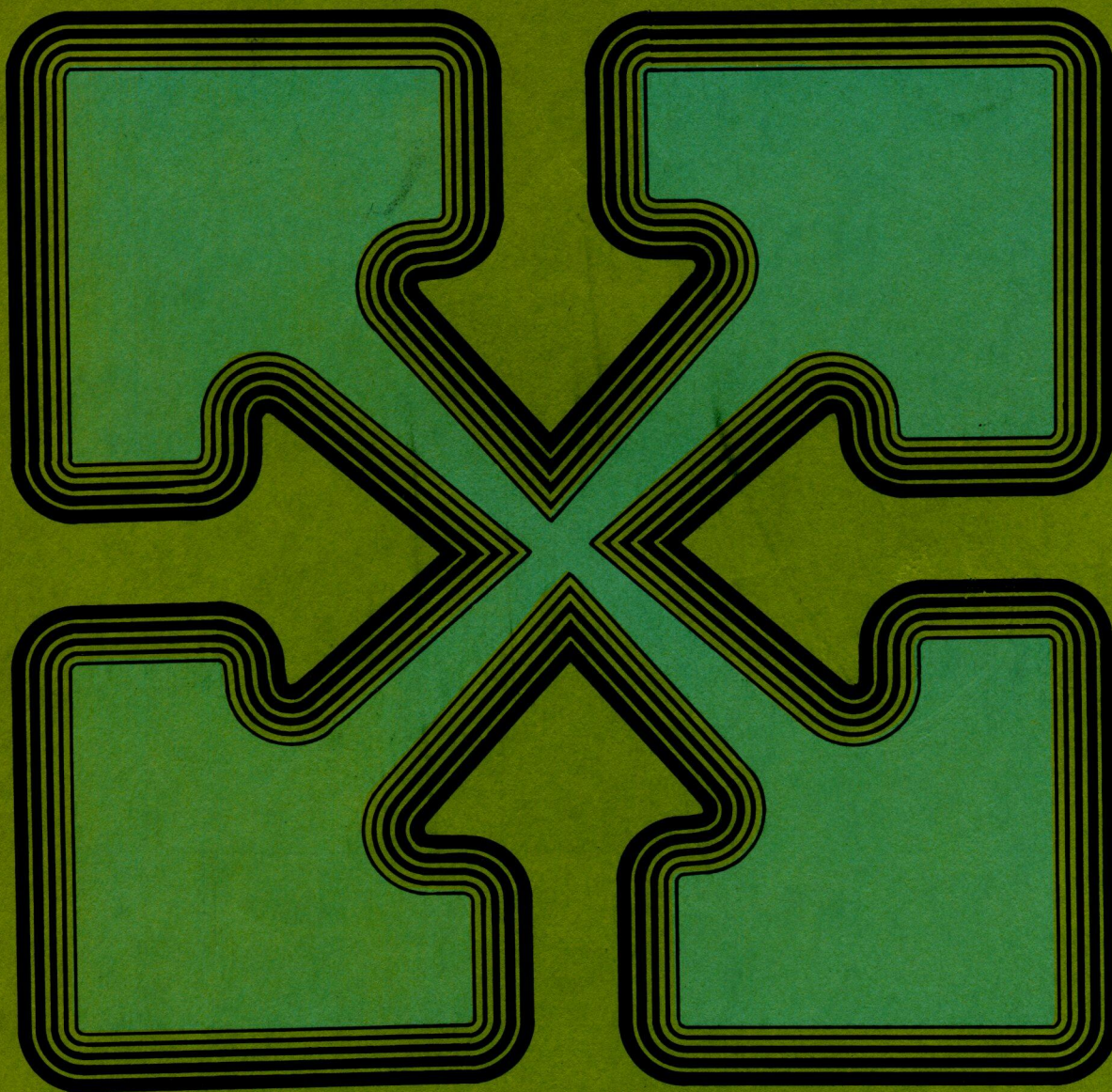


Synthesis

A Review of Events Reported in the Canadian Press



HIGHLIGHTS:

Jobs Lost at GATT
Labour's Political Stance
What Does A Future
Together Hold?

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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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INDEX

EDITORIAL	1	LABOUR	13-18
CANADA AND THE WORLD	3-9	General	13
Canadian Foreign Policy	3	Workers' Struggles	16
Foreign Investment	5	Quebec Labour	17
Trade	7	POLITICAL	19-28
THE ECONOMY	10-12	Federal Government	19
General	10	Provincial Government	20
Oil and Gas	11	Police	25
		Military	26
		Health	27

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Synthesis

HIGHLIGHTS

The latest round of talks of the General Agreement on Tariffs and Trade probably will confirm Canada's status as "hewer of wood and drawer of water." Most negotiators at the talks want to increase free trade by lowering tariffs and other barriers. Since our manufacturing sector is very weak, many industries cannot survive without the protection the government is bargaining away. We will thus be forced back on our dependence on the sale of raw materials to the more powerful industrial nations. See page 7.

The Canadian Labour Congress has decided to mount a full-scale campaign to support the NDP in the upcoming federal election. At the same time the Ontario Federation of Labour has published its proposal for an industrial strategy. With the deepening of Canada's economic problems, worker militancy has increased dramatically. Union members are also becoming more aware of the need for political action to fight the reimposition of wage controls or any new attacks on workers. The unions have now begun to decide what action to take. See page 13.

The Pepin-Robarts Task Force's report, "A Future Together," has proposed a looser federal system that gives the provinces greater control over resource revenues and over cultural development. At the same time, the report urges us to live together appreciating our similarities and accepting our differences. For more on the proposed political reforms see page 19. For another look at how the federal-provincial fight is shaping up, see the following editorial.

What Does A Future Together Hold?

"If CP is a stranger to any part of Canada then this country doesn't exist any more."
-Ian Sinclair, Chairman of Canadian Pacific.

In these days of heady debate over national unity, we've rarely heard such a hard-nosed summary of the purpose of the Canadian Confederation. Ian Sinclair was responding to the British Columbia move to block the purchase of MacMillan Bloedel by CP.

The Fathers of Confederation designed this country's government precisely so that CP would not be a stranger to any part of Canada. From "national dream" to the "corporate conglomerate" of its own ads, CP has typified the advantage Confederation gave to Montreal and Toronto business interests over the economic hinterland of other, resource-based regions.

The MacMillan Bloedel affair itself is not only a symbol of the recurring theme of unequal development of regions of Canada. It also suggests the great impact of the current international economic crisis on our national political structures.

With 1978 profits running high, and the Bryce Commission having given the green light, Canada's giant corporations have recently gone on a buying spree. With international markets, trade and economic growth still sluggish, the corporations are making no new investments that will create jobs. Instead, they have been using their extra cash to buy other firms. The players include the Hudson's Bay Co., Simpson's, Noranda Mines Ltd., and Argus, as well as the CP-MacBlo affair.

B.C. Premier Bill Bennett may have found a useful election ploy with his sudden willingness to drop the shield of defender of private enterprise and intervene in the takeover scramble. CP will not be allowed to buy the province's largest corporate employer, he declared, since, "B.C. is not for sale." No doubt he was also painfully aware that as a resource-dependent province, British Columbia simply cannot afford to see one of its major taxpayers getting its marching, and investment, orders from Montreal. But his fear that a CP-owned MacBlo would not fly the flag of provincial patriotism seems at odds with the fact that only 20 per cent of MacBlo is currently owned by B.C. residents. Nor are other giant of the B.C. industrial scene particularly provincial. Weyerhaeuser, Crown Zellerbach, Rayonier, Scott Paper, and Kaiser of the U.S. are all active in the B.C. forests, and most of the mining companies are owned by U.S. or Japanese firms. But Bennett has not moved to protect those resources for provincial residents and from outside hands.

Besides electioneering, Bennett's actions are typical of provincial moves to protect

their treasuries when a sluggish economy retards the growth of provincial incomes. At federal-provincial conferences in recent years, the provinces have been demanding wider control and jurisdiction in the resource sector. The federal-provincial dispute is over how to split resource-generated wealth between different levels of government.

The recent Pepin-Robarts Task Force report suggests giving more tax and jurisdictional "space" to the provinces. This would lead to a balkanization that has long been a potential result of the north-south nature of the trade between different Canadian regions and their neighbouring American states. The current economic crisis also allows transnational corporations to pressure the provinces--under threat of moving overseas or of locating in one province over another--into further competition with each other. The provinces would bid against each other with offers of subsidies, tax breaks and concessions to secure investments from the corporations.

The economic competition among provinces and between provincial and federal levels of government underlies much of the so-called "Quebec debate", the "western alienation" question and shortly, will be the subject of Alberta, B.C. and federal election campaigns. The scenario challenges the political viability of a nation called Canada.

The corporations have been able to profit quite well under the present political system that exploits many regions of Canada. They would also benefit from a new system that would increase competition between the provinces. The free enterprise system of the western world has caused the current economic crisis, and offers no solution to Canadian governments. The question is: Can there be a purely political solution to "the national question" that ignores the economic reality?

CANADA AND THE WORLD



CANADIAN FOREIGN POLICY

INTRODUCTION: *The new year began with a good deal of second thinking about Canada's foreign policy or lack of one. Canada was not represented when the four biggest capitalist powers got together in sunny Guadeloupe for an informal summit. Several voices called for a new approach to Canadian foreign affairs.*

CHAT IN THE SUN

While the big four North Atlantic leaders prepared to sun together in Guadeloupe, representatives of Canada, West Germany, Australia, Norway, Venezuela, Nigeria and Jamaica got together at Runaway Bay in Jamaica for two days of talks regarding north-south problems with host Prime Minister Michael Manley. The meeting, in which Prime Minister Trudeau took part, was more a seminar than a negotiating session and no marked change was noted in the position of either southern or northern powers.

The Ottawa Citizen called the Jamaica event a chance for a suntan and nothing more. Southam News commentator Don McGillivray though it illustrated the lack of clout in foreign affairs Canada has under Trudeau.

He blames Trudeau's refusal to play the Pearsonian role of "helpful fixer" in international affairs, thus

leaving us out of high-level affairs like Guadeloupe. He also cites Canada's dependency on the U.S. economy which gives us little independence in the world economy.

OC 29/1/78 p.10; OC 30/12/78 p.6;
FTC 8/1/79 p.8.

CNSP NOTE: *There are many reasons why Canada is no longer recognized as having the moral right to play the role of "helpful fixer." However, it is certainly true that Canada's economic dependence on the U.S. makes it increasingly difficult for us to follow an independent course. The leaders of the major powers can plot a common strategy without consulting our government, confident that Canada will follow the others' lead. However, this has less to do with Trudeau's personality than with the economic policies of successive Canadian governments.*

CANADA AND THE WORLD



A Jamaica sojourn

CLARK CLOCKS MILES

Conservative leader Joe Clark and a small entourage made a round-the-world jaunt to Japan, India, Jordan and Europe, to improve the party's image in foreign affairs. The low budget, informal tour was frequently panned in the Canadian press because of lost baggage and mixed-up arrangements, and because of the relative naivete of the Conservative leader.

