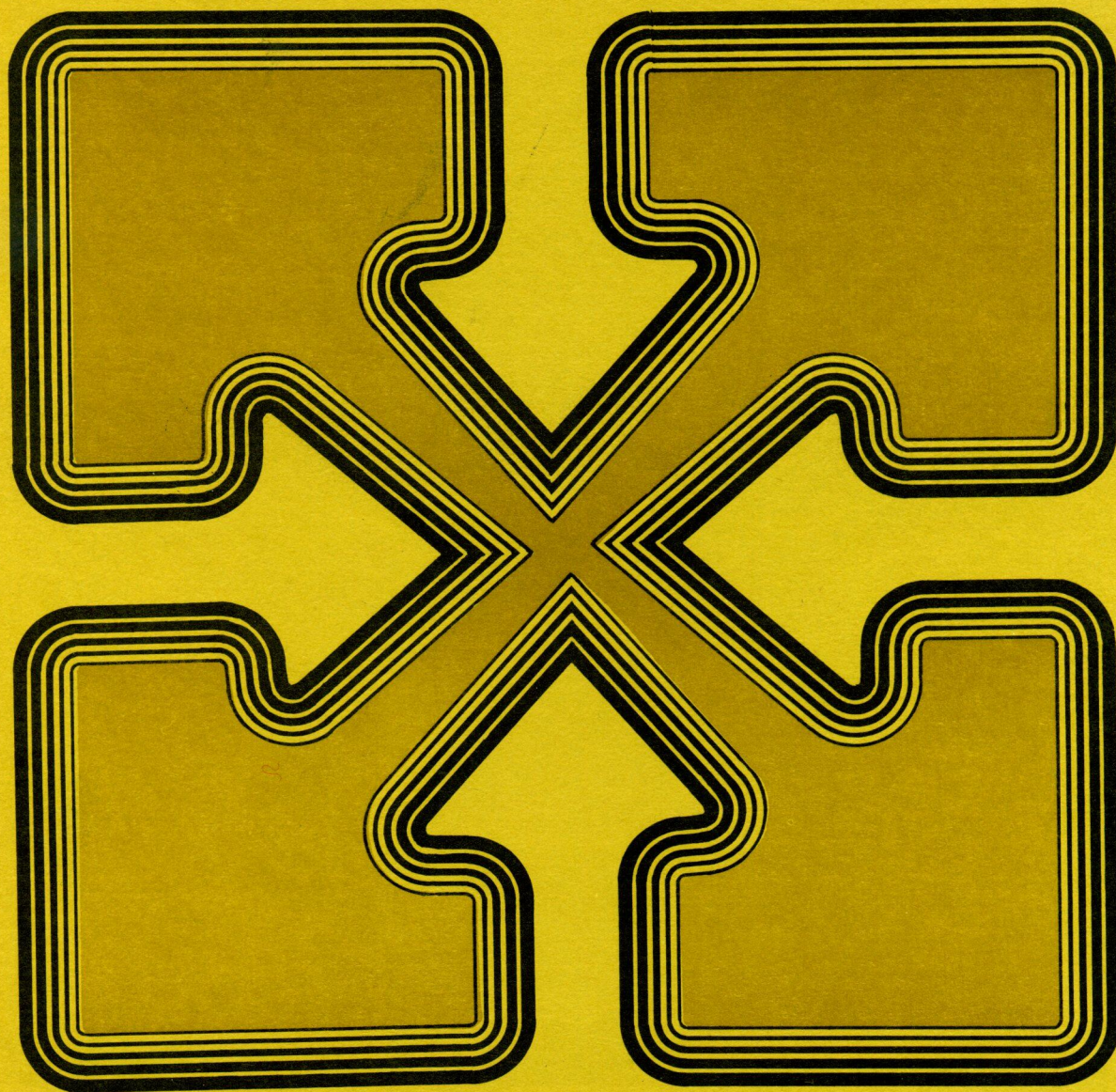


# Synthesis

A Review of Events Reported in the Canadian Press



## HIGHLIGHTS

- Oil Swap Talk p. 8
- Trade Wars p. 11
- Labour Wants Investment Board p. 17
- Family Law Reform p. 30

Vol. 5, No. 10  
December, 1977

\$1.00

# Canadian News Synthesis Project

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

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

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LS *Le Soleil*  
MS *Montreal Star*  
LD *Le Devoir*  
LJ *Le Jour*  
FTC *Financial Times of Canada*  
FP *Financial Post*  
GM *Globe and Mail*  
TS *Toronto Star*  
WFP *Winnipeg Free Press*  
EJ *Edmonton Journal*  
OC *Ottawa Citizen*

**Subscription Rates**  
\$10.00 per year for individuals; \$20.00 per year for institutions. (Add \$10.00 per year for Air Mail Service; add \$5.00 extra in Canada for First Class.) Back issues are available at \$1.00 per copy. The Canadian News Synthesis Project publishes monthly, except August.

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## HIGHLIGHTS

The push towards a continental energy policy continues. The oil companies are discovering huge deposits of natural gas in western Alberta. They want to sell the gas to the U.S. as quickly as possible. These new deposits, if used in Canada, could delay the need for the Dempster spur of the Alcan pipeline, but the oil companies want profits now from the gas a profits later from the pipeline. Another scheme calls for increased exports of crude oil to the U.S. in return for the promise the oil will be replaced later when Canada needs it. Energy Minister Gillespie is also considering building huge underground oil storage facilities for the U.S. to help reduce its dependence on Middle East imports. See page 8.

Canada has imposed a quota on imported footwear. This has prompted complaints from the U.S. and western Europe. The U.S. is trying to promote freer trade throughout the world, especially with Japan. On the other hand, the U.S. has imposed a quota on Canadian zinc. Most nations are talking out of both sides of their mouths about free trade because of unemployment. With only grim forecasts for 1978, political leaders are trying to protect jobs in vulnerable industries. On the other hand, they are trying to avoid retaliation from other nations, which would hurt exports. See pages 2 and 11.

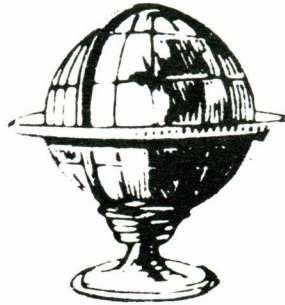
The Canadian Labour Congress has called for the creation of a National Labour Planning Board. Faced with rising unemployment and companies which move assets out of the country, labour wants the Board to direct capital to job-creating sectors, especially manufacturing. The government's approach has been to encourage belt-tightening by labour, but workers, the most directly affected by hard times, have a much better plan. See page 17.

The new Conservative government of Manitoba has suspended the Family Maintenance and Marital Property Acts passed by the former NDP government. Despite this setback, women's groups across the country are gaining wider recognition of a woman's rights within a marriage as a full partner, not a part of the husband's property. See page 30.

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# CANADA AND THE WORLD



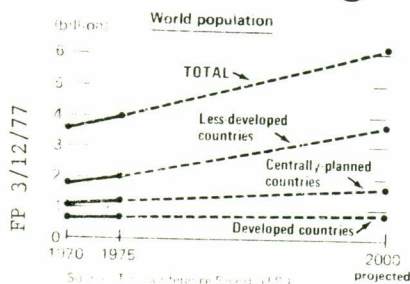
## THE GENERAL CONTEXT

**INTRODUCTION:** *While the world's population expands, the managers of the developed economies are unable to solve the internal problems of capitalism as they move towards 1978. Reduced growth, higher unemployment, particularly among youth, and monetary tensions are the new norms for this year. Meanwhile, Canadian investors are looking abroad for new ventures, hand-in-hand with the federal government. The year ended, however, with a bow to ethical considerations, and the Canadian government withdrew some of the encouragement it has offered investors and traders with South Africa.*

### GROWING TOGETHER: PEOPLE

The world's population may be as high as 6.3 billion by the year 2000. Projections from the privately-funded Conference Board (U.S.) predict that developed countries will grow by 21 per cent in population between 1975 and 2000, centrally-planned countries by 34 per cent and less developed countries by 82 per cent. Developed countries, which represented 20 per cent of the world's population in 1950, represent only 17 per cent now, and will represent only 13 per cent by 2000. Canada, the world's 31st country by population, accounts for only 0.57 per cent of the world's people.  
FP 3/12/77 P. 8

## How the world grows



### FALTERING TOGETHER: CAPITALIST ECONOMIES

With few exceptions, developed country public bodies and private experts continued to prophesy gloom for 1978. The Organization for Economic Co-operation and Development (OECD) reduced its previously announced targets, and predicted higher unemployment, continued payments deficits and rising protectionist pressures. The OECD believes that Canada must achieve a growth rate of over five per cent to prevent unemployment from rising, but predicts growth will be between 3.5 and four per cent in 1978. Reflecting on these and other prognostications, FTC columnist Peter Cook quoted the chief economist of the Bank of America, who has stated that cyclical developments are overshadowed more and more by basic social, political and attitudinal changes. "The post-World-War-II era has clearly ended. The 'new normal' is here and now." This new normal is characterized by slow growth. Trade is expanding less quickly, and attempts by the OECD to break a deadlock between the U.S. and West Germany and Japan have failed. West Germany expects its own growth to decline, and is unwilling to open up to expanded trade from the U.S. and other economies. Japan hopes to sustain its growth rate by exporting and holding the line on imports.

The U.S. has been running monthly trade deficits for 17 consecutive months, with the 1977 deficit expected to top \$27 billion, as compared with a previous high of \$6.4 billion in 1972. This means a further weakening of the dollar, turmoil on foreign exchange markets, and instability in world trade.

World investment is depressed for many reasons, including the low level of capacity-utilization in the industrialized world, particularly in export-dominated

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# CANADA AND THE WORLD

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economies. With world trade expanding slowly, and an inimical climate for investment, the burden for better growth rates falls on increased private consumption. (CNSP NOTE: *See also Economy: General in this issue.*) But governments have proposed only very modest reflationary packages, because they have difficulty borrowing larger amounts without raising inflationary expectations. GM 28/12/77 P. B2 (DJ); GM 28/12/77 P. B1 Leo Ryan; FTC Dec. 5-11/77 P. 9 Peter Cook.

The Toronto Globe and Mail attacked Japanese economic policies towards the U.S. in a major editorial (20/12/77). The U.S. expects a 1977 trade deficit of close to \$30 billion, of which \$8 billion was with Japan. Trade with Japan was a one-way street. Americans have watched while their commitment to free trade lets \$18 billion of Japanese goods into the U.S. while Japanese protectionism has kept U.S. goods out of Japan. This is stimulating protectionist sentiment in the American congress.

## YOUTH UNEMPLOYMENT HIGH

It is the youth of the developed countries who pay most directly for the stagnant situation of the capitalist economies. OECD experts met in Paris to discuss youth unemployment, which affects 40 per cent of youths between 15 and 24 years of age in the 24 member countries. At the end of June, 1977, Canada had the highest youth unemployment rate in the OECD, at 14.5 per cent. GM 13/12/77 P. B2

## PROTECTION IN KEY AREAS

Nine member governments of the European Economic Community (EEC) have taken new measures to protect their ailing steel and textile industries against competition from cheaper products elsewhere. They accepted a new system of minimum import prices for foreign steel after France threatened unilateral action. Tough new import quotas on textiles from the less developed countries were adopted. GM 21/12/77 P. B3

## WORLD MONEY MANAGERS

The rich nations are struggling with disorder in the relations of their currencies. To prevent major problems with the U.S., both Japan and West Germany took action in December to prevent their currencies from rising further against the American dollar. Japan, for instance, has spent up to \$800 million in vast purchases of dollars. GM 16/12/77 P. B1; EJ 6/12/77 P. A14, (UPI).

Meanwhile, the Trilateral Commission, an elite business-political-policy group from North America, Japan and Europe, called for new international monetary arrangements among the leading nations. Their report --Toward a Renovated International System--was prepared by Richard Cooper, as U.S. State undersecretary for foreign affairs; Karl Kaiser, director of a foreign affairs institute in Bonn; and Masataka Kosaka, law professor at Kyoto University. The Commission report

sees the International Monetary Fund (IMF) evolving into a central bank for the national central banks of the various countries. It would have the IMF's Special Drawing Rights (SDRs) become the principal reserve asset for the world's state banks. The report is the first since the Commission was founded in 1973 to take a general synthetic look at the need for a new international order to replace the post-World-War-II economic order in which the IMF was founded in 1946. GM 29/12/77 P. B7; EJ 15/12/77 P. D12 Cathy McKercher

## THE SPECIFIC AREAS

### Trade

#### FREE TRADE DISASTROUS SAYS NDP

New Democratic Party leader Ed Broadbent says more Canadian companies will go broke and thousands of workers will lose their jobs if the Canadian government introduces freer trade and lowers tariff barriers which now protect manufacturing enterprises. Broadbent was addressing the convention of the Ontario Federation of Labour. "There is every indication," he said, "the GATT negotiations will lead to decisions that will cost Canadians further thousands of jobs and break scores of Canadian companies." TS 30/11/77 P. A3.

#### TRUDEAU REPROACHES ENDERS

Prime Minister Trudeau agrees with recent statements by Agriculture Minister Eugene Whelan that the country is sick and tired of hearing the U.S. ambassador, Thomas Enders, preaching the advantages of freer trade to Canadian audiences. Mr. Whelan has been regularly attacking the ambassador for promoting free trade while his country doesn't practice it. Whelan cites the example of Canadian peaches facing a 20 per cent tariff entering the U.S. while American peaches face only a 2.5 per cent duty coming into Canada. Agricultural chemicals and machinery from the U.S. enter Canada duty-free, while Canadian chemicals are assessed a 13.5 per cent duty at the border. GM 15/12/77 P. 9; EJ 15/12/77 P. C1

#### THE NINETY-ONE-CENT DOLLAR AND THE BALANCE OF PAYMENTS

*Canada's devalued dollar will have mixed effects upon our national balance of payments ledger. In theory, the 91-cent dollar makes Canadian exports cheaper. This should, therefore, stimulate increased exports and employment for Canadians. Some of the competitive advantage, however, will simply be pocketed by Canadian resource corporations rather than boost the quantity of exports at a time of reduced world demand. (See also Synthesis, Vol. 5, #8, P. 12.) An apparent advantage of the cut-rate dollar accrues to borrowers of foreign capital. If they borrow now, they won't have to face*

# CANADA AND THE WORLD

the risk of a further currency devaluation increasing the costs of their repayments, which are made in foreign currency. This temptation to borrow abroad, however, will increase future servicing charges, boosting our current account deficit in years to come. Meanwhile, the fall of the dollar has already dramatically increased service charges presently being carried by Canada on its foreign debt. In effect, the devalued dollar's positive impact on exports is nullified by the 10 per cent increase in foreign debt payments that have to be made in Canadian dollars.

Since 20 per cent of our Gross National Product is accounted for by imports, the drop in value of our dollar will mean an additional 2.6 per cent rise in the national inflation rate.

Finally, the devalued dollar will be an incentive --but not necessarily an effective one--to Canadians to spend more of their tourist dollars at home since they will be able to buy less abroad.

