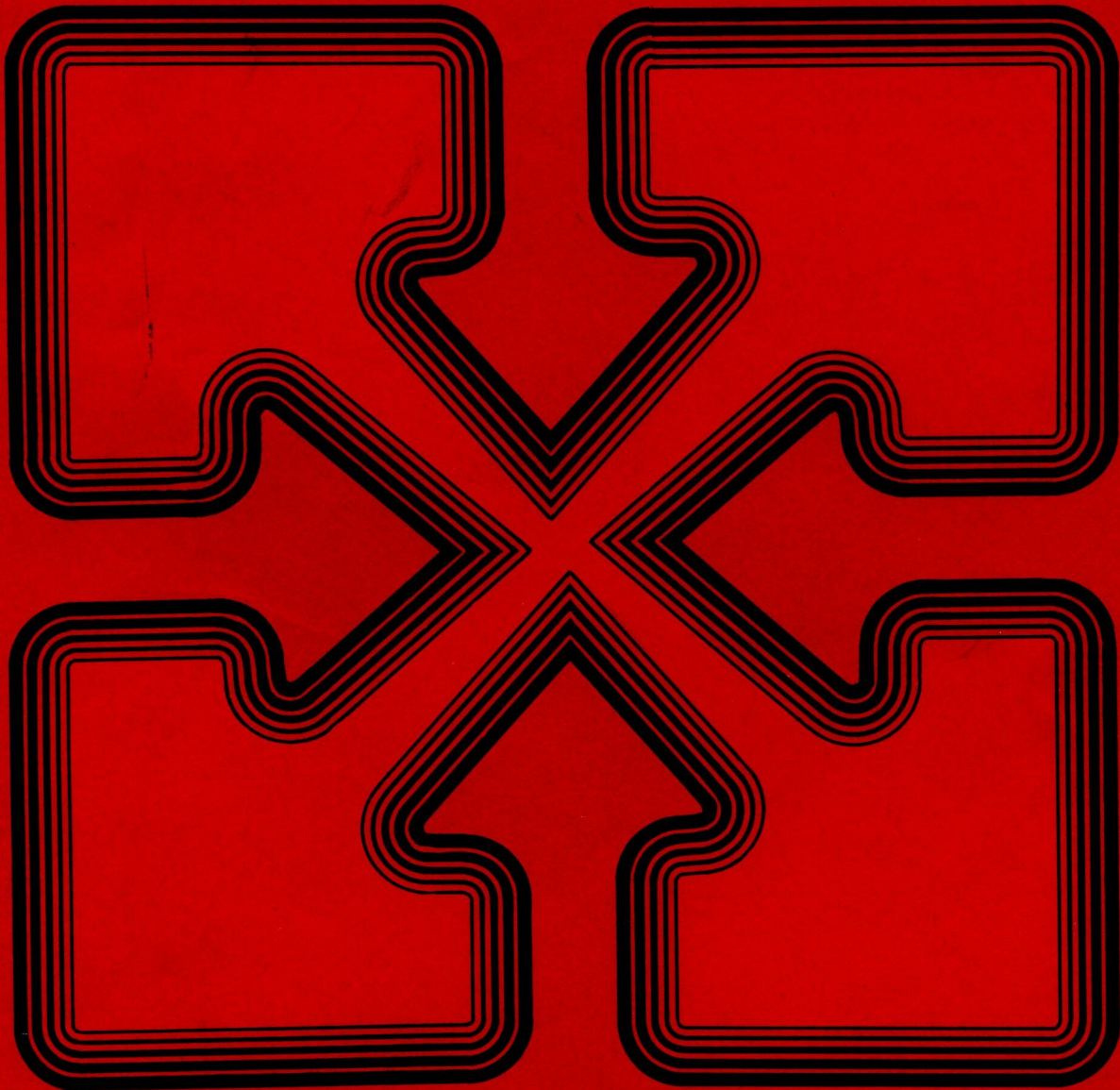


Synthesis

A Review of Events Reported in the Canadian Press



HIGHLIGHTS:

Takeover Battles

Mining Profit Windfall

Jobless Squeezed Again

Blais Defines "Subversion"

Vol. 6 No. 9

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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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Synthesis

HIGHLIGHTS

Canada's corporate leaders went Christmas shopping last month. As a result, the Bay owns Simpson's, Sears controls Simpson's-Sears, Noranda has expanded, and Canada's forestry industry seems headed for a major consolidation of power. Benefit to Canada? The federal government gave the go-ahead to all of the moves, but none of them involved new investment, better employment prospects or expanded Canadian industrial capacity. See page 5.

Despite sluggish sales, 1978 was a good year for Canadian mining. The falling Canadian dollar meant windfall profits for many companies who are paid in American dollars for their exports. However, corporate spokesmen spent 1978 issuing dire warnings that mining in Canada would be beaten by international competition unless the federal and provincial governments increased tax write-offs for the industry. Page 11.

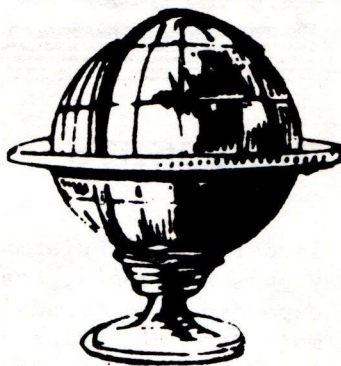
The Liberal government is continuing its "restraint" programme at the expense of working people and the unemployed, especially young workers and women. New rules passed just before Christmas reduce allowable benefits from unemployment insurance, make it harder to obtain benefits, and reduce spending on job creation. Business likes these moves, especially as workers' real wages have been declining. See page 13

Speaking to the Richlieu Club, Solicitor-General Jean-Jacques Blais gave the government's definition of "subversion." One could drive a truck through this definition, so it isn't hard to see how the RCMP could justify watching almost anyone it wished. See page 20

INDEX

CANADA AND THE WORLD	2-4	LABOUR	13-18
Canadian Foreign Policy	4	General	13
		Workers' Struggles	16
		Quebec Labour	18
THE ECONOMY	5-12		
General	5	POLITICAL	19-20
Oil & Gas	7	Federal Government	19
Mining	11	Police	19

CANADA AND THE WORLD



CANADIAN FOREIGN POLICY

INTRODUCTION: While some new liberal voices see the writing on the wall and counsel tough measures against racism, a major Canadian bank stonewalls critics, the West tries to find a way out of the Namibia tangle, and the Canadian government allows the sale of aircraft to South Africa.

SOUTH AFRICA: NOT TIME TO SOFTEN STAND

"It's time to spell out with increasing conviction that the West cannot continue living with the South African version of Western-style democracy," writes Patrick Bloomfield, investment Editor of the Financial Post. Black South Africans are becoming self-conscious and will no longer accept apartheid. Donald Wood's work on the meaning of Steve Biko's life and death is a vital testimony. If there is no shift, South Africa's military force will face the "same internal guerilla warfare that steadily choked the mighty U.S. force in Vietnam."

South Africa's mineral resources are vital to the Western nations. If the West doesn't show abhorrence of apartheid then the blacks who will gain power will turn away. Ottawa has less of a trade commitment there than many powers and should take the lead. FP 16/12/78 p. 7.

