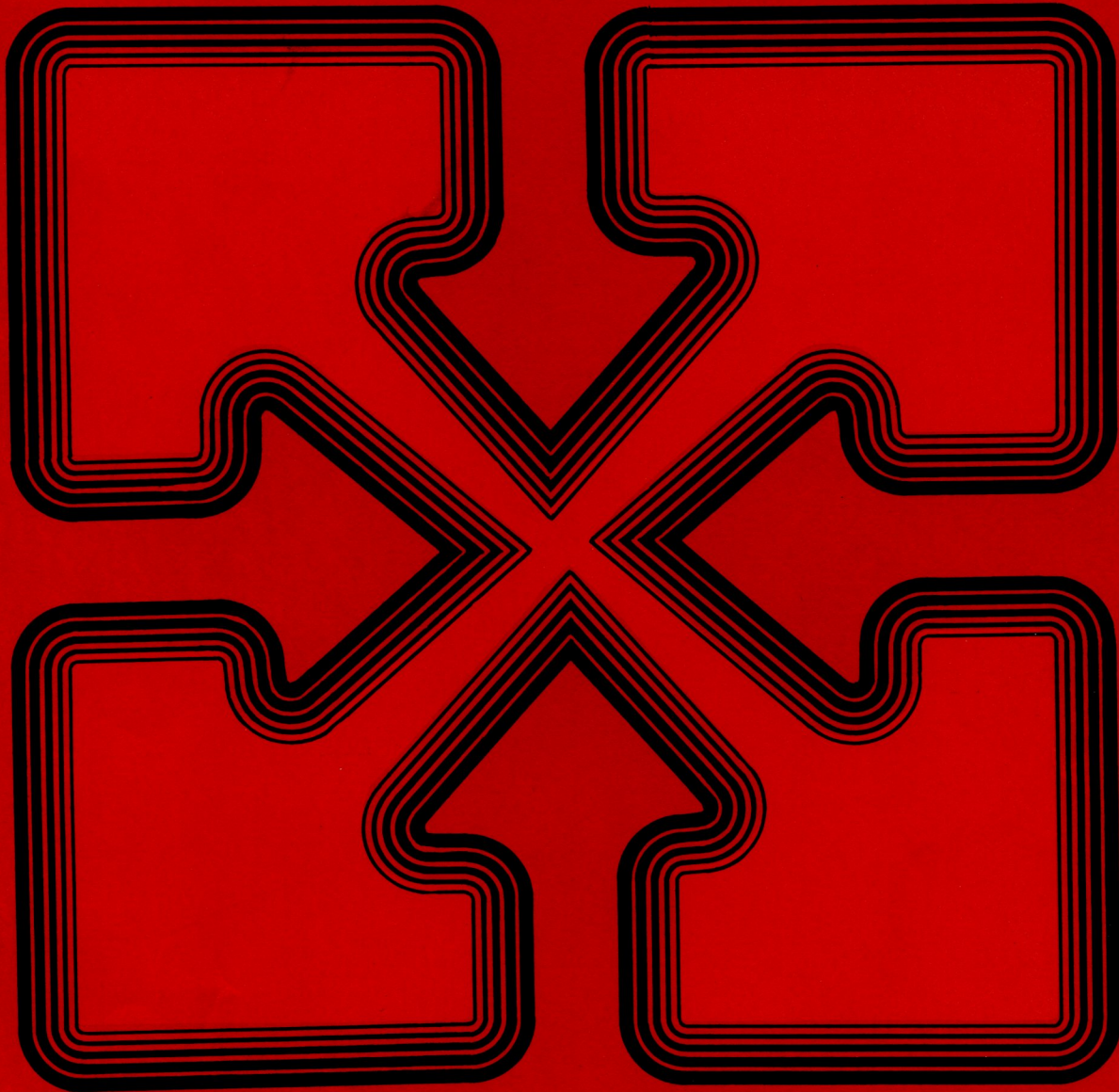


Synthesis

A Review of Events Reported in the Canadian Press



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Canadian News Synthesis Project

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

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<i>Montreal Star</i>	MS
<i>Le Devoir</i>	LD
<i>Financial Times of Canada</i>	FTC
<i>Financial Post</i>	FP
<i>Globe and Mail</i>	GM
<i>Toronto Star</i>	TS
<i>Winnipeg Free Press</i>	WFP
<i>Edmonton Journal</i>	EJ
<i>Ottawa Citizen</i>	OC

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Synthesis

HIGHLIGHTS

Canada is prepared to cut aid to Cuba to express its disapproval of Cuban military involvement in Africa, but is temporizing in its policy towards South Africa. While accepting a small number of political prisoners from Argentina, Canada continues economic support of Chile and trade with Brazil, two Latin American military dictatorships. These are some illustrations of Canada's double standard in foreign relations. See pages 3 and 4.

The Bryce Commission on Corporate Concentration reaffirms the Liberal big-business ideology. The Commission's main emphasis in its report is the philosophy that private investment is the prime motive force behind economic growth. While the business sector was pleased with the Commission's recommendations, their implications are enormous for the working people of Canada. See page 5.

While police intervention continued to hamper efforts of strikers at Fleck Manufacturing in Ontario, several major attacks were made upon the union movement in Quebec, with the publisher of La Presse accusing the CSN of a leftist conspiracy for power in Quebec, and company armed security guards and injunctions interfering in the CSN's attempt to get a settlement at Commonwealth Plywood. See page 11.

Prime Minister Trudeau's decision not to hold an election this summer left many candidates and constituencies in confusion. The Social Credit party, however, had time to elect a new and largely unknown national leader. Meanwhile, the federal government upset thousands of charitable organizations with a regressive tax circular questioning their work for social and political change. See page 15.

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Subscribers Please Note: The CNSP collective is meeting to re-organize our operation in an effort to present a clearer analysis of the Canadian reality. This means we will not be able to publish again before the summer, but Synthesis will return in September. We regret any inconvenience this causes.

CANADA AND THE WORLD



THE GENERAL CONTEXT

BILDERBERG: THE POWERFUL KEEPING THEIR ACT TOGETHER

One hundred and four North American and European leaders met for three days in secret near Princeton, New Jersey in the latest round of Bilderberg conferences. These talks began in the Netherlands at the invitation of Prince Bernhard in 1954. Among those attending the latest meeting were Zbigniew Brzezinski, Swedish Premier Faellidin, Chase-Manhattan Bank President David Rockefeller, Henry Kissinger, NATO commander Alexander Haig, West German Parliamentary Secretary of State Andreas von Boluw, and Sir Alec Douglas-Home. In a final news conference, Douglas-Home said the meeting had concentrated on the Soviet military build-up and on the need to get Western economies moving again. GM 24/4/78

TRUDEAU'S DISARMAMENT "SERMON"

At the United Nations, Prime Minister Trudeau offered a four-point plan on world disarmament, including: halting nuclear testing; outlawing flight tests for rockets and other "delivery vehicles"; prohibition of production of fissionable material for weapons use; and setting a gradually diminishing limit on spending for strategic nuclear weapons. Commenting on the plan, the *Toronto Star* called it "an easy way to look like a saint." Canada can remove nuclear weapons from its planes because we live under the U.S. nuclear umbrella. The rest was a sermon, which came cheap, because Canada is not really a nuclear power. TS 27/5/78 P. A1; TS 27/5/78 P. C2, ed.

THE SPECIFIC AREAS

Trade

TOURIST DEFICIT HIGHER

Although the lower value of the Canadian dollar made Canadian winter vacations abroad about eight per cent more expensive, Canadians spent more than \$1.1 billion travelling abroad in the first three months of 1978. This resulted in a record quarterly deficit of \$918-million. If the pattern continues for the rest of the year, Canada will have a travel deficit of about \$1.8-billion, up 10 per cent from last year's \$1.64 billion deficit. FTC 29/5/78 P. 10.

"BUY CANADA" CAMPAIGN

In an effort to stimulate domestic purchases of Canadian-made goods, the federal government is launching a "Shop Canada" campaign this month. The government hopes the promotional campaign of advertisements and labels will stimulate the manufacturing sector and create jobs. GM 10/5/78 P. B1.



CANADA AND THE WORLD

EDC AID UP 30%

In its annual report, the Crown-owned Export Development Corporation says its financial support for Canadian exports increased by 30 per cent to \$2.6 billion in 1977. The report says the corporation earned a profit of \$18.7 million and created 200,000 man-years of employment. The EDC is currently before Parliament seeking a raise in its operating limits from \$8.85 billion to \$26 billion. In 1977, the EDC arranged export loans and guarantees of \$1.09 billion on its own account. These involved 43 agreements in 23 countries. Three loans totalling \$95 million were made on the account or authority of the government. The EDC's insurance programme against non-payment to Canadian exporters covered sales of \$1.3 billion. Guarantees against loss of investments by Canadian firms overseas due to political events totalled \$68-million. In 1977, the EDC turned to international capital markets for some of its financing--raising \$310 million--rather than drawing from the government's consolidated revenue fund.
GM 9/5/78 P. B8.

NEW EXPORT PUSH AGENCY IN THE WORKS

Before retiring from public life, Supply and Services Minister Jean-Pierre Goyer is attempting to establish a government trading agency to push Canadian exports in situations of large overseas projects calling for multi-item purchases. Goyer has announced that the Crown-owned Canadian Commercial Corporation (CCC) is currently negotiating two "turnkey" export sales worth more than \$500 million each to the Middle East. Turnkey sales are so called because they are expected to open the door to further exports in the future. His long-range concept is to transform the CCC, a tired, post-war entity created to facilitate arms exports and to purchase Canadian goods for the country's overseas aid program, into a state trading agency. When foreign governments (socialist ones, for example, which prefer dealing with other governments rather than private companies) seek multi-item supplies for a major project, the CCC would be able to place a consolidated Canadian bid into the competition. If won, the CCC would then subcontract a manager of the project to purchase the Canadian items necessary for the package from numerous Canadian firms. Claiming that the re-born CCC would not compete with private business, Goyer announced the appointment of five business directors to the CCC board. They are: Sonja Bata of Bata Ltd., John Bruk of Cyprus Anvil Mining Corp., John H. Dickey of Nova Scotia Pulp Ltd., Roland Giroux of Consolidated-Bathurst Ltd., and Peter N.T. Widdrington of John Labatt Ltd.
GM 25/5/78 pBl.

SPECTRE OF PROTECTIONISM

In its annual report for 1977 the General Agreement on Tariffs and Trade (GATT) said there were significant increases in trade restrictions worldwide last year. The report noted that international trade expanded by 4 percent in volume terms over the previous year.
HCH 28/4/78 pl.

CANADIAN FOREIGN POLICY

CUBA CUT OFF

Prime Minister Trudeau announced that Canada is phasing out all foreign aid to Cuba to show disapproval of the island nation's mercenary role in Africa. He was responding to Conservative demands that a halt to aid be called. Former Prime Minister John Diefenbaker charged Trudeau with having had a 25-year love affair with Fidel Castro.
OC 24/5/78 P. 68, (UPI); HCH 4/5/78 P. 9, (CP).

