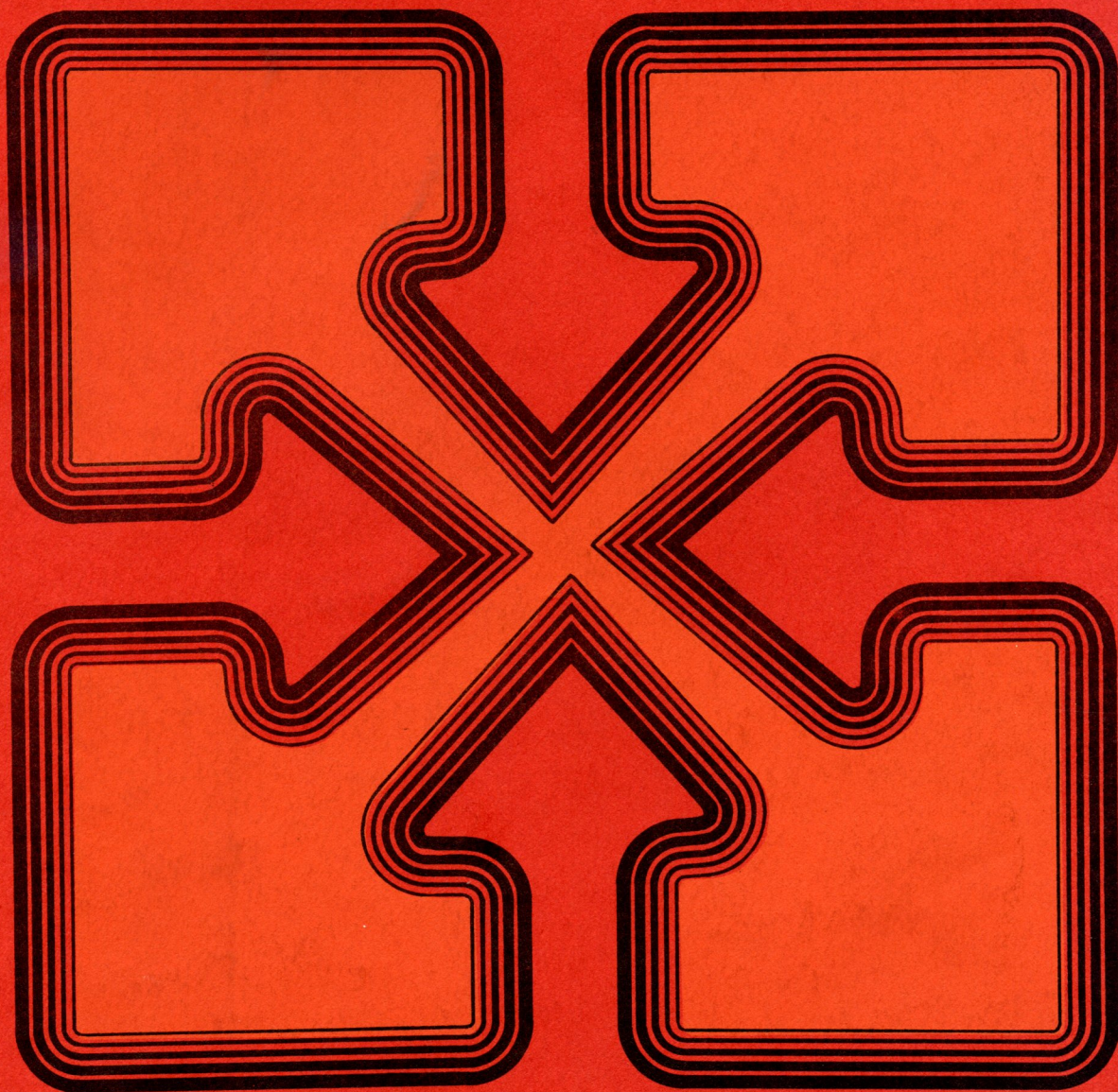


Synthesis

A Review of Events Reported in the Canadian Press



HIGHLIGHTS:

GATT Agreement Harms Canada
Party Leaders Slug It Out
Ontario Health Care Suffers

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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

The new General Agreement on Trade and Tariffs is being hailed by some observers as a step toward liberalized world trade and away from the growing protectionism of recent years. But an in-depth look at the agreement indicates that many loopholes to tariff reductions and non-tariff barriers remain. More seriously, the pact discriminates against Third World nations and does little to give their manufactured goods a fair chance to compete in western markets. As a result, more than 60 Third World nations boycotted the initialling of the GATT documents in April and criticize GATT as the "rich man's club." For Canada the new GATT may mean closer ties with the United States. See page 6 for an analysis of the trade agreement.

The federal election campaign is staggering to a close, with the critical issues facing Canada having received scant attention. Media coverage of the issues has been weak; the press has preferred to complain about the boring character of the campaign. Trudeau has set up leadership as the major issue for Canadians, while Clark has attacked Trudeau's record and has stressed the need to get the economy moving again. Broadbent has hammered away at foreign ownership of the Canadian economy and the need for an industrial strategy. See page 20.

The controversy over Ontario's deteriorating health care system continues. The provincial government has done nothing to stem the growing tide of doctors leaving the Ontario Health Insurance Plan. Although OHIP premiums have risen 13 per cent during the past year, patients increasingly have no choice but to pay supplementary fees to doctors who have dropped out of the government's health insurance program. At the same time the government is reducing the number of active treatment hospital beds in the province, which means a further reduction in the quality of health care. But the government's assault on health care services is being resisted, especially by the labour movement. See page 25.