Clark expressed few differences from the Liberal Government's conduct of foreign policy, apart from favoring stronger action against Canadian companies which comply with the Arab boycott of Israel.

Meanwhile other Conservatives, led by Edmonton MP Doug Roche, organized a two-day foreign policy seminar in Toronto for 50 Canadians. Citing the lack of Parliamentary debate on foreign affairs and the need for a full review of foreign policy (last attempted when the Trudeau government first took power), Roche called for more Canadian public participation in foreign policy decisions. The meeting turned out to be little more than a seminar, raising questions about the depth of concern among MPs other than Roche.

GM 11/1/79 p.10; GM 13/1/79 p.13;
GM 19/1/79 p.16; WFP 11/1/79 p.33;
GM 22/1/79 p.9.

CANADA AND THE WORLD

FOREIGN INVESTMENT

OUR HAND IN IRAN

While the Canadian government stood ready to evacuate the 199 Canadians remaining in Iran in January, concern developed over Canadian money in Iran. Canada Industry, Trade and Commerce admits it has no figures on Canadian investment in Iran.

The Export Development Corporation is funding a total of \$249 million in contracts between Iran and Canadian companies, in forest processing and other fields. The Financial Post commented on the difficulty of knowing what was being risked when Canadian banks don't publish a country-by-country listing of their loans and involvements.

The Bank of Commerce and Toronto-Dominion have been the most active of Canadian banks managing Eurocurrency credits in Iran. The credits are medium-term (7-10 year) consortium loans made in various currencies to prime borrowers (governments or others guaranteed by governments).

Between 1976 and 1978 Iran received 13 such credits, totalling about \$2.6 billion (U.S.). The Commerce was manager of seven (totalling U.S. \$1.4 billion) and the TD was manager of five (totalling U.S. \$1.2 billion). The Bank of Nova Scotia was manager of one. One analyst estimates about 10 per cent of an estimated total of \$6.6 billion (U.S.) in outstanding credits to Iran was provided by Canadian banks themselves.

OC 17/1/79 p. 77; FP 27/1/79 p. 9.

CANADA NEEDS CANADIAN INVESTMENT

Canadian independence requires that we fill more of our own capital needs. Between 1950 and 1977 foreigners provided about 21 per cent of the increase in Canadian capital stock. The figure fell to 12 per cent in the 1970-74 period, but rose to 26 per cent of net investment in Canada in 1977. Existing development policy calls for further large capital investment in resource industries.

These conclusions emerge from a study done for the C.D. Howe Research Institute by Robert M. Dunn of George Washington University.

Dunn's argument is summarized: "The Canadian economy has been able to consume (publicly and privately) and invest more than the economy produces because of an ongoing net inflow of capital from the rest of the world and especially from the United States. This has resulted in the rapid growth of Canada's net debtor position and the continuing dependence of the Canadian economy on foreign capital."

Dunn maintains that Canada could turn its chronic current account deficit into either equilibrium or a surplus if it wanted to. A current account surplus would gradually reduce our debt to the rest of the world. It would not be easy, but it is feasible.

GM 9/1/79 p. B3 Timothy Pritchard;
GM 9/1/79 p. B2 Ronald Anderson.

CNSP NOTE: Some of Dunn's other suggestions include cutting immigration to keep the labour market small, and reducing public and private consumption. In effect, he's calling for an acceptance of Canada's dependent role in the international economy where we don't create jobs, but instead rely on capital-intensive resource industries that use labour "productively."

CANADA AND THE WORLD

Cutting back on public and private consumption means governments are to reduce social welfare spending and individuals are to cut their wage demands and "reduce their expectations." This will free more money for investment by the private sector. These steps might possibly help our balance of payments, but they would certainly increase the rate of profit returned to the owners of resource industries.

Also, when the resource markets slump, as is happening now, the burden would be thrown back on the working class which would not have adequate social welfare programs to rely on.

Dunn is correct when he says Canada depends too heavily on foreign borrowing. But the solution lies more in the government directing investment into areas that will employ more people and will achieve greater self-sufficiency in the production of goods that we need. Given the government's commitment to capitalism, it appears that Ottawa's policy, especially in the area of immigration and social spending, is following Dunn's prescription.

WHOSE HANDS IN WHOSE POCKETS?

Canada and the U.S. have outstanding issues between them that may muddy

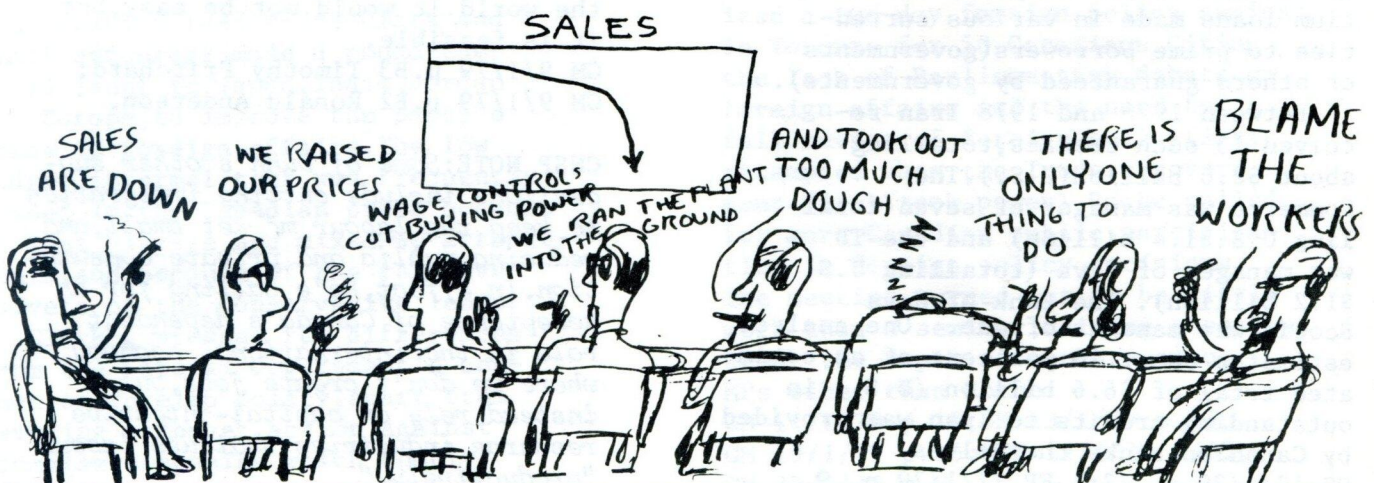
the adoption of a 200-mile limit in 1977 hasn't been settled, and many issues need to be settled by arbitration.

More urgent is the imbalance in the Canada-U.S. auto-pact, in which Canada's trade deficit with the U.S. remained unacceptably high in 1978. Canada angered the U.S. by offering multi-million dollar incentives to Ford and General Motors, touching off a "bidding war" for manufacturing plants.

Meanwhile Canadians are pouring funds into the U.S. at an increasing rate. A Financial Times of Canada estimate considers that up to \$2-billion was invested by Canadians in the U.S. during 1978. Canadian businessmen say they are attracted by the size of the market and the U.S. reputation as the "last bastion of capitalism."

They also like the apparently lower U.S. minimum wage levels and the special tax breaks, mortgage deals and industrial parks offered by U.S. state governments. In 1978, Northern Telecom spent \$300 million buying existing U.S. firms and plants. Real estate firms have also been investing heavily in the U.S., claiming there is much less government red tape there.

OC 26/11/78 p.15, Cathy Mc Kercher
FTC 1/1/79 p.13, Ron Blum.



CANADA AND THE WORLD

TRADE

INTRODUCTION: *Rising levels of exports to the United States, stimulated in part by a devalued Canadian dollar, pushed Canada's merchandise trade surplus to a record \$3.52 billion for 1978. Although balance of payments statistics are not yet available, high outflows of dividend and interest payments are expected to push Canada's service account deficit to a record level of \$8 billion for the year. The result: an estimated \$4.5 billion current account deficit. That means increased foreign borrowing, growing Canadian indebtedness and continued pressure on our dollar.*

Few experts think Canadian trade will fare as well in 1979. High interest rates and other "tight money" policies in the United States will certainly slow the American economy and its demand for Canadian products. If, as many people expect, there is a recession this year, trade will slump slump even more. The financial pundits can only offer 1980 as the year of salvation for our economy, which has been limping since 1975.

Old patterns, meanwhile, continue to repeat themselves. Eight years ago the federal government announced its "third option" strategy to diversify our trade relationships. However, 72 per cent of both our export and import trade is with the U.S., up from 70 per cent in 1977. Our trade deficit in manufactured goods stands at over \$10 billion. The country still wears the mantle of the most trade-dependent nation in the industrialized world.

As the international talks on the General Agreement on Trade and Tariffs (GATT) come to a close this year, the future holds prospects of a short-run loss of jobs and a long-run vision of growing dependence on exports of natural resources to the U.S. and other industrialized nations.

1978 TRADE SURPLUS

Canada had a record \$3.52 billion merchandise trade surplus in 1978, Statistics Canada says. This compares with surpluses of \$2.92 billion in 1977, \$1.34 billion in 1976 and a deficit of \$451 million in 1975.

Exports totalled \$52.3 billion, while imports were \$48.8 billion, both up 17 per cent from 1977 levels.

The trades surplus falls short of the Liberal government's forecast of \$4 billion. GM 27/1/79 p. B16; TS 26/1/79; FTC 1/1/79 p. 3; OC 29/1/79 p. 6.

GATT: CANADA COULD LOSE 33,000 JOBS

Discussions for liberalizing the international trade system among 98 nations are now winding up in Geneva. The General Agreement on Trade and Tariffs (GATT) talks, begun in 1974, may conclude in April. Any new measures could come into effect starting in 1980.

The complex process of reducing tariff and non-tariff barriers has been a continual see-saw battle for more than five years between protectionist and freer trade pressures.

CANADA AND THE WORLD

The economic recession of 1974-75, followed by years of unusually slow growth for industrial nations, has resulted in tariffs and other barriers to protect domestic industries from foreign competition.

At the same time, the urgent need for a new GATT agreement, liberalizing world trade, has been repeatedly emphasized by leaders of the industrialized world to avoid continued economic sluggishness and a possible trade war.

The GATT discussions are finalizing agreement on a 33 per cent average reduction in tariff levels and 10 codes to cut non-tariff barriers. Canada's negotiators at the GATT appear to be settling for less than was originally hoped. Resource industries and agriculture in Canada will likely benefit under the new formula.

But machinery and equipment, textiles, transportation equipment, chemicals, base metals and precision instruments may be hard hit. According to the Brookings Institute in Washington, Canada may face a loss of 45,000 jobs because of rising imports given access to the domestic market by lower GATT tariff levels.

Partially offsetting this will be a gain of 12,000 jobs from increases in exports. The net loss of jobs--33,000.