SOUTH AFRICA: THE LEFT HAND AND THE RIGHT

The tension between economic assistance to the South African regime and condemnation of its human rights policies surfaced again during May. The federal government announced a code of conduct for businesses operating in South Africa. It was immediately termed "toothless" by the Canadian Labour Congress and the Task Force on the Churches and Corporate Responsibility. John Rodriguez, M.P. for Nickel Belt, said the voluntary code was as effective as a roaring rabbit. He called for a ban on Canadian trade with South Africa. CLC officials said that the code should be mandatory not voluntary and that a watchdog body, including labour representatives, should be set up to monitor events. Conservatives criticized the government for having a "double standard" approach, by criticizing the South African regime on the one hand, and on the other permitting South African banks to put up some of the latest \$3 billion standby credit to Canada to help support the dollar. The Royal Bank of Canada, according to the Taskforce on the Churches and Corporate Responsibility, has made no loans to the South African government or its agencies for almost two years. The Bank of Montreal announced that it will continue to lend money to South Africa.

Despite the South African government's attempts to keep its financial reputation high by repaying its debts regularly, the net inflow of long-term capital has slumped. In 1971 there was a peak net inflow of \$2.3 billion, in 1976 \$1.1 billion, and in 1977 only \$243 million. South African Finance Minister Owen Horwood admitted that political uncertainties, the arms boycott and the recurrent threat of economic sanctions had contributed to the loss of capital.

While Canada temporizes, the British government is becoming increasingly uneasy over its huge financial and commercial links with South Africa, and is trying to loosen the ties. At market values, British investment amounts to \$9.5 billion, double that of the U.S. or West Germany. The British government may introduce legislation to prohibit lending by British banks in South Africa, to end credit facilities for exports, and to bar trade missions.
GM 2/5/78 P. B5; HCH 6/5/78 P. 4 (CP);
FP 13/5/78 P. 14; HCH 29/3/78 P. 22, (Reuter).

CANADA AND THE WORLD

CANADA ACCEPTS POLITICAL PRISONERS

Canada will accept 100 Argentine political prisoners and their families. There are an estimated 8,000 political prisoners in Argentina, which has been ruled by a military junta since March, 1976. Immigration Minister Cullen announced the programme in response to questions from Louis Duclos (L-Montmorency), who had visited Argentina in September, 1976. Mr. Duclos said he would have preferred that the government had acted earlier. Quebec Immigration Minister Jacques Couture announced that Quebec was ready to take 50 of the 100 families. Last year, Quebec accepted 40 per cent of the 1,000 Latin American refugees allowed into Canada. The Argentine Embassy in Ottawa criticized press use of the words "political prisoners", stating that they are people under investigation regarding terrorism, and that such people, when they leave Argentina, activate libellous campaigns against Argentina.

WFP 17/5/78; OC 18/5/78 P. 20, (CP);
OC 20/4/78 Pp 5, 13, (CP).

RELATIONS WITH CHILE QUESTIONED

An editorial in the Winnipeg Free Press (11/5/78, P. 43) that quotes Robert Moss (a British conservative accused of links with the CIA) lauded evidence of a liberalization in Chile, stating that as Spain and other "authoritarian" states have changed, so might Chile. Meanwhile, Church, labour and teacher representatives demanded that Noranda Mines Ltd. reconsider its plan to invest millions in copper in partnership with the Chilean junta, stating that the investment would "retard the restoration of human

rights and social justice" in Chile and grant "international respectability to the Chilean dictatorship." It has been revealed in Washington that two Canadian banks participated in a consortium which made a \$210-million loan to Chile's central bank in April. Michael Moffit of the Institute for Policy Studies and his colleague, Isobel Letelier, widow of the former Chilean ambassador to the United States, charged, in a major study, that private loans are keeping the military regime in Chile solvent. Since the coup, U.S. banks have loaned \$900 million to the junta. Canadian banks have lent \$35 million, and have been involved in International consortia which made loans of \$180 million. MS 28/4/78 P. A12; OC 10/5/78 P. 54, (CP).

WARMING UP TRADE WITH BRAZIL

The second meeting of a joint economic committee between Canada and Brazil was completed in Brazil. The meetings discussed Brazilian objections to Canadian quotas on footwear, clothing and textile imports, and Canadian complaints about some Brazilian tariffs. The meeting also dealt with broad questions like north-south economic affairs. It also examined ways feasibility studies done by CIDA could assist major development programmes in Brazil. The countries agreed to review their industrial capabilities from the point of view of expanding opportunities for trade and industrial co-operation. About three quarters of Brazil's domestically-financed industrial development is undertaken by government agencies. Canada is pleased with growing coal and aircraft engine sales to Brazil, and is looking for markets in Brazilian plans to develop urban transit systems in a number of middle-sized cities. GM 6/5/78 P. B3.

THE ECONOMY

MONTHLY STATISTICS

<u>CAPITAL</u>	April	March	Feb.	Change from Year ago (%)
Consumer Price Index (1971=100)	171.2	170.8		8.4
Trade Surplus (\$ million)	179.0	771.0	252.0	
Farm Income	1977- \$3,528.6 million			-6.9
	1976- \$3,788.5 million			

Corporate Profits:

GROUPS SAMPLED	Number of companies sampled	First quarter (\$ millions)		% change
		1978	1977	
Banks	9	214.4	177.4	+20.9
Base Metals	20	25.9	31.8	-18.6
Beverages	4	14.2	7.3	+94.5
Chemicals	5	10.5	8.5	+23.5
Communications	19	31.9	26.2	+21.8
Construction and Materials	15	(5.8)	(1.6)	—
Food Processing	9	10.2	8.7	+17.2
General Manufacturing	40	48.5	64.7	-25.0
Gold	6	7.7	8.3	-7.2
Industrial Mines	14	92.6	115.9	-20.1
Merchandising	23	21.4	15.8	+35.4
Miscellaneous Financial	15	20.6	18.6	+10.8
Miscellaneous Industrial	43	51.4	61.4	-16.3
Oil Refining	6	173.2	184.0	-5.9
Paper and Forest	16	69.4	37.6	+84.6
Pipeline	7	61.0	53.8	+13.4
Real Estate	11	4.8	4.8	0
Steel	4	59.6	41.6	+43.3
Transportation	8	6.9	5.2	+32.7
Trust and Loan	17	30.4	23.8	+27.7
Utility	13	206.0	172.3	+19.6
Western Oils	38	153.6	129.0	+19.1
Total	342	1,308.4	1,195.1	+9.5

<u>LABOUR</u>	April	March	Change from Year ago (%)
Employed (millions)	9.72	9.68	3.5
Unemployed	999,000	1,045,000	9.3
Unemployment Rate (Seasonally adj.)	8.6	8.6	

COMMISSION OKAYS CONCENTRATION

The Royal Commission on Corporate Concentration issued its report in May. The chairman, Robert Bryce, a civil servant, had earlier withdrawn because of ill health. The report was thus written by the two part-time assistant commissioners, Robert Dickerson and Pierre Nadeau. Dickerson, who died in early June, was a corporate lawyer, while Nadeau is president of Petrofina Canada and is a director of the Royal Bank. The report says corporate mergers are a "natural phenomenon" and recommends that only the largest be screened by the Cabinet. It approves of

the method of the new competition legislation which does not seek to halt mergers, but only to regulate them "in the public interest." The report claims that a takeover of Argus Corp. by Power Corp., had it succeeded, would not have been against the public interest. It was this bid that prompted Prime Minister Trudeau to establish the Commission. Nadeau's bank, the Royal, was Power's financial backer in the takeover bid.

Much of the report concerned itself with the competitive position of the Canadian economy in the western system. Thus, the Commission's main concerns were not the effect of concentration, but "productivity", economic growth, and Canada's ability to compete. The report says private industry in Canada must raise between \$460 billion and \$520 billion in the next seven years to finance its investment requirements. Thus, the prime task is to encourage corporate investment. The Commission recommends two steps to encourage this: the removal of capital gains tax and the end of taxation on profits that are re-invested. The report states: "The problem of corporate concentration is small in comparison (with that of low return on investment) and cannot be dealt with in any event unless the more serious problems of productivity, inflation and inadequate investment are solved."

The Commission also recommends:

- more public access to corporate information;
- an easier process for starting banks, in which directors do not have to be significant shareholders.
- additional power for the Canadian Radio Telecommunications Commission to prevent a company controlling newspapers and broadcasting in the same area.

The Commission says the government should not introduce new laws against foreign investment. "On balance," it says, "the economic benefits (of foreign investment) seem to outweigh the economic and social costs, especially in the short run." It lists such advantages as access to capital, technology and markets, as well as increased employment and levels of competition. Against this, there are such disadvantages as the inhibition of Canadian export and research and development capability.

GM 16/5/78 p.B1; EJ 16/5/78 p.1; TS 16/5/78 p.A1, B1

CNSP NOTE: Predictably enough, the business press and the big corporations were delighted by the report, while every other organized group that expressed an opinion was outraged. However, given the makeup of the Commission, no-one was really surprised by the recommendations. The question thus concerns the significance of the report. The main recommendation makes no sense. At present, Canadian corporations are only operating at roughly 83 per cent capacity. Thus, tax breaks won't make them build new factories. Instead, they will just pocket the extra money.

The real significance of the report seems to lie in its reaffirmation of the Liberal-big business ideology. The report essentially says that the existing structures of the economy work well. This means that private investment is the prime motive force

THE ECONOMY

behind economic growth. The right of private corporations to decide the patterns of growth of the economy will follow is strengthened, even if these corporations are foreign. The right of the people, through governments, to appropriate a portion of corporate profits as social wealth is attacked. The report views the roots of our present economic crisis as lying in the presence of such factors as government interference and low labour productivity which combine to make private investment an excessively risky proposition. The report ignores claims that it is the unbridled exercise of international capitalist power that is at the root of our crisis. The Commission follows the familiar Liberal line that the monetary advantages of being a satellite of the U.S. are worth the resulting loss of our ability to take effective independent action in times of crisis. The report also can be used by the Liberals in an election campaign both as a support for their ideology and as the basis for a new "industrial strategy" to make it appear that they are taking positive steps to improve the economy.

MINING

URANIUM EXPANSION

Rio Algom Ltd. and Preston Mines Ltd., both controlled by Britain's Rio Tinto-Zinc Corp. are involved in a large mining expansion programme in the Elliot Lake area. The project includes expansion of existing capacity at the Quirke mine and mill and reopening of other mines and mills. Production will be increased by more than a third, from 4,500 tons a day up to 7,000 tons a day. The federal government issued the licence although Ontario's Environmental Assessment Board is still looking into the dangers of expansion. According to minutes of a meeting of federal and provincial officials, Rio Algom Ltd. had earlier threatened to lay off 400 men if it was not permitted to expand mining in Elliot Lake. GM 17/4/78 p.5; FP 13/5/78 p.47

UNDERSEA MINERALS

At The Law of the Sea Conference held in Geneva in April, Canada (the world's largest nickel producer) and the United States (the world's largest nickel consumer) have worked out a compromise in their dispute over a production control formula to protect land-based mining when the mining of nickel begins from the international deep seabed. But there is still no agreement on the composition of the proposed world authority that would police seabed mining.

