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

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

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December 1976

HIGHLIGHTS

1. Canada holds the dubious honour of being the largest borrower on international money markets last year. See P. 5
2. The Canadian economy closed off the year with gloomy reports of high unemployment and predictions of continuing economic stagnation. See P.8,18
3. Quebec - We focus this month on the problems of growing foreign debt, growing unemployment in the Quebec economy, and the first initiatives of the P.Q. Government. See P. 22

Next month the CNSP begins publishing in a new offset format to provide more readable and attractive material to its readers.

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CANADA/INTERNATIONAL RELATIONS

WORLD ECONOMIC SCENE

POOR HIT BY RECESSION, GROWING DEBTS

The world's 40 poorest countries have been worst hit by recession, says the Organization for Economic Co-operation and Development, (OECD). These countries, with per capita incomes of less than \$200 have not been able to finance trade deficits. They face bleak prospects for the coming portion of the decade.

HCH 14/12/76 P.20; TS 15/12/76 P.C13

86 poorer countries, according to a World Bank study released in Washington, owe \$151 billion to rich nations in 1974. According to Morgan Guaranty Trust in New York, international borrowing in 1976 soared to new heights through private markets. Leading Third World borrowers were Brazil, Mexico, the Philippines, Argentina, South Korea and Morocco. Canada increased its borrowing to about \$9 billion, double the 1975 figure. According to the World Bank, the standard of living declined in most countries last year and only a handful of oil-exporting countries improved their economic status. The richest countries of all in per capita terms are Kuwait, with \$11,510 per capita GNP in 1975, and the United Arab Emirates, with \$10,480. Of industrialized countries, Sweden is highest with \$8850 and Switzerland next with \$7880, followed by the U.S. with \$7060. Canada's per capita GNP was \$6650. The 86 underdeveloped countries surveyed include 24 countries with per capita GNP of \$200 or less, 23 countries with per capita income between \$200 and \$500, and 39 with per capita income over \$500. The worry is that the external public debt of the poor countries has grown so big that merely to the accumulation of interest is too great a burden. Increasingly, these loans are granted by commercial banks on a short-term basis. Eleven of the 86 countries account for 72 per cent of the outstanding debt at the end of 1974; Argentina, Brazil, Mexico, Peru, Greece, Israel, Spain, South Korea, Malaysia, Algeria, and Zaire.

GM 24/12/76 P.B5; HCH 14/12/76 P.20; TS 28/12/76 P.C6; HCH 27/12/76 P.2 HCH 27/12/76 P.1

NORTH-SOUTH TALKS

The wind-up meeting of the Conference on International Economic Co-operation, the select North-South, Rich-Poor dialogue, has been postponed. Put off because of the OPEC price sessions in mid-December, the CIEC ministerial conference will now be held in 1977 after the Carter administration is in office in Washington. There is no chance of new decisions by the outgoing Ford administration.

TS 2/12/76 P.B12; WFP 2/12/76 P.6; GM 10/1276 PB2

European leaders want a new summit with the U.S., Japan and Canada after Carter takes over, according to Dutch Prime Minister Joop den Uyl, Chairman of the European council made up of government leaders of the nine countries. They are worried about heavy unemployment, inflation and the dangerously weak currencies of some countries. According to officials, West German Chancellor Helmut Schmidt won the support of the nine for his go-slow approach toward making concessions to the Third World.

MS 1/12/76 P.B1

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MEETING OF THE SOCIALIST INTERNATIONAL

The Socialist International held a three-day congress in Geneva. Attending were representatives of 57 Socialist and Social Democratic parties, including Austrian Chancellor Bruno Kreisky, President Carlos Andres Perez of Venezuela, and Israeli Prime Minister Yitzhak Rabin. Canadian New Democratic Party Leader Ed Broadbent was elected one of the International's Vice-Presidents. The International will hold its 1977 congress in Vancouver. The International called for:- action against institutionalized terrorism in Latin America, -massive re-distribution of wealth and income by changing international economic policies and creating a new economic order; -the need for increased government ownership and control, and for tighter control of international capital flow. Four new parties were added to the organization, from Northern Ireland, Dominican Republic, Costa Rica and Senegal.

WFP 29/11/76 P. 17; MS 27/11/76 P. F8.

RICH-POOR GAP GREATEST IN FRANCE

An OECD study comparing income distribution in member countries points out that France has the largest gap between rich and poor of the western countries. In France, the richest 10% absorb 30.5% of the after-tax income, the poorest 10% is left with only 1.4%. The French inequality gap is three times that of the Netherlands and Sweden, twice that of Britain, West Germany and Japan, and 1½ times larger than of the U.S. and Canada. It is even larger than in Spain, where social progress has been encumbered by four decades of autocratic right-wing rule. The normally aloof OECD has thus become an unwitting supporter of the French left, which has long attacked income inequality in France.

GM 5/12/76 P.B6

FOOD:- MANKIND AT THE TURNING POINT

Faced with global starvation and divergencies in income and opportunity, Mesarovic and Pestel, authors of the second Club of Rome report Mankind at the Turning Point, argue for a new world government. The developed world, with its post-preparation food wastage of up to 25% makes demand on agricultural production that can be met only at the expense of those in the Third World who cannot afford to cover their own shortfalls in production by importing. In the area of population, the sensible and humane management of the world's physical resources should be a higher priority than the disbursement of intra-uterine devices. Whatever the moral rights and wrongs of contraception and abortion, it is in this area that the organized church has been in the vanguard of radical thinking, while worthy bodies like Planned Parenthood have continued to devote themselves to symptoms.

MS 18/12/76 P.B1

CHURCHES EXAMINE FOOD ISSUE

The Ten Days for World Development programme sponsored by 5 Canadian churches will focus on the New International Economic Order and the food issue. Between Feb. 11 and 21, Frances Moore Lappe and her colleague Joseph Collins of the Institute for Food and Development Policy will visit various Canadian cities. Their publication Food First will be released at the same time. Ms. Lappe states there is no country where people could not feed themselves from their own resources. They will only be able to do so when they are themselves in control of, and actively participating in, the productive process. People are potentially a nation's most under-utilized resource and most valuable capital.

MS 18/12/76 P. G8

CANADA/LATIN AMERICAN RELATIONS

JAMIESON: LATIN AMERICA BOUND

As part of "the government's policy of developing closer relations with Latin America", External Affairs Minister Don Jamieson will visit Brazil, Peru and Colombia between January 10-26. The Brazil visit may cause a domestic controversy because of that country's repressive government which, according to Amnesty International practices systematic torture against its opponents. Brazil is Canada's 16th most important trading partner.

(MS 2/12/76 pA13; OC 2/12/76 p80)

BRASCAN MAY SELL PART OF ITS BRAZILIAN OPERATIONS



An investment managing company, incorporated in Canada

The giant Toronto-based BRASCAN Ltd., may receive an offer from a Brazilian group of investors for its electric utility valued at \$760 million. The Brazilian utility, Light-Servicios de Electricidades, S.A., is that country's largest private foreign investment. The offer to buy out the company would give BRASCAN a large pool of capital with which to expand its Brazilian and Canadian diversified holdings. Announcement of the possible sale pushed the stock market price of BRASCAN shares up by over ten percent. (TS 2/12/76 pC12)

CN BIDS TO BUILD VENEZUELAN RAILWAY

Canadian National Railways submitted a \$950 million bid to build the first 700 kilometres of a planned 4,000 kilometer railway in Venezuela. If the bid wins out over other submissions, \$400 million worth of Canadian goods and services will be exported to Venezuela and CN stands a good chance of winning the contract for the construction of the remaining stages of the railway.

CN's bid consolidated a previous plan on the part of six Canadian companies to submit a joint bid. Should it win the contract, CN would sub-contract parts of the construction to Bombardier-MLW Ltd., Hawker Siddley Canada Ltd., Sydney Steel Corp., Canatrans Ltd. and the consulting divisions of CN and Canadian Pacific Ltd. As a result of the recent scandal over Canada's use of agents and tax rebates in overseas sales by other Crown Corporations (AECL and Polymer), Industry Minister Jean Chretien insists that no such arrangements are being used in the Venezuelan deal. (2/12/76 pA10; GM 6/12/76 pB11; FP 11/12/76 p5; GM 7/12/76 pB2)

EDC FINANCES MORE EXPORTS TO LATIN AMERICA

The Export Development Corporation (EDC) has signed an agreement to finance \$28.3 million worth of exports to Peru. The financing is for the expansion of an electrolytic zinc plant, the sale of a steam generating unit for a sugar cooperative and construction management services for a mill producing newsprint from sugar cane bagasse. Canadian companies involved in the export financing are: Surveyer, Nenninger and Chenevert Inc., Combustion Engineering Superheater Ltd., and Commonwealth Construction Company. (FP 11/12/76 p8; EJ 30/12/76 p6)

In another EDC deal, \$1.8 million will go to support the sale of telecommunications equipment to Guyana by Farinon Electric of Canada Ltd. (EDC press release 8/12/76).

TRADE

TRADE DEFICIT FOR NOVEMBER FIRST SINCE JUNE

Canada posted a seasonally adjusted merchandise trade deficit of \$104 million in November, the first month since June that imports exceeded exports. The decline is most noticeable since August when Canada registered a \$349 million trade surplus. The deficit was due mostly to an increase in imports from the United States.

(GM 28/12/76 pB5)

TOURIST DEFICIT GROWING

Canada's international tourist deficit - the amount Canadians spend on tourism in other countries in excess of what foreign tourists spend here - will probably reach \$1.1 billion by the end of 1976. The deficit has quadrupled over the past two years due to a declining number of American visitors to Canada. Canadian travelers however are increasingly taking holidays in the U.S. A recent gathering of federal and provincial tourist ministers cited one reason for the tourist deficit as high wages in the Canadian tourist industry, especially for hotel and restaurant workers. They discussed how these wages could be kept in line with U.S. rates.

(FP 11/12/76 p1)

LOUGHEED CONTINUES LOBBYING WITH U.S. POLITICAL LEADERS

In an attempt to forge independent trade relations with parts of the United States and move Canada into effective bilateral trade negotiations with that country, Alberta Premier Peter Lougheed invited Senator Henry Jackson to Alberta recently for private talks. Jackson is chairman of the influential Senate interior committee which will soon become the energy and natural resources committee. Lougheed is seeking to increase natural gas exports to the U.S. in return for tariff changes involving agricultural products and petrochemicals. Alberta Liberal leader Nick Taylor criticized Lougheed's moves saying that Senator Jackson was "meddling" in international affairs and the "Lougheed is bartering our children's heritage away".

(Financial Times, 13/12/76 p19)

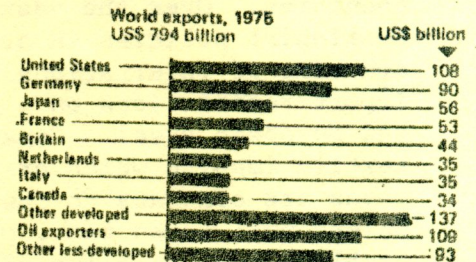
CANADA - EEC LINKS DISAPPOINTING

External Affairs Minister Don Jamieson says that results of the Canada-European Economic Contractual trade link are disappointing. Speaking at a London press conference on his way to NATO and EEC talks in Brussels, Jamieson suggested that the lack of concrete results under the link was due to foot-dragging on the part

The Financial Post January 1, 1977

TREND OF BUSINESS

By Anne Bower



Source: International Monetary Fund, IMF "world" totals exclude U.S.S.R., Eastern Europe, China, and related areas.