Unless special measures are adopted, the impact on Canada's textile industry could be serious, causing the federal Liberal Party problems in the upcoming election. Some of the ill-effects of the tariff reductions could be offset by the employment of more non-tariff barriers such as quotas, government buying preferences and technical standards. Ontario's Minister of Industry and Tourism, Larry Grossman, says Canada has "made limited use of non-tariff barriers."

The major codes of conduct drawn up so far by GATT are:

-Countervailing duties. The new rules limit the use of direct and indirect subsidies by governments to industry. Other countries must prove injury to their domestic economy by imports whose production has been subsidized

by other governments before retaliatory action is taken (something the U.S. has never done).

Most recently the U.S. Treasury decided to impose a countervailing duty on a Canadian high-technology import, from Honeywell Ltd., which was developed with federal research subsidies. Such retaliation could jeopardize any attempts by the Canadian government to stimulate more research and development work in Canada, especially in disadvantaged regions of the country.

- Import safeguards. Such safeguards, policed and limited by the GATT organization in Geneva, allow a country to temporarily restrict imports to give a domestic industry time to adjust to world competition.

- Government purchasing. Foreign firms are to receive no less favourable treatment than domestic producers in competition for government contracts.

- Customs valuation. The Canadian system of customs valuation would be changed under the new GATT agreement. Instead of being based on "fair market value" in the country of origin, customs valuation (for purposes of applying tariffs) will be based on the price of the transaction when the goods were sold for export. This could increase competition from lower-priced imports and create a large loophole for transfer-pricing on the part of multinational corporations.

- Trade in farm products. There will be an easing of restrictions on agricultural trade.

International implementation of the new GATT agreement may be delayed by debate in the U.S. Congress, where non-tariff items must be legislated. FTC 8/1/79 p. 4, Peter Cook; GM 12/1/79 p. B2; FP 20/1/79 ed.; FP 9/1/79 p. 1; OC 20/1/79 p. 30.

EDC BACKS CANDU SALE TO ROMANIA

Canadian and Romanian officials signed a \$1 billion loan agreement Dec. 16 supporting the sale of four 600-megawatt nuclear reactors to Romania. The deal is the first for-

CANADA AND THE WORLD

eign sale of a CANDU in three years (earlier sales were made to South Korea and Argentina). The loan was arranged by the crown-owned Export Development Corporation (EDC) and includes the participation of a consortium of Canadian banks valued at \$320 million.

During 1978, the EDC doubled its international business in support of Canadian exports. The EDC signed 31 lending transactions valued at \$3.2 billion involving 20 countries. The corporation also extended the value of its insurance and foreign investment guarantee coverage to more than \$3 billion from a 1977 value of \$1.5 billion.

WFP 6/1/79 p.4; OC 6/1/79 p.9

OC 16/12/78 p.10; GM 8/12/78 p.B16



GLOBE-TROTTING MINISTERS PUSH EXPORTS

Export opportunities for Canada have a suspicious way of following the sun during harsh Canadian winters. No less than five federal cabinet ministers were off in the sun-belt pushing Canadian exports in January.

Trade Minister Jack Horner visited China, the Philippines and Indonesia with federal officials and 20 businessmen. External Affairs Minister Don Jamieson toured the Caribbean (Barbados, St. Lucia and Jamaica) on a visit to sign a new trade and economic co-operation agreement with the 12-member Caribbean Common Market (Caricom).

Meanwhile Finance Minister Jean Chretien was winding up trips to Argentina, Brazil and Ecuador in his capacity as a chairman of the Inter-American Development Bank and taking the opportunity to push Canadian wares. Energy Minister Alastair Gillespie flew to Mexico and Venezuela. Small Business Minister Tony Abbott visited India, and Assistant Deputy Minister of Industry, Trade and Commerce Claude Charland was preparing to leave with a business group

for Central America.

All of the efforts are part of the federal government's attempts to diversify Canadian trade which continues to be more than 70 per cent dependent on the United States.

Horner's visit to China aimed at establishing a long-term agreement to take advantage of China's new program for industrialization. Both Japan and France have recently concluded multi-billion dollar agreements with China; West Germany and the U.S. are expected to announce deals shortly.

Canada wants a share of the growing market, but a Canada-China agreement may not be signed until next April when a Chinese delegation visits Canada. Canadian companies now bidding for Chinese business include Hydro-Quebec, Massey-Ferguson, Canadiar, MacMillan Bloedel, Canpotex, Bombardier, Alcan, CP Air and Petro-Canada. Paul Desmarais of Power Corp. led a 19-member business delegation to China last October to explore export opportunities. Upon its return, the group established the Canada-China Trade Council for 73 Canadian companies who want to take part in the bonanza.

Horner's stopover in Indonesia resulted in interest in Canadian exports of products and services for mining, power generation and oil and gas projects. Potential trade will be encouraged by a recently-signed \$500 million EDC line of credit to Indonesia and a possible \$500 million contribution from the Canadian International Development Agency (CIDA).

In Mexico, Energy Minister Gillespie arranged for the purchase of 100,000 barrels of oil a day and in return he hopes Canada can sell CANDU reactors and technology. Last year the EDC announced a \$1.2 billion line of credit for Mexico. In Venezuela, Gillespie arranged a technical and research agreement between Petro-Canada and the Venezuelan state oil company.

OC 16/1/79 p.8; HCH 8/1/79 p.1;
TS 12/1/79 editorial; FTC 25/12/78 p.1;
WFP 13/1/79 p.11; GM 17/1/79 p.B1;
FTC 22/1/79 p.11; FP 20/1/79 p.5;

THE ECONOMY

MINIMUM WAGE LAGS BEHIND

The average minimum wage in Canada is now \$2.94 an hour. The U.S. average minimum is over \$3.00 an hour (the federal minimum is \$2.90). Only Quebec plans to raise its minimum wage this year.

Thus by January 1980, the minimum wage will have risen by less than seven per cent between January 1976 and January 1980, while inflation

will have boosted prices by more than 30 per cent.

The sustained business campaign against "irresponsible" wage increases granted by governments earlier in the seventies has apparently succeeded. For example, in 1978 the Ontario government voiced doubts about the value of minimum wage laws and began a study to decide whether they should be abolished.

FTC 8/1/79.

Canada's evolving minimum wage

	Minimum wage		Av. hrly. mfg. earnings		Min. wages as a % of mfg. earnings	
	Jan./79	Change from Jan./76	Jun./78	Change from Jun./76	Jun./78	Jun./76
	\$	%	\$	%	%	%
Federal	2.90	0	N/A	N/A	N/A	N/A
Nfld.	2.50	0	6.06	12	41	46
P.E.I.	2.75	10	N/A	N/A	N/A	N/A
N.S.	2.75	10	5.98	17	46	47
N.B.	2.80	10	6.09	15	46	49
Quebec	3.37	17	6.23	19	54	55
Ontario	3.00	13	6.87	16	44	42
Manitoba	2.95	0	6.04	14	49	56
Saskatchewan	3.25	16	7.27	18	45	46
Alberta	3.00	9	7.46	18	40	44
B.C.	3.00	0	8.97	16	33	39
N.W.T.	3.00	0	N/A	N/A	N/A	N/A
Yukon	3.00	0	N/A	N/A	N/A	N/A
Average	2.94	7	6.77	16	43	51
United States	2.90	23	6.13	19	47	45

Sources: Statistics Canada; federal department of labor; U.S. Bureau of Labor Statistics.

REAL WAGES ARE DROPPING

At the same time, the real wage is falling. Average wages in October, 1978 were only 5.6 per cent higher than in October, 1977. The combination of the Anti-Inflation Board, increased unemployment and the threat of more layoffs have all served to return to business a higher share of the national income at the expense of the working class.

FP 13/1/79 p.8.

CNSP NOTE: The latest statistics show the poverty line for a family of 10 Vol. 7 No. 1

four living in Toronto is \$13,000 per year. Ontario's minimum wage is \$3.00/hour. Thus, a family which depends on minimum-wage jobs for support needs to have two people working full-time at such jobs just to reach the poverty line.

Business spokesmen will no doubt claim that relatively few companies pay the minimum wage, that this is only a floor. But this isn't what they were saying two and three years ago at the height of the anti-minimum wage campaign. At that time, people said small businesses could only afford to pay minimum wage if they were to survive.

OIL AND GAS

INTRODUCTION: *There were interesting developments in the evolution of a continental energy policy this month with Energy Minister Alastair Gillespie flying south to secure supplies of Mexican crude oil and Northern Pipeline Commissioner Mitchell Sharp speaking in New York in an attempt to downplay the size of the current Alberta gas bubble. Meanwhile, U.S. Energy Secretary James Schlesinger outlined a subtle switch in U.S. energy priorities. Delays continue to plague the proposed Alcan gas pipeline.*

MACKENZIE VALLEY STAGES COMEBACK

The Polar Gas consortium, which currently has an application before the National Energy Board (NEB) to build a \$7.1 billion pipeline to carry gas from the Arctic islands south, is considering the Mackenzie Valley corridor as an alternative route. Polar Gas plans to collect gas from both the Mackenzie Delta and the Arctic islands.

Alberta Gas Trunk (AGTL) is also discussing the Mackenzie Valley route as an alternative to the Dempster Highway connection to the Alcan Pipeline. The Alcan group must apply to the NEB by mid-1979 with its plans for the Dempster lateral line. Dome Petroleum, with large Arctic interests and a piece of Trans-Canada Pipelines, is discussing the project with AGTL. It sees the Mackenzie Valley line as a way of getting Beaufort Sea gas to markets and expanding existing Transcanada facilities to carry new supplies of gas from Alaska, the Arctic and Alberta.

GM 23/1/79 p.B7; GM 4/1/79 p.B2.

ALCAN PIPELINE: MORE DELAYS

Northwest Alaskan Pipeline--a U.S.

member of the Alcan consortium--says the project will be delayed another year because of U.S. government and regulatory agency difficulties. Deliveries of Alaskan gas are now scheduled for the winter of 1984-85. Each year of delay adds a billion dollars to the total cost, now estimated at more than \$14 billion.

Financing the line presents a problem until U.S. investors are satisfied with the rate of return. There are signs that the U.S. government is willing to provide financial assistance to the Alaskan section of the line to make sure it's built. Ottawa so far has refused to consider any government backstepping.

GM 25/1/79 p.B1; GM 27/1/79 p.B1.

LESS GAS FOR EXPORT?

Northern Pipeline Agency commissioner Mitchell Sharp says gas exports to the U.S. will not be so cheap and plentiful that they will undermine the economic viability of the Alcan gas pipeline. Sharp's comments are seen as preparing the way for the NEB report on natural gas supply and demand due in early March.

Sharp also supported U.S. Energy Secretary James Schlesinger's push to eliminate the uncertainty surrounding the Alcan pipeline by downplaying

THE ECONOMY

cheap Mexican and Canadian gas. Schlesinger wants Ottawa to provide a public statement of support for the "prebuild" gas export scheme that would give the Alcan line a boost by getting the construction of the southern sections of the line underway. GM 9/1/79 p.B7.

