

THE LAST POST

70063

SEPTEMBER 1977/75 CENTS

**GOOD-BYE,
ROSE-MARIE**

ALSO:
■ THE ROTHSCHILD CONNECTION
■ THE NORANDA
STORY



GOOD LORD! IT'S
JOE CLARK!

AISLIN 77

THE LAST POST

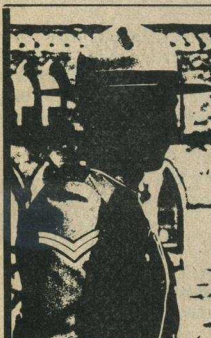
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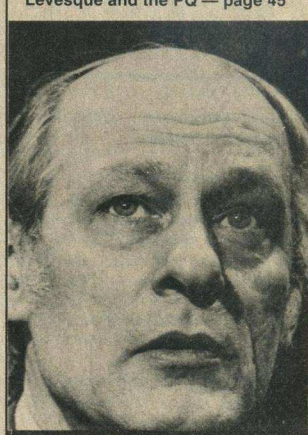
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Letters from readers

Minorities shouldn't blame all their problems on racism

Dear Last Post:

As a visitor from Singapore of Chinese descent, I followed with great interest Rose Tanner Brown's *Racism: The Canadian Way* in the April edition. Even though having been in Ottawa for just over two weeks, I feel I could not leave with an easy mind after reading the article without giving my opinion on the subject. Since Singapore was a former British colony with a racial composition of Chinese (including several dialect groups), Indians (Tamils, Sikhs etc.), Malays and others, e.g. Eurasians, the race issue was a controversial one and would still be if not for the enlightened governmental policy of giving official recognition to the three languages in addition to English, the most widely used medium of communication.

From my personal observation, I have found that there is a tendency for a minority group to feel discriminated against because of its colour. While racial discrimination exists in its most blatant form in South Africa, this bias attitude is also found in every country but varies in intensity. Minorities, however, must not blame all the odds they encounter on racial discrimination. If they do, they can get carried away to such an extent that there is always an anticipation and perhaps a self-deluded perception of discrimination even when it does not exist. . . .

I was told that Vietnamese before the Communist victory in Indo-China had discrimination among themselves because some originate from either north, central or south; and upland or lowland region. Whilst here, I learned that the French and English languages are a divisive issue. In Singapore, there are

still a few die-hards who are against inter-dialect Chinese marriages. If this is surprising, your readers may be amused to know that as a result of the individual greed of a few, there emerges a new form of discrimination: it is the discrimination of Singaporeans by their fellow Singaporeans. An example is the preference of taxi drivers to select white passengers because they are accustomed to give tips.

My purpose in mentioning the above is to make it easier for the victims to swallow the bitter pill of racial discrimination. I do not advocate that they adopt a pretend-it-doesn't-exist attitude. On the contrary, I think that those who just feel discriminated against should make a point to bring it to the attention of the superiors of those who harbour an unjustified grudge against others they do not even know. There will be no overnight change in attitude, of course, but such a show of determination on the part of those discriminated against to seek redress will in the long run discourage those who practise it and perhaps make them think twice, if they think at all.

In conclusion I wish to add that short as my stay has been in Canada, I am glad to say that I cannot safely classify the hostility I detected in the few unpleasant incidents I met with as outright racial discrimination. In fact, I can even say I have enjoyed my stay and it is partly due to the several wonderful Canadians whom I met. Some volunteered assistance even when not asked. This, you can imagine, quite overwhelms a traveller in a new environment. If I have the chance to come again, I do hope Ms. Brown could by then do a write-up of the total integration of Canadians — irrespective of their colour, language or religion.

Thomas Ng
Singapore

Trudeau's 'Big Lie'

Dear Last Post:

Prime Minister Trudeau is using "Big Lie" techniques on the Canadian people. In 1974 he said wage controls wouldn't work. Now he says they are working. In 1968 he said bilingualism was needed to ensure national unity and stop separatism. Now, in the midst of record national disunity and separatism, he says more bilingualism is needed to save Confederation. No controls is controls, unity is disunity. 1984 may be here sooner than Canadians think.

Charles Addington
Point Edward, Ont.

Canada is racist too

Dear Last Post:

Your April issue just recently came into my hands, and I read with the utmost interest the article on racism in Canada.

I have been living here in Germany for the last little while, and have been thoroughly disgusted at the way the "guest workers" are treated (during the process of registering I, as a white North American, had little trouble — however, I noticed that the Turks, Greeks etc. were not as lucky).

Meanwhile I was thinking that it could not be as bad back in Canada. But Rose Tanner Brown's article made me see that we are as guilty as anyone else when it comes to racism. It's time we all realized that this problem not only exists in other countries, but can be found in our own homes. We must all face up to this reality and start doing something about it.

Sue Morrison
West Germany

New immigration bill frightening and repressive

Dear Last Post:

Parliament is on the verge of giving third and final reading to a new immigration bill that is frightening in its denial of rights to new Canadians and yet has been virtually ignored as it has passed through the democratic process.

Bill C-24 was introduced by the government's Minister of Immigration Bud Cullen in November and was given second reading and approved in principle in March. Unless significant political protest erupts, only minor changes are apt to be made.

As a reasonably well-informed and well-read immigrant, I was caught unaware. When I checked back through all of the eight stories carried in the *Vancouver Sun* and *Province*, mostly written by the *Canadian Press* news service, I understood why I hadn't noticed or why I didn't remember.

According to CP, this new immigration bill was simply more of the same. The lead in the CP stories emphasized that the government, in consultation with the provinces, will have to set quotas on the number of immigrants allowed into the country each year rather than opening the doors to any who qualify under Canada's self-touted fair point system. Oh, it was simply a matter of numbers, or rather fewer numbers!

The Green Paper on Immigration,

released in 1975, had done the work of establishing the desired climate for closing Canada's doors. Not only did the Green Paper and the subsequent debate point out that most immigration in the future would be from third world countries, but that immigrants were partly responsible for rising unemployment, increasingly crowded urban centres, zooming crime rates, growing racial conflict, and apparently any other problem that the federal government had failed to solve. The resulting consensus came to be represented by the statement: Canada cannot solve the world's population and poverty problems. As if anyone had asked Canada to do that. But the implication of the codewords were clear: Canada should shut off immigration.

But Canada's immigration policies have always been based on immediate, short-term needs for labour, whether to settle the land or to build the railway or to work in factories or mines. What is new about Bill C-24 is that this rationale is made specific while powers to achieve it are made dangerously vague.

Once this bill goes into effect, immigration officials, who have traditionally wielded arbitrary authority, are given sweeping powers to "impose terms and conditions of a prescribed nature" on immigrants becoming landed in Canada. Mr. Cullen issued assurances that this simply means that immigrants who agree to settle in specific areas and take specific jobs will be given extra points and their applications given priority treatment. Setting aside the question of the desirability of coercing immigrants to settle in areas rejected by the native-born, even if it is for a maximum of six months, the bill does not specify that those are the only "terms and conditions" that can be imposed.

In fact, the bill rarely specifies any limits or powers; all the sections await fleshing out by the minister and cabinet when they issue regulations within the framework of the bill. Seventeen NDP and Social Credit members voted against the bill, its only opposition other than one Tory, on the basis that too much discretion was allowed and the bill was meaningless if the regulations were not known. When the Conservatives also made this protest, Mr. Cullen said he would reveal some of the regulations to the standing committee and Parliament then proceeded to approve the bill in principle.

What the Immigration Department *can* do is spelled out in generalities and abstractions. What immigrants *can't* do

is worded very concretely, especially for Chileans, South Africans, Ugandans, and everyone who has been forced to flee from dictatorial or fascist regimes but who want to continue working to overthrow those governments. Under guidelines for the exclusion and removal of immigrants, the bill includes those "persons who there are reasonable grounds to believe are likely, while in Canada, to engage in or instigate the subversion by force of any government" (my emphasis).

That section of the bill was aimed at suppressing terrorists but it could also effectively prohibit demonstrations by immigrants against the junta in Chile, the white minority government in South Africa, or Idi Amin. The act could be interpreted to mean that immigrants would be deported for collecting money, food, clothing, and other support for guerilla groups operating against existing governments.

In addition, immigration officers and every peace officer can arrest and detain persons "suspected of" illegally working in Canada or illegally residing in Canada if "in his opinion" the person is a danger to the public or might not appear for an inquiry. What happened to those democratic notions of proof and reasonable grounds?

Historically, antagonisms against immigrants have been fostered by business or government manipulation of immigrants as cheap labour and strike breakers to keep Canadian wage levels down. But immigrants who join unions and join their fellow workers on the picket lines can't be used as scapegoats, thereby effectively undermining that old policy of divide and rule while helping to improve Canadian wage levels. Is that why Section 27 was added to the new bill? It states that any person who "willfully fails to support himself or any dependent member of his family" can be removed from the country.

Canada's new immigration bill also has a kicker for citizens: "The Governor in Council may make regulations requiring any person or class of persons to report to an immigration officer before leaving Canada. . . ." An exit visa by any other name. . . .

Though Mr. Cullen righteously denied that the bill is repressive and discriminatory after Marxist-Leninist committees in Toronto and Montreal protested against the bill, one last section should be noted. Regulations are to be made setting out circumstances in which prospective and landed immigrants can

be fingerprinted, photographed, or otherwise identified. Perhaps the federal government has branding in mind?

In British Columbia there have been some signs of opposition to Bill C-24. Labour groups such as the Victoria Labour Council, the New Westminster and District Labour Council, the Council of Canadian Unions, and seven local unions and some immigrant groups have passed resolutions against the bill. If Canada wants to maintain any semblance of concern for the rights of immigrants, there will be a growing protest heard across the country.

Anne Roberts
Vancover

Thinks some of Vallieres' points well-founded

Dear Last Post:

Congratulations to Norman Penner for his review of Pierre Vallieres' *The Assassination of Pierre Laporte: Behind the October '70 Scenario*. His criticism of Vallieres' right-wing political orientations is well-taken and of crucial importance given the witch-hunt currently underway within Quebec unions and "popular" organizations. Penner is correct in my opinion: class contradictions are primary and include the oppression of the Quebec nation.

However, Penner must be criticized for getting bogged down in Vallieres' 'wealth' of detail and ignoring some established and decisive facts: For example (1) three times the police raided the supposed FLQ hideout while Laporte was being held . . . and found nothing; (2) the four key members of the Chenier cell were by all accounts nowhere near Laporte for two days before and up to his death (neither the police nor the federal solicitor-general believe the Chenier cell murdered him) . . . and so on.

One can cite numerous other pillars of Vallieres' argument. Suffice it to mention only one more because it has been left out of the English version: At noon on October 17, the army was aware that Laporte (dead or merely injured?) had arrived at their base. *Thirteen hours later, a pathologist could find no noticeable signs of rigor mortis.*

Vallieres' approach is characteristically emotional and at times character-shot, but reviewers such as Penner should be careful to sift the important facts from the minor ones and the proved from the hypothetical.

Nigel Spencer
Sherbrooke, Que.

The Royal Commission to probe the RCMP

Will "The Man" get the Mounties?

by DRUMMOND BURGESS

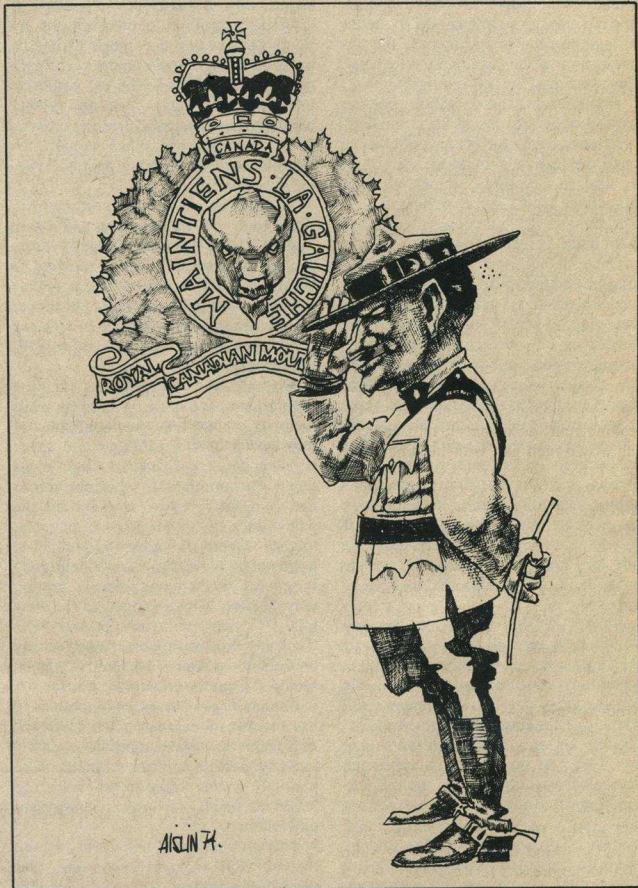
The appointment of a Royal Commission to probe illegal activities of the Royal Canadian Mounted Police seems, at first glance, to be a major setback for the force and a godsend for the Trudeau government.

The opposition parties had found an issue that was proving embarrassing to the Liberals, and one that was receiving wide publicity. With names like 'Agence de Presse Libre du Quebec' and 'Praxis' becoming familiar, if not quite household words, and with more cases certain to come to light, the Liberals chose the tried and true method of appointing a commission.

Commissions take time and time has solved many a political problem. Much of what the inquiry hears will be heard in secret session to protect that most sacred of sacred cows, 'national security'. Any published report of the commission will be censored. Such bad publicity as does emerge is likely to hit the Mounties who did the 'dirty deeds', not the government that is supposed to be responsible for what the RCMP does.

The tactic has already had a short-term benefit for the government; the story has practically vanished from the press. To the extent it returns to the front pages it will probably be to reveal more Mountie atrocity stories, not to reveal government shortcomings.

But appearances may be deceiving. It may seem obvious that the inquiry lets the government off the hook at the expense of the Scarlet and Gold types of Rose-Marie fame, but it is also unquestionable that the Liberals did their best to avoid setting up a commission in the first place. Prime Minister Trudeau and Solicitor General Francis Fox stonewalled on the subject as long as they could, and they changed their minds only when it became obvious that the price of delay would be new stories of illegalities



on the front pages of the country's newspapers. If setting up a commission was such an obvious idea, why wasn't the obvious done much sooner?

The answer lies in the tense relationship between any government and its police. No government can do without a state police force; but state police forces

accumulate lots of information and lots of files and many a politician has had insomnia wondering what 'they' have on him. Sometimes national police forces decide they know what's good for a country better than the elected representatives do — and then a government's really in trouble. At the very least, the secret police has a habit of using its information to protect its own privileges and independence.

One of the more widely publicized examples of that was the FBI during J. Edgar Hoover's lifetime. Hoover was often called a master at bureaucratic infighting, but with the information in his filing cabinets, how could he lose? Administration after administration found him untouchable.

Similarly in Canada, the Liberal government has, or clearly thinks it has, reason to fear the Mounties. The government's popularity may be around 51 per cent these days, but only a year ago it was at 29 per cent. And one reason for the 29 per cent was a series of 'scandals' such as the Sky Shops affair. The information that enabled the Conservative opposition to embarrass the government in a sustained way week after week did not descend from heaven; much, if not all of it descended from the RCMP.

Tory M.P. Elmer MacKay said in May 1976 that members of the force were leaking many documents to him. Indicating a two-inch gap with his fingers he said "today I got a set of RCMP papers that thick. It landed at my door." Veterans of the force were complaining to him, he said, of political interference, lack of supervision and declining morale.

When, at that time, a letter concerning surveillance of Quebec separatists written by General Michael Dare, head of the RCMP's Security Service, to Colonel Robin Bourne, head of the solicitor general's security advisory committee, was leaked to the press, Prime Minister Trudeau said this was "obviously destined to destroy my reputation," and was "strange, bizarre, extraordinary." People close to Trudeau said he feared a plot by the RCMP to discredit his government.

The then Environment Minister Jean Marchand and Health Minister Marc Lalonde expressed fear that there was a concerted effort to discredit French Canadian cabinet ministers in particular.

One Liberal M.P., Serge Joyal, said the RCMP was orchestrating an "entire scenario" in its Sky Shops investigation. "We're getting news leaked out eye-



Solicitor General Francis Fox and Prime Minister Trudeau defended the Mounties, calling the break-in an "aberration"

dropper style by senior RCMP officers," he said.

Another Liberal M.P., Louis Duclos, went so far as to wonder "are they planning a coup d'etat or something?"

That was the atmosphere around the Liberal party less than a year-and-a-half ago.

Since then the leaks have dried up. The replacement of the disliked Warren Allmand by Francis Fox as solicitor general may have helped.

More likely the election of the Parti Quebecois on November 15 convinced the force it had no alternative but to back Trudeau.

Further, many Mounties have been impressed by Trudeau's 'National Unity' campaign — highlighted by the gaudy, Americanized and government 'war-gamed' celebration of Canada Day — and have been, especially impressed by the Liberals' attacks on the independence of the CBC-Radio Canada and on the independence of the media in general.

Whatever the reason, the Liberals, enjoying their new-found peace, have

been appeasing the Mounties. Warren Allmand was shuffled out of the way. When Chief Superintendent Donald Cobb was reappointed head of the Security Service in Quebec after his trial as one of the three officers behind the APLQ break-in, this 'reward' for illegality was defended by Solicitor General Fox. The new commissioner to replace retiring Maurice Nadon comes from within the force, laying to rest Mountie fears that an outsider would be appointed to shake them up.

For as long as it possibly could, the government defended the Mounties in the House of Commons, saying, in the words of the prime minister, that the APLQ break-in was "an aberration, an incident, and an isolated one ... I am still going on the assumption that the RCMP acts constantly within the framework of the law and that the incident in Montreal was an aberration, an exception, which is not excused or condoned, but it was isolated."

Also, in a statement made after the Royal Commission was announced,

NATIONAL UNITY SUBVERSIVE OF THE MONTH

McMurtry going glish trial to explain all-En to Montreal

— Headline, Toronto Globe & Mail



Then Environment Minister Jean Marchand and Health Minister Marc Lalonde worried last year that the Mounties were out to get French Canadian cabinet ministers

Solicitor General Fox said that he didn't think it would be a good idea to take the powerful Security Service away from the RCMP to make it a completely separate secret service. That had been one of the recommendations of the previous commission that reported in 1969, and it was a recommendation that caused intense alarm and opposition in the force. Much of the Mounties' sense of self-importance comes from their role as the men authorized to chase spies, subversives, political fringe groups and almost anyone else they want — just as is the case with the FBI in the United States. The Mounties are perfectly happy to patrol highways in Saskatchewan, but that's not where the action is. Fox's statement, shortly after the commission was appointed, was designed to reassure the force.

The Royal Commission itself, judging by its terms of reference, seems intended to cause a minimum of trouble, not only to the Liberal government, but to the RCMP as well.

Opposition members have criticized the commission's terms of reference because they do not specifically order the inquiry to investigate whether any minister knew about the break-in before RCMP Corporal Robert Samson blurted it out in a Montreal courtroom last year, and whether any minister took part in the cover-up. Knowledge of the break-in spread quickly within the force at the time and those informed included the

then director-general of the Security Service, John Starnes, and the then commissioner, W.L. Higgitt. The solicitor-general at the time, Jean-Pierre Goyer, has insisted he was never told, but some M.P.s have made it plain in the House of Commons that they're not satisfied, though none has been willing to 'make a charge'. All Higgitt and Starnes have been willing to say on the subject is that they can't remember, but would be "surprised" if they had not told Goyer verbally.

It's only predictable politics that the opposition would have liked the commission to be ordered to investigate that aspect in the hope that the inquiry would find out something or conclude something that would force Goyer's resignation. However, although the terms of

YECK!

Claude Morin's secretary, a splendid creature with hair framing her face like a prayer shawl and breasts that promised the consistency of a well-made soufflé, showed me through the door of his ministerial office, with the introduction: "Monsieur Morin ... c'est PAUL Newman."

—Peter C. Newman, *Maclean's* magazine, June 27, 1977.

reference for the commission are weak on that point, they don't prevent the commission from exploring that area if it wants to.

But there is something else that the commission is specifically forbidden from investigating, as long as it sticks to its terms of reference — and that is any activities of the RCMP that are legal, however objectionable, offensive, stupid or unjustified. For the commission is asked only to report on any Mountie activity that was illegal, that "was not authorized or provided for by law."

That is quite a loophole, considering what the law does allow the force to get away with.

What is being investigated, for example, is not the fact that on the night of November 6-7, 1972, the Mounties, the Quebec police and the Montreal police broke into the building housing the Agence de Presse Libre du Quebec, the Mouvement pour la defense des prisonniers politiques du Quebec and the Co-operative des Demenageurs du 1er Mai, carting away 10 to 15 cartons of files that were later destroyed. The only reason the Royal Commission has to look into that break-in is the fact it was illegal. But it has been endlessly reported in recent weeks that the break-in could just as easily have been legal, if only the dumb cops had had the brains to get a search warrant.

For example, when it was pointed out to Solicitor-General Francis Fox that there had been a second break-in at the APLQ in 1973 to install electronic surveillance equipment, the RCMP's civilian boss replied that before the 1974 law regulating wiretapping "we had no law forbidding the use of electronic listening devices." So if there was a second break-in, it was not illegal. And since it was not illegal, Fox explained, it could not have been a break-in.

But did it happen, regardless of what it's called? Said Fox: "I have pointed out to the hon. member that there were 1,912 cases of electronic intrusions by the RCMP in that ten-year period 1963-1973 and I do not propose to go through the 1,912 cases to indicate who was and who was not the object of electronic intrusions at that time."

And that was that. We still do not have official confirmation of the second break-in and we're not going to get any because it was not illegal, and whether it was right or wrong, justified or unjustified, is nobody's business.

Incidentally, it is common knowledge

that the second non-break-in break-in did take place.

It is this same narrow distinction between legal and illegal that shows up in the Liberals' terms of reference for the Royal Commission into the RCMP. So it may be premature to expect lots of Mountie horror stories — even apart from the fact that much will be heard in secret. Take those 1,912 wiretaps from 1963-73, for example. Those were all legal, and unless the commission gets zealous will be ignored. Yet they account for quite a bit of activity — a new case of electronic surveillance every two days averaged over ten years. And there's no way of knowing how comprehensive that figure of 1,912 is. Did all wiretaps get reported to headquarters or put in some sort of file, or only those that turned out to be of interest? It's not even clear whether the figure includes all kinds of taps or only those that required non-breaking-in breaking-in to a building. Regulations on wiretaps have been more stringent since 1974 but those regulations are now being formally loosened.