In sum, the devaluing of our currency exposes the structural problems in the economy more than it affects it for the good or bad. (See: *FTC 19/12/77 P. 6*)

## U.S. MOVES AGAINST CANADIAN ZINC

The Canadian mining industry may soon be hit by another economic blow, this time courtesy of an American industry lobby. The U.S. Lead-Zinc Producers Committee is requesting the U.S. International Trade Commission to impose import quotas on foreign zinc to protest domestic production. Under the quota system, Canadian zinc exports would decline by 15 to 30 per cent in 1978. Canadian zinc mines supply over 20 per cent of U.S. needs and more than 50 per cent of its zinc imports. Canadian zinc export value in 1976 was \$218 million. Spokesmen for the Canadian industry are strongly opposed to the initiative by their American counterparts. *GM 23/12/77 P. B1; TS 20/12/77 P. B7; FP 24/12/77 P.1*

## CANADA TO RESUME URANIUM SALES TO EUROPE

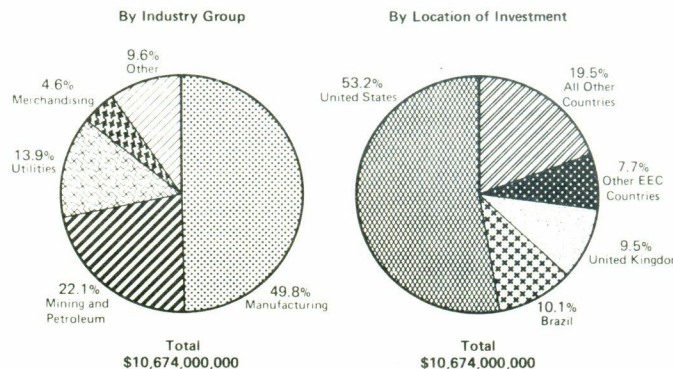
Foreign ministers of the European Economic Community have endorsed an accord drawn up with Canada for the resumption of Canadian uranium sales to the EEC in January. Canada suspended deliveries to the EEC a year ago because of concern over EEC safety standards on the use of uranium by-products. The terms of the accord call for the EEC to consult Canada about the uses of Canadian uranium and its by-products. *GM 21/12/77 P. B1*

## Investment

### LOOKING ABROAD

Canadian companies had invested \$10.67 billion overseas by the end of 1975, an increase of \$1.37 billion, or 15 per cent over 1974, according to Statistics Canada. Direct investments of \$5.6 billion in the U.S. accounted for 53 per cent of the total, up \$771 million from a year earlier. Brazil was the second

## Canadian Direct Investment Abroad, 1975



Source: Canada's International Investment Position (67-202)

largest recipient country, with \$1.07 billion of accumulated Canadian direct investment, and 90 per cent of Canadian investment in South and Central America. Investment in Britain was up by \$140 million from 1974, to \$1.02 billion. This was more than half of the \$262 million additional investment in all the EEC. Among Afro-Asian countries, Canada's investment grew by 25 per cent to \$474 million. *GM 13/12/77 P. B7; FTC 19/12/77 P. 1*

## CANADIAN INVESTMENT IN THE UNITED STATES

In 1976, Canada accounted for 10 per cent of all foreign direct investment in the United States, according to the U.S. Department of Commerce. Canada ranked behind only Britain, Japan, West Germany, Iran and Switzerland in the traceable value of these transactions. Most of the Canadian deals were through mergers and acquisitions concentrated in machinery, mining and real estate, and including such firms as Bell Canada's Northern Telecom, Inco Ltd., Canadian Development Corporation, Alcan Aluminium and Canadian Pacific Ltd. *FTC 12-18/12/77 Peter Cook*

CNSP NOTE: For news of Canadian investment in U.S. real estate, see *Construction* in this issue.

## EDC HELPS OUT IN D.R.

Canadian Superior Oil Ltd. of Calgary has received a \$25 million foreign investment guarantee from the Export Development Corporation. The project is to be located in the Dominican Republic. The Dominican government will have a joint involvement, and has recently signed similar agreements with three other oil companies from the U.S., Venezuela and the Republic itself. Canadian Superior's initial \$4 million investment is to explore one million acres in southwestern Dominican Republic. If it finds oil, it would offer it to Canadian companies with refineries in Eastern Canada, Canadian Superior says. EDC President John A. MacDonald said the project was the first to receive political risk insurance during the exploration phase. The policy costs Canadian Superior 0.6 per cent per year and covers production, investment and profit resulting from the venture. *EJ 8/12/77 p.A14; GM 8/12/77 p.B1*

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# CANADA AND THE WORLD

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## OTHER FOREIGN VENTURES

A.M. Guerin assistant deputy minister of the Department of Industry Trade and Commerce, led a delegation of government officials (including a representative of the EDC) and businessmen, to Indonesia to discuss Canadian participation in the \$1 billion Bukit Asam coal-mining project in South Sumatra. Mining, transport, port facilities, coal thermal power plant and barge construction are among possibilities. GM 7/12/77 p.B5; EJ 8/12/77 p.H14

Alcan Aluminium Ltd. will build a \$507 million alumina plant on the two-square-mile Aughinish Island in Ireland's Shannon River Estuary. It has been termed the most important economic decision in Ireland's history. The project involves partnership with a subsidiary of Royal Dutch Shell, and with Anaconda, a subsidiary of Atlantic Richfield. The Shannon Estuary is a natural deep-water port. GM 3/12/77 P. 9

## CANADIAN FOREIGN POLICY

### TAKING A STAND

Canadian External Affairs minister Donald Jamieson announced that Canada will withdraw its commercial counsellors in Johannesburg and Cape Town, South Africa, and that the Export Development Corporation will stop selling insurance and making loans for deals with South Africa. The Government will prepare a code of ethics for Canadian companies operating in South Africa. The Government will consider dropping the preferential tariffs granted to South Africa under former Commonwealth agreements.

The EDC financed no deals with South Africa in 1977. In 1976 it helped with a \$4.6 million loan for dump trucks and parts sold by General Motors of Canada, and one of \$1.5 million for aluminum rolling mill equipment sold by B & K machinery to an Alcan subsidiary in South Africa.

The company most affected will be Falconbridge Nickel Mines Ltd., which takes advantage of two taxation agreements between Canada and South Africa. Jamieson has stated he will investigate the agreement under which Falconbridge pays taxes to South Africa on its mine in Namibia, an area which South Africa illegally controls.

Canadian trade with South Africa included exports of \$98 million in 1976, of which approximately ten per cent was financed by the EDC. Imports from South Africa reached \$140. million. GM 20/12/77

*CNSP NOTE: Readers will remember hints of Canadian action in CNSP, last month, page six, and the strong demand for economic actions made in a brief presented by leading church people in November. (CNSP*

*November, p.29)*

### LIMITING THE STAND

Minister Jamieson's announcement provoked a barrage of questions about other similar situations in which Canada might apply morality in foreign policy, and a variety of side-stepping and pirouettes by government spokesmen. Lorne Nystrom (NDP Yorkton-Melville) asked whether credits to Chile should not be cut off. Trade Minister Jack Horner answered that it was not for Canada to judge on the moral commitments of another country. Quoting Canada's condemnation of Chile at the U.N., Nystrom asked whether it was not time to bring the Government's commercial policy in line with its moral statements. Mr. Horner made a distinction between moral and commercial judgments. GM 20/12/77 p.1; TS 20/12/77 p.A11

When Conservative leader Joe Clark pressed the government further, Prime Minister Trudeau refused to commit the government to cutting off backing for trade with Chile and other regimes where "terror and murder and torture" are practiced. Canada could not cut off trade with all such nations he said. TS 21/12/77 p.A1; GM 21/12/77 p.1, John King

### PRESS REACTION

Globe and Mail Ottawa correspondent Geoffrey Stevens hailed the Jamieson move as making a distinct advance from the "Speak no Evil" diplomacy of Mitchell Sharp. Jamieson has proved he is his own man, despite departmental sniping at his style, and his reported shallowness and impatience with expertise. He is also probably anticipating U.S. measures. Stevens points out that Jamieson did not set out to isolate South Africa but to increase pressure. He could have withdrawn the ambassador, either temporarily or permanently but chose not to do so. GM 21/12/77 p.6

The Globe and Mail was not so enthusiastic in its editorial treatment of the Jamieson action, fearing that a boycott was in the wings, and stating that it agreed with the Prime Minister that trade is not only good economically, but is good for international human relations. It argued against isolation from regimes with which we disapprove. The Toronto Star was more forthright in its support for the Jamieson action. The time to pressure South Africa, it stated, is now. As for Chile, and a list of Uganda, Russia, and many other potential targets, the Star was not so sure that the Jamieson policy should be broadened, it was just reassured that morality, for once, had been taken into account in the formation of foreign policy. It did feel, however, that Ottawa "can't rest piously content with action against as easy a target as South Africa." TS 21/12/77 p.A8; GM 22/12/77 p.6

# THE ECONOMY

## GENERAL

### MONTHLY STATISTICS

#### CAPITAL

	Nov.	Oct.	Change from Year ago (%)
Consumer Price Index (1971 = 100)	166.1	165.0	9.1
Merchandise Trade Surplus (\$ million)*	243.0	524.0	
Consumer Credit Outstanding (\$ million)		23,936	11.7
Farm Cash Receipts - 1st. 10 mos. '77 - \$8,329 million - 1st. 10 mos. '76 - \$8,431 million			

#### LABOUR

Employed (millions)	9.83	9.92	2.5
Unemployed	840,000	787,000	18.6
Unemployment Rate*	8.4	8.3	
Job Vacancies, Nov. 30, 1977 (per 1,000 existing jobs)	Can. 5 Alta. 10 Ont. 6 Nfld. 3 N.S. 3		

\*Seasonally adjusted.

#### GNP EXPANDS SLIGHTLY

The Gross National Product of Canada grew by 1.3 per cent in the third quarter of 1977. This is an annual growth rate of 5.2 per cent. The GNP had fallen 0.3 per cent in the second quarter. The main reason for the GNP growth was increased consumer spending. The GNP price index rose 6.8 per cent in the third quarter. Consumer prices were 7.2 per cent above third quarter 1976 levels. The increase was caused partly by the fall of the Canadian dollar, which made imported goods more expensive. Consumer spending rose in the third quarter at an annual rate of 14.4 per cent, (it was six per cent in the second quarter) causing a decline in personal savings. Capital investment also declined.  
GM 29/11/77 p.B1, Wayne Cheveldayoff

In the same third quarter report, Statistics Canada said companies have managed to sell off much of their excess inventories and are now beginning to increase production. On the other hand, business investment fell 1.6 per cent. TS 29/11/77 p. B13, John Honderich

CNSP NOTE: The government was very happy with the growth of the GNP, but several analysts noted Sta-

tistics Canada's comment: "To some extent, output growth in the third quarter represents a recouping of ground lost during the second quarter." In fact, Southam's Don McGillivray (FTC 5/12/77 p.1) says even the signs of growth in the report are illusory. There are four main "engines of growth"; domestic demand, exports, government spending, and business investment. Domestic demand grew, but not because personal income increased. People dipped into their savings to buy more (savings fell by two per cent). But Dian Cohen points out (TS 4/12/77/ p.B7) if inflation and unemployment continue, personal income will be cut, and buying will slow down. The export picture is bad. Much of the growth in exports in the past year was accounted for by the huge jump in U.S. demand for gas last winter. Apart from this, there is no great demand for Canadian exports. Government capital spending, the third "engine", is stalled because Ottawa is already facing a huge \$9 billion deficit. Finally, business spending is down (see *Synthesis* Vol. 5, #9), despite increases in corporate profits. Only 83.3 per cent of existing industrial capacity is being used at present, so the corporations won't be expanding in the near future.

#### INDUSTRIAL CAPACITY UTILIZATION DROPS

Canadian industrial capacity utilization dropped by 1.4 percentage points to 83.3 per cent in the third quarter of 1977. The industrial capacity rate was 96 per cent at the beginning of 1974, but fell to 83.7 per cent during the '74-'75 recession. It rallied slightly at the beginning of 1977, but has slumped again. The utilization rate in the manufacturing sector was 83.9 per cent, and 72.6 per cent in mining.  
GM 3/12/77 p.B3 Wayne Cheveldayoff

#### THIRD QUARTER PROFITS UP 15.2 PER CENT

A *Globe & Mail* survey of 401 Canadian corporations shows they had a profit of \$1.362 billion in the third quarter of 1977. This is up 15.2 per cent from the \$1.182 billion recorded in the third quarter of 1976. Profits for the first nine months of 1977 are up 14.9 per cent from those of the same period in 1976. The survey divides the corporations into 22 industry groups, 16 of which showed increased profits in the third quarter.  
GM 16/12/77 p.B1,B3, Angela Barnes

CNSP NOTE: Geoffrey Moore of the U.S. National Bureau of Economic Research calculates U.S. corporations' real profits have risen by 48 per cent in the present recovery, compared with a 31 per cent average increase in the preceding four recoveries. (New York Times 8/1/77 p.12-20) (In economics jargon, the present period is still defined as one of recovery, despite sluggish growth and high unemployment.) Canadian economist Cy Gonick in *Inflation and De-*



# THE ECONOMY

GROUPS SAMPLED	Number of companies sampled	THIRD QUARTER (\$ millions)		% change	Number of companies sampled	NINE MONTHS (\$ millions)		% change
		1977	1976			1977	1976	
Banks	9	177.7	154.9	+ 14.7	9	512.5	497.5	+ 3.0
Base metals	20	18.1	15.9	+ 13.8	18	53.9	41.1	+ 31.1
Beverages	6	25.8	27.2	- 5.2	6	68.1	66.9	+ 1.8
Chemicals	6	9.0	6.5	+ 38.5	6	42.8	37.9	+ 12.9
Communications	19	30.0	23.5	+ 27.7	19	81.9	71.1	+ 15.2
Construction and materials	18	33.4	29.9	+ 11.7	18	62.8	63.4	- 1.0
Food processing	13	12.8	13.0	- 1.5	13	43.0	41.8	+ 2.9
General manufacturing	50	33.3	54.3	- 38.7	50	173.7	232.9	- 25.4
Gold	9	7.1	3.2	+121.9	9	21.9	9.4	+133.0
Industrial mines	15	63.9	115.8	- 44.8	15	324.4	325.4	- 0.3
Merchandising	23	39.8	34.3	+ 16.0	23	93.2	77.2	+ 20.7
Miscellaneous financial	21	28.2	22.6	+ 24.8	20	77.6	64.9	+ 19.6
Miscellaneous industrial	56	129.7	84.0	+ 54.4	55	360.6	225.7	+ 59.8
Oil refining	6	159.5	145.4	+ 9.7	6	518.3	453.8	+ 14.2
Paper and forest	19	67.6	40.0	+ 69.0	19	179.7	113.6	+ 58.2
Pipeline	7	43.5	44.7	- 2.7	7	142.4	125.9	+ 13.1
Real estate	19	30.7	26.9	+ 14.1	19	59.8	64.2	- 6.9
Steel	4	42.6	48.5	- 12.2	4	141.6	147.9	- 4.3
Transportation	11	20.9	13.8	+ 51.5	11	33.2	20.1	+ 65.2
Trust and loan	19	34.1	26.0	+ 31.2	19	87.8	73.1	+ 20.1
Utility	15	161.5	119.4	+ 35.3	15	519.7	451.7	+ 15.1
Western oils	36	193.0	132.9	+ 45.2	36	509.9	369.9	+ 27.4
<b>Total</b>	<b>401</b>	<b>1,362.2</b>	<b>1,182.7</b>	<b>+ 15.2</b>	<b>397</b>	<b>4,108.8</b>	<b>3,575.4</b>	<b>+ 14.9</b>

pression pointed to such an event as a consequence of oligopolistic control of the economy. Many sectors of the Canadian economy are controlled by oligopolies, a few companies that control their sectors and preserve profits by avoiding price competition. In both the U.S. and Canada, such corporations are

able to preserve their profits in slack times by cutting output, laying off workers and selling off excess inventory. They don't cut prices; that would disrupt their shares of the market. In contrast, workers are hurt because many are laid off, and everyone suffers higher prices.