COMPANIES COMBINE ON GAS EXPORT BID

The two main contenders for the right to ship surplus Alberta gas south may combine their plans. Transcanada Pipelines, part of the Progas group, may join the rival Pan-Alberta "prebuild" scheme controlled by the Alcan group. Transcanada would then handle the initial gas exports south starting in the fall of 1979 and lasting until the southern parts of the Alcan line can be built.

The scheme would allow both companies to benefit from exports and would also conform to Secretary Schlesinger's policy favouring gas exports that firm up the Alcan pipeline. He says domestic gas (including Alaskan) will take precedence over both Canadian and Mexican imports.

FP 20/1/79 p.1; GM 25/1/79 p.B5.

CNSP NOTE: Dome Petroleum with 20 per cent ownership in Transcanada Pipelines is seeking to collaborate with AGTL and the Alcan consortium on another front--shipping Mackenzie Delta and Beaufort Sea gas down the Mackenzie Valley (see above).

MEXICO SELLS US OIL

The Mexican government, through its state oil company Pemex, has agreed to sell Canada as much as 100,000 barrels of oil a day. The purchase is government to government, thus avoiding the usual multinational formula of private deals through parent companies. Deliveries will build up steadily and reach the 100,000 barrel a day mark by 1981.

In return, Energy Minister Alastair Gillespie wants to sell Mexico coal and CANDU nuclear technology. Gillespie says the Mexican deal will help ensure sec-12 Vol. 7 No. 1

urity of energy supply if the OPEC nations threaten another boycott. GM 13/1/79 p.B1; WFP 13/1/79 p.4.

U.S. ENERGY POLICY SHIFTS

U.S. Energy Secretary James Schlesinger announced a shift in energy policy emphasizing natural gas substitution, a move away from an earlier emphasis on coal. Schlesinger ranks Canadian and Mexican gas behind domestic, including Alaskan gas, in priority. Next on the list is short-haul liquified natural gas, probably from the Canadian Arctic.

If the new move to gas catches on, the U.S. might suddenly be able to absorb all the gas available. This could increase pressure on Ottawa to increase exports now since Mexico will have vast gas surpluses if oil production proceeds as planned by 1980. This combined surplus of energy supplies could easily drive the price of Canadian gas down.

WFP 13/1/79 p.20; Jeff Carruthers.

PETRO-CANADA PLANS LNG EXPORTS TO U.S.

Petro-Canada is seeking NEB approval to ship natural gas by tanker from the high Arctic to the east coast and then possibly to the U.S. The deal would allow the current Alberta gas surplus to be exported directly to the American midwest at the cost of bringing in high Arctic gas. Eventual Canadian consumers of the regasified liquified natural gas would pay the going rate for domestic gas shipped east by pipeline, even though it would be high-cost Arctic gas.

The plan is heavily dependent on completion of the gas pipeline extension to Quebec and the Maritimes, and on NEB approval of Canadian exports. This new LNG scheme comes soon after the rejection of an LNG project mounted by Tenneco which wanted to import Algerian gas by tanker to St. John, N.B. for shipment to the U.S. east coast. AGTL and Melville Shipping are partners in the Petro-Can plans, and Dome Petroleum is reportedly interested in joining too.

GM 18/1/79 p.B1; HCH 19/1/79 p.1.

GENERAL

CLC BACKS NDP

Dennis McDermott, President of the Canadian Labour Congress, announced the CLC will officially back the NDP in the upcoming federal election, and use all the finances, manpower and expertise at its disposal to help elect NDP candidates. He cites this commitment as evidence of a new "political maturity" of Canadian workers. The CLC hopes for a minority government with the NDP holding the balance of power. WFP 8/1/79 p. 12; GM 23/1/79 p. 2; OC 8/1/79 p. 8.

CNSP NOTE: *It is interesting to note that while the news media is presenting this CLC support for the NDP as "new," it is a long-standing relationship being accelerated by the unions' desire to protect their members during an increased economic crisis.*

TRIPARTISM

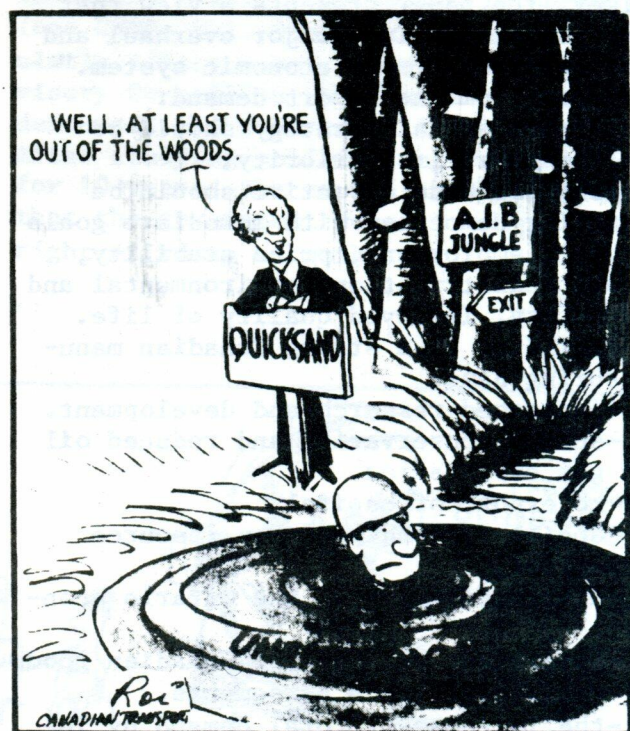
According to CLC president McDermott, labour is achieving more credibility with the government through increasing consultations with government and business. Although McDermott has not yet talked much about the policy of tripartite (labour-business-government) discussions, the CLC under his leadership has been participating in a series of tripartite studies on 23 manufacturing sectors in the Canadian economy.

Similarly, the CLC is preparing to take part in the tripartite board to run a Collective Bargaining Centre to be established by the federal Department of Labour. Lynn Williams, Secretary of the United Steelworkers of America, urged unionists to establish the greater openness and communications with the government which, he says, exists in the United States.

GM 10/1/79 p. 12; GM 25/1/79 p. 4.

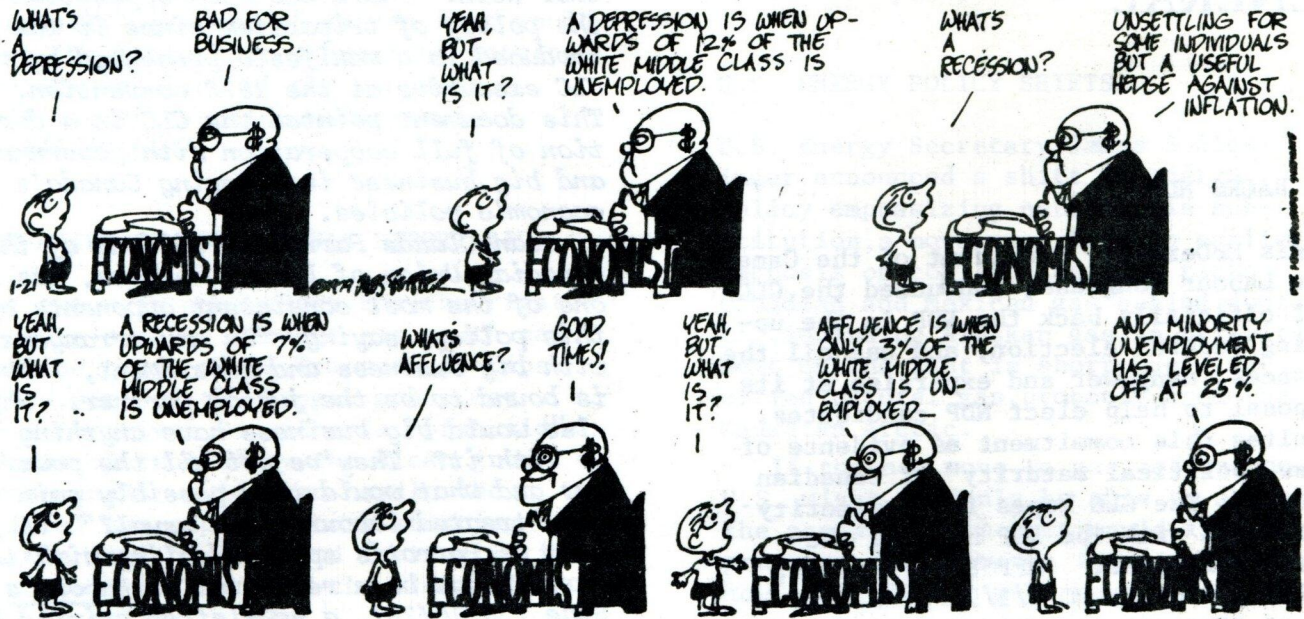
CNSP NOTE: *There has been opposition to the policy of tripartism since it was introduced in a manifesto presented by the CLC executive at the 1976 convention. This document pointed the CLC in a direction of full cooperation with government and big business in planning Canada's economic policies.*

Jean-Claude Parrot, president of the Canadian Union of Postal Workers, has been one of the most consistent opponents of this policy, saying, "In any arrangement with big business and government, labour is bound to be the junior partner. Why else would big business have anything to do with it? They've got all the power now and what would they possibly gain if they treated labour as an equal?" (A full text of Parrot's speech dealing with tripartism has been reprinted in Labour's Side (20/10/78), a newsletter printed by the Nova Scotia Labour Research and Support Centre.)



LABOUR

FEIFFER



OFL INDUSTRIAL STRATEGY

A new policy paper has been released by the Ontario Federation of Labour (OFL), outlining the federation's position on the course the Canadian economy should take. According to OFL president Cliff Pilkey, the paper presents a view that "what is needed is a major overhaul and restructuring of our economic system." Excerpts from the report demand:

- an industrial strategy should be Parliament's first priority.
- the ultimate objective should be socialist democracy with immediate goals of; full employment, price stability, income redistribution, environmental and job safety, improved quality of life.
- building of a strong Canadian manufacturing base.
- increased research and development.
- energy conservation and reduced oil and gas exportation.
- no export of capital.
- social ownership of key resource industries.
- diversification of the Ontario economy.
- government purchase of Canadian goods.
- reciprocal trade agreements.
- the increase of total demand by in-

creasing social services and reducing personal income taxes for middle and low income earners.

GM 9/1/79 p. 7

NEW STATISTICS ON UNEMPLOYMENT

Statistics Canada has begun to publish a new set of statistics which reflect the course of the economy, called the employment ratio, or rate. It records the percentage of a given population group with jobs, and is more accurate than the unemployment rate because it records the number of people holding jobs at any given time. Under this new method, 60 per cent of men between the ages of 15 and 24 are shown to have jobs.

At the same time, new figures on amounts of unemployment insurance payments have been released. In 1978, the government paid 18 per cent more in benefits than it did in 1977. In total, \$3.8 billion was paid to claimants.

