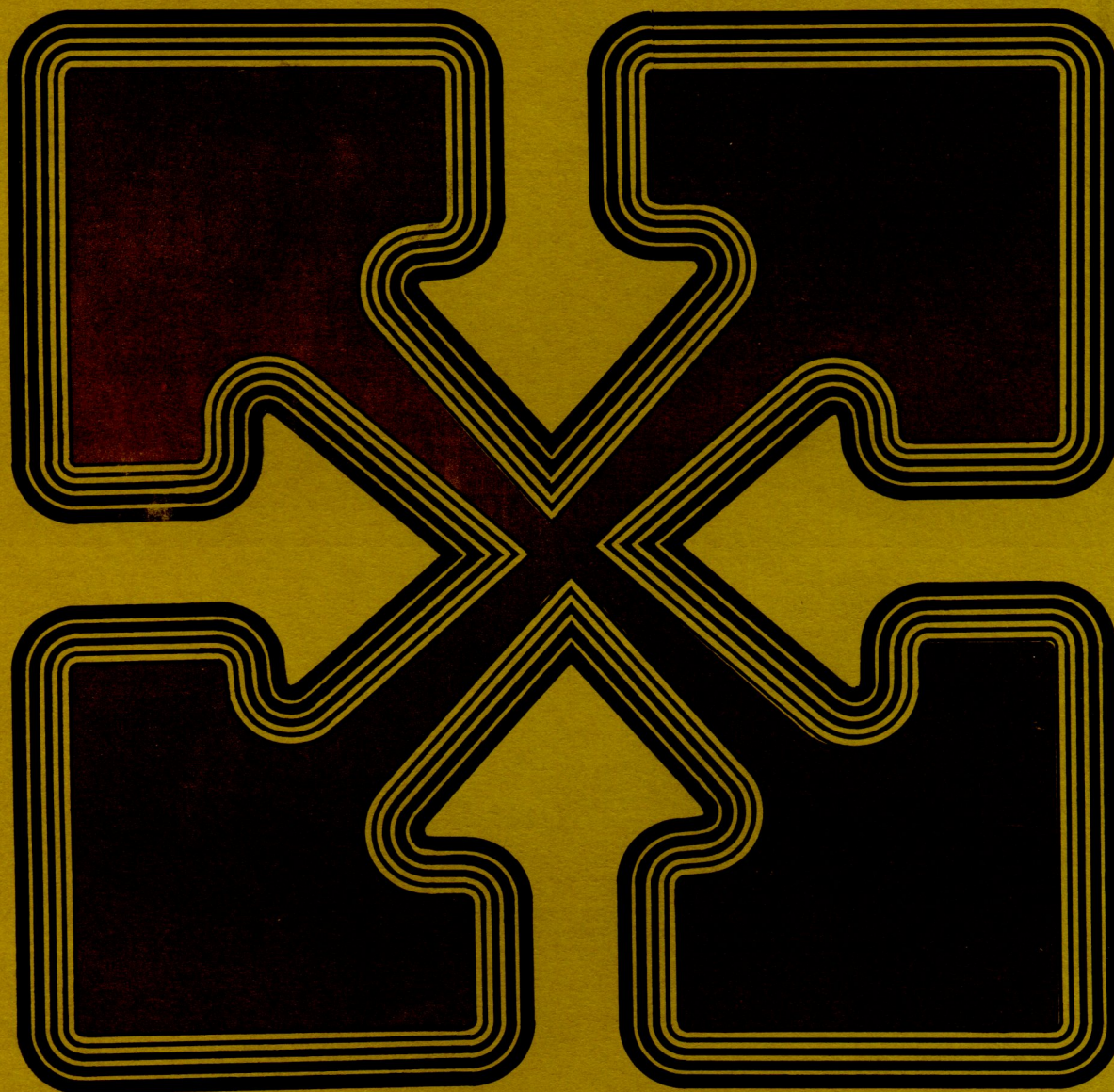


# Synthesis

A Review of Events Reported in the Canadian Press



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# Canadian News Synthesis Project

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# Synthesis

## HIGHLIGHTS

**INTER-AMERICAN DEVELOPMENT BANK MEETING:** There was tension at the annual meeting of the IDB in Vancouver as US representative Robert Carswell raised the question of human rights violations and investment by outside sources. The IDB is the principal source of external public financing in Latin America. Canadian representative Jean Chretien and Bank President Ortiz Mena both said loans should be made with no strings attached. Page 2.

**ALCAN PIPELINE BLUES:** A delay on President Carter's energy package in the US congress may lead to trouble for the Alcan gas pipeline. Financing for the line cannot proceed until there is a firm decision on US domestic gas prices. There is every indication that Alaskan gas won't be able to compete until the early 1990's for the US market. Meanwhile, Alberta Premier Lougheed and the gas producers are pressing for increased exports of Alberta gas to the US to prick the gas bubble and keep the drilling boom in high gear. If that goes ahead, it will require pre-building of the southern sections of the Alcan line. And if the rest of the line cannot be built immediately, there might be an Alcan Oil Pipeline to fill the breach. Page 7.

**PHASING OUT THE A.I.B.:** After two-and-a-half years of operations the government is phasing out its anti-inflation program of controls over wages and prices. Designed to reduce inflation, the Anti-Inflation Board leaves the country with a consumer price index 19.6 per cent higher than when it began and the number of unemployed almost two-thirds higher. Page 6.

**CANADIAN LABOUR CONGRESS CONVENTION:** Continued inflation and unprecedented unemployment together with frustration at the increasingly conservative mood in the country, formed the backdrop for this year's CLC convention held in Quebec city. The principal issues and proposals concentrated on manpower policies, tax strategy to promote employment, corporate disclosure especially relating to investment and production planning.

The vast majority of delegates were from the shop floors. The CLC is the only labour movement in the Western world in which local unions, rather than affiliates, choose the participants. Page 13.

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# CANADA AND THE WORLD

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## THE GENERAL CONTEXT

**INTRODUCTION:** *The Inter-American Development Bank (IDB) meeting in Vancouver gathered 2000 bankers, businessmen and representatives of Latin American dictatorships together with the envoys of Canada, the U.S. and other industrialized nations. The United States attempted to raise human rights issues, as did Vancouver community groups, but neither the IDB, Canada nor the local press were willing to take up the issue. Canada prefers, as does the bank, to hand out loans with eyes closed to blood on the hands of the recipient governments.*

### IDB ANNUAL MEETING

As the Inter-American Development Bank held its annual meeting in Vancouver, Canadian Finance Minister, Jean Chretien, stated that Canada will continue financial support to Latin American countries whether or not it likes the type of governments in power. He said that denying such funds for development projects would enforce a "double penalty" for Latin citizens, even if ruled by a military dictatorship which violates human rights. Antonio Ortiz Mena (IDB President) told a news conference that the issue of human rights has never been raised at a meeting of the bank's board of governors.

A one-day counter-conference was held in Vancouver to protest the violation of human rights in Latin America and the role of the bank in supporting dictatorships. Organizer Jeff Keighley said economic evidence indicates that the IDB pushes Latin America backwards and reinforces dependency on the United States. Organizer Gary Cristall stated that Canadian money going to these countries does nothing but prop up the military governments. Keighley said that development aid to countries with anti-union regimes, merely lays the groundwork for the exploitation of cheap labor by companies like Inco, Falconbridge, Alcan and Noranda. VS 17/4/78 p.A1; GM 17/4/78 p.B11.

More than 2000 delegates, observers and guests attended the annual meeting of the Washington-based IDB. The bank will provide a record \$2 billion in loans this year, up from \$1.81 billion last year. It is the principal source of external public financing for Latin America. But Chretien noted in his opening remarks that late U.S. contributions have caused the bank serious problems. The United States is about \$265 million behind in 1977 payments of its share of the bank's upkeep. GM 18/4/78 p.B2.

The United States deputy secretary of the Treasury, Robert Carswell told the IDB that "No nation can continue to have a domestic consensus in favor of providing assistance to other countries if its own sense of decency is offended by the activities of the governments of the countries receiving assistance". Carswell's concern for human rights was rejected by Argentine economics minister Jose Martinez de Hoz, who wanted bank decisions to be taken without "political considerations". Vancouver Province 19/4/78 p.23.

Replying to Mr Carswell's human rights considerations, Bank President, Ortiz Mena, stated that the IDB's constitution prevents any discrimination towards

# CANADA AND THE WORLD

member countries and the bank would not accept money with strings attached. The reference was to the delay in U.S. payments into IDB which are being held up by the U.S. Congress which is afraid that funds will be used to help governments that deny basic human rights. Ortiz stated that the bank would refuse to accept any U.S. funds that are conditional on a charter or a declaration of human rights.  
GM 21/4/78 p.B2; VP 20/4/78.

Vancouver Mayor Jack Volrich, arriving at the IDB banquet in a mauve cadillac, entered the Queen Elizabeth Theatre by a back door in order to avoid 200 demonstrators who were protesting Canadian participation in the bank. The Vancouver and District Labour Council, meanwhile, voted unanimously to condemn the IDB and the use of Canadian taxpayer money in countries run by military dictatorships.  
VS 19/4/78 p. C4.

**PRESS COMMENT:** *Paul St. Pierre in his Vancouver Sun (20/4/78) column questioned Mr Carswell's injection of "morality" into the bankers' meeting. St. Pierre doesn't believe that the world is divided into white and black, as John Foster Dulles would have defined it twenty years ago. Nor are bankers qualified to judge. Further he questions whether a poor nation with a bad government becomes any better by being made poorer. In an editorial the Sun (18/4/78) referred to the human rights issue and the counter-conference in Vancouver, and saw it as a double dilemma. On the one side the refugees see a double standard between helping refugees flee from awful regimes and then financing the regimes. On the other side the Jean Chretien's think that by denying development funds to repressive regimes, they make the citizens suffering within, doubly suffer. The Sun comes out on Chretien's side.*

## THE SPECIFIC AREAS

### Investment

#### CANADIAN RESOURCES FOR CANADA

Jim Conrad, 47, the new executive director of the Committee for an Independent Canada says that foreign control and domination has led to unemployment. Too large a portion of capital gains accrued in Canada is going to foreigners. Canada should have a clear policy that Canadian resources are to be used only to enhance Canadian ownership. EJ 28/3/78 p F8

"Retreat is too mild a word", says Allan Blakeney, premier of Saskatchewan, about the move of many political leaders in Canada who "are eagerly racing to extol the virtues of foreign control over the Can-

adian economy." Blakeney sees the move away from FIRA and the need to build a Canadian identity on controlling our economy as being "shortsighted and naive". TS 31/3/78 p.A8.

#### U.S. INVESTORS RETREAT

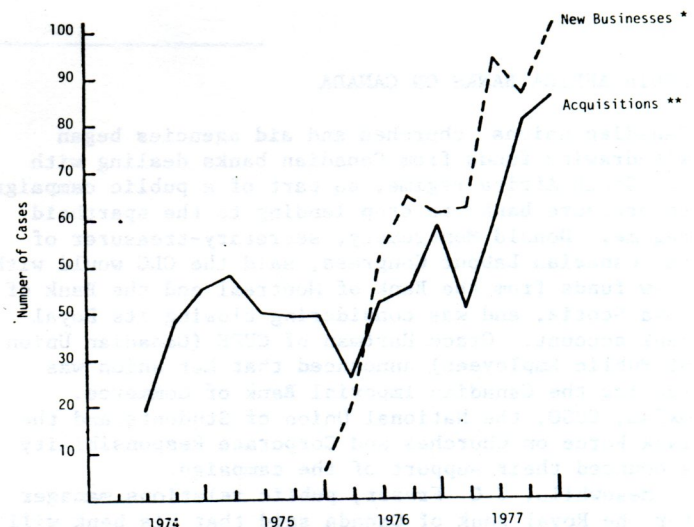
U.S. parent firms took more out of Canada than they committed in investment during 1977. Canada suffered a net loss of \$440 million in U.S. direct investment in Canada. Most foreign investment in Canada is now reinvested earnings of U.S. subsidiaries in Canada. FP 1/4/78 p.3.

Commenting on the U.S. Commerce Dept's survey of investment intentions of U.S. firms, Peter Cook notes that Britain is likely to outrun Canada for the first time as a recipient of new U.S. investment in 1978. Foreign investment by U.S. capital is being directed less into manufacturing facilities and least of all into the high technology industries that many lands desire. FTC 3/4/78 p.9; EJ 30/3/78 p.F11.

#### TRUDEAU DEAD TO FOREIGN IMPACT

John Gray, in a stinging article in the Ottawa Citizen (5/4/78 p.25) attacked P.M. Pierre Trudeau's record regarding foreign control of the economy as being "totally unconcerned". A decade after his election, Trudeau "does not even deign to mention the staggering and increasing costs and disadvantages of foreign ownership". Political leaders who complain about

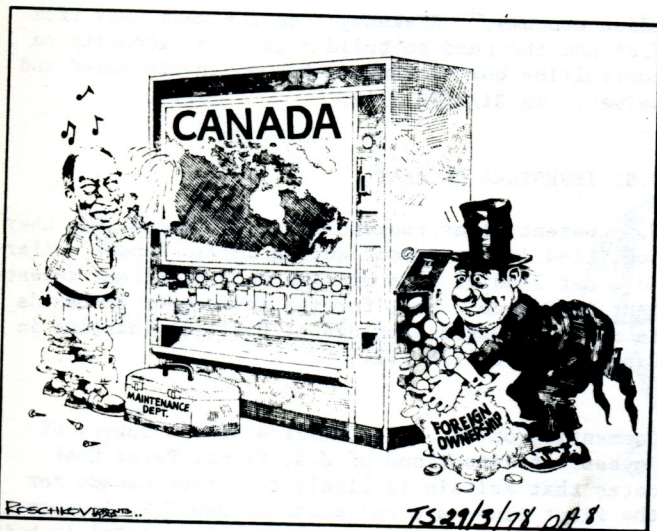
FOREIGN INVESTMENT REVIEW ACT  
NUMBER OF APPLICATIONS FILED PER QUARTER



\* Provisions for review of new businesses came into force October 15, 1975.

\*\* Provisions for review of acquisitions came into force April 9, 1974.

# CANADA AND THE WORLD



Canadians' trips overseas as a drain on the economy, usually fail to mention that foreign travel accounts for less than half of the outflow that is represented by interest and dividend payments, the most direct cost of foreign ownership. The Trudeau government created FIRA only when in a pressured situation as a minority government. Now it has been turned on its head. By one estimate 95 per cent of foreign investment in Canada two years ago was not even subject to FIRA review. *Barron's*, the U.S. business weekly, says "the only U.S. business which wouldn't be cordially welcomed to Canada is Murder Inc."