## OIL AND GAS

**INTRODUCTION:** *The financing has not yet been secured but already speculators are on the move along the Alcan pipeline route. Polar Gas has finally submitted its formal application to the federal government while support for a Berger-style inquiry into the route accelerates. On the east coast, the New Brunswick LNG terminal has been given a green light by the NEB. In Alberta, gas reserves are mushrooming, and the industry is steaming ahead. Back in Ottawa, Energy Minister Gillespie is adding filligree to that old stand-by, a continental energy plan.*

### DEMPSTER SPUR AGREEMENT SIGNED

Ottawa and Foothills Pipe Lines (Yukon) have approved an agreement obligating Foothills to study and construct a Dempster Highway gas pipeline to carry Mackenzie Delta and offshore gas to southern markets; if the line is deemed necessary. Foothills must apply to the National Energy Board before July 1, 1979 to build the line. There is a \$50 million liability clause in the deal should Foothills decide not to go ahead with the project. GM 30/11/77 p.B5

### PIPELINE FEVER

Small communities along the route of the Alcan gas pipeline in the Yukon, B.C. and Alberta are beginning to brace themselves for the rush of speculators and fast-buck artists. Property in Whitehorse is at premium prices and rising. Foreign money is pouring in. Many locals are having second doubts about the pro-

ject's impact. There is considerable pressure for a regulatory agency to oversee the massive project. The fear of outsiders flooding into the territory is already pushing some Yukoners south. "The Yukon is going to be trampled under by this goddam pipeline and I'll be damned if I'm going to go under too," one long-time resident said. GM 30/11/77 p.9; EJ 7/12/77 p.B9

### POLAR GAS FILES APPLICATION

The Polar Gas consortium (TransCanada Pipelines, Teneco Canada Ltd., the Ontario Energy Corporation - government owned, Panarctic Oils - 45 per cent owned by the federal government, PetroCanada - the federal government's window on the petroleum industry, and Pacific Lighting and Gas) has formally submitted its application to construct an \$8.5 billion, 2,338-mile natural gas pipeline from the high Arctic islands to southern markets. The application is still incom-

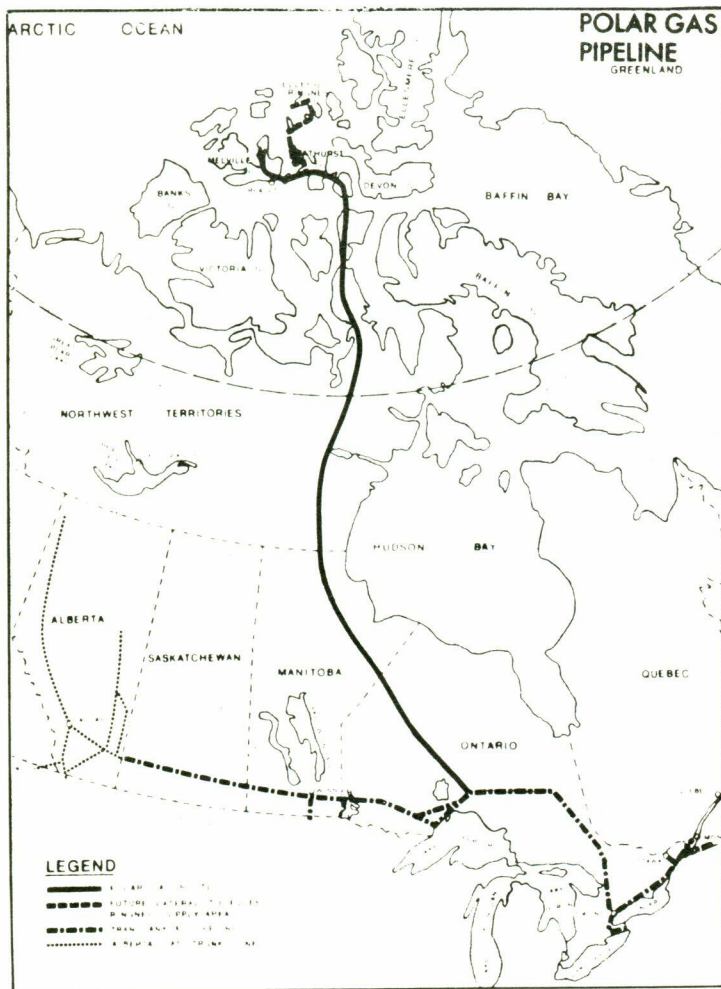
# THE ECONOMY

plete. Environmental and socio-economic impact studies and preliminary estimates on reserves, markets and transportation costs will be submitted late this year.

The project needs 20-25 trillion cubic feet (tcf) of proven reserves to be financially feasible. So far only 11 tcf have been found.

Meanwhile, environmental and native groups are pushing for a Berger-style inquiry into the route. Inuit and Indians along proposed right-of-way are staunchly opposed to the line. Indian Affairs Minister Hugh Faulkner says he supports a public review of the pipeline and will push it in Cabinet. Polar Gas President John Houlding says the consortium is "flexible". TS 21/12/77 p.B9; GM 22/12/77 p.B1

*CNSP NOTE: Petro-Canada did not formally support the application, although it will still be a consortium member contributing to engineering and feasibility studies. One reason may be possible conflict of interest charges arising later in any federally-approved inquiry into the pipeline. There may be less likelihood of similar charges arising with Panarctic Oils which, though 45 per cent owned by the federal government, is not a Crown Corporation and is at arm's distance from the government.*



## NEB APPROVES NEW BRUNSWICK LNG SITE

The National Energy Board has approved plans by Teneco LNG of Houston to import 7.5 tcf of Algerian liquified natural gas over a 20-year period for re-export to the eastern United States. TransCanada Pipelines and Lorneterm LNG will construct unloading, storage and vaporizing facilities and 66-mile pipeline to transport the gas to the U.S. border. Initial delivery could be as early as 1983. The NEB has asked that gas not exceeding 5 per cent of the total be available for possible sale in Canada.

The LNG facility meshes well with an Alberta Gas Trunk Line/Petro-Canada scheme to ship 250 tcf of Arctic gas by LNG tanker early in the 1980's. Dome Petroleum, which is considering a 50 per cent equity investment in the New Brunswick terminal, also plans to develop western Arctic gas for shipment by LNG to eastern Canada. TS 17/12/77 p.B10; FP 24/12/77 p.3; GM 17/12/77 p.B12

## SASKATCHEWAN FIGHTS SUPREME COURT OIL TAX RULING

The Saskatchewan government has introduced retroactive income tax legislation to skirt a Supreme Court ruling disallowing a 1974 royalties law that sought to capture windfall profits from the oil companies. The Court ruled the previous tax unconstitutional, claiming it infringed on the federal power of inter-provincial trade and commerce. Saskatchewan Attorney-General Roy Romanow says the new retroactive income tax is strictly constitutional.

FTC 5/12/77 p.16; TS 12/12/77 p.B10

## ALBERTA GAS RESERVES BALLOONING

Frantic drilling activity continues apace in Alberta with the 'gas bubble' turning into an enormous balloon. All rigs are out as the province collects record revenues for drilling rights. The West Pembina field (about 80 miles west of Edmonton) still attracts much of the attention. However, farther west on the Alberta/B.C. border in the Elmworth region, some industry officials are predicting reserves from five to 15 tcf. If accurate, those figures could be enough to shelve the proposed Dempster Highway pipeline north to Mackenzie Delta gas for two decades or more.

FP 31/12/77 p.1; GM 9/12/77 p.B1

## OIL SWAP TALK

While the industry continues to press for increased natural gas exports to the U.S. to ease the temporary supply glut, the possibility of oil swaps with the U.S. is also gaining currency.

The government says any swaps will not disrupt the guaranteed eastern flow of Canadian crude of 250,000 barrels per day. Swaps which send Canadian oil south to U.S. northern tier refineries will ensure that oil is exchanged on a barrel for barrel basis. Adjustments are to be made for quality and for ensuring that export and import prices, taxes and compensation are appropriate.

# THE ECONOMY

Energy Minister Alastair Gillespie says he will consider 'time swaps', increasing Canadian crude exports now for a suitably-assured return later. He also indicated interest in strategic underground oil storage sites in eastern Canada as a means of assuring security of supply for the U.S. and Canada. The U.S. is preparing storage sites to hold up to one billion barrels of oil but has approved none outside the U.S.

EJ 15/12/77 p.D10; GM 15/12/77 p.B1

*CNSP NOTE: The accommodation of the federal government to U.S. energy needs is by now an accepted fact. If the Alcan pipeline route was not enough, we now have the New Brunswick LNG terminal (see above) and, for toppers, Mr. Gillespie's invitation to the U.S. to wed us even further into the continental formula: vast underground oil storage depots for American consumers in the Maritimes. What is going on in Ottawa?*

## NEWFOUNDLAND AND FEDS AGREE ON OFFSHORE DRILLING

The Newfoundland and federal governments have agreed to set up a joint committee to administer offshore exploratory drilling. The move is aimed at luring the oil companies back after their departure two years ago amidst a squabble between the two governments. The new agreement is an interim measure, intended to stand until the courts have settled the jurisdictional dispute. Newfoundland wants full control over the drilling and the economic benefits.

HCH 3/12/77 p.1; TS 3/12/77 p.B7

## QUEBEC SHORES UP HEAVY WATER PLANT

The federal government has received a commitment from Quebec to build a 600-megawatt nuclear reactor (Gentilly III) to keep the La Prade heavy water plant from being scrubbed. Quebec also agreed to buy enough heavy water for two more nuclear reactors, which can be sold back to Ottawa before 1995 if it is not needed.

There are fears that the \$1 billion heavy water plant could double its price tag while national and international markets for heavy water are shrinking. Even with the Quebec deal, Canada is expected to have a large surplus of heavy water by the mid-1980's.

EJ 8/12/77 p.E16; GM 1/12/77 p.B13

## AGRICULTURE

### NFU CONVENTION

The annual convention of the National Farmer's Union was held in Saskatoon the first week of December. Roy Atkinson was re-elected president of the union.

TS 7/12/77 p.A18

At the convention the NFU reaffirmed its support of an orderly marketing system:

- Grains; the NFU supports the creation of the Canadian Grains Board, to have jurisdiction over the sale of all principal grains and oilseed throughout the country.

- Meat; the NFU wants a national meat authority to manage supplies, regulate imports, and manage marketing of livestock products.

The NFU's strong support of marketing boards puts it into opposition with some consumer groups who claim boards are inefficient and needlessly raise the price of farm products.

GM 12/12/77 p.3

### CHICKEN MARKET BOARD

Formation of a Canadian chicken marketing agency is possible within a month. It has been approved in principle by the federal cabinet although three provinces - Alberta, Newfoundland, and Manitoba - will not be joining in. While farm groups would like to see the agency operating early in the new year, the cabinet may be reluctant to act quickly on the plan. With food costs on the rise, consumer and food retailing groups oppose the creation of the board.

### FARM INCOME DECLINE

#### PRESENT..

Net farm incomes are expected to drop 11 per cent in 1977 according to the annual Statistics Canada figures.

EJ 12/12/77 p.D4

#### PROJECTED..

E.S. Boyko, assistant director of the agriculture division of Statistics Canada told the annual federal-provincial agricultural outlook conference that the net income of Canadian farmers is expected to decline another 6.1 per cent in 1978.

Boyko said the reason for the decline is a rise in farm operating costs that is not being offset by an increased income.

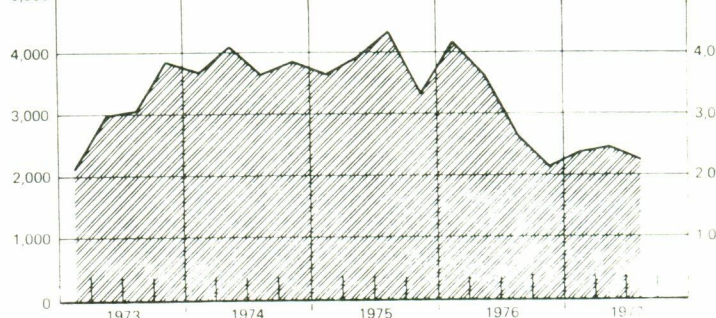
GM 13/12/77 p.B1

### Accrued Net Income of Farm Operators from Farm Production

Data Seasonally Adjusted at Annual Rates

\$ Millions

5,000



Source: National Income and Expenditure Accounts (13 0011)

# THE ECONOMY

## NUMBER OF FARM FAMILIES DOWN

Between 1971 and 1976 Alberta lost three farm families per day, for a total of 5,400, according to Alberta New Democratic Party leader, Grant Notley. While farm operating expenses increased \$139 million to \$1.35 billion in 1976, net farm income dropped more than 19 per cent to \$722 million between 1975 and 1976. EJ 4/11/77 p.26

## FURTHER DECLINE PREDICTED

Dr. Joe Meiser, dairy commodity leader for the Ontario ministry of agriculture, predicted that up to 3,000 Ontario dairy farmers must go out of business by 1980 if Ontario is to compete effectively in the world market. As small farms are taken over by larger operations, the number of dairy farmers in

Ontario will drop to 10,000 from 13,000 Meiser said. OC 24/11/77 p.44

## LAND USE

Fisheries and Environment Canada's lands directorate has issued a new study relating agricultural land to urban centres. The study shows that 53.5 per cent of the best agricultural land in Canada is located within a 50 mile radius of 19 cities with populations over 100,000. The latest figures available (1966-1971) saw 12,941 acres of improved agricultural land lost to urban uses in Edmonton, 9,194 acres in Calgary and 28,263 acres in Toronto. EJ 2/11/77 p.56

The National Farmer's Union has called on the federal government to set up a royal commission to study land use in Canada. EJ 6/12/77 p.F6

## FORESTRY

*INTRODUCTION: The Lumber industry continues to be in a healthy condition due mainly to increased housing starts in the U.S., but more shut-downs and lay-offs are resulting from excess inventories in pulp and paper. Reed Paper Ltd. announces a loss and seems to be saying it no longer plans to develop the \$400 million pulp mill/saw mill complex in North-Western Ontario. The new mill at St. Felicien however seems to be going ahead, helped by federal and provincial grants. Forest regeneration and management is also getting some attention.*