History Is Not Bunk!

A CNSP LOOK AT THE PRESS AND FEDERAL ELECTIONS IN THE SEVENTIES

Even if you haven't heard Henry Ford's classic statement, "History is bunk", you may be tempted to agree with it. Certainly that's the attitude which the press takes in approaching elections. A historical analysis of the government's record would be too much to hope for but there's hardly a backward glance.

We in the Canadian News Synthesis Project see the value of keeping a record and reviewing past events.

CNSP was launched in 1972. After observing press coverage of three federal campaigns certain patterns stand out. Canadians are treated to a blow by boring blow account of the campaign trail. Occasionally out of the welter of non-information a significant clue is found. We will return later to reflect on one such clue from the election coverage of 1974. For the most part, however, the press is not really a useful tool for understanding the workings of the Canadian political system. It is silent on too many important questions.

How do the Liberals maintain their power base in Quebec?

What proportion of the vote doesn't change in each election?

What are the reasons for consistent regional voting patterns?

How does the structure of the present electoral system hinder the growth of small parties? For example, proportional representation might help smaller parties in a vast country like Canada. Small parties without substantial financial backing have difficulty mounting nationwide campaigns.

What percentage of working class immigrants are enfranchised?

What proportions of working class votes go to the three major parties?

In the final week of the 1974 campaign, The Financial Post published an editorial that seems to us now very instructive.

"One would hope that somehow the result will produce a government which has a clear majority so that tough decisions can be taken without having to cater to the whims of small minority groups." In 1974 business interests felt that only a government with a strong majority could make the "tough decisions" needed in the later '70s.

A review of the events of the period, January 1974 to July 1975 led CNSP to the conclusion that despite the campaign promises of the Liberals, wage controls were a logical and necessary development for a government not committed to any basic changes in the economy. In October 1975, the first of many of those "tough decisions" were implemented. Though some valiant efforts were made to remove wage controls thorough union struggles against the Anti-Inflation Board and through the Day of Protest in October, 1976, workers were not organized enough to force the lifting of controls. The NDP at the federal level and in those provinces where it formed the government did not show itself a strong ally of working people in that fight. Controls were not lifted until real damage had been done to the standard of living of the Canadian people and the current recession could replace legislation in keeping living standards down.

In the spring of 1979, with the current balance of payments sheet in our hands, (see last issue), we are concerned about the prospects for the 1980s. It is little wonder that our current balance sheet does not inspire investor confidence. The weakness of the Autopact, increasing capital flight, technological dependence, reliance on exports to balance growing

deficits, slackening consumer demand: these are just a few of the many symptoms which shout the poor state of health of the Canadian economy. Clearly some changes will be needed to boost investor confidence in the coming months and years. We fear more of those tough decisions that the Financial Post spoke of in 1974.

Our reading of the history of the '70s is that, despite some serious limitations, the NDP holding the balance of power as it did after the 1972 election is an important line of defence for working people at the present time. But current NDP po-

licies do not comprise a bold enough strategy to really deal with the situation we are up against in the 1980s. An incentive here, a taxbreak there, job creation goals, a commission to roll back price increases: these are not measures which cope with the concentration of economic power and

If the Financial Post and the business community it speaks for can press for "tough measures" to protect it, surely we must demand of a party that claims to represent ordinary Canadians much tougher measures and strategies in our interests.

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CANADIAN FOREIGN POLICY

CIDA GOALS BEING EXAMINED

Should Canada hold to its commitment to spend .7 per cent of its Gross National Product on international development?

The Canadian International Development Agency and Canada's three main parties agree that this is a key question. The percentage is an internationally agreed target. Yet CIDA has been slipping behind and projects a .45 per cent goal for 1980.

Conservative Leader Joe Clark favours an independent study to see whether CIDA is well controlled and whether its foreign aid projects are really helping people. Conservative foreign affairs critic Doug Roche says he's "personally committed" to the .7 per cent target, but the Tory election campaign does not include this as a promise. The NDP is committed to the target.

As part of its general restraint program the government froze CIDA's budget for this year at last year's level of \$1.2 billion, cutting a planned increase of \$130 million. The figure is nearly two per cent of the entire federal budget.

CIDA president Michel Dupuy reluctantly admitted at a meeting of the Commons committee on external affairs and defence that a change in the .7 per cent commitment is being considered.

GM 4/4/79 p.50.

AECL PLUGS NEW CANDU FOR ARGENTINA

Atomic Energy of Canada Ltd., the federal nuclear development agency, has offered to negotiate its first total nuclear energy package with Argentina as part of a stepped-up effort to sell Argentina a second Candu heavy water nuclear reactor.

As well as a reactor, Canada is offering Argentina a Candu licensing agreement, a small research reactor, a heavy water plant, uranium exploration and exploitation technology, and longer-than-normal uranium fuel supplies, among other things.

The package, unlike anything offered before by Canada, is worth more than \$1.5 billion. If successfully negotiated, it would give Argentina all it needs to eventually develop its own nuclear energy program.

The offer could set a precedent for future deals now in the works with Mexico and Japan, and possible sales in China and Indonesia.

A stumbling-block has been Argentina's refusal to sign the Nuclear Non-Proliferation Treaty. The latest bid is dependent on Argentina accepting Canada's safeguards policy. AECL officials are worried that this restriction will cause Argentina to take another nuclear power offer, probably from West Germany.