BANK CLAMS UP

The chairman of the board of the Bank of Nova Scotia, C.E. Ritchie, declined to tell Mary Boyd of the Canadian Churches whether the bank has loans outstanding to South Africa. Ritchie also declined a request that the bank refuse to make such loans until apartheid ends. He claimed a campaign to ban Canadian financial dealings with any country is a political matter. Ms. Boyd, speaking for the Inter-Church Task Force on Corporate Responsibility, said the bank is far behind Canadian foreign policy. "I'm not asking them to lead Canadian foreign policy. I'd be happy if they'd just get in step with it and follow it." She pointed out the bank had made two loans totalling more than \$20 million to the Chilean dictatorship, and she asked that such loans also be stopped. WFP 14/12/78 p. 49.

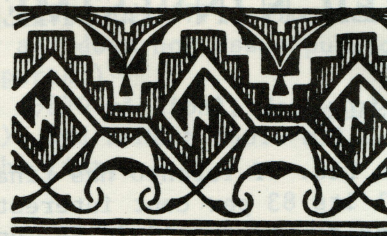
CARIBBEAN CHURCHES ACT

Caribbean Contact, the newspaper of the Caribbean Churches, says the Caribbean



CANADA AND THE WORLD

Conference of Churches has decided to withdraw all of its money from Barclays Bank in light of Barclays International's continuing support of the South African regime. The announcement was made by the CCC's General Secretary, Dr. Roy G Neehall. Caribbean Contact Dec. '78 p. 2



NAMIBIAN CHARADE

International attention focused during December on Namibia, a nation the size of British Columbia on the west coast of Southern Africa. Namibia's one million people live under South African control. The country is rich in uranium, copper and diamonds. South Africa moved ahead to hold controlled elections in the territory, elections which were boycotted by the South-West African People's Organization (SWAPO), the UN-recognized liberation movement. The South African government arrested SWAPO leaders on the eve of the vote. South African troops were present during the preparations for the vote.

When Western nations, including Canada, attempted to convince South Africa to go along with UN plans for free elections in Namibia, they were rebuffed. The UN in turn refused to accept a compromise in which South Africa promised to use its best efforts to get those elected this time to agree to UN-supervised elections later. The contact group of Western powers refused to acknowledge the elections or their results. The UN has called for sanctions against South Africa.

In the face of the threat of sanctions, South Africa did not move to install those elected as an interim government. As they attempted to avoid the implementation of sanctions, the Western nations prepared plans for a United Nations peace-keeping force for Namibia. Canada might send up

to 700 men who would have the role of guarding the border area with Angola, according to External Affairs Minister Donald Jamieson.

FP 2/12/78 p. 6, Roderick Oram;
GM 6/12/78 p. 3, Norman Webster.

CANADIAN PRESS REACTION

The Canadian press was not optimistic. The Ottawa Citizen (8/12/78 p.6) said South Africa defied logic and the UN in holding elections, and the risk of sanctions is growing unless South Africa bends. The Citizen feels if the plan for a peace-keeping force goes ahead Canada should make a contribution which is limited and for a given period only. The Winnipeg Free Press (6/12/78) points out that recent changes in the leadership of the South African National Party make a hard line more likely. The Financial Post (2/12/78 p. 6) and the Globe and Mail (6/12/78 p. 3) made similar comments.

REINFORCEMENTS FOR RACISTS

While recent reports indicate that Space Research Corp., a Canadian company, has been selling artillery shells, guns and other military supplies to South Africa in violation of military sanctions by the UN, the Canadian government is permitting the crown-owned corporation Canadair to sell three CL-215 amphibious aircraft to South Africa. According to Canadair, the aircraft can be easily converted from water bombers to long range patrol aircraft, and can also be used as military transports.

Project Ploughshares Monitor December, '78



CANADA AND THE WORLD

FOREIGN INVESTMENT

A BIG SALE

Brascan Ltd. of Toronto has finally agreed to sell its 83 per cent interest in Light-Servicos de Electricidade SA, one of the largest foreign-owned operations in Brazil. For the first nine months of 1978 the electrical utility had a net income of \$89 million, contributing to an overall company

Brascan
LIMITED

profit in that period on Brazilian and Canadian income of \$94.3 million. The book value of Light's assets totalled \$2.2 billion at the end of 1977, but only \$209 million is registered as a foreign equity investment. Brascan sold "The Light" to the Brazilian government for \$380 million (U.S.). It took a cut in order to ensure freedom of repatriation of the proceeds.

Brascan will probably redeploy its funds in big acquisitions in North America, and observers expect increased activity by Brascan Resources Ltd. in oil and gas development. Brascan has a relatively low ratio of debt to equity and can borrow more money if necessary. One analyst says Brascan has "the scope to make one monumental acquisition." GM 28/12/78 p. B4; GM 29/12/78 p. B1; GM 30/12/78 p. B5.



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million to the Chile
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be stopped.
8 p. 49.

CHURCHES ACT

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THE ECONOMY

GENERAL

TAKEOVERS: SEARS AND BAY BOTH SMILING

Just before Christmas a series of complicated stock transactions dramatically realigned control of the department store sector in Canada. Now that the dust has settled, it appears Hudson's Bay Co. has taken control of Simpson's Ltd., while Chicago-based Sears, Roebuck has gained control of Simpson's-Sears. Simpson's-Sears was created in 1952, with Simpson's and Sears each having 50 per cent of the voting power. It is the largest department store chain in Canada. In August, the three companies announced a plan to merge Simpson's with Simpson's-Sears, giving Sears 30 per cent ownership and effective control of the new unified operation.

In December, the Hudson's Bay Co. of Winnipeg entered a bid for Simpson's and the latter's 50 per cent control of Simpson's-Sears. As part of its efforts to head off the Bay, Simpson's sold some of its Simpson's-Sears stock. This gave Sears control of Simpson's-Sears since the American corporation retains its holding and thus has become the largest single stockholder. Meanwhile, the Bay managed to buy most of Simpson's and a significant minority share of Simpson's-Sears to add to an empire which includes 57 per cent of Zeller's.

In 1977, department store sales in Canada \$7.7 billion. Control is divided in the following manner:

-Simpson's-Sears, which had sales of \$2.1 billion in 1977, is now directly controlled by Sears, Roebuck. The Bay will have no control, but will benefit from its large and profitable minority share.

-The Bay-Simpson's-Zeller's group is now the second-largest in the field. Had it existed in 1977, its combined sales would have been \$2 billion.

-T. Eaton Co. had an estimated \$1.4 billion in sales in 1977. (It is a private company and does not issue public financial reports.)

-Woolco (\$870 million), Woodward (\$780 million), and K-Mart (\$610 million) complete the list.

GOVERNMENT APPROVES MERGERS

Robert Bertrand of the federal bureau on competition policy said his department would not block the Bay's bid since the Bay promised Simpson's would be allowed to operate independently.

OC 13/12/78 p. 41.

Earlier, the Cabinet and the Foreign Investment Review Agency had said Sears, Roebuck's effort to gain control of Simpson's and Simpson's-Sears met the government's requirement that the merger be of "significant benefit to Canada."

FTC 18/12/78 p. 1.