Considering the things that can be done legally, it's a wonder the Mounties would need to do much illegally. At the top of the list is the blockbuster of the War Measures Act, as Quebecers found out during the 1970 October crisis. The act permitted the arrest of hundreds who

10:30 IN NEWFOUNDLAND

In Nazi Germany the knocks came at midnight. In Marxist Mozambique they come at high noon.

—J. Douglas White, *Toronto Globe & Mail*, July 2, 1977

had nothing to do with the FLQ, the searching of premises without a warrant and the seizure of any documents. It was used by the Trudeau government, not just to combat the FLQ, but to intimidate separatists who had no connection with terrorism.

Journalist Louis Martin, who directed research for a CBC documentary on the crisis, quotes an unidentified English-speaking cabinet minister: "Beyond the FLQ, the target was Quebec nationalism. It was Quebec separatism which had to be shot down." No government would dare use the act except in exceptional circumstances. But it's there when needed.

Solicitor General Francis Fox recently uttered some pious words about the rule of law: "I cannot stress too highly that in a democratic society like ours, the rule of law is and must be paramount. It is the vital force without which our basic liberties run the risk of becoming empty slogans. No threat to our liberties can

justify, in any way, and even with the best of intentions, the use of illegal means to protect these basic rights."

It was the same government that used the War Measures Act in 1970 not only in relation to the FLQ, but also to repress legal political activity.

Quite apart from the blockbuster of the War Measures Act, the RCMP can do any number of things in the political area that, while often objectionable, are legal. Getting a search warrant is not difficult for a Mountie. In areas that permit the use of writs of assistance, a warrant is not even needed. Wire-tapping and bugging, while more restricted than before, is not all that difficult. It is not illegal for the force to infiltrate any political or other group it wishes, or for it to have informers. And is it illegal for the RCMP to tell an employer that an employee is a member of a left-wing group, such as the Communist Party, the Trotskyites, the Maoists, etc. in the hope that the employee will be fired as a result?

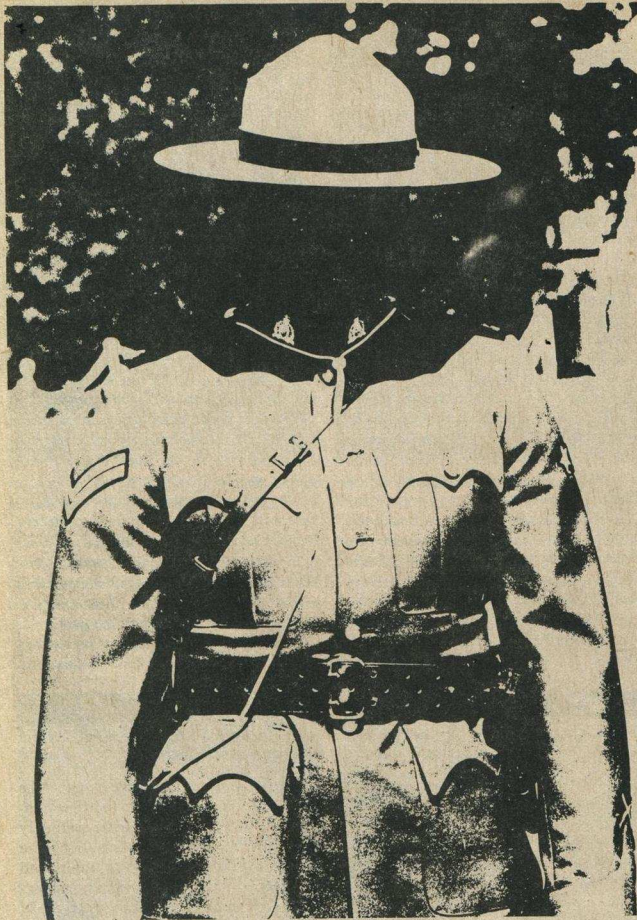
The list of legal possibilities is pretty extensive, and is excluded from the Royal Commission's mandate.

In case, as a result of the commission's findings, it turns out that the law is not broad enough for what the force wants to do, the law can always be changed.

Solicitor General Francis Fox said in June: "If the law is not adequate to



Former Commissioner Higgitt, left, would be "surprised" if he hadn't informed the minister verbally; former Solicitor General Goyer, right, said he was never informed, verbally or in writing.



Beyond the reality that much the RCMP wants to do can be done legally, whether justified or not, there does remain the black area of illegality — not just for the Mounties but for all the country's police forces. There can scarcely be a journalist in this country who does not take it for granted that such a black area exists, and many a crime reporter could tell many a tale. It's difficult, too, to believe that there can be many politicians who don't take a black area for granted. They may not know any details, and may not want to know any details, but they assume they're there.

As Conservative frontbencher Elmer MacKay stated in the House of Commons, "I spoke to a man who, when he was in the force, was responsible for doing illegal wiretaps. He said to me that he accepted the responsibility, and that he knew that if he was caught he would be burned for it. He said that he managed to get the extra expense on his expense account, although in some cases it cost him money. I am very serious when I say that. I know the solicitor general has talked to similar people."

The assumption that politicians know, in general if not in detail, lay behind much of the embarrassment the opposition was able to cause the government before the Liberals took the Royal Commission route. If former Solicitor General Goyer had said he assumed there were illegal activities then presumably he would have had to resign. But it's possible that most members of the House know enough, or more accurately assume enough, that they all ought to resign. The country's overall political system is set up to work in a certain way, and some of the ways are not pleasant. Some of the most important things that were 'said' in the House of Commons during the debates and question periods of June and July were the things that were left unsaid.

But since the system is there, and since it is accepted as much by the opposition Conservative Party as by the Liberals, a Royal Commission is not likely to do much — the commissioners themselves hold orthodox political views — except maybe to recommend that some illegal practices be made legal. In the United States, the CIA and the FBI have easily come through far worse attacks than anything the RCMP is likely to face.

But if by chance the going does get tough, the tough can get going and the Mounties can start leaking documents again.

handle such dangers as threaten our liberties and our institutions, then the answer does not lie in breaking the law, but rather in changing it."

And Conservative front-bencher Elmer MacKay concluded some remarks on the APLQ break-in by saying: "If it is necessary on the grounds of national security, if it is truly a matter of security — which obviously this tawdry instance is not — it would be far better for the minister to have extra powers and I would not be adverse, personally, to giving the solicitor general additional powers if he could convince the House,

as he might, that this would help him do his job better."

One of the things the Royal Commission must report on is "the adequacy of the laws of Canada as they apply to such policies and procedures, having regard to the needs of the security of Canada." The commission can, if it wishes, recommend that the RCMP be given the legal right to do things now against the law. Since the inquiry is likely to accept existing assumptions on the question of national security, as did its predecessor in 1969, the Mounties could conceivably end up getting more power, not less.

The Confederation debate:

How much centralization?

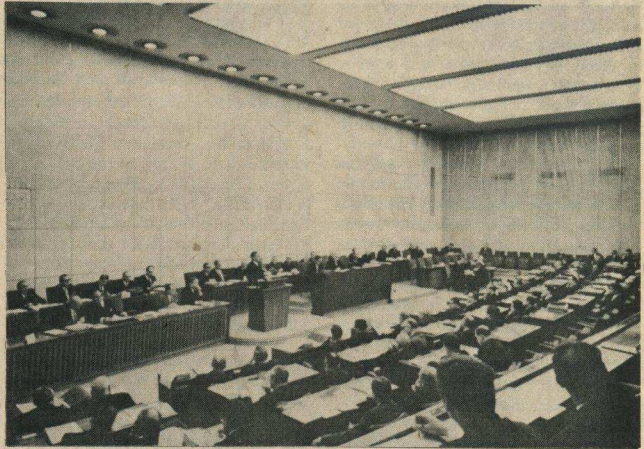
by ROBERT CHODOS

OTTAWA — One aspect of the Confederation debate that has occupied a disproportionate amount of attention in Ottawa is the question of what degree of centralization is appropriate for Canada. There is a consensus in the capital — which may unaccountably not be shared by the rest of the country — that this matters. But there is no consensus in the positions taken by federal politicians of the various parties.

Opposition Leader Joe Clark has made attacks on the rigid centralism of the Trudeau regime a main theme of his contribution to the debate. "Let us put an end," he said in Quebec City on March 23, "to this era of excessive centralization in favour of a regime of common sense and real flexibility." Meanwhile Ed Broadbent, the leader of the NDP, has been saying that the country is already too decentralized and that the federal government should have more powers.

The Liberals, as befits their position as the ruling party, have been the most inclined to say, like Baby Bear, that things are just right. But they no less than the Tories have been talking about constitutional amendments and reallocations of powers, to such an extent that Broadbent has accused them of carrying out furtively the policy that the Conservatives are advocating openly.

There is clearly no easy measure to determine which of the parties is correct. Whether or not a country is "too" centralized is entirely in the eye of the beholder: there is no one structure that is suitable for all situations or equally pleasing to all. It is, however, possible to compare the Canadian federal system with the systems in other countries that, in terms of their economic and social underpinnings, bear at least rough similarities to Canada. This article will look at four such countries: Australia, West Germany, Switzerland and the United States.



West Germany's upper house, the Bundesrat; under the West German constitution, states are clearly subordinate to the central power

If countries actually followed the lines laid down for them in their constitutions, Canada would be by far the most centralized of the five federations. In Canada powers not specifically allocated to one or the other level of authority are reserved to the federal government; in the other federations they are reserved to the states, cantons or Laender.

Only in West Germany does the degree of predominance assigned to the central authority even approach that in the Canadian constitution. When Australian politicians and jurists were meeting in the 1890s to work out their federal structure, they explicitly and repeatedly said that they wanted a states' rights constitution on the American model, and not a centralized one such as Canada's.

The provision in the Canadian constitution for federal disallowance of provincial law is unique in the five federations, although the West German and Australian constitutions contain the more limited provision that federal law

takes precedence over state law. The actual divisions of power between federal and state authorities differ markedly from federation to federation, but there are certain patterns. Foreign affairs and defence are everywhere federal matters (modified in Switzerland by the right of the cantons to raise armies and to conclude international treaties in certain areas of jurisdiction), while education is everywhere a state and local matter (although in the United States and Australia it is increasingly subject to federal influence). Such things as welfare and social security tend to be matters of shared jurisdiction.

The federal government in Canada is given an unusually wide range of exclusive powers: in other federations, notably Australia and West Germany, most federal powers are concurrent ones with the states. In Canada there are only two such areas of concurrent jurisdiction specifically mentioned in the constitution: agriculture and immigration.

Criminal law, shared in the United States and a state matter in Australia, is federal in Canada.

In the other four federations, the states were given a voice in federal legislation through the upper house of the legislature; in Canada, however, the constitution provided for all Senators to be appointed by the federal government.

In general, the Canadian and West German constitutions are the only ones to make the states clearly subordinate to the central power. The main function assigned to the Laender by the Basic Law of the German Federal Republic is to act as administrative units for carrying out federal policy, while the British North America Act establishes a hierarchy rising from municipal governments through provincial governments through the federal government to the British Parliament at the pinnacle.

In Switzerland, Australia and the United States, by contrast, the federation is seen as an instrument to advance the common interests of essentially sovereign states. Richard Leach, an American writer on federalism, said that it "ordinarily involves two major levels of government, each, at least in democratic societies, assumed to derive its power directly from the people and therefore to be supreme in the areas of power assigned to it." This is a clear statement of the American concept of federalism, but Canada, and in a different way West Germany, do not correspond to it.

* * *

Constitutional theory, however, is only one of many factors determining how a federation actually develops, and it is perhaps the least important. Long-time Australian Prime Minister Sir Robert Menzies, speaking in the United States in 1967 shortly after his retirement, said that "all modern experience has shown that in a federation, where powers are distributed between the National Government and State or provincial governments, there will develop either a movement, conscious or unconscious, to increase powers at the centre, or an opposite movement to increase the State or provincial powers at the expense of the central authority. In short, though the process may be a long one, federations tend either to become more dominated by the centre, with perhaps a perceptible public sentiment in favour of complete union, or to break up into their fractions. . . . The former process is clearly visible in the United States and Australia, though in neither case is there any



Opposition leader Joe Clark has attacked Ottawa's 'rigid centralism', while NDP leader Ed Broadbent has said Canada is already too decentralized

majority disposition to abandon federation for a closer form of organic union."

One of the elements in determining such trends is judicial interpretation. A series of British Privy Council decisions in the years after Confederation made the Canadian provinces much stronger than had been intended, and created a federalism that is not too far removed from Leach's American concept. The American Supreme Court under Chief Justice John Marshall in the early nineteenth century made a number of landmark decisions that vastly increased the scope of federal authority. The High Court of Australia upheld states' rights for the first two decades after the establishment of the Australian Commonwealth in 1901, then abruptly reversed its course and paved the way for the rapid centralization that has marked more recent Australian history.

But it is economic, social and political changes that have the determining influence on the balance of forces between the two levels of government.

Most writers, and particularly American ones, have seen these changes as inherently favouring centralization. The increasing need for central economic direction, and the increasing interdependence of nations and scope of international dealings, have all tipped the balance in favour of the central authority — so runs the argument.

Perhaps so, and the federal governments have grown substantially in all the federations, including even stubbornly decentralist Switzerland.

But in Canada and Switzerland, there have been countervailing forces that have prevented the growth of the federal government from leading to the kind of centralization that has occurred in Australia and the United States.

In both countries, language, religious and cultural differences have encouraged people to identify more closely with smaller units of government, and to guard their prerogatives jealously against federal encroachments.

In addition, the relatively weak nature of Canadian nationhood has constrained the federal government from developing the powers allocated to it to the fullest. The same power can have very different implications in different contexts. Defence is a federal power in both Canada and the United States, but while it has been a major contributing factor to American centralization it has had no such impact here.

On the whole, West Germany is centralist both in theory and in practice, Canada is centralist in theory but decentralist in practice, Australia and the United States are decentralist in theory but centralist in practice, and Switzerland is decentralist both in theory and in practice.

One crude measure of the actual centralization of the various countries is the relative amounts of money spent by the different levels of government.

Before giving the figures several warnings are in order. First of all, the figures are not directly comparable because they are for different years and worked out by different statistical methods. Second, there is a large amount of double counting because of grants from one level of government to another; in Canada, for instance, there was more than \$5 billion transferred from the federal government to the provinces in the 1973 fiscal year, and these bucks show up as both federal and provincial spending. Third, no figures which separated state and local expenditure in Australia could be obtained, and the aggregate figure is not

directly comparable with the totals for the other countries because of the double counting. Finally, this is inherently a crude measure: since the federal government in West Germany is largely a policymaking body and the Laender are largely administrative ones the amount of money spent by Bonn underestimates its real influence. With all that duly noted the figures are still a useful guide:

(all figures in millions)

Country	Federal	State	Local	Ratio
Switzerland (1975)	Fr13,770	Fr18,494	Fr13,489	30:40:30
Canada (1973)	\$24,277	\$22,043	\$11,248	42:38:20
West Germany (1967)	DM68,200	DM47,300	DM44,800	42:30:28
U.S.A. (1974)	\$297,236	\$132,134	\$140,387	52:23:25
Australia (1973)	\$17,831		\$8,432	58:32

According to these figures, the United States and Australia would appear to be the most centralized federations, Switzerland the most decentralized, and Canada and West Germany somewhere in between.

* * *

There are also a few general points that come out of this brief hop from federation to federation. First, it is clear that almost any version of federalism can work in the proper circumstances. If it were true, for example, that a highly decentralized federation could not survive, Switzerland would have disappeared long ago. And if centralization automatically led to the abandonment of federalism in favour of organic union, then that would already have happened in Australia and the United States.

Second, cultural differences are the most powerful factor leading to the maintenance of strong local states. Switzerland, with its four languages and religious cleavages, would be impossible to govern under a centralized system: Napoleon was the only ruler who ever tried and even he gave up the attempt

after a few years.

In the United States, the torch of states' rights, while first lit by Thomas Jefferson and his radical democratic followers, was soon picked up by southerners wanting to maintain their particular institutions (such as slavery) and traditions.

In Canada, it is largely the presence of Quebec that has prevented the country

from developing along the same lines as Australia. The Parti Quebecois believes that the independence of Quebec would lead to a healthy centralization in the rest of the country, although other Canadian particularisms are now so well entrenched that this is, by no means a certainty.

Third, the rigid division of powers between one level of government and another has now everywhere largely broken down in favour of complex mechanisms of consultation and joint action involving two or more levels. "Co-operative federalism", which was so much in vogue in Canada during the Pearson era, is an American and Australian phrase as well. And it is noteworthy that the most recent of the five federal constitutions, West Germany's Basic Law (which came into effect in 1949), is the one that has the most far-reaching provisions for institutionalizing this sort of co-operation.

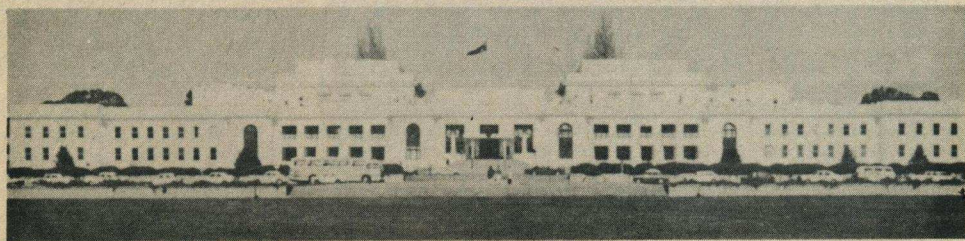
Finally, states' rights-versus-centralization disputes, even more than most political questions, are generally matters of expediency rather than principle. This

is particularly true in the United States, where the gospel of states' rights has been invoked to support a remarkable variety of causes and interests. The American writer Irving Brant noted the phenomenon in 1936, as the Supreme Court was attempting to strike down Franklin Roosevelt's New Deal legislation by declaring it outside federal competence:

"The name of Jefferson, traditional defender of State Rights, unyielding opponent of the theory (though not the practice) of federal concentration, is invoked three hundred and sixty-five days a year by present-day Democrats whose practical statecraft, whenever they are in power at Washington, is all in the direction of federal aggrandizement. The memory of Abraham Lincoln, emancipator of slaves and rebel against the Supreme Court, is invoked with equal fidelity by oligarchic rulers of industry, hardheaded corporation lawyers and entrenched beneficiaries of the Due Process clause."

It could be argued that the defence of provincial autonomy in Canada has not been quite so situational: Wilfrid Laurier, after all, supported the principle of provincial autonomy in the Manitoba Schools Question even at the expense of the educational rights of the French-speaking minority in that province. In the process, however, Laurier also won the 1896 election and established the Liberals as the dominant party on the federal scene for the next 80 years.

The history of constitutional fiddling in all five countries gives little evidence that much more fiddles could, in themselves, provide Canada with a way out of its present difficulties. What is at stake is not so much centralization versus provincial rights as the economic and political relationships between French and English Canadians and among the different regions of the country. If ways could be found to solve these questions, then answers to the constitutional ones would be relatively easy.



Australian parliament buildings; Australia's federation is decentralist in theory, but centralist in practice

B.C. Socreds and labour edge towards confrontation:

Like dinosaurs circling

photo: John Bentley

by PETER McNELLY

VICTORIA — A small East Kootenay university and a Vancouver social welfare agency have become centres of controversy over the Social Credit government's policy toward organized labour.

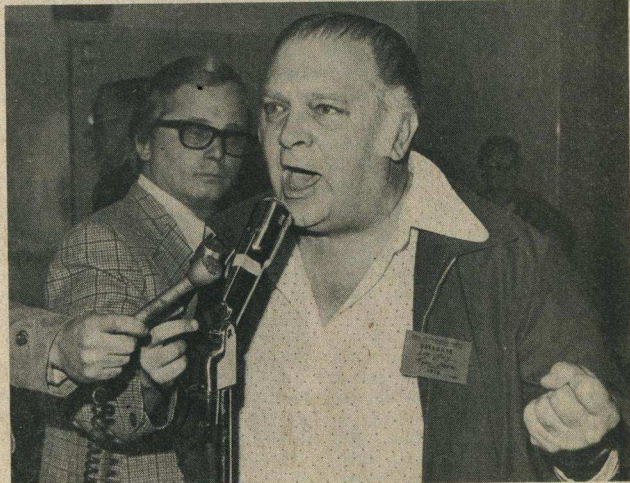
At issue are two new pieces of legislation that wipe out existing contracts and eliminate certification rights enjoyed by unions at both institutions. In one case, a small union will be abolished altogether.

Officials at the B.C. Federation of Labour have reacted to these moves with an outrage that is probably as genuine as it is predictable. But so far, the B.C. press has failed to pay any more than cursory attention to these questions, even though the legislation marks a new trend in the ever-stormy climate of government-union politics here.

It appears that the Socreds are mounting a small flank attack on the trade union movement before deciding how far they can go with an all-out assault. Also, the bills come at a time when the Federation is undergoing a gradual interior realignment that makes it more difficult for its leadership to act. The situation is delicate and difficult to evaluate.

The first bill seeks to turn a small degree granting university in southeast B.C. into a community college with possible links to one of the coast's three major universities.

Notre Dame University in Nelson is a small liberal arts college of no great distinction but with a great deal of community support. Ordinarily, any



B.C. labour leader Len Guy insists labour issues must precede loyalty to the NDP

government seeking to change NDU's administrative and financial structure would have to contend only with the usual amount of parochial objections.

But there's a hitch. NDU is the only B.C. university whose faculty — there are only 18 members — have organized into a trade union, won certification under the provincial labour code and negotiated a contract.

Understandably, the Faculty Association of Notre Dame University (FANDU) is furious that the government not only

has denied it successor rights in the soon-to-be-revamped campus structure but also plans to abolish it altogether.

Federation secretary-treasurer Len Guy has called this move "union busting of the worst kind" and compared it to similar steps taken by South American military dictatorships.

Guy's rhetoric may be extreme, but he has a good point. British Columbia has passed through all the usual right wing "solutions" to industrial strife, ranging from so-called impartial tribunals with powers of compulsory arbitration to special sessions of the legislature where MLAs of all parties have occasionally supported back to work laws.

But people here are still digging into the files to find out when a previous government moved to decertify a union by an act of the legislature.