How we stack up

AFTER RED INK in 1975, Canada's merchandise trade account returned to surplus last year, perhaps to the tune of \$1 billion when all the figures are in. But that's still a long way down from the \$1.7 billion-\$3 billion surpluses of 1970-74 — and it's clear that Canada still has some serious trade problems to contend with. At the start of both the 1950s and 1960s, Canada accounted for 5.1% of world exports, according to International Monetary Fund figures. Our share moved up to 5.9% by 1970, but has since fallen back to only about 4.5% in 1976. We're not alone. The mighty U.S., for instance, has seen its share decline to around 13.3% in 1976 from 17.7% in 1961 and 19.6% in 1951. Still, that's little consolation. The Economic Council of Canada, in its 13th annual review, points out that "except in the mineral fuels sector, the U.S. has outperformed Canada as an exporter in recent years."

of common market countries. The first agreement under the "link" was made between Montreal's Bombardier-MLW and Italy's Grandi Motori Trieste (GMT) for the rights to produce GMT engines in Canada. (FP 4/12/76 p43; GM 8/12/76 p2; GM 11/12/76 pB2)

INCREASING WORLD PROTECTIONISM ...THE GATT TALKS

The talks of the General Agreement on Tariffs and Trade (GATT) are moving slowly and appear to be in danger of being overtaken by rising protectionist tendencies in world trade. The general purpose of the GATT, dominated by the rich nations of the western world, is to reduce barriers to trade among the main capitalist countries. Over the past year, however, a number of nations have instituted protectionist policies in attempts to safeguard domestic production against imports at a time of international economic recession. The EEC has threatened to impose import restrictions on a series of Japanese televisions sets, Third World shoes and European steel. Canada has recently imposed restrictions on clothing and textile imports which are seen as endangering domestic industry. All of the above moves are contrary to the spirit and particulars of previous GATT agreements. Unless GATT works fast, protectionism will grow and probably worsen the economic problems now troubling many nations. (FP 11/12/76 p16 Hyman Solomon)

FOREIGN INVESTMENT

Foreign investment in Canada dipped momentarily in the 3rd quarter of 1976, when the Canadian government's Petro-Canada bought the Canadian assets of Atlantic-Richfield Co. of Los Angeles, valued at approximately \$300 million. During 1975, for instance, foreign direct investment in Canada went up by \$650 million. (TS 16/10/76 pC8)

The tendency of Canadian business to seek investment opportunities in the United States was highlighted in several stories. Among firms listed as having made sizeable new investments recently (MS 6/12/76 pD9) were J. Harris and Sons, a Toronto steel building products firm, Dominion Textile, Dominion Bridge, Cadillac Fairview Corp., Canadian Coleman Co. Ltd. J.L.Thibault of the Canadian Manufacturers Association is optimistic about the business climate in the U.S.

All three major Canadian steel companies are putting equity investments into iron ore in Minnesota and Michigan. One Calgary firm investing in California, ATCO, a manufacturer of portable industrial housing, has plants in Calgary, Montreal, and Riverside, California. They say that it costs them 7.3% more to produce houses in Calgary than in California, and 8.5% more in Montreal. Average hourly wage ranges are \$6.45 in Calgary, \$5.66 in Montreal, and \$5.52 in Riverside. ATCO plans a new plant in Waco, Texas. It states that the lower wages in California leave people happy because there is a lower effective taxation rate there. ATCO spokesmen complain about big government in Canada, which consumes money and freedom, "a parasitical monster".

Business spokesmen (HCH 4/12/76 p8) specify big government rather than labour as the cause for their moves. They are particularly unhappy with anti-inflation controls, high interest rates, FIRA, and the government's bad example on wages and salaries. Massey-Ferguson spokesman, William K. Mounfield, states that M-F has invested in Canada, modernizing its Brantford plant, but he's upset about the possibility of greater profit restrictions in the Federal budget. M-F campaigned against them. He stated that productivity does not depend just on labour - good workers or lazy workers - but on huge capital factors which affect whether or

not a company is able to take advantage of market opportunities. Judith Maxwell of the C.D. Howe Institute says that the situation of investment flight to the United States is not as serious as it looks but many businessmen are making decisions as if it was, "on the assumptions of disaster".

What do anti-nationalist or continentalist businessmen want from Canada? Stephen Clarkson (GM 13/12/76 p7) attended a Conference Board of Canada meeting (a Canadian branch of a U.S. information company) in November - a one-day \$50. per person event. What is good for business is good for Canada-U.S. relations was the message. No doubt was left that the U.S. would look after its own interests. Canada had to face circumstances, and particularly its dependency, with only minor options open in foreign affairs.

Robert MacIntosh, vice-president of the Bank of Nova Scotia, said the Trudeau government's third option was "long on verbal felicity and short on content". It makes people feel good but doesn't alter Canada's traditional approach, namely to have no long term strategy, but to deal "with issues ad hoc as they arise". Alex Tomlinson of Wall Street's First Boston Corp. stated that Canada cannot afford to get tough with the Americans, pointing to the rate of which Canadian governments are getting in debt in the U.S., and stating "unless you are financially self-sufficient, you better be nice to your bankers". He went on to attack Canadians for stealing U.D. TV programmes, and suffering from rampant nationalism. Stephen Clarkson points out that when "Canadian business spokesmen fall into step so comfortably with their American counterparts, we learn how great is the identity between the interests of American government and business on the one hand and the views of Big Canadian business on the other."

HURTIG SAYS FOREIGN CONTROL TO RISE BY 7 BILLION

Mel Hurtig, former chairman of the CIC told the National Farmers Union that Canadians will soon be high-rent tenants in a country that should have been their own. Foreign ownership has doubled since 1965. Massive out-payments of funds will progressively worsen our economy. He stated that American ownership in Canada in 1976 will grow by \$7 billion "without a cent of direct American investment", and blamed a generation of "selfish businessmen, myopic political leaders and apathetic voters". (EJ 9/12/76 59)

B.C. COAL DEVELOPMENTS

The FIRA has cleared two major new B.C. coal developments, involving \$800 million in new investment and about 2,500 new production jobs. Denison Mines Ltd. of TORONTO will be involved in both mines. Quintette Coal Ltd. is backed by Mitsui Mining Co. Ltd., and Tokoyo Boeki Ltd. of Japan. Saxon Coal Ltd. is financed by Ruhrkohle of West Germany, Union Siderurgique du Nord et de l'Est de la France, and Mitsui. (GM 28/12/76 B4) (TS 23/12/76 C7)

Premier Alex Campbell of P.E.I. promised that controls to protect vanishing farmland, first advocated by his Government in 1974 should be in place some time next year. Spokesmen for the provincial National Farmers Union predict that the premier's controls will be weak and will not help farmers, but they will be too strong for the Provincial Federation of Agriculture. The NFU is pushing for comprehensive controls. Under one proposal the farmers could have all taxes relieved on an area of land which they voluntarily specify as for agricultural purposes. (GM 11/12/77 3)

THE MOODY BLUES

According to the Bank of Canada, the Canadian public sector borrowed a total of \$33 billion in 1973, of which \$600 million came from abroad, mostly from the U.S. By 1976, borrowing by governments amounted to \$8 billion, \$3.5 billion from abroad.

A Debtor's Prism

These are the major Canadian public borrowers in the New York money market, their current Moody's rating, and what they owe. Ratings are given in nine letter gradings from Aaa (excellent risk — buy) to C (poor risk — don't buy). In most cases, figures are current to September, 1976; in some they include loans made since then. The figures were supplied by Moody's Investors Service Inc.

Borrower	Rating	Outstanding debt (in millions)
Ontario (Includes Ontario Hydro)	Aaa	2,279
Quebec Hydro	Aa	1,909
Quebec	Aa	664
Manitoba Hydro	Aa	570
BC Hydro	Aa	395
Montreal	A	345
Nova Scotia	A*	316
New Brunswick Electricity	A*	310
New Brunswick	A*	289
Newfoundland	Baa*	275
Manitoba	Aa**	235
Metro Toronto	Aaa**	180
Government of Canada	Aaa	155
BC Telephone	Aa	135
Alberta	Aa	117
Nova Scotia Power Corporation	A*	80
British Columbia	Aa	68
Alberta Gas Trunk Line	Aa	60
Alberta Government Telephones	Aa	50
Newfoundland & Labrador Power	Baa*	50
Winnipeg	Aa	50
Saskatchewan	Aa**	24
Edmonton	A*	22

* Strongest group in that rating
** Rating upgraded recently

Weekend Magazine 18/12/76

In the same time, Canadian businesses borrowed nearly the same amount as governments: \$7.6 billion. Only \$400 million of that total came from outside Canada. According to Moody's Investors Service Inc., public sector outstanding debt in the U.S. as of September, 1976 was \$8 billion. Much of this borrowing, in addition to the Olympic games, has been stimulated by rapid hydro-electric expansion in several provinces. The possibility that Canadian or Quebec nationalism might interfere with export sales of Hydro to the U.S., by exporting only what wasn't being used in Canada at a given time, rather than on an assured basis, could create problems with investors. As one Canadian External Affairs Department spokesman stated regarding New York investors and advisors like Moody's "They've got their standards. You've got to conform to those standards." (Weekend Magazine 18/12/76 4-7)

U.S. investors (Business Week, 27/12/76 p. 56 c-1-3-) may not have that much exciting to invest in overseas. Industrial countries are expecting lower growth rates for the next year, and the developing countries are in such a bad way, that their \$60 billion borrowing from Western banks may be insecure. Pressure is on the Bonn-Washington-Tokyo axis to quit fighting inflation and stimulate business in order to get the world moving. "If the U.S. does not reflate fast enough to pull its weaker partners out of trouble, there could well be Communists in the governments of both France and Italy by 1978." Only Germany and Japan are expected to show any real growth in 1977. For the rest of Europe the outlook is grim.

The total debt for this list is roughly \$8,300,000,000. Several Canadian public sector borrowers have made huge "private placement" loans recently, which are not recorded in this total. For example, Ontario Hydro is said to have made a \$1.2 billion private placement last year and Quebec Hydro is said to have made one in excess of \$500 million. BC Hydro, according to Moody's Canadian analyst, made one of between \$500 million and \$800 million. The publicly recorded figures, says the analyst, "may only scratch the surface."

ECONOMY

GENERAL

Monthly Statistics

I Capital

Profits of

Indust. Corps.	\$1.9 billion (3rd $\frac{1}{4}$, '76)	Down 1.2% from 3rd. $\frac{1}{4}$ '75
Index of Ind.		
Production (1971=100).....	118.3 (Oct. '76)	Down 1.3% since Sept. '76
Bank Rate.....	8.75%	Down from 9.75% in Nov. '76
Consumer Price		
Index (1971=100).....	152.2 (Nov. '76)	151.7 in Oct. '76
Trade.....	\$104 million deficit	Up 5.6% since Nov. '75
		Down from \$190 Million surplus in Oct. '76
Farmers' Cash		
Receipts.....	\$8,206million (Jan-Oct '76)	Down from \$8,255million Jan-Oct '75

II Labour

Unemployment.....	7.3% (Nov. '76)	Was 7.6% in Oct.
Participation Rate.....	60.7% (Nov.)	Down from 61.1% in Oct.
No. of people		
employed.....	9.59 million	Down from 9.66 million in Oct.

INTRODUCTION:

The latest statistical information shows that Canada's painfully slow economic recovery may turn into another recession. Unemployment is dangerously high and employment is dropping, as is investment. Most economic forecasting bodies produced gloomy predictions for 1977, and the sole exception, the Economic Council of Canada, foresaw a good year only if Ottawa took immediate steps to stimulate the economy, and only then as part of a four-year plan to reach full employment. But the council now defines 'full employment' as an unemployment rate of 4.5%. This means that if the economy were to operate at full efficiency again by the end of the decade, 4.5% of the workforce would be jobless.

The Federal Government is prodly displaying the rise of the Consumer Price Index by only 5.6% between Nov. '75 and Nov. '76. However, a more significant statistic is the decline of farm income over the same period (See chart above). Farmers' real income declined by more than the rate of inflation. In effect, the Government in part "won" its battle of numbers by squeezing the farmers.

