will be borne by the Association. 1978 will bring up 100 contract negotiations in Nova Scotia hospitals. HCH 14/10/77 p. 4

## MDs SEEK ARBITRATION PROCEDURE

In order to avoid confrontation with government, Ontario doctors want an arbitration procedure similar to other medical workers who are covered by the Hospital Labor Disputes Arbitration Act. Doctors are dissatisfied because they claim their disposable income has remained at about \$23,000. Their increase in payments has been according to AIB guidelines. GM 26/9/77 p. 5 Joan Hollobon

## HOPES FADING FOR INCOME SUPPORT

Eight provinces have rejected the guaranteed annual income program for the working poor. Only Saskatchewan and Manitoba were willing to be committed to it. 661,000 families and 832,000 unattached individuals live below the poverty level in Canada. (1975 Statistics Canada) EJ 13/9/77 P. 57 G. Oake

## NAPO GIVES OTTAWA A JOB PLAN

The National Anti-Poverty Organization (NAPO), a coalition of about 1,800 poor people's groups, urged government to cut unemployment. They proposed a special Crown corporation that would provide technical and financial assistance to persons wanting to start small businesses. The workers hired would have to be living at or under the poverty line. The proposal was endorsed by the National Association of Social Workers. \$100 million would be needed to set up the Crown corporation. WFP 5/10/77 p. 7

## SUICIDE: THE ULTIMATE END FOR JOBLESS

President Gerald Yetman told delegates at the convention of Nova Scotia Federation of Labor that he knows of four Cape Breton residents who have committed suicide recently because they were unable to find work. HCH 6/10/77 p. 6 Ed.

*CNSP NOTE: As the unemployment crisis takes its toll among the jobless, distress centres are swamped with calls and psychiatric admissions to hospitals increase. Dr. W. J. Stauble, chief psychiatrist at St. Michael's Hospital, Toronto, said "When a person becomes unemployed he becomes bored. Boredom leads to depression and the person becomes demoralized. He loses his self-esteem, doubts his self-worth. His sense of worth is tied in with his job and when he loses his job and can't find another one, the mental stress can be severe."*

*Len Kinski of the Ontario Federation of Labor states there is little doubt there is a direct relationship between the increase in mental illness and crime during periods of high unemployment.*

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# CULTURE

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## MEDIA

**INTRODUCTION:** *Stories on the media concentrated on changes to the industry and philosophical changes that might result. There is increased concern about honest advertising and objective reporting of news, especially in the "national unity" debate.*

### CHANGES TO THE NEWSPAPER INDUSTRY

Electronic change within the industry has the potential for changing newspapers in a profound way. Increasingly, advertisers instead of readers are underwriting the costs of newspapers. Now that it is possible to identify, through an advertiser's computer, what news will attract the largest audience, two major changes are anticipated. It will be easier for new papers to start up which specialize in news that attracts readers, and so interest advertisers. For newspapers that already exist, there will be increased competition for readers, and this may result in a redefinition of what constitutes news. In Winnipeg, Southam analysed how the news media were performing in relation to the "information needs" of consumers and, as a result, successfully rejuvenated the Tribune. GM 17/9/77 P. B1

In a speech to a meeting of the Newspaper Advertising Executive Association, the president of Simpsons Ltd. of Toronto called on journalists to be a more constructive and positive force in society. He expressed the fear that papers are attempting to win back readers with lighter, breezier papers with exotic visual displays, presumably at the expense of straight news coverage and analytic reporting. GM 23/9/77

### CHANGES IN ADVERTISING

Research sponsored by the Association of Canadian Advertising suggests television advertising might be in for some substantial changes. Recent findings on brain functioning suggest that the perception of images is a right brain function. Conventional testing for television commercial recall among consumers has, until now, been aimed at the left brain. These tests have failed to take into account that the repetition of a commercial message will not have a readily apparent effect until a behavioural trigger--such as a visit to the supermarket--occurs. WFP 22/9/77 P.51

The Ontario government is prepared to enforce standards of honesty in advertising, says Consumer and Commercial Affairs Minister Larry Grossman. No controlling legislation is planned, but if the policy of self-regulation proves ineffective, the ministry anticipates the public will demand the government intervene. TS 27/9/77 P. A12

The increase in competition in the urban magazine field has resulted in a major battle for national and local advertising dollars. One immediate effect is the introduction by The Canadian and Weekend, the two largest-circulation magazines, of regional advertising rates. This brings savings of up to 50 per

cent over national rates, and is expected to result in a wider choice of publications and a wider variety of free editorial material. FTC 17/10/77 Pp 27, 40

The Government of Quebec is seriously considering taking over the media-buying function from independent advertising agencies and placing its \$10 million worth of advertising itself. The move would be taken because of the financial savings involved, rather than for any advertising reason. Quebec appears to be following a course similar to that of Manitoba, which has been placing its advertising directly since 1974. GM 28/9/77