A number of nickel-producing countries fear that seabed mining will ultimately swamp land-based mines. The Financial Post says the fear of seabed mining seems to be largely in the minds of governments and small-scale producers. North American mining companies such as INCO and Noranda and seabed mining con-

sortia claim there is no need for controls. They say that seabed mining won't be competitive with Sudbury and other mines for a long time. The consortia are frustrated by protracted negotiations and are pressing on with their research and development, saying they will mine when they are ready, even if there is no treaty. GM 17/5/78 p.6, Geoffrey Stevens; FP 20/5/78 p.13

INCO IN INDONESIA

INCO's Indonesian mine's first nickel shipment was a trial batch of nickel matte to a Japanese steel plant in April. The mining company was incorporated in 1968 as a wholly-owned subsidiary of INCO, but with the provision that as soon as production begins it will sell two per cent of its equity each year to Indonesian national or government agencies to a maximum of 20 per cent. Indonesia's present policy is that companies must eventually sell at least 51 per cent of their equity to Indonesians. Additional attractions of the venture for INCO are the ten-year reduction of corporation tax to 37 per cent from 45 per cent, complete exemption for land taxes, and duty-free entry of equipment and materials.

For Indonesia, the \$850 million will be an important source of foreign revenue. But despite the huge investment the project has only a limited impact in this nation of 135 million people, with a per-capita income of well below \$300 annually. Highly capital-intensive, it will provide only 4,000 jobs at full production. The wage level of miners in Sulawesi ranges from 30 cents an hour for labourers to around 50 cents per hour for foremen. GM 19/4/78 p.36; FP 1/4/78 p.14

INCO CUTBACKS

- A two-week extension of the previously announced July 17 - August 11 summer shutdown of Sudbury and Port Colborne operations.
- A two-week shutdown at the Manitoba division at Thompson, starting July 17.
- Operations at the mine and concentrator at Shebandown, Ontario are being reduced through attrition from the current two shifts to one shift a day. There will also be a four-week shutdown from July 17.
- Further redeployment of personnel in Ontario and Manitoba from nickel production to mine development "augmenting current programmes and to minor but necessary construction programmes."
- A reduction in the scheduled production from Guatemala and Indonesia. FP 15/4/78 p.12

INCO

EXPLORATION: WHO PAYS?

In March the Mining Association of Canada (MAC) presented a brief to the federal cabinet urging reform of federal mining tax legislation. The Association says many of its troubles can be traced to federal and provincial taxation and royalty agreements that are too complex and too high. They blame the lack of exploration activity on the high taxes, contrasting these with the incentives offered by other countries. The Ontario Mining Association says the present level of exploration is below the level necessary to sustain the present low level of mining activity.

MAC wants the federal government to take the lead "in reforming Canada's mining taxation system to a position of stability and uniformity." While the provinces regulate exploration, mineral developments and taxation, the federal government imposes more taxes plus export regulations, environmental controls and other factors of national interest. Provincial royalties are not deductible for federal tax purposes. FP 1/4/78 p.1; WFP 26/4/78 p.64; FP 20/5/78 p.18

GOVERNMENT RESPONSES

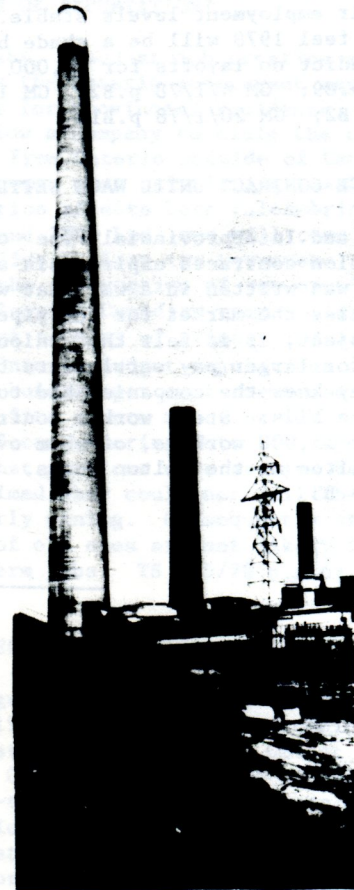
Chretien referred to the mining industry in his budget as follows: "The first Ministers conference (last winter) directed Finance and Resource Ministers to undertake an early review of the taxation of the mineral industry. The government is proceeding with its review and looks forward to further consultation with the provinces in the near future."

Frank Miller said that with time and continued industry assistance the Ontario government would succeed in having the mining tax philosophy completely re-thought.

Western premiers however are presently worried by federal moves toward removing all exploration, mining and milling from the legislative authority of the provinces. This has begun with the introduction of the Nuclear Control and Administration Act, Bill C-14. FP 29/4/78 p.22; GM 6/5/78 p.B12; FP 15/4/78 p.17

POTASH

A second potash mining development is planned for New Brunswick with the signing of a 21-year mining lease between the province and International Minerals and Chemical Corporation Canada Ltd. (IMCC). The agreement is very similar to the Potash of America Company one of last November. The company agrees to pay the province a royalty of 6.25 per cent of the selling price of the 450,000 tons to one million tons a year of potash that IMCC expects to begin producing by the mid-1980's. Premier Hatfield sees the development as further reason for New Brunswickers to be optimistic about the future of the province. HCH 30/3/78 p.1; FTC 3/4/78 p.19; GM 30/3/78 p.B1



MANUFACTURING

CANADIAN STEEL HOLDING ITS OWN INTERNATIONALLY

The U.S. steel industry employed 540,000 in 1958, but by 1977, the total was down to 370,000 -- closings and redundancies cost at least 20,000 jobs in 1977. Six thousand were working short time or laid off in 1977. In the U.S., one big producer has gone under and three others have closed plants that were not competitive.

The European Economic Community lost about 20,000 steel jobs last year bringing their total employment to about 730,000. About 100,000 are working short time or are laid off temporarily.

The five largest Japanese steel companies reported a combined loss of more than \$300 million in the first six months of 1977.

British Steel showed a loss of more than \$400 million.

THE ECONOMY

Canada's largest producers have succeeded in holding their employment levels stable. Canada's steelmakers feel 1978 will be a shade better than 1977 and predict no layoffs for 50,000 steel workers. TS 18/1/78 p.C9; GM 4/1/78 p.B2; GM 11/1/78 p.B4; GM 4/1/78 p.B2; GM 20/1/78 p.B16

NO STEEL PIPE CONTRACT UNTIL WAGE SETTLEMENT REACHED

Both Stelco and Interprovincial Pipe of Regina will see major union contracts expire this summer. If legislation was written in a way that would guarantee these companies the market for the pipe on the Alcan pipeline project, it is felt that union negotiators would push for larger pay settlements than they would if they knew the companies had to be competitive in their pipe bids. Steel worker contracts with Stelco cover 15,000 workers, of whom over 11,000 work in Hamilton at the Hilton Works. GM 25/2/78 GM 25/2/78 p.B3

SIDBEC GETS \$60 MILLION DEAL

Quebec steel production is small compared with Ontario. Ontario produces 80 per cent of Canada's total; Quebec six per cent. The Quebec-owned steel company (SIDBEC) is pleased therefore to be awarded a contract worth \$60 million to supply steel billet to Britain. HCH 12/1/78 p.14

REDUCED AID TO SYSCO

The proposed \$100 million Sydney Steel Corporation upgrading programme financed by the federal government has turned out to be \$18 million for plant renewal. For the moment this news as well as contracts to supply new Korean and Venezuelan markets will maintain present levels of employment at SYSCO. HCH 2/2/78 p.1; HCH 3/2/78 p.6

EMPLOYMENT

UNEMPLOYMENT DROP

For the first time in six months Statistics Canada reported a drop in the number of jobless in this country. The unemployment rate dropped from 9.7 per cent in March indicating 1,045,000 unemployed to 9.3 per cent or 999,000 jobless in April. The seasonally adjusted rate remained constant at 8.6 per cent. Ontario has the highest number of unemployed (330,000) while New Brunswick has the highest rate at 14 per cent. Alberta has the lowest at 4.5 per cent. April 1977's national unadjusted rate was at 8.8 per cent indicating 914,000 jobless.

As unemployment figures fell slightly the number of job vacancies rose, to 37,800 for the first quarter. This is up by 6.2 per cent from 35,6000 in the fourth quarter of 1977. However, it is down by 4.8 per cent from 39,700 in the first quarter of 1977. The number of jobs left unfilled for four weeks or more fell by 2 per cent over the last quarter to 11,800. GM 26/4/78 p. B3; TS 26/4/78 p.A5; GM 10/5/78 p. B16; OC 10/5/78 p.8; EJ 10/5/78 p.A3; GM 10/5/78 p.3; TS 9/5/78 p. A1.

ONTARIO: NO RETURNS FOR CREATING JOBS

Ontario Treasurer Darcy McKeough explained the Ontario government's lack of any permanent job creation plan by pointing out that any decline in unemployment only serves to provide increased funds in the federal coffers in the form of savings on UIC payments. Hence the Ontario budget plan only deals with provisions to create some temporary summer jobs with the addition of \$13 million to the 1977 \$65 million programme which will create approximately 73,000 summer jobs. TS 8/5/78 p.A1; OC 8/5/78 p.7



TS 13/1/78 PA4

"IT'S NO DISGRACE TO BE UNEMPLOYED."

JOB CREATION OR EXPORTATION?

The tax breaks, aimed at job creation given to mining companies by the Ontario government may result in loss of jobs for provincial residents. The new regulations allow a company to claim the costs of processing ore from Ontario outside of Canada as a deductible expense when calculating taxable profit. This regulation affects both Falconbridge Nickle Mines Ltd. and INCO Ltd. and will cost the government \$5 million in lost tax revenues. It actively encourages the exportation of raw ore for processing elsewhere, leaving Canadian communities open to the boom-and-bust economy of primary industries.

The new Ontario budget regulations also allow a company one hundred per cent exemption from paying taxes on profits of new mines or major expansions of old ones. Recent hearing into the layoffs at Inco indicated that problems were arising because the company claimed they could not sell the ore they were presently mining. Consequently new mines or expansions of old ones are not likely to provide many long term jobs. TS 8/5/78 p.A16; OC 9/5/78 p.7.

QUEBEC PROTECTS CONSTRUCTION JOBS

Proposed regulations which will become effective as of July 1, 1978 will restrict the employment of Ontario construction workers in Quebec. Only one-half of the Quebec Confederation of National Trade Unions full-time construction workers have jobs. The regulations would affect the 700 to 1000 Ontario construction workers who currently work in Quebec. Approximately 15,000 Quebec construction workers are employed in Ontario. OC 10/5/78 p.2.