OC 10/1/79 p. 13; FTC 15/1/79 p. 10

LAYOFFS CUT WORKFORCE

In Manitoba, a further 52 government employees have been laid off or told their jobs will end in March. They include workers in the Department of Northern Affairs, Agricultural and Rural Development Agreement and Fund for Rural Economic Development. Premier Sterling Lyon said that the government has decreased the civil service by 12.9 per cent, or 1,790 jobs since it took office in October 1977.

WFP 13/1/79 p. 10.

More than 45 per cent of the workforce at Budd Automotive of Canada Ltd., in Kitchener, Ont., is being laid off. The 1,175 workers will be laid off as a result of Ford Motor Co. cancelling a contract with Budd. The Ontario government recently gave Ford \$68 million to build two plants in Windsor, Ont., which are supposed to create 2,750 new jobs.

GM 17/1/79 p. 5.

CLASH AT SAFETY INQUIRY

The Manitoba Mines Health and Safety Review Committee has been hearing conflicting views from union and company representatives about conditions in mines. The committee was established in response to mining unions' requests for an investigation into what they claim is a serious increase in accident frequency.

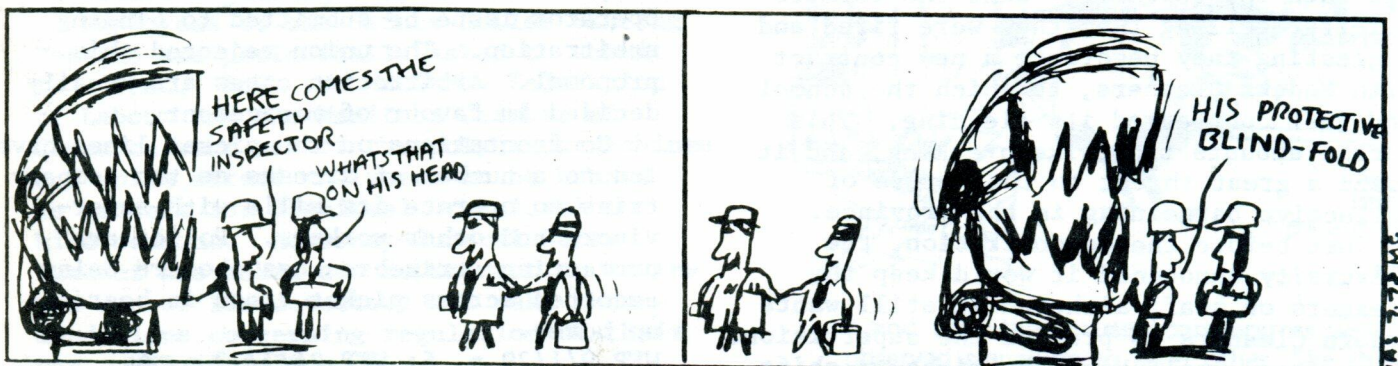
The Manitoba Federation of Labour criticized the government for failing to hire enough staff (doctors, industrial hygienists and inspectors) to research mining safety and carry out the responsibilities of the industrial safety branch of the labour department. The mining companies say safety measures are adequate.

Both labour and management representatives accuse the government of not providing any training guidance or help in implementing the Manitoba Workplace and Safety Act. The unions would like to see the training and equipping of worker-inspectors, annual employee medical examinations, historical records on conditions and hazards each employee is exposed to, and a strengthening of the individual and collective right of workers to refuse unsafe work.

WFP 11/1/79 p. 8; WFP 24/1/79 p. 5.

WOMEN ATTACK GOVERNMENT CUTBACKS

Women's groups across the country are angry at changes in the unemployment insurance regulations passed in December (see CNSP, Vol. 6, No. 9) which particularly affect women. The Federal Advisory Council on the Status of Women denounced the government for its policies. After studying policies regarding women for 10 years, the council had concluded that the government doesn't accept the right of women to work.



LABOUR

The council also charged the government with hiring fewer women than men, laying off more women, continuing wage inequalities, concentrating women in job ghettos, and excluding more women from benefits by hiring them as temporary workers.

In the same vein, the National Action Committee on the Status of Women attacked the government for policies which "amount to an economic attack" on women. These include: changes in unemployment insurance rules regarding eligibility and benefits, cuts of \$6.00 per month in family allowance payments, a 35 per cent cut in the financing of community employment centres for women under Outreach services, cuts in training allowances for married women from \$45.00 to \$10.00 per week, slashing of family planning grants, and changes in rules for paying public servants.
TS 12/1/79 p. 1; OC 11/1/79 p. 41.

cleaners from building to building as they are needed for three months at a time. CUPE is opposed to this, saying the company could reduce the workforce by shuffling members around till they get fed up and quit. The union says Modern has a bad reputation for driving its workers like horses. Also, companies that sign contracts with Modern don't often repeat.

The Nova Scotia Labour Relations Board is holding hearings to look at CUPE's charges of unfair labour practices against the university. GM 25/1/79 p. 9, M. Gray; Strike broadsheet by CUPE and Nova Scotia Federation of Labour.



WORKERS' STRUGGLES

PROTEST OVER UNION-BUSTING TACTICS

Dalhousie University was virtually closed down on January 24 as 1,100 workers, students and other supporters joined the picket line of the university's striking maintenance staff. The protest, organized by the Nova Scotia Federation of Labour, drew steelworkers and fishermen as well as students and faculty members.

The strike by the cleaners, general maintenance and grounds-crew members of CUPE Local 1392 began on November 5 to back wage demands that would barely keep the workers abreast of the rising cost of living. It escalated just before Christmas when the university sent the workers a letter telling them they were fired and suggesting they negotiate a new contract with Modern Cleaners, to which the school had just contracted its cleaning. This tactic amounts to strike-breaking, and it posed a great threat to the future of collective bargaining in the province.

Just before the demonstration, the university announced it would keep the cleaners on staff although it still wants Modern Cleaners to provide the supervision. The company would have the right to shift

LUMBERWORKERS FIGHT PIECEWORK

The strike by the Lumber and Sawmill Workers' Union against Boise Cascade Ltd. continues. The company wants to introduce piecework in the woodlands area of operations, doing away with the hourly wage and forcing the workers to buy their own equipment. Harry Sherman, president of Boise's Canadian operations, says management won't budge from its position. It will mean a large saving for the company.

A special dispute advisory committee, headed by former Ontario NDP leader Stephen Lewis, recommended the owner-operator issue be submitted to binding arbitration. The union rejected this proposal. Arbitration cases are usually decided in favour of management.

Confrontations on the picket lines have led to a number of arrests as the company tries to operate its mills with supervisors and other workers. Police are protecting strikebreakers who are being escorted across picket lines in boarded-up buses.

WFP 9/1/79 p. 6; WFP 24/1/79 p. 6.

SUPPORT STAFF STRIKE AT COMMUNITY COLLEGES

Members of the Ontario Public Service Employees' Union (OPSEU) went on strike for two weeks at Ontario's 22 Community Colleges in January. The 4,300 members of the support staff, which includes typists, clerks, technicians, and library, cafeteria and maintenance workers, were asking for a 10 per cent wage increase and a benefit package.

The teachers at the colleges are members of the same union, but have their own collective agreement. They were told they would be fired if they refused to cross the picket lines.

The strike ended in early February with union members accepting a six per cent increase retroactive to January 1. The wage pact included a 2.78 per cent raise retroactive to September 1 for all workers and an extra 15-cents-per-hour raise for 225 employees in lower-paid classifications, as well as improvements in paid sick leave, group life insurance and Christmas vacations.

The union's seven-member bargaining committee urged acceptance of the offer, but an advisory committee consisting of three members of each of the 22 college locals voted by a two-to-one margin to reject it.

GM 25/1/79 p. 5; TS 7/2/79 p. A2.

EMPLOYEES SUBJECTED TO LIE-DETECTOR TESTS

The Manitoba Human Rights Commission is investigating a complaint made by a woman who was asked to take a lie-detector test when applying for a janitorial job at a skating rink. This is the first complaint concerning the use of lie-detectors in job applications. There is no legislation in Canada regarding their use.

Employees at the Saints Roller Skating Centres are periodically asked to submit to a test. Both the Manitoba Federation of Labour and the Manitoba Chamber of Commerce want use of the polygraph machines and voice stress analysers to be banned as grounds for dismissal or refusal to hire someone. Attorney-General Gerry Mercer has asked his department to review the use of lie-detectors and make recommendations concerning regulation of their use. WFP 20/1/79 p. 6.

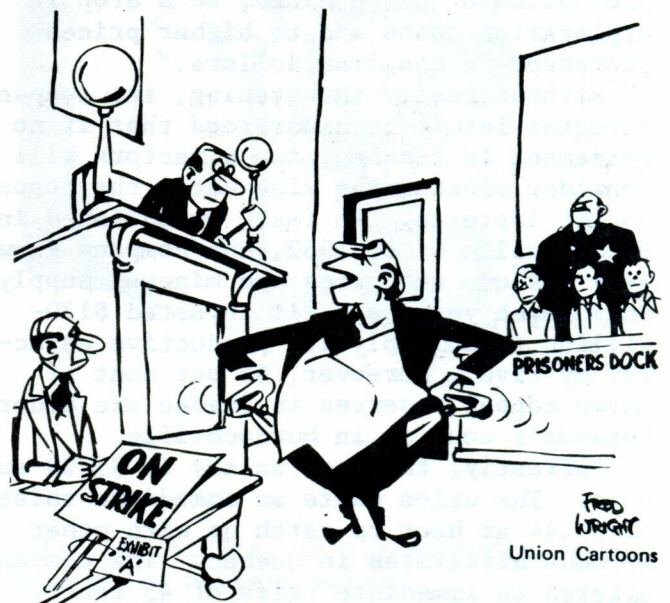
QUEBEC LABOUR

STRIKE CLOSES 40% OF SAVINGS BANK BRANCHES

Negotiations began again at the Savings Bank where management and 950 employees felt the effects of the first large-scale legal strike in the North American banking system. The federal Ministry of Labour named a mediator. The bank's management tried to keep as many branches open as possible--about 60 per cent, while the union used picket lines to urge customers to avoid using the banks. The banks were staffed by some regular employees, their relatives and former full- and part-time workers.

The last offer by management was for a 9.5 per cent increase, while workers asked for 13.5 per cent. The management position was rejected by 80 per cent of the union membership.

LD 25/1/79 p. 3, Louis-Gilles Francoeur.



" and then the accused conspirators were observed signalling to each other, like this..."

LABOUR

TWO VOYAGEUR BUSES SHOT AT

The first major incident marked the strike when a hidden sniper shot at two Voyageur vehicles, wounding an eight-year-old girl. The buses were headed towards Montreal and were twenty miles north-west of Grand-Remours on Highway 117. A spokesman for the Teamsters Union said all its members were busy picketing bus terminals in Montreal and Quebec City.

The Quebec Provincial Police has decided to increase surveillance of the route between Montreal and northwestern Quebec because of the shooting.

LD 6/1/79 p. 3, Andre Tardif;

LD 8/1/79 p. 3.