GM 4/4/79 p.B1

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CNSP NOTE: *The proposed sale is being opposed by organizations such as the Group for the Defence of Civil Rights in Argentina, which oppose it as long as Argentina's military government refuses to sign the Non-Proliferation Treaty and continues its policy of domestic repression. The Canadian Labour Congress supports the Group's position.*

EXTERNAL AFFAIRS

THIRD WORLD BOYCOTTS GATT SIGNING

Developing countries boycotted the signing ceremony for the new Tokyo Round trade agreement, which was hailed by leading western nations as a major victory against creeping protectionism and the threat of another world-wide economic recession.

Canada, the U.S., Japan and the nine-member European Economic Community were among the signers of the document, which lists the results of complex bargaining under the auspices of the General Agreement on Tariffs and Trade. It was drawn up at a meeting of GATT's 99-member trade negotiations committee.

But Argentina was the only developing country, out of the more than 60 taking part in the negotiations, to sign the treaty or even attend the signing ceremony in Geneva.

Spokesmen for the developing countries renewed charges that the agreement does little for the world's poorer nations and fails to provide the special advantages they were promised when the negotiations began six years ago.

Representatives of Brazil and several other richer developing countries said they still plan to subscribe to the agreement and benefit from the advantages it offers them.

But they predicted that most developing nations will probably refuse to accept the pact until after next month's meeting of the United Nations Conference on Trade and Development at which Third World nations will renew their demand for a new interna-

tional economic order, designed to transfer wealth from rich nations to the poor.

In the next eight years the Tokyo Round agreement is expected to produce a reduction of 35 to 38 per cent in the average level of industrial tariffs, already cut about 35 per cent through the earlier Kennedy Round trade-liberalizing agreement.
GM 14/4/79 p.B16.



UNION LEADERS DENOUNCE DICTATORS

Some 33 union leaders representing 14 European and Latin American countries have called on the world's free trade unions to exert "all effective pressures" to help bring down the dictatorial regimes of Chile and Nicaragua.

The unionists belong to the Committee for the Defence of Human and Trade Union Rights in Latin America, a group set up by the 56 million-member International Confederation of Free Trade Unions. Meeting in Toronto in February, the union leaders said that the "effective measures" could include a trade union boycott of Chile and Nicaragua.

Canadian Labour Congress President Dennis McDermott, who hosted the meeting, said the action "says something of the world-wide concern within the trade union movement for the democratic aspirations and dreams of the Chilean and Nicaraguan peoples."

Western Canadian Lumber Worker, March 1979.

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TRADE

INTRODUCTION: *"Should we fail, the cost to each of our nations and to the world as a whole will be incalculable. Our markets would close, unemployment would become endemic and governments would fall."*

-Robert Strauss, U. S. trade negotiator at the General Agreement on Tariffs and Trade (Time, 6/2/78).

After six years of international negotiations, the world's industrialized nations signed a new General Agreement on Tariffs and Trade in mid-April. Yet the warning of U. S. trade negotiator Robert Strauss still hangs ominously over it. While representatives of some governments are hailing the Tokyo Round of GATT (negotiations began in Tokyo in 1973), others warn that the new agreements only set the rules for a future trade war which could see governments, and perhaps even the western economic system, fall.

The fallout from GATT for Canada may push us into an even closer and unhealthier relationship with the United States or leave us caught in the crossfire of international trade tensions.

GATT: A RICH MAN'S CLUB

Formed in 1947, GATT is one of the pillars of the post-war western economic system, along with the International Monetary Fund and the World Bank. Its goal is to promote international commerce and encourage global economic growth. More specifically, GATT's aim is to reduce barriers to trade--tariffs and non-tariff barriers--and to contain and referee trade disputes between countries.

But GATT is anything but a neutral referee. As a protege of the post-war world's strongest nation, the U.S., the agreement was designed to favour and protect the strong trading position of American industry and its transnational corporations. With the rising economic strength of western Europe and Japan, GATT today is a forum for working out conflicts among industrialized nations in a "rich man's club."

Meanwhile, Third World nations and some developed but dependent nations like Canada find that the seemingly neutral rules of the GATT game are biased against them. In a world in which some nations depend on a handful of resource exports while others export manufactured goods, where some own technology and others must buy it, where

some are dominated by transnational corporations while others benefit from them, an instrument to promote liberalized global trade becomes a means by which the strong keep exploiting the weak.

Earlier rounds of GATT negotiations have served to lessen the barriers that weaker economies have put up to protect national industries against competition from stronger ones. They have also tried to reduce tariff and non-tariff barriers that the powerful nations of western Europe, the U.S. and Japan have erected as competition among them has grown, especially during the recurrent recessions of capitalist economies.

But the Tokyo Round of GATT has been the focus of international attention as the hoped-for solution to the current crisis in western economies. On one hand, the continued dependence of poor nations on natural resource exports with fluctuating prices, and on the import of ever-costlier manufactured goods, has brought the so-called North-South crisis to a head. GATT's basic framework accepts the Third World's current role as a resource supplier to and customer of the industrialized world.

This framework can no longer be accepted

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by Third World governments threatened by massive poverty and social unrest. Promotion of trade on the same terms as in the past only deepens Third World underdevelopment, say the nations of the "South." Third World leaders insist that only a new international economic order, biased in their favour, will correct the inequities of rich and poor, and thus help the Third World solve its poverty problem while stabilizing the international economy in the long run.

On the other hand, the industrialized nations have been crippled by a profound international recession in 1974-75 and a decade of slow growth. They are experiencing unprecedented unemployment, stagnating economies and high inflation. As each has tried to export its way out of the slump while protecting itself from the others' competition, trade conflicts have increased among the nations of the "trilateral world": Japan, the United States, Canada and the European Economic Community.