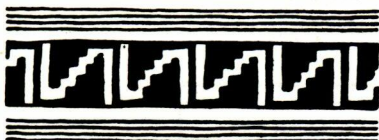
CNSP NOTE: *One of the Bay's advisers in this whole matter was former Finance Minister Donald Macdonald. Some of the Simpson's directors involved on the other side of the battle were T.J. Bell of Abitibi Paper, Alfred Powis of Noranda, W.P. Wilder of Gulf Oil Canada, Ian Sinclair of Canadian Pacific and Raymond Lavoie of Credit Foncier Franco-Canadien.*

NORANDA EXTENDS CONTROL

Noranda mines completed plans to merge with Orchan Mines and Mattagami Lake Mines. All three companies have operations in northwestern Quebec. The takeover of Orchan was set for December 31, 1978, while the Mattagami merger will take place in the spring.

GM 28/12/78 p. B5; GM 29/12/78 p. B4.

CNSP NOTE: *Noranda says it is expanding to rationalize its operations and to raise more working capital. It is also trying to strengthen itself to ward off a rumoured takeover bid by the Argus group.*



noranda

THE ECONOMY

MACMILLAN BLOEDEL UNDER SEIGE

The B.C. forest industry is in turmoil following a series of manoeuvres by MacMillan Bloedel, Domtar, Argus, the Government of British Columbia and Canadian Pacific Investments. MacBlo is the largest company with headquarters in B.C., and it is the 14th largest company in Canada. After Argus sold its 20 per cent share of Domtar to MacMillan Bloedel, Montreal-Based Domtar, some of whose directors had lost the fight with Conrad Black of Toronto for control of Argus, put up \$590 million to buy MacMillan Bloedel. MacBlo responded by offering to buy a further 31 per cent of Domtar.

At this, B.C. Premier Bennet called MacBlo and Domtar together to say he wanted control of MacMillan Bloedel to stay in the west. The companies dropped their bids for each other. Canadian Pacific Investments then stepped in with plans to increase its holdings in MacBlo from 13.4 to 100 per cent. If Canadian

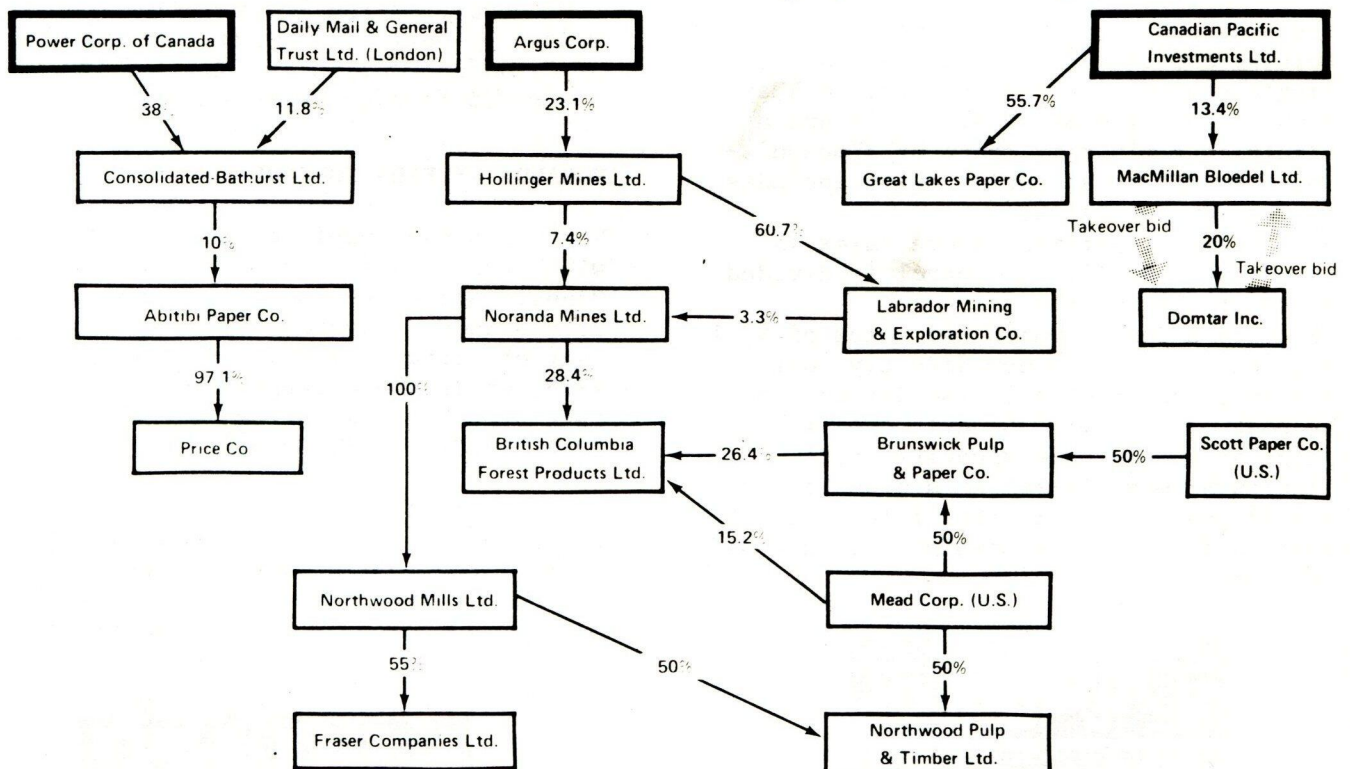
Pacific succeeds, could perhaps command a Canada-wide pulp and paper empire of MacMillan Bloedel, Great Lakes Paper of Thunder Bay and Domtar, which dominates eastern Canada. Bill Bennett doesn't like CPI's plans any more than he did the others. C.P. is already a major force in B.C. It owns Cominco, CP Rail, CP Air, Pacific Logging and a number of smaller companies.

The NDP claims the B.C. government is planning to buy MacMillan Bloedel to keep control in B.C. Premier Bennett has not yet denied this allegation.

GM 22/12/78 p. B1; GM 28/12/78 p. B1;
FP 30/12/78 p. 1; GM 30/12/78 p. B14;
TS 8/1/79 p. B9; TS 9/1/79 p. B6.

CNSP NOTE: B.C.'s Sacred government is finding its faith in private enterprise harder to justify. Left to their own devices, the corporations would establish industrial entities whose economic clout would give them political power that would seriously cut into the power of elected governments.

Cross-links of forest industry ownership



THE ECONOMY

As usual, the federal government's competition bureau passively accepted all the merger proposals, following the theory of the recent Bryce Commission that "bigger is better."

However, none of the planned mergers is likely to benefit Canadians. At the present time the forest industry is doing well because of the low value of the Canadian dollar. However, instead of diversifying, increasing production or taking other steps to boost employment, the companies are busy trying to widen their political and economic power.

Last year, corporate profits were quite high, but since the corporations expect

a recession, they are not investing in new plant and equipment. However, since it isn't wise to leave cash lying around, the larger corporations are using it to wage takeover wars against their competitors. In a capitalist economy, this is another reason why recessions are useful. Not only do they suppress wage demands by creating unemployment, but they also give the larger, more successful corporations the chance to buy out the competition. This satisfies the mandate of the corporation to expand and maintain profit growth. However, it does nothing to increase the productive capacity of the economy.