SALARIES LOW: MURDOCHVILLE STRIKE LONG

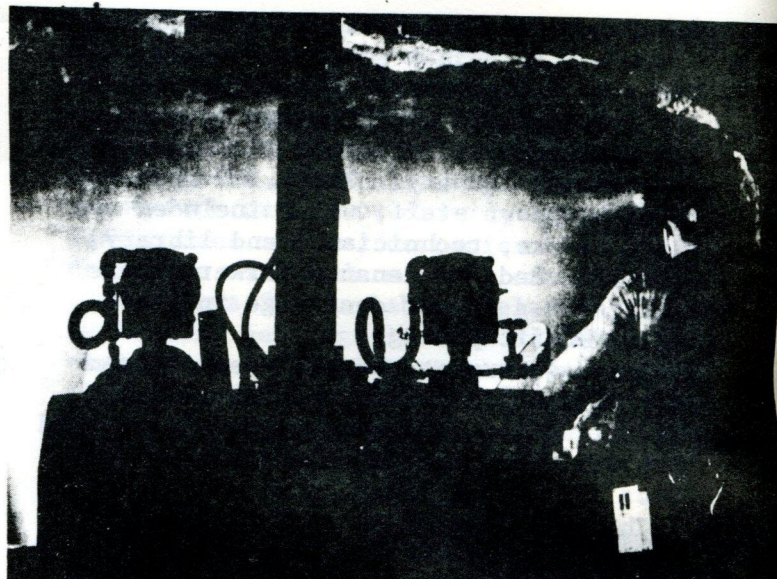
Almost forgotten, the strike at Gaspé Mines, an affiliate of Noranda Mines, enters its third month.

The Gaspé Mines management claims substantial losses at Murdochville; \$7 million in 1977 and a forecast \$9 million in 1978. But the union, the United Metal Workers of America (a QFL affiliate), points to a Noranda Mines release of last July which says, "For the first half of 1978, Noranda's profits from mining and metallurgy rose by 73 per cent over last year, thanks to an improvement in the exploitation of Gaspé Mines, to a drop in exploration costs and to higher prices expressed in Canadian dollars."

Without really threatening, the company director let it be understood that if no agreement is reached, the directors will consider closing the mine until the copper market improves. In fact, established in Murdochville since 1952, the company knows well its own resources and mineral supply. Only seven years ago, it invested \$130-million to multiply its productive capacity by five. Moreover, 68 per cent of known copper reserves in Quebec are under Noranda's control in Murdochville.

Currently, the base salary is \$5.20 an hour. The union wants an immediate raise of \$1.44 an hour to catch up with other Noranda affiliates in Quebec. The company offered an immediate raise of 45 cents. In all, the union wants a raise of \$2.94 over 30 months while the company is willing to give an increase of 75 cents over

18 Vol. 7 No. 1



24 months. The union also wants improved pensions, bonuses and vacations, and a cost of living allowance. It also wants Noranda to stop sub-contracting work which its own members can do. It also wants changes in the appointment of foremen.

LD 29/12/78 p. 2, Jacques Keable.

WORKER PAID FOR NOT JOINING STRIKE

A unionist who can't work because of an illegal strike in which he refuses to participate has the right to demand compensation from his union for the lost pay. This is the result of a judgement by the Justice Access Court in Quebec. In this case, a unionized worker won the right to be paid by his union for salary lost due to an illegal strike.

The judge ruled that the employee had been ready to work on the day of the strike, had appeared at the job site at the right hour, had complied with the suggestion of his superiors not to force his way through the picket line, and belonged to a union group which had not been consulted before the strike began.

LD 18/1/79 p. 9, (CP)

FEDERAL GOVERNMENT

INTRODUCTION: *"A Future Together," the report of the Pepin-Robarts Task Force on Canadian Unity, was released in January. The Report outlines an overhaul for the federal system and urges Canadians to appreciate the diversity of Canada and to restructure federal institutions to reflect that diversity. A review and analysis of the Report follows.*

TASK FORCE TALKS

After 18 months of travel and public hearings, the eight-member Task Force on Canadian Unity headed by Jean-Luc Pepin and John Robarts released its report on January 25th. To promote what it called the three underlying principles of Canada—the cultural duality of English and French, regionalism and sharing of resources—the Task Force offered these recommendations:

- 60 new members for the House of Commons elected from lists drawn up in advance of an election by each party. Each party would then elect members from this list according to the popular vote received in the election. The Task Force said this change would ensure representation for each from all regions of Canada.

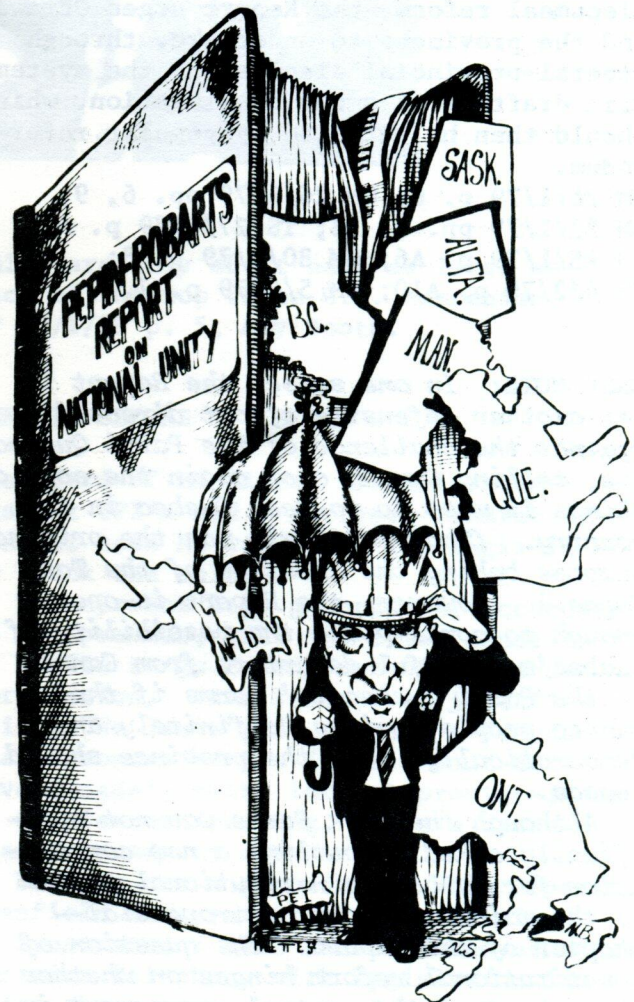
- a new upper house, called the Council of the Federation, composed of 60 members appointed by the provincial governments. The council, which would have no power in matters solely of federal concern, could delay or block measures impinging on provincial jurisdiction and would approve appointments to the Supreme Court and federal agencies.

- granting of the right to Quebeckers to determine their own political future, including voting for independence, without outside interference.

- retention of the constitutional monarchy.

- a new constitutional amending procedure, calling for approval by both Houses of Parliament and a Canada-wide referendum with majorities in each of four regions—the Atlantic Provinces, Quebec, Ontario, and the West.

- a declaration of rights in the constitution, including political, legal, economic and linguistic rights for the educ-



- ation of children in the minority language where numbers warrant.
- a new distribution of powers, clarifying the roles of the federal and provincial governments to minimize overlap.

POLITICAL

--special powers for Quebec in the field of culture that other provinces could either use or delegate to the federal government.

--entrenchment in the constitution of revenue equalization programmes for disadvantaged provinces.

--support for federal bilingualism policies, but rejection of entrenched linguistic guarantees within provincial jurisdiction unless approved by the provinces concerned.

The Report contains many ideas borrowed from different political parties, interest groups and other countries. Instead of piecemeal reform, the Report urges Ottawa and the provinces to undertake, through federal-provincial discussion, the systematic drafting of a new constitution, which should then be ratified by popular referendum.

GM 25/1/79 p. 6; GM 26/1/79 pp. 6, 9;
GM 27/1/79 pp. 4, 13; TS 27/1/79 p. A16;
TS 28/1/79 p. A6; GM 30/1/79 p. 8;
TS 4/2/79 p. A10; GM 5/2/79 p. 7.

CNSP NOTE: *In one sense, the Report is yet another defensive effort directed against the challenge of the Parti Quebecois, telling Canada once again the sort of things it must do to keep Quebec in the country. (That certainly was the original purpose behind the creation of the Task Force.) However, the Report is open enough to contemplate the possibility of Quebec's peaceful departure from Canada on the Parti Quebecois' terms if the Quebec people decides "definitely and democratically" that the province should secede.*

Although the Task Force was not specifically asked to outline a new constitution for Canada, constitutional reform is the main--and most controversial--chapter of the Report. The question of constitutional reform hinges on whether the powers of the central government in Ottawa should be strengthened, or the provinces given more power to go their own ways. The Task Force clearly comes down on the side of the provinces. It would make them the main agents of cultural development, affirm their full control of natural resources and give them the right to sign international treaties in areas of provincial jurisdiction. The

Task Force Report proposes to turn the question of language rights--except in federal government services--back to the provinces. (Prime Minister Trudeau said the Task Force was "dead wrong" in suggesting the provinces could be entrusted with the protection of minorities' language rights. His government continues to say language rights must be protected by the constitution.)

The Task Force would add no new powers to the federal government, would eliminate some, and put provincial limitations on others.

This significant degree of decentralization is what the Task Force calls "constitutional equality." It believes this decentralization, accompanied by a clarification and strengthening of central powers in areas of nation-wide concern, is the direction the country must move. The trick, the Report states, is to determine "the degree of constitutional asymmetry that can be tolerated without producing disruptive effects."

PROVINCIAL GOVERNMENT

BRITISH COLUMBIA

CANADIAN PACIFIC WANTS MACBLO

When Canadian Pacific Investments Chairman Ian Sinclair announced his company was preparing to bid for control of B.C.'s MacMillan Bloedel, Premier Bennett said, "British Columbia is not for sale." The premier is particularly sensitive to any increased activity in B.C. by CPI, which already controls:

- 100 per cent of Pacific Logging Ltd. on Vancouver Island. Pacific owns 302,000 acres of land freehold, a former railway grant. This is the second-largest private holding in the province after MacBlo's 562,000 acres;
- 53.9 per cent of Cominco Ltd., the big mining company;
- 60 per cent of Fording Coal, which ships metallurgical coal to Japan;
- real estate and other investments;
- 13.4 per cent of MacMillan Bloedel.



Sinclair



Bennett

Bennett says he is worried about the possible channeling of new capital investment elsewhere if MacBlo were taken over by companies whose main interests are outside the province. MacBlo has said it plans capital outlays of \$1 billion between 1978 and 1982, with about 70 per cent earmarked for B.C.

The B.C. government owns 95 per cent of all the forest land in the province. Much of MacBlo's timber supply comes from tree-farm licences that extend 25 years. This is an important asset, and one the financial community takes into account when determining the company's credit rating.

Given MacBlo's dependence on Crown timber for its employment of a work force of 16,500, Bennett would not dare to remove MacBlo's cutting rights, although legally entitled to do so. But the length of the licence's duration could be shortened, which might impair long-term corporate planning. FP 13/1/79 p. 5, Jim Lyon.