Labour had just finished setting its NDU lobbying strategy when the government took another swing at the unions

HERO OF THE WORKING CLASS DEPT.

French President Valery Giscard d'Estaing presented the Kremlin leader [Leonid Brezhnev], a sports car enthusiast and wild game hunter, with two cars yesterday representing the pride of France's motor industry — a Matra Bagheera sports model and a Rancho field car. . . Mr. Brezhnev rejected the Rancho because he did not like the colour. He wanted it in blue, rather than green. The French are complying.

—The Montreal Star, June 22, 1977

certified at Vancouver's community resource board.

The VRB, as it is known, is a creature of former NDP human resources minister Norm Levi. Back in 1971, Levi began setting up community resource boards throughout the province as an experiment in local democracy and decentralization of the welfare system.

The idea was to set down certain statutory requirements for the delivery of welfare services, then turn the administration over to elected community boards which would supervise professional staff and develop additional programs suited to a given city or neighbourhood.

Vancouver's system was the most sophisticated. The Vancouver Resources Board (VRB) had over-all authority for the operations of some 1,400 staff and 14 elected satellite boards throughout the Lower Mainland.

Social Credit never supported the community resource boards, and it promised to abolish them during the 1975 provincial election campaign. In the beginning, most people thought the boards were another crazy welfare bureaucracy dreamed up by the NDP to waste money.

But in time, the boards proved to be democratic and efficient. In Vancouver, the VRB came to be known as the best welfare delivery system the city had ever seen. Its reputation is such that the government's move has come as a major shock to the city.

Recently, a 300-strong demonstration of poor and handicapped people came to Victoria to protest the VRB's forthcoming demise. Among them were progressive Vancouver aldermen, clergy, citizens' groups such as the feisty, communist led Downtown Eastside Residents' Association, trade union executives and social worker organizations.

Spokesmen for the group got nowhere following a 15-minute meeting with Premier Bill Bennett. Bennett told them the government views the VRB as another layer of bureaucracy between it and the public, and he said its abolition would lead to a renewal of volunteerism in social services, a nostalgic and boosterish attitude characteristic of Social Credit's attitude toward poverty generally.

The Federation became involved again when its researchers discovered that the bill abolishing the VRB also wipes out, retroactively to June 22, existing contracts and certification rights at the board.

Human Resources Minister Bill Van-

KEITH SPICER AWARD OF THE MONTH

Although born in Canada Frank speaks fluent English, Greek and French. Having lived and worked in Quebec Frank would be an asset to the government in dealing with the problem of Canadian unity.

—Ontario Tory candidate
Frank Vasilkioti campaign leaflet

der Zalm has said staff will be absorbed into his department, and this means the militant B.C. Government Employees Union likely will pick up the certification rights of about 600 workers who had been members of the Canadian Union of Public Employees.

Bennett has said critics of the bill have made up their minds in advance, and therefore aren't giving the Socreds a fair shake.

In reply, Downtown Eastside Residents' president Bruce Erickson has predicted a "return to the old system of church basement fund raising," while Levi, with his characteristic gift for understatement, has branded the bill "the kind of midnight fascist legislation we started to see in Germany 40 years ago."

Behind all these demonstrations and public insults, the opposition, trade unions and political observers are going to be watching closely how the government proceeds.

Until now, Social Credit's labour policy has been very circumspect. Labour Minister Allan Williams has been remarkably successful in preventing any major confrontations between the government and the unions so far.

He has not tampered with the NDP-sponsored Labour Code of British Columbia Act, a bill dating back to 1973 and regarded as one of the most progressive pieces of labour legislation in North America.

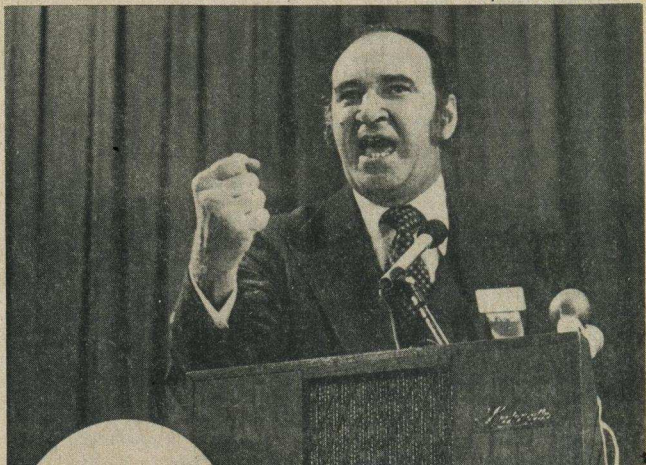
B.C.'s two top labour bureaucrats in government, deputy minister Jim Matkin and Labour Relations Board chairman Paul Weiler stayed on with the new government rather than resigning simply because administrations changed.

Nobody's fool, Williams wisely avoided the tendency in most other Socred ministries to purge NDP-appointed technical and professional staff right after the changeover. Weiler even has found room to speak out independently on labour issues. Recently, he urged the government not to make major changes in the Labour Code, because, generally speaking, he thought the new status quo was working well enough.

B.C. has not had a major strike or lockout in two years, although the powerful International Woodworkers of America has threatened to shut down the woods this summer if it can't get a one-year contract.

The situation is extremely complicated. Labour does not want to go

photo: Phil Esmonde



IWA chief Jack Munro regularly accuses Len Guy of being responsible for Barrett government's defeat



Clive Lytle was, until recently, Guy's top aide

head-to-head against the Soeds unless it has to. The Federation is split on how to conduct its public business, and last fall's annual convention featured a bloody leadership fight that turned on just this question.

The old guard, led ably but unimaginatively by Guy and former meatcutter's union heavy George Johnston outfought Art Kube of the Canadian Labour Congress and formerly of the United Steelworkers to retain the powerful secretary treasurer's job.

But the fight was close enough to serve as a continuing source of uncertainty to the Federation's leadership. Kube continues to organize for the next leadership convention in 1978, and Guy recently lost the services of his top aide Clive Lytle.

This gentleman, a former Liberal turned militant socialist and New Democratic Party organizer, was the architect of most of the Federation's public relations and political strategy since 1973.

The Federation's Lytle-Guy faction has taken the view that labour issues must always precede the requirements of political loyalty. As a result, its relationship

to the NDP government was quite rocky.

The showdown came early in the fall of 1975 when the NDP legislated more than 50,000 workers back to their jobs following a summer of industrial paralysis. Guy vowed war on the government for that decision, and the Federation initially considered fielding labour candidates in NDP constituencies whose members had supported the legislation.

As a result, many of B.C.'s leading trade unionists such as Federation first vice president and IWA chief Jack Munro are wracked with guilt at what they perceive to be the failure of the trade union movement to help the NDP get re-elected.

Munro regularly slams Guy and Johnston from public platforms as being entirely responsible for former Premier Dave Barrett's defeat, even though the statistics don't bear him out. In fact, the NDP's vote grew in all the heavily unionized communities in the province in 1975.

But Munro's charges do point to the deep strategic uncertainties afflicting the Federation at the moment. Does it come out whole hog in favour of the NDP as

Munro wants and risk the customary round of editorial denunciations about labour bosses being in bed with the socialists and the shopworn political scare tactics that always accompany such steps?

Does it support a hybrid version of "pure and simple" trade unionism as exemplified by the Lytle-Guy leadership in the past? Or does it seek some carefully muted combination of overt support for the NDP with the accompanying propaganda aids — leaflets, public relations support for weaker NDP constituencies, etc. — while trying to convince the public that the bogeyman doesn't stop here anymore?

It's too early to say what will happen, but Munro's forces, which include Art Kube, are likely to be more powerful in the Federation by the next election than they are today.

This could be an asset to the NDP, for the press perceives Munro and Kube as the more moderate pair, despite the fact that all four men specialize in hyperbolic rhetoric.

Social Credit's problems are equally complex. Does it risk a direct labour confrontation as a potential election issue as did the W.A.C. Bennett government time and time again in the late 1950's and 1960's? Such a move could backfire under a "moderate" Federation executive that would enjoy more press support than any previous one in the past two decades.

How far can the government go before men like Matkin and Weiler resign in an inevitable glare of bad publicity? On the other hand, the Soeds must do something to satisfy the anti-union lusts of rank and file members and party supporters.

In some quarters, particularly the forest industry, the government is getting a reputation for indecisiveness, and Bennett is too cagey a politician to let this kind of thing take hold of the gossip circuits.

When, and if, the government reveals its true labour policy is probably not as important as the fact that it must declare itself — by B.C. standards — a much cloudier atmosphere than in the past. The province seems to be undergoing an uncertain period of political readjustment in which the "us and them" rhetoric doesn't apply any longer, or at least not with the same force.

One imagines dinosaurs slowly circling each other, girding themselves for a battle they neither want nor can avoid.

**Under Begin it's the same policy,
but different tactics:**

Settling the West Bank

by JOHN GODDARD

TEL AVIV — The loose application of political labels is always dangerous. The meaning of such terms as "hawk", "dove", "rightist", and "leftist" is easily lost through habitual use and unless one regularly reminds oneself of the definitions of such terms as they apply to a specific political situation, issues become blurred and distorted.

Such is the case in Israel today. An advocate of laissez-faire capitalism can easily be labelled a leftist in Israel if he also advocates territorial concessions to the Arabs in exchange for peace. The Labour Party leader, Shimon Peres, is viewed by different people as both a dove and a hawk on the territory question. Mr. Peres is also called a "moderate" while Menachem Begin, the new prime minister, is known as a "hard-liner". A

"peacenik" can include anyone from a communist advocating de-Zionization of Israel to somebody advocating withdrawal to the pre-67 borders, to people like Peres who advocate "some" concessions.

The daily use of simple labels partly explains why some of Begin's attitudes appear to be a radical departure from policies of the outgoing administration.

He has said repeatedly, before and after the May election, that the occupied areas of the West Bank and Gaza are an integral part of the biblical Jewish homeland. Such pronouncements have enraged Palestinian leaders who consider the land theirs. Leaders of Arab states, too, view annexation of the territories akin to outright aggression. And Begin's attitude runs counter to the view of President Jimmy Carter who has advocated Israeli withdrawal from almost all

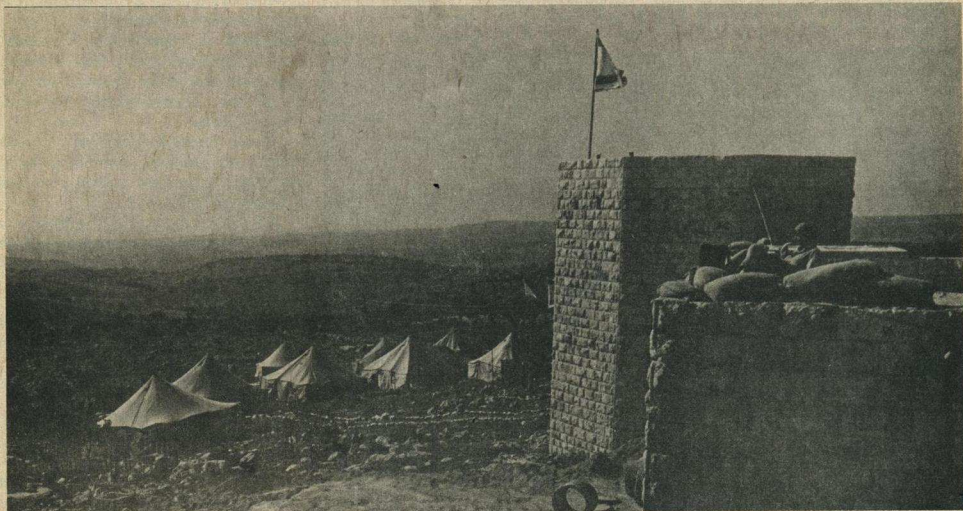
occupied territory and has endorsed the creation of a Palestinian "homeland" in some form.

But although Begin might be the first Israeli leader to flaunt his hard-headedness publicly, his wish to incorporate the West Bank with Israel is strongly reflected in the policy of the outgoing administration to settle Jews in occupied zones.

Only the tactics were different. The old government kept the ambitious would-be settler Rabbi Meir Kahane in check. It controlled the zeal of the religious Gush Emunim settlers to minimize open hostility with the increasingly nervous West Bank Arabs. But all the while Israel pursued an extensive, methodical settlement policy.

The so-called moderate policy has bought time as new settlements entrench themselves in all the occupied areas, as

photo: John Goddard



The new settlement of Pe'erim, showing army tents; it's on the new line of settlement in western part of the West Bank

NEXT YEAR WE'RE SENDING MARIAN ENGEL

On a recent trip to Africa however, a visit to this central African country a few weeks ago, wildlife was so plentiful that I literally had a hard time avoiding it. Take the night we were warming our hands around a late-evening at safari camp, and an elephant dropped by for a snack from a fruit tree some eight yards from our feet. A big elephant. Big enough so that I could have walked between its legs without tickling its tummy — if I had felt so inclined.

—Carroll Holland, *Travel Editor, Ottawa Journal, July 2, 1977*

Arab residents gradually move out under pressure and as Israel and the Arab states prepare for another war.

A look at the pattern and extent of Jewish settlement that has developed on the West Bank alone during the ten-year occupation shows that the size and location of lands considered negotiable by the outgoing administration also would have been unacceptable to Palestinian leaders, to neighbouring Arab states and to President Jimmy Carter.

Not including Jerusalem, and its immediate area, there are 34 settlements in the West Bank if one includes several still in the building stage. Almost half (15) of these were opened in the last three years.

Most of the settlements are in the area of the Jordan Valley on a swath of land roughly 45 miles long by 12 miles wide latticed by roads, power lines and water pipes.

The strip runs parallel to the Jordan River north of the Dead Sea, dividing the rest of the northern West Bank from Jordan.

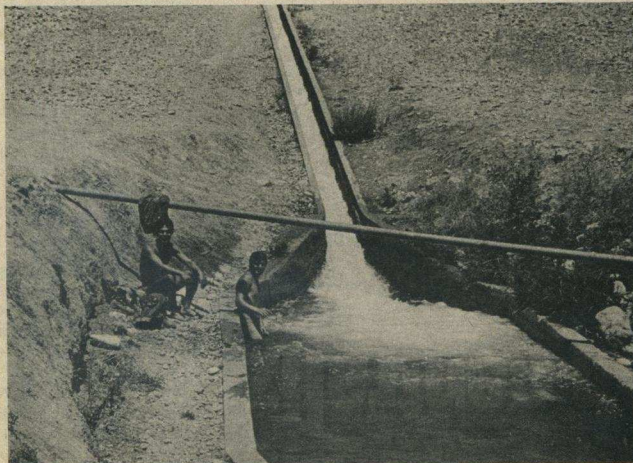
A new line of settlement now is developing along the western edge of the West Bank, five to 10 kilometres in from the 1948 armistice line.

So far only three settlements make up this line. Kaddum, in the north near the Arab town of Nablus, was founded illegally two years ago. It is this site Mr. Begin visited two days after his election victory to say he would legalize and encourage such settlements. Mevo Horon in the south was established in 1970 and the new settlement of Pe'erim, between the two, received its first settlers only recently.

Looking at the overall pattern of Jewish settlement in the northern half of the West Bank, one can see that the wide eastern strip, the new western line and nine Jerusalem-area settlements encircle an enclave of Arab land.

Similarly, in the south part of the West Bank, a horseshoe of ten settlements from the south end of the Dead Sea, running counterclockwise north and east to Jerusalem and south to Hebron, isolate another pocket of Arab land.

photo: John Goddard



Israeli soldiers swimming in reservoir for Jordan valley settlements; water is from wells originally controlled by Arab villages

When outgoing Israeli leaders spoke of parts of the West Bank as negotiable, they were speaking of these two pockets of Arab land surrounded by Jewish settlement.

While the outgoing government has already eliminated the possibility of a viable West Bank state, the West Bank Arabs have felt threatened by Jewish settlers long before Begin's election victory.

The classic pattern of establishing a settlement is first to wire off a "security" area, then erect tents which become a nahal or military settlement, which later becomes a moshav or collective farming community.

The settlements are usually founded on Jordanian government land but to expand, private land often has to be taken, either by purchase or more often by seizure on the grounds of security.

For example, 1,125 acres of Jordan Valley land adjoining the settlement of Gitit was fenced off for security reasons in 1972. The land was owned by an absentee landlord who leased it to Arab farmers living in nearby Akra. When the Arabs insisted on farming the area, military authorities sprayed it with defoliant. The land now is used by the Gitit settlers.

Israeli technicians have developed a complex watering system which has lowered the water table, forcing some Arab villages to deepen their wells at their own expense, has forced others to ration water and to adopt other means of irrigation as water levels now don't reach high enough to feed irrigation canals. Some water channels to Arab fields have been destroyed by Israeli road-builders.

Many farmers, deprived of their means of livelihood, become labourers in Israel, taking buses to and from their villages each day.

But others, faced with the options of no work at all, of unskilled work in Israel, or of a suitable chance of work elsewhere in the Arab world, are choosing to leave.

Debate on what should be the status of the occupied territories has continued in Israel for two reasons.

Firstly, the extent and permanence of Israeli settlement is not widely known. There are only about 1,000 Jewish settlers in the Jordan Valley, for example, and if one ignores the costly infrastructure servicing the settlements, it would appear that withdrawal is as easy as removing the pre-fabricated houses.

Secondly, the outgoing government



Land being levelled and fenced for new nahal (military) settlement in Jordan valley

appeared, on the surface at least, ready to consider a compromise. Although Ygal Allon, the outgoing foreign minister who is behind the Jordan Valley settlement plan, has said the valley must be forever Israel, the party leader, Mr. Peres, has disagreed with him.

The debate has been widespread. All 22 party slates in the last election seemed to offer a slightly different formula on exchanging land for peace.

As was mentioned above, the distinctions among the various positions often has been exaggerated or rendered meaningless by careless use of political labels. It is important to remember that almost all positions, despite their wide range are rooted in a common ideology and that the apparent discord stems from practical considerations, not ideological differences.

The unifying ideology, of course, is Zionism — the belief that Jews have a God-given claim to the land of Palestine or Eretz Israel, the Jewish homeland.

Although the Bible is unclear on the boundary question, most Zionists accept, in theory, that the Jewish homeland

includes the West Bank area.

The problem is that there are Arabs living in the occupied zones.

Figures vary slightly but about 650,000 Arabs live in the West Bank and 490,000 more in the Gaza Strip. They all call themselves Palestinians and, like the Jews, claim the right to a national homeland.

The number of Arabs living in Israel and holding Israeli citizenship is 450,000. So the total Arab population in the three areas is something more than 1,500,000.

The Jewish population in Israel is about 2,750,000.

The Arab birth rate is higher than the birth rate of Israeli Jews and Jewish immigration to Israel has slumped recently to the point where emigration threatens to outpace it.

The concern among Israeli Jews, then, is the long-range threat to Jewish majority status in an expanded Israel, since firm majority status is a basic tenet of Zionism.

This concern surfaced many times during a series of more than 100 lengthy interviews during a three-week period in Israel recently.

Yosef Gorny, for example, a history professor at Tel Aviv University, explained why he, as a Zionist, advocates giving up the West Bank and Gaza in favour of the creation of a Palestinian state:

“My principle is being a Zionist. This state should be now and in the future a Jewish state. That is why we came here; that is why we have suffered here almost 100 years from the beginning of Zionism

settlement; that is why we are in the army; and that is why we are sending our sons to the army.

“This is the country of the Jewish nation. . . . The Arabs here are citizens belonging to the Arab nation. They can live here in Israel as a minority if they like, if they are happy here, but they are part of the Arab nation — some kind of Palestinian nation if they like.

“As a Zionist, I believe they should have some sort of Arab Zionism, if I can explain it so.”

Gorny said the creation of a bi-national state — a state with the Jewish nation and the Palestinian nation living in the same country — is not a solution.

The Palestinian minority of 35 per cent would one day become 40 per cent, then 50 per cent or more, he said.

“That is why I am for a political compromise.”

Gorny’s logic is typical among Israelis ready to make concessions for peace.

It is logical to conclude that annexation of the occupied Arab lands would be acceptable to almost all Israelis if there were few enough Arabs living in them so as not to pose a threat to Jewish majority status in an expanded Israel.

Under policies of the outgoing government, the West Bank has been methodically settled to the point where Arabs living there are being deprived of their traditional livelihood and forced to leave.

Mr. Begin would like to pursue a more radical course which would greatly increase the pressure on Arabs to leave.

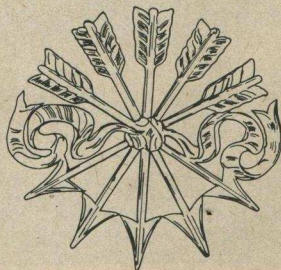
But his course would not differ greatly with past Israeli policy. His motivation and intent are the same.

AND NOW, A WORD FROM OUR CLOUD-SEEDING DEPT.

Torrential rains unleashed by clouds blowing in from Quebec failed to drown the patriotic fervour of tens of thousands of Ottawans celebrating their splashiest birthday in ten years.

—Ottawa Journal, July 2, 1977

THE ROTHSCHILD CONNECTION



THE FIVE ARROWS IN CANADA

by Henry Aubin

If one were to draw up a list of the ten top people in Canada's development, one man who would have to be on it is Edmund de Rothschild — not only as an individual but as a representative of the legendary family which has been behind the scenes in building Canada for over a century.

Edmund de Rothschild is a merry-eyed, kindly faced man of 61 who could be cast by Hollywood as a country doctor.

He has visited Montreal on business about 200 times in the past 25 years but seldom been recognized. Unpretentiously dressed in a baggy suit as he pours coffee for me in an office in a Montreal skyscraper, at first the only evidence that he is unlike the shoppers below on St. Catherine St. is his initialled gold cuff links — small and functional with the typical understated elegance of the Rothschilds. While he fusses with the cream and sugar, and small talk on the price of

coffee precedes the interview, my mind wanders...

The gold in those flat, oval cufflinks might well have been dug up by any of several of the world's largest mining corporations active in Canada and South Africa in which Edmund de Rothschild and his various relatives have interests.

Furthermore, there's a good chance that if those grams were mined in Canada — the world's third largest gold producer — they were sold with the help of Edmund's bank, N. M. Rothschild & Sons, Ltd. of London. The bank has a special collaboration with one of this country's two gold dealers, the Canadian Imperial Bank of Commerce.