Furthermore, the Toronto-Dominion Bank has recommended that Ottawa keep the Anti-Inflation Board for the public sector only. (HCH 23/12/76 P.19) Finance Minister Macdonald has admitted he is considering such a move. Recessions are traditionally the times when corporate profits fall and workers sometimes "catch up." So far, corporate profits only fell 1.2% in 1976, so the bank is obviously hoping that the AIB will be dismantled to allow profits to rise now that it has done its job of freezing wages during the last year. The only area still to be controlled is the public sector.

ECONOMY

ECONOMIC STAGNATION IMMINENT

Statistics for the third quarter of 1976 show that the hoped-for economic recovery has stopped and that stagnation is possible. The Gross National Product (G.N.P.) had a real growth of 0.8% in the third quarter. This is only a 3.3% annual growth rate; far below both Finance Minister Macdonald's goal of 5% and the 5.1% rate which economists feel is the long-term average annual growth rate of the Canadian economy. The quarter-by-quarter growth rate of the economy has not shown the steady increase typical of a recovery, but instead has fluctuated wildly. This has caused economists to fear that the economy will either stagnate or fall into a new recession.

(EJ 14/12/76 P89 FTS, Don McGillwray)

PRODUCTION AND INVESTMENT DOWN

Two signs that the economic recovery is failing; one the failure of industrial production to grow since May and statistics showing a 3.5% decline of business investment in the last quarter reported. (EJ 2/12/76 P4 FTS, Don McGillwray)

GLOOMY PREDICTIONS FOR 1977

The Paris - based Organization for Economic Co-operation and Development (OECD) has predicted that the Canadian economy will have a real economic growth of 3.5%, less than the average predicted for all OECD members in 1977. The OECD average is expected to be 4%. The OECD expects inflation to decline in 1977, but also that real disposable income will fall too. It expects housing construction to be low early in the year until consumer confidence rises. Despite a predicted surplus on merchandise trade, the OECD expects Canada to have a current account deficit of \$3.25 billion (U.S.) because of a rise of interest payments on foreign borrowing.

(GM 29/12/76 pB7; OC 30/12/76 p9)

The Conference Board in Canada, a private group, has predicted that Canada's real GNP will only rise by 3%. It expects corporate profits to rise by 10%, that productivity will 1.8% (down from 3% in 1976), that housing starts will be lower than in 1976, and that unemployment will rise to 7.9%, that consumer spending will rise by 3.7% (down from 5.9% in 1976). The Board called on the government to stimulate the economy and to encourage capital spending by business. (HCH 21/12/76 p16)

MANITOBA TO WITHDRAW FROM AIB PACT

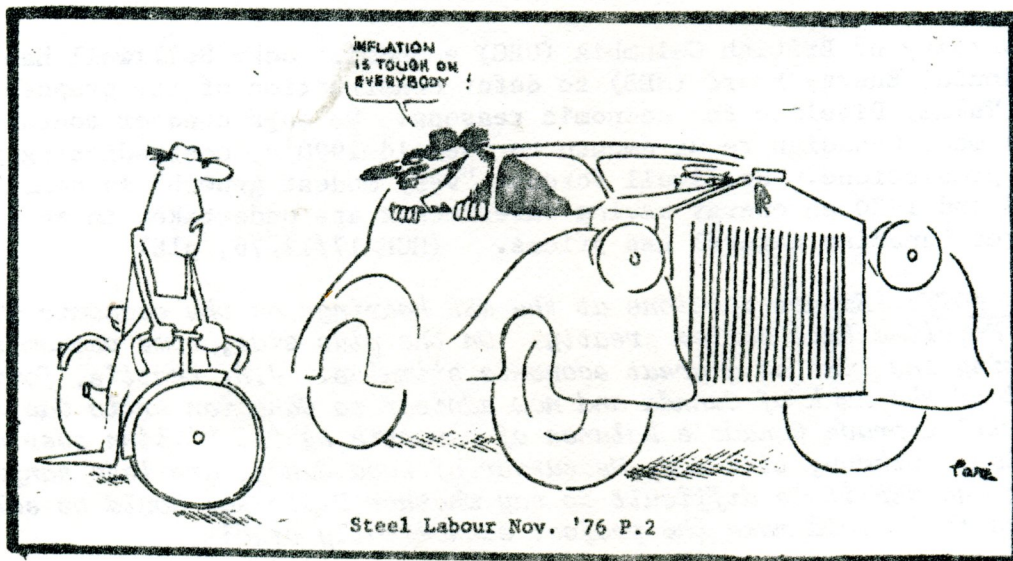
Manitoba Premier Schreyer announced that his government will withdraw from its agreement with Ottawa, placing provincial employees under the Federal wage guidelines. Mr. Schreyer was angered at the AIB reduction of pay increases negotiated by Manitobas liquor store employees with the Province.

(WFP 4/12/76 p1)

LEWIS CALLS FOR END TO CONTROLS

Ontario NDP leader Stephen Lewis has called on Ontario to withdraw from its Anti-Inflation agreement with Ottawa. Ontario Premier Davis and Treasurer McKeough have indicated that Ontario will renew the agreement. Mr. Lewis said that controls must be lifted in order to increase employment and production. He stated that "regular genuflecting to free enterprise and bashing of the public sector must be set aside".
(TS 20/12/76 p A3)

CNSP NOTE: Recently, labour leaders have been expressing louder dissatisfaction with the NDP's mild stance against the Anti-Inflation Programme and with the actual participation of the NDP governments of Manitoba and Saskatchewan in the Programme.



REDUCE SALE TAX: ECONOMIST

Economist Judith Maxwell of the C.D. Howe Research Institute of Montreal has called for a reduction of 1 or 2 percentage points of all provincial sales taxes. She suggested that Ottawa re-imburse their losses. A reduction of 2 percentage points would return \$1.5 billion to consumers Maxwell claims. The move would: - reduce the rate of increase of the Consumer Price Index, increase purchasing power, and provide the greatest benefits to poorer people. Maxwell claimed that steps must be taken to boost production in order to fight unemployment now instead of waiting for an economic upturn in the world economy at large. (TS 15/12/7- pC11)

CNSP NOTE: Ms. Maxwell's suggestion would be of more value to ordinary Canadians than previous suggestions for an across-the-board tax cut by Ottawa. (see C.N.S.P. Vol. IV #8) Sales tax is regressive in that it takes a higher proportion of a low income than a high one. Previous proposals to Ottawa would have aided those with higher incomes, but Maxwell's plan would provide aid to those who need it most and it would also help stimulate production.

OIL & GAS

INTRODUCTION:

The National Energy Board hearings continue with intervenors contradicting each other on the economic impact of the proposed Mackenzie Valley Pipeline. Indian Affairs and Northern Development Minister Warren Allmand hinted that hearings will be held into the Polar Gas pipeline route. Meanwhile the Kitimat crude oil pipeline application to funnel Alaskan oil through Canada to the American mid-west has been formally submitted to the NEB.

NEB URGED TO DEFER MACKENZIE PIPELINE UNTIL 1995

University of British Columbia (UBC) economist John Helliwell has urged the National Energy Board (NEB) to defer construction of the proposed Mackenzie Valley Pipeline for economic reasons. He says cheaper southern gas will meet Canadian requirements to the mid-1990's, contradicting the NEB's own predictions. Helliwell forecast "very modest growth" in demand between 1974 and 1980 as energy saving investments are undertaken in response to higher Canadian natural gas prices. (HCH 17/12/76, p18)

CNSP NOTE: *Expert opinions at the NEB hearings on the economic impact of the Pipeline have varied greatly. On the plus side, some economists are touting the line as a great economic stimulus. J.R. Beattie, former official of the Bank of Canada and now advisor to Canadian Arctic Gas, estimates it will improve Canada's balance of payments by \$23 billion over a 25-year period. Others, like J.R. Measurier of Wood Gundy, are less sanguine. He told the NEB it is difficult to say whether Delta gas could be sold at a price that would make the project economically viable.*

In Vol. IV, #4 of the Canadian Arctic Resources Committee newsletter, North-ern Perspectives, A.R. Tussing, an American energy economist estimates that likely overruns on the CAGPL project could reasonably run the total cost to \$20 billion. He notes the price of Arctic gas could reach \$6.00 or more per million BTUs -- equivalent to oil at \$30.00 per barrel. He emphasizes that the large amount of initial capital needed plus the inherent risks in the projects make it a probable economic disaster.

US FEDERAL POWER COMMISSION STAFF REPORT FAVOURS CAGPL

A preliminary report prepared by FPC staff has overwhelmingly favoured the joint US-Canadian gas pipeline scheme. The report said the Arctic Gas proposal would be the least expensive overall and the most fuel-efficient of the three competing routes. It also noted that because of good American-Canadian relations, there is no risk having US gas travel through Canadian territory.

Indications are that it will be November or December 1977 before a final US decision is made. Vice-president elect Walter Mondale is a strong advocate

of the Artic Gas route and is expected to be a powerful ally to the consortium. (EJ 8/12/76 p1, 10/12/76 p9)

ALLMAND PROMISES MORE PIPELING HEARINGS

Indian Affairs and Northern Development Minister Warren Allmand has promised the Inuit there will be a Berger-style inquiry into the Polar Gas Pipeline when it is formally proposed. He also said there will be studies done on the potential impact of the Alcan pipeline project to carry Alaskan gas across the southern Yukon and northern BC into Alberta for US markets. (GM 31/12/76 pB1-B2)

KITIMAT PIPELINE GROUP FILES FORMAL APPLICATION

The six-member Kitimat Pipeline Consortium has applied to the NEB to build a 753-mile, \$494 million pipeline to carry crude oil from Kitimat, B.C. to Edmonton and on to the US midwest.

Opposition to the pipeline is mounting due to the possibility of major environmental catastrophies in the delicate ecological balance off the B.C. coast. In addition, the Pipeline is seen as meeting US needs only, with Canada taking all the risks acting as a land bridge carrying Alaskan oil to refineries in the US. (GM 9/12/76 pB1; HCH 25/12/76 p33)

CNSP NOTE: With the cut-back in Canadian oil exports to refineries in the American midwest and the projected surplus of Alaskan oil on the US west-coast, the Kitimat proposal looks like the surest way for Standard Oil of Ohio -- which controls a major part of the Alaskan Prudhoe Bay reserves -- to get its product to market. The Alaskan oil pipeling is expected to deliver about 1.2 billion barrels of oil per day by 1978. The US west coast could absorb no more than 800,000 barrels leaving a 550,000-barrel surplus. The Kitimat line will enable midwest refineries to process and distribute the surplus oil east of the Rockies. The line would eventually afford a route for incoming oil shipments from south-east Asia and the middle-east.

In return for short-term construction jobs and an estimated \$100-million a year in foreign revenues for operating the line, Canada would take on the manifold environmental dangers involved in the project with Kitimat becoming a large deep-water terminal.

An oil spill, which seems almost inevitable at some point, would severely threaten the salmon-fishing industry and other forms of marine life in the long narrow fjords of that unique section of the B.C. coast. A useful summary of the situation would be: "Canada takes the risks and the US gets the benefits".

NEW BRUNSWICK TO GET LNG TERMINAL

Tenneco, an enormous US transnational conglomerate, has announced plans to build a natural gas pipeline from New Brunswick into Maine and the northeast US. The line would transport up to 1 billion cu.ft. a day of natural gas into the US. The company proposes to buy liquefied natural gas (LNG) from

Algeria, ship it by tanker to port near Saint John, N.B., where it would be revaporized and piped to Maine. Canadian Pacific may be one of the partners in the building of the LNG reprocessing plant. (HCH 21/12/76 p18; EJ 21/12/76 p47)



'Personally, I've had a rotten year. How about you?'