OIL AND GAS

INTRODUCTION: Ottawa and Alberta agreed to delay the expected increase in the price of domestic oil until July 1, 1979, with an automatic increase to follow six months later. Alberta also agreed to a cheaper price for gas in order to encourage new consumers in the Maritimes and Quebec. Ottawa will continue to allow current levels of oil exports to the U.S. American Energy Secretary James Schlesinger is pressuring Ottawa to support pre-building of the southern portion of the Alcan Pipeline to ensure gas exports to the U.S. and to make the project financially attractive to potential investors. Meanwhile, Polar Gas has altered its route due to poor gas prospects in the high Arctic. Finally, the Kitimat Oil Pipeline project appears to be back on the boards again.

FEDERAL/PROVINCIAL OIL PRICE DEAL

Ottawa and Alberta have agreed to delay a scheduled January 1, 1979 price rise of domestic crude oil. Instead, there will be two automatic increases of \$1.00 per barrel, the first on July 1 and the second on January 1, 1980. Energy Minister Alastair Gillespie argued that the delay will ease Canada's expected inflationary pressures in mid-1979. Others have dismissed the move as baldly political--a pre-election sop. The move disrupts

Ottawa's policy of gradually bringing the price of Canadian crude into line with world prices.

GM 9/12/78 p. B4; FP 23/12/79 p. 4.

CNSP NOTE: In light of the OPEC price hike of 14.5 per cent for 1979, Ottawa's move will widen the gap between Canadian and imported crude. Since the federal government subsidizes imports to "protect" consumers from world prices, this protection will cost the treasury far more--an estimated \$800 million.

THE ECONOMY

*Raising
The Citizen*



Santa Claus has come to town

OC 29/11/75 p.6

DISCOUNTED GAS FOR THE MARITIMES

The Federal/Provincial Conference also agreed to discount the price of Alberta natural gas to encourage the creation and growth of new domestic markets in the Maritimes and Quebec. Ottawa believes the replacement of imported oil with domestic gas in the east will aid Canada's balance of payments deficit. Although the gas price deregulation was not linked specifically to a promise of increased exports to the U.S., it is felt that the move was a concession by Alberta to put

more weight behind expected requests by Alberta producers to increase exports to the U.S.

GM 30/11/78 p. B1; OC 29/11/78 p. 1.

CANADA TO CONTINUE CRUDE EXPORTS TO U.S.

In an Ottawa meeting, Energy Minister Gillespie agreed to U.S. Energy Secretary Schlesinger's suggestion that 55,000 barrels a day of Alberta light crude be exported to the U.S. on a short-term basis. Although there is a glut of oil on the U.S.

THE ECONOMY

west coast, the northern portions of the mid-west states have traditionally relied on Alberta oil for their refineries. In return for increased exports from Alberta's limited supplies, Gillespie is seeking access to the U.S. northeastern market for surplus refined products from eastern Canadian refineries. Ottawa sees this eastern oil surplus as the major competition for sales of natural gas in Quebec and the Maritimes. Both governments also agreed to investigate the possibility of using Canadian refineries to process offshore crude for use in the U.S.

WFP 9/12/78 p. 11; GM 11/12/78 p. B4.

POLAR GAS CHANGES ROUTE

The Polar Gas group will likely re-apply to the National Energy Board with plans to build a new pipeline connecting gas reserves in the Beaufort Sea/Mackenzie Delta areas with reserves in the high Arctic islands. The line would then come south just west of Hudson's Bay. The proposed \$7 billion project would be completed by the late 1980s. The company estimates new frontier reserves would then be needed for domestic and export markets. The Polar Gas line will have to be considered in connection with the Dempster Spur. Foothills, a backer of the Alcan line, says it will apply next summer to the National Energy Board to build a line along the Dempster Highway to connect Mackenzie Delta reserves to the proposed Alcan Pipeline.

FP 9/12/78 p. 35; GM 2/12/78 p. B16.

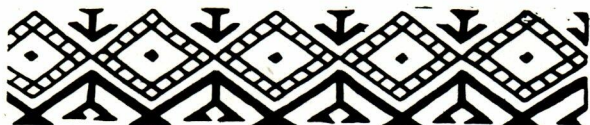
CNSP NOTE: It appears a major reason for reconsideration by the Polar Gas group of its original proposal is the failure to find significant gas reserves in the high Arctic islands. Panarctic Oils, a partner in Polar Gas and the major drilling interest in the Arctic, has not had a major discovery in three years. Petro-Canada, the Crown-owned company, has a 55 per cent interest in Panarctic.



OTTAWA DELAYS SUPPORT FOR ALCAN PRE-BUILD

Despite pressure from U.S. Energy Secretary Schlesinger, Ottawa has delayed making a decision to support pre-building of the southern portions of the Alcan Pipeline to carry gas exports to the U.S. Schlesinger wants Ottawa to allow Alcan to pre-build the Canadian portion to help raise the \$14 billion necessary to complete the project. U.S. transmission companies could only get new Canadian gas via the pre-build proposal, and only participants in the Alcan project could purchase the gas. The U.S. is worried that access to cheaper gas by U.S. gas companies would mean a loss of financial support for the Alcan line, since purchase contracts must be secure before financing is obtainable. Ottawa is reluctant to allow new Alberta gas exports or pre-building until the Alcan project is assured. Otherwise, the line may never be built and all Canada would get out of the deal would be exports of cheap southern Alberta gas.

GM 23/12/78 p. B2; 30/12/78 p. B4, Jeff Carruthers.



THE ECONOMY



KITIMAT OIL PIPELINE REVIVAL

The Kitimat Oil Pipeline project to transport Alaskan oil to the U.S. midwest via B.C. and Alberta has been kept alive by registering the plan with the U.S. Secretary of the Interior. By complying with the U.S. registration rules, the scheme's backers could proceed if the Canadian government ever reverses its veto of the line. The Kitimat proposal was ruled out for environmental reasons by the Cabinet and dismissed by the National Energy Board as unnecessary.

GM 5/12/78 p. B8; GM 12/12/78 p. B2.

CNSP NOTE: *Environment Minister Len Marchand says the competing Foothills Oil Pipeline looks more attractive, especially since it means the oil tanker port will be built in Alaska. The \$1 billion Foothills oil line would follow the same route as that company's proposed gas line. Foothills hopes to start construction of the oil pipeline between the building of the southern and northern portions of the gas line (if the pre-building scheme is accepted by Ottawa). However, there is some skepticism in government and in-*

dustry circles that Foothills will be able to raise the money for an oil line. There is a widespread suspicion that Alberta Gas Trunk Lines (AGTL), the prime mover behind Foothills, is overextended already with the number of transportation schemes it is planning. See Synthesis Vol. 6, No. 8, page 6 for an earlier discussion of AGTL's plans.

NEW OIL SANDS PLANT ANNOUNCED

The Alsands Project Group, headed by Shell Canada, has announced plans to build a third Canadian oil sands plant in Alberta. The \$4.9 billion plant is to be in full production by 1986 and would represent about 11 per cent of domestic oil production. Despite the formal application, the project's sponsors insist that favourable income tax and royalty treatment is required before plans are firmed up. According to industry calculations, the Alsands proposal would need an annual rate of return of around 18 per cent. GM 16/12/78 p. B14.