Thus, Japan has used government red tape to keep U.S. and European products out of its domestic market. The U.S. has put up barriers to steel and electronics imports from Japan to protect American jobs. Western Europe has erected similar barriers to American farm products and to Japan's specialized exports. While a secondary actor in this powerful league, Canada has been faced with obstructions to its exports by all three markets, while trying to protect home industries such as textiles from foreign competition.

Thus real growth in international trade, averaging nine per cent a year in the pre-1974 period, has risen just four per cent annually since. And the protectionism that stalled growth of world trade has in large part been a reaction to growing competition between advanced capitalist countries.

The United States has been quite active in promoting a new GATT. As Business Week notes: "The strongest economic power traditionally has been the one with the strongest self-interest in free trade; Britain, for example, pushed in that direction in the 19th century and the U.S. did the same when a world leader in the years immediately following World War II."

Transnational corporations also have an intrinsic interest in freer global commerce. Under protectionism, they are forced to lo-



cate industries behind tariff walls and produce mainly for the more limited domestic market. This prevents them from organizing production on an international scale, producing in one country for global marketing.

With freer international trade the giant companies can organize production in the most profitable way possible. The farm implements maker Massey-Ferguson, for instance, needs liberalized international trade so that it can produce tractor engines in Britain, transmissions in France, axles in Mexico and assemble the final product in Detroit for sale in Canada.

The GATT round now ending has failed to make great breakthroughs for the strong advocates of liberalized global trade. The agreements reached so far may be torn apart by the buffetings of the next economic recession. In a fragile, stumbling international economic environment, the forces for protectionism remain as strong as ever.

NEW AGREEMENT A HOLLOW VICTORY

The full details of the new GATT agreements will not be released until next June, but they've already been called a great victory over protectionism. U.S. President Carter

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says the Tokyo Round is "the most far-reaching and comprehensive" trade agreement in 30 years, steering the world away from destructive protectionism.

The new trade agreement calls for the reduction of national tariff levels of member countries by 35-40 per cent. There are also five agreements to reduce non-tariff barriers to trade: (a) a nation must prove injury to its domestic industries from foreign competition that has been subsidized by another nation, before applying a countervailing duty; (b) nations are urged not to apply product standards to keep out foreign products, other than those suitable for health, safety, environment or national security reasons; (c) countries should allow foreign suppliers to bid for part of domestic government purchases; (d) import licensing should not be used by nations to unfairly restrict imports; (e) nations should use a uniform customs valuation method to determine the price on which duties will be applied to imports.

The GATT accords are faulted by both the number of exceptions to tariff reductions and by the vagueness of the codes on non-tariff barriers. In the first case, tariffs will be reduced only slightly on textiles, footwear, rubber and leather products--a result of political pressure from Europe, the U.S. and Canada to protect these labour-intensive industries from competition from low-wage poor countries.

New tariff schedules will still discriminate against more processed raw materials. No duties will be put on many unprocessed raw materials, but duties will increase on progressively processed raw materials. This feature is a virtual defeat for Canadian efforts to export more processed products instead of raw materials.

Along with the exceptions on textiles, footwear and leather goods, tariffs on processed raw materials most seriously affect Third World nations. Another measure still being negotiated by the EEC has further angered the underdeveloped nations. The EEC wants the right to use emergency import restrictions selectively against the products of individual countries, especially Third World ones, to protect domestic industries.

As a result, more than 60 Third World nations boycotted the initialing of the

GATT documents in April and took up criticisms of GATT as the "rich man's club" in the May meeting of the United Nations Conference on Trade and Development in Manila.

In the case of codes covering non-tariff barriers, enough loopholes allow protectionism that only the naive can believe they won't be used. In many instances it appears that only good faith will enforce the agreements. Many barriers remain, including technical or product standards, nationally-restricted government buying and import licensing. Contrary to its aim, GATT has formalized a new protectionism which France has euphemistically called "managed free trade."

CANADA LOSES OUT

The hollowness of the victory on non-tariff barriers can be seen by looking at Canada's scorecard in the new trade agreement. Ottawa's strategy was to trade off reductions in our tariff protection for major reductions in the non-tariff barriers of Japan and the EEC. Ottawa agreed to reduce our tariffs by about 40 per cent, yet failed to get Japan and the EEC to lessen their habit of restricted government buying of equipment for electricity generation and transmission, traditionally strong Canadian exports.

Canada won an agreement from the Americans that they would no longer apply countervailing duties against foreign imports that had been subsidized in their country of origin, unless injury to American industry is proven. In the past, the U.S. has applied such countervailing duties on the suspicion that damage would be done to domestic firms.

An instance of this involved duties levied against exports from Michelin's Nova Scotia plant which received federal government subsidies to help its export-oriented operation. Similar duties were levied against Honeywell's Toronto subsidiary which received a federal grant for technological innovation (WFP 14/4/79 p.16, FTC 28/2/79 p.1).

Without the new agreement on countervailing duties, any efforts by Canada to stimulate regional development, technological innovation or other aspects of an ind-

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ustrial strategy could be thwarted by American countervailing duties.

In exchange, Canada agreed to change its customs valuation method to conform to the practice of most nations. Under the current method, Ottawa often sets values of imports higher than their transaction price for the application of tariffs. This gives us an added degree of protection against imports.

Changing to a transaction price method will cost Canada an average 10 per cent reduction in tariff protection, says the Canadian Manufacturers Association (FP 21/4/79 p.4). Most seriously affected will be the textile and clothing industries, unless Canada can negotiate an "understanding" with our major trading partners.

CANADA-UNITED STATES FREE TRADE COMING?