ENERGY

THE CRUNCH IS COMING

Canada is expected to need \$180 billion in energy-investment capital over the next 15 years. Toronto Star columnist Richard Gwyn warns that a "war-time-scale national effort is just about unavoidable". The vast sums projected for large energy projects will mean brutal decisions will have to be taken over spending priorities. Less money will be available for necessary public spending like schools, hospitals, public transportation and income-support schemes. (TS 2/12/76 pD1)

CNSP NOTE: In this vein, Energy Minister Alastair Gillespie is supposedly keenly interested in an article by American physicist Amory Lovins which appeared in Foreign Affairs. Lovins notes that huge capital investments in energy will jeopardize the environment and inevitably the political process. He advocates a change-over to soft technology energy systems, using available fossil fuels to bridge the move to renewable energy sources. (FP 25/12/76 p6)

FEDS FINANCE MARITIME ENERGY EFFICIENCY PROGRAMMES

Ottawa has agreed to finance a \$12 million programme to increase energy efficiency in P.E.I. The programme includes funds for home insulation and for studies on renewable energy sources. Negotiations are continuing with Nova Scotia for a similar programme worth about \$ 7 million. P.E.I. produces all its electricity from burning oil and N.S. produces 66% from oil. (GM 30/12/76 pB1)

NUCLEAR SAFEGUARDS TIGHTENED

Amidst a furor of political scandal and corruption surrounding Atomic Energy of Canada (AECL), Energy Minister Donald Jamieson has tightened Canadian nuclear safeguards and effectively cut-off Pakistan from further access to Canadian technological know-how and Canadian uranium fuel supplies.

Canada will now deal only with countries that have signed the international Non-Proliferation Treaty (NPT). The NPT states that signatories will agree not to acquire nuclear weapons and those in position of them will now pass them on. The old policy already provided for inspection by international agencies like the International Atomic Energy Agency and by Canadian authorities.

CNSP NOTE: *Despite all the ballyhoo over the new regulations, there is little doubt that if a nation intends to use a Canadian Candu reactor to produce plutonium to use in a nuclear weapons programme, there is nothing either Canada or international agreements could do about it. An agreement, in the end, is nothing more than an intention of good will on a piece of paper.*

The new safeguards combined with the recent AECL financial scandal will likely mean a slow-down in Canadian nuclear exports. Keeping the nuclear programme in high gear will almost certainly mean an increased push and acceleration of domestic nuclear power development.

FORESTRY

INTRODUCTION:

This month we focus on the proposed Reed forestry development for Northwestern Ontario. The plan was secretly negotiated for two and a half years and now that it is public both the government and Reed are refusing to make public their studies of the area. Rather, they are promoting the project as an economic boom for the region even though studies and civil servant reports indicate that neither Reed or the Government are capable of managing the forests they have cut now. This is a development issue which reveals how the Davis government and the Reed multi-national ignore major environmental, native land claim and public participation questions.

REEDS GREED

Premier William Davis named Ontario Supreme Court Justice P. Hartt to chair a special environmental hearing into the Reed project. Hearings begin next summer. Davis, bowed to criticism of a "memorandum of understanding" signed between the government and Reed Paper Ltd. (TS 14/12/76 pA6)

The memorandum of understanding would give Reed, a British multi-national corporation, a 21-year licence to cut timber in Northwestern Ontario on 18,933 square miles of virgin forest, an area the size of New Brunswick. Reed

now has timber rights to 6,873 square miles in Ontario. (GM 29/10/76 p1)

A report prepared for Reed by Acres Ltd. recommends that Reed construct its 1,200 ton per day plup mill on the Wenesaga River, four miles northeast of Ear Falls. The report, prepared at a cost of \$ 400,000.00 says the mill will not exceed provincial pollution standards. The firm did not discuss the project with any native community leaders. (TS 14/12/76 pA6)

The municipal councils of both Ear Falls and Red Lake presented resolutions supporting the proposed development and condemned any opposition. Industrial development must come to the area to save the communities from economic ruin they argued. (GM 3/12/76 p8)

A W5 program on CTV reported Ear Falls was granted \$4 million by the Ontario government to enlarge its water and sewage system and prepare a subdivision in preparation for the Reed arrival. (WFP 3/10/76 p7)

A memo by A. Appleby, a senior planner in the Ministry of the Environment says that the government has a draft environmental assessment of the Reed project. Appleby says "the document is exactly what is needed for public information and should form the basis of a public participation program". The memo was written after Leo Bernier, the minister of natural resources had said no assessment of the area had been made and his deputy minister, K. Reynolds, had rejected demands by Cree and Ojibway Indians for a public inquiry into the proposal. (TS 25/10/76 pA3; GM 19/10/76 p5)

Davis stresses the economic boom and 5,000 jobs the scheme would bring. It might also bring votes to Tories from an area now monopolized by the NDP. NDP leader Stephen Lewis pledged his party's support in stopping the development. He argues that the government has "surrendered the entire resource base" in Ontario with poor forestry and mining policies. He said the proposal should not proceed until the province proves itself capable of managing forests already under development. "If we don't look at forest management we won't have pulp to supply the mills. This situation has already hit Reed's pulp operations in Dryden where additional tracts of land have been stripped to supply mills", he said. (GM 29/10/76 p1; OC 12/11/76 p6)

Indian Affairs Minister Warren Allmand said the federal government has no jurisdiction over the transfer between Ontario and Reed. He promised the Indians 100% backing and money for any legal action if the Reed plan infringes upon their rights. (OC 1/11/76 p6)

A one year study done for the provincial ministry of natural resources by K. Armsom, a forestry professor at the University of Toronto says the government should discontinue granting timber-cutting licences for large forest tracts. In 1973, seven large companies had licences to cut 72.9% of total forested area under licence in Ontario. Such licenced areas are not justified in view of the limited success of forest regeneration, he said. The study shows Ontario's inventory of available forest as being 15 to 20 years out of date because a third of the area out each year is not being regrown. An amendment to the Crown Timber Act in 1962 made forest regeneration entirely the government's responsibility. (TS 6/11/76 pB2)

J. Cary, management forester for a 965,000 acre area, who oversees Reed timber tracts in Dryden says the Ministry is achieving less than half of its annual reforestation objectives. He said Reed is engaging in uncontrolled cutting. He added that their methods are not part of any forest management system that he knows of. (GM 25/10/76 p1)

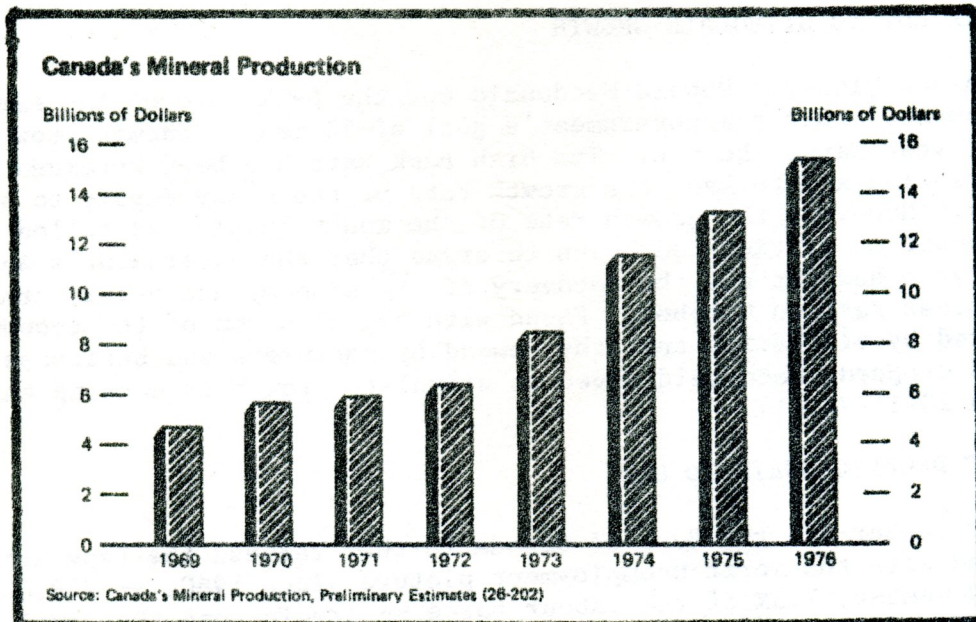
Ten charges have been laid against Reed's Dryden mill under the Environmental Protection Act because the company is in arrears in respect to its existing control order. An Environment Ministry report shows Reed as doubling the amount of organic waste dumped daily between 1970-75. The mercury its plant was depositing into the English-Wabigoon River led to a ban on commercial fishing, economic and social havoc and symptoms of Minamata disease among the Indians. (MS 30/11/76 p6)

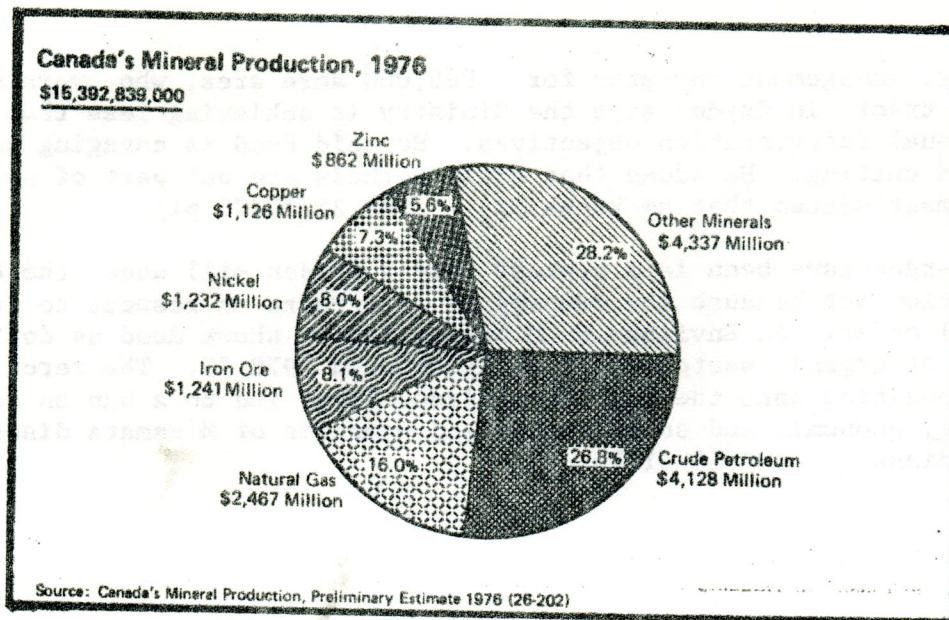
INTRODUCTION:

MINERAL PRODUCTION, 1976

Preliminary estimates show Canada's 1976 mineral production was valued at a record \$15.39 billion, up 15.4% from \$13.34 billion in 1975.

The fuels sector provided the largest component value at almost \$8.0 billion in 1976 while metals were valued at \$5.2 billion, non-metals amounted to \$1.1 billion and structural materials accounted for \$1.0 billion.





TERTIARY FINANCE

BANK RATE LOWERED TO 9 PERCENT

The Bank Rate was lowered to 9% on November 22. The rate had been 9½% a record high. The Bank Rate is the interest charged on loans by the Bank of Canada to the chartered banks. The Bank Rate regulates the growth of the money supply since it affects the amount of lending the chartered banks will undertake. The rate had been maintained at a high level in order to restrict the growth of the money supply as part of the Federal Anti-Inflation Programme. (HCH 20/11/76 p2)

RATE CUT TO STIMULATE GROWTH

Finance Minister Donald Macdonald cut the Bank Rate on the same day that he announced that the government's goal of 5% real economic growth in this fiscal year cannot be met. The high Bank Rate had been retained to discourage borrowing and to keep the growth rate of the money supply to between 8 and 12%. However, the growth rate of the money supply had fallen to below 8%. Opposition critics had begun to argue that the government's Anti-Inflation Program had cut off the recovery of the economy and helped create a 7.6% jobless rate in October. Faced with the slowdown of the economy, and assured by statistics that the demand by consumers and businesses for credit had dropped, Macdonald moved to stimulate growth by cutting the Bank Rate. (EJ 20/11/76 p1)

RATE DROPPED AGAIN TO 8½%

On December 22, the Bank of Canada further reduced the Bank Rate to 8½%. Faced with the worst unemployment picture since 1960, -- 708,000 out of work in November, 7.3% of the labour force -- predictions that real economic growth in 1977 will be only 3%, and with declining activity in the housing industry Finance Minister Macdonald had to stimulate production and employment. However, he stressed that inflation remains the "number one enemy".