## CANADIAN FOREIGN POLICY

### SOUTH AFRICA BANKS ON CANADA

Canadian unions, churches and aid agencies began withdrawing funds from Canadian banks dealing with the South Africa regime, as part of a public campaign to pressure banks to stop lending to the apartheid regime. Donald Montgomery, secretary-treasurer of the Canadian Labour Congress, said the CLC would withdraw funds from the Bank of Montreal and the Bank of Nova Scotia, and was considering closing its Royal Bank account. Grace Hartman of CUPE (Canadian Union of Public Employees) announced that her union was leaving the Canadian Imperial Bank of Commerce. Oxfam, CUSO, the National Union of Students and the Task Force on Churches and Corporate Responsibility announced their support of the campaign.

Meanwhile, G.C. Fraser, public relations manager for the Royal Bank of Canada said that his bank will not embargo loans to South Africa. He was speaking following a demonstration of 50 people in front of four branches of Canadian banks in Halifax. OC 22/3/78 p.9; WFP 23/3/78 p.5.

External Affairs Minister Don Jamieson has announced that his department is drawing up a code of conduct for Canadian companies operating in South Africa. The code is, however, a voluntary one. OC 27/3/78 p. 8; EJ 27/3/78 p.A8.

### ALCAN'S VIEW

A spokesman for Alcan Aluminum, Vice-President Patrick Rich, criticized those who attempt to "browbeat" investors on behalf of moral causes. Business, in his view, is attempting apolitically to create employment and contribute to education, and must assert its own point of view. Alcan, he said, has a tolerant and pragmatic attitude, and invests in countries like Brazil and 34 other nations on the basis of markets and changing economic environments. EJ 14/3/78 p. A18.

## Trade

### CANADIAN BALANCE OF PAYMENTS: CONTINUING PATTERNS

Canada's 1977 current account deficit was \$4.238 billion, up marginally from the 1976 figure of \$4.187 billion. The most startling aspect of last year's balance of payments record is the 35% increase in service payments deficits from \$5.276 billion in 1976 to \$7.145 billion in 1977. The service deficit increase was cushioned by a large increase in Canada's merchandise trade surplus from \$1.1 billion in 1976 to \$219 billion in 1977. Most of the trade improvement came in commerce with the faster-growing U.S. economy throughout last year. However, rather than improving because of the devaluation of the Canadian dollar, trade in manufactured goods continued to register a growing deficit. The deficit on manufactured end products trade rose to a record \$10.4 billion from \$9.6 billion in 1976. Hopes to overcome this manufactures deficit depend upon improvements in Canadian productivity and technological innovation. But both such possibilities are outside the interests and practice of foreign-owned companies in Canada.

Canada's balance of payments ledger is expected to look much the same in 1978, with rising service deficits covered in part by rising merchandise exports stimulated by the fallen dollar. But the picture for 1979 could be much worse. If the U.S. economy slows down in 1979, as is widely predicted, U.S. imports of Canadian goods will be cut back. The result would be the disappearance of most or all of our merchandise trade surplus while service deficits continue to rise. Canada would have to import even more foreign capital to offset the deficit or face a further decline in the value of the Canadian dollar. In such circumstances the Canadian current account deficit could be in the order of \$7 billion to \$9 billion.

Since a miracle in export growth is unlikely and the government would shy away from the imposition of import controls, the government might be faced

# CANADA AND THE WORLD

FP March 25, 1978 p8



with the alternative of deliberately retarding the Canadian economy. To inhibit the escalation of imports, the government would deliberately induce a slowdown and thus cut demand for foreign products. The result would be even higher unemployment.

Another alternative to the structural problems in the country's balance of payments record is the borrowing of \$7 to \$9 billion abroad with the result being declines in the value of the Canadian dollar and increases in national inflation. GM 15/4/78 p.B3, Wayne Cheveldayoff.

## EDC INSURES BELL IN SAUDI DEAL

The Export Development Corporation has agreed to provide \$430 million insurance coverage for a Bell Canada contract to expand and modernize Saudi Arabia's telephone system. The deal is valued at more than \$1 billion. The EDC says the coverage is the largest amount of insurance it has issued in support of a single export agreement.

Bell Canada is under pressure to reveal more information about its Saudi Arabia contract so that intervenors at a commission hearing into its latest application for rate increases can determine the profit potential of the project. Some Members of Parliament have questioned the deal on the grounds that the contract may include provisions of the Arab boycott of Israel, thus prohibiting Bell from employing Jewish workers in Saudi Arabia. GM 6/4/78 p.B11; GM 19/4/78 p.B15

## CANADA'S BALANCE OF PAYMENTS

	1975	1976	1977
Merchandise trade balance	-534	-1,089	+2,907
Services trade balance	-4,385	-5,396	-7,145
travel	-727	-1,391	-1,665
interest and dividends	-1,918	-2,328	-3,413
freight and shipping	-389	-179	-126
other services	-1,601	-2,943	-6,623
transfers	+350	+822	+372
Total current account balance	-4,779	-4,187	-4,238
Net long term capital flows	+3,348	+7,874	+4,346
Net short term capital flows	+625	-2,165	-1,529
Total net capital flows	+4,573	+4,209	+2,817
Net change in foreign exchange reserves	-405	+522	-1,421

Source: Statistics Canada, Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter, 1977. A plus sign indicates a surplus, and a minus sign indicates a deficit. Figures are for Canadian trade and financial transactions with all foreign residents and countries.

# THE ECONOMY

## GENERAL

### MONTHLY STATISTICS

#### INFLATION:

	March	Feb.	Change from year ago (%)
Consumer Price Index (1971:100)	170.8	168.9	8.8%
% monthly change	1.1%		

#### Employment:

	March	Feb.	Change from year ago (%)
Employed (millions)	9.68	9.58	3.4%
Unemployed	1,045,000	1,007,000	10.6%
Unemployment rate (seasonally adjusted)	8.6%	8.3%	

WHAT HAPPENED: Both inflation and unemployment took a swing for the worse in March with both rates rising

faster than in previous months. As a result, the federal government downgraded its predictions for 1978 growth of the Gross National Product from 5 per cent to under 4.5 per cent. In turn, the revised figures prompted Finance Minister Jean Chretien to introduce an April Budget. Its slight stimulation hopes to nudge the GNP growth rate to just over 4.5 per cent. The number of commercial bankruptcies in 1977 increased by 37.5 per cent over the previous year with a substantial increase in dollar-value lost, according to Dun and Bradstreet. WFP 23/3/78

#### DE-CONTROL BEGINS -- AIB BEING PHASED OUT

On April 14, after two-and-a-half years of operation (at a cost of \$75 million), the Anti-Inflation Board began to phase out its program of control over wages and prices. Described as a success by Prime Minister Trudeau, the controls failed to dampen inflation -- the consumer price index is now 19.6 per cent higher than when the program began. Meanwhile, wages have been eroded and are now falling behind the cost-of-living. Under the phased withdrawal, about 70 per cent of companies and 60 per cent of unions won't emerge from controls until late this year. The scorecard:

	BEFORE CONTROLS... October 1975	AFTER April 1978
Annual inflation rate	10.6%	8.8%
Unemployed	640,000	1,045,000
Unemployment rate	6.3%	9.7%
Canadian dollar in US funds	\$1.025	\$0.869

#### PIERRE SAYS:

##### BEFORE

"We have got a grip on the problem... and will wrestle inflation to the ground"

-May, 1974

Controls are a "proven disaster looking for a place to happen."

-1974 election campaign

"Tomorrow the government of Canada will ask Parliament for the authority to impose severe restraints upon rising prices and incomes."

-October 13, 1975

OC 15/4/78 p.11; FTC 17/4/78 p.39; TS 15/4/78 p.C1; GM 1/4/78 p.1

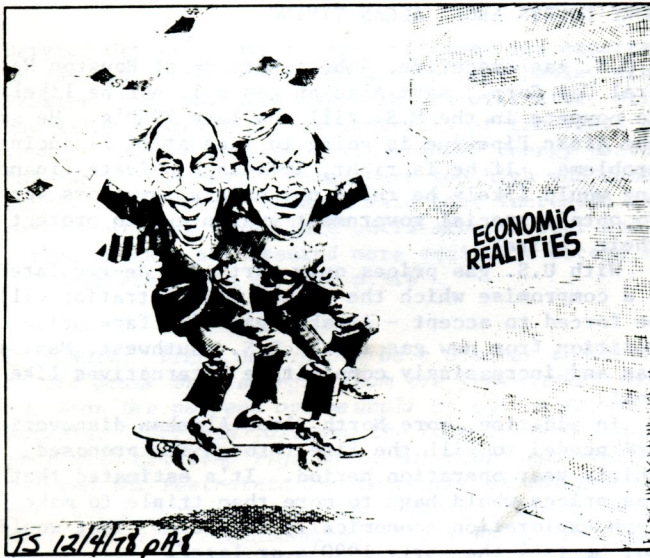
##### AFTER

"When inflation is no longer caused domestically but is the result of high costs of food or of things that we buy abroad because the value of the dollar is less, or because...other nations are quadrupling the price of petroleum, at that point you have to, in a sense, no longer call it inflation. It is a high cost but it is not something that we can guarantee ourselves against."

-P.E. Trudeau, April 6, 1978



# THE ECONOMY



SPEND! SPEND! SPEND!

## CANADIAN FOREIGN DEBT RISES TO \$106 BILLION

Canada's gross indebtedness to the rest of the world at the end of 1977 stood at \$106 billion, up 10.4 per cent from a year earlier. The debt represents total Canadian liabilities abroad on the part of governments and corporations, including foreign investment in Canada, bank loans abroad, foreign bond issues and accumulated retained earnings of foreign companies operating in Canada.

At the same time Canada's total assets abroad total \$52.5 billion. Net indebtedness of the country is \$53.5 billion, up \$5 billion from 1976 and \$11 billion greater than in 1975.

The gross debt figure represents \$10,600 for each of the 10 million people employed in the Canadian economy. GM 7/4/78 p.B1; EJ 27/3/78 p.F11

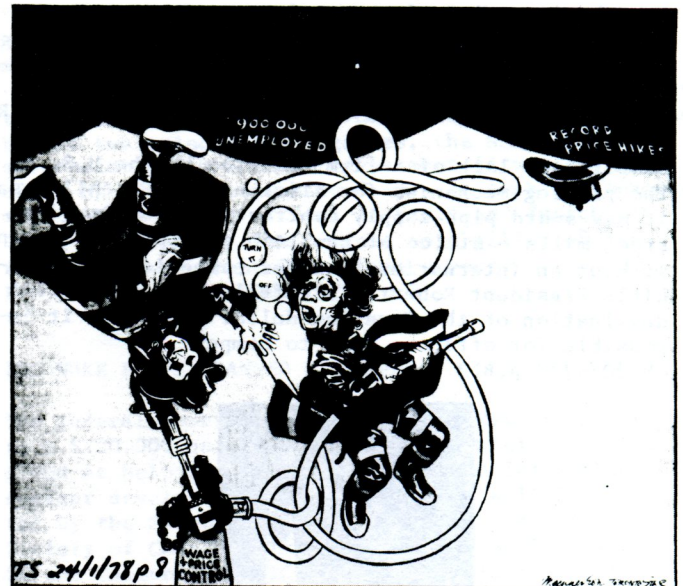
## BIGGEST COMPANIES DOMINATE ECONOMY

The most recent report of the Corporations and Labour Unions Returns Act (CALURA), using statistics of 1975, gives a rare glimpse of the degree of corporate concentration in the Canadian economy. The biggest

500 non-financial enterprises accounted for 51.2 per cent of total sales, 59.2 per cent of total assets and 63.4 per cent of total profits. The top 500 represent less than one-quarter of one per cent of all non-financial enterprises in Canada. The degree of concentration is further seen in the fact that the 25 largest firms controlled 19.3 per cent of sales, 21.9 per cent of assets and 22.8 per cent of profits.

The report shows that foreign-controlled companies are dominant in top-500 listing; 280 of them are foreign-controlled and they alone represent 30 per cent of sales, 27.8 per cent of assets and 39.2 per cent of profits. Assets of foreign-controlled companies were valued at \$80.9 billion in 1975. Total foreign controlled share of profits made in Canada was 48.4 per cent.

CALURA also reports that non-financial companies paid out \$3.7 billion in 1975 to foreigners. These included: \$1.43 billion in dividend payments from Canadian subsidiaries to foreign parent companies; business service payments of \$1.48 billion; and \$794 million in interest payments. GM 13/4/78 p.B1



## OIL AND GAS

**INTRODUCTION:** An emerging issue in the next few months may be not who gets the component supply contracts for the planned Alcan northern pipeline, but whether the line will be built at all. Energy legislation in the U.S. could delay the line for a decade or more. In Alberta, gas producers are pushing hard for increased exports - no strings attached - and Premier Lougheed is in there swinging at the feds. Meanwhile, the Kitimat oil pipeline may be on the ropes but there appears to be a new contender to get Alaskan oil to midwest U.S. refineries: an Alcan oil pipeline to follow the Alcan gas pipeline corridor.

# THE ECONOMY

## U.S. VEToes ALCAN PIPELINE FINANCING

Seven major U.S. pipeline companies, potential partners in the Alcan Pipeline project, have had their financing scheme turned down by the U.S. Federal Energy Regulatory Commission. The companies sought to advance investment funds by pre-billing their customers. Foothills, the Canadian director of the project, says it does not favour that kind of financing and that the rejection was expected.  
FP 8/4/78 p.2; TS 28/3/78 p.B7

## SIX MONTH DELAY LIKELY ON ALCAN START

The cost of the Canadian portion of the \$10.5 billion Alcan pipeline will increase by \$500 million to \$4.4 billion due to difficulties with U.S. energy legislation which could stretch construction start-up time by six months. The increased costs also reflect the choice of the larger 56" diameter pipe for the line. U.S. President Carter's energy bill, which will set the price of Alaskan gas among other things, has been bogged down in debate. Without gas pricing decisions from the U.S., Foothills can't continue with its financing plans and cannot negotiate the gas transportation contracts that will serve as a cornerstone for the financing of the project.  
GM 12/4/78 p.B2, Jeff Carruthers

## FOOTHILLS MAY SIGN PIPE CONTRACTS WITH CANADIAN FIRMS

Despite the lack of a firm decision by the U.S. on the pricing mechanism for Alaskan gas, Foothills says it may award pipe supply contracts to two Canadian steel mills - Stelco of Hamilton and Ipsco of Regina - without an international tender competition. Foothills President Robert Blair feels that the recent devaluation of the Canadian dollar will make it impossible for offshore pipe to compete.  
GM 20/4/78 p.B13



## MORE DOUBTS ABOUT ALCAN TIMING

A U.S. gas executive, Robert Herring of Houston Natural Gas Corp., says Alaskan gas will not be likely to compete in the U.S. till the late 1980's. He says the Alcan Pipeline is going to face stiff financing problems. If he is right, immediate private financing would likely be ruled out unless investors were to obtain special government guarantees to protect their capital.

With U.S. gas prices only partially de-regulated - a compromise which the Carter administration will be forced to accept - Alaskan gas will face price competition from new gas in the U.S. southwest, Mexican gas and increasingly competitive alternatives like coal.