Interpretations of the impact of the new GATT agreement on Canada are varied and



I WANT YOU

complicated by the coincidence of the federal election with the signing of the documents. Deputy Prime Minister Allan MacEachen claims that the new agreements will benefit every sector of the economy and all parts of the country. Canada's co-ordinator at the trade talks, J.H. Warren, says that the new agreement "has been important in holding back protectionist forces." (GM 14/4/79 p.B1, FTC 23/4/79 ed).

Canadian officials claim that the negotiations leave Canada with higher average tariffs on industrial products than in the U.S. or the EEC. Tariffs in several sensitive areas, including ships, footwear and textiles have not been lowered much from their current protective levels. The lessening of non-tariff barriers by other countries will give Canada more access to international markets, Ottawa says. Trade barriers have been reduced for Canadian exports of farm and fish products, and government officials say the Canadian aerospace industry will benefit from the cuts on tariffs in these products by Canada and other nations (WFP 14/4/79 p.16).

But the Financial Times of Canada suggests that the pact may turn out to be "a victory for the protectionist forces that are throttling world trade." Science Council of Canada vice-chairman John Shepherd feels that Canada "hasn't done much to protect manufacturing and I think we could well see an acceleration of the drift south of both plants and jobs" (FTC 23/4/79, TS 14/4/79 p.A1).

More ominously, an earlier study by the Brookings Institute of Washington estimated that the trade talks could cost Canada a net loss of 33,000 jobs (see Synthesis, Vol.7 No.1, p.8).

Canadian manufacturing firms, usually outspoken on GATT issues, have been uncommonly quiet in the wake of reduced tariffs. In part this reflects their current enjoyment of a devalued Canadian currency, which gives them an edge in international commerce.

A conclusion seems to be emerging from the trade talks that Canada will be pushed into an even closer relationship with the United States in the 1980s. Clearly, Canada did not do as well as was hoped in its bid to expand exports to the EEC and Japan. In contrast, we moved a step closer to free

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trade with the U.S. under GATT negotiations. Under the new agreement almost 80 per cent of Canadian exports will enter the U.S. duty free (GM 14/4/79 p.B1). Fewer American exports to Canada will be subject to tariff and non-tariff barriers.

Longer-term trends appear to reinforce GATT pressure for closer Canada-U.S. trade ties. Ottawa's "third option" strategy for reducing our trade dependency on the U.S. has not succeeded. Last year 70 per cent of total Canadian exports went to the Americans, up from 65 per cent in 1970.

In the spirit of the GATT outcome and of the general long-range direction of the international economy, free trade between Canada and the U.S. has been increasingly suggested. The Economic Council of Canada, a Canadian parliamentary committee and the C.D. Howe Research Institute have all urged Ottawa to re-examine the question. For its part, Ottawa has been reluctant to use the words "free trade" or "continentalism", but appears to be moving in that direction due to the GATT talks and bilateral discussion with the American government.

Meanwhile, the U.S. Senate Finance Committee has authorized President Carter to negotiate a stronger, more stable trade bloc with other nations in the western hemisphere--Canada, Mexico and part of the Caribbean (FP 12/5/79 p.1). The idea of a North American common market was also advanced recently by Rodrigue Bilodeau, chairman of Honeywell Canada Ltd., arguing that since the rest of the world is consolidating itself into trading blocs Canada has to do the same to remain a first-rate industrial nation (TS 15/5/79).

Mexico has expressed interest in discussing a North American customs union with Washington and Ottawa. Another free trade advocate is the Canada-Japan Trade Council, which said recently that unless there is freer trade between Canada and the United States, Canada is unlikely to attract more Japanese industrial investment (GM 23/3/79 p.B1).

The interest in such a project will no doubt increase if the new GATT agreement falters. Indeed, the current enthusiasm for the idea suggests lack of confidence in GATT and preparation for the next trade war, this time between trading blocs of the industrialized world.

OWNERSHIP, NOT TRADE, IS THE KEY

Both the GATT form of liberalizing trade and the North American common market idea are conceptually flawed and potentially disastrous for Canada. As mentioned, free trade is the favoured instrument of the most powerful. Common markets and the liberalized trade schemes of GATT deal with technicalities of the circulation of goods (tariffs and non-tariff barriers) but not with the location of their production by transnational firms, nor with the transnationals' design of production for export or domestic consumption.

For Canada, foreign ownership of our economy has more effect on our trade position than the level of tariffs. As the Science Council of Canada notes, parent firms are "mostly concerned with short-run considerations relevant to the Canadian market and (are) not interested in long-range plans for export for Canada or changes in product lines produced in their Canadian subsidiaries." (FTC 2/10/78 p.13).

In other words, parent firms instruct their Canadian subsidiaries to produce only for the domestic market and to leave foreign markets to the parent plant or more profitable plants elsewhere in the world. An exception is when these subsidiaries receive government support for exporting through the Export Development Corporation or Canada's aid program. According to the Economist (14/1/78), more than half the foreign subsidiaries in Canada have some restriction on their exports imposed by their parents.

The lessening of tariffs on Canadian exports to other nations will not overcome this feature of today's international commerce: that much of it doesn't operate under the rules of the free market and isn't subject to regulating instruments such as tariffs. Rather it is directed by transnational corporations under the laws of monopoly and oligopoly. Eighty to 90 per cent of Canadian exporting is done by less than 1,000 corporations (see Synthesis, Vol.7, No.3,p.23).