CNSP NOTE: *The Alsands Group includes Shell Canada (45 per cent interest), Amoco (10 per cent), Chevron (eight per cent), Dome Petroleum (four per cent), Gulf Canada (eight per cent), Hudson's Bay Oil and Gas (eight per cent), Pacific Petroleum (nine per cent), and Petrofina (eight per cent). Pacific Pete was recently acquired by Petro-Canada, the Crown-owned petroleum company.*

ONTARIO SELLS SYNCRUDE SHARE

PanCanadian Petroleum bought the Ontario government's five per cent share of the Syncrude Oil Sands plant for \$160 million. Ontario made about \$35 million on the investment. FP 23/12/78 p. 5.

Syncrude
we want you in on what we're doing

MINING

INTRODUCTION: Canada's mining sector experienced a somewhat ambiguous year in 1978. Slow growth in Western economies meant slow or stagnating growth in demand for basic metals and, in some cases, depressed prices (copper, zinc) and massive stockpiles (nickel). Nonetheless, the 20 per cent devaluation of the Canadian dollar against U.S. currency resulted in windfall profits for many mining companies because their products are priced in U.S. dollars for export to foreign markets. This was a boon which blunted the companies' complaints about the sad state of mining in Canada and about the sluggishness of international markets. Some of the most important events in the sector follow.

COMPANIES GET TAX BREAK--AND WANT MORE

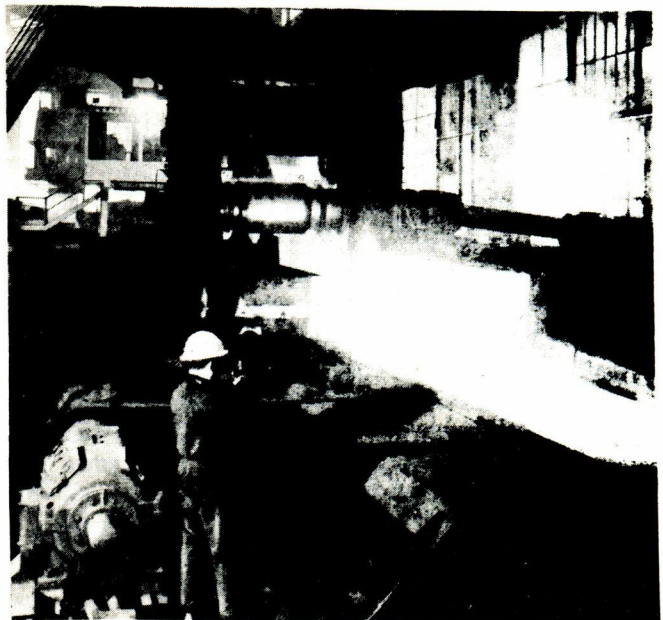
In a presentation to the annual conference of provincial ministers of mines, the Mining Association of Canada called for a reduction in high taxation rates and in the large number of taxes applied to the industry by various levels of government. These factors, said the MAC, are the greatest deterrents to the future growth of mining in Canada. The sector produced minerals valued at \$8.8 billion in 1977, and currently directly employs 85,000 people. GM 13/9/78 p. B3.

Similar complaints were echoed in a report by the Consultative Task Force on the Non-ferrous Metals Industry, which was formed under the Department of Industry, Trade and Commerce. The task force chairman, Alfred Powis of Noranda Mines Ltd., says unless governments take comprehensive action to revive mining exploration in this country, there will be a "spectacular decline in the production in this sector over the balance of this century." FP 23/9/78 p. 31.

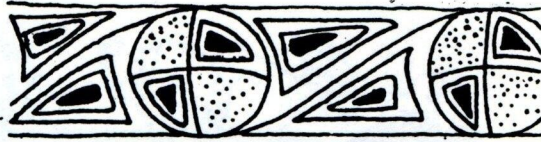
Mr. Harold Fargey, a senior executive of Cominco Ltd., adds that most of Canada's competition in mining will come from Third World countries in the coming decades. The Canadian industry, he says, requires "a return to supportive government policies and attitudes." He also noted that because of inflation and the high cost of new plant

construction it is unlikely that new smelters or refineries will be built in Western Canada in the next decade. "This is particularly so for minerals such as copper, lead and zinc, where western world smelting and refining capacity is overbuilt by as much as 25 per cent. GM 25/11/78 p. B2.

In response to industry pressures, the November budget of Finance Minister Jean Chretien included a major concession; an increase to 100 per cent from 30 per cent the immediate write-off mining companies can claim for development expenditures.



THE ECONOMY



The measure was welcomed by mining companies, but they insist they want more. The industry would prefer a general reduction of the effective taxation rate on mining to be applied both during boom and bust periods. Such a reduction would mean less taxes in boom periods and perhaps none in depressed years when profits would be minimal.

FP 30/12/78 p. 6; GM 20/12/78 p. B2.

In contrast, a recent study prepared for the federal/provincial conference of first ministers in November called for a mining tax system that applies heavy taxes when profits are high and virtually no taxes when the mining industry is in a slump. The study says effective income tax rates applied to Canadian mining companies are "noticeably lower" than those applied to other industries, including manufacturing. Even if royalties and other government charges are included, said the study, the combined income tax and resource charge rates for mining companies are generally in line with those for financial, service and other non-manufacturing industries.

GM 1/12/78 p. B18.

QUEBEC NATIONALIZES ASBESTOS CORP.

On December 15, 1978, Quebec Finance Minister Jacques Parizeau introduced a bill in the National Assembly to enable the government to nationalize all the Quebec assets of Asbestos Corp. Ltd., a subsidiary of General Dynamics Corp. of St. Louis. Mr. Parizeau explained that the bill was necessary because of wide differences in evaluations of Asbestos Corp.'s assets carried out in studies for the government and for General Dynamics. General Dynamics claims the Asbestos Corp. is worth \$100.00 per share, while the Quebec study values them at between \$30.85 and \$44.00. The legislation will be passed some time in 1979.

GM 15/12/78 p. 1.

SASKATCHEWAN'S URANIUM LARGEST DEPOSIT?

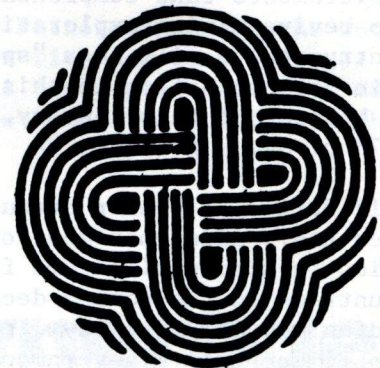
Saskatchewan's already extensive proven reserves of uranium may be larger than previously thought. In September, Imperial Oil Ltd. announced what some analysts believe to be the largest discovery in the world under Midwest Lake in the north of the province. Imperial Oil is working in a joint venture with Bow Valley Industries and Numac Oil and Gas Ltd. of Calgary in exploration and possible development of the deposit.

Saskatchewan has become the focus of intensive exploration activity in the past year, and analysts are talking about uranium making the province another "Arab of the West."

GM 13/9/78 p. B6; FP 14/10/78 p. 1.