WORKERS, PEOPLE, OPPRESSED

GENERAL

EMPLOYMENT

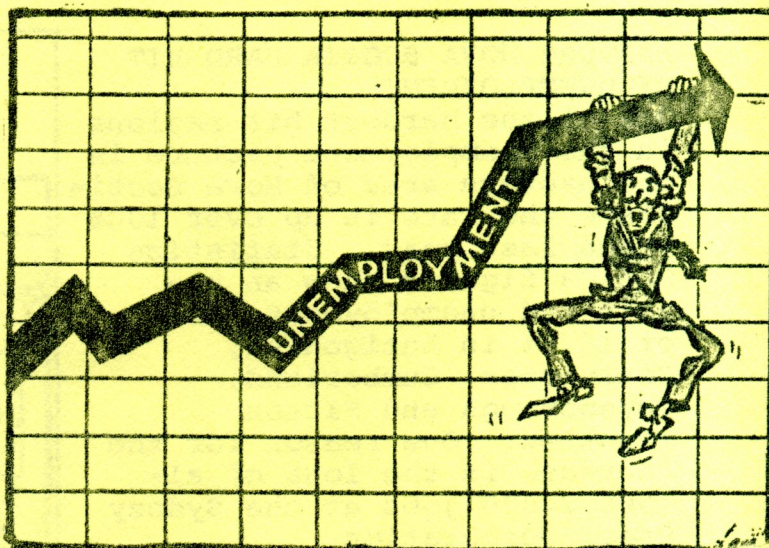
UNEMPLOYMENT RATE AT 7.3% FOR NOVEMBER

Canada's seasonally adjusted unemployment rate was 7.3% in November, down from a 7.6% rate in October. The November total means that 754,000 Canadians were officially out of work. It is the eighth consecutive month that the jobless rate has been over 7%. Despite the persistently high

unemployment rates Finance Minister Macdonald continues to insist that the chief economic priority of the federal government was fighting inflation. In last May's budget the government set a target of 250,000 new jobs to be created this year. But in the last 12 months employment totals have only grown by 121,000.

Unemployment rates for the provinces were: Newfoundland: 14.8%, Prince Edward Island: 10.1%, Nova Scotia: 11.2%, New Brunswick: 9.8%, Quebec: 9.8%, Ontario: 6.1%, Manitoba: 4.6%, Saskatchewan: 3.4%, Alberta: 3.5%, British Columbia: 7.3%.

(EJ 8/12/76 p87; GM 8/12/76 pB7; HCH 8/12/76 p28.



HELP WANTED

JOB VACANCIES ON THE DECLINE

During the three month period ending November 30, the number of job vacancies declined by 19.5%. In this period for every 1,000 existing jobs there were six vacant ones. The national total of job vacancies was 49,800. GM 21/12/76 p B6.

CORPORATE JOB CREATION FALLING SHORT OF THE MARK

Under the federal Regional Development Incentives Act, companies receive Department of Regional Economic Expansion payments for the creation of jobs in high unemployment areas. According to an assistant deputy minister of DREE, the actual number of jobs created by companies receiving payments is falling a full 10% short of the estimations made for their receipt of federal funds. GM 1/12/76 pB2.

GLOOMY FORECAST FOR UNEMPLOYMENT

The Conference Board in Canada, a private economic forecasting agency (and subsidiary of the American Conference Board), forecasts an unemployment rate averaging 8% next year. The report from the Conference Board comes in contradiction to that of the Economic Council of Canada which predicted that full employment could be achieved if the federal government stimulates capital spending. The latter body, however, is a mechanism of the government itself and it is generally believed that the Conference Board's

forecast is much more in line with the continuing high levels of unemployment in other western nations -- including a more than 8% figure in the United States predicted for 1977. TS 21/12/76 pB4 ed

GM 22/12/76 pB1.

CULLEN TO CUT UNEMPLOYMENT RECIPIENTS BY 50,000

Manpower Minister Bud Cullen introduced a bill in the House of Commons which would cut about 50,000 claimants off unemployment insurance benefits. The proposal would require claimants to work 12 weeks out of every 52 before they qualify for benefits. The idea was immediately criticized by NDP MP Andy Hogan who said it would have a devastating impact in areas of high unemployment. Cullen responded by saying that savings resulting from tougher UIC regulations will be directed into job-creation projects for economically-depressed areas. EJ 10/12/76 pl GM 10/12/76 p8.

EASTERN NOVA SCOTIA HARD HIT BY UNEMPLOYMENT

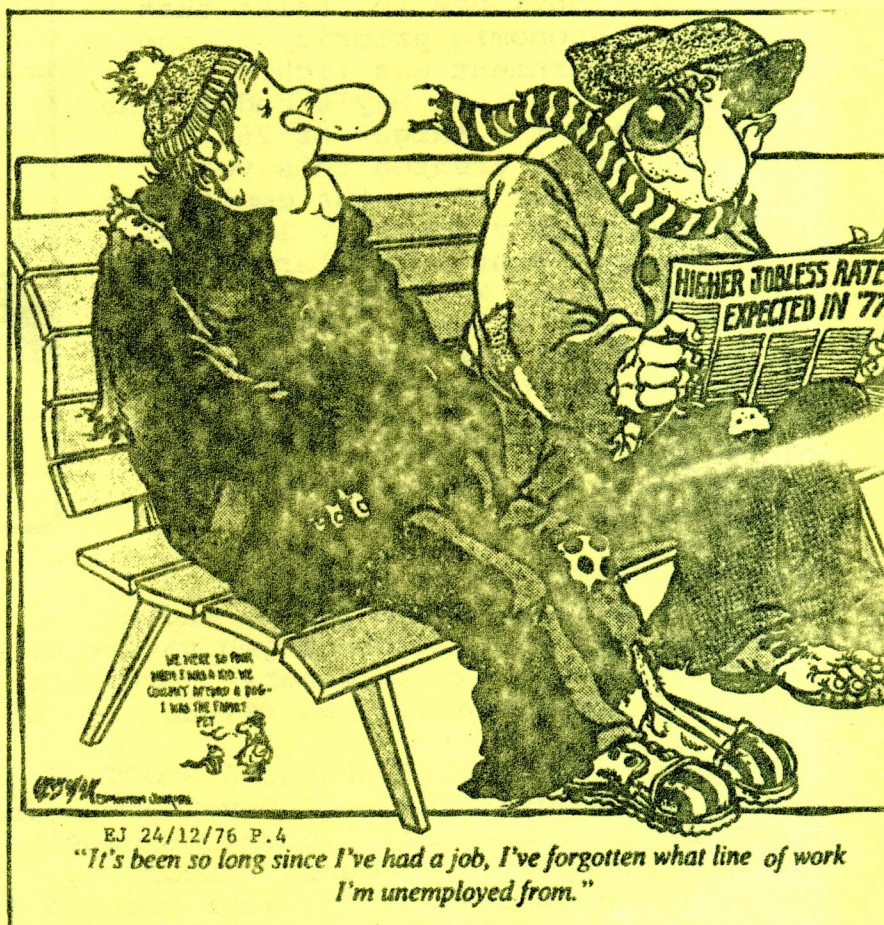
One of the hardest hit regions in the unemployment picture is the eastern area of Nova Scotia where the rate is up over 100% since last year. Statistics Canada figures show an unadjusted unemployment rate of 15.9% in Antigonish, Colchester, Cumberland, Guysborough and Pictou counties. One reason for the increase is the loss of almost 2,000 jobs at the Sydney Steel Corporation.

HCH 9/12/76 p25 GM 8/12/76 pB2

QUEBEC TO INCREASE MINIMUM WAGE

The new Parti Quebecois government announced that it will increase the province's minimum wage from \$2.87 an hour to \$3 beginning January 1, 1977. About 300,000 workers will be affected.

EJ 9/12/76 p71.



AIB RULES 3,846 WAGE PACTS EXCESSIVE

Up to November 19, the Anti-inflation Board had ruled on 3,864 pay agreements which called for increases above the AIB guidelines. Proposed increases in these agreements averaged 13.7% and the AIB recommended they be reduced to 11.4% on average. 861,560 were affected by these rollbacks. But of all number of collective agreements sent to the AIB for ratification, about 25,000 in total, about 60% of the proposed increases were at or below the federal guidelines. TS 14/12/76 pC8.

MISCHIEVOUS WORKER CHARGED

In the days immediately following the October 14th national Day of Protest, organized by the CLC, the Canadian press and media gave sensational attention to the case of a Port Colbourne man who said he was seriously burned and set on fire by fellow workers because he worked on the protest day. Now he has been charged with public mischief - an offense usually applied for making misleading or false statements - while a police investigation into the matter continues. GM 23/12/76 p1.

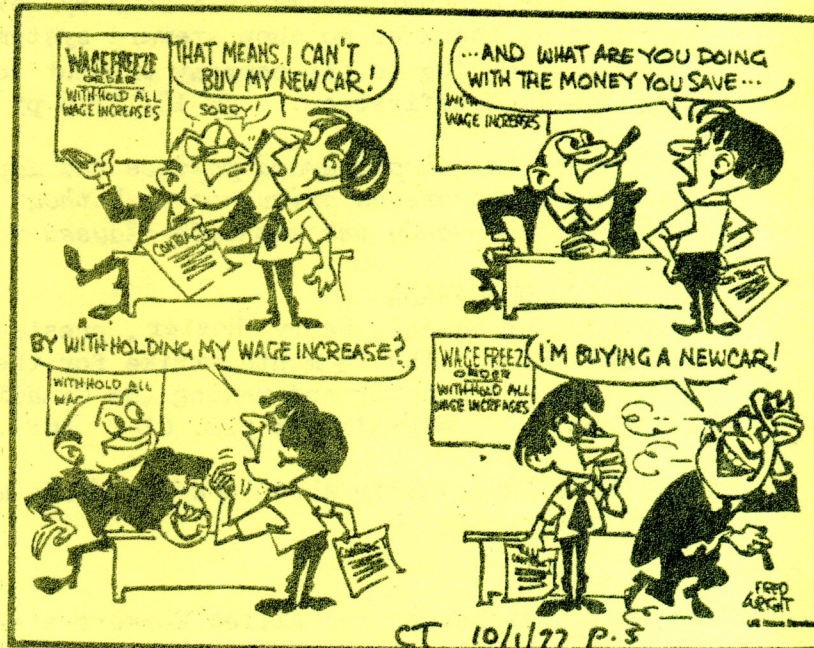
LABOUR STRUGGLES

INTRODUCTION

It seems quite clear from the newspaper coverage that the AIB is working in just the way it was supposed to (as opposed to its announced purpose). The AIB has destroyed the right to strike by destroying the possibility of a successful strike. Few workers are striking. They gratefully (or unwillingly) settle for what they can get from the company and hope the board will agree. Accompanying this trend appears to be an up-swing in management recalcitrance and attacks on workers. The coverage in the News Synthesis reflects the press coverage of a changing labour movement.