In the absence of a Canadian-owned and government-planned economy, freer trade with the world or the U.S. will result in a de-capitalization of the country. Large companies will relocate their production

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to other countries where, tariff structures being equal, they can take advantage of more profitable elements--lower wages, anti-union laws, government subsidies, lower taxes, etc.

To the degree that the new GATT agreement moves Canada closer to freer trade with the U.S., we can expect to see the loss of jobs in unprotected industries in which Canada currently enjoys no international competitive advantage. To the de-

gree that freer trade reinforces a relocation of capital to other countries, Canada will lose investment capital and with it more jobs.

Protectionism is no solution to Canada's economic problems. But it is a necessary defence without which the country would severely lessen its future possibilities of developing a strong industrial base, greater self-reliance and more stable economic growth.

THE ECONOMY

GENERAL

CORPORATE CHESS GAME CONTINUES

"If you want to invest \$300 million or \$400 million, how many places do you have to put it?"

-Richard Cole of Coopers and Lybrand, mergers specialists

This may not be a problem faced by ordinary mortals, but the takeover attempts by several large corporations continued throughout April.

The Thomson and Weston empires began competing for the Bay in March. Thomson owns many small Canadian newspapers as well as The Times of London. Its wealth comes mainly from North Sea oil. Weston owns Loblaw's and is the largest merchandising group in Canada.

Had Weston won the battle it would have controlled two of Canada's three largest merchandising companies and would've had a minority interest in the third, Simpson's-Sears. In 1978 the total sales of the Bay and Weston groups were \$7.14 billion, and profits were \$116.7 million.

As it turned out, the Bay accepted Thomson's offer of \$37 per share for 75 per cent of the Bay's 17 million shares. The offer is worth \$640,803,000.

A Weston/Bay merger raised fears that one company would control one of every three dollars spent in Canadian food and department stores. The Thomson/Bay merger raises a different concern: Thomson owns many newspapers and department store advertising is a major source of revenue for the press. Thomson could then divert advertising to its own papers and away from the competition.

Jack McArthur of the Toronto Star asked: "How can the public regard the media as independent, complete reporters and analysers of events in industries to which they are related by ownership-in-common? Or as impartial observers of government policies affecting their own corporate relatives?"

The Bay has 30,000 shareholders, but 50 per cent of its 17 million shares are

controlled by 75 managers of trust and pension funds. The Bay board's ability to persuade these 75 people that Thomson's offer was fair effectively set the course for the other 30,000 shareholders.

GM 3/4/79 p.B1; TS 4/4/79 p.D10;

GM 6/4/79 p.B1; FP 7/4/79 p.32;

TS 8/4/79 p.A10; TS 9/4/79 p.A1;

GM 9/4/79 p.1.

CNSP NOTE: For months Canadian-born Kenneth Thomson had been saying he would bring the money his family had made elsewhere back to Canada. Many were hoping he would form new companies, perhaps in the energy field, thus creating more jobs. Instead, Thomson opted for a retail group to provide a low-risk source of income.

It's not clear how much this will benefit Canadians. One man who benefited almost immediately was Bay director George Richardson. Less than three weeks before Thomson's original bid, he bought 1,059,800 Bay shares at an average price of \$22 each. By selling to Thomson at \$37 per share, Richardson stands to make \$16 million.



"Our little household has now achieved the status of a federal monetary policy...big deficit financing."

OIL AND GAS

INTRODUCTION: *The push for increased exports of Alberta gas to the U.S. continues in the wake of the National Energy Board's recommendations for exports substantially less than industry expectations. The two main corporate competitors in the export move have become partners in a bid to convince the board to revise its findings early this summer.*

Meanwhile, energy critic Bruce Willson says gas exports will inevitably push up the cost of living for average Canadians. Prime Minister Trudeau says he will keep the tax incentives for heavy oil and oil sands investment to encourage more activity from the private sector. He also confirmed the federal government's acceptance of U.S. plans for a \$1-billion oil pipeline from Alaska to the American midwest.

Watch next month's Synthesis for the response of the Canadian press to the Harrisburg incident and for a look at the growing nuclear controversy in Ontario.

NEW UNITY FOR GAS EXPORTS

Two of the three companies competing to win natural gas export permits have joined forces in light of the recent National Energy Board decision to restrict total exports of Alberta gas to two trillion cubic feet. Transcanada Pipelines (controlled by Dome Petroleum) and Pan-Alberta Gas (controlled by AGTL which also heads the Foothills Alcan Pipeline project) will both support the pre-building scheme for southern portions of the Alcan Pipeline.

Pan-Alberta's gas exports will be crucial to financing early construction of these sections of the \$14-billion pipeline. Transcanada will benefit from having its west-to-east pipeline working to capacity at all times. It will also be able to plan its delivery system to Quebec and the Maritimes.

Both AGTL and TCPL will keep promoting competing eastern gas pipeline proposals but there are chances of a future merger there as well.

The deal poses a threat to Progas of Calgary, a consortium led by Verne Horte, formerly of the ill-fated Mackenzie Valley Pipeline group. Progas hopes to convince

the board to revise its gas supply estimates to accommodate both export proposals. GM 25/4/79 p.B1; GM 26/4/79 p.B1;

GAS EXPORTS WILL BOOST INFLATION

The National Energy Board's recent decision to allow exports of "surplus" gas from Alberta to the U.S. will rebound on consumers if the exports take place, says Bruce Willson, a former gas industry executive and ex-president of the Committee for an Independent Canada.

If gas exports are expanded and domestic markets also expand or discovery rates fall off, supply shortages will result. Producers will then take advantage of the higher demand and will ask for higher prices to increase exploration, pushing up the cost of living.