MINING COMPANIES TO POLISH IMAGE

The Canadian Institute of Mining and Metallurgy (CIM) is mounting a campaign to raise \$500,000 to pay for curriculum development at the grade school level to correct alleged public misconceptions about the industry. A spokesman for CIM says the industry is concerned about the "increasingly negative feeling" towards business, much of it generated by publicity over environmental and health issues. "The industry in Canada is under attack at a time when global economics are already causing some mining companies to look outside Canada for future investments," he notes. TS 7/9/78 p. B8



GENERAL

UIC'S CHRISTMAS GIFT: REDUCED BENEFITS

Anxious to return home for Christmas, the federal Members of Parliament passed one last piece of legislation: amendments to the Unemployment Insurance Act which would reduce benefits for eligible claimants and remove benefits from many now receiving them. The new regulations will stop approximately 42,000 unemployed workers from receiving insurance benefits, and save the government \$2.5 billion by making another estimated 250,000 claimants ineligible over the next two years. The changes include; an across-the-board reduction in benefits from 66.7 per cent of the insurable earnings to 60 per cent; increased fines for fraud from \$50 to \$200; and an increase in the minimum hours worked and salary earned necessary for coverage to 20 hour and/or \$72.00 per week. This last regulation, affecting part-time workers, was in fact put into effect by the Cabinet six weeks before it was passed by Parliament. Employment Minister Bud Cullen defended the government's power to make such changes without Parliament's consent.

New Democrat Members of Parliament fought the changes throughout the debate, condemning the tightening of benefit controls at a time of high unemployment. They also attempted to make an amendment to the changes which would exempt persons living in areas with unemployment levels of 11.5 per cent or more. This amendment was defeated.

Members of the Progressive Conservative Party, on the other hand, were anxious to see regulations tightened even further. They wanted the fine for fraud raised, and they wanted to cut off people who quit jobs without "just cause". They wanted to change the definition so that a person would be seen as not giving a job a "fair chance" if s/he quit before two or three years had passed.

The National Action Committee on the Status of Women called the changes one part of an overall government plan to discourage married women from entering the labour market. The Advisory Council on

the Status of Women says 22 per cent of women work part-time (only six per cent of men do). Of these women, at least 55 per cent must work to bring family incomes up to basic living standards. The government, however, sees women's unemployment as unimportant. It defines a woman as a "secondary wage-earner" when she is part of a family "where there is another earner who contributes a greater proportion of family income." With the current inequalities in pay for men and women, most women are seen as secondary wage earners, and the government does not consider total family income.

In response to these objections and appeals from the Canadian Human Rights Commission, the government made some changes. These included: no financial penalties if an employer chooses to pay maternity benefits during the two-week "waiting period" before UIC benefits begin; qualification for maternity benefits on the basis of 10 to 14 weeks in the year changed to two years; and no penalty for those who wish to have their children outside the country.



"Listen Clark, you've got to stop flying around screaming 'this is a job for Superman.' There AREN'T any jobs."

LABOUR

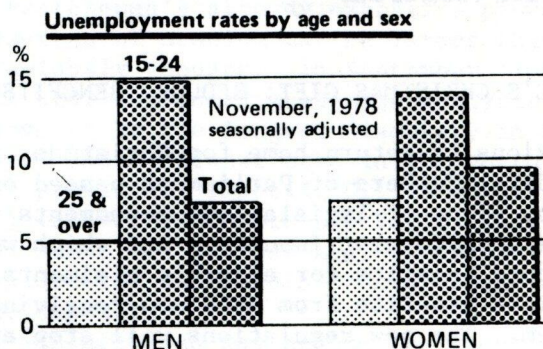
Employment Minister Cullen justified the tightening of the rules by saying the business community wanted them. He also quoted the results of four surveys claiming the public wanted greater control on benefits. However, the Canadian Labour Congress called the poll "loaded" and an attempt to rationalize decisions already made. The claim that 85 per cent of the population wants "fussy" recipients of benefits cut off is based on a question asking people if there should be no benefits to "people who will not take a job", and if they thought "anyone should be able to go on unemployment insurance any time s/he felt like it".

Statistics Canada reported that between January and September, 1978, \$3.6 billion was paid in benefits to 1,979,000 claimants. These numbers were 19 per cent higher than in 1977. The average weekly benefit was \$109.09 per week.

OC 29/11/78 p. 9; OC 29/11/78 p. 14;
 OC 30/11/78 p. 22; OC 30/11/78 p. 6;
 GM 29/11/78 p. 11; GM 1/12/78 p. 3;
 OC 6/12/78 p. 8; GM 8/12/78 p. 1;
 Oc 6/12/78 p. 13; OC 9/12/78 p. 8;
 GM 20/12/78 p. 8; GM 23/12/78 p. 4.



UNEMPLOYMENT



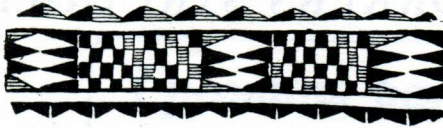
The 15-24 age group is taking the brunt of today's high unemployment rate. For young men, the unemployment rate is 14.9% and for young women it's 14.1%. FP 23/12/78 p. 8

GOVERNMENT COUNSELS PATIENCE FOR JOBLESS

The unemployment rate rose from 8.2 per cent in October, 1978 to 8.3 per cent in November. This was the eighteen consecutive month with unemployment at or above eight per cent. The seasonally-adjusted rate meant 919,000 people were "officially" out of work. Twelve thousand of these (including 7,000 women) were between the ages of 15 and 24. The highest unemployment rate was 16.5 per cent in Newfoundland, and the lowest was Alberta's 4.5 per cent.

A special study conducted by Statistics Canada questions the reliability of the department's method of calculating unemployment. The study found that 263,000 unemployed people looking for work last March later had been dropped from the list because they had ceased to actively look for work. The study said that these people had stopped looking after varying periods of job-hunting had convinced them there were no jobs available. Employment Minister Cullen replied to demands from other MPs for a more realistic way of reporting unemployment statistics with the accusation that the special study had been "fraught with errors."

Predictions for the future do not give much hope to the unemployed. Instead, the report of the Ministry of Employment and Immigration to the First Ministers' conference called upon jobless workers to "have patience and to increase their mobility." The Conference Board in Canada



predicts the 1979 unemployment rate will be 8.8 per cent.

While jobless figures soar, the government will cut job creation plans in areas where unemployment rates are less than eight per cent. The plan now gives each federal riding \$150,000 for job creation, regardless of its unemployment rate, with additional money spent on those areas with greater than seven per cent unemployment.

The government report to the First Minister's conference also urged the changing of immigration regulations to reduce the inflow of skilled workers and encourage the entry of people willing to do lower paid, unskilled work. A separate, confidential report for the Department of Employment and Immigration cited the lack of training programmes for Canadians in the skilled trades as the reason behind the importation of skilled labour. Cullen said that while employers preferred to import skilled labour in the areas where there were shortages, the government was discouraging this.

OC 29/11/78 p. 26; GM 29/11/78 p. B1;
GM 6/12/78 p. B16; OC 9/12/78 p. 1;
OC 9/12/78 p. 10; WFP 12/12/78 p. 14;
GM 12/12/78 p. 9; OC 12/12/78 p. 8;
GM 20/12/78 p. B1; GM 12/12/78 p. 1;
GM 27/12/78 p. B2.

EMPLOYED WORKERS LOSING TO INFLATION

Prime Minister Trudeau acknowledged that wages are not keeping pace with inflation after Statistics Canada reported that the Consumer Price Index rose 0.8 per cent in November, putting prices 8.8 per cent higher than in November, 1977. However, Trudeau warned workers against trying to catch up, threatening the return of wage and price controls if "voluntary restraint" was not exercised. Economists say workers' real wages rose by an average of two per cent a year in the 1970s. However, the gains were made in the first few

years of the decade. For the past several quarters real wages have been declining. A recent Financial Post survey reveals most large companies plan to grant their non-union, white collar employees wage increases averaging between 8.5 and nine per cent this year.