LABOUR FEARS SELLING OF CANADIAN JOBS

Labour representatives were sent to the world trade talks for the first time to participate in discussions on changes in the General Agreement on Tariffs and Trade (GATT). The Canadian Labour Congress delegation fears that proposed changes which would reduce tariffs by 40 per cent over the next eight years would cost Canadians at least 350,000 jobs. The hardest hit sectors would be the electric and electronics industry now protected by only a 15 per cent tariff and the textile, garment and shoe industries which cannot compete with imports from Taiwan and Japan where wages average \$.20/hour. TS 11/5/78 p.A1.

NO CANADIAN FAIR SHARE OF AUTO INDUSTRY JOBS

A study prepared by the Ontario provincial government reveals that lack of fulfillment of the Canada-U.S. Auto Pact has cost Canadians 25,000 jobs and \$866 million in investment during 1976 alone. According to the agreement Canadian industry should get a share of car assembly, parts production, research, design and development expenditures equal to its share of the North American market (now approximately nine per cent).

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Revelation of the study prompted Prime Minister Trudeau to promise to look into the situation. Bill Mitchell, vice president for finance of Ford of Canada Ltd. said that provincial and federal governments would have to give greater incentives in the form of tax breaks, low cost loans and free serviced land if they want the auto industry to increase production in Canada. TS 5/5/78 p.A1, TS 28/4/78 p.A1

FORD GOES OHIO NOT ONTARIO

Ford Motor Co. has decided to build their new transmission plant in Ohio. It will give the state an estimated 10,000 construction jobs, 5,000 production jobs and 3,000 support and service jobs. Cost to Ohio for building the plant in their state is a 348 acre site with roads and utilities (valued at \$5 million) and various other tax incentives. Ontario was never in the final running for considered sites according to a company spokesman because the company had no intention of building where there was not a trained work force. Under the current Canada - U.S. Auto Pact all transmission production is done in the U.S. TS 28/4/78 p.A4

WORKERS DEMONSTRATE AGAINST UNEMPLOYMENT/LAYOFFS

Over 1,000 members of the Manitoba Government Employees Assoc. demonstrated in front of the Manitoba Legislative Buildings to protest current and proposed layoffs. One hundred persons laid off so far have not been relocated as promised. A government task force report recommended that 2,000 to 5,000 employees be laid off in the next year. Implementation of this report is what the workers hope to stop. EJ 25/4/78 p. 1.

Over 150 demonstrators gathered outside Province House in Halifax to protest unemployment in that province. HCH 2/5/78 p. 2.

Internationally, workers in West European countries held an "Action Day" of work stoppages, demonstrations and rallies to protest rising unemployment. It included workers from eighteen different countries, from thirty-one unions representing 40 million



workers. Unemployment in nine countries within the Common Market has risen to 5.9 per cent. HCH 5/4/78 p.11

FIFTEEN THOUSAND MUST REPAY UIC BENEFITS

Fifteen thousand Canadians are being told that they must repay a total of \$4.3 million back to the Canadian Unemployment Insurance Commission. A mistake made by an insurance operations employee has resulted in payment of benefits to ineligible persons in British Columbia, Quebec and Nova Scotia. According to current regulations recipients are entitled to an additional six weeks of benefits if their provincial unemployment rate is more than one per cent higher than the national average. During several months last year the unemployment rates in the three specified provinces were exactly one per cent higher than the national average. Although this did not qualify them for extended benefits the benefits were mistakenly paid. Some individuals will have a total of \$750 to repay. Employment Minister Bud Cullen said that in cases of extreme hardship debts could be paid at a rate of \$5 per week or would be cancelled completely. HCH 6/4/78 p.1; GM 6/5/78 p.1

LAYOFFS

PRESTOLITE JOBS GO TO N.Y.

The Prestolite electrical division of Electra of Canada Ltd. in Sarnia is closing its plant which produces original auto parts. This will mean a laying off of 155 of the 275 employees. The production is being transferred to the parent plant in New York. GM 2/5/78 p.B6

ONTARIO AND MINNESOTA PULP AND PAPER LTD.

Ontario and Minnesota Pulp and Paper Ltd. of Newcastle, New Brunswick has implemented the temporary shutdown of its woodroom, laying off forty to fifty workers, until some time in June. The plant will be under a total shutdown from June 18 to July 3. GM 6/5/78 p.B10

FIRESTONE TIRE AND RUBBER CO. OF CANADA LTD.

With thirty more workers laid off the total of those to lose their jobs thus far at the Firestone plant in Calgary reaches 380. Although 120 are still working a total shutdown is planned for the near future. GM 6/5/78 p.B10

IRON ORE CO. OF CANADA

Five hundred technical and clerical workers in Labrador City, Sept Iles and Schefferville have been laid off by the Iron Ore Co. of Canada. The 7,000 employees of the company have now been on strike for over eleven weeks. EJ 24/5/78 p.6



'Notice how a crisis brings people together!'

WORKERS' STRUGGLES

POLICE BRUTALITY ON THE PICKET LINE

The strike of the United Auto Workers against Fleck Manufacturing Co. continues this month with the company still refusing to recognize the union. Throughout the strike there has been unusually large numbers of police present at the picket line. On May 24th about 50 provincial police, dressed in riot gear, forced their way through the picket line to escort non-striking workers into the plant. There were another 40 police in reserve near-by and 53 more waiting two miles away. Picketers numbered about 100. The police jabbed some demonstrators in the stomach and others were knocked to the ground. Complaints have been filed against four provincial police but the police deny reports of beatings. Robert White, UAW Canadian director has called on Ontario Solicitor-General, George Kerr to remove the OPP from duty at the Fleck plant as they are not able to perform an independent, objective policing role. GM 35/5/78 p.1 CP; 26/5/78 p.1; 27/5/78 p.A7.



Photographer: B. [unclear]

HEALTH AND SAFETY DEMANDS WON BY MINERS

Asbestos miners in Baie Verte, Newfoundland have voted to accept a contract offer from Advocate Mines Ltd., thus ending a three-month strike. The miners, members of Local 7713 of the United Steelworkers, won all the concessions asked for in occupational safety and health in the two-year contract. The company has agreed to install a watering system to control dust levels at the waste dump as well as building a change house with showers and double lockers—one set for work clothes and one for street clothes. Monetary issues had been agreed to by the union and company early in the negotiations before the strike. GM 1/5/78 p.9; 22/5/78 p.2 CP.

BUILDING TRADES STRIKE IN WINNIPEG

Early this month, construction workers walked off the job at sites throughout Manitoba after negotiations for a new contract failed. The unions involved, all members of the Manitoba-Winnipeg Building and Construction Trades Council, include electrical workers, plumbers and steamfitters, sheetmetal workers and refrigeration workers. They are asking for a six per cent annual wage increase in each of the next two years and an increase in the work week to 48 hours from the 40-hour week tradesmen now work. The Winnipeg Builders Exchange Labour Relations Council, bargaining agent for the contractors, has offered the unions increase of three per cent in each of the next two years. WFP 1/5/78 p.1; 2/5/78 p.1.

CNSP NOTE: *With the 1978 rate of inflation at 8.4 per cent, the six per cent increase asked for by the unions will not maintain their current wage levels.*

QUEBEC LABOUR

LA PRESSE: LEMELIN LASHES OUT

CNSP NOTE: *The day after a bitter eight-month strike at La Presse ended, the newspaper's publisher Roger Lemelin mounted a vicious attack on the trade union movement in a front-page editorial. We reproduce some of his statements to point out the inflammatory language used to smear the workers:*

"We did not understand immediately that we were under savage attack by predators. As negotiations proceeded the mutiny in the sports section appeared to us to be an obvious pretext for the pursuit of union goals extending well beyond La Presse, which served as a springboard for the CNTU's ideological crusade and appetite for power all through Quebec... Real unrest occurred in the newsroom after publication of an editorial condemning a strike of hospital nurses and after an investigation of infiltration in Quebec by the extreme Left in honest stories by our union

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reporter that were not to the liking of the CNTU... The activists, under the eye of lurking CNTU staff, placed the detonator of the explosion in the sports section... the journalists were all prisoners of the executive of their union and in tow of the CNTU central. The devilish unfolding of the strike process... for at the very start a commando from the central burst on to the scene, a journalist on leave without pay from Le Journal de Montreal ... We were disturbed that several of the media remaining in operation were not curious enough to really inform the public... The poison of militant political unionism is at work in the area of news in Quebec. Notions of individualism, free enterprise, profit, work ethic, efficiency, quality, a premium on competence are traditional values in North America. They are ours at La Presse. The champions of egalitarianism want them eliminated because they create superior social classes. Quebec is in a state of latent anarchy (with) the CNTU octopus drawing its tentacles around the key sectors of Quebec, workers paralyzed by all-powerful union executives, (which) are responsible for the flight of capital, industrial stagnation... Let everyone understand that this act (editorial) is anti-terrorist and not anti-union... La Presse will live and live free!
Roger Lemelin, La Presse, 8/5/78- excerpts from full page editorial OC 10/5/78 p.7- underlining by CNSP.

RESPONSES FROM LE DEVOIR AND THE CNTU

Michel Roy in an editorial the day after Lemelin's "autopsy" stated that recourse to a conspiracy theory to explain the long duration of the strike simply didn't hold up to close scrutiny. The leadership of the CNTU almost never intervened in the strike. The Communications Federation did assist the strikers, but this was established procedure. It was, said Roy, an insult to the La Presse workers to suggest that they were stupid children "in tow" to all powerful union leaders. As for the accusation that other newspapers and media did not adequately cover the strike, Roy mentioned that Le Devoir had approached Lemelin on several occasions to ask for his views but he preferred to keep silent. "He preferred to fire his cannon after the armistice." LD 9/5/78 p.4 Michel Roy

Daniel Marsolais, president of the group of six unions affiliated to the CNTU at La Presse, answered Lemelin's statements at a news conference. "It's an old tactic to blame the union leaders and in doing so deny the courage and resolve of the membership. What infuriates Lemelin is that the strike was successful for the workers on many grounds. We gained parity for Montreal Matin journalists, and impressive raises for the most poorly paid workers. For example, a messenger earning between \$125 and \$135 in 1976 will be earning between \$208 and \$217 in 1980." LD 10/5/78 p.3

CNSP NOTE: Not since the Common Front strike of 1972 and the revelations of union corruption at the Cliche hearings has such virulent language been used against Quebec unions. The use of emotionally laden words such as mutiny, commando,

terrorist is noteworthy. The attempt to show the CNTU as a union central bent on monopoly and control of the media in Quebec is an interesting interpretation on the part of the manager of La Presse, a newspaper belonging to a network of media controlled by one of the most powerful monopolies in Canada, Power Corporation. The fact that not a single major newspaper in the province is socialist or even separatist in orientation casts some doubt on the accuracy of Lemelin's view of a leftist plot to control Quebec's ideology. This episode as well as the attack on the CNTU at Commonwealth Plywood are serious. They represent an escalation of the campaign by Quebec business leaders to discredit and weaken or limit militant trade unionism in Quebec.