Indeed, it is virtually certain that on the day those grams were sold the *world* price of gold — the only universally recognized medium of exchange — was fixed at one of the twice daily meetings held inside Edmund's bank and attended by four other London gold dealers. This has been the location for fixing gold prices ever since 1919: even the Soviet Union, a leading gold producer, puts aside anticapitalist ideology to be guided by those prices. Finally, those grams of gold first could have been turned into gold bars at the Rothschild's own private refinery called the Royal Mint Refinery near the Tower of London.

Henry Aubin is an editorial writer for the *Montreal Gazette*. This article is an amended version of a chapter from his new book *City For Sale* which will be published this fall. Some of the material in the book has appeared previously in his award-winning series of articles in the *Gazette*.



Edmund de Rothschild heads N.M. Rothschild & Sons, the London branch of the famous 'Five Arrows' banking family

But gold — whether for cufflinks or for bullion — is only a Rothschild sidelight.

Just as gold is the lifeblood of the world monetary system, so other areas of Rothschild involvement here also represent the basic underpinnings of the economy at large.

Through a complex skein of investments, banking functions, interlocking directorates and other advisory positions, the Rothschilds maintain connections with some of the industrial companies at the forefront of Canada's overall development.

These corporations include: the land development company which has done more to change the skyline of urban Canada since the early 1960s than any other company, Trizec Corp. Ltd.; one of the leading natural resource, transportation and urban development companies in the country, Canadian Pacific Ltd.; the chief pioneer in developing Eastern Canada's hydro-electricity resources as well as a major holder of mining properties, Brinco, Ltd.; the No. 1 uranium producer and specialty steels maker in Canada, Rio Algom Ltd.; two of the leading oil and natural gas producers and distributors, the Royal Dutch/Shell Group and Petrofina

S.A.; and one of Canada's leading mining companies, Hudson Bay Mining & Smelting Co. Ltd.

To be sure, the Rothschilds do not own or control any of these companies. Most of them or their parent companies are simply too big and their superstructures too diverse for any identifiable individual or family to have push-button control over them.

But the Rothschilds do provide the supreme example of the unnoticed but fundamental influence of a much vaster cast of Old World groups.

For example, Edmund's home town, London, remains the world's largest centre for international finance, though the man on the street here would probably say it was New York. Hardly a month goes by without fresh headlines bewailing the worsening U.K. economy, new tidings of the decline of the pound. But despite the erosion around it, the "City" of London — that is, that square mile jungle of winding streets and laneways which comprise the financial district — has remained resilient because of its global role. The pre-eminence of the City vis-a-vis urban development in Canada, the theme of the book from which this article is adapted, is

illustrated by British leadership in three intertwined sectors: international insurance, property investments and banking.

Insurance companies are critical in land development not so much because they insure buildings as because they invest in them. They are one of the most — if not the most — important sources of the capital pumped into the major real estate projects. Asked to name the three biggest general insurance companies in Canada, most people would probably guess at some of the widely advertised domestic or U.S. firms. Actually, the three leaders are British-controlled (in order of size they are Royal Insurance, Lloyd's of London and Commercial Union Assurance). In all, U.K. firms sell more casualty and property insurance in Canada than firms of any other nationality including Canadian, according to the latest report of the Superintendent of Insurance for Canada.

Among property companies, too, the British have been the leaders, doing more than any other nationality to establish the direction and tone of suburban growth over the last two decades of go-go expansion. Four of the eight biggest home-builders for most of the 1970s, for instance, have been British controlled (they are Consolidated Building Corp., Wimpey Homes Ltd., Richard Costain (Canada) Ltd. and, until its sale to Torontonians in 1975, Bramalea Ltd.

In the transformation of the downtown areas of Canadian cities the same holds true as well. Though many "City"-controlled companies have been active on this front — among them Abbey Glen Property Corp. and MEPC Ltd. — the biggest of them all is, of course, Trizec. Its construction of Place Ville Marie in Montreal in the early 1960s has become, as Donald Gutstein puts it in his book *Vancouver Ltd.*, the "prototype for all that is happening in downtown Canada — huge skyscrapers, vast bleak plazas, underground parking lots and underground shopping malls."

Trizec projects which are now planned, under construction or just completed — and which, acknowledges a Trizec spokesman, will have the same pivotal effect on local

development patterns as Place Ville Marie has had in Montreal — include: the 33-storey Brunswick Square office-hotel complex in Saint John, N.B.; a 23-floor office complex in Quebec City next to the Quebec Hilton, which the company has already built; an office complex at Portage and Main in Winnipeg which features twin 34-storey towers and the 40-storey Scotia Centre complex now open for office rentals in Calgary.

Ottawa's Foreign Investment Review Agency may have ruled in early 1977 that Trizec was no longer a foreign-controlled company but a Canadian one; but this switch in nationality, engineered by the company's "City" owners may be more apparent than real.

As a foreign-controlled company, Trizec's ability to expand and acquire Canadian property was hindered by the agency (which says such companies may only make acquisitions if these will be of "significant benefit" to Canada); so its longtime parent company in London, English Property Corp., sold what it calls "voting control" to Canadians. But, interestingly, while Trizec was trumpeting its Canadianness on this side of the Atlantic, on the other side English Property was reassuring its shareholders not to worry.

In a letter to shareholders English Property flatly declared, "Trizec will remain a subsidiary of the company." Indeed, English Property remained the majority owner of Trizec (with 54 per cent of the stock, non-voting and voting shares combined). And while the transaction conferred to the Canadian buyers (a wing of Montreal's Bronfman clan) most management responsibility, the British retain far-reaching veto power over basic Trizec finance and policy decision-making.

One can argue the semantics of the terms *control* and *ownership*. But the Trizec case is more interesting because of the way it illustrates several other points. It demonstrates, for one thing, the chameleon-like ability of these multinational interests to meet the nationalistic conditions of their host



This Quebec City highrise was built by MEPC, one of Britain's largest multinational developers and a main contributor to the current generation of highrises across Canada. Jacob Rothschild, a longtime director of MEPC, resigned last year after a power struggle

countries — whether, as in English Property's case, it happens to be Canada or France or Belgium.

More pertinently, the Trizec case also points up the integral role of insurance in major real estate development: the biggest and most influential shareholder in English Property is Eagle Star Insurance Co. Eagle Star, in turn, shows the pervasive interlocking role of such investors and their investments. This insurance company, Britain's eighth largest, was also the controlling shareholder of Bramalea Ltd. until 1975 and is still the second largest shareholder in both MEPC and the Rank Organization, the entertainment conglomerate which controls 131 Odeon theatres in Canada and owns Rank City Wall, a substantial urban development company in western Canada.

With such a large operation in Canada one would expect to find political connections; Sinclair Stevens, unsuccessful candidate for the Conservative Party's leadership in 1976, and holder of the finance portfolio in the Tories' 'shadow cabinet', is a director of Eagle Star's Canadian subsidiary.

It would be easy to cite other examples of insurance input with firms like Standard Life and Prudential Assurance. What it boils down to is that many of Canada's most influential developers, changing the landscape of the country and determining how people live, are basically investment vehicles for insurance companies.

These insurance companies, in turn, however, are often but satellites or allies of rather large industrial groups. These groups themselves are active in other sectors of the Canadian economy, particularly natural resources.

It is banking — the third area of the "City's" pre-eminence here — which holds this whole process together and makes it work, and it accomplishes this not just by loaning money. The Rothschilds' London merchant bank, N. M. Rothschild & Sons — like all merchant banks, open not to the public at large for checking accounts and such but to companies — epitomizes this. . . .

In the interview, Edmund de Rothschild disclaimed any family interest, direct or indirect, in Trizec. And this is, strictly speaking, accurate. But later, in London, I found records showing that the Rothschild bank had been the advisor to English Property in a series of four takeovers of U.K. property companies, coups which vaulted English Property to the fore of its field. It and MEPC, with assets scattered on several continents, are now Britain's two largest multinational real estate firms. (Note: N. M. Rothschild has also been a financial advisor to MEPC, with Edmund's nephew, Jacob Rothschild, on its board of directors).

But it is Eagle Star which has been the largest force behind English Property. Here, too, the Rothschilds have an association, embarking on various ventures together since the war. Appropriately, a partner at the Rothschild bank, David R. Colville, is deputy chairman of the insurance company; and Edmund's polo-playing cousin, Evelyn, is a director.

N. M. Rothschild, whose activities will soon be looked at more closely, is only one of many merchant banks playing a major role in Canada. Other leading institutions include the Hambro, Samuel Montagu, Hill Samuel and Warburg banks; often they have associations with the Rothschilds going back generations. As Ernest Virgint, a graduate student at McMaster University who has studied the family from a more historical perspective, puts it: "The Rothschilds are part of a complex of power and decision-making that includes other financial groups whose histories are intertwined with the Rothschilds. The Rothschilds represent one strand — albeit



Edmund's polo-playing cousin Evelyn de Rothschild is a director of Eagle Star Insurance; here he accepts the Queen's Cup for his polo team

an important one — in an international mesh of finance capital which dominates key sectors of the international economy."

There are many qualities which distinguish the Rothschilds from other important groups. Unsurpassed prestige, contacts, business integrity and a talent for looking at long-term projects from the perspective of overall economic growth. But there is another key reason: There are simply so many of them — so many Rothschilds, all of them inter-knit.

Edmund is at the fore of the family's London branch, which has the N. M. Rothschild bank as its business focus. The Paris branch is headed by a cousin, Baron Guy de Rothschild of the Banque Rothschild. Then there are three other associate groups. These are based in: Geneva, where Baron Edmond de Rothschild heads the Banque Privée S.A.; Brussels, where a cousin, Baron Léon Lambert, heads Belgium's second largest holding company, Compagnie Bruxelles Lambert, and finally, Amsterdam, where there is the Pierson, Holding & Pierson merchant bank, whose chairman is Allard Jiskoot.

The term Rothschild as used here embraces all five groups. These strategic centres form what the family today calls the "Five Arrows." This alludes to the five arrows in the Rothschild escutcheon, which originally symbolized Mayer Amschel Rothschild's five sons. The sons became the 19th century *eminences grises* behind key economic and political moves in Europe, using banks in London, Paris, Vienna, Frankfurt and Naples as their power centres.

Their heirs prosper today in Canada. Edmund, Guy and Edmond de Rothschild, Léon Lambert and Allard Jiskoot are all directors of Five Arrows Securities Co. Ltd. of Toronto, an investment company. Also in Toronto, the Rothschilds

own Magnum Fund Ltd., an investment company quoted on the London and Toronto stock exchanges with a diversified investment portfolio. These are hardly the main thrust of family activity here, however.

* * *

"It's a great country. You still have the potentiality of the frontier," Edmund de Rothschild said of Canada during the Montreal interview. "The challenges are still here."

Little has been published of Rothschild contributions to this country's growth and in the two-and-a-half hour conversation he volunteered little that was not already known.

How important are the Rothschilds to Canada's overall development? I doubt if anyone outside the immediate family really knows, and even that is not sure since the various branches of the family, while keeping in touch, do not run in harness. Edmund certainly was not very revealing. Our conversation, dealing mostly with the specifics of the family's corporate investment in Canada, was characterized by cordial evasiveness.

"Today," says Frederic Morton in his 1961 biography, *The Rothschilds*, "the family grooms the inaudibility and invisibility of its presence. As a result, some believe that little is left apart from the great legend. And the Rothschilds are quite content to let legend be their public relations."

"They are even more reticent and aloof than other merchant bankers when family matters are concerned," adds Joseph Wechsburg in his more recent book, *The Merchant Bankers*. "Their family labyrinths are complex, dark and mysterious."

To preserve its privacy, the family has a habit of dividing its affairs among different, say, lawyers or bankers or accountants, so that none of these has the big picture. In Europe, for example, I had lunch with one branch of the family's advisors, to whom I had been introduced by a mutual friend. To obtain his confidence in order to pump him, I told him what I knew. He was flabbergasted.

The Rothschild interview took place in a parlour inside Brinco's headquarters high in Westmount Square. It was not an uncommon visit for him: Fly in from London in the morning, attend a Brinco board of directors meeting, then perhaps a cab over to the Mount Royal Club for lunch. Finally, a flight back to London in the evening — a timetable which could help explain British businessmen's enthusiasm for the Concorde.

Edmund at first spoke with animation about Canadian development. "It's fascinating," he said. "That's my line."

Why is his family so interested in Canada?

In a speech he gave to the Halifax Board of Trade in 1974, one passage may help to answer that question indirectly:

"You are truly fortunate in Canada for this great country is richly endowed with natural resources. . . . The real difficulty that faces you in Canada is the priorities of the development of these resources. You have hydro-electricity. . . . There is also oil and natural gas. . . . Canada has the uranium to feed the Candu atomic reactors. . . . and these are safe and rank among the finest in the world. . . . And then you have here in Nova Scotia and New Brunswick the highest tides in the world. . . ."

Reflecting Edmund's appreciation for Canada's bountiful resources, Rothschild-related interests have played an active role in their development, involving themselves in *every one of the five energy sources* he mentioned.

Here is a rundown.

(1) *Hydroelectric power*. Without the Churchill Falls

Hydro project in Labrador, Montreal would be a very different place today.

Many industries made the commitment to come to the city and province in the 1960s with the expectation that the Churchill Falls project, then under construction, would provide a reliable source of energy. After then-premier Joey Smallwood asked for U.K. help, N. M. Rothschild & Sons had begun to plan the financing and organization as far back as 1952. The following year, it helped form a consortium called Brinco to undertake the project. The power started flowing in 1972 and today accounts for a critical 30 per cent of the province's electricity, says Hydro-Quebec.

Edmund recalls his role as "helping, encouraging, cajoling and pushing" the project. He calls it "the largest project undertaken so far by private enterprise," covering as it does "a lot of moose pasture" larger than England.

In a surprise move, Newfoundland nationalized the hydro-electricity project in 1974, paying Brinco a handsome \$160 million and leaving it with mineral exploration rights for more than 24,000 square miles. Premier Frank Moores of Newfoundland reasoned that the Churchill project's "benefits to this province, apart from the short-term construction employment, have been, and will be, unfortunately minimal." He said that "unless we have control of our resources and their development, we cannot control our destiny as a people."

"I would have preferred we could have completed the job; we were 97 per cent complete and we were ahead of schedule and below budget," Edmund commented. But he added, "Power and all forms of energy are very emotive subjects. Generally speaking, power belongs to the people of the country in which the source of energy occurs. . . . I think we could have come to a very amicable agreement with the Newfoundland government after we completed the job and then handed it over. . . ."

Though no longer responsible for Churchill Falls, Brinco, as we shall see, promises to become a major contender elsewhere in Canada in the mining sector. Brinco's owner is the Rio Tinto-Zinc Corp. Ltd. (RTZ), a London-based organization with which the Rothschilds have been associated for generations.

Asked who was RTZ's major shareholder, Rothschild replied, "I don't know. [The shares are] very widely held. It's certainly not us. The family shareholding is well under 10 per cent. . . . There's no controlling shareholder."

The family's connections are nonetheless close. Guy de Rothschild is a director of RTZ and David Colville, the N. M. Rothschild partner who is also an Eagle Star deputy chairman, had been a director for many years prior to retiring last year. Also, Sir Val Duncan, longtime chairman and executive of RTZ, and Sir Val's successor, Sir Mark Turner, is a director of Magnum Fund.

Because of the different names of its subsidiaries, Rio Tinto-Zinc is not well known. The organization as a whole has little to do with zinc and still less to do with Rio Tinto, the name of a locale in Spain where it began prospecting in the 19th century. The company's 1975 annual report sums up its pervasive influence by saying it has "interests in almost every major metal and fuel," with subsidiaries in about 25 countries.

It is in another form of energy, however, that RTZ dominates the Canadian scene.

(2) *Nuclear Power*. RTZ is a giant in this controversial field — controversial not just for safety considerations but



Edmond de Rothschild, Edmund's cousin, heads the Banque Privée S.A. in Geneva; he is reputed to be the richest of the Rothschilds

also for questions raised about the free enterprise system.

The U.S. business magazine, *Forbes*, started a furore when it published an article in 1975 suggesting that world uranium oxide (which is processed into nuclear fuel) production might be evolving along cartel-like lines. One of the parties, the article said, would be the Rothschilds who "have an interest in nearly every major uranium mine in the world."

When I asked him to comment on the *Forbes* cartel theory, Edmond de Rothschild put down his coffee cup with a rattle.

"Balls!" he exclaimed.

"No," he quickly added. "You couldn't print that, so 'Baloney!'"

Reconsidering, he said, "I'll use the Japanese word. 'Bakarashiii!' It means nonsense."

Since the interview, the U.S. government has pursued an anti-trust investigation into the possibility of an international cartel in uranium oxide, the price of which has shot up from about \$6 per pound in 1972 to over \$40 in 1977.

The alleged cartel would have operated in much the fash-

ion as OPEC vis-a-vis oil, only unlike OPEC this scheme would have been highly secretive, not above-board. It would also have been launched a year earlier, in 1972 (and have lasted at least two years).

The Trudeau government has denounced the U.S. congressional probe and, as late as this summer, was still refusing to cooperate — hardly surprising because Canada, as the world's number one exporter of uranium oxide, would have been an active participant in the cartel. The largest participant in any price-fixing would have been a Rio Tinto-Zinc subsidiary called Rio Algom Ltd., of Toronto; as of 1975, Rio Algom accounted for 64 per cent of all uranium produced in Canada. In a related American lawsuit held in the U.S. embassy in London in the spring of 1977, RTZ Chairman Turner and Vice Chairman Shackleton, called as witnesses, have taken the Fifth Amendment.

Rio Algom may have almost two-thirds the Canadian production of uranium cornered but there are four other companies in "competition" here as well. According to federal



Brunswick Square, Trizec's office-hotel complex in Saint John

officials in Ottawa, there should be three more companies in operation by 1980, bringing the total to eight. This may seem like a lot of diversity, but look again.

Of the three newcomers, the *Rothschilds* have links to two: — *Brinco*. Though better known for its hydro endeavours, this RTZ subsidiary showed an interest in nuclear power as far back as 1968 when it began making plans to set up a facility to make enriched uranium for use abroad. Since then, however, it has dropped these plans in favour of starting uranium production in Labrador.

— *Amok Ltd.*, of Saskatoon. This is a subsidiary of France's Mokta group of mineral companies controlled by Guy de Rothschild (control is the case in this instance). It has uranium reserves in Saskatchewan containing an estimated 40 million pounds of uranium oxide.

If three out of eight seems a substantial proportion in the area of uranium production, how does three out of seven sound for the following energy sector?

(3)&(4) *Oil and Natural Gas*. The "five arrows" do indeed have connections with three of the seven largest petroleum companies in Canada.

To begin with, RTZ has a stake in this field too, with a sizable minority holding in British Petroleum Co. Ltd. (BP), the U.K.'s largest industrial company and one of Canada's major oil and gas producers, refiners, and distributors.

The most important Rothschild involvement with the Canadian oil and gas industry, however, is their connection with the Royal Dutch/Shell Group, of which Shell Canada Ltd. is a member.

Shell's impact on the Canadian energy scene is hard to

overstate. At the end of 1974 the group was the number one holder of exploratory land (with special strength in the Mackenzie Delta); the number one producer of marketable natural gas and the owner of six major refineries. When it expanded its refinery in Montreal's East End in 1953, it became the first oil company in Canada to manufacture chemicals from petroleum.

The Rothschild links with Shell are far more direct than with B.P. As Edmund puts it: "We've always held an interest . . . It's a company we've helped. We are one of their financial advisors." How much stock do they own? "Less than two per cent," he says (after Exxon and General Motors, according to *Fortune* magazine). A holding of only one or two per cent is significant in a company with widely dispersed stock like Shell. It is, incidentally, the third largest company in the world.

The Belgian arrow in the Rothschild quiver holds an influential share in Petrofina, S.A. of Brussels. Like BP and Shell, Petrofina Canada Ltd., is active in every aspect of this country's oil and natural gas industry. Baron Lambert's Compagnie Bruxelles Lambert lists a 2.5 per cent direct holding in the global oil company but there may be more indirect holdings: Edmund acknowledges that his cousin has a "fairly extensive interest." The Baron is also on the Petrofina board.

Like BP and Shell, Petrofina Canada Ltd. is active in every aspect of Canada's huge oil and natural gas industry. And thus, of the seven largest petroleum companies in Canada, the Rothschilds have significant connections to no less than three — a remarkable record.

(5) *Tidal Power*. This final energy source, a replenishable and non-polluting one, to which Edmund referred in his Halifax speech, is a special favourite for him. In 1970 he and several members of his immediate family spent a holiday at White Point, N.S., he recalls, and "it was then that I first really thought about the power potential of the Bay of Fundy." The chairman of Consolidated Edison, New York City's power company, expressed interest in his idea of harnessing the tides to obtain electricity.

In the Halifax speech he explained the *raison d'être* of his tidal power concept:

"You now in Canada have a chance to help the U.S.A. Their energy problem is something that does need some sort of understanding. This is where I believe you in the Maritimes can not only benefit America but yourselves. It is by the export of power. . . .

"It can be either power from the Candu atomic power plants which could utilize the cool water of the Bay of Fundy, or it can be from tidal power itself."

Edmund's idea has not fallen on deaf ears. In March, 1975, a review board set up by Ottawa, New Brunswick, and Nova Scotia announced a \$2.1 million study to look into the possibility of building a dam across the bay, thereby forcing the ebb tide through turbines to produce electricity.

All this does not mean, of course, that there is a Rothschild presence behind every other dam, nuclear facility, or oil derrick in Canada. But it does suggest that the Five Arrows are intertwined in the energy sector as much, perhaps, as any discernible group, whether Canadian or foreign.

What makes the total picture even more interesting, is that besides simply producing energy for Canada's expansion, some of these same companies or their subsidiaries also supply other building blocks for its growth.

For example, RTZ subsidiaries manufacture many essential components of highrise construction: aluminum, glass,

and stainless steel. Each is a leader in its field.

Indal Ltd. in Weston, Ont., calls itself Canada's "largest independent producer of aluminum extrusions." For the layman, that means aluminum window frames and balcony doors, as well as steel girts, purlins, studs, and downpipes and eavestroughs.

Tempglass Ltd. of Toronto (actually itself a subsidiary of Indal) boasts "the largest capacity in Canada for the production of tempered glass for the residential and architectural construction markets."