The cost of advertising in Canada has always been cited by automakers as one of the reasons cars cost more in this country. However, a new time-and-space cost comparison for radio, television and print media advertising by the industry here and in the U.S. shows that such expenses are roughly 50 per cent lower in Canada than in the United States. FTC 17/10/77 P. 14

The CBC has refused to televise three federal government ads on unemployment and ads on Labor Canada's labor relations system on the grounds that these ads could be seen as political. A Globe & Mail editorial, however, suggests that, rather than being controversial, the ads are uninformative and unlikely to assist their intended audience. GM 6/10/77 P. 1; TS 6/10/77 P. A7; GM 7/10/77 P. 5; GM 15/10/77 P5; GM 10/10/77 P6 ed

### WAGNER AND LOUGHEED SUE CBC

Both Claude Wagner and Peter Lougheed are suing the CBC. Quebec Conservative Wagner is angry over allegations made against him in the documentary, Connections, dealing with organized crime. Alberta Conservative Premier Lougheed cited instances of alleged defamation in the program, The Tar Sands. Mr. Wagner gave notice to sue in June, and has now initiated his suit. Mr. Lougheed has given the obligatory 90 days' notice of his intention to sue. WFP 29/9/77 P. 6; TS 29/9/77; GM 29/9/77 P. 9 EJ 14/10/77 P. 22

### THE MEDIA AND NATIONAL UNITY

Quebec's Communications Minister Louis O'Neill feels the French-language press in Quebec has been more objective than the province's English newspapers in covering provincial affairs since the Parti Quebecois won power. Premier Rene Levesque says Canadian newspapers, especially outside Quebec, distort the national unity issue and hinder intelligent debate. HCH 24/9/77 P. 12; TS 18/10/77 P. A9



The media emphasised Jean Chretien's address to the International Monetary Fund in Washington was given in French, but did not pay much attention to the content of his address. TS 1/10/77 P. C2 ed.

A.W. Johnson, President of the CBC, spoke of the corporation's contribution to national unity. He referred to its extension and improvement of local and regional programming and to the greater attention being given to different traditions, assumptions, viewpoints and interests. Recognizing the need for more Canadian content, he spoke of the plans for more English and French channels on cable. HCH 26-29/10/77 P.7

Mr. Johnson also stated he felt the CRTC inquiry into pro-separatist bias in the CBC "cleared the air" of parliamentary irritation with the CBC. It also resulted in recommendations essentially similar to the CBC's own programming and policy goals. HCH 21/9/77 P.5



"Pity Fotheringay can't walk a bit brisker than usual when he's off to the gents without them starting these silly rumors..."  
 WPP 26/9/77 P.31

## EDUCATION

**INTRODUCTION:** *The emphasis in recent stories has been on declining enrolment and its effects on education. School Boards continue to be exercised about basics.*

### SCHOOL ENROLMENT DRASTICALLY DECLINES

The drastic decline in school enrolment may result in more schools closing, more unemployed teachers, and pupils having to be bused, said Ontario Education Minister Thomas Wells at a hearing of the Commission on Declining Enrolment. GM 15/10/77 P. 4

"The public just doesn't understand...education is a declining industry," stated a Board of Education member in Ontario. Even as enrolment slumps, education costs continue to rise. FP 15/10/77 P. 4 As enrolments drop and the population grows older, priorities in education will have to be redefined. Services for adults will be a growing concern. EJ 30/9/77 P.21

Statistics Canada advance figures on education show that public school enrolment is decreasing in Ontario, while private school enrolment has risen by over 25 per cent in five years. What attracts are the smaller classes and such extras as sports, art, religion. TS 25/10/77 P. E1

Ontario secondary and post-secondary schools are fostering a standard of mediocrity among students to keep them from dropping out, states a recent report to the Ontario Education Council. TS 27/9/77 P. A1

There is a heavy increase in university and college enrolment. Universities would be unwise to expand facilities and hire additional staff since enrolment is bound to decline in the future. It would be a better investment for Ontario to provide away-from-home grants to entice students to attend university in places such as Sudbury and Thunder Bay instead. TS 26/9/77 P. C4 ed.

Planned changes in the Ontario Students Assistance Program has provoked charges that this will create a situation which contradicts the government's expressed policy of equality of opportunity in post-secondary education. Counter-charges claim that the changes will strengthen the principle of equal opportunity. GM 6/10/77 P.5; TS 1/10/77 P. C2 ed.