In addition, more North Slope Alaskan discoveries are needed to fill the line through its proposed thirty year operation period. It's estimated that gas prices would have to more than triple to make such exploration economically feasible. That would not be till the early 1990's or later.  
EJ 25/3/78 p.B2; GM 7/4/78 p.B6, p.7

## FOOTHILLS AND TRANSCANADA SPLIT

Transcanada Pipelines, Canada's monopoly natural gas carrier system, has pulled out of a deal to take a 20 per cent equity position in the Alcan Pipeline. Transcanada, a former backer of the rival Canadian Arctic Gas route, and Foothills, director of the Alcan project, are in conflict with each other in a number of emerging energy schemes. Both are trying to win approval to bring Western gas to markets in Quebec and the Maritimes; both are seeking ways to bring high Arctic gas to southern markets via an overland pipeline and liquified natural gas (LNG) container ships.  
GM 19/4/78 p.B3, p.B1

*CNSP NOTE: While Foothills and Transcanada quarrel, it is interesting to note that Petro-Can, the federal government-owned oil company, has hedged its bets. Petro-Can is a partner with Alberta (as Trunk (AGL) (Foothills' parent company) in one project to pipe Alberta gas to the east coast and partner with Transcanada (through a 45 per cent interest in Panarctic Oils) in the proposed Polar (as Pipeline. Transcanada is also looking at shipping LNG by tanker to Quebec City from the Arctic islands. Petro-Can and AGL are studying a similar proposal.*

## TRANSCANADA CUTS BACK GAS CONTRACTS

In the midst of huge unmarketable gas surpluses in Alberta, while producers call for increased exports to maintain the momentum of exploration, Transcanada Pipelines has announced a 20 per cent cut in fuel purchases due to their own surplus supply situation. Transcanada takes about 65 per cent of all Alberta gas.  
GM 20/4/78 p.B13

# THE ECONOMY

## CALLS FOR INCREASED GAS EXPORTS BUILD

Defying Ottawa's caveat that increased gas exports to the U.S. must be done on a swap-back basis, Alberta Premier Peter Lougheed says Alberta will offer straight gas sales to the U.S. for contracts of ten years and less. Lougheed charged that National Energy Board forecasts of domestic demand are too high and domestic supply too gloomy. He also said that increased exports would not take place until Alberta beef and petrochemicals are assured more equitable access to U.S. markets. GM 22/4/78 p.B16

*CNSP NOTE: There can hardly be a clearer indication of the chaos that emerges from the free-market economy than the current over-supply of gas in southern Alberta. CNSP has followed the boom over the last year with drilling rigs going non-stop, spurred on by relaxed tax restraints and increased investment incentives offered by Alberta, British Columbia and, most recently, Saskatchewan. The results have been startling: 1) an enormous over-supply problem which the market can not begin to absorb, (what happened to the gas shortage that was to justify the Mackenzie Valley Pipeline?); 2) calls for increased exports to the U.S. to untie the supply knot and keep the exploration boom humming, first with swap-back arrangements and now straight sales; 3) the likelihood that small producers, caught in the cash flow squeeze, will be unable to survive and be absorbed by larger producers in an inexorable move towards monopoly.*

*The trade-off is not an enticing one. Exports to the U.S. on the one hand (until a distribution system is built to channel western gas to Quebec and the Maritimes) versus an economic down-turn in Alberta and decreasing competition amongst gas producers. You might call it a choice of nightmares.*

## SON OF ALCAN: OIL PIPELINE

Foothills Pipelines will file an application with the NEB this summer to build an oil pipeline down the proposed Alcan gas pipeline corridor. The proposal is seen as an alternative to the Kitimat application which has run into serious opposition on the west coast. The Alcan oil line would move Alaskan oil to Edmonton and then south to refineries in the U.S. midwest. EJ 13/4/78 p.1; GM 21/4/78 p.B9

## OIL RATION PLANS REVEALED

The federal government may introduce legislation next term giving it power to ration gasoline and heating oil if the need arises. Energy Minister, Alastair

Gillespie says the rationing would only occur in the event of a world-wide emergency. He sees a 60 per cent chance of an OPEC embargo by 1982 and a definite embargo by 1990. GM 4/4/78 p.2; OC 4/4/78 p.9

## BUDGET BREAK FOR TAR SANDS HEAVY OIL PROJECTS

The petroleum industry responded favourably to Ottawa's budget announcement allowing increased incentives to producers of heavy oil and synthetic oil from oil sands developments. The move is expected to boost projects currently on tap, specifically the \$4 billion tar sands plant planned by Shell and an in-situ heavy oil upgrading plant planned by Imperial Oil. The main budgetary measure proposes that corporations may deduct depletion allowances earned from investments in these projects up to 50 per cent of total profits, including profits from non-resource activities. FP 15/4/78 p.16; GM 11/4/78 p.10

## SHAHEEN REFINERY MAY BE RESURRECTED

The Newfoundland government's ill-fated attempt to turn the island into an oil-refining centre - the bankrupt Come-by-Chance refinery - is on the auction block and there are bidders. The project of New York industrialist John Shaheen and the provincial government cost \$225 million to build and has \$600 million in debts.

Two bids - one by Shaheen himself and the other by the British-based Ultramar Corp. - have been rejected by the two principal mortgagees, the Newfoundland government and a British investment firm. Another offer by the First Arabian Corp., an Arabian-financed multinational with offices in Paris and Zurich, is being considered. The current mothballing of the refinery costs about \$1 million a year. FP 22/4/78 p.14; GM 7/4/78 p.B1

## PRO NUKE DRIVE PLANNED BY OTTAWA

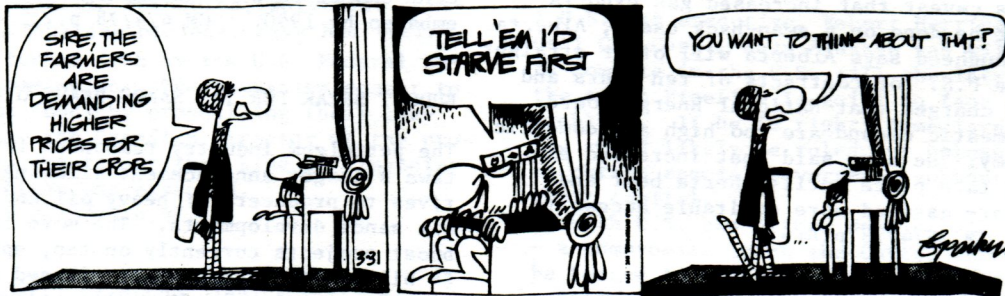
The federal government has given tentative approval to a \$200,000 one-year nuclear information programme aimed at helping communities overcome fears about nuclear developments. The programme will be directed by the Science Council of Canada and the Royal Society of Canada. The Committee on Nuclear Issues in the Community (CNIC) will be available for the first community meetings this spring. Members will come from various official bodies (the CLC, the Canadian Federation of Independent Business etc...) and will likely rely heavily on information supplied by government agencies. If successful, the programme may continue for another two years. GM 29/3/78 p.B6, Jeff Carruthers

## AGRICULTURE

*INTRODUCTION: The two major stories in agriculture this month raise what is probably the most pressing issue in Canadian agriculture - What can be done about the growing cost/price squeeze faced by Canadian farmers? Declining farm income has occasioned the rise of deep resentment among the producers of our food.*

# THE ECONOMY

## The Wizard of Id



### NATIONAL FOOD STRATEGY CONFERENCE

February 22 and 23 saw a National Food Strategy Conference held in Ottawa. Agriculture Minister Eugene Whelan played a leading role in preparations for the conference which brought together representatives from all sectors of the food chain in an attempt to develop a better understanding of each other's concerns.

The expressed need for the conference dates back to 1974 when a special Commons committee studying food prices recommended a national food policy be developed. Two years later the Food Prices Review Board came to the same conclusion. A white paper produced by the government last summer was intended to produce such a policy. Their basic goal in developing a national food strategy is to try to ensure adequate supplies of safe and nutritious food at prices which are reasonable to both producers and consumers. February's conference revolved around small workshops set up to study various aspects of the 25-page white paper.

Various groups were suspicious of the government's motives in calling the conference. The Canadian Federation of Agriculture (CFA) and the Ontario Federation of Agriculture (OFA) held a special information meeting during the two day National Food Strategy Conference. The meeting was attended by over 1,000 farmers from across Canada. The object of the meeting was to prepare resolutions to take to the second day of the food conference so the voice of the farmer would be heard. Blake Sanford, regional coordinator for the National Farmer's Union (NFU), fears the impetus behind the conference is to maintain a marketplace controlled by national and multinational corporations which, he said, concern themselves only with profit.

One group particularly critical of the effort was the People's Food Commission, supported by more than 30 organizations, including the Consumers Association of Canada and the Canadian Labour Congress. Group spokesperson, Jean Christie, said many groups such as farmers, consumers, and labour organizations, were under-represented at the conference. She also expressed disappointment that the workshops were using the government's food strategy paper as a starting point for discussion. "There was no room in this conference to criticize the food strategy itself," she said.

Several groups perceived the National Food Strategy Conference as being an election strategy by the Liberal

Government. OFA president, Peter Hannam expressed the farmer's concern about the conference: "If the Food Strategy Conference is aimed at providing co-ordination of prices, fine. But if it is simply to develop a cheap food policy, or a witch hunt against marketing boards, or to obscure the farmer's voice in food matters, we object strongly. And if that is the case, the conference is more an election strategy than a food strategy."

Although the conference seemed to close with the consensus that it had been a valuable educational exercise, it seems to have done little or nothing to map out a dramatically new food policy for the country. Whelan, and Consumer and Corporate Affairs Minister, Warren Allmand committed the government to a follow-up procedure.

OC 24/2/78 p.31; WFP 22/2/78 p.47; OC 23/2/78 p.59; OC 21/2/78 p.11; HCH 24/2/78 p.1; WFP 22/2/78 p.8; HCH 22/2/78 p.18; HCH 28/2/78 Ed. p.6

### BEEF STRIKE

The fledgling Canadian Agriculture Movement (CAM) initiated a two-week beef strike at the beginning of March in order to dramatize how farmers' costs have risen while commodity prices have sagged. The effect of the protest was strongest in Saskatchewan and



Manitoba. Cattlemen claim they are losing money, upwards of \$200 an animal because they get too small a share of the price consumers pay for beef.

Picketing farmers in Saskatchewan and Manitoba managed to dramatically reduce the number of cattle reaching stockyards in those two provinces. One of the striking farmers was killed in an outbreak of violence at Regina's Saskatchewan Wheat Pool Stockyards.

A joint statement released by CAM, the Western Canada Cow-Calf Association and the Saskatchewan Stock Growers Association pressed for the establishment of a beef import law to achieve higher domestic beef import prices. "The Government of Canada is far too committed to a cheap food policy and imports of beef

have been one of the factors causing a devastating effect on beef prices during the last four years," the report said.

According to CAM the strike was only an indication of greater interruptions to follow if something is not done to allow farmers to escape from the devastating cost-price squeeze and make a fair return on their labour.

EJ 1/3/78 p.16, 2/3/78 p.D4, 3/3/78 p.F2, 4/3/78 pp. A11, B17, 11/3/78 p.A3, 14/3/78 p.G6; GM 28/2/78 p.B7, 1/3/78 p.B2, 8/3/78 p.B7; HCH 3/3/78 p.3, 6/3/78 p.5; OC 1/3/78 p.38, 3/3/78 p.3, 11/3/78 p.68; TS 28/2/78 p.A13, 25/3/78 p.A9; WFP 27/2/78 p.1, 28/2/78 p.4, 3/3/78 p.4, 4/3/78 p.6, 7/3/78 p.1.

## FORESTRY

*INTRODUCTION: Lumber is experiencing an export boom but this has squeezed home supplies and increased domestic prices. In spite of the tight supply the lumber industry would like the government to encourage more house construction and to see wood play a larger role. However, the long-term future of the whole forest industry is threatened if the rate of regeneration of forests does not begin to catch up to the rate at which trees are harvested and consumed by forest fires. Another hazard faced by trees is infestation by insects like the spruce budworm in the Maritimes. Nova Scotia has officially decided that the problems of insecticide spraying are even more serious and has announced an alternative forest management policy.*

### DOMESTIC PRICES SOAR AS LUMBER EXPORTS BOOM

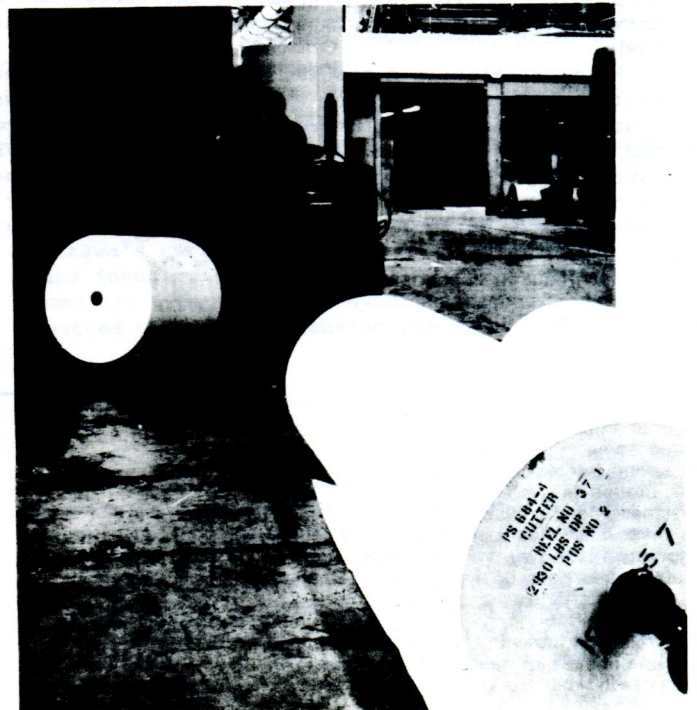
In contrast to the huge inventories of pulp, demand for lumber has been strong. In 1977 the value of softwood exports to the U.S. climbed by 54 per cent at a time when the Canadian dollar was sinking. Lumber and plywood producers, many of them based in British Columbia, are profiting from a boom in United States home sales and prices. Meanwhile Canadian buyers must pay more since domestic supplies were so tight last year that lumber and plywood prices went up by 35 per cent.

GM 7/4/78 p.32; FTC 17/4/78 p.18

### LUMBERMEN WANT TO EXPAND MARKETS

The housing market is the mainstay of Canada's lumber industry. Lumber producers want government encouragement in getting a large share of a larger construction market. They also want to expand exports to the U.S.

There is a difference in the lumber which supplies the two markets. The United States expects kiln dried lumber, leaving the green lumber produced in Ontario for the Canadian market. At present lumber exports make up about 48 per cent of manufacturing shipments in British Columbia, 13 per cent in Quebec and six per cent in Ontario. GM 15/4/78 p.B14



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# THE ECONOMY

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## WHERE HAVE ALL THE FORESTS GONE?