Rio Algom's Atlas Steels division, yet another RTZ subsidiary, is also heavily into this market, as number one manufacturer of stainless steel in Canada, and for that matter, the Commonwealth. A spokesman estimates that over 80 per cent of the stainless and tool steel produced in Canada comes from RTZ. To imagine the huge demand for this material in high-rise construction, one has only to think of how often one sees it in lobbies, elevators, escalators, as well as exteriors. Think of Montreal's Canadian Imperial Bank of Commerce Building whose vertical steel ribbing runs clear up to its 45th floor.

We cannot complete the tally of Rothschild involvement in Canadian industry and development without another brief glance at the mining industry. Besides uranium and gold, discussed earlier, Rothschild-related companies mine asbestos, potash, base metals like copper and zinc and lead.

Guy de Rothschild controls a French mining company called Penarroya whose subsidiary here, Penarroya Canada Ltd., is now exploring for minerals across Canada, including copper and zinc in Quebec. The parent Penarroya claims to be the world's largest producer of lead. It joined with Mokta several years ago in the formation of Imetal, a com-

pany which Guy conceived to manage over \$1 billion of Rothschild mineral properties from British Columbia to New Caledonia.

Imetal provides a rare example of an industrial company directly controlled by the Rothschilds.

* * *

In a speech several years ago, Edmund recalled how in 1835 one of his family's correspondents wrote a report saying "Canada presents a gratifying spectacle of British institutions free from the moth and rust of ages, of a revenue annually increasing without being oppressive and of property generally and rapidly advancing."

"How true," Edmund said after quoting this passage, "that old letter is today."

In the interview, Edmund did not go into the history of his family's involvement in much depth. N. M. Rothschild, he said, was the Bank of England's first correspondent. Also, "we got a lot of provincial issues in Eurodollars" from Nova Scotia, Manitoba and other provinces. There was "not a lot of investment in Canada until Churchill Falls," he said.

Another of the family ties to Canada evolved in 1961 when Serena Dunn, granddaughter of Sir James Dunn, the Algoma Steel magnate from the Maritimes who had died five years earlier, married Jacob Rothschild, son of Lord Rothschild. The Dunn estate at one time held a sizable minority portion of Algoma stock. Asked what the current portion might be, Edmund replied: "I think Serena's got some shares — but I don't know. I don't pry into their shareholdings." The inference was that perhaps I shouldn't either.

Algoma is controlled by Canadian Pacific Ltd., which owns 51.3 per cent of it through a subsidiary. And that brings

TRIZEC CORP.—THE BRONFMANS—ENGLISH PROPERTY—ABBEY GLEN—THE ROTHSCHILDS—GENSTAR—BANQUE DE PARIS ET DES PAYS BAS—

The low-down on the high rollers

CITY FOR SALE

Focusing on urban Canada as a whole and Montréal in particular, *CITY FOR SALE* is the most far-reaching investigation into the ownership and development of urban land ever published in North America (you can read an extract of the book in this issue of the Last Post, page 20).

CITY FOR SALE grew out of a nineteen-month investigation for the Montreal Gazette, where it appeared in embryonic form under the title *WHO OWNS MONTREAL?* The series won the National Newspaper Award and the National Business Writing Award in 1977.

This myth-shattering book identifies the real owners behind many of the unaccountable dummy corporations involved in land development. The ownership trail leads through the money laundries of Liechtenstein, the flood of illegal Italian investments, the Deutschmark avalanche, and the influential but little-known British and South African mining and insurance behemoths. The book shows that power is still largely yielded by a small number of families of the European Aristocracy, long considered to be financially dead. This is a detailed and powerful analysis that you will want to read. *Close to 500 pages and 100 photos.*

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City for Sale will be officially published on September 1, 1977, at a retail price of \$10.95. You can order it by mail, before that date, at the special pre-publication price of \$8.50 postpaid. Send your cheque or money order to the following address: *Éditions l'Étincelle, 1651 rue Saint-Denis, Montréal, Québec H2X 3K4.*

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THE HAMBROS—BOVIS—THE POST OFFICE SUPERANNUATION FUND—EMPAIN-SCHNEIDER—FIDINAM—L'UNION MINIÈRE—UNION CORP.—

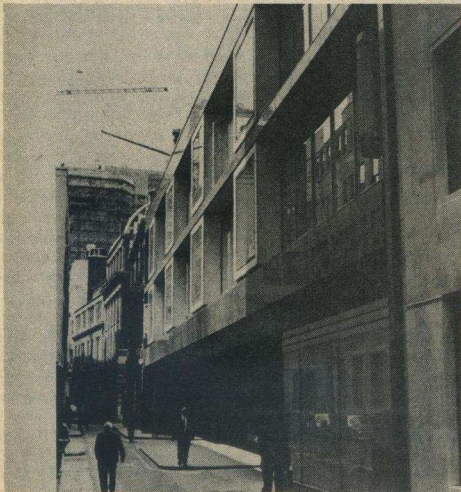
up another of the Rothschild's touchstones with Canada: A relationship between the Five Arrows and CP that goes back to the 19th century.

Allard Jiskoot, who is head of the Five Arrow's Pierson, Helling & Pierson bank in The Netherlands, is a CP director. Furthermore, W. W. Arbuckle, a director and vice-president and director of the Bank of Montreal, is a director of another of the Five Arrows, Baron Lambert's Compagnie Bruxelles Lambert. This gives CP two interlocking directorates with the Five Arrows.

Pierson, Helling & Pierson "has always had a long history with CP," Jiskoot remarked in an informal interview in Montreal, where he was attending an annual CP meeting at the Chateau Champlain. "We listed CP shares in 1882 when its railroad was being built. We have been doing business with them ever since."

"We have quite a bit of banking connections with CP — but we don't talk about it," he added.

The point is not that Rothschild-related interests control CP but rather that they have close banking ties and that these ties go back to the years when the company was largely owned abroad. It gives the Five Arrows a say in Canada's largest overall resource company (its 1976 assets were \$6.8 billion). Besides its transport interests, it is a major producer of oil and gas, minerals, coal, forest products, iron and steel (through Algoma) and, of course, real estate development. Indeed, CP owns more than two square miles on the Island of Montreal, according to property records. The bulk of this is freightyards or other railroad-related land, but there are other developed properties such as Place du Canada, the Chateau Champlain Hotel and the old Laurentian Hotel. CP's plans to demolish the Laurentian, the last remaining moderately-priced major downtown hotel, to make way for an office building encountered widespread protests from citizens groups in 1977.



The N.M. Rothschild Bank in St. Swithin's Lane; twice a day representatives of five London gold dealing houses met here to determine the world price of gold

Who owns the Canadian Pacific? That is "one of the most closely guarded secrets in Canadian finance," concludes Robert Chodos in his 1973 book, *The CPR*. "Control of the Canadian economy is in large measure anonymous. . . . Within this secretive web, Canadian Pacific is perhaps the most secretive of all."

Chodos could not be more right. This passage from the 1962 by-laws of a key CP holding company (through which most of the subsidiaries are controlled), Canadian Pacific Investments Ltd., gives a feeling for the organization's Liechtenstein-like zeal for privacy: "No shareholder shall be entitled to discovery of any information respecting any details or conduct of the Company's business which in the opinion of the directors it will be inexpedient in the interests of the shareholders of the Company to communicate to the public."

In 1946 only nine per cent of Canadian Pacific's voting stock was held in Canada. Most of the rest was held in Europe. CP's chairman, Ian Sinclair, told the Royal Commission on Corporate Concentration in 1975 the reasoning behind the subsequent campaign to "repatriate" CP's stock: "We're a high profile Canadian company. . . . And sometimes I wish the profile was a little lower, but it seemed that people felt that to have this company with a large number of shareholders ex-Canada bothered them and it bothered me to a degree also, but maybe for different reasons. . . . (We) deliberately attempted to repatriate the stock. . . ."

So by 1975 the company had returned 66.2 per cent of its stock to Canada (with 16.4 per cent remaining in the U.S., 8.6 per cent in the U.K. and 8.8 per cent elsewhere), and now claims it is a Canadian-owned company. But there is not a scintilla of evidence that it is levelling. What CP means, when you examine its claim, is that most of this 66 per cent of the stock held in Canada is held by unknown persons through nominee accounts (i.e., untraceable, anonymous accounts) in banks or trust companies physically located in Canada. By far the largest shareholding in CP, Sinclair told the Royal Commission, was for 73.37 per cent of the voting shares held by a trust company. He did not say which. Nor did he give the names of other trust companies or banks holding significant nominee accounts — the Commission which was supposed to be looking into such things, did not ask him.

When I asked CP the names of these banks and trust companies, I got this reply from a public relations man: "It's not the policy of Canadian Pacific to release that information. There's no way of identifying the nationality of the shareholder. You can only identify the place where the shares are registered. The presumption has to be that the majority of the people who register in Canada are citizens."

That's like saying it's logical to presume that the people who register companies in Liechtenstein are Liechtensteiners.

* * *

Every day at 10:30 a.m. and again at 3 p.m., representatives of four venerable London gold dealing houses pass through a gate on a narrow, winding street in the "City" called St. Swithin's Lane. On the gate there is no name or other external indication that this is the entrance to the N. M. Rothschild & Sons merchant bank — there is only a small escutcheon on the gate showing five arrows. There is no need for a bolder proclamation of the bank's presence here; as the name merchant bank implies, it does not serve the public but only merchants and, more generally, corporations and enterprises of all kinds.



Jocelyn Olaf Hambro heads the Hambros banking dynasty; according to legend, the fortune began in the 18th century when a Hambro sea captain was the first Dane to learn the Queen of Denmark had died in Paris. With no one else aware of this he quickly cornered the black crape market in Copenhagen and made a killing

Toting briefcases and often wearing the bowler-and-pin-stripe uniform of the "City", the four enter a courtyard and then walk through the doors of a sleek postwar building made of black marble and aluminum. Inside, the four men meet with a fifth, a representative of the Rothschild bank. Then, under the gaze of portraits of such old Rothschild clients as the Czar of Russia and the Emperor of Austria, the five go through their twice daily ritual of determining the world price of gold on the basis of that day's supply and demand.

One of the men sitting at that table comes from Samuel Montagu & Co., the merchant bank whose chairman, former Rothschild partner Philip Shelbourne, we frequently bump into as we trace back the lines of responsibility in urban Canada. Another of the men there comes from Mocatta & Goldsmid Ltd., the oldest bullion broker of them all, founded in 1684. Today it endures as a subsidiary of the Hambro interests.

This is an interesting coincidence, underscoring the tightness of that small circle of people, with mutual interests in various different fields, who are at the heart of the decision-making process for so much of urban Canada.

The Hambro family, descended from an 18th century Danish silk merchant, is in some ways a parallel family to the Rothschilds so far as Canada is concerned, and a quick glance at its activity here helps put the Rothschilds in perspective.

At about the same time the Rothschilds are emerging from a German ghetto to set up one financial dynasty, the Hambro family was coming out of Scandinavia to set up another. Like Nathan M. Rothschild, the Hambros moved to England from

the Continent in the early 1800s. The two families have known each other since the very beginning: Nathan's father, Mayer Amschel Rothschild, the Frankfurt coin-dealer who founded his dynasty, was a Hambro client in the 1830s.

In Canada in recent years, the Hambro family interests, under the tutelage of Jocelyn Olaf Hambro, have been active on the real estate scene — more directly than the Rothschilds. They own Hambro Canada Ltd., which owns Ontario Trust and has had more than \$100 million in real estate assets mostly through a subsidiary called Peel-Elder Development Ltd. Most of Peel-Elder's activity has been in building shopping centres and residential developments in the Toronto, Winnipeg and Cambridge, Ont., areas.

They have also been active extensively, and more significantly, on an indirect basis. South Africa's Union Corp., one of the major gold mining companies, has been the most influential shareholder in the parent company of Abbey Glen Property Corp., one of Canada's six biggest urban developers, prior to Abbey Glen's sale to Belgian-backed interests last year. The Hambros have substantial undetermined holdings in Union, and members of the Hambro family have for many years been members of Union's board of directors. Another major force here is Societa Generale Immobiliare, the Rome-based development giant which built Montreal's tallest skyscraper, the Stock Exchange Tower, and seven other Montreal landmarks. The Hambros have been deeply involved in that as well through their banking association with the Vatican, which at one time controlled Immobiliare, and with former Immobiliare chief Michele Sindona. The Hambros also turn up as associates of the British interests behind the Monarch group, a middling-size suburban developer involved in Quebec and Ontario.

The Hambros also own Berkeley Hambro Property Co. Ltd., which has a Canadian subsidiary headquartered in Montreal. Executives there, however, say it owns no real estate in Montreal: it does own some in Ottawa (e.g., Westgate shopping centre) and in Western Canada. Much of its real estate is in the U.S., where the family has also been involved significantly. For example, the Hambros, along with Jack Cotton, played a critical role in financing the famed Pan American Airlines Building in New York City.

So the point is that the Hambros are meshed into a lot of things just as the Rothschilds are. The Rothschilds would probably have to agree with this generalized view of a "City" bank's corporate involvement, as summed up by a Hambro banker to Joseph Wechsburg: "We take a minority interest [in companies], but never control. We believe management should be left to the managers. We want to keep a sensible influence — after all, we're involved with our money — but we don't want to run hundreds of companies."

"The role of the merchant banker," Edmund de Rothschild noted in our interview, "is to tie things together." It is not to hustle about trying to control things per se. The fact that only two companies in Canada that I could discover are actually controlled by the Rothschilds — Mokta and Penarroya (by the French branch in both cases) — says as much. But tying things together, though it may not sound very dramatic, is often what counts at a time when it is not so much individual companies as *networks* of companies which determine the major direction of development. Brinco, whose Churchill Falls scheme Edmund likes to call the largest project ever undertaken by private enterprise in history, is the ultimate example. Much of this does not come from waving a magic financial wand but from sheer dint of personality. As



Edmund de Rothschild says of the Churchill Falls project, at its time the biggest project ever undertaken by private enterprise, "I helped, encouraged, cajoled, pushed it"

Edmund says of the Churchill Falls project, "I helped, encouraged, cajoled, pushed it."

But within individual companies, too, the merchant banker can play a critical role. The best example here is the way N. M. Rothschild & Sons propelled English Property Corp. into the international big leagues after putting together for it a series of mergers. There is a special kind of power that goes with the role of financial advisor to a company. As one associate of the London Rothschilds explains it: "[N.M.] Rothschild is influential because it puts together deals for clients and is retained afterwards as a financial advisor. It is consulted on most major policy. A company can't make a move without its consultation." This is where the Five Arrows influence within Canadian Pacific, for example, would play a role. The banker also is the means for a company's capital expansion: thus in 1976 when Canadian Pacific Securities Ltd. floated a \$35 million bond issue in Europe, the underwriters' syndicate included Pierson, Heldring & Pierson.

What ultimately separates the Rothschilds from the Ham-bros and the other merchant bankers, beyond the measure of size or other tangible criteria, is imagination and élan. They have a sense for the strategies rather than the tactics of international development. This is something they have had since the 19th century when they, more than any other group, put their financial shoulder behind the bringing of railroads to Europe and goldfields to South Africa, which revolutionized

those two places. Since the last war they have been key influences in the economy of the state of Israel, in the global nuclear energy industry and in providing much of the foundation for industrialization in places like Eastern Canada. They believe in a distinctly *creative* financial role. They have an ability to anticipate historical developments and to get there first. As Jacob Rothschild has said, "We have learned that the merchant banker must not wait for an opening, an opportunity. He must create them. . . We must be the catalyst who helps the development of trade. We must never remain static, always attempting to maintain our initiative."

This pioneering role has in the past made them controversial. In the 19th century there was dispute as to whether they were the archangels or archdemons of progress. It is not so much them as the progress they promote which is at issue: if you like technological progress *a priori* you'll probably revere the Rothschilds; if you're wary of it you may have mixed feelings about them. However, since the war few people have known what they are up to — besides a few fragmentary activities here and there — and thus few people today have opinions either way. To most people the Rothschilds are just classy gentry who made their money a long time ago and today populate the "beautiful people" sections of the magazines. It is this lack of accountability which is one of the most striking aspects of their power.

The Rothschilds are, finally, the quintessence of a special order of the Old World. They, and other families or groups also active in Canada and with whom they have much in common, are not linked by "conspiracies" *per se* or anything sinister of that sort. In the main these groups tend to be competent, independent — if ultimately interdependent — organizations, which share a very, very specific view of how business and the economy should operate. They tend to think and act alike not because there is any nerve centre on St. Swithin's Lane or elsewhere firing off orders to the chairmen of companies like Eagle Star or Anglo American; none of these would very likely dream of taking orders. But the very fact that they have made it to the inner circle means that they can be counted on to think much like each other and to act in harmony with each other's interests. There may be common schools, clubs or company boards, etc. However, when one considers that their decisions affect the economies of entire nations and the lives of millions, perhaps their lack of accountability should be seen in a more critical light — not as a conspiracy but as a form of non-representative power, in the sense that they don't represent the people of their host nation, or if they say they do we'll have to take their word for it. They do not encourage scrutiny by the public of those nations. Edmund de Rothschild, then, this man who looks so much like a rumpled country doctor, journeying regularly to Canada to tend its economic ills and develop its strengths, is of course much more than that. He is a medicine man of the highest secular order, helping guide Canada toward participation in a grand industrial design.

"To be an optimist today needs courage," Edmund said in a speech on the future of mankind which he made before a business symposium in Tokyo. Then, using an image which could have been drawn from Genesis, the Tree of Knowledge, he added: "But this is what we all must have — courage, and linked with this must be self-discipline — and I for one have great faith that man will go forward and reach the top of the tree and ultimately find the flower that he is seeking."

He may well be, in J. D. Salinger's idiom, one of the most accomplished "apple-eaters" of our time.

You Are Invited To Join These Prominent Canadians Who Support

John Damien's fight for human rights

On February 6, 1975, racetrack steward John Damien, at age 43, after 20 years of service, was fired by the Ontario Racing Commission on the grounds that he is homosexual. "Mr. Damien performed his duties well in the past. It's not because he wasn't a good judge," Charles MacNaughton, then-Chairman of the Ontario Racing Commission was quoted as saying in a front-page story in *The Globe and Mail*; "We have reason to believe Damien had or might have relations with people he might have to make judicial decision upon at the track. The performance and conduct of his responsibilities could be influenced. That's it and nothing more."

Two years later, Damien's suit, charging "wrongful dismissal" and claiming damages is still before the courts. He has sold practically all his personal possessions to meet his financial obligations. He is employed as a clerk in a Toronto office and earns \$112 a week. The Committee to Defend John Damien estimates that \$50,000 at least is required to meet his legal costs over the next year. Canadians from every part of the country have donated \$21,000 to date. *YOU* can help John Damien in two ways: by signing the coupon below and giving your moral support for his right to work in the field of his choice and proven experience, regardless of sexual orientation. And, if you can, enclose a donation of any size (it is tax-deductible and will be promptly acknowledged by the Committee.)

John Damien is not protected by existing Human Rights legislation at either the provincial or federal levels of government — because he is homosexual. Only you can help — and in so doing, prove that this "exiled" man is indeed part of the human community and Canadian society.

John Damien is not merely concerned with establishing civil rights for himself, as one individual, or solely for male and female gay people as a group; his application and charter for THE JOHN DAMIEN FOUNDATION, an organization that will help protect the basic civil rights of *any* person discriminated against on the grounds of race, religion, age, language or sexual orientation, has been approved by the Federal government. Fighting his own case is only the beginning.

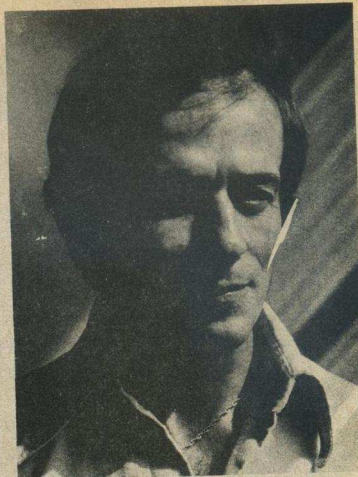
**Help Give Back To John Damien What
No One Had A Right To Take Away In The First
Place: His Job — And His Self-Respect.**

Committee to Defend John Damien,
Box 117, Station V,
TORONTO, Ont. M6R 3A4.

I support John Damien's right to work in the field of his choice and proven experience; and support changing existing (Federal and Provincial) Human Rights Codes to include protection of all Canadians, regardless of sexual orientation.

Name: _____

Address: _____



John Damien



Margaret Atwood



Claude Jutra



Mordecai Richler



Doris Anderson



Kate Reid



Gordon Pinsent



Charmion King



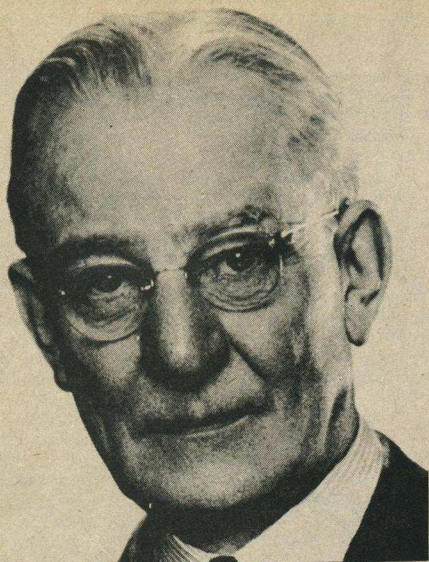
June Callwood

Pierre Berton, Barbara Frum, John Robert Colombo, Betty Lee, Marie-Claire Blais, Allan King, Jane Rule, Jack Batten, Margaret Gibson, Andreas Schroeder, Brian Linehan, Mary Meigs, Patricia Watson

THE NORANDA FILE

by The Latin American Working Group

Since its founding in 1922, Noranda Mines Ltd. has grown into a major multinational corporation, with mines and plants in more than a score of countries. Although Canadian-owned and once highly nationalistic, it has often been the subject of controversy. For example, 20 years ago it bitterly resisted unionization of its Gaspé Copper Mines during the Murdochville strike that split Quebec society and left hatreds that endure to this day. Now, it is in hot water again because of its plan to invest \$350 million in the Chile of dictator General Pinochet, at a time when most big international investors have been wary of the military junta. This is the story of how Noranda grew. . . .



James Y. Murdoch, Noranda's first president, ruled the company for 34 years.

During its first years, the young Canadian mining company quickly learned the value of some already-tested entrepreneurial lessons. Security of supply of mineral ores achieved by buying up new mines, would be an important hedge against possible depletion of existing assets and a safeguard against dependency on the fluctuating prices of one particular metal.