CPI'S POSITION

Ian Sinclair states, "CP is a Canadian company...we don't represent only Eastern interests." CPI shares the view common in the pulp and paper industry that size is the name of the game for the future. While MacBlo is number one in Canada, its

sales are only about half as large as each of the top three U.S. companies. FP 13/1/79 p. 5, Amy Booth.

BENNETT BLOCKS CPI'S BID

The board of MacMillan Bloedel voted against CPI's bid. Further, Premier Bennett said he would use the legislature to block the sale.

The current B.C. government, according to the premier, will not allow control of MacBlo to go to any out-of-province corporation. Said Bennett in justification, "We don't want to have a branch-plant economy here. I don't want to have Canada's third largest province, one of the fastest growing, to be a branch-plant economy of anywhere."

Bennett has a precedent. When Robert Stanfield was premier of Nova Scotia, he frustrated a Bell Canada takeover of Maritime Telephone with legislation limiting the voting powers of any shareholder to 1,000 shares. FP 20/1/79 p. 1, J. Lyon & J. Schreiner.

EDITORIAL COMMENT

The Financial Post (20/1/79 p. 6): The premier's actions may help him politically, but they raise fundamental questions about

POLITICAL

what business can or can't do in this country. As premier, he should know what a potential new owner of MacBlo has in mind for the company in terms of expansion and job creation.

But the ramifications of this action for the free movement of capital within Canada are enormous. We might end up with 11 Foreign Investment Review Agencies in the country. What chance is there that Canada can ever mount a meaningful industrial strategy if capital from one province is not welcome in another?

Le Devoir (10/1/79 p. 4, Michel Nadeau): Premier Bennett has brought a specific case into the extremely important debate on economic concentration in Canada and the future of regions outside of central Canada. Said Sinclair on his return from B.C., "If CP is a stranger in any part of Canada this country doesn't exist any more." Bennett could do well to read about the history of *Prise* in Quebec acquired in November, 1974 by Abitibi of Toronto. Abitibi "rationalized" *Prise's* activities and united several key services with the head office...in Toronto!

Several studies have shown how the mechanisms of our economic system tend towards concentration. In Canada, this movement concentrates heavily in Ontario. By the same logic, the other regions risk becoming simply producers of raw materials. Here in Quebec Minister of Lands and Forests Yves Berube must take note and be vigilant. Domtar could pass into the Mac-Millan Bloedel empire. Natural resources here in Quebec belong to Quebec. The centres of decision must not be too far removed at the moment when the Quebec government wants to initiate a bold programme of modernization in the pulp and paper industry.

CNSP NOTE: In this series of events, some of the basic contradictions of capitalist development in Canada can be seen; the practical consequences of the tendency towards monopolies of larger and larger size and power, and the interest of private companies in being free to move anywhere in the country (or in the world for that matter) in search of fresh profits.

These tendencies appear natural and progressive to the decision-makers of large



private corporations who see no conflict of interest between the company and the political region. CP has a long history of identifying itself with the national interest of Canada, going back over 100 years to the building of the first trans-continental railway in Canada.

Premier Bennett, the leading politician elected by and responsible to the citizens of the province, is forced to challenge these tenets of capitalist development in order to ensure (if only minimally) the economic future of the province.

Bennett, who is in fact a fervent believer in free enterprise, must, to stay in office, challenge the freedom of private enterprise in B.C. For however much Bennett likes to describe B.C. as a growth province, it remains heavily and narrowly dependent on a few resource industries, the most important of which is forestry.

The shape of the B.C. economy was in the past and still remains determined by those same corporations who are the main actors in the present drama. To allow those corporations complete freedom in the sensitive area of resources would be to hold the people of B.C. hostage to private, minority interests.

One other point can be made. The private character of these corporations does not discourage them from using and profiting from the public domain as much as possible. MacBlo, in this case, is supplied with timber by the provincial government which issues licences to cut on Crown land. Clearly, MacBlo's ability to "create" 16,500 jobs in B.C. is dependent on its access to forest resources belonging to the people of the province. Can it not thus be held accountable by the elected representatives of those citizens?

NEWFOUNDLAND

MOORES RESIGNS

Frank Moores, who led Newfoundland's PCs to victory in 1972, announced his resignation as of March, 1979. Moores said he is satisfied he is leaving the province on a sound economic footing. "Today we can honestly say to ourselves that the future of our province has never been brighter." Moores was vague about his personal future.
HCH 20/1/79 p. 1, J. Gourlay.

MANITOBA

PAWLEY NAMED NDP HOUSE LEADER

Former Attorney-General Howard Pawley was chosen in January to lead the NDP in the legislature, and it seems certain he'll be named temporary party leader.
WFP 13/1/79 p. 1, Mary Ann Fitzgerald.



PAWLEY

QUEBEC

WAS CLAUDE RYAN THE CORRECT CHOICE?

Some say the referendum is no longer the big issue in Quebec. The Parti Quebecois has watered down the referendum so much that the acid test for Quebec's future will be the next provincial election.

The Liberals find themselves stuck with a referendum-fighter when what they really need is an election-fighter. The muttering has begun in the party about Claude Ryan that, "Il l'a pas" (He ain't got it).

Ryan isn't bothered. He's not a sprinter but a long distance runner. He has reorganized the Liberal Party from the ground up. He set up the party's first grass-roots fund-raising drive--nickels and dimes from ordinary people instead of the secret slush funds from big corporations. This has netted the party \$1.9 million, more than \$500,000 over target. Party membership has gone from 30,000 to 125,165 since he became leader.

Ryan may be changing the orientation of the Liberal Party, but it is changing him too, moving him more to the right. He told a group of Montreal businessmen to repel "Marxists" who have infiltrated union ranks and who "seek to divide society." Ryan went further and warned his audience to reject the "social democratic option" because it favours greater state involvement in the economy.

GM 4/12/78 p. 1, Richard Cleroux.

OCTOBER CRISIS REVISITED

Jacques Lanctot, exiled member of the Front de Liberation du Quebec, returned to Quebec to face charges connected with the 1970 kidnapping of James Cross. His sister, Louise Cossette-Trudel and her husband Jacques, also exiled FLQ members, returned to Quebec in December. Two others implicated in the Cross affair, Marc Carbonneau and Yves Langlois, remain in exile in Paris, but are rumoured to be also considering a return to Quebec.

GM 8/1/79 p. 1; OC 11/1/79 p. 13.

POLITICAL



It's not like old times at all: everyone brought a lawyer.

OTTAWA KEEPS DOCUMENTS

The federal government has refused to give the Quebec authorities documents relating to RCMP activities during and after the October Crisis. The refusal came in a letter from Louis Philippe Landry, a federal official, to Jean Francois Duchaine, a special investigator for the Quebec government. Duchaine will be handling the case against the returning FLQ people. The letter follows the line of argument used against the Keable Inquiry, that is, that a provincial government does not have the power to investigate agencies of the federal government.

LD 17/1/79 p. 1.

PRESS REACTION (LD 18/1/79, p. 4): M. Landry sidestepped questions which Quebec and the rest of the country have a right to ask about the October Crisis and the role various federal institutions played in it.

Among the questions never answered are: Why was Pierre Laporte left unguarded, unlike other government officials? How were lists of suspects made up and used under the War Measures Act to jail so many people not involved with the events? Why did it take the RCMP two months to find James Cross? One could add many more questions.

Thus we must insist that the October Crisis file be made public. Federal politicians and federalists in general should insist on it too. Otherwise, despite the rights one enjoys in Canada, Quebecers will conclude that it's as hard to obtain a police file in Ottawa as it is in Santiago, Chile.

Nor should the Parti Quebecois government use the refusal of the federal government as a pretext for abandoning the investigation. Their other argument is that an investigation will prejudice the cases of the FLQ exiles recently returned to face charges. There are, after all, the rights of the 500 citizens unjustly arrested to consider.

It doesn't matter who does the investigation as long as the facts come out. And we must not leave it to governments alone. The media and the public must insist that such an investigation is held.

WOMEN AND THE PQ

According to the figures released by the national secretariat of the Parti Quebecois, only 24 per cent of the party's 220,000 members are women. At the beginning of 1976, women composed 55 per cent of party membership.

Reasons for the apparent disaffection of women for the PQ government include the weakness of legislation that improves women's position (maternity leave, minimum wage), the lack of money to institutions like daycare that women point out are important, and the lack of support for the revision of sexist textbooks and curricula design.

LD 22/12/78 p. 5, Micheline Carrier.

LANGUAGE CHARTER RULED UNCONSTITUTIONAL

The seven judges of the Quebec Court of Appeals have upheld the ruling of Chief Justice Deschenes that Chapter Three of the Quebec Language Charter is unconstitutional. Chapter Three identifies French as the only official language of government and the courts in Quebec. Justice Minister Marc-Andre Bedard said he would appeal the decision to the Supreme Court.

LD 28/11/78 p. 1.

POLICE

MP WANTS CIVILIAN SS

Conservative MP Elmer MacKay (Central Nova) told the McDonald Commission the RCMP Security Service (SS) should be a civilian agency with a clear parliamentary mandate. MacKay says the Security Service is ruled by the executive (the cabinet) by way of a vague mandate operated as the Solicitor-general may require.

The proposed service would have no police powers. It would gather "security intelligence" within Canada. MacKay says security intelligence might be defined as "information relating to matters prejudicial to the safety or defence and welfare of the state." He says a charter from Parliament would give the service a clear mandate that could not be changed by the cabinet without reference to Parliament.

OC 13/1/79 p.10.

CNSP NOTE: In 1969 Pierre Trudeau said the "Directorate of Security and Intelligence (Security Services) will grow and develop as a distinct and identifiable element within the basic structure of the force, but will be increasingly separate in structure and civilian in nature." The Security

Service vastly increased its surveillance and spying activities in the years that followed.

John Starnes became the first civilian head of the SS in 1970, but it's clear that his associations are military. During the war he was involved with military intelligence. Having a civilian in charge doesn't alter the nature of the force, especially given the connections of the "civilians" Trudeau chooses.

PUBLIC SPEAKS TO ROYAL COMMISSION

Few members of the general public have taken advantage of the McDonald Commission public hearings. In Toronto, Edmonton and other cities hearings were cancelled for lack of interest.

The Canadian Association of University Teachers told the inquiry the Security Service showed insensitivity to human rights. An Ottawa law student urged stronger protection of news organizations from police search and seizures. CAUT is also concerned that the RCMP wrongly view homosexuals and unmarried couples living together as security risks subject to blackmail.

CAUT recommended the power to issue national security wiretap and bugging warrants should be taken from the Solicitor-general. Only independent federal judges should grant such warrants. CAUT recommended the formation of an independent tribunal to review cases where people have been denied entrance to Canada on national security grounds. GM 24/1/79 p. 8, Jeff Sallot; WFP 24/1/79

CNSP NOTE: The press gave an unusual amount of coverage to a brief presented to the Commission by Arthur Wardrop, corporate secretary for Cadbury Schweppes Powell Ltd. The company has closed its Montreal plant and moved to Whitby, Ont. Wardrop said it may be "necessary to resort to break-ins, arson or even killings--without them the population is exposed to merciless attacks of terrorists." Wardrop accused Eastern Europeans and Cubans of making "deliberate efforts at influencing

POLITICAL

thought," especially among the uneducated and unsuccessful--"those ripe for subversion." The Globe and Mail referred to other briefs along with Wardrop's, while the Winnipeg Free Press carried only Wardrop's statements.