There is growing concern in the timber and pulp and paper industries that their resource base is disappearing as natural regeneration and replanting fall behind the annual cut. In Thunder Bay, at a conference on forest regeneration, executives of three Ontario forest companies said there was an urgent need for a solution to the problem of guaranteeing a future forest supply. Representatives of Abitibi-Price Lumber Ltd., Domtar Ltd., and E.B. Eddy Forest Products Ltd. told the conference the costs of preserving Ontario's forests are great.

A recent consultant's report calls upon the forest industry to stop shrugging off all responsibility for replanting and renewal. It states that provincial governments haven't been able to do the job alone and never will but says the provinces can succeed with the whole hearted support of the industry. However, a spokesman for Consolidated Bathurst Ltd. told the annual meeting of Canadian Pulp and Paper Association's woodlands section there was no need and no money for forest management. He said that bringing in fibre from remote, less accessible areas and better utilization of available fibre were both less costly than intensive forest management. He did not see forest renewal as much of a problem adding that the primary problem of the industry is that it is becoming more difficult to be cost-competitive in U.S. markets. GM 1/4/78 p.B13; HCH 4/4/78 p.23; EJ 22/3/78 p.G9.

The director of the forest division of the department of renewable resources in Manitoba says receding forests increase forest industry costs due to added transportation costs. He would like to see federal funds to support these increased transportation costs. Others, at a conference on forest renewal in Manitoba, were more concerned with replacing the trees that are harvested, rather than simply going deeper into the bush.

Reforestation is a problem because neither government nor industry has been willing to take full responsibility for it. The provinces, except Nova Scotia and New Brunswick, own 90 per cent of the land. The forest industry uses the land under lease arrangements. Each side argues that the other is responsible for regeneration. Meanwhile, Canada now has a backlog of

between 11 million and 70 million acres which should be reforested. And each year another half-million to one million acres are added due to forest industry activity and slightly less again due to fires. WFP 15/4/78 p.7

## NOVA SCOTIA SAYS NO TO BUDWORM SPRAYING

The Nova Scotia government has opted for a long-term forest management program in Cape Breton forests instead of budworm spraying. Premier Gerald Regan and Lands and Forest Minister Vincent MacLean announced that the government is confident the program will eliminate the need for aerial spraying through a plan of wood salvage and silviculture for the next 40 years. Under the forest management program the province will harvest budworm-damaged pulp-wood and place it in long-term storage during the next five years. TS 1/4/78 p.A5

The forest industries in Nova Scotia remain unconvinced that the idea of a limited, controlled aerial program should have been rejected outright. Scott Paper Company president pointed out that, unless the budworm is soon brought under control, there may be precious little forest left to manage in eastern Nova Scotia.

The long-term management program calls for expenditures of \$260 million over the next 40 years for forest improvement, wood salvage, spruce budworm control alternatives, expanded nursery facilities and hardwood substitutions. Projects in the next five years alone will create more than 9,000 new seasonal jobs, according to Premier Gerald Regan. HCH 4/4/78 ed. p.6

The decision not to spray was strongly criticised by E.D. Haliburton, a former minister of lands and forest in an article in the Halifax Chronicle Herald. He argues that the decision is purely political, pointing out that apple growers have been spraying trees and potato growers potatoes for a long time. He suggests the damaged wood will continue to rot and deteriorate and will not be worth the cost of harvesting. HCH 11/4/78 p.7

## GENERAL



**INTRODUCTION:** *Press coverage of labour news focused heavily on the CLC convention held in Quebec City.*

*The media received specific attention from Joe Morris on the eve of the convention. Speaking to the Canadian Association of Labour Media, a two year old organization of public relations officers for unions across Canada, Morris said that the news media usually covered labour relations in a biased, unsympathetic manner leading the public to unfairly believe that unions are synonymous with strikes, violence and trouble. TS 2/4/78 p.A6*

### CLC CONVENTION: LIVELY DEBATE EXPECTED

Wounded by massive layoffs and fearful of federal threats to labour rights, the 12th bi-annual Canadian Labour Congress convention, in Quebec City during the first week of April, will stress labour solidarity. The CLC will be calling for a new industrial strategy to include complete corporate disclosure of productivity, budgets and the firm's outlook. This key policy proposal points the finger at multinational companies, accusing them of destroying supply and demand laws through marketing techniques and price manipulation. "The answer to the large corporation is not to break them up, but to make them accountable for their private decisions to a wider public than just their shareholders and other investors", the document explains.

The central document prepared for the convention recommends the CLC become a strong political force within society. It recommends a redoubling of organizing efforts and the channelling of its power base "into electoral support for the New Democratic Party". EJ 31/3/78 p.A9

### CUT HOURS TO CREATE JOBS

Canadian unions are pushing for a shorter work week—some suggest 30 hours—as one way to spread work and fight unemployment. With more than a million Canadians out of work, unemployment is the main concern of 2,500 delegates to the Canadian Labour Congress convention.

Of 528 resolutions submitted by local unions, the largest number call for a shorter work week and for indexed pensions to help older workers retire early, thus providing more jobs for younger people.

The CLC officers regard these as short-term solutions. They are advocating the creation of a

labour market board, made up of union and business representatives and chaired by a federal cabinet minister, with broad powers to promote full employment in Canada. TS 1/4/78 p.A5

### POLICY PAPERS REVEALED EARLY

For the first time all CLC policy documents have been mailed out to the delegates a month in advance. The issues raised include:

- Corporate disclosure: Labour wants more disclosure in corporate financing, investment, pricing policies and production planning.
- Manpower policies: A call for full employment policies and a labour market board.
- Energy and jobs: Canada should see the development of renewable energy forms as a major opportunity to create jobs.
- Tax strategy to create employment: The CLC considers Ottawa's current inducements to encourage savings and investment through corporate and personal income tax exemptions as favouring capital-intensive instead of labour-intensive projects. FP 1/4/78 p.1

### JOBLESS USED AS WEAPON

In a speech before the opening of the CLC convention, Gerard Docquier, Canadian director of the United Steelworkers, said that corporations are using the unemployed as a weapon to undercut the wages and health and safety conditions won by unionized workers. He pointed to complaints coming from Elliot Lake since the Inco layoffs and the strike by asbestos miners over health and safety issues in Baie Verte, Newfoundland, as indications of this trend.

TS 2/4/78 p.A6

# LABOUR

## FEWER MEMBERS; REVENUE DROPPING

Membership in the central labour body dropped 6.6 per cent and revenue was down \$36,000 for 1977, according to the report of secretary-treasurer Donald Montgomery. The drop was blamed on the federal government because of its inability to combat unemployment. EJ 3/4/78 p.E13

## "SELF-DETERMINATION" SUPPORTED

The vast majority of the 2,600 delegates at the CLC convention supported a "statement on national solidarity" which omits any reference to "national unity". Implicit in the motion is the principle that the labour movement will stick together whether Quebec decides to leave Canada or not. OC 4/4/78 p.8, Kit Collins; GM 3/4/78 p.10; EJ 4/4/78 p.78

## LABOUR WILL SUPPORT NDP

The CLC will support the NDP in the upcoming federal election. Delegates adopted resolutions saying the labour movement must increase its power "including electoral support for the NDP to give labour some parliamentary and political influence".

While the majority backed the policy, Canadian Union of Postal Workers president, Jean-Claude Parrot said the labour movement should not blindly affirm its ties to the NDP at every convention. EJ 4/4/78 p.D6

## CLC OPPOSITION TO BILL C-28

In an emergency debate on the government's Bill C-28 which would tie the value of public sector wages and fringe benefits to those in the private sector, private sector unions stood in full support of a resolution that says:

"The CLC will organize whole-hearted support for any demonstrations, meetings, lobbies or other actions necessary to defeat Bill C-28."

OC 5/4/78 p.11; WFP 6/4/78 p.11

## CLC TO FIGHT RIGHT-TO-WORK LEGISLATION

Convention delegates unanimously endorsed a Canadian Union of Public Employees (CUPE) resolution that "opposes right-to-work legislation" it fears may be moving into Canada.

Neil Goudriaan of the International Brotherhood of Electrical Workers pointed out that "right-to-work" is mislabelled and should be called "right to be non-union". Supporters of right-to-work want open shops and argue that unions should have to collect their own dues from their membership. A worker would not have to be a union member even if the majority of workers voted to be represented by a union.

In Canada at present companies are forced to deduct union dues off paycheques and submit them to the union office when a majority of workers want a union to represent them. The unions say if a company

had an open shop without compulsory union membership, companies would begin firing unionists and bring non-union (or scab) workers to replace them. EJ 6/4/78 p.7

## STRUCTURE CHANGE REJECTED

The CLC officials' hopes for a revised delegate structure was defeated- the second such proposal to be rejected in two years. Delegates voted against a proposed reduction in the number of convention participants and introduction of "weighted" voting. Opposition feared that local unions would lose their autonomy. EJ 5/4/78 p.H9

## McDERMOTT NEW CLC CHIEF

Dennis McDermott, Canadian Director of the United Auto Workers was acclaimed president of the Canadian Labour Congress.

McDermott, 55, succeeds retiring president Joe Morris. He promises to bring to the 2.3 million member labour organization more centralized power to deal with the woes of the economy. He also intends to throw the full weight of the CLC into a campaign tied closely with the NDP to defeat the Liberal government. On the Quebec issue, McDermott has supported the province's right to self-determination. OC 6/4/78 p.17



Dennis McDermott



## EMPLOYMENT

**INTRODUCTION:** *With unemployment continuing to creep upwards, articles this month focused on ways of reducing those receiving benefits from unemployment insurance and welfare. Methods discussed did not focus on job creation but on ways of disqualifying benefit recipients regardless of employment opportunities. A look at the unemployment insurance scheme reveals that while poor wage-earners are increasingly financing more of the benefit programme, they are receiving a shrinking proportion of the benefits compared to high wage earners.*



### CANADIANS FIRST

Regulations in the new immigration bill and a tightening of existing procedures by Employment and Immigration officials will make it increasingly difficult for non-citizens to obtain work visas in Canada. With in current regulations, the department carries out an active search for a qualified Canadian to do any job for which they receive a request for a temporary work visa for an alien. If no qualified Canadian can be found, a temporary visa will be issued with the understanding that the hiring company is responsible for developing a programme to train a Canadian for the job.

In addition, proposed regulations will reduce the number of occupations now exempt from this Canadian-first policy, including entertainment which is incidental to commercial activity, foreign executives transferred to Canada with multinational corporations, consulting jobs and assistantships for graduate students. GM 27/3/78 p.10

### SCIENTISTS GET JOBS

The federal government has committed \$5.5 million for the salaries of 400 scientists, engineers and technologists to work in industrial research and development. The job creation programme will last for one year with salaries not exceeding \$14,000. The government hopes that private industry will find the programme useful and continue to finance it after the one year period. GM 11/4/78 p.1; TS 11/4/78 p.B9

### UNEMPLOYMENT INSURANCE BENEFITS

#### FUTILE JOB SEARCHES

The Ottawa office of the Canadian Employment and Immigra-

tion Commission announced the loosening of its job search requirements for unemployment insurance benefit recipients whose skills or location mean there are few or no jobs available to them. Despite this statement, which appeared to be a reasonable response to the reality of no available jobs for many of the unemployed, two district operations officers say they will continue to demand the same amount of job search activity from UIC recipients. HCH 4/4/78 p.1; GM 23/3/78 p.1; OC 28/3/78 p.8; EJ 28/3/78 p.A10; TS 29/3/78 p.A8; OC 29/3/78 p.6; GM 29/3/78 p.1

### UNEMPLOYMENT INSURANCE MEANS TEST

Employment Minister J.S.G. Cullen announced an internal advisory council to study the feasibility of a means test for unemployment insurance benefit recipients. Such a test would bar high wage earners from receiving benefits, if they become unemployed. GM 5/4/78 p.1; TS 5/4/78 p.A2; EJ 5/4/78 p.A10; TS 6/4/78 p.A8

### UNEMPLOYMENT INSURANCE: THE POOR PAY

Unemployment insurance benefits in 1977 cost \$4.1 billion. The funding for these benefits is provided by a regressive premium structure. Nine hundred and eighty-eight million dollars comes from premiums paid by employees based on a rate of 1.5 percent of the insurable income up to a maximum wage of two hundred and forty dollars per week. For higher incomes, the weekly premium is held at a maximum of \$3.69, a declining proportion for higher salaries. Likewise the \$1.4 billion paid in benefits which came from employers is based on a rate of 2.1 percent of the payroll up to a maximum of \$5.04 per week allowing larger corporations to pay a smaller proportion of their payroll for benefits. These figures mean that the poorer employee pays proportionately more in insurance premiums than those on higher salaries. Since unemployment insurance payments are tax deductible they often provide valuable tax shelters for higher wage earners. According to the Economic Council of Canada a person making \$8000 annually pays the highest premium of \$120 per year while someone earning \$50,000 pays the lowest premium, \$90. FT 3/4/78 p.6; TS 11/4/78 p.A10

### UNEMPLOYMENT INSURANCE: THE RICH RECEIVE

According to the Economic Council of Canada the rich receive the largest proportion of unemployment insur-

# LABOUR

ance benefits. Their figures show that the top one out of five wage earning families (averaging an annual income of \$30,000) draw 22.3 per cent of benefits paid. In contrast, the lowest one out of five (averaging \$2,700 annually) draw only 8.1 per cent of the benefits paid. Hence the family earning \$8,000 per year receives the lowest benefit of \$103 per week while the family making \$50,000 per year receives the highest benefit of \$160 per week.

TS 11/4/78 p.A10, Richard Gwyn

## UNEMPLOYMENT - THE FAMILY PLAN

J. Eden Clouter, economist for the Economic Council of Canada, feels that insurance benefits should be allocated on a family basis to avoid the payment of benefits to secondary wage earners who are part of a household with a large total income. Benefits, according to Clouter, should be given according to the difference between the family's insurable earnings and the family income. Where there is no difference, benefits should not be paid. GM 17/4/78 p.6

## WELFARE ROLLS SHRINK?

Over 4,900 welfare recipients have been taken off benefits in Metropolitan Toronto during the last twenty-two months as a result of the joint efforts of the social service commission and Canada Manpower. Recipients assessed as "employable" by case workers were sent to manpower offices and were cut off the welfare rolls if they did not show proof of a job search. Six hundred and seventy-seven did find long term employment. TS 21/4/78 p.A2

## LAYOFFS

### INCO ANNOUNCES EXTENDED "VACATION"

In what they termed an extended "vacation", INCO officials announced a two week addition to their planned summer shutdown which will now run from July 17/78 to September 1/78. The layoffs will involve 11,700 workers in Sudbury, Ontario, 700 in Port Colborne, 200 in Shebandowan and 2,000 in Thompson, Manitoba. The shutdown will mean a loss of 30,000 work weeks and \$20 million in pay. So far this year INCO has fired 3,000 workers. OC 7/4/78 p.10; TS 7/4/78 p.B6

## CHRYSLER JOBS GO TO U.S.

Chrysler Corp. announced a two week layoff of workers in Windsor in July when it moves its six cylinder line to Trenton, Michigan. The company says it will increase production on its V-8 line, but cannot promise that all the laid off workers will be rehired. An additional 800 workers in the small truck manufacturing plant will be laid off in July, while renovations are being made. The company will not guarantee the rehiring of all of these employees when renovations are complete. CT 17/4/78 p.5; EJ 18/3/78 p.C9

## FIRESTONE SHUT-DOWN

Firestone Canada Ltd. in Calgary announced the closing of its plant over the next two months, firing the last 245 employees who have survived previous layoffs. Last September, 1977 the plant employed 430 wage earners and 200 salaried employees. Three months ago the company fired most of the workers who had less than one year seniority. This means they will not have to pay the supplementary unemployment insurance benefits for 26 weeks for these men, since only those with one year's seniority are entitled. EJ 29/3/78 p.C6

## LABOUR EDUCATION

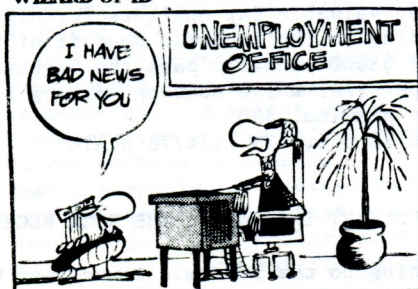
Ian Morrison, executive director of the Canadian Association for Adult Education, is urging colleges and universities to make labour education a priority. The federal government has committed \$2 million per year for the next five years to promote labour education, based on Labour Minister John Munroe's suggestion. Munroe's idea was to promote labour education which would break down the adversary system in labour relations and educate the public as to the need for a free and healthy labour movement.