COMMONWEALTH PLYWOOD: THE CSN EXPLAINS

On August 30, 1977 a request for accreditation backed by 170 signatures of the 230 Commonwealth Plywood workers was presented to the Minister of Labor. On September 16, the owner, Mr. William Caine announced layoffs of 118 employees citing economic difficulties. The Conseil de Syndicats National (CSN) maintained this was a tactic to try to prevent the CSN gaining accreditation. The former union leadership worked hand in glove with the employer, a fact which prompted the desire on the part of the majority of the workers to ask for new representation. The company in announcing the layoffs did so illegally without giving the proper three months notice to the government. On September 19, at a general assembly, 95 per cent of the workers present voted to strike. On October 3, the Minister of Labor declared the CSN had won accreditation. The old union retaliated by issuing false CSN cards to forty workers not participating in the strike. On October 13 the company signed a collective agreement with this group which the Labor department recognized as valid. Since that time violent episodes have occurred on the picket line, the company has employed armed security guards and gained injunctions preventing any picketing at all at the plant. The CSN has stated it will not respect the injunction against picketing which violates very elementary rights on unionists. LD 1/5/78 p.5

CNSP NOTE: At a news conference, the Minister of Labor, Pierre Marc Johnson, announced new rules of the game for the public sector negotiations scheduled to begin in January 1979. Managing the touchy question of what constitutes "essential services" in hospitals in the event of a strike is the main question addressed. Levesque earlier in the year called for restraint in salary questions. Another important decision is to allow the Minister of the Treasury and Finance, Jacques Parizeau, to oversee the negotiations, rather than the responsibility falling solely on the Minister of Social Services. The unions have not commented on these proposals.



Johnson said: "Nearly 300,000 workers are involved in the public sector negotiations scheduled to begin next January. Fifty per cent of the provincial government budget is allocated to the public sector. The government foresees a Work Tribunal responsible for informing the public of the progress in negotiations and bringing the management and unions together harmoniously. The right to strike will not be abolished. The government recognizes that the definition of 'essential services' is generally best handled at the local level between the administration and its employees. At the same time the government has a responsibility for public order and safeguarding the welfare of the population. If the local parties do not reach agreement, the union is to prepare a list of the services it considers essential. The list will be evaluated by an independent committee nominated by the Work Tribunal after discussions with community organizations in the locality. If public safety warrants, the government could after consulting with the independent committee, decide to suspend the right to strike temporarily. This mechanism, the government sees as applicable to the hospital sector primarily."
LD 17/5/78 p.5

UAW STILL THE UNION AT UNITED AIRCRAFT (PRATT AND WHITNEY)

Local 510 will continue to represent the 2500 workers at Pratt and Whitney. The company had called for a new vote since the union (United Auto Workers) lost many of its original members during the protracted 21 month strike in 1974-5. Although the local won by a close margin of 52.6 per cent of the votes, Robert Dean, Quebec director of the UAW, said this represents a real victory, since at the end of the strike, the union only represented 24 per cent of the work force. Many new workers had been hired during the strike. LD 28/4/78 p.7

RESTRICTIONS ON SECURITY GUARDS HAVING FIREARMS

A Quebec justice department report recommends severe limits on the use of firearms by the province's 17,000 security guards. The general rule, states the report, should be a prohibition of guns for those patrolling factory grounds. Only those accompanying money shipments should be allowed to be armed. HGH 10/5/78 p.3 (CP)

NATIVE PEOPLE

SMALL BUT SIGNIFICANT VICTORY

The Inuit of Baker Lake NWT have been granted an interim injunction, blocking federal plans to allow mining and related development covering an area of 30,000 square miles around their community.

At issue is the future of caribou herds the Baker Lake residents rely on as their major source

of food. They fear the herd would be harmed if intensive uranium exploration is allowed to resume after a year long freeze. (See Synthesis Vol.6, No. 4, p.19)

Prospecting and land use permits can now be issued as long as the government permits no activities in the following areas:

- within three miles of caribou crossing sites between May 15 and June 30
- within identified calving areas between July 1st and 31st.
- and within identified post-calving areas during the same period.

"I have no hesitation," Judge Mahoney said in his reasons for the order, "in finding that the balance of convenience falls plainly on the side of granting an interim injunction. The minerals, if there, will remain; the caribou, presently there, may not."

The injunction remains in effect until a Federal Court case can be heard on the aboriginal claim that the Baker Lake residents are using as the basis for seeking to stop Ottawa from permitting any uranium activity in the area. It may be as early as six months and as long as a year before the main civil suit begins. GM 26/4/78 p.B1; EJ 25/4/78 p.A1; Project North Newsletter Vol. 11, No. 5, May 78 pp. 1-3.

DENE LAND CLAIM NEGOTIATIONS: SUSPENSION THREATENED

Indian Affairs Hugh Faulkner threatened to suspend MacKenzie Valley Native land claim activities, including financing, for six months to one year. He said he was frustrated by lack of progress toward a claims settlement and is reluctant to spend more money without results. Faulkner refused to call the proposed suspension a threat. He called it a moratorium during which the two native groups involved might set aside differences and come up with a single claim. Despite their creative activities such as their Agreement-in-Principle, frequent assemblies to keep in touch with the grass-roots, and the change in their Constitution to allow for the inclusion of all Dene of the MacKenzie Valley, the Dene say the government is attempting to give the impression that it is the Dene who are causing the lack of progress in negotiations while spending millions of taxpayers money. Money advanced to the Dene are loans to be re-paid when a settlement is reached and they believe they have the right to determine how funds are allocated.

The Dene National Committee say the reason for the recent lack of progress towards a settlement is Hugh Faulkner's refusal to become personally involved in negotiations. They see this threat of sus-



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pension as a "pressure tool". The Government strategy they say "includes plans to further fragment the people by falsely using the Dene Nation/Metis Association split as a major issue that is hindering progress... this tactic tries to portray a split among the people of Dene descent along racial lines. This is simply not the case..." MS 26/4/78 p.F1; MS 2/5/78 p.A13; Project North Newsletter pp. 4-5.

YUKON INDIANS TAKE STAND

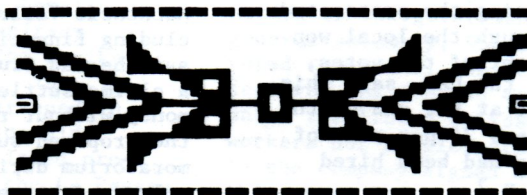
The Council for Yukon Indians (CYI) general assembly which met from April 22-29 made some significant decisions concerning landclaims. The 62 delegates decisions concerning land claims. The 62 delegates from 12 Indian communities met in Whitehorse for the line legislation became law.

- They are determined to reject governmental pressures for a hasty settlement of their claims.
- They rejected extinguishment of aboriginal rights and will continue a unified approach on behalf of both status and non-status Indians.
- They will define their own land claims package that will include establishment of Indian political institutions fully responsible for all renewable resources in the Yukon
- They appointed community negotiators to spend two months in the villages reworking the Comprehensive Claims Package before a Ratification Assembly meets in July.

Delegates were angered by the fact that portions of the package were "leaked" to the Canadian Press. They have stressed that this is a working document only.

The assembly decided to delay presenting any claims package to federal negotiators until after the upcoming Federal election. They also unanimously instructed their negotiating team to abolish the "co-operative planning process" in which Federal, Territorial and native representatives hold round-table discussion on issues, and instead to enter into two-party (Federal-CYI) formal negotiations. They turned down a federal government proposal to establish a constitutional development inquiry, similar to the one rejected by the native people in NWT.

A Yukon Indian Future Planning group was developed to meet with pipeline companies, unions and communities facing the most impact from the pipeline. This group will draft its own terms and conditions for construction, as opposed to those developed under the pipeline agency. They will work closely with negotiators, taking the stand that no construction should start until land claims are settled and implemented. EJ 29/4/78 p.A3; EJ 1/5/78 p.D1; Project North Newsletter Vol. II, pp.6-7.



FEDERAL GOVERNMENT

INTRODUCTION: Campaign runners were called back to the blocks this month as the Prime Minister decided that maybe summer wasn't such a good time for an election after all. Everybody received a good demonstration of how easy it would be to silence government critics when the Revenue Department decided to get tough with politically active charities, and right-wingers got a boost with the election of the new leader of the Social Credit.

NO ELECTION

The election that almost everyone expected for either June or July has been called off. In a move poignantly described by Ottawa columnist Richard Gwyn as "electus interruptus", the Prime Minister cut short the rising election fever by announcing that, in his opinion, Canadians were not ready for an election and were anxious that Parliament remain in session to deal with pressing national problems. Most Ottawa observers concluded that equally important in Trudeau's thinking was the result of the latest Gallup poll which showed the Liberals and Tories tied with 41 per cent of the decided vote for each party. The PM's indecision is leaving him with less and less flexibility. The mandate of the Government will expire in July of 1979. This leaves only the fall of 1978 or the spring of 1979 as times when the Liberals will have a choice as to the date of the election.

The lack of a summer election has caused a great deal of confusion and waste. The Conservatives estimated they spent at least \$200,000 getting ready for the election that never was. The NDP put their estimates at between \$100,000 and \$200,000. The money spent on private polls for the parties is a write-off, since this information is out of date as soon as polling information is out of date almost as soon as it is collected. Money spent on slick advertising material might be a write-off, depending on whether the election is held this fall or next spring.

Many ridings have been thrown into greater confusion because of the large number of vacant seats and implementation of redistribution before the next general election. Fifteen seats will require a by-election in the near future, eight having been called for October 16 on the basis of the old boundaries. However, when the writs are issued for the general election, they will follow the new boundaries. There are only 16 ridings in the entire country that will not be affected by the changes. What candidate will be prepared to run again in a few months time, in a substantially different riding? There are more complications in trying to calculate a candidate's election expenses.

Trudeau might attempt to deal with the whole election mess by calling a mini-election of all 15 vacant seats on October 16. This would have the advantage of allowing him to test his strength across the country without actually risking his parliamentary majority. It could also allow him the opportunity of attracting some "star material" for his cabinet and therefore give the Liberals a "new, fresh image". In the meantime, the mood in the Commons is hostile. Opposition parties had co-operated in rushing through certain pieces of legislation in order to facilitate

the expected election. Tory and NDP members now feel that in return they are owed some innovative and hard-hitting legislation to chew over for the summer. It is thought that new economic measures and the long-awaited constitutional reforms will be introduced during this period. Much has been promised, but nothing has materialized yet.

The Commons is awaiting legislation to:

- replace the War Measures Act,
 - revise the freight-rate structure,
 - strengthen conflict of interest guidelines for Cabinet Ministers and MPs,
 - amalgamate the make-work programmes into a Community Employment Strategy,
 - adopt a legally-recognised national anthem.
- OC 10/5/78 P. 6; OC 11/5/78 Pp 1,8; OC 12/5/78 P. 93; OC 15/5/78 P. 8; EJ 13/5/78 P. A7; GM 5/5/78 P. 6.