THE POST OFFICE (continued from last month)

When we left the apparently endless saga of the Post Office and CUPW last month Hall had been named mediator in the latest version of the argument over technological change. Hall met with Post Office and union officials throughout November. By early December he threw up his hands in despair and retreated to B.C., claiming this to be the most complex mediation he had ever been involved in. The Post Office and CUPW held a series of talks during December and the union stayed off a potential (and justifiable) Christmas strike. (The contract signed one year ago has netted 5,000 grievances, most dealing with technological change.) By the end of December neither side had changed its position - so be on the lookout for more struggles in the Post Office. HCH 1/12/76 p38 (CP), GM 7/12/76 p8 (CP) GM 17/12/76 p9 (CP).



TIMMINS SHUT-DOWN

CUPE locals in this northern Ontario town have been on strike over wages and working conditions. Bus service, garbage collection and snow removal have been halted. Heavy snows have made the streets treacherous and school buses have been stopped. Negotiations have been complicated by a change of personnel in the local government which is not invested till January. Apparently a "lame-duck" government can't (won't) negotiate. GM 16/12/76 p8.

WOE TO THOSE WHO INTERFERE WITH THE FREE PRESS (MANAGEMENT)

The decision of the Speaker of the House to refuse to allow press gallery status to reporters who were scabbing in the C.P.-Wire Guild dispute has had ramifications. The Globe and Mail in a daring editorial decried the Speaker's ruling as political. When the Press Gallery made a similar decision the C.P. boldly called this censorship. However right will out, the house censured C.P. and scabs will find the doors closed to them (enlightened 18th century thinking).

KITIMAT - 6 MONTHS LATER

In June CASAW illegally struck the Alcan smelter in Kitimat. The wild-cat lasted 18 days and defied three back-to-work orders. Now the B.C. Labour Relations Board has ordered 30 union leaders to work 10 days without pay in order to enforce its authority that the workers defied! In addition, Alcan has laid a \$1.3 million suit against CASAW and 3 union officials - compensation for the cost of air-lifting and feeding scabs. TS 13/12/76 pC3 (Gerald Utting) GM 1/1/77 pB2.

WHY IS IT THAT LABOUR AND MANAGEMENT DON'T GET ALONG?

Workers at the National Sea Products plant in Lunenburg, N.S. returned to work after a 2-day walk-out protesting the imposition of a two toilet breaks per day regulation HCH /12/76 pC1.

The United Electrical Radio and Machine Workers (U.E.) have been trying to negotiate a contract with DeVilkiss (Can.) Ltd. of Barrie. Nine months ago the Ontario Labour Relations Board ordered the company to negotiate in good faith. The UE accepted the economic terms laid down by DeVilkiss but couldn't accept company demands that there be no shop steward system or that the union couldn't distribute material referring to the company without company permission. The workers have filed for decertification. GM 18/12/76 p5 (Wilfred List).

CNSP NOTE: The shop steward polices the day-to-day operation of a collective agreement and oversees grievances. Without stewards, a collective agreement is a dead letter - only the economic clauses would be met.

WE DID IT FOR CANADA

In a burst of candor, Harry Rosier, president of Abitibi, declared the company had suffered through the 7½ month strike for the good of Canada. Wages were simply escalating too quickly and making the Canadian industry non-competitive with the Americans. WFP 3/12/76 p20, C1-2 (CP).

CNSP NOTE: This, after Abitibi offered its workers a one year 25% wage increase before the strike.

The United Fishermen and Allied Workers are undergoing an anti-combines investigation. The union's office was raided over a year ago and thousands of documents taken. The case has finally come before the restricted trade practices commissioner. Such hearings are usually "in camera" but the union has demanded they be open for the fishermen have nothing to hide. Having stopped the first two days of the hearings by refusing to allow them to be closed (a sit-in), hearings have been indefinitely postponed. The commissioner admitted that normally unions and fishermen are exempt from the Combines Investigation Act. GM 9/12/76 p9 (CP).

CNSP NOTE: *Shades of Macarthy. The United Fishermen and Allied Workers are well-known as a long-established leftist trade union and the RCMP has had over a year to study their files.*

34 workers at Ralph Milrod Metal Products Ltd. (owned by ITT Can.Ltd.) were fired for an alleged slow-down. The Union (The International Ass'n of Metal Workers) claims it's a pure case of racism. A supervisor is quoted as saying, "I'll soon get rid of all you black niggers out here." He did.

TS 17/12/76 pA3, C1-4 (Robert Sutton).

QUEBEC LABOUR

QUEBEC LABOUR AND THE PARTI QUEBECOIS

THE NEW MINISTER OF LABOUR, JACQUES COUTURE:

Louis Laberge expressed the satisfaction felt by the Quebec Federation of Labour (FTQ) at the choice of Couture; "We believe that Mr. Couture's working class background and past work are a good sign. The new minister must without delay look seriously at the many briefs and presentations we have made to the government that until now have been ignored, e.g. health, security of work, access to unionization, and the worsening climate of labour relations in the private sector."

Norbert Rodrigue, head of the Confederation of National Trade Unions (CSN), was of a similar mind: "The work accomplished by the new labor minister as a social animator among the working class to date will allow him to be sensitive to the problems of the ordinary people: minimum wages, their rights and health and safety at work." MC 27/11/76 pA14; LD 30/11/76 p2.

HIS PLANS:

Mr. Couture plans to attack first of all, the problem of security at work and the sector of the working class that is not yet unionized. At the present time 65% of Quebec workers are not organized. He does not plan to intervene actively in work disputes, preferring to allow subordinates to do that. He will however, visit two or three factories a month in order to keep in touch with the realities working people face. He sees the asbestos workers as a priority, and will attempt to bring in legislation that will protect their health more adequately. There will be legislation to give expectant mothers up to six months paid maternity leave. The minimum salary will be raised to \$3 an hour, from the present \$2.87, a pledge of the PQ since 1974. In the hotel and restaurant sector, the minimum wage will be increased from \$2.50 to \$2.65 an hour. These increases will begin January 1st, 1977. Mr. Couture is also responsible for immigration and will attempt to encourage more francophone immigration as well as attempt to integrate non-French immigrants more effectively into the French community, by providing better social services to new immigrants and encouraging them to settle in places other than Montreal. WFP 3/12/76 p5, C5-8; MS 27/11/76 pA14; LD 3/12/76 pC4-6; LD 9/12/76 pl, C6; MS 11/12/76 pA11, C5-6.

POLICIES BY OTHER MINISTERS AND LEVESQUE TOWARDS WORKERS

ANTI-INFLATION PROGRAM

GNBP NOTE: Here the information was contradictory. Finance Minister Jacques Parizeau stated, "I believe Quebec, Canada and indeed the entire western world are going into a period where such direct controls will be prevalent for some time to come." Levesque, on the other hand, said, "The federal government should quickly liquidate the anti-inflation program of controls." TS 7/12/76 p1; GM 1/1/77 pB1.

TRICOFIL:

The first public appearance Jacques Couture made was at Tricofil, a symbol he said of the kind of industrial democracy the Parti Quebecois believes in. Industry and Commerce Minister Rodrigue Tremblay pledged the support of his ministry to the worker-controlled factory. MC 18/12/76 pA3, C3-4.

DOCKWORKERS OF MONTREAL:

Although the port of Montreal is largely regulated by federal laws, several PQ members are meeting with the dockworkers' union to draw up proposals for improving conditions at the port. They have invited the federal MPs who represent the same area to join with them. It is one of those areas that is likely to be the scene of intense negotiations when the question of independence comes up. LD2/12/76 p10, C1-4.

UNEMPLOYMENT:

Bernard Landry, minister of economic development says one of his most important priorities is unemployment and that it will continue to be a priority until the unemployment rate is lowered to 3%. As a way of creating more employment, Mr. Landry intends to orient buying by the Quebec government towards small and medium size companies. That purchasing power represents close to \$1 million annually. His department will also support the cooperative movement. LD 4/12/76 p2, C1-6.

MINERS:

The PQ government will require companies in the resource sector to contribute part of their profits to a fund which would compensate employees when resources run out. This fund would pay employees moving costs to new jobs and handle other expenses involved in layoffs when resource operations were shifted, Premier Levesque said to a congress of Steelworkers meeting at Fermont, 30 miles from the Labrador border. MS 10/12/76 pA10.

INTERNATIONAL UNIONS:

Levesque, addressing the Steelworkers convention stated; "The PQ will eventually abolish international unions in Quebec. Union funds, administration and membership should be 'fundamentally Quebecois'", he said. MC 10/12/76 pA10, C8.

REACTIONS BY BUSINESS AND LABOUR TO THE PARTI QUEBECOIS POLICIES IN THE LABOUR FIELD

The CSN is demanding an anti-scab law and measures to allow workers to join unions without months and sometimes years of waiting for court approvals. The head of the CSN cited the case of warehouse employees at Simpsons who have been trying for 13

months to form a union. The Conseil du Patronat, whose members employ 80% of the province's labour force oppose the prospect of anti-scab laws and are fearful the new minimum wage will destroy many small businesses. Although the new law gives Quebec workers parity with B.C. workers, the new Quebec minimum wage will be higher than Ontario's. LD 10/12/76 p19; EJ 10/12/76; LD 15/12/76 p9.

QUEBEC LABOUR STRUGGLE

AGREEMENT REACHED IN THE CONSTRUCTION INDUSTRY

The contract will be in effect for three years. At the last moment, the electricians agreed to drop two of their demands, bonus pay for travelling time and extra pay for not working during bad weather. The unions wanted the new pay scales to begin retroactive to October 15, while the employers wanted the new scales to begin from the day the contract is signed. The compromise was to begin the new wages scale today. The contract has yet to be submitted to the anti-inflation board because the increases are up to 30% over the first two years of the contract. Another sticky issue is the employers proposed to give increased responsibilities to day labourers at the expense of the other trades, an issue that will go to a special arbitrator. MC 6/12/76 pA3, C1-6.

The new construction contract, law 290, was signed yesterday. The contract will expire April 30, 1979. LD 23/12/76 p2, C3.

SETTLEMENT AT ALCAN

A five month strike at Alcan has ended with the independent union, The Federation des Syndicats du Secteur Aluminium, agreeing to a contract which gives them a 24% increase over a 30 month period. By January 1, 1978 their hourly base pay will be \$6.51 an hour; it is currently \$5.17. OC 30/11/76, p13, C1-6.

HOSPITAL WORKERS TO HOLD STUDY SESSIONS OVER LAYOFFS AND CUTBACKS

Members of the Social Affairs Federation of the CSN, representing 58,000 hospital workers are planning study sessions on December 15, to protest against cutbacks and budgetary restraint that have eliminated between 800 and 1300 jobs. Dissatisfaction is greatest in Montreal and in the Gaspé region. The new minister responsible for social affairs, Doctor Denis Lazure, has stated that he will keep within the budgetary restraints imposed by his predecessor but will not engage in wholesale layoffs. He plans to cut staff by simply not hiring people to replace those who resign. The union charges that with a turnover rate of 20-25% this policy is in effect allowing massive layoffs. LD 8/12/76 p2, C1-8; LD 11/12/76 p10.

Some 38,000 workers, or 2/3 of the Social Affairs Federation turned out to study sessions across the province yesterday. In Montreal alone, 15,000 participated. A special council will be held January 19-21 to study the situation more fully and to decide on further measures of pressuring the government. LD 16/12/76 p7, C1-3.

CNSP NOTE: This story was hardly covered at all in the English press which concentrated on the 'honeymoon' between the Parti Quebecois and the unions.

WORKING CONDITIONS

DISEASED MINERS NOT ELIGIBLE FOR BENEFITS

The Quebec Court of Appeal has ruled that miners suffering from asbestosis are not eligible for workmen's compensation disability payments if they voluntarily resign their jobs.

The Appeal Court's decision reverses a previous ruling made last April by Justice Maurice Jacques of Quebec Superior Court who had decided that 8 former workers at the Asbestos Corp. Ltd. and one former employee of Carey Canadian Ltd. were eligible for compensation after resigning their jobs because they were afflicted with the industrial disease asbestosis.