In 1933, the company acquired the failing Amulet mine in the Rouyn area and shortly afterwards discovered three million tons of copper ore on the site. When the Pamour Porcupine Mine in South Porcupine, Ontario was short of capital in 1935, Noranda bought it up. Profits were reinvested in 1937 in a property on Quebec's Gaspé Peninsula to be developed 20 years later as Gaspé Copper Mines.

Part of the initiative behind the expansion program was Noranda's wise assessment of the vagaries of copper markets and prices. When the international recession of the 1930s decimated the price of copper, Noranda maintained a healthy position due to the Horne mine's high content of gold. Knowing a good thing when it saw it, Noranda quickly expanded as one of the country's leading gold producers through the Pamour acquisition and the later addition of Aunor Gold Mines in 1939. Nor was the company's eagerness for the golden metal restricted to Canadian soils. In 1937, Noranda bought up 61% of a bankrupt gold mine in Nicaragua. The La India mine turned a net profit of \$140,000 in its first year under Noranda management, paying off the initial investment and establishing a profit base for years to come. Encouraged, the Toronto management set their sights on other Nicaraguan properties and bought up a second gold mine in 1940, the Empresa Minera de Nicaragua (today's Empresa Minera de El Sententron).

Throughout its early period of expansion, the company had



Alfred Powis, Noranda's current president, likes to describe himself as "just a hired gun"

learned that it's much easier to acquire an existing property than to go out and explore for something entirely new. "Noranda has never been that strong for exploration", says Emile Vallee, a researcher for the United Steelworkers union. Instead, the company prefers to move in "after someone staked the claim". In such cases, the company applies a well-tested method of acquisition designed to cost it little in cash: an exchange of ownership for an allotment of a block of shares in Noranda equity. Explaining the process of company expansion in the 1930s and later in the 1950s and 1960s, Noranda President Alfred Powis told *Forbes* magazine: "If you're developing something someone else has found, well, they've probably formed a company, and you come in and finance the thing in exchange for stock."

Hand-in-hand with its geographic expansion in Canada and overseas, the company learned the value of *vertical integration* — consolidating control over all stages of production from the mining of ore through smelting and refining to final fabrication of a finished product. To secure an outlet for the product of its smelter, Noranda began construction of its own refinery in 1929. Based in Montreal, the Canadian Copper Refiners was built with Noranda and British capital and American expertise to process impure copper molds into a pure product for industrial use.

Then the growing enterprise decided it could eliminate risks about finding a market for refined copper by purchasing the Canada Wire & Cable Company, its principal client both then and in the future. Complete vertical integration, from the ore to finished copper wire and cable products was achieved before Noranda had come ten years of age.

To complement its consolidated financial position, Noranda found that cultivation of close ties with government would also expedite rapid growth. As early as 1923, Hum-

phrey Chadbourne was courting the then minister of mines of the province of Quebec, J.E. Perrault, inviting him to visit the Rouyn mining area. Following his visit, the Quebec government announced the construction of a permanent road into the area to speed Noranda's development. Several years later, Noranda's friend in Quebec lobbied aggressively within provincial cabinet for approval of a \$250,000 grant for the building of a CNR line into the Rouyn-Noranda region. During the smelter construction phase the same Quebec government enacted legislation protecting the Toronto company from any damage suits arising from smelter smoke pollution and prohibiting any delays in the Horne mine development from injunctions brought by townspeople or other citizens. Such special treatment did not go unnoticed and after leaving political life, J.E. Perrault found his reward in being appointed to the Noranda board of directors in 1937.

The mutual back-scratching that goes on between the corporate and the political elites in Canada is not isolated to this period of Noranda's growth. In later years, the company would find advantage in friendships with other top-level *politicos* for the contacts they provided with federal and provincial governments: in the sixties, Noranda's board of directors would include A.O. Dufresne, the former deputy minister of mines of Quebec (a job he had held since 1941), the Honourable George B. Foster, a business appointee to Quebec's Legislative Council (the Upper House), and the Honourable Jean Raymon, also of the Legislative Council and a replacement in his father's seat on the Noranda board.

Not that such bed-partnerships were seen as improper by either the company or the politicians involved. The theology of modern government sees nothing wrong with the provision of expensive transportation services and protective legislation, at the expense of the taxpayer, for the benefit of private profit. J.E. Perrault expressed his philosophy of business-government harmony in this way:

"The duty of government is apparent. In a country such as Canada, the government which does not lend every possible assistance to those who seem to open the ways to natural resources, does not deserve the name government. . . . We decided from the beginning, that as we were dealing with responsible people who were spending their own money, the least we could do would be to provide them with or assist them to obtain every facility for opening up the country as development progressed with roads, then railways, and all other essentials of modern industry it lies within government power to give."

The era of expansion

Through its maturing years the driving force behind Noranda was J.Y. Murdoch. Although mining companies are more often than not ruled by older men, Murdoch came to the company presidency at the precocious age of 32. He was an enthusiastic Canadian nationalist cast in an aggressive entrepreneurial mold, who saw the potential in the Canadian mining industry and insisted that his company continue to scour the country accumulating new mines and building the Noranda empire. Possiveness being a trait of empire builders, Murdoch refused to relinquish control of the reigns of power when he was moved up to chairman of the board in 1956. He

continued to run the company, phoning in instructions to the then president John Bradfield from his Rosedale mansion until he died in 1962.

But even in his later years, Murdoch had the energy to mount an even greater campaign of corporate expansion and diversification, a pattern adopted and perpetuated by his successors. "Until the mid-fifties . . . Noranda was just another Canadian mining stock," wrote a *Forbes* reporter in 1969, but "today, 15 years later, Noranda has expanded out of all recognition" and "is fast becoming a major contender on the world mining scene".

Noranda's post-war growth was dictated by necessity, according to *Forbes*. The Horne and Amulet mines, Noranda's key holdings, were declining and the company "had to expand or die". By the end of the war, Noranda had acquired a major interest in and later control of Kerr Addison Gold Mines (today's Kerr Addison Mines), and then went on to take a partial interest in Mining Corp. of Canada, a company which processed its ores at the Horne smelter and participated with Noranda in exploration activities and financing of Kerr Addison.

Participation in the development of West Macdonald Mines in 1962, Geco Mines in 1956, Craigmont Mines in 1958, and the Mattagami Lake and Orchan Mines in the same year, added to the Noranda Group's capacity in copper and zinc production.

In British Columbia a wholly-owned subsidiary, Brynnor Mines, was established in 1962 to mine iron and molybdenum followed by the Bell Copper project and the Brenda copper-molybdenite operation. As a result, by 1972, Noranda was producing 20% of the world's molybdenum, a material essential for the basic steel industry and production of extra-strength alloys.

Noranda's later mining acquisitions included the Brunswick Mining & Smelting Corp. in 1967 and the Mattabi Mines zinc-copper-lead-silver operation near Sturgeon Lake, Ontario.

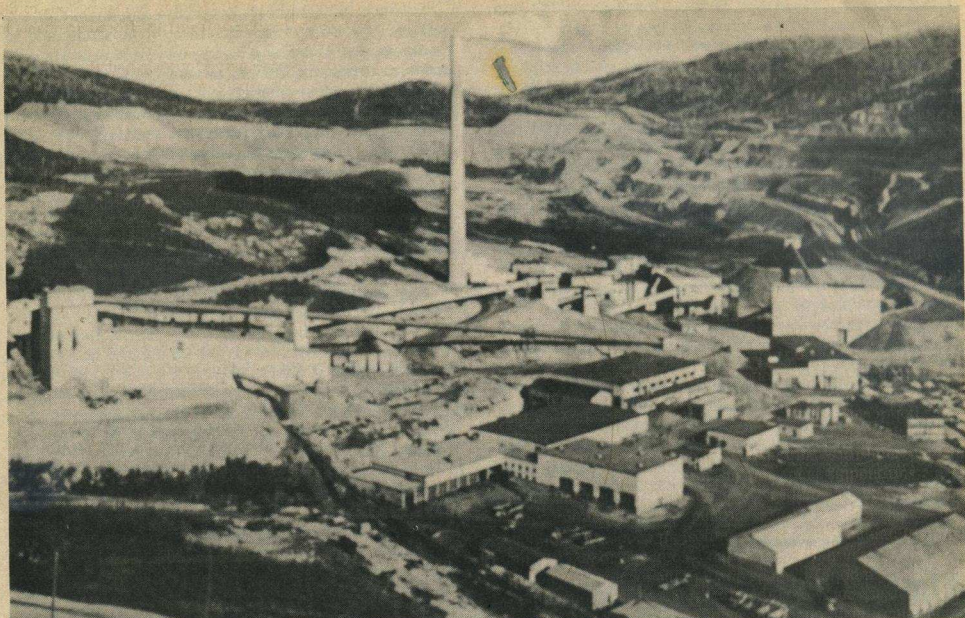
Throughout, Noranda's technique of share-swapping or mergers allowed for the rapid expansion without spending company cash. In some cases, Murdoch and his successors were comfortable holding a minority but controlling block of shares in a particular subsidiary; in other situations the Noranda management arranged partnerships with firms they trusted for joint ownership. But whenever a conflict arose between Noranda perspectives and those of partners or public shareholders, the copper giant would buy out its rivals to assert its will.

Meanwhile, the company was forging into new business areas, adding more stages to its vertical integration and breaking into entirely different industries and products.

Noranda Copper & Brass came into being in 1946 to produce brass rod from the copper and zinc of the company's mines.

In 1961, the Noranda Sales Corporation was formed to handle international marketing of the empire's products, a task previously contracted out to independent sales agents.

A year later, the Toronto management arranged for itself and a coalition of subsidiary and associated companies to finance the construction of a zinc reduction plant in Valleyfield, Quebec. The Canadian Electrolytic Zinc (CEZ) plant not only took Noranda mine products one stage further in refining but also produced an acid by-product to be used by St. Lawrence Fertilizers, a company it manages. CEZ ships its final product to another subsidiary, General Smelting



Noranda's Gaspé Copper Mines at Murdochville; the 1957 strike polarized Quebec society and left hatreds that endure to this day

Company in Burlington, for production of secondary metal products.

Companies in the field of steel and wire rope were formed to advance more processing. Noranda Metal Industries amalgamated several other manufacturing interests of the company in 1970, and the overall management of fabricating plants was thrust upon Noranda Manufacturing Ltd.

Altogether, the complex that has been formed was a lawyer's delight and an accountant's nightmare, a maze of interlocking enterprises that baffles even Bay Street analysts.

Nor was the maze just a domestic affair. Continuing in its tradition of international expansion, Noranda branched out to Mexico in 1957 with the acquisition of Empresa Fluorspar Mines, a company that operates the Las Cuevas fluorspar mines. Meanwhile, Canada Wire & Cable was pursuing an active international expansion through warehouses and plants on several continents. In 1964, Chile Canadian Mines was established in northern Chile through head office ownership and that of one of its Nicaraguan subsidiaries.

Through its interest in Placer Development, the complex acquired control of an Australian manufacturer of mining equipment, Fox Manufacturing Co., which provides some of the machinery for Noranda's worldwide operations. Placer was also active in mining and forestry operations in New Guinea, Australia, the Philippines, Greece and Portugal.

Meanwhile, Noranda added two American companies to its portfolio as it branched out into aluminum — Noranda Aluminum in New Madrid, Missouri and Norandex in Cleveland, Ohio.

Since it was becoming an important user of aluminum in

its manufacturing activities, Noranda bought up an interest in Frialco, a bauxite-alumina facility in the Republic of Guinea, West Africa.

Noranda explains its widespread expansion in terms of adding complementary industries to its existing assets. Alfred Powis says that "we're a mining company and our basic objective is to develop mines and the manufacturing interests related to them. But this leads you in rather peculiar directions. Because we were big in copper mining, we went into the wire and cable business. Because we were in wire and cable, we became large consumers of aluminum; because we were large customers of aluminum, we became interested in producing aluminum metal".

Powis omits, however, the fact that aluminum has increasingly become a substitute for copper in a number of industrial products. Noranda's expansion into the new metal was designed to cut off the possibility of the floor being taken out from under it by competitor products and companies. In the same way, the Toronto management decided to move into the field of plastics and plastic tubing — through Canplas Industries of British Columbia and Grandview Industries in Ontario and Saskatchewan — to have a toehold in a product that some builders use as a replacement for the company's copper tubing.

Noranda's expansion is dictated as well by the economic strategy of diversification — entering new fields not connected with traditional activities to insure that a bad year in one sector can be made up by the profits from good years in other sectors. After all, the company's first attachment is to the making of money. "We have a psychological bias to-

wards copper", says Alfred Powis, "but we wouldn't turn down anything else if we could make money on it".

With this in mind, Noranda carved out a piece of the Canadian forestry industry for itself by a 1961 purchase of six British Columbia sawmills. The later formation of Northwood Mills and Northwood Pulp and Timber Ltd., the 1969 purchase of a 29% interest in British Columbia Forest Products, and the 1974 completion of a 54% purchase of Fraser Companies in New Brunswick, catapulted Noranda into a position as one of the leading forestry companies in Canada. In recent years, when metal prices have been depressed, the forestry diversification has paid off, providing over 20% of the Noranda Group's profits in 1976.

Other diversification efforts include the company's 51% ownership of the Central Canada Potash Company in Saskatchewan, purchase of a fertilizer plant at Belledune, New Brunswick, and an investment in the oil industry through a 4.49% stake in Panarctic Oil's explorations in the Canadian Arctic.

What started as a small mining venture in the northwest of Quebec, is today a giant transnational corporation with assets of more than \$2 billion, annual sales of \$1.2 billion and employees numbering 28,700 in Canada and 13,400 throughout the world. Here is the pinnacle of capitalist development, one of the "finest works of the Canadian corporate elite."

Fighting off takeover bids

Since 1950, Noranda pushed its assets from \$70 million to over \$2 billion, consolidated its impressive array of vertically integrated companies and expanded internationally on four continents. Today it is a ripe plum in the orchard of transnational corporations. And in that field, plums are for picking.

Yet since 1929, Noranda has successfully fought off takeover bids by larger conglomerations of both domestic and foreign capital, remaining stoutly Canadian amidst the predominant trend of foreign ownership of our economy. "We're a Canadian company and we're proud of it", says the company's honorary chairman, John Bradfield. In its 1976 annual report, Noranda claims that fully 94% of its 28,500 shareholders are Canadians. It's a case of what the U.S. magazine *Forbes* calls "economic nationalism, free-enterprise style".

The first foreign menace came in 1929, only several years after J. Y. Murdoch and Noah Timmins had succeeded in wresting ownership away from the company's original New York backers. At the time the Horne Mine was incorporated as a separate company with Noranda its major shareholder. When the price of the Horne shares fell well below the actual worth of reserves and equipment, an American multinational, Anaconda Copper, tried to cash in on the bargain by buying up major blocks of shares. The attempt was beaten back by the quick thinking of corporate lawyer Murdoch; he engineered Noranda's purchase of all outstanding shares of the Horne Copper Corporation, thus absorbing it into the Noranda fold.

In 1948, Noranda sensed a new threat when American interests started eyeing one of its friendly competitors in the Rouyn area, the Mining Corporation of Canada. Noranda and the Mining Corporation had already established a comfortable relationship, with the latter supplying ores to the Horne smelter and participating with Noranda in joint financing of Kerr Addison Gold Mines. Lest the American investors get out of hand with larger visions of empire, Noranda quickly acquired a 31% interest in the Mining Corporation. Later, in the early sixties, Noranda would buy out the Mining Corporation in an exchange of shares.

Around the same time, the American-owned Dome Mines sought control over Kerr Addison. But the corporate genius of Murdoch again shone through. Using the "domino" effect of manipulation of subsidiary interests, Noranda bought up 43% interest in Anglo Huronian, which was the parent firm of Proprietary Mines, which in turn was the major shareholder of Kerr Addison.

Here again the company learned a few tried and true methods for protecting its interests. By mobilizing a coalition of its own subsidiary and associated firms, Noranda could move into indirect control of target companies through a maze of cross-holdings which even business analysts find impossible to untangle.

At the same time the firm retained a high level of corporate profits, instead of paying them out to shareholders, so that ready money would be available whenever needed to buy up bargain mines or fight financial battles with Wall Street. The cash resources of all the various Noranda subsidiaries are pooled so that any company in need of money can mobilize the resources of the whole group — a feature of the giant corporation that makes it distinctly different from the nineteenth century theory of the small, independent, competitive firm.

In another respect, Noranda differs from many other giant corporations. The company's power structure calls the corporate "technostructure" in which a group of top-level managers, rather than owners, make the important decisions. Promoting this idea is Alfred Powis himself who insists that he is "a hired gun, while people like Bud McDougald (of

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Argus Corporation) and Nelson Davis (of N. M. Davis Corporation) are looking after their own money”.

Because Noranda stock was widely held by more than 20,000 shareholders, the company became an obvious target for a takeover attempt by Argus Corporation in the early sixties. Argus — a holding company for the fortunes of E. P. Taylor and “Bud” McDougald which in turn controls such well-known giants as Dominion Stores, DOMTAR, Massey-Ferguson and Standard Broadcasting — bought up a 10% interest in Hollinger Consolidated Mines in late 1961.

Early the next year, Hollinger moved to buy up a block of shares in Noranda from the holdings of the Timmins family.

Noranda management countered by announcing increased dividends to shareholders and by splitting its stock; as a result, shareholders were discouraged from selling to the Hollinger-Argus group and the increased number of shares, spread out among more shareholders, diluted the Hollinger-Argus influence.

Today, Argus holds 21% of Hollinger which in turn directly and indirectly holds a 10.7% interest in Noranda. But the tenacious Noranda management team still resists outside control and denies Argus a seat on its board of directors, a traditional acknowledgement of significant minority ownership.

Noranda and the corporate elite

It is important to know that a blue jay isn't a swallow, but they are both birds. The Noranda executives may have some distinctive markings when it comes to the question of owner-manager roles, but they're still high-ranking members of the Canadian corporate elite.

Members of this elite publicly disclaim any great authority or power, insisting they are weak, that they really aren't so different from everyone else. “Everyone in the economy has a degree of power,” says Powis. “The only power we have is the power to shut down and decide what and where to invest our economic surplus.”

Exactly. Although Powis makes the power to choose investments sound like choosing a restaurant for dinner, in fact he exercises the last word about \$2 billion worth of assets. Noranda decisions dictate who and how many will work, what kind of work they will do under what conditions and for what remuneration, how many will be left unemployed, which natural resources will be exhausted or left intact

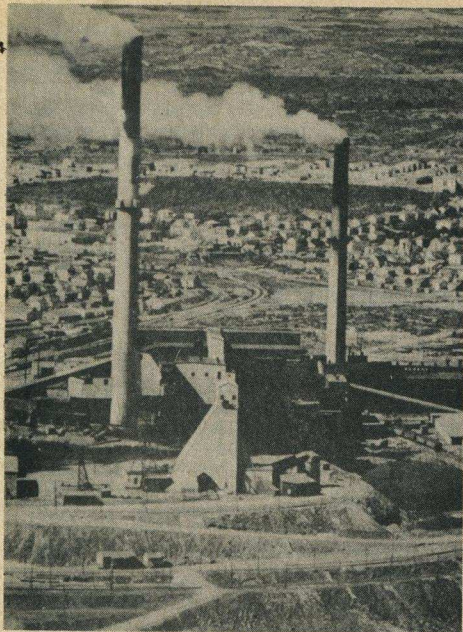
and what kind of products will reach the marketplace.

When not issuing disclaimers about their own power, corporate managers are often found hiding behind claims that real power resides with their shareholders who are presumably ordinary Canadian people. Public disclosure laws concerning corporate activity in Canada are such that Noranda reveals very little information about the distribution of its shares. But the general rule is that 1% of all shareholders own almost half of all shares. And as Wallace Clement points out, “a person who owns ten shares of Power Corporation” is hardly the same as “a Paul Desmarais or Jean Parisen who own 1,350,765 shares each”.

The notions of “corporate democracy” are myths, a fact readily appreciated by anyone who has ever attended an annual meeting of a giant corporation. You can't even make a formal resolution to your fellow shareholders if you own less than 5% of all shares — about 1.2 million shares in the case of Noranda, which at today's market prices, would cost about



Cocktail hour at the annual meeting of the Mining Association of Canada; at left, Noranda President Powis; second from right, Energy, Mines and Resources Minister Alastair Gillespie



Noranda recently closed the Horne Mine saying ore reserves were exhausted; the union claimed real reason was "greener pastures" outside Canada

\$38 million. But should you attend Noranda's legally-required annual meeting as a lowly small shareholder, you would find a few hundred wealthy and more influential stock owners and perhaps an equal number of company employees hearing about decisions already made by company management while more than a billion dollars' worth of business is dispatched within the course of 90 minutes. The report for 1976 will record mining revenues of \$661 million, forestry sales of \$489 million and manufacturing revenues of \$575 million. Company executives will tell you that 1976 was a bad year: profits were only \$46 million. Hard times for Noranda, in other words, means making a profit of only a million dollars a week.

What kind of men are grumpy and dissatisfied when they make only \$46 million? They are certainly men who move in a sphere of realities far removed from the world of mundane worries about rent, phone bills and the rising price of food. They are members of a tiny and exclusive society — only 2% of Canada's population that controls about one-third of the nation's wealth — which determines how the resources of Canada, and other countries, will be used or abused.

Noranda's elite club of directors includes 12 eminently well-connected members of the Canadian corporate elite. Alfred Powis, the lowly "hired gun" has amassed a total of 25 corporate directorships in companies whose total assets amount to \$13 billion. One of his fellow-directors on the Noranda board, Andre Monast, sits in the director's seat of 15 corporations with assets of about \$16 billion. Altogether,

Noranda shares directorship interlocks with 19 of Canada's top 200 industrial corporations, with 9 of the top 25 financial companies, and with 2 of the top 10 merchandising firms.

It is a small club whose members are selected for the financial or technical expertise and influence they bring to the corporation. Since its beginnings Noranda did its main banking with the Imperial Bank of Canada. Today's close relationship with the Canadian Imperial Bank of Commerce (CIBC) is reflected in several ways: Noranda's head offices are located in the bank's Toronto skyscraper, Commerce Court; Andre Monast is a CIBC vice-president and seems to represent the bank's interests on the Noranda board; and two other Noranda directors — Alfred Powis and Thomas McClelland of Placer Development — are board members of the CIBC.