## PULP AND PAPER

There are excess inventories of all grades of pulp, including high grade kraft. In British Columbia the pulp and paper industry is operating at only 75 per cent of capacity. Prices are \$300 a ton compared to \$375 a ton in the first quarter of 1977. Industry is blaming government intervention for excess mill building excess capacity and disruption of markets. One project dependent on capital subsidies from the federal government and the Quebec government is the \$300 million kraft mill planned for St. Felicien (see CNSP Vol. IV No. 4, p.19). Industry also cites higher labour costs in Canada than the U.S. and pollution control expenses for its present weak position. WFP 2/11/77 p.62; MS 7/11/77 p.C4; GM 28/12/77 p.B4; GM 3/12/77 p.14

## SHUTDOWN

Two hundred people in Sturgeon Falls have been placed on temporary unemployment because of a month long shutdown beginning December 5, 1977, at Abitibi Forest Products. Another two-week shutdown starting December 16 will cause the lay-off of 100 more employees at separate departments in the mill. GM 6/12/77 p.B5

## REED LOSSES

Reed Paper Ltd. had a loss of \$9.6 million during the first nine months of this year compared with a profit of \$3.2 million during the corresponding period a year ago. The overall loss for 1977 is expected to be \$20 million. The company expects to operate at a loss for a number of quarters unless there is a significant upward movement in kraft pulp prices and an improvement in the Canadian economy. TS 1/11/77 p.C5; WFP 2/11/77 p.65

## REED EXPANSION?

During the opening stages of the Hartt Commission Reed Vice-President K.D. Greaves cast doubts on whether the proposed development in north-western Ontario will go ahead. (See CNSP Vol. IV No. 4, p.19 and Vol. V No. 4, p.15) Referring to the company's slim profit in 1976 and expected losses in 1977 he said the \$400 million proposal for lumber and pulp mills is being re-thought. "We are not saying the proposal will never be justified,...we are being cautious." WFP 15/11/77 p.6

## FOREST REGENERATION

Nova Scotia lumber company operators have expressed feelings ranging from grave concern to mild optimism about the future of the province's forests. The reaction was sparked by Hugh Campbell Gilbert, managing director of a timber holding company who said Nova Scotians should be concerned about over-logging in the province. Most of the spruce trees being felled are well over 100 years old and it seems that timber is being cut at a faster rate than the annual growth. Modern logging methods are blamed for this situation. Originally timber was cut by hand and hauled by horse through a track about three feet wide. Today the machinery plows through a 10-foot track destroying smaller trees and seed beds.

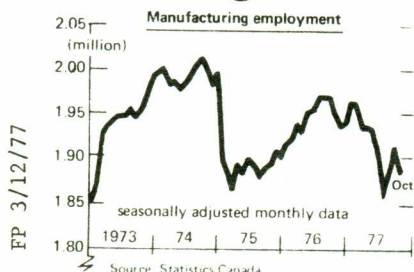
HCH 26/10/77 p.17

In Ontario a conference on forest renewal has been told that 100,000 acres a year, or 25 per cent of all cutting in the province, are not being regenerated. Lack of a comprehensive reforestation program is blamed. At present companies pay fees for cutting rights on Crown land but don't have any responsibility for regenerating the forest. TS 21/10/77 p.B7

## MANUFACTURING

CNSP NOTE: *In recent months we have printed press accounts of the decline in the number of jobs in the manufacturing sector. Some of you may have noticed the statistics vary from month to month, leaving an unclear impression as to how many jobs are actually being lost. The problem rests in part with the way Statistics Canada gathers such information. The figures are compiled from a survey of 50,000 homes and compared with survey data on employment from businesses. The monthly totals, as the FP graph illustrates, create a general pattern of the number of jobs in the manufacturing sector, a net figure after jobs lost and jobs created are balanced out. A clear trend can be seen from the employment peak of September 1974 to the most recent October figure: there are 127,000 fewer manufacturing jobs now than three years ago. (See also GM 30/12/77, p. B1)*

### 'Something amiss'



### STEEL FIRMS ANXIOUS FOR PIPE CONTRACTS

With 25 per cent of its capacity idle, the Canadian steel industry is anxiously awaiting the bidding for contracts to supply massive amounts of steel pipe for the ALCAN gas pipeline through Canada. The industry, which employs more than 40,000 Canadians, is especially concerned that it be favoured over American and offshore competitors. At stake is a \$1.3 billion order for the 3,200 kilometre-long Canadian section of the pipeline. American steel corporations are equally interested in gaining a share of the pipe contract to bolster a domestic industry which currently is sagging under foreign competition, causing layoffs of 60,000 steelworkers.

Under the Canada-US agreement for construction of the ALCAN pipeline, Canadian firms will receive preference for the contract for the Canadian section if they are "competitive". An operative question for the Canadian firms is the size of the pipe to be selected by the National Energy Board and the federal Cabinet. A thin-walled, low-pressure, 4½-foot-diameter pipe could be supplied by both STELCO and the Inter-provincial Steel and Pipe Co. Ltd. (Ipsco) of Regina, but is beyond the capabilities of American firms. A four-foot pipe (high or low pressure) would include American firms in the competition and if this model were high-pressure and thick-walled, Ipsco would be out of the running due to lack of capacity. Both the Foothills pipeline group building ALCAN and the Alberta government are determined that Ipsco receive at least part of the order.

In all likelihood, Ottawa's decision will favour a pipe size to give STELCO and Ipsco the business. EJ 29/11/77, p.B10; HCH 12/12/77, p. 3; FP 3/12/77, p. 2; EJ 22/11/77, p. A6; FTC 19/12/77, p. 1)

### CANADA CUTS SHOE IMPORTS TO SAVE JOBS

On December 1, the federal government imposed global quotas on imported footwear, effective immediately, in a move to protect the domestic shoe industry from further deterioration as a result of footwear imports. Footwear imports will be restricted to 32.5 million pairs annually for the next three years, representing a cutback of one-third from 1977 levels. Finance Minister Chretien explained that imports were causing injury to Canadian production and jobs. "Since the beginning of the year," he said, "employment in the footwear industry has dropped by 15 per cent."

Within two weeks of the announcement the United States and the European Economic Community filed formal complaints with the General Agreement on Tariffs and Trade (GATT) against the quotas. As major exporters of footwear to Canada they are trying to prevent or soften the impact of the Canadian quotas upon their domestic industry.

At the same time, a typical argument developed between supporters of the government measure and its critics. The Canadian Importers Association said the quotas will cause prices of footwear in Canada to rise between 30 and 50 per cent. The Retail Council of Canada and the Shoe Manufacturers'

# THE ECONOMY

Association of Canada disagreed, claiming that the import restrictions will not inflate prices.

The government hopes that over the three year quota period the Canadian industry will improve

its machinery, techniques and competitiveness. GM 2/12/77, p. B1; HCH 2/12/77, p. 20; TS 3/12/77, p. B7; GM 14/12/77, p. B1; GM 21/12/77 p. B3.

## HOUSING / CONSTRUCTION

*INTRODUCTION: Since housing and construction have not been covered in Synthesis for some time, this section gives a year-end report on the construction industry and the state of housing in Canada, with a look at forecasts for 1978.*

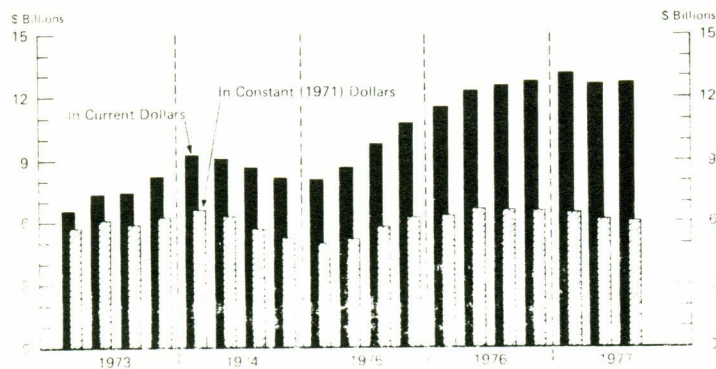
### CONSTRUCTION PICTURE BLEAK FOR 1978

Forecasts for the construction industry are not hopeful for 1978. There will be fewer hospitals, schools, and roads built because of cuts in government spending. Housing demand is low, and builders have still not sold off their inventories from 1976. That year there were 273,000 houses started. In 1977 there were 250,000 started, and it is predicted only 230,000 or fewer will be started in 1978. Poor business in the coming year will cause high unemployment in the industry, and more construction companies will declare bankruptcy.

The Canadian Construction Association estimates that national unemployment in the industry is now 18 per cent. The highest figures are those for Newfoundland and New Brunswick at 30 per cent; the lowest are Alberta's at 9 per cent. Bankruptcies are common in the industry, but this year they will be 20 per cent higher than usual. That means about 700 companies will go out of business. Profits in the industry will fall as well. Large firms are allowing a 2 per cent profit margin in their estimates instead of the usual 5 per cent. Competition for building projects is fierce.

### Residential Construction Expenditures

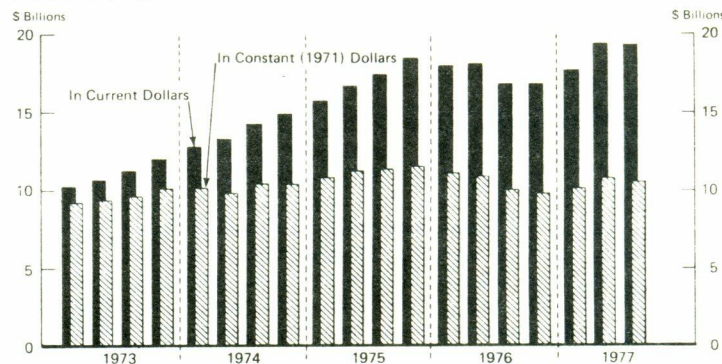
Data Seasonally Adjusted at Annual Rates



Source: National Income and Expenditure Accounts (13-001)

### Non-Residential Construction Expenditures

Data Seasonally Adjusted at Annual Rates



Source: National Income and Expenditure Accounts (13-001)

Alberta is an exception to the overall picture, with some growth predicted. Here also, competition will be strong among builders for the work.

The only hope for builders, short of a general improvement in the economy lies in energy development projects. FTC 26/11/77 p1; TS 25/11/77 pB7

### HOUSING

In spite of the surplus of new housing on the market, almost none of it is within reach of low income people. Dr. Alex Laidlaw, a housing consultant, told the Alberta Co-operative Housing Conference there is a surplus of high standard, expensive housing and a serious shortage of less expensive housing. Canada's low income groups, he said, have some of the poorest housing in the world. EJ 4/6/77 p56

### COST OF HOUSING

A Royal Trust survey of 54 towns and cities showed that the cost of housing has gone up less than the rate of inflation in 1977. The exception is the

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# THE ECONOMY

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prairie cities. Before, 1976, housing prices went up four times in four years.

## APARTMENTS

The apartment vacancy rate in most Canadian cities is very low, and apartment construction continues at a fairly rapid rate. Chretien's October mini-budget promised to extend tax shelter arrangements for people who invest in apartments. It also extended interest-free loans for apartment construction through the Assisted Rental Program. FTC 6/11/77 p21.

## DEVELOPERS MOVE SOUTH

While apartment vacancies are low, and low income Canadians are very badly housed, Canadian developers are moving south of the border. Sixteen large companies, including Cadillac Fairview, Trizec Corporation, Oxford Development Group, Marathon Realty, and Olympia and York, have invested in the U.S. in the last two years. Their investments total between \$1.5 million and \$2.5 million. The Canadian companies find that their experience here serves them well in the U.S. where there is a larger market and less government red tape involved in getting projects approved. GM 21/10/77 pB6; TS 4/6/77 pD6

## COMMUNICATIONS

*INTRODUCTION: On November 3rd, the Federal Cabinet made a decision which will cost Canadians any reduction there might have been in long distance telephone rates during the 1980's.*

In 1968, the Trudeau government set up Telesat Canada, its communication satellite company, hoping that communications would be cheaper, with competition between satellite channels and land-based systems like telephone, cable and telegraph. The Canadian government owns 50 per cent of Telesat's shares. The rest are privately owned, mainly by the telephone companies and CNCP. The telephone companies were the major customers of the satellites, and demanded some control from the beginning. They pushed Telesat to lease out full channels only. That meant that only large operations like the phone companies, CNCP, and CBC could afford to use the service.

The current satellites have a limitation. They use the same frequencies as land-based broadcasting. That means the satellite receiver stations have to be in remote areas and the messages have to be carried from there to their destination by land systems. This "haul back" service represents a large proportion of the cost of satellite communications.

Now Telesat wants to launch three new satellites which use other frequencies and will not have to rely on land haul-back. This could radically reduce the cost of long distance communication. However, before Telesat can finance the new satellites, it needs guarantees that the phone companies will use the majority of the channels. The phone companies will only give that guarantee if Telesat becomes part of their organization, the Trans-Canada Telephone System. Telesat's decisions would then have to be approved by the board of directors of the TCTS and the telephone companies would control Telesat, ending competition in the communications business. Savings on long distance communication would not be passed on to the consumer.

In November, 1976, the Federal Cabinet approved the inclusion of Telesat in the TCTS. Then, after a six-week hearing, the CRTC rejected the merger

because it is not in the public interest. Telesat can raise the funding for the new satellites on the basis of its excellent financial performance in the past, the CRTC claims. It does not need to be controlled by the TCTS. The report was supported by the Consumers Association of Canada and the Government's director of investigation and research under the Combines Investigation Act. The CRTC conclusion was announced in August, 1977. In September, Telesat appealed the decision to the Federal Cabinet. On November 3, the Cabinet reversed the CRTC ruling and approved the merger of Telesat with the TCTS. The government now says that competition in communications would be bad for the consumer.

It seems to be a decision which can benefit only the shareholders of Telesat and the telephone companies at the expense of the general public. In the words of the CRTC report: "this will decide the future cost, availability, and development of telecommunications services across the country." There is objection to the Cabinet decision from many sides, particularly from CNCP. The Consumers' Association intends to take the matter to the courts. TS 3/12/77 pA5; GM 27/9/77 p6; GM 28/9/77 p6; GM 4/10/77 p6; MS 8/11/77 pA9; HCH 4/11/77 p12.

## COMMERCE

### COMPETITION LAW AMENDMENTS

The federal government has introduced Bill C-13, the

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# THE ECONOMY

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latest in a series of efforts to amend the competition law. The previous Bill, C-42, was introduced in March, 1977, but did not become law. (See Synthesis, Vol. 5 #3, p. 15 for an analysis of C-42.) Because of strong business opposition to C-42, the new bill has significant amendments. The Financial Times of Canada reports senior advisers in the Department of Consumer and Corporate Affairs expect this bill to pass "since it incorporates most of the major changes demanded by business." Most of the amendments trim the power of the Competition Board to regulate mergers or of the "consumer advocate" who would be appointed to challenge corporate behaviour on behalf of consumers. The most important change allows the Cabinet to overturn any decisions the Competition Board may make to prevent mergers. The consumer advocate will no longer be allowed to launch a class action before the Board on behalf of consumers. Consumers must now launch such action on their own. The advocate is now permitted to give advance clearance to proposed mergers, but his power to appeal a merger to the Board is limited to within one year after the merger takes place.