Meanwhile, the Confederation of National Trade Unions (CNTU) which represents most mining workers, has asked the provincial government to force the mining companies into reducing the high concentration of asbestos fibres in their mines by temporarily closing down the plants and paying the workers in full for the duration of the clean-up operations.

MS 10/12/76 pA3.

NATIVE PEOPLES

NWT CAVEAT REFUSED

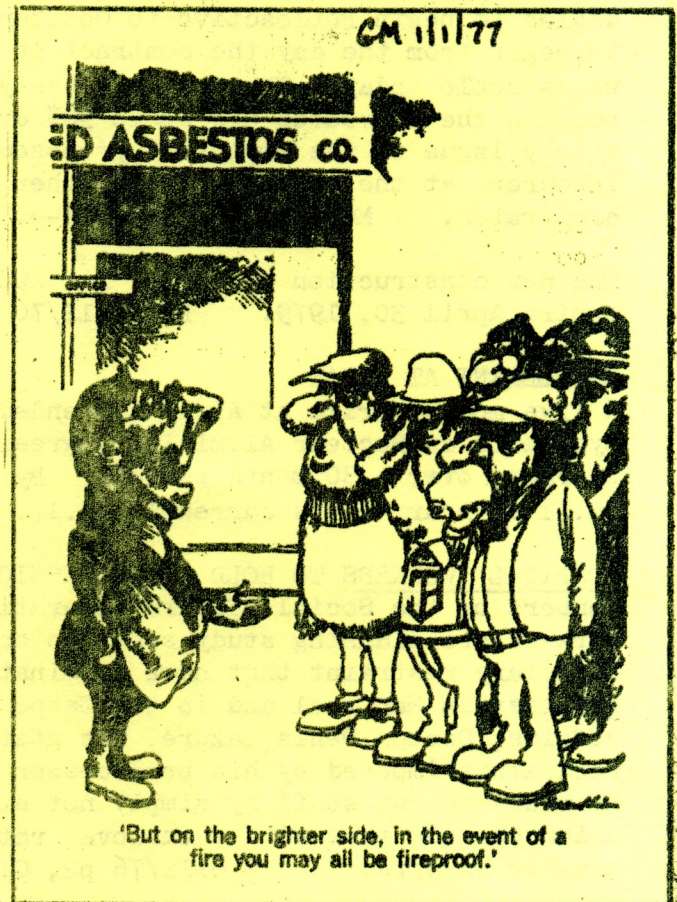
The Supreme Court of Canada has ruled that the Indians of the Northwest Territories cannot file a caveat to 450,000 square miles of land in the Mackenzie Valley. A caveat is a declaration of prior interest in the land, and if granted would have prevented any transfer of land without permission of the Dene.

Permission to file the caveat was given in 1973 by Mr. Justice William Monroe of the Supreme Court of the Northwest Territories who ruled that the Indians had an interest in the lands through aboriginal rights. This decision was reversed later the the NWT Court of Appeal who said that a caveat cannot be filed on unpatented Crown land.

The Supreme Court of Canada ruling was also based on a technical point and in no way damages the Indians' claim to the land through aboriginal rights.

GM 21/12/76 pC8 (CP).

NOTE: The ruling by the Supreme Court of Canada indicates that the land claims issue is of a political nature rather than judicial and cannot be resolved in court.



MERCURY POISONING

ONTARIO

Dangerously high levels of toxic Mercury are still being found in bloodstreams of Indians living on the English-Wabigoon, federal testing has revealed. The normal human range of toxic mercury in the blood is zero to 20 ppb. The Health Department considers levels higher than 100 a health risk while the National Indian Brotherhood which has a substantial mercury research program, says prolonged levels above 50 are dangerous and levels above 100 are critical. Tests in October revealed that on Grassy Narrows Reserve five people of seven tested had blood-mercury levels between 100 and 209 ppb. and at Whitedog, all four people tested had levels above 80 ppd with two above 100. Recent tests showed 55% of 10 people tested at Grassy Meadows had levels above 20 ppb with 3 people above 100. At Whitedog, 90 people were tested and 7 were above 20 ppb, one was over 100. WFP 22/12/76 p4, C4-8. (CP)

ARCTIC:

High levels of mercury have been discovered in the blood streams of residents of the Baffin Island community, Arctic Bay. Of five people tested, two had levels above 50, one 60-69 and one between 90 and 99. An official of the Indian Brotherhood expressed concern over a possible accumulation of mercury and other pollutants in the Arctic. He called for serious research into this by the Health Department. OC 4/12/76 p29, C1-5 (CP).

PELTIER EXTRADITED

Leonard Peltier of the American Indian Movement has been ordered extradited to the United States despite many appeals on his behalf. Peltier, from South Dakota's Pine Ridge Reservation, is wanted in connection with the killing of two FBI agents there. He was arrested in Alberta last February on an FBI fugitive warrant. His lawyers

have been fighting since to block an extradition order issued by the B.C. Supreme Court. by claiming status as a political refugee. Peltier believes that he would not receive a fair trial in the U.S. and that in fact his life may be in danger.

Justice Minister Ron Basford announced that he has extradition papers because he has concluded that charges against the AIM leader are not politically inspired. He also said that there is no evidence that Peltier will be denied his rights as a U.S. citizen.

Amnesty International have spoken in support of political asylum for Peltier, and have also condemned Canada's treatment of him. He has been kept in solitary confinement since his arrest last February.

Further support for Peltier has come from the U.S. Civil Rights Commission who sent two officials to Ottawa to plead on his behalf.

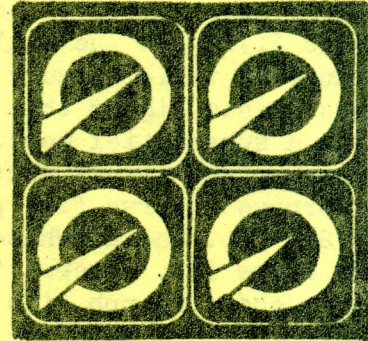
The president of the National Indian Brotherhood, Noel Starblanket, has asked the National Congress of American Indians to monitor the Peltier proceedings in the U.S. and to report any mistreatment or unfairness.

TS 11/12/76 pB5, C4-7 OC 18/12/76 p18, C1-2 (CP), EJ 20/12/76 p8, C-7-8 (CP).

PROVINCIAL

Introduction:

We concentrate this month on details of the financial and employment situation the Parti Quebecois inherits. The first indications of the new government's economic policies are synthesized. For it's labour policies, see QUEBEC LABOUR.



QUEBEC'S DEBT

Morgan Guaranty Trust said borrowing by Quebec this year has totalled \$2.3 billion, representing more than one quarter of gross borrowing by Canadian sources. (EJ 30,11,76 p90)

In 1976 Quebec was the single largest Canadian borrower, with about \$1.4 billion in U.S. financing. Canada was the single biggest international borrower, \$9.1 billion on the U.S. and Eurocurrency markets, 16% of the total borrowed this year. ***
(FP 1,1,77 pl)

Total foreign borrowing, cumulative, by the province of Quebec and Hydro Quebec stands at about \$6.5 billion with 85% of it coming from the U.S. Most of that is held by large pension plans and insurance companies such as the Prudential Insurance Company of America and Metropolitan Life Insurance Company. Quebec bonds have traditionally been big sellers in the U.S. because interest yields were about 2% more than U.S. corporate bonds. The major underwriters of Quebec bond issues are First Boston Corporation, Solomon Brothers, Merrill Lynch, and Bache-Halsey Stuart.
(MS 14,12,76 pl c1-6)

In 1976 Quebec's revenue is expected to be \$9.3 billion and its expenditures \$10.25 billion. The Caisse de Depot has bought \$500 million of debt issues of the province and of Hydro Quebec so far this year and may buy an additional \$125 million of the debt in the period to March 31, 1977. (GM 17,12,76 pB5)

Guy Tardif, municipal affairs minister, said that forcing Montreal to pay \$214 million of the Olympic debt was urgently needed to maintain Montreal's A credit rating on Wall Street. Former finance minister Raymond Garneau charged that the government was susceptible to string pulling from New York. (TS 28,12,76 pA1 c3-5)

***The discrepancy in figures can probably be explained by the fact that the second figure reports only the Quebec government's borrowing and not borrowing by Hydro Quebec.

IS BUSINESS LEAVING QUEBEC?

In the year prior to the election of the Parti Quebecois, 60 head offices left Quebec while 37 entered. 44 of the 60 which left, settled in Ontario. There were no giants among the companies which moved their headquarters. The figures are for federally registered companies. There are about 34,000 of them in Canada of which 17,853 have headquarters in Quebec. (FTC nd, 12,76 p17)

One of the largest textile mills to close down is Associated Textiles Ltd. once a major in the field. Levesque reported that at a private meeting December 6, at the Mount Royal Club, sponsored by Wood Gundy Ltd, businessmen said their first concern was for good public administration and improved productivity for the province. But in the quiet of the boardrooms and in the offices of corporate lawyers, much of the talk is of contingency plans against the possibility of Quebec becoming a separate state. Firms can't decamp openly with the bricks and mortar of their plants and buildings. But head offices are considering a shift. This shift will be undertaken gradually. Possibly the marketing department will go first (on grounds that the bulk of the business is done outside of Quebec or decentralization. Next may be accounting. Until very little but a Quebec branch remains. This isn't a new idea for many companies. Cominico, IAC, and CAE are three of the better known ones who have moved head offices out of Quebec. Furthermore a number of companies that haven't moved hold some securities outside the province. Sun Life Assurance and CP are examples. Some of their securities orders are marked "pay and deliver in Toronto". Royal Trust Company has set up a structure that could enable it to switch out of the province relatively simply. A year ago, Royal Trust set up a Royal Trust Co Ltd. as a federally incorporated privately owned holding company. It also set up Royal Trust Corp of Canada with headquarters in Calgary as a subsidiary of Trustco to serve western Canada. It changed the name of its subsidiary, United Trust Co. to Royal Trust Co. (Ontario). The holding company is the owner of "other Royal Trust subsidiaries in Canada and abroad" according to Royal. It would seem to be a relatively simple matter to make a share exchange between Royal Trust Co. and Trustco, if the company wished to do so and put the non Quebec operations of the company under federal jurisdiction.

(FP 25,12,76 p1 Amy Bookh)

Claude Bennett, Ontario minister of Industry and Tourism, said his department is getting an increase in requests for information on relocating in Ontario, especially companies in the textile industry.

(WFP 21,12,76 p6 c6-7)

An executive of a resource based industry said we're concerned Levesque will want to nationalize the resource based industry over the next few years. Or he may just tax us out of existence. We'll continue to operate but any expansion will be held in abeyance. An executive with one of the Big Three auto companies said: "Governments don't make all that much difference. We adapt to the local scene."

Another big Canadian company doing business in the province said: "We're not all shook up. We could do business in Red Square as long as we know the rules." The company was Atco Ltd of Calgary which has housing and construction work in Quebec.

A forest industry official (his company is reorganizing in case separation comes) said "everybody is going to be a little cautious but there will be investments made in the province when the situation stabilizes.

A manufacturing executive says: "We're really afraid. We'd sell our Quebec operation if we could make a reasonable deal."

(FP 25,12,76 p1 Roger Worth)

PQ EGONOMIC POLICY

A study group headed by Intergovernmental Affairs minister Claude Morin will begin an exhaustive study of the financial and social consequences of Quebec's participation in Canadian federalism. The report will be published before a referendum is held.

(GM 25,12,76 p11)

When you look at the 50 major companies that are listed in Quebec there are five that are Quebec based, two of them are cooperatives and two of them are public corporations. That's why we emphasize the public sector and the coop sector. We also have to take as good care as we can of our own small and medium sized enterprises because they're the biggest job suppliers. (GM 1,1,77 pB5 Levesque interview)

Rodrique Tremblay, minister of Industry and Commerce said he will try to stimulate investment to reduce unemployment. "Any project that has a high employment input will be pushed very quickly." The government will try to mobilize Quebec savings for investment. But we cannot supply enough capital ourselves, we have to do it with the rest of North America, especially the U.S. said Tremblay.