WHEN IS A CHARITY NOT A CHARITY?

In March, 1978, Revenue Canada mailed a circular to all charitable organizations indicating that if they engaged in "political activities" their charitable tax status would be jeopardized. Ottawa columnist Richard Gwyn brought the circular to light and pointed out the repressive nature of a government which sought to effectively prevent Churches and other charitable organizations from trying to "influence the policy-making process of any level of government," which was the way Revenue Canada summarized "political activity".

A storm of protest was launched in the House, led by Flora MacDonald and David MacDonald, both PCs and both closely connected with charitable organizations and Church groups involved in social issues. As a result of the protest, Trudeau announced that the circular would be rescinded. While the two PC members were confident that Trudeau's statement would remove fears among the charitable groups, confusion remains. The problem is that the section of the Income Tax Act dealing with the tax-free status of charitable groups has not been altered in 30 years. Furthermore, the Act clearly specifies that groups engaging in "political activity" are not eligible for tax exemption. It does not define, however, the meaning of that term. In fact, the Department's circular laid out the government's definition of "political activity". In making its update, the Revenue Department was instructed to take into account "today's democracy", but the clarification provides small comfort for those organizations which could not operate without special status. Senator Joe Guay, Minister of Revenue prior to his appointment to the Upper House, told a Commons committee that charitable groups

POLITICAL

will not lose their status as long as their attempts to influence the government are not highly organized. One way in which the degree of organization will be judged will be if the group's funds are used to pay the expenses of demonstrators or lobbyists. However, Guay's "clarification" of the "clarification" seems only to have further confused the issue.

MS 27/4/78 P. A9; TS 2/5/78 P. A6; TS 4/5/78 P. A9;
TS 15/5/78 P. A11; TS 22/5/78 P. A8; GM 3/5/78 P. 9;
GM 6/5/78 P. 12; OC 18/5/78 P. 8.

CNSP NOTE: *The implications of Revenue Canada's action cannot be overemphasised. Many who have dedicated their lives to social change know that Canada is being pushed to the right and that Government policy both reflects and encourages this turn. The status of charitable organizations remains in question until definitions of political activity are clarified. It is little encouragement to small groups such as GATT-Fly that the government has decided to take notice of them in such a back-handed way. While the tax circular was said to have originated during Joe Guay's term as Minister, he was in the portfolio for less than a year, and orders originally came from Monique Begin, now Minister of Health and Welfare. Questions remain regarding who stimulated this regressive action, and why the move was made at this time.*

LAST GASP FOR SOCIAL CREDIT?

The Social Credit Party at a convention in Winnipeg in April elected Lorne Reznowski as national leader. Mr. Reznowski is a professor of modern and medieval literature at the University of Manitoba. The convention was shrouded in the same controversy which is at the heart of the declining fortunes of the party. The two issues which are at the centre of the debate are its lack of support in English Canada and the lack of a leader strong enough to bridge the gap.



"Looks like the Socreds have picked a new leader."

There are only eight Socred members in the House of Commons at the moment, and all of them are from Quebec. No Socred members have been elected from outside Quebec since 1965. This was not as much of a problem as long as the party was guided by the strong and dynamic Réal Caouette. Upon his death in 1976, chaos seemed averted with the election of Caouette's house leader, André Fortin. However, Fortin was killed in a car accident only months later. Leadership then passed to Caouette's son, Gilles. Mr. Caouette refused to attend the latest convention, however, when Winnipeg was chosen as the site. This exacerbated the already strained relations between the English- and French-speaking wings of the party. Though the Winnipeg selection as well as the choice of Reznowski seems clearly aimed at increasing the party's chances in the western provinces, there is some doubt as to whether they will be successful. The Socreds continue to hold power in B.C., but Reznowski is disclaiming affiliation with them. Reznowski is a party purist, crying out against bankers, abortionists and homosexuals. The B.C. Socreds seem about as far away from that kind of rhetoric as do the Liberals and Tories. While reporters covered the convention dutifully, the election of Lorne Reznowski provided an occasion for many editorial writers to compose an obituary for Social Credit as a "national" political party.

GM 24/4/78 P. 6; GM 8/5/78 P. 9; TS 6/5/78 P. A5;
TS 8/5/78 P. A1; MS 9/5/78 P. A10; EJ 9/5/78 P. A4.

PROVINCIAL GOVERNMENT

Alberta

LANDS, LEASES SOLD TO OIL COMPANIES

The Alberta government received \$4.86 million from the petroleum industry for the sale of 55 leases and 10 licenses covering 91,683 acres. The sale was described by oil industry sources as uneventful.
EJ 26/4/78 P. F1 (CP).

HERITAGE FUND NEARS \$4 BILLION

As of December 31, 1977, the Alberta Heritage Savings Trust Fund, together with the province's total accumulated operating surplus, equalled almost half the federal deficit of \$8.8 billion. The \$4 billion is also about \$200 million more than the provincial government needs to pay its bills for the 1978-79 fiscal year. The surplus expected for 1977-78 is expected to be \$647 million, which is up over last year. Increased oil and natural gas royalties and a dramatic increase in exploration lease income are credited for the rise. EJ 22/3/78 P. B4.

New Brunswick

UNEMPLOYMENT EXPECTED TO REACH 14%

According to a report tabled in the Legislature by Finance Minister Fernand Duke, unemployment this year "will rise to the vicinity of 14 per cent," up from 13.4 per cent in 1977 and 11.1 per cent in 1976.

The same report reviews the performance of the provincial economy in 1977, saying that the only thing that kept the economy from a serious decline in capital spending was investment in the government-dominated utilities sector. In the construction industry, employment was down by 2,000, housing starts were off by 36 per cent, and real income grew by 1.1 per cent. GM 31/3/78 P. B3, (CP).

LIBERALS ELECT NEW LEADER

Joseph Daigle, newly elected leader of the New Brunswick Liberal Party, said he would concentrate on economic issues and government accountability when the legislature resumes.

Daigle, lawyer and former judge who is the member for Kent North, was the third-ballot choice of about 2,450 delegates who met in Fredericton. He is the only Francophone provincial party leader outside Quebec.

He replaces Robert Higgins, who resigned in January after a judicial inquiry found no basis for his allegations that the New Brunswick justice department interfered with an RCMP investigation of alleged kickbacks to the governing Conservatives. TS 8.5.78 p. A2; FP 13.5.78 p. 6

Nova Scotia

SPRUCE BUDWORM CONTROVERSY NEARS END

Nova Scotia's Progressive Conservative Party, after a year or more of indecision, has come out against spraying forests to kill the spruce budworm. This means no party favours the spray, so the issue will not be decisive in the coming elections, which have yet to be called. Both Liberal and Conservative parties have cited as their main reason the potential hazard to human health. An emulsifier in the spray has been linked to Reyes' Syndrome, an often-fatal child's disease. On the other hand, studies claim if no spraying is done, half of the soft-wood in Cape Breton will die before the infestation subsides in 1982. GM 1/4/78 p. 8, Ralph Surette.

Ontario

OHIP INCREASE CUT IN HALF

Ontario Treasurer Darcy McKeough was forced to back down slightly on his proposed increase of 37 per cent in health premiums. The revised increase of 18.75 per

cent is, however, much higher than the anti-inflation guideline of six per cent, and the basically unjust cost is \$19.00 per month for single coverage, \$38.00 a month for families.

Six other provinces have abolished premiums entirely and the proportion of costs covered by premiums in the other three is far smaller than in Ontario, where it will be 29.6 per cent. In British Columbia it is 15 per cent, Quebec 13 per cent, and Alberta 10 per cent. Premier William Davis has agreed to refer the whole question of health plan financing and costs to a committee of the Legislature. TS 26/5/78 p.A8 (edit.)

Prince Edward Island

CONSERVATIVES GAIN IN ELECTION

	1974		1978	
	Seats	%Pop. Vote	Seats	%Pop. Vote
Liberals	26	54	17	51
Conservatives	6	40	15	48
NDP	0	6	0	1

The switch in voter sympathies to the Conservatives seemed to be in the urban centres, where the Tories split the vote evenly with the Liberals. Turnout was heavy, with a record 82 per cent of the 75,000 voters going to the polls.

A backlash against centralization, dependence on the federal government, government regulations, school consolidation and the promotion of industrial development schemes helped the Conservatives. TS 25/4/78 p.1; GM 29/4/78 p.8

Newfoundland

10 LIBERALS EXPELLED FROM LEGISLATURE

Half of the 20 Liberal members of the Legislature were expelled after an 18-hour debate that capped two weeks of increasingly bitter allegations against the Progressive Conservative government. The Opposition alleged that Premier Frank Moores made three secret deals with local developer Craig Dobbin and Trizec Corp. of Montreal over construction contracts dating back to 1975. A Liberal demand for an inquiry into their charges that Moores deceived the legislature to cover up the arrangements was turned back by the government majority.

Moores denied there were any binding agreements. saying documents tabled by the Liberals were simply proposals that needed--and did not receive--further cabinet approval. He said he would resign if the allegations were proved correct, and he called on Liberal leader William Rowe to put his job on the line as well. HCH 12/5/78 p.1 (CP)

POLITICAL

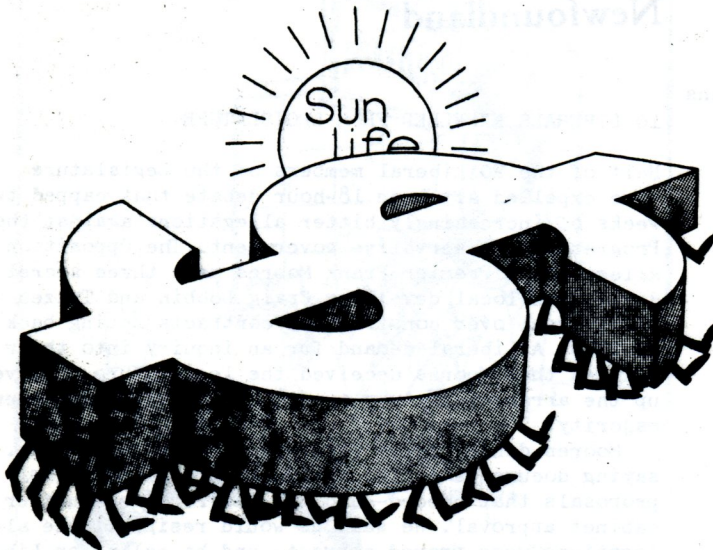
Quebec

SUN LIFE OFFICIALLY MOVES TO TORONTO

Sun Life Assurance Co. of Canada has legally moved its head office to Toronto from Montreal, company President Thomas Galt said. He announced that 84.25 per cent of policyholders voted in favour of the move. He refused to say what proportion of those who approved the move were from Canada.