Banks are the financial hub of the Canadian economic system around which industrial corporations gather in search of financial capital and information about the activities of other enterprises. Not content with its intimate relationship with the CIBC, Noranda directors also link the company with the Royal Bank of Canada (through Leonard Lumbers), the Bank of Nova Scotia (D.E. Mitchell) and the Banque Canadienne Nationale (Louis Hebert). Directorship interlocks with 5 insurance or trust companies bring Noranda into proximity with other accumulations of capital important for fund-raising through bonds and debentures.

Another Noranda director, William Wilder, joined the board in 1966 as president of Wood Gundy Ltd., Canada's largest underwriter of securities, bonds and debentures. Although Wilder has since moved on to the chairmanship of Canadian Arctic Gas Pipelines Ltd. (CAGPL), friendly relationships among such members of the club are no doubt helpful in situations like Wood Gundy's 1975 underwriting of a \$25 million securities issue in England to raise funds for Noranda. All in all, it is a case of privileged access to loan capital, something the ordinary home or car buyer doesn't have when he goes to see his local banker.

The financial clout of directorship associations is augmented by the social, cultural and community positions held by members of the corporate elite. Two Noranda directors — Arthur Little and William Wilder — help oversee the running of York University in Toronto; Adam Zimmerman is now chairman of the board at the exclusive girls' school Branksome Hall; others are governors of hospitals, theological colleges, churches and charitable organizations. Most are members of exclusive businessmen's clubs throughout the country where social networks are maintained and shared belief systems strengthened.

Here are the privileged of Canadian society.

The battle of public relations

In a series of advertisements in the spring of 1973, Noranda told the Canadian people that "after a company reaches a certain size it becomes in a very real sense everybody's business". Was the company about to open its books, reveal how its taxation is computed or tell how decisions are made in the corporate boardroom? Hardly! The advertisement heralded the beginning of an intensive promotion campaign

to tell Canadians about Noranda and the mining industry — in essence, to tell people that what's good for Noranda is good for everyone. Noranda had entered the field of political advertising, realizing, as had many other giant corporations, that it must enter the ideological battle about private wealth and social welfare.

Since 1973, Noranda's Bay Street managers have embarked on numerous public relations efforts aimed at selling ideas much more than metals. In 1974, the company tried to convince the public that federal and provincial governments are "taxing the mining industry to death". The vehicle was a high-powered advertisement campaign in daily newspapers sponsored by the Mining Association of Canada (MAC), the official industry lobby over which Alfred Powis presided as president during 1976. Neatly omitted from any of the corporate advertisements is reference to the LeMay-Carter Commission on Taxation which stated that the mining industry was operating under "vastly preferential tax laws". Nor was there reference to the findings of Eric Kierans in his report to the Manitoba government; Kierans found that during 1965-69 the metal mining industry paid an effective tax rate of only 12%.

Noranda also reserves its publicity venom for outbursts against those who clamour for a more just distribution of wealth in Canada. In reply to these critics of the current system Powis says that "in recent years, we've become altogether too preoccupied with the redistribution of wealth, to

the exclusion of its creation".

Meanwhile, the company also complains about part of the Anti-Inflation program of the federal government — the price control part. While religiously respecting federal wage control guidelines in recent negotiations with its workers, Noranda deplors the AIB's lack of recognition of the need for a reasonable return on existing or new investments, even though many of its products are sold on external markets and are thus exempt from the AIB regulations.

The company keeps insisting that it operates in a high risk industry and so is deserving of special consideration. This, despite the fact Noranda has never failed to show a profit since its first year of production in 1928. Total profits since that time amount to 1.186 billion. Noranda's assets almost tripled in the five years from 1970 to 1975. The real "risk" of the Noranda operation would appear to be its unlimited desire for growth and tax laws which encourage such a process.

Noranda's loudest cries of fear and outrage, however, have been reserved for Saskatchewan's plans to nationalize at least half of the province's potash industry. On the list for government takeover is Noranda's 51%-owned Central Canada Potash. Adam Zimmerman calls the government's efforts to control its own resources "immoral", "dishonest" and "fruitless" while Powis described the Blakeney government as a Mafia. Such is the fate of those who really do see Noranda's operations as "everybody's business".

The common ground of business and politics

Corporate ideology has developed a reputation for its assertion that business is business, politics is politics, and never the twain shall meet. Whenever corporate investments in repressive regimes such as South Africa or Chile are questioned, the multinational elite disclaim any political involvement in the affairs of others. "We do not interfere in the political affairs of other nations", they will explain, "just as we expect that foreign companies will not interfere in Canadian political affairs". Repeated claims that big corporations don't have very much power and that the real problem is over-government and big unionism, all build on the myth of corporate neutrality in the political arena. But observers who want to verify corporate interference in Third World nations need look no further than the Canadian political arena to understand how corporations like Noranda, when not busy selling their products and ideas to the public, wield a political clout that most politicians themselves envy.

It's not a clout based primarily on corporate donations to political parties, although Noranda is no exception to the corporate rule of regular donations to both the Conservatives and the Liberals. Rather, it is the translation of the company's command over capital, investment decisions, technology and ideology into real political power and influence.

A favoured instrument for flexing political muscle is the business association, a grouping of companies in a particular industry that lobbies government for policies and laws beneficial to corporate profit-making.

As manager of Noranda's forestry companies (which number in the top ten in the industry), Adam Zimmerman has risen to the presidency of the Canadian Pulp and Paper Asso-

ciation, a platform he uses to expound ideas of over-government and anti-unionism.

Alfred Powis recently served as president of the Mining Association of Canada, a group which has been called the most powerful lobby in Canadian political life. Five other members of the MAC board of directors come from the Noranda group of companies, although it is generally recognized within the industry that Alfred Powis is their most eloquent and effective spokesman.

Alfred Powis has been a participant in virtually every significant meeting between business and government in the last few years, a sign that despite his claim to "hired gun" status he is well-placed among Canada's top 20 industrialists.

In April, 1974, Powis was a guest at a private meeting with Prime Minister Trudeau and other major corporate figures including executives from Imperial Oil, Bell Canada and Westinghouse.

Two years ago when Trudeau and Finance Minister John Turner were wondering why the economy had gone sour, they called in 20 top businessmen, including Powis, to seek advice.

When, in early 1976, business, government and labour leaders were meeting privately to discuss the ending of the anti-inflation program, Powis could again be found among the inner sanctum of what Trudeau calls Canada's "louder voices".

And as a crowning — for the moment at least — of his ascent to the halls of power, Powis has recently assumed the co-chairmanship, with the former chairman of Imperial Oil, W.O. Twaits, of big business' latest lobby instrument — the Business Council on National Issues. The BCNI groups the

largest enterprises in Canada in a unified voicing of big business opinions on national issues and the economy.

Noranda doesn't just lobby politicians and civil servants; it joins them. Adam Zimmerman has been a member of the Board of the Export Development Corporation (EDC), a government-owned company which finances Canadian exports and foreign investments through loans and insurance coverage. Without even blushing about the possible conflict of interest of the situation, Noranda announced at its 1976 annual meeting that the EDC and a consortium of banks had arranged financing for the company's partly-owned Tara Exploration and Development venture in Ireland. Noranda was just cashing in on what appears to be an accepted practice at the EDC of funding deals for companies represented on its

own board of directors with monies out of the public purse.

But despite all their power and perquisites, Noranda managers are not too happy these days. They are worried about their recent falling profit margins, and complain constantly about government-inflicted indignities.

And when friendly persuasion of government leaders fails to work, the company is not above using threats. Powis has made it clear that Noranda does not intend to bear the tax burden of Canadian governments or put up with the rising demands of Canadian workers. "As viable new projects will be difficult to find in Canada", Powis told the 1975 annual meeting of the company, "a more international approach will be required".

The threat is simple: Noranda will channel most of its new

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investments abroad unless conditions in Canada change. The Steelworker's union calls this "a clear effort to blackmail the Canadian government". And the company appears to be as good as Powis' word. Noranda allotted \$21.6 million for mineral exploration in 1976 of which 47% was spent in Canada, 34% in the United States, 3% for ocean mining and 16% in other countries. Meanwhile, over the one-year period 1975-76, the company reduced its mining/smelting/refining payroll in Canada by 2,400 employees, while increasing it by 15% for its foreign subsidiaries. While Noranda metal production increases, employment declines, a trend consistent with what is happening throughout the Canadian mining industry.

The reason for Noranda's renewed interest in overseas ac-

tivity is the higher rate of profit to be garnered as a result of lower taxation rates and, above all, lower wage rates. Noranda's earnings as a percentage of equity averages about 10% in Canada; but the average return expected from Latin American operations, according to an official of the federal Department of Industry, Trade and Commerce, is at least 20%.

Noranda sees Chile as a country instituting measures which make investment very attractive from the pecuniary point of view: laws which allow for a maximization of profits using the exploited labour of a workforce bound, silenced and repressed by military rule. Far from condemning the Chilean military junta for its abuses, Noranda looks kindly on such a regime. After all, the Pinochet regime is instituting

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policies towards the regulation of workers which, if the company record is any judge, Noranda would like to see applied in Canada.

The threat to 'run away'

There is no doubt that Noranda's familiarity with the halls of political power has served it well, from favourable judgments on union certifications, provision of needed roads, hydro transmission wires or railways, or pro-company interpretations of federal anti-inflation programs. It's not just a case of understandings with friendly politicians, but goes much deeper to the realm of ideologies, cultures and the promotion of values and ideas.

According to speeches by its executives, for example, Noranda sees inflation as a serious problem — indeed, as a more pressing concern than the soaring rate of unemployment in Canada today. Nor is it coincidental that most giant corporations, putting profit before people, think this way. Having created and sustained the notion that private enterprise is the golden goose of the economy, these corporations in turn imbue politicians and political structures with similar ideologies.

It is not surprising then, to find federal government leaders echoing Noranda's opinion that the war against inflation is their top priority. And cannon fodder for the war are Canadian workers, Noranda employees included. Besides, both government and business know that unemployment is not necessarily bad for private enterprise. Harking back to its experience in the 1930s, Noranda is well aware of how to use unemployment to keep workers in line and extract more labour out of them under threats of dismissal.

The pervasiveness of corporate influence on national thinking and social policy extends down to the local level where it is represented in the notion of the "company town". In the northern mining communities, almost all economic, political and social activity revolves around the corporation. More often than not the company owns much of the housing, most of the surrounding land, and sustains local service and commercial industries with its business. In such situations, a dependency relationship is set up in which local businessmen, politicians, the media and even the police rely on the company for their livelihood and defer to it in times of labour-management confrontation and strikes.

As one commentator notes, "a 'one horse town' suits the man that owns the horse just fine. If you want to use his horse, you have to be nice to him. And when he decides that there are greener pastures elsewhere, the poor old town doesn't have any horse left at all."

Mining communities where Noranda is the only show in town have already been threatened by the "greener pastures" warning from the company. Noranda recently closed the Horne Mines explaining that the ore was exhausted. The Steelworkers argue, however, that mining at Horne was stopped because of declining world prices for copper — the social well-being of the town being played off against bottom-line considerations by management executives in Toronto skyscrapers. Meanwhile, mines at Normetal and Quemont have also been shut down while Noranda's explora-

tion teams scour the globe for new, more profitable sources of ores.

The trend was condemned by Gerald Docquier at last year's convention of the Canadian Labour Congress. "Profits are being taken out of New Brunswick and other mines in the country," claimed Docquier, "to finance foreign investment." When Noranda makes a new investment in countries where labour is repressed, Canadian workers lose their jobs and workers in other nations become subject to the exploitation of a "Canadian" multinational. Many unionists have analyzed the situation as one in which it is urgent to forge greater and stronger bonds of international solidarity among workers in different countries who labour for the same multinational.

But the need for trade union organizing and solidarity is also close to home. Several of Noranda's recent manufacturing investments have been aimed at locating plants in southern parts of the U.S. where unionization and wage levels, are comparatively lower than in either Canada or the northeastern American states. Even within Canada the problem of Noranda's "runaway" plants is serious. Art Rees, a representative for UE local 521 notes that Canada Wire & Cable has been systematically reducing employment at its Leaside plant in Toronto. "We will probably lose about 100 this year," says Rees, explaining that the workforce has declined from 1,320 in 1955, to 830 in 1968, to about 600 workers today. The reason is the company's opening of plants in Simcoe, Fergus and Orangeville where conditions of work, wages and levels of union organization are lower than at the Leaside plant.

Here again, corporate power shows itself to be much stronger than the power wielded by trade unions. Capital is mobile to a far greater degree than labour. When a company like Noranda moves into repressive countries like Chile, it is threatening the workers and governments of British Columbia, Saskatchewan, Quebec or Canada.

Noranda invests in the Junta

"More than any other economic parameter, capital investment is highly sensitive to changes in political moods. It involves very long-range planning which must be based on confidence in the *integrity of governments*, that governments will keep the rules of the game roughly as they were when the plans were made."

— Alfred Powis, President, Noranda

Several weeks after Powis' pronouncements on political parameters, Noranda announced its intention to negotiate a major investment in Chilean copper deposits. Apparently the Bay Street boys had found themselves a government — that of General Pinochet's military junta — to be of "integrity", attractive in political terms and exceedingly dedicated to stabilizing the rules of the game. Had not General Pinochet himself given reassurances that the democratic will of the people would not upset his style of repressive stability? "I am going to die and the person who succeeds me will also die,"



General Pinochet, Chile's dictator, says "I am going to die and the person who succeeds me is going to die, but there will be no elections"

says Pinochet, "but there will be no elections."

Noranda was not new to Chile. In 1964, the company opened a small copper mining operation through its subsidiary, Chile Canadian Mines. Its original investment was almost fully recovered by 1971, when, under the Popular Unity government of Salvador Allende, Noranda decided to pull out of Chile and Chile Canadian Mines was taken over by one of the Chilean state mining corporations.

But head office kept an eye on its former subsidiary and almost immediately after the September 11, 1973 military coup, Noranda was back on the scene. Pinochet had announced that foreign companies would be welcome to return to Chile and reclaim their investments. Noranda took the offer, reclaiming Chile Canadian Mines, pumping another \$600,000 into the venture and giving the junta one of its first capital transfusions since the takeover.

However, this was still "little league" involvement in Noranda's way of thinking. They knew that Chile, already one of the world's largest copper producers, possessed enormous untapped copper potential which could project it into a dominant position in world markets by the end of the century.

Pinochet had made it clear that foreign corporations would be invited to submit proposals to develop five major copper ore deposits which had remained, until now, largely untouched. Meanwhile, junta spokesmen were repeatedly assuring international investors that new laws would be introduced to ensure them maximum profits — withdrawal from the Andean Pact and its restrictive controls on foreign investment; permission for foreign companies to repatriate profits without delay and to recoup their original capital investments



Salvador Allende, the democratically elected president of Chile, was murdered by Pinochet's men during the military putsch

after a mere three years; and tight control of the Chilean labour force. Altogether, it was an accountant's dream.

Noranda got a headstart on its expanded ambitions in Chile when, soon after the military coup, the World Bank decided to assess the Chilean copper industry as part of its inventory of Chile's credit rating, and chose Noranda as the company to do the study. Powis had maintained friendships with top-level officials of the bank and the fact that Noranda would be seen as a "Canadian" rather than American corporation would not hurt either's public image. So the company got an inside track with the junta and its officials in scouting out a new copper investment.

The inside track seems to have paid off. In early January, 1976, the junta announced that Noranda Mines Ltd. had been chosen to join it in the development of the Andacollo deposit, several hundred miles north of Santiago, the capital city. According to executive vice-president William James, Noranda had won the "plum" of the existing untapped copper deposits, the one that would be easiest to develop. Negotiations began between Noranda and representatives of the junta's state copper corporation to finalize a contract that would call for: 18 months of feasibility studies on the deposit site; a \$250 million investment in construction of an open pit mine; and a further \$100 million for building a smelter. The whole venture would be jointly owned by Noranda (49%) and a junta-controlled corporation (51%), and could be operational by 1980.

Noranda's new Chilean investment may be an accountant's dream, but for its public relations department, it's a nightmare.

To begin with, Noranda's partner, the junta, makes no secret of the fact that the investment is a feather in its cap — a sign to the international business community that a large and well-known multinational has confidence in its military rule, thus enhancing its credibility and "respectability". In announcing the deal, the junta-controlled newspaper, *El Mercurio* explained how the junta interpreted the investment: "... the agreement reached with Noranda Mines, in the present national and international conjuncture, reiterates the confidence that foreign investors are demonstrating towards our country. . . ."

Noranda's plans for a \$350 million venture in Chile are especially important, both economically and politically in light of a *Business Week* assessment that less than \$100 worth of new investments have gone into Chile since the coup — a sign of great investor caution.

As the single-most-important private foreign investment since the military takeover, the Noranda investment cannot help but be seen as support for Pinochet's junta and its reputation for repression of human rights. Condemnations of the regime have been issued by such international organizations as the United Nations, Amnesty International, the International Labour Organization, and the World Council of Churches. They report that the military dictatorship has killed 30,000 people, imprisoned another 100,000, many of whom were terribly tortured, and expelled from the country hundreds of thousands more. The junta has suspended Congress, outlawed the activities of all political parties, closed down the Central Workers Federation (CUT), many unions and community organizations, censored education and stifled freedoms of expression, including the press.

So far, Noranda's public relations response is to refuse to believe all the well-documented reports and testimonies. Alfred Powis told shareholders last year that he has no way of knowing "whether what is alleged to be happening in Chile is accurate or exaggerated". Confronted with unprecedented criticism in Canada by church, union and community groups, Noranda keeps insisting that it doesn't get involved in the politics of other nations and that its investment will create sorely needed jobs in Chile.

Even without going into Noranda's long track record of political involvement in Canada — an indication of how it might operate in other countries — it is clear that an investment in Chile at this time has a tremendous political impact. An analogy to Canada might be useful. What would the Canadian people say if: after a bloody military coup in Canada, inspired by the CIA, Parliament was dissolved, parties outlawed, unions smashed and the press censored; if, after thousands were exiled or murdered and a military regime consolidated, a foreign corporation proposed to invest millions of dollars in Canada to exploit a mineral resource that had previously and democratically, been nationalized for the public good; and if this investment would strengthen the iron fist of the military's rule and increase the repression of the people — would not the foreign investment be seen as a political intervention aimed against the people?

Noranda's claim that its investment will be of economic benefit to Chile is both disingenuous and shallow. There will, however, be benefits for the junta — in the form of government revenues as a partner in the deal, in taxation on the production, and in foreign exchange earnings which allow the junta to go shopping abroad.

But even with new wealth, the junta's economic policies include no provisions for serving the basic needs of the peo-

ple. Social development and public service spending have been decimated or neglected. Government spending on health, education and social services has been severely curtailed. Unemployment has risen from 3 to 20 per cent since the takeover (official statistics) and by mid-1976, a quarter of Chile's 10 million people had no income at all and were dependent on hand-outs from the churches and other humanitarian organizations. Since the coup, infant mortality has risen dramatically and hunger and malnutrition are widespread. The economic priorities of the junta, which Noranda's investment will support, have created such extreme hardships that the United Nations intends to include economic deprivation on its agenda when it again examines human rights violations in Chile.

Far from serving the basic needs of the Chilean people, large portions of the wealth generated by the Noranda investment can be expected to be used for the payment of Chile's massive foreign debt and for the purchase of military equipment. Indicating how he sets spending priorities, Pinochet has bought in excess of \$220 million worth of military equipment from the U.S. alone since taking power; total military purchases from abroad are estimated to be worth between \$600 and \$700 million.

As for job-creation, the capital-intensive Andacollo project will provide fewer than 900 jobs upon completion. Noranda's future work force will have its hands bound and its voice silenced: since the coup most unions have been destroyed, union leaders murdered or exiled, wages strictly regulated and the rights to collective bargaining and strike action made non-existent. In Chile, Noranda vice-president R. P. Riggan will find his desire to "relegate the strike to virtual extinction" fulfilled with a vengeance. No wonder that the junta and Noranda find each other to be such amicable partners.

Noranda's Toronto executives are still negotiating the final contract on the Andacollo project with the junta, and in the meantime are counting on two additional conditions to be clarified to make the deal even more attractive: a rise in the price of copper and some form of insurance against expropriation should there be a change of government.

The insurance Noranda wants could be gained either by involving an international institution such as the World Bank in financing the deal or by securing foreign investment insurance from the Crown-owned Export Development Corporation (EDC). The EDC already granted one, unnamed insurance package for a Canadian private investor in Chile in October of 1976. Noranda is eager to sign such a foreign investment guarantee with the EDC — a case of a publicly-owned corporation using taxpayer dollars to support private investment aimed at profiting from the repression of the Chilean people. For several years, up until October 1, 1976, Adam Zimmerman was a member of the 12-man Board of Directors of the Export Development Corporation.

Noranda's Andacollo investment is, above all, an action that flies in the face of history and the accomplishments of the Chilean people. Only six years ago, after decades of debate, the Chilean Congress unanimously — right, left and centre — voted to nationalize the copper industry until then controlled by foreign multinationals. Now, with democracy dead in Chile, Noranda comes in to exploit the natural resource heritage of the Chilean people while they are at war with the present military dictatorship. It is an instructive lesson for Canadians about the purpose and impact of a corporation like Noranda Mines Ltd.

Rear View

- Holmes on Quebec books—p. 45
- Westell on Grattan O'Leary—p. 48
- Clarke on social realism—p. 49
- Tom Reid on Star Wars—p. 50

Levesque's got the publishers excited

by ELIOT HOLMES

How Lévesque Won, by Pierre Dupont. Translated by Sheila Fischman. Lorimer/Toronto. 136 pp. \$5.95 paper, \$13 cloth.

Québec: élections 1976, by André Bernard. Hurtubise HMH/Montréal. 174 pp. \$6.50.

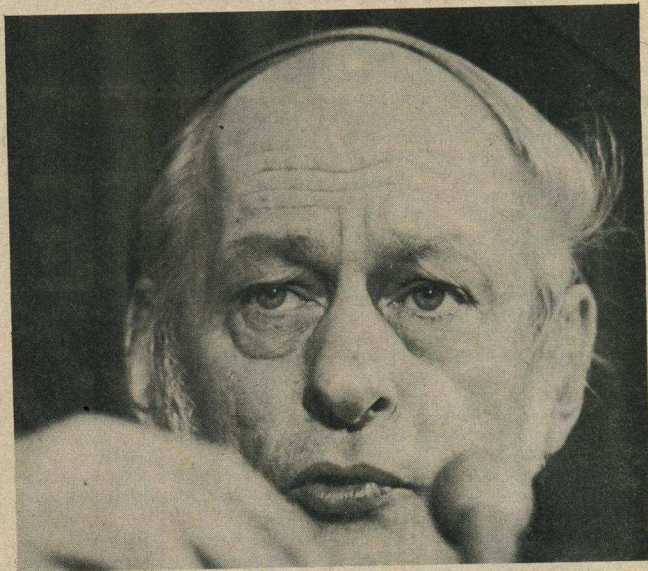
The Rise of the Parti Québécois 1967-1976, by John Saywell. University of Toronto Press. 174 pp. \$5.95.