A new rule has been added, saying provisions against monopolies can be applied to a company with less than 50 per cent of a market only if it can

be shown it dominates the market. Also, the advocate will now be allowed to move against a joint monopoly (a small group of companies following parallel policies to avoid competition) only if it controls more than 50 per cent of its market.

Agricultural products marketing boards will be exempt from the legislation. FP 26/11/77 p.4, FTC 28/11/77 p.14, WFP 19/11/77 p.11

CNSP NOTE: *As we noted when the original amendments were introduced (Synthesis Vol. 5 #3), the point of the new legislation is not to create more competition. Instead, the government wants to promote the "efficiency" and "competitive position" of the Canadian economy. Bill C-42 showed the government had bought the business line that bigger companies are more efficient, so the bill was designed to facilitate mergers while ensuring "protection" for the consumer. The amended Bill, C-13, shows business still has the government's ear. Mergers and monopolies will still be permitted, but business has succeeded in cutting down most of the weak consumer protection measures originally planned. Business is quite happy with the new legislation, so it probably will become law, but consumers and working people will not benefit from increased corporate control of the economy.*



## GENERAL

**INTRODUCTION:** *Once again, the unemployment statistics point to a depressing daily reality for thousands of Canadian workers and their families. The number of people without jobs continues to climb, the layoffs, especially in mining and manufacturing, continue and the construction industry is in a veritable slump across the country (see Housing, Construction in this issue). Response from government is minimal at this time, but labour organizations make some specific suggestions.*

### UNEMPLOYMENT

#### MORE WORKERS WITHOUT JOBS

Statistics Canada reported another increase in the number of Canadians out of work in November - 53,000 more people without jobs than in October for a total of 840,000. There were 708,000 people unemployed at the same time last year.

The rate remained stable in several provinces, but increased in Newfoundland, Prince Edward Island, Saskatchewan and Alberta.

NDP leader Ed Broadbent estimated that the actual unemployment level, including factors not measured by Statistics Canada, has reached 1,335,000 Canadians, or 12 per cent of the labour force. He planned to call for an emergency debate in the House of Commons on the issue.

The first response of Sinclair Stevens, chief Tory economic critic, after learning that the rate of unemployment had inched up to its highest level since the Great Depression, was to call for the resignation of the Employment Minister Bud Cullen. TS 6/12/77 pA1; GM 7/12/77 p2; EJ 6/12/77 pA1.

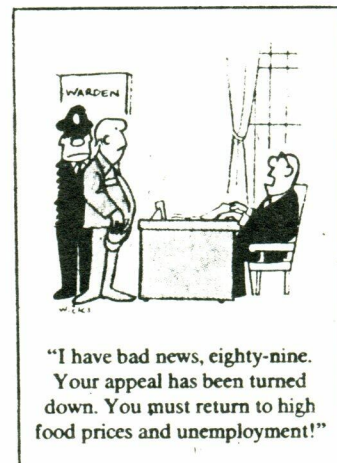
#### WHERE'S THE RESPONSE?

Apart from the monthly barrage of questioning from the opposition parties in the House of Commons and the vigorous criticism by labour leaders each time worsening unemployment statistics are released, the general public does not yet seem to be aroused. This, in spite of the fact that many economists regard the record level of unemployment as Canada's most serious problem, and in spite of how personally devastating it is to those without jobs.

Clifford Pilkey, president of the Ontario Federation of Labour, which recently held forums on unemployment across the province, agrees there is widespread apathy. So far the political pressures to change the situation are not evident. However, Pilkey among others thinks this attitude can give way at any time to explosive unrest as unemployment deepens and more people understand that their lack of work is not a temporary phenomenon. GM 7/12/77 p1 Wilfred List

### ONTARIO HAS NO PLANS

The Ontario government does not plan any job creation programs this winter despite its concern about the number of people unemployed in the province. In an interview outside the Legislature, Premier William Davis said the government had established a policy of spending restraint and intends to stick to it. He said that winter projects were short term solutions and not constructive for the provincial government at this time. GM 7/12/77 p1 Brenda Large.



### FLIP

Federal Employment Minister Bud Cullen feels that the federal government is doing enough to make jobs. New employment will have to come from the private sector. EJ/ 12/12/77 pA8

A \$150-million make-work plan announced in the federal mini-budget in October will probably provide about 26,000 jobs for an average of five months. This number would represent slightly over 3 per cent of the number of Canadians out of work in November. The largest portion - \$53.2-million - of the \$150-million in make-work projects, called the Federal Labour Intensive Program, or FLIP, will go to Quebec. Ontario will get \$40.6-million, British Columbia \$20.9-million, New Brunswick \$9.3-million, with decreasing amounts to other provinces. More than a third of the money will be spent on non-military clerical and maintenance projects under the Department of National Defence. GM 16/12/77 p8.

Together with Canada Works Projects and related programs, the addition of FLIP means the Federal government is spending \$608-million on direct job creation this winter. EJ 16/12/77 pH3.

# LABOUR



"I've got my B.A., B.Sc., Ph.D. ... all I lack is a J.O.B."

## LAYOFFS

**Mining:** Falconbridge Nickel Mines Ltd., announced that 750 jobs will be lost in 1978 at the company's Sudbury, Ont. operations because of reduced production. In addition, the Sudbury operations, employing about 4,000 workers, will be closed for seven weeks in the summer of 1978. Falconbridge workers, faced with the loss of their jobs, demonstrated on Parliament Hill Nov. 14 and urged the federal government to use the Canada Development Corporation to take over Falconbridge. HCH 9/12/77 p16. CP

**Manufacturing:** Ford Motor Co. of Canada announced that it is laying off indefinitely 300-hourly-rated employees at its Oackville assembly plant between December and mid-January. This follows 91 layoffs at the plant in the preceding few weeks.

In Toronto, Massey-Ferguson Industries Ltd. added another 80 workers to the 229 already on its layoff list. These latest layoffs follow an end to production of tractor cab units that were shipped to a Detroit assembly plant. TS 2/12/77 pA1.

The International Harvester Co. of Canada announced that 400 workers, a quarter of the 1,700 employees at the Hamilton plant, will be laid off at the end of March. Bill Scandlan of the United Steelworkers of America predicted that the mass layoffs at the plant and in other centres like Sudbury, combined with high unemployment and government inaction, could produce a dangerous social climate. TS 15/12/77 P. C7

## U.I.C.

New unemployment insurance rates raise the eligibility requirements throughout Canada. The rules affect new applicants but not those already receiving benefits. Under the new Unemployment Insurance Act passed in Parliament in August, the qualifying period now varies with the unemployment rate in the region where the individual usually lives.

In regions with high unemployment such as Newfoundland and the Gaspé area of Quebec, residents will be eligible after 10 weeks of work during the preceding 12 months. In low jobless areas such as

Ontario and Alberta, the period is fourteen weeks.

Labour groups and the NDP have charged the new system will drive thousands of Canadians onto the welfare rolls. EJ 1/12/77 pB5, TS 1/12/77 pl., J. Honderich.

## QFL CALLS FOR JOBS OFFENSIVE

Organized labour in Quebec is intensifying its demands for provincial government intervention in plant shutdowns and layoffs as a winter of economic discontent settles in. Louis Laberge, president of the province's largest labour organization, the Quebec Federation of Labour, cited the October unemployment rate of 11.4 per cent in Quebec - and blamed the federal government as the "Chief culprit in the situation". But the Quebec government was also held responsible for non-action and Levesque was presented with demands for tough legislation to protect jobs in danger. While saluting the PQ for positive moves, a number of QFL delegates complained of its weakness to "blackmail by employers and the world of finance."

The principle demands of the QFL included measures compelling employers to give lengthy notification of planned layoffs or plant closings, the setting up of a tripartite body with authority to examine company financial data and to reject layoffs that could not be justified on economic grounds. The unionists also demanded that all government aid to private enterprise, including subsidies and exploration rights, be linked to commitments by employers to maintain certain job levels.

Other delegates demanded even more far-reaching proposals. One intervention summed up this mood: "The question is really whether we're for or against layoffs. If we're against them, what are we doing advocating tripartite committees to negotiate them... instead we should be fighting against them..." FP 10/12/77 p3. Sheldon Gordon.



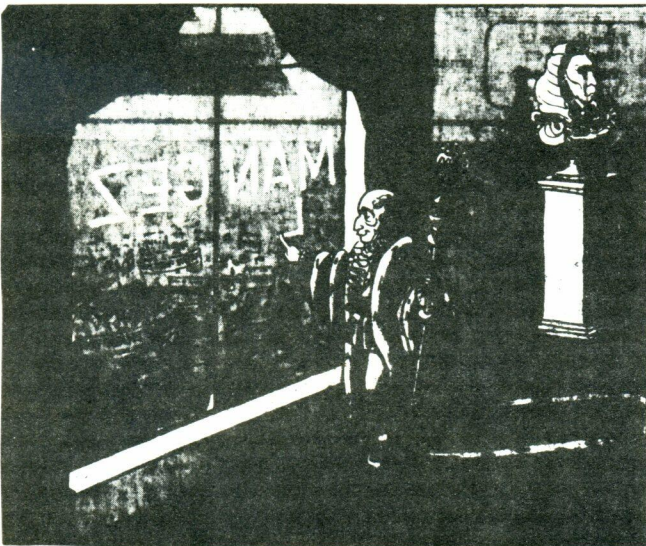
INCO Glee Club

## TRIPARTITE CONCEPT REJECTED

The Ontario Federation of Labour convention rejected the tripartite concept that was at the heart of the economic manifesto adopted at the CLC convention in May 1976. The CFL convention adopted a resolution urging all affiliated groups to oppose any such three-way collaboration. The resolution, submitted by Local 70049 of the Public Service Alliance of Canada demanded that "the CLC get on with the job of transforming the labour movement into an effective fighting body". GM 1/12/77 p5.

## UNIONS URGE NATIONAL BOARD TO DIRECT INVESTMENT

The CLC has called for the creation of a National Labour Market Board with broad powers to promote full employment. The board is seen as an alternative to the government's only policy, which seems to call for belt-tightening by industrial workers whose average wage is only \$12,500 a year, with 60 per cent of the national work force making less than that. The CLC called for a system of national economic and social planning to give direction to the free enterprise system, with the emphasis on creating a strong manufacturing base to provide jobs. These planning policies would be implemented through a labour market board - to be created by and responsible to Parliament. TS 16/12/77 p1. Rosemary Speirs



## OLRB SETS PRECEDENT

The Ontario Labour Relation Board has ordered the Academy of Medicine to compensate a union and its former striking employees for the Academy's union-busting activities. The Academy closed a telephone answering service for doctors rather than deal with the Communications Workers of Canada in a wage dispute last June. The Labour Board ordered it to pay the union for all reasonable organizational, bargaining, legal and other expenses associated with organizing the employees and attempting to get an agreement for them. It also directed the Academy to pay the equivalent of three months wages to 12 striking employees. The decision is the first of its kind by the Ontario Board.

The Board pointed out that the Academy had no intention of reaching an agreement with the union and was simply going through the motions of bargaining, hoping the striking employees would withdraw their support from the union. Martin Levinson, counsel for the union, said the decision sets a precedent in cases where it is proved an employer had set out to destroy the union.

GM 30/12/77 P. 1; TS 30/12/77 P. A2

## WORKERS' STRUGGLES

*INTRODUCTION: This month, a precedent-setting decision to compensate a union for money spent representing striking employees, was handed down by the Ontario Labour Relations Board. The postal strike in Toronto before Christmas raised a great furor in the local papers. We also see an escalation in the strike by the Telecommunications Workers' Union against the B.C. Telephone Co.*

### TORONTO POSTAL DISPUTE

A sit-in by employees at a major mail-sorting station in Toronto in December resulted in the suspension of nine employees, four of whom were shop stewards. In protest, all the employees, and those in other plants, went out on a six-day strike. The original walkout was to protest the use of casual Christmas labour with automated processing equipment. This contravenes the collective agreement. In response to the protest, Post Office management moved the casual workers to a non-mechanized area, but refused to lift the suspensions. The inside employees then refused to go to work until the suspensions were lifted. They were supported by the mail-truck drivers and letter carriers.

After long discussions, local unions and management officials reached a settlement which they hope will lead to a more harmonious relationship. The terms include lifting two of the nine suspensions, and reinstating the remaining seven workers pending an investigation by a management review board. The review board will report to the Deputy Postmaster-General. He will decide on the final disciplinary measures, which would be subject to a grievance procedure. GM 14/12/77 P. 5; TS 14/12/77 P. A4

# LABOUR

CNSP NOTE: *With the Toronto postal strike, as with other postal disputes, the papers played the old theme of blaming the disruption on "radical" or "leftist" elements among the workers. This seems to be an attempt to discredit the workers' legitimate grievance over management's breaking of the collective agreement.*

*An editorial in the Globe and Mail points to this dispute as a further example of the inefficiency of government involvement in anything, and to the rising ire of the Canadian public. It calls for a sale of the Post Office to private industry.*

*A Toronto Star editorial, however, attempts to explore the issue more deeply, and points out the general sense of grievance among the workers and an underlying mistrust of management. It calls for the postal service to be established as a separate business under independent management in the form of a crown corporation.*

GM 13/12/77 P. 6; TS 12/12/77 P. C4

## B.C. TEL WALKS OUT

Contract negotiations between the Telecommunications Workers' Union and the B.C. Telephone Co. broke down in November. The union, which has been without a contract since December 31, 1976, has been conducting rotating strikes throughout the province. Recently, the company began locking out striking employees when they attempted to return to work. This month, the strike was escalated as 10,000 workers walked off the job. About 2,000 supervisory personnel have been attempting to maintain essential services.

The key issue in the dispute concerns opposition by the union to the current contracting-out clause.

Federal Labour Minister John Munro has appointed Mike Collins, a chief conciliations officer in Labour Canada as mediator in the dispute.

EJ 23/11/77 P. A8; 3/12/77 P. A3; 7/12/77 P.15.

CNSP NOTE: *A strike involving 10,000 workers is one of notable proportions, but this one received no attention in newspapers east of Edmonton.*

## QUEBEC LABOUR

INTRODUCTION: *The key story this month is the growing opposition of the CSN (Confederation of National Trade Unions) and the CEQ (Quebec Teachers' Federation) to amendments brought in by the Parti Quebecois to Bill 45. This bill provides for legislation forbidding the use of scabs during strikes. (See last month's Syn-thesis.) What the two central oppose are amendments that interfere with the autonomy of their unions.*

### MONTREAL TRANSIT STRIKE SETTLED

Striking mechanics and office workers voted to accept the mediator's report. All that remains to work out is the condition for returning to work. The transit authority insists on the right to begin criminal suits against employees for alleged "sabotage" during and preceding the strike. The union is opposed.