Proposed higher tuition fees for foreign students in Ontario universities are opposed by both opposition parties. More than half of the foreign students in Canada could not continue to study here if their education costs increased by the \$750.00 which Ontario proposes, according to a nation-wide survey. TS 17/10/77 P. A17; GM 24/10/77 P. 1

### MINORITY LANGUAGE EDUCATION AND EDUCATION ABOUT RACISM

The Toronto School Board has approved establishing five pilot projects of after-school programs to teach multicultural students their native language. Languages to be taught in these pilot schemes are Greek, Korean, Punjabi, Polish and Ukrainian. More requests for such programs are anticipated. Meanwhile, the Board is uncertain about how such programs are to be funded. TS 30/9/77 P. C1

Responding to requests from German, Punjabi, Urdu, Polish, Greek, Croatian and Italian representatives, Peel County is seriously considering offering classes in a family's native language. However, the coordinator of continuing education for the Peel Board of Education reports that such a program is still in the planning stage. TS 26/9/77 P. C2

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The British Columbia Teachers' Federation's efforts to initiate a province-wide campaign against racism is being resisted by school boards who feel that talking about racism creates racism, and by the provincial department of education, which insists no problem exists. GM 10/10/77 P. 10

## EDUCATION POLICIES RE-STATE

A green paper on education produced in Quebec urges clear disciplinary and pedagogical standards, and the powers to enforce them. HCH 7/10/77 P. 8

Literacy, basic tools, and integration of handicapped students were major concerns at a Winnipeg School Board candidates meeting. WFP 18/10/77 P. 10

## WOMEN

*INTRODUCTION: The main stories focused on women in the labour force. While "affirmative action policies" have been adopted in several areas, strained budgets are slowing the rate of change. In any case, recent statistics show that the dollar gap between men's and women's earnings continues to widen.*

### AFFIRMATIVE ACTION POLICIES

Bell Canada has begun an aggressive program of providing equal opportunities for women. Three years ago, out of seven management levels, women occupied positions in only the bottom level.

Since late 1974, the number of women in level I management (\$18,000-\$22,000) has increased by five per cent; level II (\$22,000-\$28,000) by 30 per cent; levels III to V (\$28,000 and up) by more than 50 per cent. No women have yet penetrated the top levels.

Women have been rising through management ranks faster than has been traditional for men.

The ratio of female to male promotions has been increasing steadily.

The affirmative action policy (AAP) was adopted when it was recognized that the long-held non-discrimination policy created no changes in hiring and promotion patterns. The result of AAP is that fewer men can be promoted, resulting in strong resentments. Jack Skinner, vice-president, administration, Ontario region, stated: "If a man and a woman were being considered for a promotion, I'd have to say that, all other things being equal, the woman would stand a pretty fair chance of getting it." FP 15/10/77 P. 24

More than 100 Ontario companies have initiated some form of internal affirmative action plan. The Ontario government urges affirmative action, on a voluntary basis, through its Women's Bureau's consulting service. However, since the consulting service's budget is unlikely to increase, it is anticipated that further progress by the Bureau will be severely limited. Meanwhile, the Rights in Employment Branch of Labor Canada opened five regional offices in May,

Cost of programs makes educational services for the handicapped prohibitive, and there is need for public demand for more for the handicapped before government officials will do anything. HCH 3/10/77 P. 6 ed; HCH 17/10/77 P. 6 ed.

The Alberta Department of Education's recent major policy statement defines six goals of schooling which emphasize the acquisition of knowledge and skill in language, mathematics and science. EJ 5/10/77 P. 10

*CNSP NOTE: While the urgent need for special programs for minorities and handicapped people is growing more apparent, the powers-that-be are still obsessed with the basics. By way of contrast, the Philadelphia school system plans to require virtually all students in secondary public schools to study the holocaust of the Jews in Nazi Germany. N.Y. Times 18/9/77 P.23*

and has already initiated contacts with more than 1,400 employers. FP 15/10/77 P. 24

### WOMEN'S OPTIONS INCREASE, SO DOES UNEMPLOYMENT

As more women enter the workforce, the dollar gap between men's and women's earnings continues to widen and the unemployment rate remains consistently higher for women than men in every province and in every age group above 25 years. The unemployment rate for women averaged 8.1 per cent at a time when it averaged 6.2 per cent for men. These are some of the conclusions reached in the 1976 report on women in the labour force recently released by the federal labor department.

Although a catch-up clause allowing employers to bring their women employees' pay up to the same level as men performing similar work is allowed by the anti-inflation controls, this clause was written into the legislation only two years ago. Only 0.5 per cent of submissions to the AIB took advantage of the clause. Technical guidelines for its use were made available only last month. GM 13/10/77 P. F8

It's hard for a woman to get pay equal to a man's, even when she invokes the law. The main problem is the rigidity of the law. What is needed is a change in the law calling for an assessment on the basis of work of equal value. TS 17/10/77 P. C4 ed.

Wages for housework is "simple justice." Child-rearing is a social need, and honorable calling, a tough responsibility, an exacting job. As such, it should be paid for. Letter to GM 1/10/77 P.7

Statistics Canada figures show that two thirds of Canadian mothers were at home and not in the paid labour force in 1973. Most of them regard themselves as working mothers whose job is at home, raising kids. TS 29/10/77 P. G1



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