Although the Manitoba legislature gave all-party approval last June for the establishment of the Manitoba Education Centre Inc. to promote labour education, the current Progressive Conservative government is refusing to fund the venture. WFP 12/4/78 p.12; WFP 23/3/78 p.15

## MINE SAFETY

The United Steelworkers of America want a Royal Commission to investigate mine safety in Manitoba.

### WIZARD OF ID



Sixty fatalities have occurred in Manitoba mines since 1971. There were 1.71 fatal accidents per one million work hours in 1977 compared to .5 in 1976. Manitoba Labour Minister Norma Price has approved the proposed inquiry.

WFP 11/4/78 p.10; WFP 14/4/78 p.9

## HIGH WORKER INJURY RATE

In 1976, \$800 million in benefits was paid by the Workmen's Compensation Board to workers who were injured or ill as a direct result of their work. This represented an approximate loss of three to four million dollars indirectly to industry and 14 million work days.

In 1976, one million Canadians were injured or contracted illness as a direct result of their job, approximately 11 persons for every 100 employees currently in the work force. These figures exclude both fatalities (about 1,200 per year) and the 15 to 20 percent of the Canadian labour force not covered by workmen's compensation legislation.

In Ontario, the most heavily industrialized province, 400,000 workers were reported injured on the job last year, an average of 200 accidents per hour, or three per minute.

GM 28/3/78 p.5; TS 28/3/78 p.A1

## WORKERS' STRUGGLES

### LABOUR MINISTER BACKS FLECK STRIKERS

Ontario Labour Minister Bette Stephenson has flatly endorsed the cause of striking women at Fleck Manufacturing Co. Ltd. near Centralia in their fight for union security. Facing 18 women pickets outside her office, Stephenson said, "it is inappropriate that there should be any question of union security in this day and age". Over 90 per cent of Fleck workers have signed membership cards. As part of their first contract, the workers are seeking the Rand formula which provides for the compulsory check-off of union dues from pay cheques but does not require employees to join the union.

Stephenson also admits that police activities at the plant seem "unusual" but that the government has nothing to do with their actions. The strikers say that at times police have outnumbered the 80 picketers by three to one. Stephenson says that her ministry has made it clear to the Fleck Company that "we consider union security a very reasonable kind of demand".

The striking women were in Toronto attending a meeting of the Ontario Labour Relations Board. The Board was dealing with the United Auto Workers application to prosecute the company, its vice-president, three OPP officers and Jack Riddell, Liberal MPP for the area, on a wide range of charges violating the Ontario Labour Relations Act.

The Fleck strikers also told the Labour Minister about dangerous health and safety conditions at the plant. Stephenson said if the strikers' reports were correct there was something wrong with the way inspectors carried out their work at Fleck.

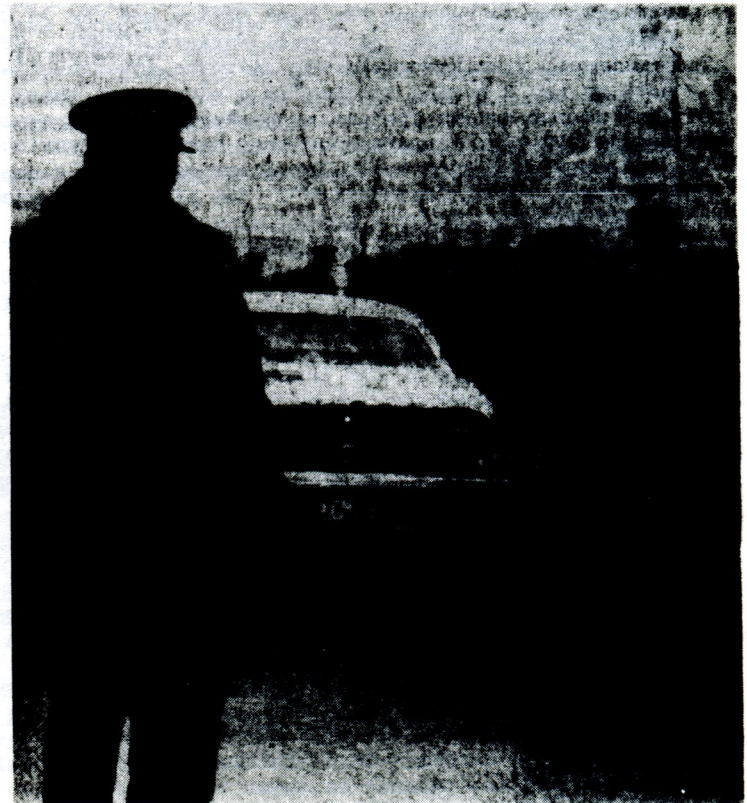
GM 21/4/78 p.1, Wilfred List; TS 21/4/78 p.A6, Rosemary Speirs; UAW Newsletter Vol.8, No.14

### INADEQUATE COMPENSATION

Workers who are totally incapacitated by injury on the job can receive 3/4 of their salary to a maximum wage of \$15,000 per year making the maximum benefit \$11,250 annually or \$216.35 weekly. However, 51.4 per cent of recipients of compensation last year received less than twenty per cent of their previous salary, with only 3.4 per cent getting 90 per cent or over. The average recipient got 25.3 per cent in benefits, averaging \$2,500 annually. No increases have been allocated for inflation since 1974. TS 28/3/78 p.A1

### UNION OF INJURED WORKERS PROTESTS

The northwestern Ontario local of the Union of Injured Workers voted unanimously to protest in May the inadequate compensation given to injured workers. The union points out that in times of high unemployment employers will not hire workers who are disabled or partially handicapped. The union also calls for the abolition of the appointment of doctors for assessment of injured workers by the Workmen's Compensation Board. They want the workers to be free to choose their own doctors. OC 20/4/78 p.11



OPP interference with the normal process of collective bargaining put the Fleck strike on the front page. Here, OPP officers line the route as non-union labour goes into the plant.

# LABOUR

## BANK UNIONS : A VICTORY, A DEFEAT

Manitoba has its first unionized bank. The Retail Clerks International Union is certified as the bargaining agent for nine employees at a Winnipeg branch of the Canadian Imperial Bank of Commerce. WFP 12/4/78 p.12

The Canadian Labour Relations Board has made a ruling sanctioning the exclusion of unionized bank employees from unilateral, across-the-board improvements in salaries and other benefits. This decision follows legal actions brought by the Service, Office and Retail Workers Union of Canada (SORWUC) against the Royal Bank and the Bank of Nova Scotia. Late last year the banks announced improvements in their vacation pay, a wage increase and an increase in merit program but said the changes would not apply to branches subject to collective bargaining because these are matters for negotiation between the parties. The union states the bargaining for a just agreement takes a long time and this action was an anti-union action. FP 22/4/78 p.10

## MAIL STRIKE BANNED

A special bill banning a postal strike during a federal election campaign has been given final parliamentary approval this month when the Senate passed the contentious measure.

The introduction of the bill coincided with the opening of conciliation hearings into the long and bitter dispute between the Post Office and the 23,000-member Canadian Union of Postal Workers (CUPW). CUPW president, Jean Claude Parrot says the government's move to ban a postal strike "is a clear sign that they intend to use the postal workers as a scapegoat in the election campaign and they have no intention of negotiating with us." The union calls it "a repressive piece of legislation". The bill was opposed by NDP Members of Parliament. GM 11/4/78 p.50 CP; TS 13/4/78 p.A22 CP; GM 19/4/78 p.8 CP

## MACMILLAN WORKERS WALK OFF JOB

About 1200 members of the International Woodworkers of America are off the job at MacMillan Bloedel Ltd. divisions Port Alberni, B.C. area. A company spokesman says the strike is a protest against the two-day suspension of a camp chairman at the Sarita division. GM 31/3/78 p.B5

## HAWKER-SIDDELEY WORKERS STRIKE

About 650 workers have gone on strike at the Hawker-Siddeley Canada Ltd. rail-car and steel fabrication works in Trenton, N.S. Strikers are opposing the company's attempt to use a "motion-time-method" (MTM) to measure work performance. The union, the United Steelworkers of America, says MTM would allow management to bring evidence into arbitration that the union couldn't contest because it doesn't have access to the same information. The union is also protesting length of time they have gone without a contract - t since December 1, 1976. 78  
GM 29/3/78 p.B5; FP 8/4/78 p.10 James Bagnall

## QUEBEC LABOUR

*INTRODUCTION: Coverage was unusually light this month. The newspaper strikes drag on, although agreement in principle had been reached at La Presse by the end of the month. An attack on the Confederation of National Trade Unions in the form of blanket injunctions against picketing at a CSN strike at Commonwealth Plywood in Ste. Therese received the greatest attention.*

## COMMONWEALTH PLYWOOD

A strike that has dragged on for seven months at this company in Ste. Therese near Montreal entered a new phase yesterday with the decision by Judge Benjamin Greenberg to forbid the CSN to picket the company at all. The Quebec minister of Labour, Pierre Marc Johnson, responded to the decision quickly and angrily charging that the decision was exorbitant and unfair. The union stated it would not and could not abide by the decision and remain a viable organization defending its members. Four days later, Johnson appointed a special mediator to try and resolve the strike. Observers note that his intervention is an indication of the importance the Quebec government attaches to an effective resolution of the conflict. LD 21/4/78 p.3; LD 22/4/78 p.3; LD 25/4/78 p.8

## NATIVE PEOPLE

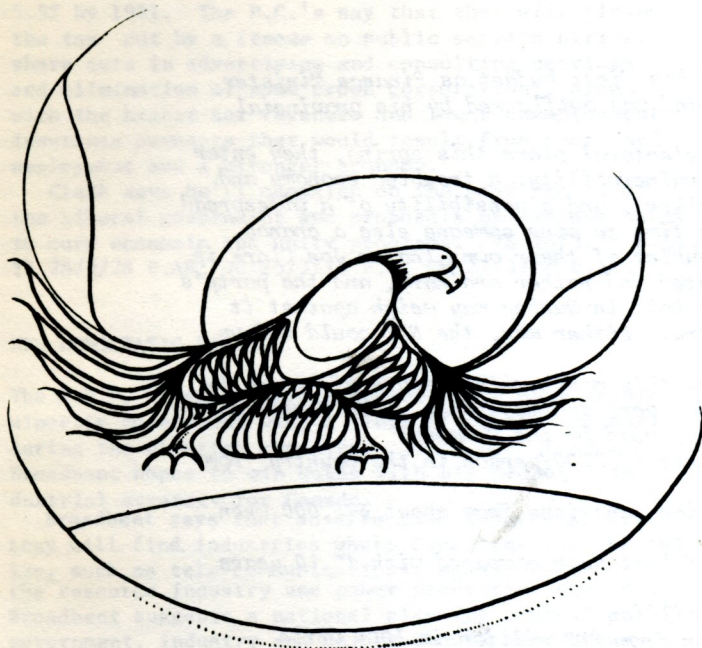
### HARTT REPORT LEAVES BASIC QUESTIONS UNANSWERED

The interim report of the Royal Commission on Northern Environment, headed by Mr. Justice Patrick Hartt, has met with strong criticism from Indian leaders, members of the NDP, and the press. They feel he has failed to take any strong stands on controversial issues and as a result his recommendations are feeble.

The report, which was due in February, (see Synthesis Vol. 5, No. 9, November 1977) was delayed due to internal fighting among the commission staff. The executive secretary felt he had over-all authority under Hartt for the writing of the report. Counsel felt the people who had been to the public hearings were closer to the inquiry and to Hartt. They drafted a report early in January but it was criticized as pro-Indian. In an attempt to reach a compromise, the document ended up being a patchwork of ideas with no clear stream of thought holding them together.

### Major Recommendations:

- That the existing commission continue to do scientific and technical investigation of northern development. Two of the key developments are a proposed lignite mine south of Moosonee by Onakawana Development Ltd., and a review of the West Patricia land-use plan in which a 49,000 square kilometer tract has been set aside for Reed Paper Ltd.
- That a study group of northern residents be set up to recommend ways for northern people to become involved in decisions by the government affecting their lives.



- That a tripartite committee with representatives from the federal and provincial governments and Indians be set up to resolve issues raised.

- As its first priority, this committee should address the plight of the Whitedog and Grassy Narrows Indian communities which have suffered from mercury pollution.

- No new licences to harvest rice should be granted to non-Indians in the next five years.

In response to repeated demands for a moratorium on development north of the 50th parallel until studies are completed, Hartt says he agrees in principle but that it is foolish to ban all projects arbitrarily when some of them could be beneficial to a fragile economy.

The deepest disappointment is over Hartt's refusal to come to grips with the mercury poisoning of the English-Wabigoon Rivers. He makes no firm recommendations, except to call for a fact-finder to study the situations and produce a report. Stephen Lewis called this "a fundamental retreat" from what had been expected.

Jonathon Manthorpe of the Toronto Star has expressed fear that such vague recommendations leave the door open for government to take its own good time about responding and then to take only the action that is least sensitive politically. GM 1/4/78 p.5; TS 5/4/78 p.A10, J. Manthorpe; TS 5/4/78 p. 25; WFP 5/4/78 p.6; GM6/4/78 p.A7 FP 15/4/78 p.6.

## INUIT SEEK EXPLORATION BAN

The Inuit Tapirisat, on behalf of Inuit in the Baker lake area, have demanded that a recently lifted freeze on potential multi-million dollar uranium developments in the Arctic be reinstated for several years until land claims are settled. They plan to spend at least \$50,000 in a court battle to try to block the federal government's plans to allow three uranium companies to explore potential deposits in the area. No exploration is being permitted until a decision is reached.