LD 5/12/77 R. Morissette

CNSP NOTE: *None of the coverage clearly spelled out the gains or losses of the agreement. Rank and file members did vote to accept the mediator's report against the advice of their executive. The union president, Jacques Beaudoin, mentioned in particular that salary adjustments for women cleaners were not gained, nor the principle of promotion through seniority.*

### 5,000 PROTEST AMENDMENTS TO BILL 45

In the most important anti-government demonstration since the Parti Quebecois came to power, angry unionists protested recent amendments to Bill 45 that weaken the legislation. The amendments in question are:

-an employer can hire people to do work normally carried out by strikers if, in the case of essential services, the strikers do not carry out their legal obligation to maintain these services.

-an employer can protect his property during a strike. This, union spokesmen say, will lead to virtual ignoring of the intent of the anti-scab bill because employers can argue that a stop in production will injure their property.

-tighter regulations on elections within unions, including compulsory secret balloting. Unionists point out that this amendment does not affect all unions equally since officials appointed to the international unions by Washington, for example, are exempt from this amendment. Thus, it affects the CSN and the CEQ more than the FTQ (Quebec Federation of Labour).

-before calling a strike, union leaders must inform all their members forty-eight hours in advance. However, employers can lock out employees without having to give such notice to their shareholders.  
TS 17/12/77; GM 17/12/77; LD 16/12/77

CNSP NOTE: *The amendment on the public service is particularly annoying to Quebec unionists since the definition of essential services has been growing in recent years, and several bitter strikes have been fought on this issue.*

# MANIFESTATION NATIONALE

VENDREDI LE 16 DÉC À 8H.P.M.  
FACE AU PARLEMENT À QUÉBEC

**NON**  
AUX AMENDEMENTS  
DE LA LOI 45

POUR  
UNE  
VRAIE LOI  
ANTI-SCAB

**NON**  
AU CONTRÔLE  
DU GOUVERNEMENT  
SUR NOS  
SYNDICATS

JEAN GLADU



PUBLIÉ PAR LA CSN ET LA CEEQ

# LABOUR

## LEVESQUE RESPONDS TO THE DEMONSTRATIONS

Premier Levesque described the protest as "a mobilization which was more political than trade union oriented." He said the demonstrators were not representative, and that the bill would be put through. Certain members of the PQ itself have criticized the amendments. TS 17/12/77 P. A2; LD 20/12/77 P. 1

## OFL SUPPORTS FRENCH AS LANGUAGE OF WORK, WON'T BACK SELF-DETERMINATION

Arguing that it is premature to propose self-determination, Ontario Federation of Labour members voted for a resolution calling for a major overhaul of Confederation. Only when all other efforts have been exhausted, will the OFL seriously consider the question of self-determination. The resolution does recognize and accept that French become the language of work and education in Quebec. GM 30/11/77 P. 5

## MONTREAL POLICE WANT FOUR-DAY WEEK

*INTRODUCTION: Last February (See Synthesis Vol. 5, #2), Montreal police went on strike to gain better pensions, salary increases and a four-day week. The strike was settled except for the last issue, which was to undergo further study and negotiation. This issue is the central one in the current dispute.*

## FOUR-DAY WEEK TOO EXPENSIVE: POLICE CHIEF

Police Chief Henri-Paul Vignola disagrees with union estimates that a four-day week would not mean extra costs for the taxpayer. According to the union, no additional manpower would be needed for the new scheme.

An injunction preventing the Montreal police from unilaterally instituting a four-day week on January 1st. was issued.

Rank and file police members pressured their executive to ignore the injunction and begin the four-day-week schedule on January 1. LD 21/12/77 P. 3; LD 30/12/77 P. 1; LD 31/12/77 P. 1

## STRIKES CONTINUE AT LE SOLEIL, LA PRESSE AND MONTREAL MATIN

No break-throughs in negotiations have occurred, despite a supposed "definitive offer" to La Presse and Montreal Matin workers by the management. The "offer" was soundly rejected by the unions involved. LD 9/12/77; LD 29/12/77 P. 9

# NATIVE PEOPLE

## INUIT PRESENT NEW LANDCLAIMS

The new land claim presented to the federal government this past month contrasts greatly from the preceeding proposal of Feb. 1976. (See CNSP Vol 3 No 12 p27)

Whereas the earlier land claim was very detailed, the present one is in the form of an agreement in principle. The Inuit, estimated at 17,000 representing 27 communities, say negotiations on details can begin after Ottawa agrees to the basic principles.

The previous land claim was moderate in many ways, asking the government for surface rights and royalties on subsurface rights. The recent proposal under new leadership within the Inuit Tapirisat reflects a growing militancy and frustration in the Inuit communities of the Eastern Arctic and Northwest Territories.

Two of the major principles are the "right to self-determination" and the full ownership of land and subsurface rights over roughly a quarter-million square miles. In order to achieve this, they are calling for the creation of an Inuit Government within Confederation.

The Inuit received a cool reception from the minister of Indian Affairs and Northern Development. Hugh Faulkner represents Ottawa's growing hard-line position on Native political rights. "We're negotiating only land use, royalties, environment and things like that", he said, referring to the Inuit claim. "Land claims and political development are not same, although they overlap."

Faulkner and his team are pressuring the Inuit leaders to separate their land claims from political ones by meeting with Bud Drury, Trudeau's special representative on NWT constitutional development.

However, both the Inuit and the Dene want direct negotiations with the government on political development in the context of their land-claim negotiations. For both groups these two aspects are indissolubly linked. They have rejected any dealings with Drury to this date. GM 14/12/77 pA10 Jeffrey Simpson; TS 17/12/77 pC6 Ross Howard; EJ 15/12/77 pB4 CP; GM 14/12/77, GM 15/12/77 p8 CP.

*CNSP NOTE: The Department of Indian Affairs distributed two press releases from Peter Ernerk, an Inuk member of the Territorial Council, criticizing the Inuit position. In the press release Mr. Ernerk accused the Inuit of wanting to "quit Canada". His viewpoint is not surprising because the Territorial Council is known to represent the interests of business and development rather than that of the native people at large. Yet by distributing this release, the government seems to be confusing the issue.*

## SIT-IN PROTESTS CARDINAL FIRING

The controversy surrounding the firing of Harold Cardinal (See *Synthesis* Vol. 5, #9, P. 21) continues. An Indian group stage a ten-day sit-in protesting Cardinal's dismissal. Numbers of protesters varied from half-a-dozen to fifty people. They travelled from various Alberta reserves.

Keith Penner MP, who was appointed by Hugh Faulkner to meet with the protesters, informed the group that the minister was firm in his decision not to reinstate Cardinal.

Cardinal has recently charged that \$110 million given to Indian bands out of the Indian Economic Development Fund over the last five years is unaccounted for. A special investigation has begun on allegations of misuse of these funds.

Although the outcome of this controversy is still unclear, some sources say the Indians may be the ones who are the most hurt. This could build a backlash and halt the liberal moves aimed at having Indians manage their own affairs.

The National Indian Brotherhood has stated that the IEDF is too limited a response to the serious economic problems faced by the Indians. Many of the projects have ended up in bankruptcy. The Brotherhood is calling for a comprehensive policy for the economic and social development of Indians. EJ 29/12/77 pB1; EJ 6/12/77 pBe; GM 10/12/77 p12 J. Simpson; HCH 12/12/77 p11 Jim Poling.

## NWT DENE FIRE WHITE STAFF

Five white advisors for the Indian Brotherhood of the NWT were fired. The resource staff, several of whom had been with the Brotherhood since its formation, included a lawyer, and accountant and three political strategists.

Reasons given for their firing vary. One source said there was a disagreement over work priorities. Also, the consultants had become so preoccupied with political theory that they had become ineffective. Another reason given was that the Dene felt it was time to proceed in their own directions on their own.

There are conflicting reports concerning what direction this is leading to. Some see this action as the Dene changing directions and taking an approach of compromise, co-operation, and resignation on their position of self-government.

George Erasmus, president of the Brotherhood, flatly denied this, stating that while land claims were a long way off, the Dene would continue its struggle for the principles of the Dene Declaration. With the appointment of Hugh Faulkner, Erasmus said the "whole tone has changed absolutely" from the stand taken by Warren Almand. He said the Dene were ready for a long fight.

There are also conflicting reports on the future intentions of the fired staff. One source indicated they intended to remain in the NWT and to continue their struggle for self-determination as well. Another source implied that the white advisors were more interested in fighting "racism" than settling land claims and would continue to fight racism as they understood it.

The media reported that there was a general approval among the public of the move. Many viewed this action as a logical development of the Dene to take more responsibility for making their own policy decisions. GM 5/12/77 pA9 Nancy Cooper; EJ 29/11/77 pB3; Project North Newsletter Dec.77.

# POLITICAL

## FEDERAL GOVERNMENT

**INTRODUCTION:** *This month, the Auditor-General's annual report was tabled in the House of Commons and the long-awaited amendments to the Election Act were passed. The press could be in trouble as a result of a ruling by Commons' Speaker James Jerome on Parliamentary privilege. The Prime Minister has abandoned a tripartite approach to managing the economy.*

### THE AUDITOR-GENERAL'S REPORT

On December 1, Auditor-General J.J. Macdonell released his annual report, outlining instances in which millions of the taxpayers' dollars were handled sloppily or illegally. Although Macdonell reported that the federal government has made a "good start" in re-establishing control over the public purse, there were some glaring examples of waste and incompetence:

- the Unemployment Insurance Commission paid out \$95 million in unrecovered benefits in 1976 to claimants not entitled to them,
- the Canadian Saltfish Corporation, a Crown body, paid kickbacks of \$400,000 that year by artificially increasing sales invoices to customers and then rebating the difference,
- a federal agency is still trying to collect some \$3.8 million in overpayments to oil companies through a programme designed to subsidize the cost of imported oil,
- the External Affairs department made questionable payments of more than \$500,000 in foreign countries in shady accommodation deals,
- lax security in government computer operations that could lead to leakage of confidential tax information and fraud in unemployment insurance benefits payments.

In his 437-page report, Macdonell cited the Department of Indian Affairs, Secretary of State, Regional Economic Expansion, Transport, and Environment as being guilty of the most waste and mismanagement. He also criticized the federal government's lack of control over grants and contributions, and travel expenditures of employees of Crown corporations. He warned that the Canada Pension Plan will be exhausted within 22 years unless the contribution rate is raised.

GM 2/12/77 P. 1; GM 2/12/77 P. 10; EJ 2/12/77 P. C10; EJ 5/12/77 P. A4 ed.; HCH 3/12/77 P. 4; TS 6/12/77 P. B3 Richard Gwyn.

### ELECTION ACT

Legislation aimed at improving federal election financing rules was passed in the House of Commons on Dec. 16. This sets the administrative stage for a general election expected some time in 1978. The Election Act amendments include:

- an end to tax deductions for donations to political parties with less than 50 candidates,

-the right of teachers and their dependents living abroad on Canadian forces bases to vote in a federal election,

-the referral to a Commons committee of a report on the expenses of candidates during the election to see whether spending limits are sufficient,

-and end to discriminatory provisions against electors who speak neither English or French,

-a ban on anonymous donations over \$100,

-the approval for federal election candidates to spend \$1.00 for each of the riding's first 15,000 voters, 50 cents for each of the next 10,000 voters, and 25 cents for each additional voter,

-the approval for each federal party to spend up to \$4 million during an election.

WFP 7/11/77 P. 6; GM 18/11/77 P. 6; EJ 12/12/77 P. A10; EJ 16/12/77 P. F2; TS 17/12/77 P. A13.

### PARLIAMENTARY PRIVILEGE

Much has been written in recent months on the subject of the government's participation in the organization of a uranium cartel. The Canadian government, through an order-in-council, instituted a gag order on discussion of most aspects of the case. This order was challenged by six Conservative MPs before the Supreme Court of Ontario. (See Synthesis, Vol. 5, #9, P. 22) On Nov. 9, Chief Justice Evans of that court made his ruling, and in so doing, made many comments concerning the limits of an MP's freedom of speech. In early December, Commons' Speaker James Jerome was required to make a ruling on the implications of Justice Evans' remarks. Although Jerome claimed that Evans' judgement supported an MP's parliamentary privilege and did not alter any existing relationships concerning an MP's rights, the press did not seem convinced. It seems clear that Chief Justice Evans' judgement defined parliamentary privilege in such a way as to narrow rather than expand freedom of speech. The problem is not specifically with MPs' comments within the House, but with the media's reporting of these comments. Many reporters have been left with the impression that if an MP makes a libellous comment within the House, he or she will remain immune from prosecution, but if a reporter subsequently reports the comment, he or she may be prosecuted.

WFP 16/11/77 P. 47; EJ 6/12/77 P. D1; GM 8/12/77 P. 6

**CNSP NOTE:** *The implications of this principle with respect to the live broadcast by television of Commons debates are enormous. It remains to be seen,*



however, if this principle will be expanded or ignored in the next situation in which it might apply. Most reporters hope for the latter.

## THE PM PLANS...

Having completed a series of meetings with the ten premiers last month, Trudeau plans to launch a series of federal-provincial economic conferences that will culminate with a first ministers' summit Feb. 13-15. The PM plans to shift more economic power to the provinces in return for their help in managing the economy after wage and price controls are lifted in 1978. Officials of the federal finance and industry departments will be meeting with their provincial counterparts to analyze seven basic sectors of the economy: food, forest products, fisheries, mining, energy, manufacturing, and tourism. Trudeau hopes to work out an economic package with the premiers that is likely to include such things as greater provincial control over regional economic development, corporate affairs, and urban affairs. In an apparent effort to reduce the size of government Trudeau may abolish five government departments: Consumer and Corporate Affairs, Regional Economic Expansion, Communications, Urban Affairs, and Science and Technology. GM 5/12/77, p. 8; EJ 7/12/77, p. A4 ed.; GM 7/12/77, p. 9; TS 7/12/77; TS 10/12/77, p. C2 Ed.

**CNSP NOTE:** *This new economic offensive by the PM marks a shift away from Trudeau's efforts for an arrangement with big business and big labour for economic planning. He seems to be now seeking the accord of the provinces for the kind of unified front he was unable to get from business and labour.*

## In other developments:

- Trudeau became the first PM to inspect NORAD installations while holidaying in Colorado this Christmas. His sudden interest in continental defense has gone unexplained.
  - in a Christmas Eve interview, Veterans Affairs Minister Daniel J. MacDonald predicted that Trudeau will call an election in the fall of 1978.
  - pay increases of nearly five per cent for MPs and Senators will become effective January 1.
- TS 26/12/77, p. A1; TS 26/12/77, p. A20; EJ 1/12/77, p. A10; EJ 8/12/77, p. A13

## NATIONAL UNITY

The Task Force on Canadian Unity visited Quebec at the end of November and Ontario early this month. In Quebec, a member of the Task Force, University of Toronto President John Evans, concluded that the level of awareness in English-speaking Canada about the conditions of Canadian unity is lower than what the Task Force found among the people of Quebec. Premier Rene Levesque criticized the lack of unity in the Task Force explaining that each of its eight members has had his or her own career and have all developed their own perceptions of the question of national unity.