Le Parti Québécois: de la fondation à la prise du pouvoir, by Vera Murray. Hurtubise HMH/Montréal. 242 pp. \$7.50.

L'indépendance: ou, mais..., by Gérard Bergeron. Les Éditions Quinze/Montréal. 198 pp. \$5.95.

One thing about this Lévesque fellow, he's certainly got the publishers excited. No publisher with any sense is rushing to put out "instant" books on the June 9 Ontario yawn, but November 15 in Quebec — that's a different matter. Quebecers are sometimes accused of showing only marginal interest in Ontario and the other English-speaking provinces, but if the June election is any indication, Ontarians themselves have only marginal interest in their provincial affairs.

With that said, it must be emphasized that the quality of new books on Quebec



How Lévesque Won is a scissors-and-paste job

politics does not appear to match the quantity. "Instant" books present innumerable problems for writers and editors, not the least of which is that to avoid delay, substantial portions often have to be written before the events to be described have even occurred.

How Lévesque Won is a translation of *15 Novembre 76*, written by Montreal freelance journalist Pierre Dupont. It's quite a lousy book. It doesn't tell us anything fundamental about the election or the events leading up to it that we couldn't have learned from one of

Canada's many fourth-rate newspapers whose readers have to rely exclusively on a random sampling of wire copy.

Dupont informs us that thirty Union Nationale candidates belonged to the Knights of Columbus, a Kiwanis-type organization that he describes with disarming accuracy as "a semi-secret Christian society which represents the interests of small businessmen". He also fills us in on a few other odd tidbits, but by and large he seems merely to have provided us with a not very distinguished cut-and-paste job using clippings from Montreal newspapers.

The book rehashes many of the arguments about why Lévesque won — the corruption, arrogance, incompetence and general sliminess of the Bourassa government, the absence of any other serious alternative to the Liberals, Lévesque's personal charisma and the attractiveness of many PQ social and economic policies.

It mentions briefly the PQ's promise to hold a referendum on independence but fails to stress how effectively it was used to undermine Bourassa's anti-separatist campaign. Less than two pages are devoted to the PQ's organizational methods. Only passing reference is made to last year's air controllers' dispute and the emotional response it created. No mention at all is made of the federal cuts in Quebec's industrial milk quotas that so obviously contributed to the PQ's rural breakthrough. Nor is any mention made of the adulation in which a large part of the Quebec press corps held Lévesque, something that certainly didn't hurt the PQ campaign.

Speaking of adulation, far be it from us to suggest that Dupont is uncritical. He holds the Liberals up to the derision they deserve, he quite rightly sneers at the Union Nationale's continual policy flip-flops, and he ridicules the small right-wing populist parties, the Ralliement Chrétien and the Parti National Populaire. But the PQ, well . . . the only thing wrong with them really is that they're not close enough to the labour movement. Mind you, the Liberals. . .

André Bernard, a political science professor at l'Université du Québec à Montréal, proves that academics aren't necessarily much better than journalists at writing instant books. The arid, pedantic style of *Québec: élections 1976* was almost a relief after Dupont's superficiality, but Bernard seems to get caught on lengthy abstractions whose only apparent purpose is to pad the book.

One chapter in the early part of the

book scrutinizes the fight between two rival polling organizations almost as if the pollsters were the real contestants in the election. Another chapter deals in extensive statistical detail with inequalities in the electoral system and distortions in the allocation of seats to the different parties. (In 1973 the PQ won 30 per cent of the vote but fewer than six per cent of the seats.) Someone reading only the first third of the book could be excused for comparing Bernard to one of those baseball spectators who don't really enjoy the game but are intrigued by all the statistics it has to offer.

Happily, the later chapters get down to the nub of the electoral contest and compare the policy platforms, campaign strategies, organizational structures and memberships of the various parties. One of the most interesting comparisons shows that Liberal candidates were drawn predominantly from among lawyers and businessmen while teachers and white-collar workers were dominant on the PQ's candidate list.

With academic thoroughness, Bernard examines each of the four small left-wing parties that contested the election — the Democratic Alliance, the Communist Party, the NDP-Regroupement des Militants Syndicaux coalition and the Parti des Travailleurs. Only the Democratic Alliance, regarded by some more as a middle-of-the-road English backlash group than as a left-wing party, won any substantial number of votes. No candidates of the other three parties got even one per cent of the votes cast in their ridings.

Québec: élections 1976 is about as far from a polemical work as it could be. Bernard is a very dispassionate observer. He resists sniggering at Bourassa in describing his final days — besieged by dwindling popularity, his leadership questioned inside his own party, the odour of scandal ever-present. He also refrains from taking jibes at the other parties. This is admirable in some respects, but it makes the weird and wonderful world of Quebec politics seem almost dull.

The Rise of the Parti Québécois is lifted almost in its entirety from something called the *Canadian Annual Review of Politics and Public Affairs*, published yearly since 1960. John Saywell, a historian at Toronto's York University and editor of the *Review*, says in the preface to his book that apart from brief introductions to each chapter, he has left the account of each year just as it was written. "There is a value," he

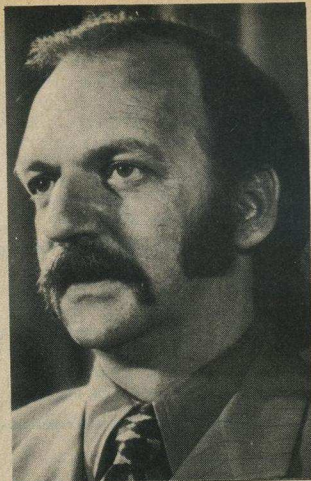
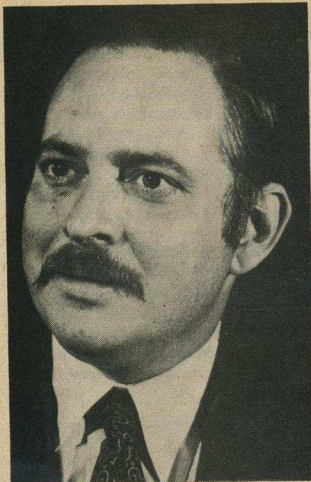
writes, "in a record as it happened, as it seemed to contemporaries with the evidence they had before them and who lacked the sometimes dubious benefit of hindsight." It is also less work.

There are ten chapters, one for each year. In 1967 Lévesque broke from the Liberal Party and created the Mouvement Souveraineté-Association. In 1968 Gilles Grégoire's Ralliement National merged with Lévesque's group to form the Parti Québécois, joined soon after by Pierre Bourgault's Rassemblement pour l'Indépendance National. The chapter for 1968 is only 2½ pages long. The chapter for 1969, when the PQ was the main embodiment of the already powerful independence movement, has only six pages. Of course the PQ might never have got off the ground, and with hindsight jettisoned, it becomes possible for Saywell to gloss over the early years.

The breakthrough came with the 1970 election and the PQ's 23 per cent showing. From then on the chapters are a bit longer. Later that year anti-separatists tried to stifle the popularity of the young party by confusing it with the FLQ and the murder of Pierre Laporte. Saywell includes and attacks his delicious quote from a *Winnipeg Free Press* editorial: "The murder of Mr. Laporte should, if there is any justice, sound the death knell of the separatist movement in Quebec. If it does, his death, tragic as it has been, will not have been in vain." Voters in Laporte's riding were less confused than the *Free Press*, and they gave the PQ a respectable showing in the February 1971 by-election called to fill the vacancy left by his death.

Nineteen seventy-one saw a rise of labour militancy and growing differences of opinion between union leadership and the PQ; 1972 was a year of policy development; the 1973 election saw the PQ rise in popular support but drop in representation; in 1974 a majority of delegates to a party convention gave up on the idea of proclaiming independence without a referendum; 1975 was a year of attack on the foundering Bourassa régime and its language policies that tried to aim for the middle of the road but failed to please anyone on either side; and 1976 — you may take three guesses.

The Rise of the Parti Québécois, as mentioned earlier, is based almost entirely on the *Canadian Annual Review*, which in turn relies heavily on newspaper accounts and reads a lot like a newspaper digest. Don't bother reading the book if you're looking for anything original by way of documentary research, interviews



When Parizeau (left) joined the PQ in 1969 he strengthened technocratic wing's grip on party; Burns (right) complained in 1971 PQ was only slightly more advanced than Liberal Party

or commentary. Nor should you expect the subject matter to stick rigorously to the party between *technocrates*, whose watchwords are rationality and functionalism, and *participationnistes*, who put more emphasis on social justice and authentic popular participation in society. Since the party's foundation, the more conservative, technocratic wing has clearly been in control (why are those in the party's conservative wing always called "moderates"?), but the more radical wing has had a voice in policy formulation. The fight between the two currents came to a head in 1971 when the party leadership decided not to take part in a demonstration called to support striking workers at the Montreal newspaper *La Presse*. Robert Burns, now a cabinet minister, complained at the time that the PQ was only a slightly more advanced version of the Liberal Party. The technocratic wing's grip on the party was strengthened when Jacques Parizeau, the party's leading economist, joined in 1969, and was tightened when constitutional expert Claude Morin entered in 1972.

One of the themes of Vera Murray's *Le Parti Québécois* is the conflict within the party between *technocrates*, whose watchwords are rationality and functionalism, and *participationnistes*, who put more emphasis on social justice and authentic popular participation in society. Since the party's foundation, the more conservative, technocratic wing has clearly been in control (why are those in the party's conservative wing always called "moderates"?), but the more radical wing has had a voice in policy formulation. The fight between the two currents came to a head in 1971 when the party leadership decided not to take part in a demonstration called to support striking workers at the Montreal newspaper *La Presse*. Robert Burns, now a cabinet minister, complained at the time that the PQ was only a slightly more advanced version of the Liberal Party. The technocratic wing's grip on the party was strengthened when Jacques Parizeau, the party's leading economist, joined in 1969, and was tightened when constitutional expert Claude Morin entered in 1972.

The PQ, like the NDP, has policies on almost everything from railways to retarded children, and it goes in for publication of great policy manifestos: *Ce pays qu'on peut bâtir* in 1968, *La solution* in 1970, *Quand nous serons vraiment chez nous* in 1972 and something more prosaically called *Edition 1975 du programme*. Using these and other documents, Murray traces the party's evolution in economic, constitutional, social and cultural matters.

She points out that the PQ has never been a left-wing party in any real sense. "In the documents published during the first three years of the party's existence (1968 to 1971), one looks in vain for any critique of the capitalist system. In the document *La souveraineté et l'économie*, published in 1970, we discover that quite to the contrary, the measures proposed by the PQ have the aim of making the existing economic system in Quebec more efficient." To broaden its electoral base, the PQ has attempted to steer clear of any close working-class or trade union identification, and at its higher echelons it is clearly middle class, or *petit bourgeois* if you prefer.

Le Parti Québécois is another academic work which reduces the life-and-blood passion of the political world to something quite anaemic, but it is probably the most complete and up-to-date survey of the PQ's policies, organization and history.

Saving the best for the last, Gérard Bergeron's *L'indépendance: oui, mais...* is a collection of witty, provocative and sometimes irreverent commentaries on Quebec politics. Everyone has a pet peeve: Bergeron's pet peeve is "branchisme", that almost forced political polarization under which everyone in Quebec is expected to belong firmly either to the federalist or independentist camp.

"Is *branchisme* the supreme political virtue?" he asks. "It's handy and expeditious: on one side, those who are good, tough, genuine — our type; on the other side, the evil, spineless, false people — the other type. It's easy to recognize yourself among *branchés*. It gives you a feeling of security. The only thing *branchés* feel insecure about is their uncertainty about how the *non-branchés* are evolving. For a *branché*, there are always too many *non-branchés*. That countless herd is perhaps that comfortingly fictitious "silent majority", upon whom is conferred the statistical reality of large numbers. But among the *non-branchés*, there is a 'talking minority' — I am one of them."

Writing from the vantage-point of a *non-branché*, Bergeron can, with impartiality, gore the sacred cows of both main contestants in the struggle for the hearts and minds of Quebecers. One of his techniques is to stage a dialogue between "the heart" and "the mind":

The heart: What's comforting is that more and more Quebecers are starting to digest the question of independence.

The mind: It's also worrying. A political view must be based on more than visceral feelings. As the days go by, it's not just the intestines that dictate the thousand and one decisions we make.

The heart: At the most basic level, we face a question of identity — knowing who we are to determine what we want.

The mind: Our identity has always been strong enough to create a specific problem in our country. We've always been recognized as different even when we've affirmed our differences very weakly. Our history has been punctuated by recognition of a series of "special statutes".

The heart: That's precisely what has to stop; we're not a sum, an accumulation of "special statutes" — which moreover haven't always been favourable. . . .

And on it goes for three delightful pages, an allegorical debate on the risks of independence, a debate that is never resolved.

Bergeron combines the light-handed touch of the journalist with the intellectual depth of the academic. He is a professor of political theory at Laval University in Quebec City, and has written commentaries for *Le Magazine Maclean*, *Le Devoir* and other publications. A selection of these commentaries fills two-thirds of the book.

Writing in 1971 on the tricky problem of constitutional reform, Bergeron lists pairs of conflicting "impossibilities". It was impossible, he believed, to write a detailed new constitution straight off, but also impossible to prolong sporadic discussions that seemed to start from the beginning each time. Granting Quebec a special status would create an unworkable three-tiered federal system, but at the same time it was impossible not to

recognize Quebec's special role. That has not changed, and federalism has a rocky road ahead.

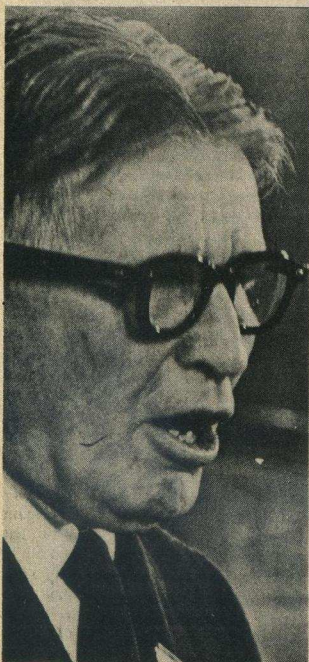
Later in the book Bergeron questions the relation between the desirability and the feasibility of Quebec independence. Proof that it is *desirable* is simple, he writes. "To prove otherwise is much less simple: independence hasn't been tried. . . . It is proof of the *feasible* character of independence which is difficult. It is a proof that could be shown in actually carrying it through."

Bergeron is pessimistic about the immediate future. "What is irreversible isn't the independence of Quebec and the crumbling of federal Canada, but rather the persistence of a generalized and growing *malaise* if something important

isn't tried soon. At the limit of such a situation are the risks of a resurgence of terrorism and a call for totalitarian modes of repression."

His solution is a three-tiered federal system falling somewhere between special status and sovereignty-association. Under what would be called the Canadian Commonwealth, the federal state of (English) Canada and the unitary state of Quebec would share certain common institutions looking after particular areas of jurisdiction. Bergeron himself suggested earlier that such a system could be unworkable, but he is suggesting now that it would offer more flexibility than the present two-tiered system. It is an interesting idea, even if it's not likely to hold much interest either for *branchés* or for many others.

A leprechaun's view of politicians



Grattan O'Leary: memoirs more entertaining than informative

by ANTHONY WESTELL

Recollections of People, Press, and Politics, by Grattan O'Leary. Macmillan/Toronto. 208pp. \$12.95.

It was said of Grattan O'Leary that he voted with the Tories and dined with the Grits. The Grits had the better of it. There was no better dinner companion than O'Leary when his Irish gift of words was playing over 60 years as politician and journalist in Ottawa.

This book is the record of O'Leary the conversationalist. It is an edited version of tape recordings he made before he died last year of cancer, at the age of 88. His friend and admirer, I. Norman Smith, who succeeded him as editor of the *Ottawa Journal*, has added a graceful introduction and a Personal Postscript to fill some of the gaps left by O'Leary's modesty about himself.

The book is entertaining rather than informative, a leprechaun's view of politics and politicians since he arrived in Ottawa from the Gaspé in 1911 — that is, memories in the form of anecdotes, insights, prejudices, in words and phrases that are as much fun to read as they were to hear at table.

To judge from his remarks about recent events with which one is familiar, the history is taken as gospel, but who could resist his style?

On colonial Ottawa: "... if it rained in the Strand we turned up our trouser legs on Sparks Street."

On R. B. Bennett: "In politics Bennett was a combination of Billy Graham and Jack the Ripper ... he was not above asking the opinions of others, he was only above accepting them."

On Mackenzie King's diaries: "I have to say without prejudice, for I liked the old scoundrel, that they are not worth two pieces. . . . Actually, this is a record of the housekeeping of the Liberal Party under King, with God an invisible pilot."

On R. J. Mannion: "... a charming man whose personality was so lacking it was not even possible to dislike him."

On George Drew as a speaker: "... he was in a class by himself, with a booming voice and excellent command of language. His weakness was that he had no terminal facilities."

On John Diefenbaker: "... if his glands required the excitement of being strapped to a plank while the giant buzzsaw screamed nearer and nearer, there were thousands of Canadians who had no desire to be strapped on the plank with him."

The temptation is to go on quoting O'Leary, but one has to point out with regret that he did not get deeply into the subjects on which he might have developed important ideas. Perhaps there

was no time; perhaps it was not in his nature to take himself seriously. He was all his life an active Conservative, a one-time candidate and later a backroom strategist, confidant of party leaders for whom he wrote speeches and occasionally acted as private secretary. But he had little to say about conservatism as a political idea in Canada. He was a devotee of Parliament — becoming a

Senator — and recalls the great days of the institution, but offers no prescription for today's sickly Commons.

Above all he was a journalist, a great editorial writer when editorial pages swayed men and events. He found nothing contradictory in being both politician and journalist; indeed, he declared: "Strong editorial comment is inseparable from party affiliation. Unless it is a party

press, it will not be a great press." Unfortunately, he did not follow-up that blow at the conventional opinion that journalists must be neutral in politics.

That's the only trouble with the book: One enjoys the sparkling bubbles, but thirsts for a satisfying draft of what lay below the surface.

Social realism and Quebec novelists

by PHYLLIS CLARKE

Social Realism in the French-Canadian Novel, by Ben-Zion Shek. Harvest House/Montreal. 326 pp. \$7.50.

For readers of French-Canadian literature this thoughtful study adds a new dimension of appreciation of the genre. Realism in Quebec novels came at least 100 years after it developed in France. As a result, the novels under study are no more than 35 years old and deal with the fracturing of Quebec society by industrialization, war and the Quiet Revolution.

Indeed even at the beginning of the Second World War one could barely discern social realism in French-Canadian writing. For the author, two writers, whose works appeared within a few months of each other, signalize the emergence of fully realistic novels. They are Gabrielle Roy and Roger Lemelin whose books *Bonheur d'occasion* and *Au pied de la pente douce* were published in 1944. Of the former, Shek says, and demonstrates why, it became the "model of the realistic mode in French Canada".

Over half the volume is devoted to exegesis on the writings of these two writers comparing the relationship of the fictional to the fact of working class life during the depression and war in Quebec. Shek shows not only his deep knowledge and appreciation of these authors, but also his careful study of political and socio-economic developments in Quebec. The approach is that of Lucien Goldmann, whose concepts of literary analysis, particularly that "every creative work is both an individual and social phenomenon" Shek fully endorses. He thus discusses the themes in

the novels of social protest, alienation, strains between rich and poor, the disintegration of the French-Canadian family against the reality of Quebec in depression and war. Other novelists of the period receive brief comments if they include these themes, but to Shek, while showing some elements of originality they are "weak in artistic expression and imagination and fail to breathe life into the characters."

These chapters on Roy and Lemelin are the most successful as Shek obviously is filled with admiration and enthusiasm for his subject, carrying his readers along the trail for the nuggets to be found. One suspects that it is because of this deep esteem that while Shek has translated comments of critics into English he has left the quotations from the authors in their original French.

While Roy and Lemelin represent full social realism, there is a careful examination of their antecedents and a brief review of a number of works from the end of the nineteenth century and the beginning of the twentieth, in which there were depicted "elements of social reality". For Shek the most outstanding example of realistic writing in the pre-war period was *Trente arpents* by Ringuet which "dealt a death blow to the 'roman de la fidélité' by turning a generally objective gaze on life in a typical Quebec rural parish." None of these earlier works however fully reflected the collective image that was taking place for Quebecers.

The latter part of the book moves on to more recent authors who began to deal with new phenomena, somewhat new in society and certainly new in novels, industrial conflicts, crimes and anti-social acts arising from social conditions, that is, themes of violence. Shek notes that those authors who concen-

trated on collective social protest as well as those who focussed on the individual act against the system. He finds these works, which he characterizes as neo-realistic, "thinner works" than the "best that their predecessors produced."

A chapter on the search for identity very quickly surveys a number of novels of the 1960s most of which he feels are not within the purview of a study of social realism but which are included because they are "not oblivious of external social, political or historical reality." They include the novels of Godbout, Aquin, Bessette, Blais and Carrier. With all of them Shek is concerned only with that which shows their appreciation of reality, thus covering a wide range of novels with very brief comments, and hardly the in-depth study which the novels would receive if they and not the theme of social realism were the central concern of Shek.

However these novels pose the unanswered question of this book. Obviously of considerable literary merit, unlike many earlier works which only partly fulfilled the definition of a realistic novel, they have not followed the tradition of Roy and Lemelin although the themes of social protest, alienation, conflict abound in Quebec society in the period in which they write. Why is this? Did social realism reach an apex with Roy and Lemelin or is this a hiatus before another novelist of top literary stature again emerges? While Shek is optimistic that social realism "has not exhausted all its resources" he does not clearly say why. What he has done though, and most expertly, is make available a new dimension to critiques of French-Canadian novels, making appropriate links to the life which they depict.

MOVIES: by Thomas E. Reid

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