TS 17/4/78 p.B9; TS 17/4/78 p. A5; GM 18/4/78 p.5

## DENE NATION PROCLAIMED

For what is believed to be the first time in Canada, a treaty Indian organization has voted to include all Metis and non-status native people in its ranks. This constitutional change, made by the Indian Brotherhood of the N.W.T., rejects the "false divisions created by the Indian Act" and has opened membership to all people of native ancestry in the MacKenzie Valley. The move is expected to give them more clout in current land claim negotiations if they can prove they represent not just treaty Indians but the majority of all MacKenzie Valley natives. The government says it will only agree to one land claim. At present there are two; the Brotherhood, and the Metis. According to George Erasmus, president of the Brotherhood, the two major Metis communities in the N.W.T., Fort Smith and Fort Resolution, have both voted more than 90 per cent to support the position of the Dene for self-government. In most northern settlements, treaty Indians and their non-treaty neighbours live side by side and are often part of the same family.

The Indian Brotherhood unanimously adopted another resolution changing the name of the brotherhood to the Dene Nation.

The Metis Association sees this move as an attempt "to undermine the membership of the Metis Association." GM 1/4/78 p.1; EJ 31/3/78 p.A6; Native Press Vol. 8 Issue 7, April 7/78 p.1,7 and 9

## INDIANS LEAVE CABINET COMMITTEE

The National Indian Brotherhood (NIB) has withdrawn from a special cabinet committee on Indian problems and Indian Affairs. Noel Starblanket, NIB president says the cabinet has made not one major decision on problems discussed in the past 3½ years. "The government has ducked criticisms over their lack of Indian policy by claiming to be involved in meaningful discussions with the NIB-cabinet committee. It's about time to explode that myth." OC 14/4/78 p.19

# POLITICAL

## FEDERAL GOVERNMENT

**INTRODUCTION:** Jean Chretien introduced his first budget as Finance Minister this month. He said a lot, did little and was outflanked by his provincial nemesis, Jacques Parizeau.

If the Liberals go ahead with their electoral plans this spring, they enter the battle with several large areas of vulnerability: a troubled economy and plunging dollar, a disturbingly weak cabinet, and a possibility of a widespread public feeling that after a decade it's time to give someone else a chance. The Tories, on the other hand, have troubles of their own: leader Joe Clark is still perceived as inexperienced, untested and rather ordinary, and the party's continuing inability to gain a solid toehold in Quebec may weigh against it with voters in other parts of the country. Either way, the NDP could end up with the balance of power.

Trudeau celebrated 10 years in office this month with a spate of generally critical anniversary assessments in newspapers and magazines. The Tories marked the occasion with a list of statistics read in the Commons:

- The federal deficit up to the equivalent of \$500/person in the country from \$20 in 1968.
- Unemployment up to more than one million Canadians from about 375,000 when Trudeau took over.
- Inflation running at 9.5% at the end of last year compared with 4% 10 years ago.
- Farm debt doubled in 10 years to \$10 billion
- Post Office deficit up to \$670 million from \$67 million in 1968 while postage for a first-class letter is 14 cents compared to 5 cents.

### AN ELECTION?

A Gallup poll released on April 5th intensified election fever. The opinion sounding, taken in March, awards Prime Minister Trudeau's Liberals an 11 point lead over Joe Clark's Progressive Conservatives in the committed voter category. The Liberals increased 2 percentage points to 45. The P.C.'s dropped 2 points to 34, the N.D.P. remained at 17 while 4% supported other parties. The number of undecided voters increased 5 points to 38%.

All parties are preparing for a late June or early July federal election, but it is anybody's guess when the PM will request a dissolution. He doesn't have to call an election until Spring of 1979. Meanwhile, strategists for all 4 Federal parties are busy assembling election platforms. EJ 5/4/78 p. A3; EJ 6/4/78 p.A6

### LIBERALS

Senator Keith Davey is co-chairman along with Federal-Provincial Affairs Minister Marc Lalonde of the Liberals' campaign committee. They believe that Mr. Trudeau is their biggest asset, and polls show that Mr. Trudeau easily outflanks Opposition leader Clark when the electorate assesses leadership potential. Lalonde said recently that choosing the political leader who can best deal with Quebec will be the most important issue in the coming federal election. He said that because the 'crisis' in Quebec is viewed less urgently in some parts of the country, the Liberal election campaign will concentrate on the economy as well as national unity.

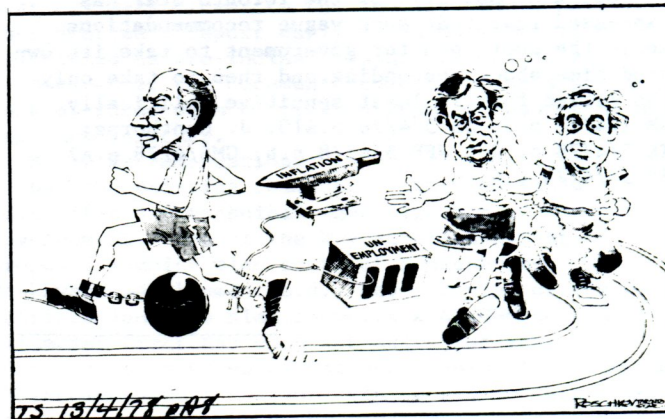
Because the Conservatives are so thinly represented in Quebec, the Liberals believe that they have a virtual monopoly on the national unity issue. The Trudeau government's handling of economic issues is the obvious minefield for Liberal election plan-

ners. There is also the credibility problem with the campaign promises of 1974, many of them still unfilled, as well as Trudeau's turnaround on the issue of wage and price controls.

The strategy appears to be to keep the focus on leadership and national unity, and away from the economy and credibility. GM 8/4/78 p.1; GM 15/4/78 p.12.

### PROGRESSIVE CONSERVATIVES

Opposition Leader Joseph Clark says that the economy will be the dominant issue in the next federal election. The party's economic policy-maker James Gillies drafted a proposal this month which will form the basis of the Tory election platform. The major feature in the plan is a permanent personal income tax cut of \$300 for low and middle income Canadians. Gillies says that the \$2.2 billion tax cut would create 500,000 new jobs over the next three years and help bring the unemployment rate down to



"HOW DOES HE DO THAT?"

5.57 by 1981. The P.C.'s say that they will finance the tax cut by a freeze on public service hiring, sharp cuts in advertising and consulting services and elimination of some crown corporations, along with the higher tax revenues and lower unemployment insurance payments that would result from increased employment and a stronger economy.

Clark says he'll campaign on the poor record of the Liberal government and proposals by his own party to cure economic and unity problems. TS 26/3/78 p.A4; TS 28/3/78 P.A8; OC 25/3/78 P.9; GM 27/3/78 P.A1.

## NEW DEMOCRATIC PARTY

The N.D.P. hopes to sell the electorate on a stable minority government with a "left of centre" emphasis during the election campaign. The N.D.P. leader Ed Broadbent hopes to win votes with his proposed industrial strategy for Canada.

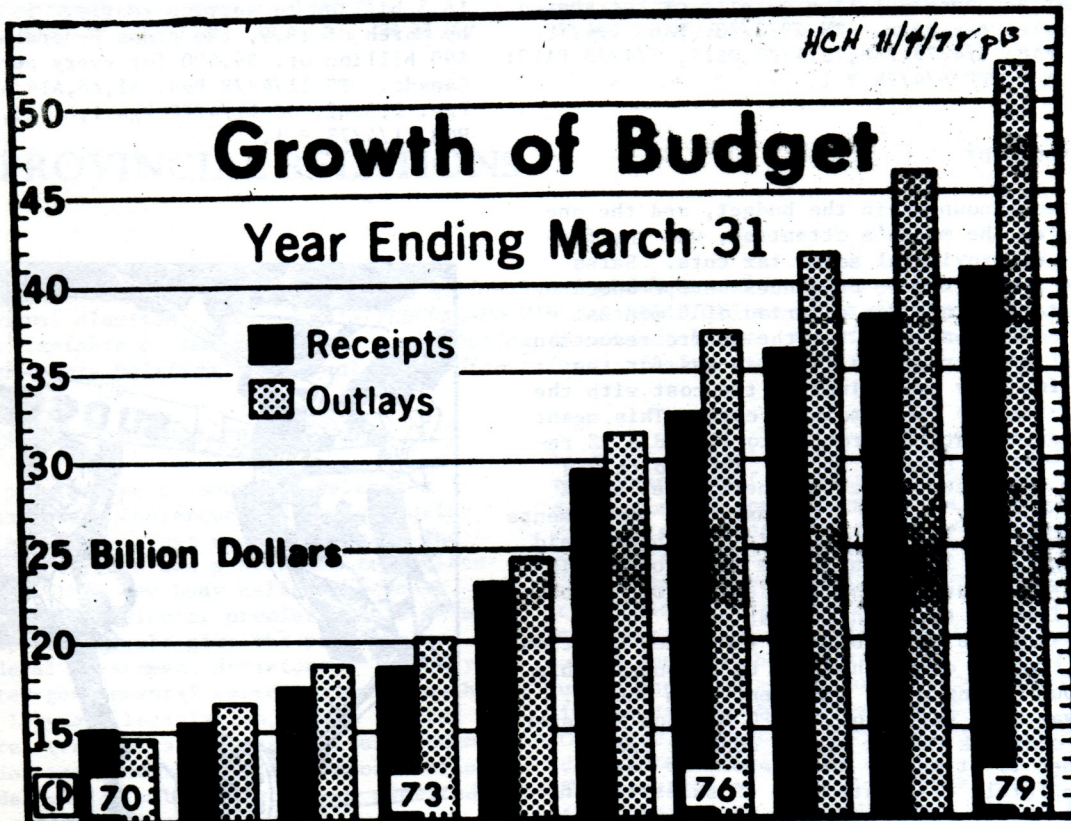
Broadbent says that an effective industrial strategy will find industries where Canadians can specialize, such as tele-communications, machinery in the resource industry and power generating equipment. Broadbent suggests a national planning council of government, industry and unions should give broad direction for the economy with more specialized planning groups developing Canadian firms in individual industries.

The second key element of his strategy is a Canadian investment fund, similar to the one operating in Sweden now for more than 20 years. Under it, corporations would, through tax incentives, divert part of their profits into a special fund that would be used to stimulate the economy in poor times and restrain investment during inflationary times. Government incentives on the use of these deferred profits would direct the funds into high priority areas in the Canadian economy. GM 10/4/78 P.9; GM 14/3/78 P.6; GM 21/4/78 P.10.

## SOCIAL CREDIT

The Social Credit Party has been rocked by four years of scandals, squabbles and leadership problems which has left only seven veteran MP's preparing for the upcoming election. Many observers believe that this election may mark the end of the Social Credit Party in Federal politics.

Their leadership convention falls in the midst of the proposed campaign and not one of the three leadership candidates comes from their Quebec power base. Interim leader Gilles Caouette and MP Rene Matte resigned from the party this month to sit as independents. Both men believe that the party's national executive contravened the party's constitution by deciding to hold the leadership convention in Winnipeg, when most Sacred supporters live in Quebec.



THE GOVERNMENT'S over-all cash deficit will rise to \$11.5 billion in the financial year that started April 1, Finance Minister Jean Chretien said in his budget speech Monday. The deficit is based on predicted outlays of \$52.15 billion and income of \$40.65 billion. Graph traces growth of budget since 1970. (CP Laserphoto)

# POLITICAL

Still, Social Credit organizers talk bravely of a comeback that could mean more Quebec seats and a sprinkling of cross-Canada representation, especially in the West. WFP 21/3/78 P.A10.

## FEDERAL BUDGET

### WHAT WAS EXPECTED?

With election rumours circulating at a furious pace in Ottawa, speculation about the probability of a spring budget gained credibility. The Canadian dollar had tumbled past \$0.90 U.S. and the spring is traditional time for the Government's fiscal policy to be announced. Though everyone soon agreed that Federal Finance Minister Jean Chretien would indeed be forced to bring down his first budget, opinion was divided on whether such a move was really necessary. Some concluded that a budget would only become a priority with the Liberals if they saw that the economy would become a prime issue in the expected election. In that event, most analysts expected a stimulative budget though some thought that Chretien's hands were so well tied by the Government's own large deficit, that any moves would be so mild as to be meaningless. Foreign exchange controls, though rumoured, were thought to be unlikely, and Dalton Camp blew the lid on the prime election 'goodie' when he wrote in a Toronto Star column several days prior to the budget announcement, the details of the shared provincial sales tax cuts. TS 29/3/78, PA8, 1/4/78 PC6, 4/4/78 PA8, 5/4/78 PA8, 5/4/78 PB12, 7/4/78 PA10; EJ 6/4/78 P.A6; WFP 6/4/78 P.1.

### WHAT WAS ANNOUNCED?

The major item announced in the budget, and the one which dominated the media's attention, was the federal subsidy of provincial sales tax cuts. Sales taxes in the four Atlantic provinces were reduced by three percentage points for a period of 6 months. The Federal Government paid for the entire reduction. With the wealthier provinces the plan was for the feds to pay for only two-thirds of the cost with the provinces picking up the remaining cost. This meant a 3% reduction in Ontario from 7% to 4% and a 3% reduction in Manitoba from 5% to 2%. The choice was given to the provinces to reduce their taxes by 3% for six months or by 2% for 9 months. The Governments of Saskatchewan and British Columbia, which are said to expect elections later on in the year, used this option. Saskatchewan reduced its taxes from 5% to 3% and B.C. from 7% to 5% until year end.

Though unknown to the public at the time, Chretien already had trouble on the horizon by announcing his budget without having prior agreement from Quebec. The result was that Parizeau, the PQ Finance Minister, was able to outflank Ottawa with a counter proposal designed to stimulate the economy of Quebec. Parizeau completely eliminated the 8% sales tax on textiles, clothing, furniture and shoes for a period of one year. These are all industries concentrated primarily in Quebec. Ottawa has refused to pay so far, but as a result has lost considerable prestige in Quebec. The P.Q. is wholeheartedly endorsed by the other parties in Quebec National Assembly over

its action.

Other measures introduced in Chretien's budget include:

- special tax breaks for Canadian companies investing in domestic Research and Development. The effective after-tax cost of increased R & D spending will drop to 20 cents on the dollar spent. The cost to Ottawa will be \$50 million.
- a special accelerated writeoff for railway equipment and track investments over 5 years. Major benefit will go to CP as CN has little taxable income. Cost to Ottawa \$5 million per year.
- higher depletion allowances to Oil Companies who spend on advanced oil and gas recovery systems. No estimated cost.
- tariff reductions implemented in 1973 and due to expire this year were extended for one year. Some tariffs on chemicals and industrial tires and tubes were raised.
- changes made to RRSP legislation to allow greater flexibility upon retirement.
- legislation amended to allow children to inherit family farm even though the farm is incorporated as a business.