In Ontario, all three provincial party leaders addressed the Robarts-Pepin Task Force. Both

Premier William Davis and Liberal leader Stuart Smith called for changes in the Constitution and special status for the provinces as a solution to the unity question. NDP leader Stephen Lewis suggested that Davis visit Quebec to "woo" Quebecers and that Ontario should strengthen francophone rights. A Toronto Star editorial criticized the Task Force as "rambling, ill-organized, and sometimes irrelevant". The editorial cited lack of leadership as the main problem -- a vacuum of leadership that can only be filled by Ottawa. EJ 25/11/77, p. E24; GM 26/11/77, p. 11; TS 28/11/77, p. A1; TS 28/11/77, p. A3; GM 30/11/77 p. 3; TS 1/12/77, p. B4



## NDP

The NDP's top policy making body (federal council) met this month to plan election strategy. National leader Ed Broadbent downplayed the unity issue and promised to create 1,000,000 new jobs -- full employment in Canada. The council also urged for controls over multi-national companies to prevent them exporting jobs through profits made in Canada. TS 28/11/77 p. A1, p. A2

# POLITICAL

On another front, PM Pierre Trudeau and Premier Rene Levesque held a day of talks on the economy and national unity. Levesque warned Trudeau that if constitutional amendments planned by the federal government were to serve as planks in a federal election platform for the Liberals in 1978, Quebec would feel obliged to join the fray and combat them. Trudeau says the PQ will do no harm to the Liberals. TS 3/12/77, p. A1; EJ 3/12/77 p. 1; TS 12/12/77 p.A1,CP.

The pro-Canada political parties and unity groups at the federal and provincial levels have agreed to form a common front to fight the Quebec independence referendum. At a symposium in Quebec City sponsored by the Council for Canadian Unity, 21 groups formed a committee to fight the independence forces in Quebec. EJ 1/12/77 p. C24; TS 4/12/77 p. A1

**CNSP NOTE:** Under Parti Quebecois plans for the referendum, all those taking the same position in a referendum debate must group themselves in a single committee.

## QUEBEC

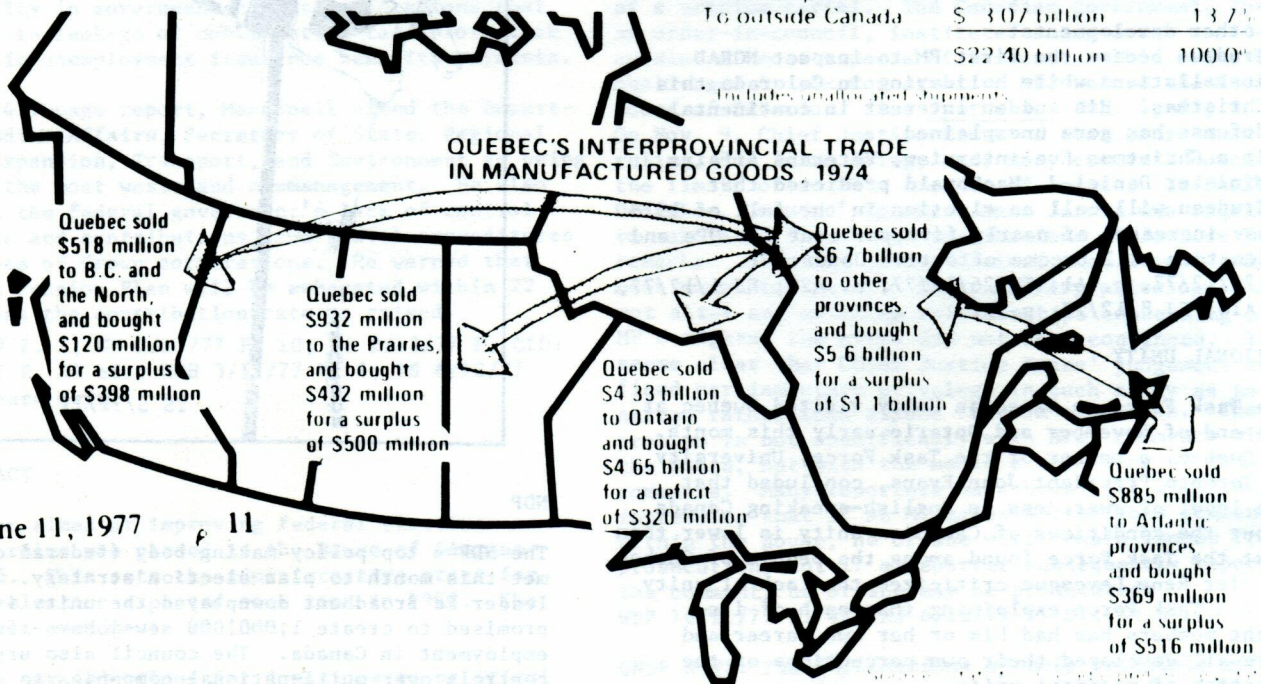
**INTRODUCTION:** Could Ontario afford to refuse to discuss an economic association with an independent Quebec? A Canadian economist, A. Rotstein, says no. See article below for his reasons why. This month we see efforts by both the federal and Quebec governments to halt rising unemployment. While the English press reported on the legal challenges to Quebec's language legislation, the French press reported the efforts businesses in Quebec are making to conform to the language of business regulations. The Sun Life decision (Jan. 6, 1978) stands in marked contrast to the spirit of cooperation which most businesses are exhibiting in Quebec. The Sun Life story will be analysed in next month's publication. Finally, the bill outlining referendum rules passed first reading in the National Assembly. Developments in asbestos will also be discussed next month.

### How the goods flow

Where Quebec's manufactured goods go, 1974

Within Quebec*	\$12.66 billion	56.5%
To other provinces	\$ 6.67 billion	29.8%
To outside Canada	\$ 3.07 billion	13.7%
	\$22.40 billion	100.0%

\* Includes unallocated shipments.



FP June 11, 1977 p. 11

## ONTARIO JOBS LINKED TO QUEBEC MARKET

Economist Abraham Rotstein said, "The position of Mr. Davis, who says he is not interested in association with an independent Quebec, is more political bluff than a serious analysis of the economic reality of Ontario. Neither the unions nor the businesses of our province will take the risk of creating a 100,000 unemployed or more by cutting links with Quebec. Ontario business exports annually \$4.6 billion worth of manufactured goods to Quebec, and the hundred thousand workers who make these goods depend directly on the Quebec market." LD 19/12/77 P. 9

CNSP NOTE: *This article, which appeared in the French press, was not picked up by any Ontario paper CNSP covers.*

## REDUCING UNEMPLOYMENT?

Federal and provincial financial support will be provided to a private business (un-named) to produce steel parts at Wayagamack, Cap de la Madeleine, Quebec. It will employ one-half of the two hundred workers recently put out of work by the unilateral decision of Consolidated Bathurst to close its pulp and paper factory. The Quebec government is also negotiating to employ an additional 40 workers in the production of asbestos-paper. LJ 6/12/77 p. 15

Dominion Textile will receive a DREE grant of \$194,000 to expand its acrylic and polyester plant at Sherbrooke, Quebec. The expansion will cost the company \$1.7 million and create only 16 jobs. The total of DREE grants to the province of Quebec is \$691,860 for projects that will create a total of 239 jobs. The private investment is \$5.5 million.

## POLICE

INTRODUCTION: *This month the Laycraft Inquiry in Western Canada revealed corruption in the Immigration Department and RCMP payoff lists of policemen, judges and public officials. Civil Liberties groups accused the McDonald Royal Commission of "coddling" the RCMP while once again Francis Fox unsuccessfully tried to suspend the Keable Commission in Quebec. OHIP leaked information from its medical plans to the police and a former member of the League for Socialist Action sued the RCMP for slander.*

## LAYCRAFT INQUIRY

Police investigating carnival operations in Western Canada during 1975 had information concerning corruption in the immigration department. Former RCMP staff sergeant Ron Sheppard told the Laycraft Inquiry that a number of government officials had a relationship with the Royal American Shows (RAS) to "overlook little things" in exchange for small gifts. Commissioner Laycraft will make payoff lists of "policemen, judges, and public officials" public during the Inquiry. EJ 8/12/77 p. A1; EJ 9/12/77 p. B1

The other companies are: Uniformex Inc. de Levis; Sigama Ltd. (Cap-de-la Madeleine) Lasalle Blanket Co. Ltd. (Cap-St. Ignace) Chaussures Dynastie Inc. (Sherbrooke) Boissonneault et Tremblay; Bomen Inc. (Sainte-Foy) Menuiserie Belisle Inc. Produits Le Boucan Inc. (Saint Jean) Abaco Tool & Die Inc. (Montreal Nord) LD 30/12/77 p. 19

## LANGUAGE OF BUSINESS

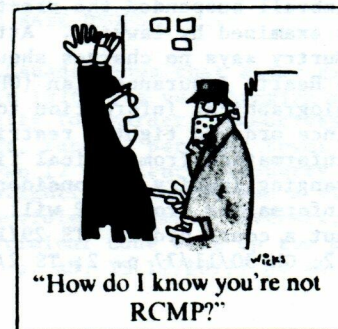
More than 3000 Quebec business have formed committees to oversee the program of increasing the use of French in their respective workplaces. Many companies have had such committees established for a couple of years although many are adding workers for the first time as the new legislation requires it. LD 1/12/77, p. 17

## BILL 92: REFERENDUM RULES

All opposition parties supported the government in unanimously adopting Bill 92's first reading in the National Assembly. LJ 23/12/77, p. 15

Questions in referendums must be in both French and English (in native communities it will be in French and the native languages). A Council of Referendums will be created to have judicial jurisdiction over referendums. There will be a \$3,000 limit on contributions by individuals and a ban on corporate contributions. There will be a limit of one referendum on the same subject for the government's four-year term of office. TS 22/12/77, p. A1; GM 22/12/77, p. 1

CNSP NOTE: *See last month for further details.*



# POLITICAL

## MCDONALD COMMISSION

Mr. Justice David McDonald opened his two-year probe into RCMP wrongdoing asking for public trust and cooperation. The Progressive Conservative Party and two civil liberties groups sought formal status before the Commission in order to question witnesses. PC leader Joe Clark says public opinion has turned against the Conservatives for attacking the RCMP but government misconduct in handling the force is serious enough to warrant pushing the probe. McDonald refused cross-examination rights to the Conservative and civil liberties groups. He said the presence of too many lawyers would turn the hearings into a "Star Chamber". Canadian Federation of Civil Liberties and Human Rights Associations charged that the Commission is leaving too many questions unanswered and a "bias" towards the RCMP is already evident. A civil liberties spokesman said "The Commission wants to protect national security: they are supposed to test the efficacy of the RCMP and they have to restore confidence in the force. All these interests could be contradictory."

The Commission has revealed that a "spy ring" named the "Parizeau Network" formed after the 1970 October crisis and including high ranking civil servants in Ottawa, prompted police to step up their counter-espionage during the 1970's.

The Inquiry begins a round of meetings to hear public briefs January 16. GM 7/12/77 p. 8; TS 8/12/77 p. A2; TS 28/11/77 p. A7; TS 17/12/77 p. A3; EJ 7/12/77 p. A1

## FOX TRIES AGAIN

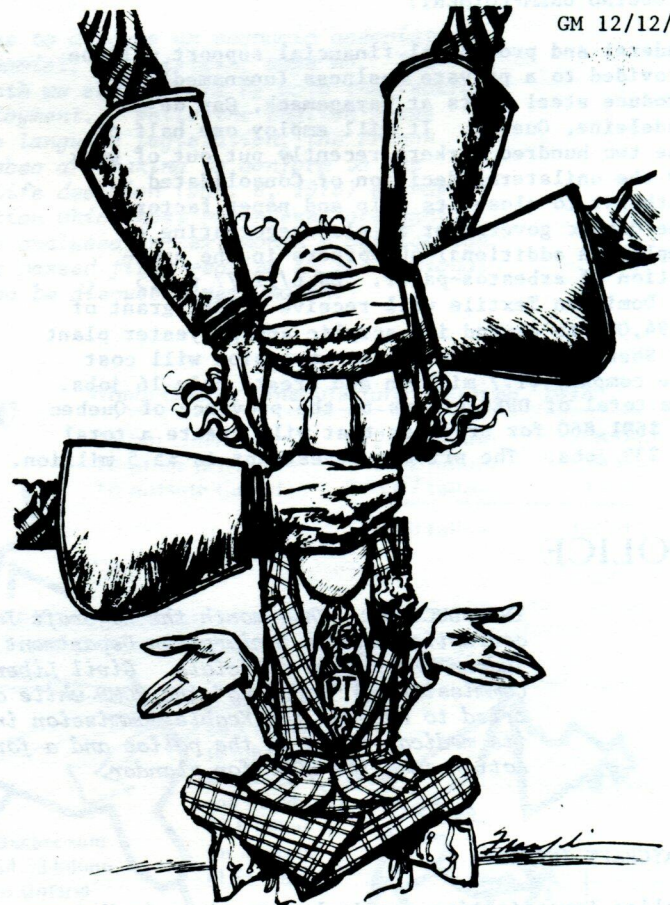
Solicitor-General Francis Fox appealed to the Quebec Court of Appeal to suspend the Quebec Inquiry's proceedings into the illegal activities of the RCMP, on the basis that national security and the future of Canadian federalism were at stake. Judge Fred Kaufman upheld the previous lower court ruling rejecting Fox's plea. GM 17/12/77 P. 12

## OHIP LEAKS TO RCMP

Ontario Health Minister Dennis Timbrell acknowledged that Ontario Government policy allowed enrolment data from its medical plans to be given out to the police since 1959. Timbrell suspended the practice while its legality is examined by lawyers. Attorney-General Roy McMurtry says no charges should be laid against Ontario Health Insurance Plan (OHIP) staff for releasing biographical information to police. Later the province ordered tighter restrictions on release of information from medical files and has set up a wide ranging inquiry to consider further measures. No information from OHIP will be released to police without a court order. TS 29/11/77 p. A3; GM 30/11/77 p. 2; GM 30/11/77 p. 2; TS 2/12/77 p. A3

## FORMER LSA MEMBER SUES RCMP

Ross Dowson, former executive secretary of the League for Socialist Action (LSA), has launched a suit against the RCMP for slander. The RCMP referred to him and other members of the LSA as subversives in a report tabled in the Ontario legislature. Dowson said the LSA never promoted change brought on by violent or undemocratic means. Dowson described the group as "consistent convinced socialists" who had "nothing to do with subversion". Dowson said he will pursue the matter through the McDonald Commission. GM 13/12/77 p. 5



GM 12/12/77

## PRISONS

## CRIMINAL JUSTICE

**INTRODUCTION:** A conference on "Diversion" in Quebec co-sponsored by the Ministry of the Solicitor-General and the Department of Justice brought 500 delegates from across Canada to discuss structural alternatives to the present prison system. "Diversion" seems to be occurring in budget-conscious Ontario as new Correctional Services Minister Frank Drea develops work programmes for offenders so that taxpayers can save money. Drea closed the long condemned Don Jail in Toronto. New federal penitentiaries are under construction in Ontario and Quebec. Imprisoned Canadians in the United States and Mexico can now serve their sentences in Canada under a new Transfer of Offenders Act. Statistics Canada shows a drop in the major crime rate for 1976.