WHIZZER TELLS WHO'S WHO

Conservatives and New Democrats sought information about a secret weekly bulletin called the "Whizzer", sent out by the security planning and analysis branch in the department of Solicitor-General Jean-Jacques Blais. The bulletin is sent to top federal officials to tell them who's who in the world of subversion.

Blais said the list was "helpful to senior security officers in government." The previous week it was reported that a federal cabinet minister refused an invitation to meet a Canadian ethnic group because he was advised through Whizzer that the organization was Communist-infiltrated. The weekly sheet, founded in 1976, reaches senior security officials in several departments and deputy ministers who work directly with security.

GM 26/1/79 p.8.

MILITARY

MILITARY HEADS CLAMOR FOR MORE MONEY

Canadians can expect a campaign by military supporters encouraging voters to protest defence spending cuts. Admiral Robert Falls, chief of defence staff, told the Conference of Defence Associations "We can influence (cabinet ministers) through their voters and their constituents."

Barney Danson, Defence Minister, claimed spending cuts are reducing the military's ability to react to growing Soviet power.

Vice Admiral Andrew Collier, commander of Maritime command, said federal restraints will result in a "slight drop-off in readiness" of Maritime forces.

The Soviet Union spends 11 to 14 per cent of its total production of goods and services on defence. The United States spends 5.5 per cent and Canada two per cent. The government had said last summer that this year's defence budget would be reduced by \$150 million. The cuts would not affect major equipment programs such as the \$2.3 billion fighter plane project.

GM 19/1/79 p.3; OC 18/1/79 p.3;
WFP 19/1/79 p.4; GM 20/1/79 p.11.



HEALTH

INTRODUCTION: *The Ontario government's health budget reflects the cutbacks in social service spending taking place throughout Canada. The budget increases granted to hospitals don't even approach the inflation rate, and mean that hospital services will continue to worsen. Meanwhile, the increasing numbers of doctors who are opting out of provincial health insurance schemes are beginning to undermine the very concept of universal medical care.*

HEALTH BUDGET RESTRICTS HOSPITALS

The Ontario government announced its 1979-80 budget plans for the province's hospitals:

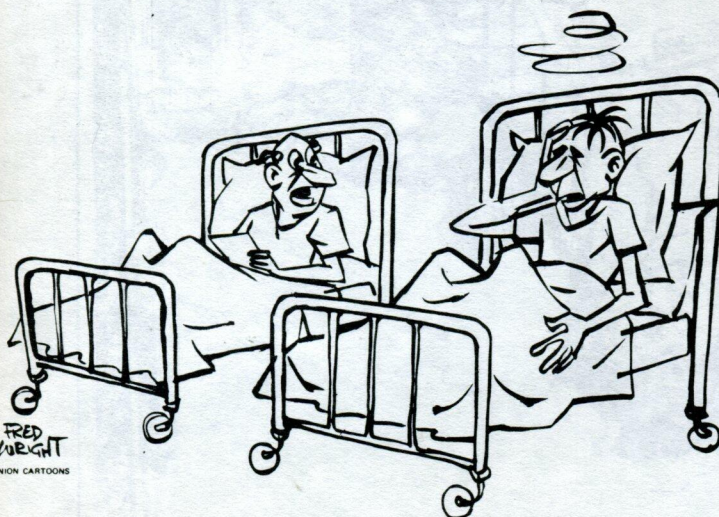
- A 5.3 per cent increase for each chronic care and rehabilitation hospital.
- A 5.3 per cent increase for chronic care and rehabilitation within active-treatment hospitals.
- A 5.3 per cent increase for out-patient operations.

- A 4.5 per cent increase for public hospitals. Bed guidelines of four per 1,000 population in southern Ontario and 4.5 beds in northern Ontario, to be further reduced over a three-year period.
 - Increasing responsibility of district health councils and local health planning bodies.
 - A \$9.80 per day payment by long-term chronic care patients.
 - Higher charges for ambulance services.
- GM 19/1/79 p.5; WFP 6/1/79 p.4; OC 19/1/79 p.9; GM 20/1/79.

CNSP NOTE: *To provide for more chronic care, 1,172 active hospital beds will have to be eliminated in the Metro Toronto area. Hospitals will close beds this summer in Manitoba to ease deficits.*

Ontario Health Minister Dennis Timbrell also announced the closure of Lakeshore Psychiatric Hospital, one of only two mental health centres in the Toronto area. Ministry reports had urged retention of the hospital since its area's population, already over two million, is still rising.

The idea is to shift the therapeutic role to the community, but it means many disturbed persons will be left to fend for themselves. This lack of supervision could prove an inhumane and disastrous "solution" to the health ministry's budget problems.



"If you think you are sick now, wait until you get the hospital bill..."

POLITICAL

DOCTORS OPTING OUT OF HEALTH PLANS

Under terms of a contract negotiated by the Manitoba Medical Association and the provincial government, doctors can levy extra fees on top of medicare payments, according to their patients' income. The contract also gives an across-the-board three per cent fee increase. It's believed the two-prong approach was the only way of persuading the doctors to accept a raise of only three per cent.

With nearly 15 per cent of its 11,701 doctors no longer taking part in its health plan, Ontario has more general practitioners and specialists out of its medicare program than any other province. OC 1/12/78 p.10; GM 19/1/79; WFP 7/12/78; HCH 8/1/79 p.14.

CNSP NOTE: *Mike Breough, the Ontario NDP health critic, attacked the recent changes in the billing policy of the Ontario Health Insurance Plan. He pointed to the new Cabinet rule allowing doctors who have dropped out of OHIP to bill through*

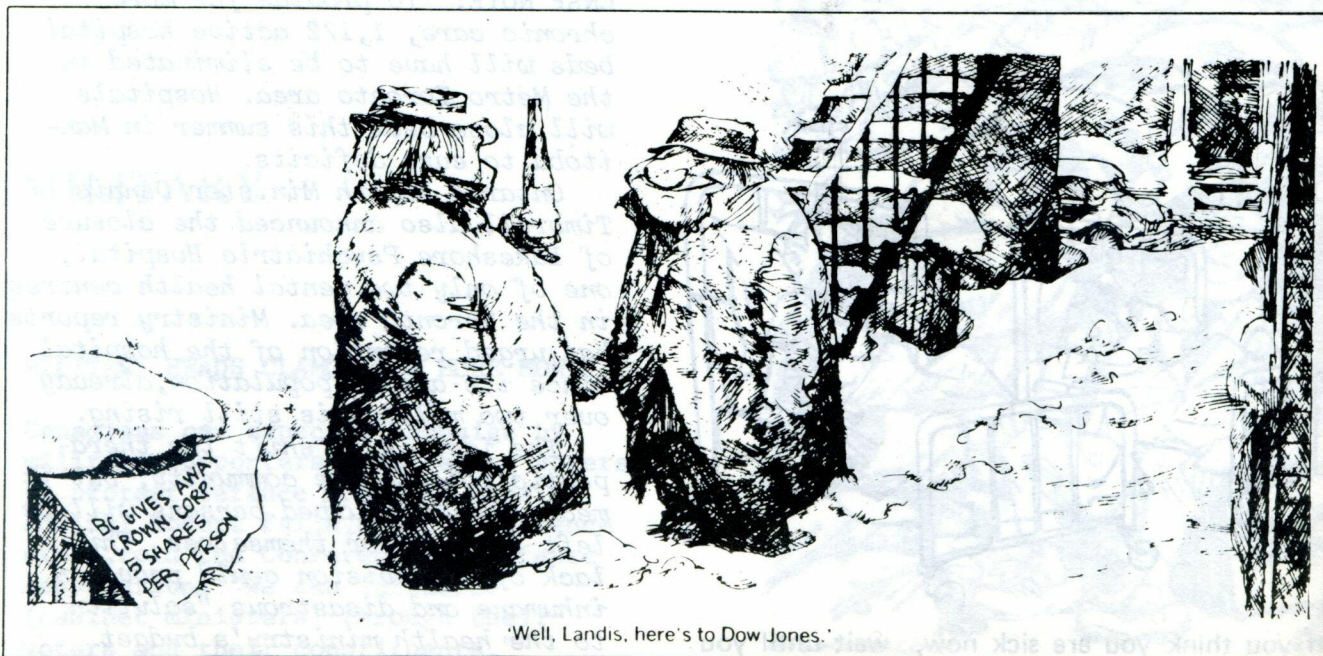
OHIP when their patients are in any section of a hospital.

The Minister says that opted-out doctors in teaching hospitals and emergency wards have been able to bill this way since the start of OHIP. (In fact, this rule was only passed in January, 1976). Before, only a few opted-out physicians could make use of this provision. But the government is continuing its retreat from the idea of a universal health plan by widening its concessions to the doctors. Now doctors in all of Ontario's public hospitals will be able to bill above the OHIP limit.

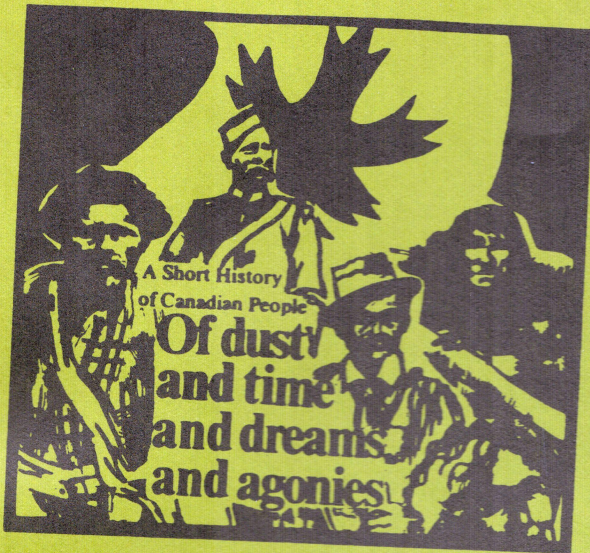
The NDP says "We now have two levels of treatment and billing: what OHIP pays in hospital departments and whatever the doctors feel they can charge in the office.

"The question is—the public pays OHIP premiums, funds the hospital system and the education of doctors. Should those doctors who opt out of the system have access to public money in public hospitals?"

NDP Press Release 5/2/79.



'Well, Landis, here's to Dow Jones.'



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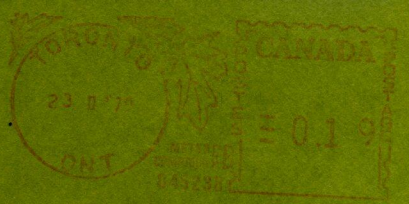
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