The whole budget will cost the Government \$800 million: \$1.1 billion in sales tax cuts plus \$50 million in other tax changes minus \$350 million in unspecified cutbacks in Federal spending. The projected budgetary deficit is a record \$11.5 billion for one year. The accumulated deficit already costs \$6.5 billion to service yearly. It is estimated that by March of 1979, the gross Federal deficit will be \$90 billion or, \$9,000 for every person employed in Canada. TS 11/4/78 Pgs. A1,A8,A14,A15,B8; GM 11/4/78 Pgs. 1,5,B2; OC 11/4/78 Pgs.1,6,7,9,29; OC 13/4/78 P.9; HCH 11/4/78 P.1.

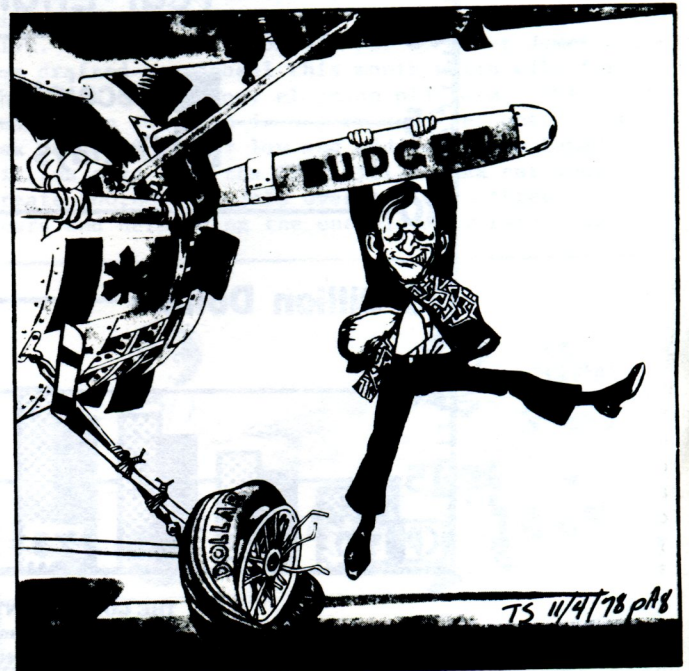


FIG. NOW, PAY LATER



## BUDGET REACTIONS

The reaction of the nation as it was reflected in the newspapers was mixed. The Winnipeg Free Press provided us with a review of editorial reaction from newspapers in the four western provinces. Of those, two papers supported the budget, one equivocated and one opposed it. The Vancouver Sun called the budget "a remarkable effort", while the Regina Leader-Post called it "responsible". The Calgary Albertan allowed that "his first proper budget may not do his party much harm, but it won't do it much good either", while the Edmonton Sun called the budget 'Blah'. This pattern was repeated among other groups. The Canadian Chamber of Commerce was enthusiastic in its support of Chretien's proposals as was the Canadian Federation of Independent Businessmen and the Canadian Manufacturer's Association. The Canadian Labour Congress condemned the budget for its lack of initiative on job creation as did the Ontario Federation of Labour and the Nova Scotia Federation of Labour. The Western premiers generally approved of the tax cuts but supported Quebec in its anger over Federal interference in Provincial affairs. One Toronto editorial referred to the budget as one of half-measures.. to say the least, a disappointment. Denny Doyle, president of Digital Equipment of Canada Ltd. underlined that feeling with this comment: "The research and development tax benefits were needed, but they are really only window dressing. They simply replace the incentives that the government took away in 1965."

TS 11/4/78 p. A8, A15; TS 12/4/78 p.A1, B13; GM 11/4/

78 p. 11, B2; GM 15/4/78 p.13; HCH 11/4/78 p.1; OC 11/4/78 p.29; OC 13/4/78 p.1; WFP 12/4/78 p.4.

**CNSP NOTE:** *The budget was described by many as a cynical election ploy and expectant Opposition leaders immediately launched private tours of key ridings across the country. It appears as if Chretien didn't really want to introduce the budget. Committed to the modern version of laissez-faire economics, he obviously knew that he had very little room to manoeuvre. Hands tied by a decade of Liberal mismanagement, he attempted to gain a maximum effect from taxation tinkering but what he had hoped would be interpreted as a bold move soon became described by his admirers as merely novel.*

*In the long run, the economic situation is worsening. Even the relief of reduced sales tax is marginal. If anything, it will tend to compress all of this year's major consumer purchases into one six or nine month period. The last quarter of this fiscal year is bound to be an unmitigated disaster as unemployment traditionally rises during this period. It will require some extra footwork for Trudeau to take this news to the electorate this summer and expect to return to office.*

## FEDERAL-PROVINCIAL RELATIONS

**INTRODUCTION:** *In the midst of the national unity debate and an approaching federal election, this month's FEDERAL-PROVINCIAL RELATIONS provides information and insights on two areas: the constitution (proposed changes, meetings etc.), and "party politics" (internal party discussions, rivalry etc.).*

### THE WEST DISCUSSES CONSTITUTIONAL CHANGE

The four western premiers were among 300 delegates attending the Canada West Conference on Confederation held in Banff, Alberta, the last week of March. The main topic of the conference was a proposal to replace the federal Senate with a new body called the House of Provinces. The ten provincial premiers would be members of the House, which would give the provinces a direct say in federal government decisions. The body would provide inter-governmental coordination in such areas as energy, language legislation, human rights, health and welfare, transportation, agriculture, unemployment, inflation and resources. The proposal also says the Quebec delegation would have a veto over federal legislation affecting language and culture.

Alberta Premier Peter Lougheed put forward five ideas he wants discussed in the months ahead as governments grope towards new constitutional arrangements for Canada. These include:

- No special status for any one province, but the possib-

- ility of special status for various provinces through the expansion of concurrent powers in the constitution or delegation of power from Ottawa to the provinces;
- Provincial appointment of 40 per cent of the members of federal regulatory agencies such as the National Energy Board, the Canadian Transport Commission, and the Canadian Wheat Board;
- Restrictions on the doctrine of emerging powers, which enables the federal government to pass legislation under the "peace, order and good government" clause in the British North America Act;
- Complete provincial jurisdiction in the field of indirect taxation;
- The creation of a constitutional court to sort out interpretations of federal and provincial jurisdiction.

The Alberta premier rejected the idea of a House of the Provinces worrying that it would supplant the direct negotiations between Ottawa and the provincial governments. TS 27/3/78 Daniel Stoffman p. A2; GM 30/3/78 Jeffrey Simpson p. 7; EJ 30/3/78 p.1.

# POLITICAL

## YUKON SEEKS PROVINCIAL STATUS

The standing committee on constitutional development for the Yukon has presented a brief to the task force on national unity stating that the territory "can no longer tolerate having our lives run by Ottawa bureaucrats thousands of miles away who are unaware of our real concerns". The committee, made up of six members of the Yukon legislative assembly, voted unanimously for Yukon's inclusion into Confederation as a province. TS 6/4/78 p. A4

## FEDERAL GOVERNMENT TO GIVE FINANCIAL AID FOR MINORITY LANGUAGE RIGHTS

Secretary of State, John Roberts and Justice Minister Ron Basford have announced that the federal government would be willing to assist financially, groups fighting for minority language rights in court. The statement gave no formula for assistance. Each case will be judged on its merits and the decision made as to whether and by how much the federal government will assist.

Quebec's Cultural Development Minister, Camille Laurin reacted angrily. He said, "it invites the population to rise against a Quebec policy which has received the approval of the great majority of Quebecers which responds to their desires and needs, which was adopted by the national assembly and assented to by the lieutenant-governor... Its a bad way to spend taxpayers' money, particularly in a field which uncontestedly comes under the jurisdiction of Quebec." OC 11/3/78 p. 1

## QUEBEC GETS VETO RIGHTS ON IMMIGRATION

Under a new federal-provincial agreement signed February 20, Quebec will be able to refuse applications for immigration when the applicant does not meet Quebec selection criteria. This means a prospective immigrant can choose whether to apply at a Canada or Quebec immigration office, depending on where he thinks he has more chance of being accepted. The agreement also states that no independent immigrant can land in Quebec without prior provincial approval. Nothing prevents a Canada-approved immigrant from landing in Toronto and immediately moving to Montreal. The Federal Immigration department plans to issue landed immigrant papers at the point of destination rather than at the port of entry. EJ 11/3/78 p. H6

## NEW PROVINCIAL AGREEMENT ON SOCIAL-SERVICE FINANCING

Because a majority of provinces agreed, Ottawa will scrap the current 50-50 cost-sharing arrangement for social services and replace it with lump-sum payments to the provinces. Some provinces disapproved.

Saskatchewan's Human Rights Minister said the new formula has no guarantee the money won't be spent on roads instead of social services; and William Vander Zalm of B.C. said the move "may represent fiscal restraint on the part of the federal government, but in reality it is just a shifting of the financial burden to the provinces."

The 50-50 cost sharing will continue to apply to basic income maintenance programs such as welfare so provinces with higher unemployment will continue to receive higher federal contributions. WFP 8/3/78 p. 1

## QUEBEC

*INTRODUCTION: In contrast to the Liberal leadership convention, which it covered fully, the press gave scant attention to the PQ budget proposal for 1978-79. The budget this year is more progressive than the PQ's first. Indexing, a more progressive schedule of tax rates, and the removal of some sales taxes are all indications of the new approach. The budget is consciously aimed at stimulating Quebec's economy and its implicit objective is to increase political support for the PQ prior to the referendum. Although the changes are modest ones they stand in contrast to the restraint-minded budgets of the federal and other provincial budgets this year.*

*The press treatment of the Liberal leadership battle followed a standard pattern -- details on the candidates' personalities and general philosophies dominated coverage. Only a few details emerged on party structures and functioning and very little light was thrown on the economic interests that support the Quebec Liberal party.*

*Ryan's leadership does give a boost to the party's image and may help to improve the party's fortunes at the polls next time. One commentator drew a parallel with B.C. Just as Bennett was able to focus all opposition forces in B.C. against the NDP Barrett government- and defeated it even though the NDP maintained its level of popular support- so Ryan may be able to concentrate opposition forces in Quebec against the PQ.*

## PQ BUDGET HIGHLIGHTS

- Taxes are reduced by \$313 million in 1978 and \$500 million in 1979.
- 90 per cent of Quebec taxpayers will get a tax cut. The threshold for having to pay income tax is raised from \$2000 to \$3600 of taxable income. The tax rate at the bottom of the income scale is reduced from 16 to 13 per cent. At the top of the scale the rate rises from 28 to 33 per cent. In money terms, for example, a married person earning \$13,700 will pay \$291 less in income tax because of the budget. These changes are retroactive to January 1, 1978.
- Beginning January 1, 1979 Quebec will enjoy indexed income taxes. Only the personal exemption will be indexed; it accounts for 75 to 80 per cent of the total tax. The federal government and the nine other provincial provinces have indexed income taxes since 1973.
- In 1979 Quebec will introduce an income tax credit for property tax.
- Quebec will eliminate sales tax on textiles, clothing, furniture and shoes for one year. These are the four industrial products which are mostly made in Quebec. (This is Quebec's counter proposal to Ottawa's request for an across-the-board two to three per cent reduction in sales tax for a six to nine month period. Ottawa offered to make up two-thirds of the lost provincial revenue.)
- Quebec has removed the eight per cent tax on hotel rooms to stimulate the hotel industry.
- The provincial deficit is expected to rise from \$995 million last year to \$1.25 billion in 1978-79. FP 22/4/78 p. 17; FTC 24/4/78 p. 8; GM 19/4/78 p. 1,8; LD 19/4/78 p.1

## POLICE

### LIBERALS, NOT RCMP PUSH FOR POWER

RCMP Commissioner Robert Simmonds says the RCMP is not looking for extended police powers. He believes the RCMP can do its job totally within the law. (However Simmonds recently pressed for the power to open mail to fight drug trafficking). An Ottawa Citizen editorial accuses the Liberal government of pushing to give the RCMP extra-legal powers. It is the government that is rushing through letter-opening legislation without proof of its need. It is Prime Minister Trudeau and former Solicitor-General Francis Fox who suggest more powers for the police are needed. OC 3/4/78 p.11; OC 8/4/78 p.6

### WIRETAPS-AN RCMP FAVOURITE

An assistant RCMP Commissioner said he allowed wiretap operations to continue without the knowledge of his superior. Thomas Venner told the McDonald Royal Commission he considered the official policy "impractical, short-sighted and not in the public interest." The official policy, established in 1959 prohibited the use of wiretaps in criminal investigations. The 1972 policy stated nothing about wiretaps though

### RYAN WINS QUEBEC LIBERAL LEADERSHIP

Claude Ryan, former publisher of Le Devoir and a very recent member of the Quebec Liberal party (since January of this year) won the leadership of the party by a vote of 1,748 to 807 over former Quebec finance minister Raymond Garneau. What is happening is the emergence, at long last, of a credible political alternative within Quebec. The void is about political alternative within Quebec. The void is about to be filled. After 17 painful months of Levesque to confront them both. TS 16/4/78 p. A1; TS 9/4/78 p.A1 Stephen Lewis

### PARTY RULE CHANGES AFFECT LEADERSHIP CONVENTION

Changes in financing of leadership conventions and the selection of delegates within the Quebec Liberal Party are aimed at making it a more democratic one, freer of 'backroom control'.

Each leadership candidate was restricted to a spending limit of \$350,000. A ceiling of \$3000 was set on individual contributions. An audit listing the number of contributors and disclosing the names of contributors of more than \$500 is now required.