A spokesman for Finance Minister Jacques Parizeau said the provincial government still wants Sun Life to return \$400 million Mr. Parizeau claims the company owes Quebec as a result of investments in other provinces. The minister has asked the Canadian Life Insurance Association to check his calculations. The company says the figure is closer to \$9 million. Paul Demers, a Montreal lawyer, challenged the company to explain why a recent newspaper report showed that Sun Life was doing better in Quebec than some of its competitors with head offices outside the province. He also asked whether it was true that policyholders would have no say on operational and personnel transfers to Toronto. Mr. Galt replied, "That is correct. It is a management decision."

In Montreal, Quebec Liberal leader Claude Ryan attacked both Sun Life and Parizeau. In Ottawa, Prime Minister Trudeau said the government would not interfere with Sun Life's decision, but might review the insurance policies it holds with the company. Treasury Board President Robert Andras said the government has already ruled out cancelling its policies because it would be "vindictive" and "punitive". About 200,000 federal employees are covered by a Sun Life disability plan that costs about \$25 million annually. Other Sun Life insurance for government employees costs Ottawa about \$500,000 a year. EJ 26/4/78 p. A1; GM 26/4/78 p. 1; HCH 29/4/78.



LD 28/4/78

TORONTO STAR EDITORIAL ON THE MOVE: Sun Life's vote to move out of Montreal is a vote of non-confidence in Canada's future, a sign by one of Canada's biggest corporations that it doubts the battle against separatism can be won or that a major corporation can function with French Canadians. It's possible to argue that one reason for the appeal of separatism today is the feeling of exclusion by Quebecers due to the policies of corporations in Quebec toward French in the workplace and the hiring of French Canadians for top jobs. The Sun Life vote will only aggravate the situation. TS 26/4/78 p. A8.

INSURANCE INDUSTRY WARNS QUEBEC

E.S. Jackson, chairman of the Canadian Life Insurance Association, has warned "there is a great danger that lenders outside of Quebec will no longer find the province attractive" if Quebec places restrictions on the free flow of savings originating in the province. TS 27/4/78 p. B11.

WHO ARE QUEBEC'S BUSINESS BOSSES?

A study undertaken by the sociology department of the University of Montreal on the industrial elite of Quebec is soon to be published. Some of the results are summarized below.

<u>% of workforce employed</u>	<u>nationality of owners</u>
22.2	French Canadian
22.1	Anglo-Saxon
38.5	Foreign
17.2	Other

Foreign-owned companies dominate the most productive and heavy industrial sectors. Only five per cent of the industrial firms with more than \$50 million in shares in 1974 were under French Canadian control.

<u>% of upper industrial management</u>	<u>nationality</u>
37.2	French Canadian
22.7	Anglo-Saxon
40.1	Other

In Canadian-owned firms, 43.5 per cent of upper management is French Canadian and 13.9 per cent is Anglo-Saxon. In subsidiaries of foreign companies, 48.3 per cent of upper management is Anglo-Saxon, while only 19.2 per cent is French Canadian. MS 18/5/78 p. D1; WFP 18/5/78 p. 1.

PRO-UNITY GROUPS DISUNIFIED

The province-wide pre-referendum committee of pro-unity groups set up to fight Quebec independence is holding closed-door meetings to end disunity within its ranks. The problem arose when the Quebec-Canada Movement, headed by former federal cabinet minister Maurice Sauve accepted a grant of \$200,000 from Ottawa's office of federal-provincial relations. TS 24/4/78 p. A2.



FEDERAL-PROVINCIAL RELATIONS

SALES TAX DISPUTE

Quebec Premier Rene Levesque called federal Finance Minister Jean Chretien's budget a "shameless rape" of provincial tax powers. HCH 12/4/78 P. 5

The four western premiers have branded the federal government's move to reduce provincial sales taxes "unilateral and intrusive". They said it interferes with provincial jurisdiction, is badly timed and reverses a federal-provincial policy of flexibility in cost-sharing agreements. WFP 14/4/78 P.1

Tory leader Joe Clark and NDPer Stanley Knowles also attacked the government's scheme. OC 15/4/78 P. 9

In a rare show of unanimity all the parties in the Quebec Assembly have thrown their support behind Jacques Parizeau in his dispute with Ottawa. The Assembly voted 56-0 in favour of a motion calling on the federal government to reach immediate agreement with Quebec along the lines proposed by Parizeau. TS 28/4/78 P. A2

The federal government will send cheques totalling \$186 million in the next few months to the 2.4 million Quebecers who pay federal income tax. Chretien's solution runs headlong into the policies of the PQ government. OC 16/5/78 P. 8

CNSP NOTE: For background to this story see the report on Quebec's budget in last month's issue of *Synthesis*. Early in June Mr. Parizeau announced the PQ would halt its opposition to the federal plan to send individual Quebecers rebates. The Quebec government will devise a plan, he said, to recover the \$186-million.

The committee has settled a controversy in its ranks by greatly strengthening the role of the political parties in its affairs, and tightening its financing rules. The compromise allows the Quebec-Canada Movement to keep its grant and its committee members while accepting a less active role for itself and other national unity groups and a dominant role for the political parties. Quebec-Canada originally was to look after the whole organization of the referendum campaign; now it will be the the Quebec-Canada Pre-referendum Committee itself who will do so and assign most of the tasks to the political parties within its ranks. Members of the executive of the Committee include: Claude Castonguay, former social affairs minister under Robert Bourassa; Marcel Masse, a UN cabinet minister in the late 1960's and unsuccessful PC candidate in the 1974 federal election; Alex Patterson, co-chairman of the Positive Action Committee; Camil Samson, leader of the provincial Creditistes; Pierre Brodeur, director general of the Quebec-Canada Movement; Claude Desrosiers, immediate past president of the Quebec Liberal Party; Fernand Grenier, UN house leader in the National Assembly; and Claude Frenette, a director of the Council on Canadian Unity and a former president of the Quebec wing of the federal Liberal Party. MS 29/4/78 p. A1.

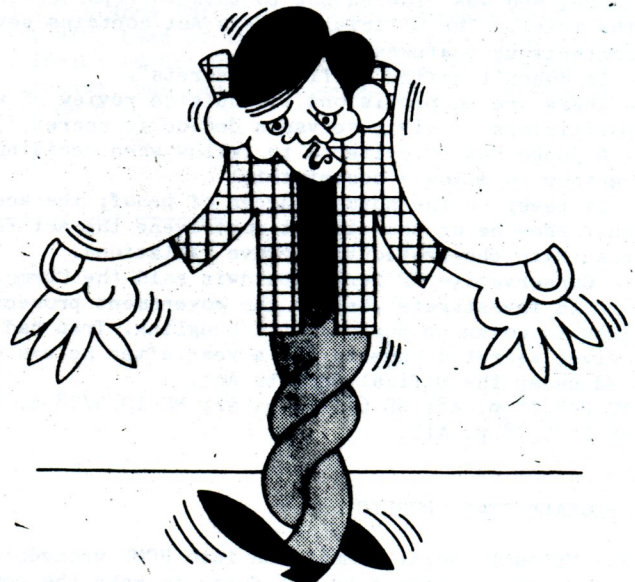
The Pre-referendum Committee appears headed for a potentially divisive showdown over money. The Quebec-Canada Movement, by far the largest unity group, decided to seek its own financing for internal needs and for the forthcoming referendum campaign. Its president, Maurice Sauve said, "We will continue as members of the Committee except that we want to maintain our financial independence." MS 12/5/78.

HYDRO-QUEBEC BORROWS \$500 MILLION

Hydro-Quebec has confirmed it has negotiated a \$500-million credit deal with a syndicate of Canadian banks. The 12-year arrangement provides a revolving credit line for the first six years and a term loan for the rest of the period. Neither Hydro-Quebec nor the banks would specify the rates charged. GM 19/5/78 p. B4.

WALL STREET AND QUEBEC HYDRO

During recent negotiations on a new 20-year power exporting contract, Frederick Clark, chairman of the New York Power Authority said, "We feel that if Quebec should separate from the federal government, we'd still continue to do business. It's strictly a business proposition. We're buying and they're selling, either way...we don't see any insurmountable problems." FP 27/5/78 p. 1.



LD 18/5/78 p.4 4/10/78

POLITICAL

POLICE



THE SECRET SECRETS ACT

Alexander Peter Treu, an electronics engineer, was charged with two violations of the Official Secrets Act for his possession of files seized by the RCMP in 1974. The material in the files concerned research of a NATO ground-to-air communications and surveillance system.

Civil libertarians are angry that the trial was held in secret. Treu received a two-year jail sentence, and was ordered not to talk to reporters about the trial. The Official Secrets Act contains several contentious features:

- It doesn't define "official secrets".
- There are no provisions for outside review of what politicians or civil servants decide is secret.
- A judge has no criteria to follow when deciding whether to allow a secret trial.
- It reverses the normal burden of proof; the accused must show he or she did not contravene the act rather than have the prosecution prove violations.

Conservative MP Gerald Baldwin said the Commons should investigate whether the government prosecuted Treu to cover up bureaucratic bungling. Treu had received secret documents for a year after he was charged under the Official Secrets Act. TS 2/5/78 p. A8; MS 6/5/78 p. A2; MS 10/5/78 p. A14; MS 16/5/78 p. A11.

MCDONALD STAYS PUBLIC

The McDonald Royal Commission into RCMP wrongdoing ruled out an attempt by the force to make the commission hold in secret its hearings on the way the secur-

ity service tried to recruit informers in the 1970s. Mr. Justice McDonald said essential details of RCMP investigative techniques were already public, so a closed-door session was unnecessary. EJ 4/5/78 p. A6.

RCMP AND THE TAX DEPARTMENT: A DANGEROUS DUO

The RCMP used confidential income tax information to investigate everything from "suspicious lifestyles" to UIC cheats, the McDonald Commission revealed. A secret 1972 agreement with Revenue Canada enabled the RCMP to prosecute organized crime under the Income Tax Act. The RCMP defined "organized crime" broadly enough to include a husband and wife conspiring to cheat on unemployment insurance. GM 25/5/78 p. 1; TS 25/5/78 p. A1.

400 RCMP BREAK-INS DECLARED LEGAL: BLAIS BACKS OFF

Government lawyers before the McDonald Inquiry determined that 400 RCMP break-ins without warrants were legal operations. Solicitor-General Jean-Jacques Blais later backed off on the lawyers's statement. He said he didn't "have specific legal opinion relating to 400 surreptitious entries. It is not a clear-cut issue."

TS 26/4/78 p. A4; EJ Same Day (CP); TS 3/5/78 p. 1.

CANDIDATE SURVEILLANCE CONFIRMED

Prime Minister Trudeau confirmed that the RCMP security service has carried out surveillance on political candidates who were possible "subversives". Previously, Solicitor-General Jean-Jacques Blais said the RCMP collects only statistical material which is generally available.



"Like you people, I had no criminal intent when I broke into that house - I wished only to admire their silverware."