(HCH 29,11,76 p3 c2-6; MS 10,12,76 pA10)

CNSP NOTE: According to Le Devoir, Le Jour is likely to re-emerge as a weekly newspaper in the new year.

THE QUEBEC LIBERALS

The executive council of the Quebec Liberal party has decided to delay for one year the choosing of a leader to replace former premier Robert Bourassa. The leadership pickings within the caucus seem slim. Party sources deny rumours that a federal personality (such as Ouellet) would be called on to lead the provincial party. "That's all we'd need, to appear that we were being run from Ottawa at a time when a nationalist image is needed.

q (TS 24,12,76 pA10 cl-5)

OPINION

A poll conducted for CTV television, on December 5th and 6th asked "Do you think Quebec should be kept in Confederation by force of arms if necessary?" 82% of those questioned answered no. (EJ 14,12,76 p41)

THE COURTS

The federal Law Reform Commission published a 31 page report stating plans for the next five years, including an inquiry into the laws relating to life and death. The reports propose simplified rules of evidence, greater restraint in criminal law, new directions in sentencing and a better deal for the mentally disordered, and more equal treatment of spouses in matrimonial disputes. Working lawyers were never asked for contributions to the report. Arthur Whealy, president of the Ontario Criminal Lawyers Association says the report is academic, philosophical and ignores the reality of the court system, doing little to improve equality of justice in Canada. (TS 19,12,76 pl)

THE PRISONSEARLY FINDINGS OF THE COMMONS SUBCOMMITTEE

As the Commons subcommittee investigating prison violence travels through the eastern provinces, it has generally found that guards favour repression while prisoners urge more communication. (EJ 10,12,76 p76)

Chairman of the subcommittee, Mark MacGuigan, says that prison guards often take the positions they do because they feel excluded from decision making. MacGuigan says that the cost of using better trained, better paid guards would not be spectacular but it would remove several problems as long as guards were part of the decision making process. Unlike the union representing the Canadian penitentiary services which believes in the concept of

super maximum security institutions, the subcommittee does not believe these answer the problems of the penitentiary.

(MS 9,12,76 pA3; HCH 10,11,76 p24)

The executive secretary of the union says that body has boycotted national and regional consultations and launched a campaign to overcome incompetent management and overcrowding in Canadian prisons. The union feels management runs the prison for the inmates, not the staff. He says prisoners should be properly classified and prison directors should be given authority to run institutions. A series of meetings with union members across Canada has brought up the possibility of a strike. (HCH 10,11,76 p24)

In the past month the prison guard union has also been trying to make changes to enable the guards to retire after 25 years of service rather than the required 35. Also, the union wants the retirement pension to be 50% of the average salary of their best 6 years. (EJ 14,12,76 p15)

PRISONERS

Since the September 27 riot at Laval Institute most of the 339 prisoners are in their cells 23 hours a day, don't have radios, and get no visitors. Trades training consists of sewing mail bags and making brooms. (EJ 10,12,76 p75)

Inflation has hit federal prison life as the prices of canteen goods soar while prisoners' wages remain at \$1 a day. Soap, toothpaste, pop and cigarettes have become luxury items for many prisoners who have no form of outside funding. Penitentiaries Commissioner, Andre Therien announced an interim 20% increase in wages until a system tying prison wages to costs can be worked out. (WFP 1,12,76 p23)

As a solution to unrest in the Canadian prisons, John Reynolds (Burnaby-Delta Richmond PC member) proposed that special army units be trained to blitz troubled prisons, such as the ones used at Attica State in September 1971. (EJ 7,12,76 p17)

SECRET SERVICE--INTERNATIONAL

CIA CRITIC TO BE EXPELLED

A debate has broken in Britain over the deportation orders against two American citizens issued by Britain. The two men are Philip Agee, and a London Evening Standard reporter Mark Rosenball. Questions of security were raised in both cases, but the British government supplied no evidence or charges to either man. The men have no redress in court. If there are real reasons for their deportation they are not being stated. Mr Agee is hated by the world intelligence community for having published CIA names, and

is working on a new book. He was recently married to a Brazilian Communist party member wanted by Brazil for questioning. Mr. Rosenball knows Mr. Agee and is active among radical journalists seeking to expose international intelligence agencies, and has been working to expose the connections between British political scandals and the work of the South African bureau of state security.
(MS 29,11,76 pA9 c1-4)

SECURITY AND THE SECRET SERVICE IN QUEBEC

The Parti Quebecois will reduce substantially funds to provide security for government officials. Liberals spent \$643,000 in 1975 for the security of government officials and additional \$400,000 for guards for Bourassa, Gerard Levesque and Choquette. There were additional funds for private security agencies to guard the cabinet.
(EJ 1,12,76 p65)

QUEBECKERS RIGHTS IN PERIL

Lawyers, civil libertarians and others feel the PQ must dismantle much of the Liberal government's legislation that seriously threatens the rights of Quebeckers. Examples include:
--proposed police inquiry legislation, Bill 41 which would have given police exceptionally harsh powers to investigate "organized crime, terrorism and subversion" although subversion is a highly ambiguous term.
--recent social affairs act regulations have the minister completely unfettered to compile highly personal data banks on hundreds of thousands of Quebeckers with confidentiality not guaranteed.
increasing power of boards, tribunals and other quasi-judicial bodies, many of whom have been given the "emergency" power to enter and search businesses and even homes without a court warrant.
police and immigration officials have been given wide power to search businesses and homes.
the secret abolition of civil juries and the use of privative clauses to prevent appeals reduce the protection a citizen has against arbitrary and unfair decisions and actions.

(MS 4,12,76 pA1 c1-6)

SECRET INTELLIGENCE SERVICE FILES DESTROYED

The PQ will order the destruction of any information concerning individuals' professional or private lives collected by the Centre for Analysis and Documentation (CAD). Since its establishment in 1971, CAD had amassed files on 30,000 individuals and 6-7000 groups and employed 20 researchers. Its' director was Antoni J. Scotti, an ex-Canadian army colonel and RCMP officer.

(MS 16,12,76 pA12 c1-5; WFP 23,12,76 p1)

HEALTH

WHAT ARE ADMINISTRATORS OF HOSPITALS SAYING ABOUT HEALTH CARE AND COSTS?

Budgetary restraint is here to stay. The cost of hospital labour is 80% of total health care costs. Public sector wage settlements in 1975 were higher than private sector settlements. Health, education and welfare topped the list of government expenditures. Now attention will be directed to working conditions, job responsibilities. Therefore management should look for greater productivity from the work force. Canada's health care problems result from government decisions to introduce plans based on the principle that health care is a right. Now the control and cost is being shifted back to the individual and local government levels.
(HCH 14,9,76 p13; HCH 8,10,76 p50)

HOW CAN ONTARIO REDUCE THE DEMAND FOR HOSPITAL CARE?

A Globe and Mail editorial responded:

"by providing preventative medicine, through public health nurses and community services such as home nursing services. Local boards of health are fighting giving public health nurses parity with hospital nurses. There have been strikes and lockouts of public health nurses for months; in 29 of 44 units, nurses are working without a contract. Ontario admits that the hospital method of delivering health care is too expensive but is doing very little to improve the situation. "The closed shop" of the hospital with its board, doctors and nurses wants to hang on to its monopoly.
(GM 5,10,76 p6)

CNSP NOTE: The minister of Health for Ontario, Frank Miller, has said "hospitals are financed entirely out of public funds. It is time the public had a say in this closed shop."
(GM 29,10,76)

It is also important to note that only 2% of the health budget goes to preventative health programs.

Medical expenditure across Canada

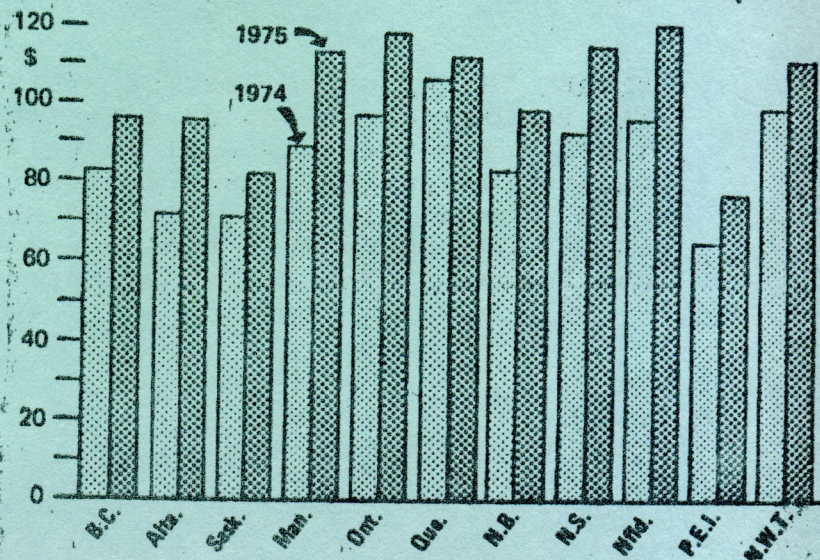
F.P. 1/1/77

	Cost of hospital care* \$ million	Medicare Costs** \$ million
Newfoundland	100	26
P.E.I.	17	6
Nova Scotia	147	56
New Brunswick	123	34
Quebec	1,235	471
Ontario	1,716	613
Manitoba	204	65
Saskatchewan	171	58
Alberta	380	125
British Columbia	487	222
Yukon	2.5	1.5
N.W.T.	8.5	2.9

Source: Health & Welfare Canada
* 1975-76, cost of in-and out-patient services in hospitals at provincial level.
** 1975-76, cost in each provincial plan of medically required services performed by licensed physicians.

Cost of keeping one patient in hospital for one day

F.P. 1/1/77



Source: Statistics Canada. Figures for 1975 are preliminary. Federal hospitals excluded.

OTTAWA WON'T FOOT MEDICAL BILL

A new cost sharing arrangement produced at the Federal provincial conference gives provinces complete responsibility for hospital care and medicare programs on April 1, 1977. Ottawa will no longer match dollar for dollar provincial expenditures on health care and post secondary education. Instead the federal government will transfer to the provinces 12.5 points of federal income tax (a tax point is worth about \$200 million), one point of corporate tax and \$2.5 billion in cash. Ontario benefits most from the transfer of tax points.

Ontario tax point: \$10 per person
 PEI tax point: \$ 4 per person
 National average: \$8.50 per person

Provinces whose taxpoints are worth less will get additional funds. to bring them to national average. Ottawa will escalate its annual contribution only according to increase in gross national expenditure. (FP 1,1,77 p5)

DOCTORS AND PUBLIC FUNDS

812 doctors have billed the Ontario Health Insurance Plan for more than \$100,000 each in 1974-5. Eleven doctors billed OHIP for more than \$1 million each in that same year. A Globe and Mail editorial December 12th, accused these doctors of spending large sums of public money. The Ontario Medical Association attempted to obtain a Supreme Court injunction forbidding the release of the names of the doctors. OHIP incompetence created 4 million more patients in Ontario than there are people. The government backed off from the straightforward division of OHIP and non-OHIP doctors, as a result, the doctors who opted out of the health plan used it to collect their basic fee. This resulted in double billings, duplication of patients entries, costing OHIP \$200,000 a year. (GM 18,12,76 p1)

CNSP NOTE: The Ontario government can no longer blame consumers for rising health costs. The published names point out one of the major contradictions in the health care system--it is in the doctors' interest to treat as many patients as possible, and to prescribe the more expensive treatment. For the public, it is in their interest to have preventative medicine.