Since the 1973 oil scare, Willson notes, domestic oil and gas prices have shot up 400 per cent and 800 per cent respectively. Despite more public cash being absorbed into the system, Canada's conventional petroleum outlook for the medium and long term is more shaky than ever. TS 27/3/79 p.A8.

THE ECONOMY

NEB PLANS ALCAN PIPELINE AUDIT

The National Energy Board wants to conduct regular audits of the costs of building and operating the Canadian sections of the Alcan Gas Pipeline to ensure that the project can be privately financed. Public hearings will be held starting in June on essential matters relating to Canadian tariff charges on transporting Alaskan gas to southern U.S. consumers.

The board wants all transportation charges to be passed on to American consumers.

GM 20/4/79 p.B1.

ALASKAN OIL PIPELINE PLANS

Prime Minister Trudeau says Canada will give the U.S. a choice of two routes to deliver Alaskan crude oil to the lower 48 states. One option is to loop the yet-unbuilt Alcan gas pipeline by 1984. The other is to build a pipeline from the Alaska Panhandle through the Yukon to parallel the proposed Alcan line.

Estimated costs are \$1 billion. The U.S. wants Alaskan oil distributed to northern states, regarded as the most vulnerable in security of oil supplies.

GM 11/4/79 p.B1.

MORE TAX BREAKS FOR OIL SANDS:TRUDEAU

Prime Minister Trudeau says tax breaks given to the third oil sands plant being built by the Alsands Group--an 18 per cent return on investment and guaranteed world prices--could apply to the next and possibly subsequent plants. Trudeau says the government wants to be a partner with the private sector in future development of energy resources.

Trudeau also urged Alberta to review its royalty arrangements to give more impetus to oil sands projects to reach one million barrels a day by 1990.

GM 11/4/79 p.B1.

CANADA'S OIL IMPORT BILL RISING

Subsidizing imports of OPEC oil to eastern consumers will cost the federal government about \$1 billion by the end of this year. Imported oil will soon cost upwards of \$20 a barrel.

Canada now spends about \$820 million a year importing half a million barrels a day of imported oil. Much of this cost is offset by export charges on Alberta crude sold to the U.S., by sales of heavy oil and by a special excise tax on gasoline.

An estimated \$350 billion may be needed between now and 1990 for investment to achieve energy self-sufficiency. More than \$50 billion is slated for construction of oil sands and heavy oil plants. Canada needs to build one of the \$5-billion plants every 18 months or two years.

FTC 23/4/79 p.1; FP 7/4/79 p.1.

CNSP NOTE: Every ripple in the world price of petroleum sets off a chorus of cries for energy(read petroleum) self-sufficiency in the Canadian press. That's not an unreasonable goal in itself. But unless it's coupled with self-reliance and a break from dependency on foreign-controlled multinational oil corporations for exploration and production, self-sufficiency will become a cheap slogan confirming our 'petroleum addiction.'

The most prominent suggestion for increased oil production is to immediately hook the price of domestic oil to world levels. This tactic would amount to a wind-fall for the oil companies with profits jumping without any relationship to the real costs of production.

While the price tag for energy self-sufficiency has jumped from \$180 to \$350 billion in the last three years, the impact of that kind of massive investment in one sector of the economy has been barely broached. Most notable is the increase in Canadian debt and the disastrous repercussions on the current account deficit. Such a debt increase will lock the country even more firmly into underdevelopment and dependence on the export of primary resources.

GENERAL

LEAD CONTAMINATION ENDANGERS WORKERS

Ten of the 22 employees at the North Western Smelting and Refining Co. in Winnipeg have been granted workmen's compensation because the lead level in their blood has reached dangerous proportions. The plant and four others are being inspected. Last January 14 workers in another plant owned by Canadian Bronze were found to have high lead levels in their blood.

The Manitoba NDP and the International Moulders and Allied Workers union say that lead contamination in several areas was discovered a year ago. At that time the government issued a clean-up order, which

was not carried out until eight months later. Victor Rabinovitch then resigned as workplace safety and health director, claiming there was a lead contamination crisis in the province.

WFP 25/2/79 p.1.

DOFASCO LOOKS FOR CANCER-CAUSING AGENT

Dominion Foundries and Steel Ltd. of Hamilton is starting a three-year search for cancer-causing agents in its foundries. Dr. Edward Gibson, working for Dofasco, did a ten-year study ending in 1977 which showed that foundry workers aged 45 or older were five times as likely to develop lung cancer than those in other areas of the plant and twice as likely as the general population.

Of 27 claims made for workmen's compensation due to lung cancer, 23 have been accepted. The research to look for the cancer-causing agent will be financed by a \$120,000 grant from provincial lottery funds. Dr. Gibson and Norman Lockington, both Dofasco employees, will be joined by a biochemist from MacMaster University for the study.

Under Workmen's Compensation Board guidelines, to be granted a claim for lung cancer a person must: have been exposed to possible risk for a minimum of 10 years before 1956; have at least 20 years between the first exposure and diagnosis of lung cancer; have a maximum of 15 years between the last exposure and the appearance of the cancer for a smoker, and 20 years for a non-smoker.

GM 20/4/79 p.5.

NUCLEAR PLANT WORKERS MUST SHAVE

Thirty employees of Eldorado Nuclear Ltd. of Port Hope were ordered to shave beards, moustaches and sideburns to ensure that respirator masks would fit properly or face three days suspension. The masks are

Spotlight on

LABOUR HISTORY

WORKMEN'S COMPENSATION

THE CANADIAN TRADE UNION MOVEMENT SINCE ITS INCEPTION HAS FOUGHT FOR LEGISLATION TO PROTECT INJURED WORKERS.