FTC 25/12/78 p. 12; FTC 18/12/78 p. 8;
GM 20/12/78 p. 1; FP 16/12/78 p. 1.

Year-over-year percentage change

	Nominal wages	Real wages
1970	7.6	4.1
1971	8.6	5.6
1972	8.4	3.5
1973	7.5	-0.1
1974	11.0	0.1
1975	14.2	3.0
1976	12.1	4.3
1977	9.7	1.6
1978 (nine months)	6.3	-2.7

Year-over-year percentage change

	Nominal wages	Real wages
1976 IV	10.8	4.7
1977 I	10.3	3.3
1977 II	9.9	2.1
1977 III	9.7	1.2
1977 IV	8.8	-0.3
1978 I	6.9	-1.8
1978 II	6.0	-2.7
1978 III	5.9	-3.2



BETTER HEALTH AND SAFETY FOR WORKERS?

The Ontario government passed Bill 70, a new law on health and safety in the workplace, to replace Bill 139. The new bill is to provide workers with higher standards of health and safety in the workplace by changing regulations concerning safety committees, health and safety representatives and the right to refuse unsafe work. GM 8/12/78 p. 12; GM 11/12/78 p. 7.

LABOUR

CNSP NOTE: According to the United Auto Workers (UAW) newsletter for December 15, 1978, Bill 70 weakens the workers' right to refuse unsafe work. Under the new Tory amendments, about one quarter of the province's work force, including teachers and farm workers, is excluded from the protection of various sections of the law. Health and Safety Committees were denied to workers in stores, offices, apartment buildings and tourist operations. The right to refuse unsafe work was denied to firemen, policemen and health workers. A worker will not be paid for lost time unless s/he is proved correct in making the judgement that work conditions are unsafe. The new bill also allows changes in regulations to be made without public debate, by decisions of the Minister of Labour. (See also *Synthesis*, Vol 6, No. 8, page 22 for CUPE's reaction to Bill 70, and page 14 for the response of the Federation de Travailleurs Quebecois and the Conseil des Syndicats Nationaux to the Quebec white paper on job health and safety.

WORKERS' STRUGGLES

HARD BARGAINING EXPECTED IN 1979

In 1979 bargaining will be conducted against a background of continuing high unemployment and worker concern about job security, but also under pressure generated by discontent over inflationary erosion of the wage dollar. The prospect is for major confrontations in collective bargaining this year. The following charts indicate the major contracts up for negotiation in both the public and private sectors.
FP 30/12/78 p. 1; GM 11/12/78 p. 1.



"Careful, ...That's company property you dropped.."

A packed calendar for public sector

Communications and utilities	WORKERS COVERED	RENEWAL DATE
Alberta Government Telephones	7,800	Jan., April, Dec.
Saskatchewan Telecommunications	3,200	March
British Columbia Hydro	10,000	March
Ontario Hydro	15,000	March
British Columbia Telephone	12,000	December
Hospitals (and support staff)		
Ontario	11,200	Jan., March
Newfoundland	6,500	June
Quebec	77,600	June
British Columbia	15,700	July, Dec.
Saskatchewan	10,400	December
Alberta	8,500	December
Teachers (and support staff)		
Saskatchewan	7,000	June
Quebec	117,000	June
Nova Scotia	12,300	July
Ontario	50,000	August
Government civil servants		
Treasury Board (federal)	35,700	January
Treasury Board (federal)	111,600	Feb.-Dec.
Ontario	52,000	January
Edmonton (includes transit)	8,300	Jan., Dec.
Ontario Provincial Police	3,900	March
Prince Edward Island	3,000	March
Manitoba	25,000	March
Quebec	5,800	June
New Brunswick	11,000	June, Sept., Dec.
British Columbia	60,500	July
Saskatchewan	13,900	September
Montreal & MUC (includes transit)	25,300	July, Nov., Dec.
Calgary	4,600	December

Upcoming bargaining in the private sector

	WORKERS COVERED	CONTRACT RENEWAL DATE	PROVINCE
Cargill Grain Elevator (and others)	1,500	January	Man., Sask., Ont.
Sidbec-Dosco Ltd.	2,700	January	Quebec, Ontario
Metal Industries Assoc.	1,800	January	British Columbia
Dominion Textile	5,500	February	Quebec
Northern Telecom	10,600	February, April	Quebec, Ontario
B.C. Food Labor Relations Council	7,400	March	British Columbia
Fisheries Association	4,600	April	British Columbia
Cominco Ltd.	5,700	April	British Columbia
Alcan Smelters & Chemicals	7,800	May	Quebec
Forest Industrial Relations Assoc.	38,000	June, August	British Columbia
Steinberg Ltd.	9,200	September	Quebec
Ford, General Motors, Chrysler	55,000	Sept., Nov.	Ontario, Quebec
Canadian General Electric	5,500	December	Ontario

LOGGERS FIGHT PIECEWORK

Members of the Lumber and Sawmill Workers' Union are on legal strike at two Boise Cascade Ltd. plants in Northern Ontario. There are 220 loggers off at Kenora and 140 on strike at Fort Frances. The dispute is over the company's attempt to introduce piecework, which would require the men to buy their own equipment and be paid on the basis of the number of trees cut. Most union members prefer the hourly-pay system now in effect. They say the company waited until most of the good wood in the area was cut, and now wants them to do piecwork because it's a way of getting more money from the marginal spruce and jackpine still to be cut. Four inside unions at the plants are also bargaining for new contracts, and are honouring the picket lines, but clashes have occurred between the strikers and members of the United Paperworkers' International Union who have been crossing the picket lines to work inside. Town and provincial police were called in to both plants, and on one occasion in Kenora outnumbered the strikers three to one. Twelve men were charged. At the Kenora

incident the company turned fire hoses on the strikers in -27°C. weather to disperse them. An advisory committee has been appointed by the Ontario government to meet with union and company officials to try to reach a settlement. The two plants are units of Boise Cascade, Idaho. OC 30/11/78 p. 78 (CP); GM 2/12/78 p. 13, R. Furness; GM 4/12/78 p. 4, R. Furness; GM 7/12/78 p. B2; GM 8/12/78 p. 18.

HARASSMENT OF POSTAL WORKERS CONTINUES

Officials of the Canadian Union of Postal Workers (CUPW) are concerned about the fact that inside postal workers who participated in the October strike are being fired, suspended or reprimanded in great numbers across the country. To date, 760 workers have been suspended for periods ranging from one to 10 days, and firing has been recommended for another 10 workers. Letters of reprimand have been issued to 4,092 employees. Andre Beauchamp, CUPW vice-president, says the union will fight every one of the suspensions, dismissals or other measures through the grievance procedure or through the courts if necessary. GM 16/12/78 p. 11, W. List.