Trudeau refused to detail criteria the RCMP used to determine who was a potential "subversive". Excerpts from a 1971 RCMP manual referred to separatists as subversives. Trudeau's admission that there is a "subversives" check on candidates was the first statement to this effect by the government since it was revealed the RCMP received surveillance directions. Former PC leader Robert Stanfield suggested the RCMP may have been following federal government instructions to spy on political candidates after the October crisis of 1970.
GM 28/4/78 p. 9; HCH 28/4/78 p. 4.

KEABLE FIGHTS ON

Lawyers for Quebec's Keable Commission told the Supreme Court of Canada that federal state-secret laws have been wrongfully used to hinder its inquiry into RCMP wrongdoing. Six provinces besides Quebec;— Ontario, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia, have exercised their right to intervene on the constitutional points at issue. Ontario argued along with Quebec that the British North America Act gives provincial attorneys-general wide powers to mount inquiries into all forms of suspected criminal activity, including that of the RCMP. Gerald Tremblay of Quebec said his province's Public Inquiry Commissions Act gave Keable the powers of a Superior Court judge to issue subpoenas for witnesses and written evidence. The federal lawyers argue the duty of Keable was to report to the Quebec Cabinet and that he is far less independent than a judge.
GM 24/5/78 p. 18; TS 26/5/78 p. A2; GM 25/5/78 p. 8.



MILITARY

UN DISARMAMENT SESSION OPENS

About 20 government leaders and over 50 foreign ministers are participating in a five-week UN session on disarmament first proposed by non-aligned states in 1961. The last universal meeting on disarmament was a 1932 general conference attended by 63 powers. The current conference is confined to general principles. It will aim to spur later discussions of specific matters at other places. General Assembly President Lazar Mojsov of Yugoslavia said that although 4,000 resolutions have been made since 1945, no serious breakthrough has been made on disarmament. He said military expenditures now exceed the total spent on all forms of education and soon will exceed the world health services budget.

The World Peace Association presented the Assembly with a petition calling for world disarmament signed by 500 million people in more than 100 countries.

The two biggest arms dealers in the world, Chairman Leonid Brezhnev of the Soviet Union and American President Jimmy Carter are "too busy" to attend.

Prime Minister Trudeau, in a speech to the Assembly, placed Canada strongly in favour of bans on the testing of new nuclear weapons and the vehicles to deliver them. (See also "Canada and the World" in this issue for more on Trudeau's speech.)
GM 24/5/78 pp 6, 11; GM 27/5/78 p. 1.

FIGHTER AIRCRAFT PRICE TO RISE

William Baker, Canadian vice-president of McDonnell Douglas Corp., said his company cannot deliver 130 F-15 Eagles if sales tax and the effects of the declining value of the Canadian dollar are included in the price. John O'Brien, senior vice-president at Grumman Aerospace Corp., said the latter also cannot build 130 planes for \$2.3 billion. Brigadier-General Paul Manson, head of the government's fighter project team, indicated Ottawa might increase its budget for the purchase, but may also decide to buy fewer aircraft. GM 9/5/78 p. 9.

CULTURE

CHURCH/EDUCATION

TYCOONS RESPOND TO "GREAT COMMISSION"

The visit of Billy Graham's crusade to Canada brings to mind the need for greater understanding of the financial and political background to crusades of this sort. A billion-dollar campaign, called the Great Commission, has recently been launched, and its advertising suggests that it will put Billy Graham, the Rev. Sun Myung Moon and the entire Jesus Movement to shame. Those backing the crusade include:

- Nelson Bunker Hunt, a Texas oil billionaire and industrialist involved in real estate, ranching, electronics and horse-breeding. Hunt is chairman of the Texas Bible Society.

- Clement Stone, Chicago insurance and publishing multi-millionaire, who contributed \$1 million to Richard Nixon's re-election campaign in 1972. Stone is also president of Religious Heritage of America.

- Wallace Johnson, the co-founder of the Holiday Inn chain, and a leading American Baptist.

- Roy Rogers and Dale Evans, who in recent years have been most visible on the Bible-thumping circuit, extolling the virtues of the family, the Scriptures and hard work.

Johnson, the international chairman of the crusade, said that business leaders already contacted shared his concern about a world-wide decline in honesty, hard work, and law and order; and were ready to support the crusade with large amounts of cash. The crusade has raised \$30 million in pledges.

Vancouver Sun 16/11/77 P. D2, Claude Adams

RELIGIOUS EDUCATION IN SCHOOLS: TWO TRENDS

In several school districts, the return to "traditional religion and values" has become a regular, if simplistic, response to contemporary problems. (See Synthesis, Vol. 6, No. 1 for earlier reports on the Renaissance movement.) Now from Quebec comes news of apparently strong support for returning to the Catholicism that marked that province's schools in the '30s, '40s and '50s.

In two successive school board elections on Montreal Island - in 1973 and 1977 - candidates backed by the Catholic Church scored impressive gains over proponents of neutral schools. At a recent meeting, these election results were frequently referred to as "proof" the vast majority of Quebecers favour the continuation of a Catholic system. During the election campaigns, as well as at the public meeting in April that referred to the elections smear attacks denounced opponents of the confessional schools as Marxists, and Marx seemed to be singled out as being somehow responsible for the fact that today's 14-year-olds apparently can't write and add like their parents could at that age.

MS 29/4/78 P. F3, Ken Whittingham.

In Toronto, a school board committee has recommended that elementary schools be exempt from teaching religion in the Judeo-Christian context so they can in-

roduce a broader programme of religious education, which the report refers to as "values education". The report says, "...the acquisition of knowledge about and the encouragement of respect for all religions are important educational objectives for a school system in a multicultural society.

"We believe that sectarian religious education and sectarian religious exercises in our elementary and secondary schools hamper rather than facilitate these important objectives."

In addition to its recommendations on courses, the report recommends the opening or closing of each day in all elementary and high schools with the playing of the national anthem, which is now optional.

GM 25/4/78 P. 5

MEDIA

ELECTION BY ADVERTISING AGENCY

In the eyes of broadcasters the federal election - when it comes - will be fought not by political parties, but by the advertising agencies representing them: MacLaren Advertising Co. Ltd. for the Liberals; Media Buying Services Ltd., for the Progressive Conservatives; and Lawrence Wolf Ltd., representing the NDP. Recent amendments to the Canada Elections Act give the agencies wide authority to use whatever commercial time they want, paying the lowest rate charged, even if networks and individual stations have already sold the time to someone else at a higher price. Every broadcaster in Canada will be obliged to provide 6.5 hours of prime broadcast time to the political parties.

The high priority the agencies give this activity is indicated by the functions of those assigned to take charge of the work. MacLaren has assigned David Harrison, executive assistant to the president. The president of Media Buying Services, Peter Swain, is taking direct charge of the Conservatives' communication planning. Lawrence Wolf has just taken over the business of the NDP, handled for years by Dunsky, Pradinuk and Associates. In contrast with Dunsky, which had been noted for its connection with NDP and labour accounts, Wolf has a client list that includes Imperial Oil Ltd. and General Foods Canada Ltd. Mr. Wolf said he was not concerned that the agency's corporate clients will be alarmed by its taking the NDP account, since the party has "demonstrated that it is one of Canada's mainstream political parties. It's interested in building a better Canada, and that will be good for companies as well as individuals."

GM 5/4/78 P. B4, Edward Clifford; GM 5/4/78 P. B4.

CRTC ENFORCES CANADIAN CONTENT REGULATIONS

The Canadian Radio-television and Telecommunications Commission (CRTC) charged five Canadian television stations with failing to meet Canadian content requirements. Stations charged were CITY in Toronto, CHEX in Peterborough, CKPR, Thunder Bay, Ont., CFCM in Quebec City and CJON in St. John's. CHEX AND CKPR are affil-

iated with the CBC, and CHEX is also part of the CHUM empire. The charge could prejudice CHUM's application to the CRTC to buy a major share in CITY. The prosecutions came without warning, and are seen as a sign of a new era of toughness in enforcing regulations which had previously been handled leniently.

TS 6/4/78 P. 7, Jack Miller; GM 7/4/78 P. 14 Blaik Kirby; EJ 21/4/78 P. D6, Jim Waters.

OWNERSHIP OF THE MEDIA

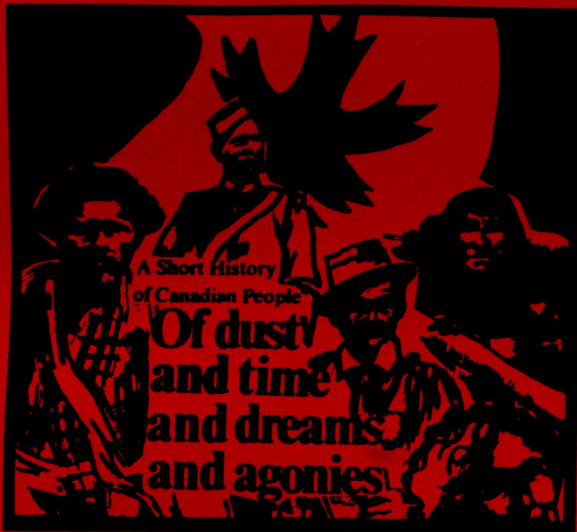
As reported in Synthesis (Vol. 6, No. 2), Baton Broadcasting (headed by John Bassett) has applied to purchase 54.5 per cent of the shares of Multiple Access Ltd. At a recent CRTC hearing in Montreal, Quebec Communications Minister Louis O'Neill argued against this purchase, saying, "The head office controlling these stations would no longer be in Montreal, but in Toronto...in order to understand, translate and serve the milieu in which they operate, broadcasters should share the cultural and social life of the milieu."

At the same time, CHUM Ltd. has applied to acquire a 67 per cent holding in CITY-TV in Toronto--with the majority of subject shares coming from Multiple Access Ltd. of Montreal.

Although the CRTC hearing was told that there is no connection between the two applications, CRTC approval of the CHUM takeover would allow Bassett to avoid a run-in with the Commission concerning his firm's control of overlapping television stations in the Toronto area. If the Commission approves both applications, Bassett would control the largest television stations in both Toronto and Montreal. The hearings continue. FP 22/4/78 P. 42; FP 22/4/78 P. 28; HCH 25/4/78 P. 4; HCH 25/4/78 P. 4, Jim Meek; TS 29/4/78 P. C1, Jack Miller.

TWC TV Ltd., owned by Edward S. Rogers, has applied to purchase 969,240 shares of Canadian Cablesystems, owned by Edper Investments Ltd. of Montreal. TWC already owns 25.8 per cent of the shares of the cable company. If it is successful in purchasing Edper's shares, it will own 50 per cent of Cablesystems. Observers see this purchase as the key foundation of the pay-TV service Rogers is anxious to begin, possibly in defiance of federal authorities.

FP 22/4/78 P. 28; GM 7/4/78 P. B6, Barbara Keddy; TS 12/4/78 P. A10, Jack Miller; GM 31/3/78 P. 16.



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