In the past more than 40 per cent of delegates were appointed. Members of the party's general council, riding association executives and sitting members of the National Assembly had an automatic right to vote. Now, all ex-officio delegates have been eliminated and all 2,640 delegates (24 from each of the 110 ridings) must be elected at nominating conventions. TS 6/4/78 p. C6

commissioners continued to say publicly that wire-tapping was not taking place. Finally the 1974 policy allowed police to wiretap with authorization from a judge. Venner said that between 1963 and 1974 the force made 1,072 entries without consent of the occupant. Since the law allowing wiretaps, "surreptitious entries" have decreased and the wiretap has become "the supreme weapon in the force's arsenal." The head of the electronic surveillance operations William Wylie said wiretaps represent 85 per cent of the 1,937 approved applications for electronic surveillance since 1974. OC 12/4/78 p.18; OC 13/4/78 p.8

### PROBE INTO POLICE FILE LEAK TO BAY

The RCMP and the Ottawa police department are conducting internal investigations into the misuse of criminal files. The Hudson's Bay Company used Universal Investigation Services (UIS) to obtain information about employees. The Bay has access to confidential information available only from restricted police files contained in the Canadian Police Information Centre's (CPIC) computer. Between September 1977 and February 1978 the Bay dismissed people after receiving

## PQ BUDGET HIGHLIGHTS

- Taxes are reduced by \$313 million in 1978 and \$500 million in 1979.
- 90 per cent of Quebec taxpayers will get a tax cut. The threshold for having to pay income tax is raised from \$2000 to \$3600 of taxable income. The tax rate at the bottom of the income scale is reduced from 16 to 13 per cent. At the top of the scale the rate rises from 28 to 33 per cent. In money terms, for example, a married person earning \$13,700 will pay \$291 less in income tax because of the budget. These changes are retroactive to January 1, 1978.
- Beginning January 1, 1979 Quebec will enjoy indexed income taxes. Only the personal exemption will be indexed; it accounts for 75 to 80 per cent of the total tax. The federal government and the nine other provincial provinces have indexed income taxes since 1973.
- In 1979 Quebec will introduce an income tax credit for property tax.
- Quebec will eliminate sales tax on textiles, clothing, furniture and shoes for one year. These are the four industrial products which are mostly made in Quebec. (This is Quebec's counter proposal to Ottawa's request for an across-the-board two to three per cent reduction in sales tax for a six to nine month period. Ottawa offered to make up two-thirds of the lost provincial revenue.)
- Quebec has removed the eight per cent tax on hotel rooms to stimulate the hotel industry.
- The provincial deficit is expected to rise from \$995 million last year to \$1.25 billion in 1978-79. FP 22/4/78 p. 17; FTC 24/4/78 p. 8; GM 19/4/78 p. 1,8; LD 19/4/78 p.1

## POLICE

### LIBERALS, NOT RCMP PUSH FOR POWER

RCMP Commissioner Robert Simmonds says the RCMP is not looking for extended police powers. He believes the RCMP can do its job totally within the law. (However Simmonds recently pressed for the power to open mail to fight drug trafficking). An Ottawa Citizen editorial accuses the Liberal government of pushing to give the RCMP extra-legal powers. It is the government that is rushing through letter-opening legislation without proof of its need. It is Prime Minister Trudeau and former Solicitor-General Francis Fox who suggest more powers for the police are needed. OC 3/4/78 p.11; OC 8/4/78 p.6

### WIRETAPS-AN RCMP FAVOURITE

An assistant RCMP Commissioner said he allowed wiretap operations to continue without the knowledge of his superior. Thomas Venner told the McDonald Royal Commission he considered the official policy "impractical, short-sighted and not in the public interest." The official policy, established in 1959 prohibited the use of wiretaps in criminal investigations. The 1972 policy stated nothing about wiretaps though

### RYAN WINS QUEBEC LIBERAL LEADERSHIP

Claude Ryan, former publisher of Le Devoir and a very recent member of the Quebec Liberal party (since January of this year) won the leadership of the party by a vote of 1,748 to 807 over former Quebec finance minister Raymond Garneau. What is happening is the emergence, at long last, of a credible political alternative within Quebec. The void is about political alternative within Quebec. The void is about to be filled. After 17 painful months of Levesque to confront them both. TS 16/4/78 p. A1; TS 9/4/78 p.A1 Stephen Lewis

### PARTY RULE CHANGES AFFECT LEADERSHIP CONVENTION

Changes in financing of leadership conventions and the selection of delegates within the Quebec Liberal Party are aimed at making it a more democratic one, freer of 'backroom control'.

Each leadership candidate was restricted to a spending limit of \$350,000. A ceiling of \$3000 was set on individual contributions. An audit listing the number of contributors and disclosing the names of contributors of more than \$500 is now required.

In the past more than 40 per cent of delegates were appointed. Members of the party's general council, riding association executives and sitting members of the National Assembly had an automatic right to vote. Now, all ex-officio delegates have been eliminated and all 2,640 delegates (24 from each of the 110 ridings) must be elected at nominating conventions. TS 6/4/78 p. C6

commissioners continued to say publicly that wire-tapping was not taking place. Finally the 1974 policy allowed police to wiretap with authorization from a judge. Venner said that between 1963 and 1974 the force made 1,072 entries without consent of the occupant. Since the law allowing wiretaps, "surreptitious entries" have decreased and the wiretap has become "the supreme weapon in the force's arsenal." The head of the electronic surveillance operations William Wylie said wiretaps represent 85 per cent of the 1,937 approved applications for electronic surveillance since 1974. OC 12/4/78 p.18; OC 13/4/78 p.8

### PROBE INTO POLICE FILE LEAK TO BAY

The RCMP and the Ottawa police department are conducting internal investigations into the misuse of criminal files. The Hudson's Bay Company used Universal Investigation Services (UIS) to obtain information about employees. The Bay has access to confidential information available only from restricted police files contained in the Canadian Police Information Centre's (CPIC) computer. Between September 1977 and February 1978 the Bay dismissed people after receiving

# POLITICAL

information concerning criminal records. It is an offence under the Ontario Police Act for an officer to release criminal records to anyone. It is not a crime for civilian employees who have access to CPIC to release information. Solicitor-General Jean-Jacques Blais said he was satisfied that RCMP or civilian personnel under his jurisdiction were not responsible for the release of information. He added he had no jurisdiction over local police forces which have access to the information. OC 12/4/78 p.15; OC 23/3/78 p.1

## McDONALD INQUIRY- SOME FACTS AND FIGURES

A Privy Council office spokesman says the McDonald Commission spent \$400,000 during its inactive start-up period of nine months. This year's budget is \$2 million but costs could double if complications occur. The staff of 36 include the three commissioners headed

by Justice David McDonald. Part time lawyers are paid on a sliding scale from \$50-\$100 an hour. The Chief Commission Counsel is paid \$1,000 a week. OC 8/4/78 p.12

## KEABLE- HIGH COURT CONSULTS PROVINCES

The Supreme Court of Canada gave notice to the provinces to consider constitutional questions in the case of Quebec's Keable Commission into RCMP wrongdoing. Provincial attorneys-general will receive questions giving them the option of joining the Quebec government in support of Jean Keable's fight to head a full provincial inquiry. The case is of general concern since it raises the issue of the limitations on all provinces' constitutional jurisdiction over the administration of justice on provincial territory. EJ 29/3/78 p.A8

# MILITARY

*INTRODUCTION: The slumping Canadian dollar will make military expenditures greater this year by 20 per cent and more. Five aircraft corporations are campaigning to convince Canadian businessmen of the benefits of their fighters for Canadian industry. The Canadian defence department will decide on the planes it will purchase in six months. Barney's hard at work again- this time joining together Argus Corporation and the Boy Scouts of Canada to ensure that the army reserves will be prepared in times of crisis.*

## DOLLAR SLUMP ADDS MILLIONS TO MILITARY COSTS

The sliding dollar may cost Canada \$71 million extra for long range patrol aircraft and millions more for new tanks. Allan McKinnon, Conservative defence critic says the Government may pay 20 per cent more than originally estimated for new Leopard tanks. The Government had said it would not go above \$2.3 billion except to account for normal inflation. GM 3/3/78 p.10; CP HCH,OC

## STIFF COMPETITION FOR FIGHTER CONTRACT

Five aircraft companies are competing for a \$2.3 billion contract to supply Canada with fighter planes. The four American companies (Grumman Corp., McDonnell Douglas Corp., General Dynamic Corp., and Northrop Corp.) and the European Panavia Aviation are aiming their campaign at Canadian businessmen who will gain most from the industrial offsets. Brigadier-General Paul David Manson heads the Canadian evaluation team. The team consists of 35 full-time members from the defence, industry, trade and commerce and supply and services departments with an additional 150 support staff.

The corporations have been busy selling their "industrial package" across Canada. Three top Northrop Corporation executives toured the country for two weeks stopping at all the provincial capitals to talk to businessmen. The chairman of Grumman Corp. says he tells businessmen, "If we get the contract,

then you guys get a lot of business. You might mention that to somebody in Ottawa." Northrop Corp. has run sleek one-third page ads in the Globe and Mail extolling the virtues of Northrop Corp.

Barney Danson, Defence Minister, says Canada must pick new fighter planes on their military merits rather than their ability to produce jobs and industrial benefits. GM 14/2/78 p.BF; FTC 27/3/78 p.1; WFP 2/2/78 p.29; WFP 7/3/78 p.22

*CNSP NOTE: The Stockholm International Peace Research Institute notes that "World military expenditure is greater than world expenditure on either education or health; it is 15 times larger than official aid provided to underdeveloped countries; and it is equivalent to the combined GNP of all countries in Africa, the Middle East and South Asia." Murray Grossner, a Toronto freelance writer, says "governments choose weapons over hospitals and schools since investments in armaments minimize administrative complexities or social change, while benefiting national pride." The status quo is maintained and business profits. The Canadian people spend more in tax dollars and lose out in social services. FP 11/3/78 p.7 Murray Grossner*

## ARGUS AND BOY SCOUTS WANT US TO BE PREPARED

Defence Minister Barney Danson announced the creation of a businessmen's group designed to promote the military reserve and help it get to the position of

battle readiness. Bruce Matthews, vice president of Argus Corporation and Dan Spry, former head of the Boy Scouts of Canada will head the national employer support committee. The committee will seek to convince employers that it is to everybody's advantage to allow workers time off to take training. WFP 19/1/78 p.1

## SECURITY AND INTELLIGENCE: NEW DIRECTOR

The defence department has named John Rodocanachi new director for its security and intelligence directorate. Former director Brig.-General Walter Dabros who was caught in the centre of a controversy last November over alleged domestic spying by the military, is going to the national defence college in Kingston, Ontario. HCH 30/1/78 p.4; GM 31/1/78 p.40

## HEALTH

**INTRODUCTION:** On March 7 the Ontario government announced a 37 1/2 per cent increase in health insurance premiums. Since the March 1976 budget, when premiums were raised 45 per cent, health insurance costs for users have doubled. By the end of April, Liberal and NDP opposition parties in the Ontario legislature forced the Conservative government to cut its planned premium increase by half to 18 per cent.

As the following chart demonstrates, Ontario residents pay the highest health insurance premiums in Canada while many provinces do not use a premium system. Ontario now has the dubious distinction of raising more money through health insurance premiums (\$1,120 million) than through corporate income taxes (\$1,045 million).

### PREMIUMS PAID BY A FAMILY OF FOUR

Ontario		\$528/year
British Columbia		\$225/year
Alberta		\$769.20/year
Quebec	1.5 % of net income, max.	\$235/year
Saskatchewan		no premiums
Manitoba		no premiums
New Brunswick		no premiums
Nova Scotia		no premiums
Prince Edward Island		no premiums
Newfoundland		no premiums

Source: Canadian Tax Foundation Ontario Budget, 1978

In announcing the proposed increases in rates, the Ontario government claimed workers will not feel any effects since employers often pay the premiums. However, the government is less than completely candid in its justifications:

- Health insurance is a negotiable item in bargaining; if it is paid by the employer it has been won at the expense of other gains.
- Health insurance is a taxable benefit for workers. If premiums are paid by the employer, workers pay tax on them.
- Health insurance premiums are part of the total benefit package, thus subject to anti-inflation controls. An increase in premiums limits even further gains workers can expect in new contracts.
- Health insurance premiums when paid for by the employer, are tax deductions for that employer.

Health insurance premiums are a tax, and a very regressive one. The Strategic Planning and Research Branch of the Ministry of Health in their "Review and Response to the Taylor Committee Report" on March 31, 1978 stated, "It is noted that Ontario is one of only three provinces with a premium system, and that the current rates already are much higher than the other two provinces. Moreover, it is recognized that the premium system is expensive to administer, and is regressive in comparison with income taxation". They continue, "the premium system itself is no longer regarded by the ministry of Health as either equitable or effective within the framework being developed for long-term strategies in cost containment and health system reform... However, it opposes the

# POLITICAL

emphasis this places on shifting the cost burden inequitably to consumers, and will advocate alternative funding mechanisms such as personal income tax or pay-roll tax systems".

Health insurance was a real victory for Canadian workers. It allowed them the right to seek care independently of their ability to pay at the time. But by socializing only the costs and not the delivery of care it guaranteed that the price of care would be high, and the benefits limited.

In the context of the economic crisis the government is attempting simultaneously to reduce the size of the health service sector and force the working class to finance a larger share of those services, thus forcing the people to bear the costs of the crisis. A report by the National Council of Welfare on Taxation and the Distribution of Income, suggests the use of income tax to pay for health insurance rather than premiums. Because of the progressivity of income tax, costs of the health services are apportioned on the basis of ability-to-pay. Lower and moderate income families are made to bear a much smaller burden than those with higher income.

In order that the tax system provide benefits in such a way that the inequality of after-tax income is decreased, tax credits have to be used. The provincial refundable tax credit plans are a first step towards using the tax system to provide financial benefits to low-income people. Transfer programmes can be combined into the tax system.



"Say Ralph — do we take blood in payment?"

## ONTARIO HEALTH INSURANCE PLAN

### OHIP RAISE ANGERS RAILMEN

The OHIP hike will cut out \$168 a year from the take-home pay of the married members of the Canadian Brotherhood of Railway, Transport and General Workers. They now earn an average wage of \$11,000 and new premiums will cut their anticipated six per cent wage increase to 4.5 per cent. TS 14/3/78 p.A4

### OHIP RAISES DOCTOR'S FEES 6½ PER CENT

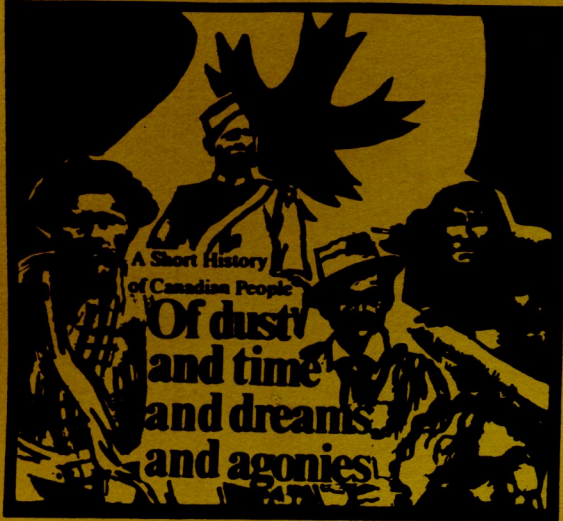
More than 1,200 doctors billed OHIP for more than \$100,000 in 1976. Many physicians in Ontario will receive an average fee increase of 6½ per cent from the provincial health insurance plan. Negotiations are to begin in May for a 1979 payment schedule. The Ontario Medical Association (OMA) wants to raise its scheduled fees by 36 per cent. Therefore the gap between what the OMA thinks its services are worth and what the insurance plan will pay, will widen. GM 14/4/78 p.1

### OPPOSITION MOUNTS AGAINST McKEOUGH'S OHIP HIKE

The legislature's health services committee demanded that the Ontario government rescind the 37.5 per cent increase in OHIP premiums. The Liberals voted against adopting the report of the committee stating they want a chance to put forward alternative ways of raising revenue for OHIP such as:

- Limiting OHIP premiums increase to 6 per cent.
- Use of provincial lottery funds.
- Implementation of the government's 4 per cent limit for salaries and cutting fat in the Ministry of Health budget.
- Increase corporate income tax by 0.5 per cent to 12.5 per cent for most businesses.

Meanwhile Mike Cassidy of the NDP suggests premiums be paid from general revenue, raising corporation taxes and getting rid of tax exemption for new machinery. TS 11/4/78 p.A11; 16/3/78 p.A10; GM 12/4/78, 19/4/78 p.5



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*By Pat Bird*

*Illustrated by Yvonne Slipka*

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