LABOUR

QUEBEC LABOUR

VOYAGEUR DRIVERS' STRIKE

On December 20, five days before Christmas and a week before it became legal, 400 Voyageur Coach drivers went on strike to hasten the signing of a new collective agreement. Leaving their vehicles in snow-bound lots, drivers called "study days", defying their union executive's encouragement to return to work. The union is question is the Teamsters' Union. A conciliator, Rolland Doucet, tried to bring the two sides together, but negotiations broke off on December 27. Workers are asking for \$5.75 an hour, with a guaranteed minimum of \$45.00 a day. The company has offered \$5.00 an hour, and a guaranteed minimum of \$40.00 a day. Meanwhile, the competing Greyhound line has decided to set up a service to link Quebec with the Maritimes.

LD 20/12/78 p. 3; LD 21/12/78 p. 3;
LD 23/12/78 p. 3; LD 28/12/78 p. 3.

THE DEATH OF MONTREAL MATIN

Without warning, 225 workers were laid off as one of Montreal's largest morning dailies was closed down by its owner, Gesca, an affiliate of Paul Desmarais' Power Corporation. The workers, 167 from the Montreal Matin Information Workers' Union and

65 La Presse workers, heard the news on radio and television. According to law, they will receive three weeks' vacation pay. First set up in 1931 as L'Illustration, the paper went on to become the Union Nationale's voice and changed its name to Montreal Matin.

In 1976, the paper's losses soared to \$3 million from \$1.7 million. Paul Desmarais bought it out through his other, larger morning daily, La Presse. While distribution increased in the same year from 115,000 to 136,00 by October, 1977, the paper continued to lose money. Its projected deficit for 1979 was \$4.8 million. Desmarais bought the paper knowing it would lose money, in order to create a giant competitor for the other large daily, Le Journal de Montreal, and to limit the latter's expansion. According to Le Devoir, last year's seven-month strike of Montreal Matin is not the real or only cause of the paper's death (though La Presse and Montreal Matin's vice-president claim it is). Le Devoir suggests that it accelerated the closure and made it inevitable. Montreal Matin is the second large Quebec newspaper to close in less than two years. Le Jour closed on September 24, 1976.

La Presse, 28/12/78 p. 1; LD 28/12/78 pp 1,4.



FEDERAL GOVERNMENT



ED SCHREYER NEW GOVERNOR-GENERAL

Former New Democratic Party Premier of Manitoba, Ed Schreyer, has been made the 22nd Governor-General of Canada. In a surprise move, Prime Minister Trudeau broke with tradition in choosing Schreyer. Traditionally, the post of Governor-General alternates between anglophones and francophones, and previous choices have been people in their senior years drawn from outside the political community.

Schreyer is 43 years old, and his roots are neither English-Canadian nor Quebecois. He is fluent in Ukrainian, French and English. He was the youngest member elected to the Manitoba Legislature, and was later a federal MP. Subsequently, he was Premier of Manitoba for eight years.

The appointment met with the approval of Canada's editorial writers. They all approved of his youth, multilingualism and concern for "national unity."

TS 7/12/78 p. A1; OC 7/12/78 p. 3;

WFP 8/12/78 p. 1; GM 8/12/78 p. 9;

WFP 9/12/78 p. 13; WFP 11/12/78 p. 33.

CNSP NOTE: Whatever else one can say about the appointment, it is clear that the selection of Schreyer should help Trudeau's chances in the next election. The new Governor-General is a westerner, from a province without Liberal representation, is acceptable to all ethnic and linguistic groups and has the image of being concerned with disadvantaged members of society.

On the other hand, those who fear Trudeau's Liberals are out to undermine the role of the Crown might be tempted to say this appointment proves their point, that a New Democrat can't believe in the monarchy.

Be that as it may, the surprise of this move demonstrates why Trudeau has been able to stay in power for 10 years. He apparently retains his ability to out-fox his opponents, surprise the electorate, and yet have them come round to his way. Of course, his ultimate test awaits him in this year's election.

POLICE

OTTAWA WON'T CURB SINS USE

Early in November, Employment Minister Bud Cullen said the government would draw up guidelines to prevent the misuse of social insurance numbers (SINs) as identity cards. Critics had warned of invasions of privacy if SINs were used for anything other than income tax, UIC and pension purposes.

POLITICAL

December saw a change as Cullen cautioned against possible private enterprise accusations that the government was intruding in the former's domain. He created an image of an "army of government investigators prying into the private sector" to make sure citizens weren't being asked for their numbers. Stuart Leggatt (NDP-New Westminster) said the original purpose for SINS was lost when tax officials had entered into a secret agreement in 1972 to exchange information with the RCMP. Now SINS are used in the private sector for everything from signing up pee-wee hockey players to payroll processing at banks. Cullen announced that an advisory committee will be set up in the new year to study the SIN matter. OC 3/11/78 p. 8; GM 9/12/78 p. 2.

UE DEMANDS RESTRICTIONS OF SIN USE

The president of the United Electrical, Radio and Machine Workers' Union, UE, C.S. Jackson, called on the government to "immediately introduce legislation and enshrine in law the restricted use of SINS except for the purpose for which they were designed." The demand followed a request to the Ontario Supreme Court that an injunction be granted to prohibit Canadian General Electric from requiring its employees to wear identification badges carrying SINS. The government's announcement of a committee to study the matter "falls far short of the mark, and does nothing to allay the legitimate fears of Canadians that SINS are being used for surreptitious purposes," said Jackson. "Such a widespread and indiscriminate use of SINS is clearly a serious infringement of civil and democratic rights, and an unwarranted invasion of privacy that would swiftly lead Canada down the road to a police state." UE News Release, 14/12/78.

BLAIS DEFINES NATIONAL SECURITY, SUBVERSION

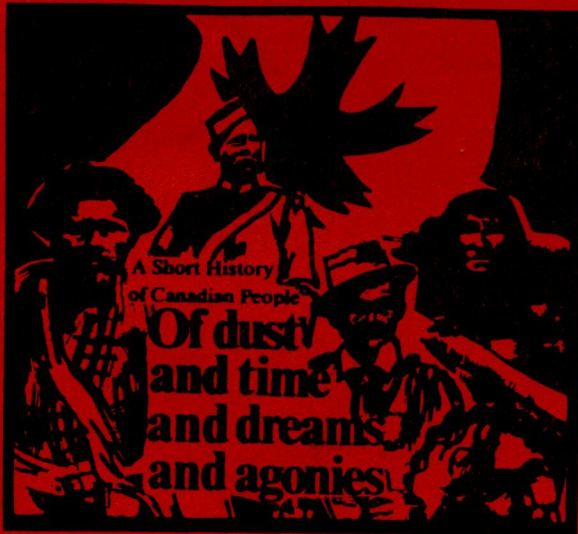
Solicitor-General Jean-Jaques Blais told the Richelieu Club of Ottawa, "National security signifies those interests of our

national life whose integrity from unacceptable interference and influence, overt or clandestine, must be guaranteed if Canada is to continue to exist as a sovereign, independent nation." He related national security to five national interests: international relations, national defence, internal security, continuation of the process of parliamentary and cabinet government, and federal/provincial relations. He defined subversive activity as: espionage or sabotage, foreign intelligence activities towards gathering information relating to Canada, activities of a foreign power directed to actual or potential attacks, activities of a foreign terrorist group directed towards the commission of terrorist acts in or against Canada, activities directed toward accomplishing governmental change within Canada or elsewhere, by force or violence or any criminal means.

Source: Notes for a speech by Mr. Blais, 30/11/78, p. 8.



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