## CONFERENCE ON "DIVERSION"

Federal Justice Minister Ron Basford announced a new bill amending the Criminal Code to provide community work orders, restitution and other options to fines and jail terms. Basford spoke at the first National Conference on "Diversion" in Quebec, designed to "channel offenders out of the formal system at the precourt stage". Basford says the criminal-justice system might find more "flexible, more humane and less costly ways of dealing with offenders".

Some delegates at the conference voiced concern over prison structures. "Diversion" is concerned with the spirit of the law rather than the letter of the law. Government plans for more prisons are counter-productive to the "diversion approach".

Francis Fox, Solicitor-General, questioned the over-emphasis on diversion, saying it could lead to an increased bureaucracy and controls. President of the Native Council of Canada Harry Daniels said "You must put diversion into the hands of the people, into the hands of the community, not into the bureaucracy". GM 25/10/77 p. 8; TS 25/10/77 p. A3; Liaison, Vol. 3, No. 10, Nov. 1977, p. 2-4.

## "DIVERSION" IN ONTARIO

New Ontario Correctional Services Minister, Frank Drea announced a provincial programme to enable judges to sentence non-violent offenders to perform work in the community. Up to 500 prisoners will work for no pay, saving taxpayers \$40 a day in prison costs, says Drea. GM 14/10/77 p. 42; TS 26/9/77 p. C1

Starting April 1 prisoners will form road gangs to work off "every second (of their) sentence" says Drea. The gangs will be used for "manicuring" the roads by removing salt. Drea says jobs are not being taken away so unions should not object. TS 28/11/77 p. C1

## DON JAIL TO CLOSE

The 112 year old Toronto Don Jail closed December 31. Inmates were transferred to new detention centres in Scarborough and Etobicoke. Frank Drea said no jobs would be lost since staff was transferred to other institutions. Some 20 grand juries have filed reports calling for the closing of this "revolting, harrowing, unsanitary, overcrowded and unsafe" jail. TS 10/11/77 p. 1, C4.

## NEW PRISONS

## SUDBURY

Francis Fox, Solicitor-General, announced the purchase of a provincial prison by the Canadian Penitentiary Service to be renovated to accommodate 150 inmates in need of protective custody. The new federal maximum security prison located 20 miles south of Sudbury will require 170 staff and an initial purchase and conversion cost of \$4.3 million. News Release, Solicitor-General-Canada PR 47 21/12/77

## QUEBEC

A medium security penitentiary costing \$20 million, housing 252 inmates will be built at Donnacona, 30 miles south of Quebec City, says Fox. The prison is to be completed in May, 1980. News Release, Solicitor-General-Canada PR 43 19/12/77

## TRANSFER OF OFFENDERS ACT

Francis Fox announced a new bill in the House of Commons which provides for Canadians imprisoned in the United States and Mexico to be repatriated, and for Mexican and American citizens incarcerated in Canadian institutions to be sent back to serve their sentences in their own countries.

Canada signed treaties with the United States and Mexico agreeing to terms for the transfer of offenders. WFP 23/11/77 P. 4; News Release, Solicitor-General-Canada PR 20/12/77.

## MAJOR CRIME RATE DROPS

Statistics Canada shows that major crimes in Canada decreased in 1976, the year hanging was abolished as the penalty for murder. Homicides were down 0.3 per cent, rapes 2 per cent fewer and hard drug offences down 17 per cent. Property crimes increased slightly and there was a six per cent rise in non-violent crimes. Overall, offences under the Criminal Code were up two per cent. EJ 19/11/77 p. A8; TS 12/10/77 p. A4

# POLITICAL

## SOCIAL WELFARE

Percentage Spending of Provincial Budgets

	<u>Social Welfare</u>	<u>Health</u>	<u>Law/Justice</u> (includes police, courts, correctional services)
British Columbia	17.8%	25.9%	4.1%
Manitoba	16.8	28.1 *	approx 3.6
Ontario	14.3	27.1	4.2 *
Quebec	13.9	23.6	3.2
Saskatchewan	12.3	--	approx. 3.6
Nova Scotia	--	24.6	approx. 3.6
Alberta	--	--	3.8

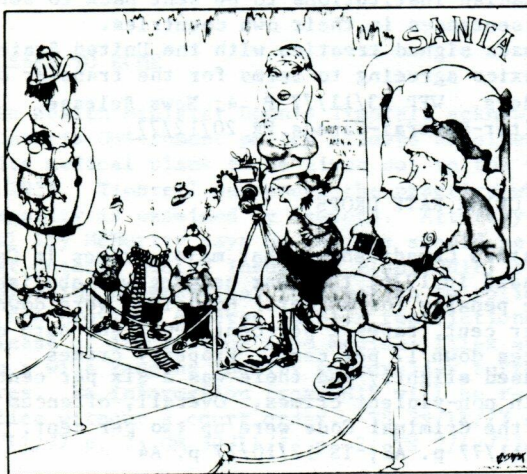
### SQUABBLE OVER GUARANTEED INCOME

Federal Health Minister Monique Begin's proposal to re-introduce the Guaranteed Annual Income has created a squabble in the backrooms of Parliament Hill. Initial target groups for the programme would be:

- Low income workers
- One-parent families
- Unemployed workers (ages 50-65).

Begin sees using the tax system, replacing some tax exemptions with tax credits, and the negative income tax.

The major opposition is the right-wing of the Progressive Conservatives (PC), Paul Yewchuk, health critic. The left-wing PC (Joe Clark, Flora MacDonald, David MacDonald - PEI, James McGrath - Newfoundland) may attempt to switch from a party policy that guaranteed income went against traditional free enterprise philosophy. Yewchuk is hoping that Horner, now a Liberal Cabinet member, can rally the right wing of the Trudeau cabinet to torpedo the idea. EJ 5/12/77 p. D18



"You could be in politics... all these promises every year and you never deliver!"

### BANK CHAIRMAN URGES 'MEANS TEST' FOR SOCIAL SECURITY PAYMENTS

Meanwhile, Allen Lambert, Chairman of Toronto Dominion Bank, heading a commission on financial management and accountability of government has suggested that means tests are needed for social security payments. He suggests "higher user" fees for medicare and hospitalization programmes and cutting civil service salaries. MP John Gilbert of Broadview riding in Toronto called the means test "a real right wing reaction". TS 17/12/77 p. A1

### COUNCIL RECOMMENDS PROVINCIAL RESPONSIBILITY FOR WELFARE COSTS

The federal block financing plan is shifting the financing of income maintenance programmes such as welfare from the federal to the provincial to the municipalities. The Social Planning Council of Metro Toronto recommends that the province assume the entire responsibility for general welfare. They feel the ideal solution is for Ottawa to provide the guaranteed annual income. TS 25/11/77 p. C4

CNSP NOTE: New Brunswick allocates the largest proportion of its budget to education - 28.8 per cent. No Maritime province spends less than 25 per cent of its budget on education. Some Maritimers claim their biggest export is well-educated people. Ontario dropped below the national average in its housing spending: In 1970-71, Ontario spent \$513 per capita while the national average was \$488. In 1976-77, Ontario spent \$1,079 per capita compared with the national average of \$1,132. Ontario's housing policy changed from building low-cost housing to subsidizing families renting privately-owned accommodation. The government did this to cut costs. MS 24/11/77 P. A11

## MORE ON CUTBACKS

- a) Hospitals are facing layoffs, rise in fees, Ontario Hospital Association warns. GM 7/11/77, p. 1
- b) Nurses fight health cutbacks; say patients will be hurt. TS 17/11/77, p. B7
- c) Family on welfare gets an 18 per cent rent increase: it doesn't leave much for food, father of two says. GM 4/11/77 P. 4

- d) New skid rows are emerging in Toronto. TS 24/11/77 p. B4
  - e) Direct care positions in Metro Children's Aid Societies (CAS) will be eliminated. GM 30/11/77, p. 4
  - f) The intention of a new family law reform bill is to place the burden for care for the disabled retarded adults on the family rather than the state. GM 7/12/77, p. 4
-

# CULTURE

## WOMEN

**INTRODUCTION:** *At a time when raising women's salaries is said to promote inflation, women continue to lose ground in the battle to receive salaries equal to those received by men. This also affects the division of assets in property settlements at the end of a marriage, for a man earning twice his wife's salary (if she earns one) is regarded as contributing more to the home. Thus, struggles with new family law legislation in several provinces often focus on questions of property settlements. In rape law reform, efforts are being made to remove the definition of women as sexual property.*

### FAMILY LAW LEGISLATION

#### MANITOBA

One of the initial acts of Manitoba's new Conservative government was to suspend the Family Maintenance and Marital Property Acts, legislation which had been passed last spring by the NDP government.

The new family law legislation was seen by many to be in the forefront of family law legislation in Canada. The acts are based on the principle of marriage as an equal partnership, of equal sharing between husband and wife, of spouses' responsibility to support each other and of maintenance support based on need rather than fault. It includes the provision that each partner would have the right to know how much the other is earning, including his or her debts or assets.

The Conservatives cite technical and legal reasons for suspending the legislation, especially problems with federal tax legislation and the classification of assets and has appointed a committee of three lawyers (one of whom spoke against the legislation when it was first introduced) to review the problems and recommend appropriate amendments. Premier Lyon voiced his opinion that forcing men to disclose their assets to their wives is an "intolerable intrusion" into the privacy of marriage. He feels there are instances where the division of property at the end of a marriage should not be equal. There is much fear that new legislation, if the Conservatives bring any forward, will be empty of the important principles included in the suspended legislation. Family law legislation in Manitoba now reverts to the previous property laws. The woman owns only what property and clothing she brings to the marriage plus any financial contribution to the family's assets she can prove. Sexual misconduct or "fault" is the key factor in determining support payments. Meanwhile, the Conservatives have not indicated that the new family law legislation will be returned at the spring session, leading many people to fear that the legislation might be shelved.

WFP 28/11/77, p.29; WFP 29/11/77, p. 1, 14;  
WFP 29/11/77, p. 29; WFP 5/12/77, p. 2;  
WFP 7/12/77, p. 3, 8; WFP 8/12/77, p. 23;  
WFP 10/12/77, edit. p. 47; WFP 10/12/77, p. 9;  
WFP 12/12/77, p. 1; WFP 12/12/77, p. 14;  
WFP 13/12/77, letter, p. 32; WFP 13/12/77 p. 1;  
TS 17/12/77, p. A1; TS 17/12/77, p. A18.

#### ALBERTA

Anticipating the re-introduction of new family law legislation which died on the order paper last session, the Alberta Status of Women action committee and the Norwood women's collective have begun a matrimonial property information project. They plan to blitz the province with information kits and workshops, outlining present rights and recommendations from the Institute of Law Research and Reform on divorce settlements which the province's new legislation ignores. Of major concern is the question of the judge's discretion in the division of property. The women's collective and the Status of Women committee support the Institute's recommendation for deferred sharing. Rather than leaving it to the judge, deferred sharing splits all property acquired during the marriage with the exception of gifts and inheritances. EJ 15/12/77, p. B6.

#### ONTARIO

A husband no longer owns his wife's body and therefore doesn't have grounds to sue his wife's lover for adultery according to an Ontario Court of Appeal ruling. The precedent-setting ruling is based on the Court's interpretation of the 1975 Family Law Reform Act. GM 3/12/77, p. 1.

#### RAPE DEFINITION CHANGE SUGGESTED

The Law Reform Commission of Canada is studying a proposal to abolish rape from the Criminal Code and broaden the assault section to include sexual offences. Under the proposal, a person would be charged with assault causing bodily harm instead of rape and references to the sexual aspect of the crime would be read as evidence during the trial. Commission Vice-Chairman Frank Muldoon said that the proposal is designed to encourage women to file complaints by removing the stigma of being a victim and to make prison life easier for a convicted rapist. One of the aspects the Commission must consider is whether in all cases rape is actually causing bodily harm. Penetration is the key to determining the charge and whether penetration is in fact an assault is the question the Commission



will have to answer in its report, due to be completed this spring. WFP 17/12/77, p. 1.

In a recent book entitled Rape: The Price of Sexual Coercion, its authors Clark and Lewis argue that rape should be considered a form of assault rather than a sexual offence. They state that

present rape laws are essentially property laws dependent on concepts of women as sexual property. Calling the crime one of criminal assault is more accurate and the legal proceedings are thus likely to be more just to the victims. EJ 24/11/77, p. C4; GM 1/12/77, p. F6.

## MEDIA

*INTRODUCTION: Subsequent issues of Synthesis will deal with the question of increased racism in Canada and the efforts in various places to counteract it. This issue focuses on the recommendation in the Pitman report that media work to defuse racial tensions and one reaction to this recommendation. Other stories this month focus on recent Supreme Court decisions affecting cable television.*

### MEDIA AND RACISM

In his one-man commission report on racism in Toronto, Walter Pitman listed 41 recommendations designed to control racial tensions in Metro. One recommendation urged that media be encouraged to find ways that help defuse racial tensions in presentation of stories. This recommendation prompted a lengthy response from Robert Fulford, a regular columnist for the Toronto Star. Fulford argues that it is a nostalgic notion to believe that media will preach brotherhood. For one thing, he says, racism has become vaguely fashionable. Furthermore, racism is the basis for the most memorable jokes in such television shows as "All In the Family". These shows permit and encourage racist feelings in their audiences while simultaneously finding a way to excuse them. It's okay to laugh at Archie Bunker's racism because he's stupid, Fulford argues. While Fulford agrees that Pitman's ideas are excellent, he feels that the media are "too sharp, too hip, too knowing, too self-conscious. The result is a vacuum on the side of tolerance and human rights." TS 28/11/77, p. A1; TS 31/12/77, p. C6 - Robert Fulford.

### SUPREME COURT RULINGS RE CABLE TV

Early in December, the Supreme Court of Canada ruled that cable television is an integral part of the broadcasting system and thus comes exclusively under federal jurisdiction. In the 6-3 decision (with the three Quebec justices

dissenting) against Quebec's right to license cable television companies, the Supreme Court ruled that since cable distributors rely on "television signals and on their ability to receive and transmit such signals to their subscribers...they are relying on broadcasting stations" and thus part of an interrelated broadcasting system. Although even federal Communications Minister Jeanne Sauve admits that provinces have a natural interest in cable TV because of its local character, the Supreme Court decision gives little weight to the fact that cable TV increasingly provides a wide range of local services. The decision is seen by its opponents as yet another example of federal intrusion and centralist politics. Ontario, British Columbia, Alberta and Saskatchewan all intervened in the Supreme Court hearings to support Quebec's case. FTC 5/12/77, p. 2 - Joan Fraser; GM 5/12/77, p. 6 edit.; FP 10/12/77, p. 5 - Douglas Mepham; FP 24/12/77, p. 9 - Amy Booth.

In another decision, the Supreme Court ruled that cable television stations have the legal right to delete commercials from the signals of U.S. television stations. According to Michael Hind-Smith, president of the Canadian Cable Television Association this is not likely to lead to an increase in commercial deletions, as deletion is "a very messy and very complicated procedure" and simulcasting is a much more practical alternative. GM 7/12/77, p. B5 - Edward Clifford; EJ 16/12/77, p. B2 - Jim Waters.



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- a satire
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