IN 1910 UNIONS OPENED UP THE FIGHT FOR AN EFFECTIVE WORKMEN'S COMPENSATION LAW



"SOCIALISM OF THE WORST KIND" SCREAMED THE CANADIAN MANUFACTURERS ASSOCIATION.

A MAJOR BREAKTHROUGH WAS ACHIEVED IN 1915 IN ONTARIO WHEN A GOVERNMENT COMPENSATION ACT CAME INTO EFFECT.

THE VICTORY HELPED CONVINCE THE UNION RANK AND FILE THEIR MOVEMENT HAD A FUTURE.

046 9-79

57-22

LABOUR

to protect workers from radioactive uranium dust. The United Steelworkers of America, representing the workers, say that the masks wouldn't be needed if Eldorado would clean up operations and repair leaking equipment.

In the plant, a preventive maintenance crew was responsible for checking equipment. The crew was disbanded when its leaders complained that management would not grant it the right to close down leaking equipment to do repairs.

The Steelworkers have also complained that the masks which management want used and which require the shaving, have been tested by army officials and found ineffective because they cause increased pulse rate and body heat. They have suggested a helmet-style respirator approved by the U.S. National Institute of Occupational Safety and Health, and the Atomic Energy Control Board of Canada. The helmet respirator costs \$300 while the face mask costs between \$5 and \$6.

GM 26/4/79 p.4.

FISHERMEN CO-ORDINATE STRATEGY

Nine unions representing inshore and offshore fishermen, fish plant workers and shipbuilders met to work out a united position in representing their members to employers and government. At times, the groups have disagreed on various issues. They agreed to the development of new offshore trawlers to replace old ones, providing they did not threaten inshore fishing.



Canadian Labour Congress union affiliates will oppose the use of factory trawlers within the 200-mile limit to protect their members who are inshore fishermen and fish plant workers.

HCH 28/3/79 p.4.

'MICHELIN BILL' SCRAPPED

Nova Scotia Labour Minister Kenneth Streach has sent a proposed amendment to the Trade Union Act to a labour-management committee for further study after loud protest from labour unions in the province. The amendment would have made certification of bargaining units possible only if they included all employees of a particular company, even if the workers were in different locations.

Currently certification can be sought for all or some employees in one plant. The proposal coincides with a United Rubber Workers' effort to organize workers at two plants owned by Michelin Tires Canada Ltd. Michelin employs 4,000 workers in the province and has recently announced plans to expand and employ 3,000 more.

The government outlined the purpose of the bill as ensuring a stable workforce to encourage investment. In 1973 the Liberal provincial government made changes to the Trade Union Act barring craft unions from organizing large multinational firms, a move which at that time helped Michelin. GM 19/4/79 p.8 GM 27/4/79 p.12

UNION BUSTING CHARGES LAID AGAINST DYLEX

Dylex Ltd., owner of Tip Top Tailors, Fairweather, Big Steel, Thrifty's and other clothing stores, and two top Dylex managers, have been charged with disruption of union organizing and conspiracy to break labour laws. The corporation, which owns 400 stores, nets more than \$270 million in sales per year. In 1976 the Amalgamated Clothing and Textile Workers Union tried to organize 175 workers at Dylex's central distributing and warehouse division in Toronto. Two employees were subsequently fired. The union won the right to represent the workers in 1977 but was unable to nominate a negotiating committee so it was decertified in early 1979.

TS 24/4/79 p.A3.

ARBITRATION PROCESS SPEEDED UP

An amendment to the Ontario Labour Relations Act to speed up the arbitration procedure in contract disputes was called the first hesitant step towards true reform, by Cliff Pilkey, president of the Ontario Federation of Labour. The amendment calls for the provision of third party assistance within 30 days of a filed grievance and the commencement of hearings within 21 days.

In Ontario 1,000 cases are arbitrated each year. Fifty-eight per cent of them are decided within one year, 25 per cent from one year to 18 months, 10 per cent from 18 months to two years and six per cent take more than two years. The NDP called for a time limit on the delivery of the arbitrator's award and report.

TS 23/3/79 p.A1.

QUEBEC LABOUR

LECTURERS STRIKE AT UQAM

Lecturers at the University of Quebec at Montreal have gone on legal strike to back demands for a first collective agreement. Formed in February, 1978, the University of Quebec Lecturers' Union has been negotiating since August for the following:

- a maximum of 33 students per course.
- more money; lecturers now earn \$1,740 for a 45-hour course.
- improved working conditions.
- recognition of seniority in hiring and of a reputation for competence.

The Professors' Union and support staff are respecting the picket lines and supporting the lecturers' demands. The government appointed two conciliators, but their failure led to the government's revising their status to that of mediators. Finally, after more than three weeks of strike, the government accepted the university's demand to appoint an arbitration council.

The 577 lecturers point out that they form 55 per cent of the teaching staff and teach 45 per cent of the courses. Yet their

salaries make up just 7.5 per cent of the total budget. The union is asking for \$3,495 per course, while the university is offering \$2,010.

LD 6/3/79 p.3, Paule des Rivieres

LD 23/3/79 p.28; LD 8/3/79 p.7;

LD 16/3/79 p.3, Paule des Rivieres;

LD 29/3/79 p.3; LD 9/4/79 p.3.



VOYAGEUR DRIVERS ACCEPT OFFER

The 350 Voyageur bus drivers who have been on strike since December 20 accepted their employer's latest offer yesterday. They won the first hourly contract in the bus transport industry in Canada and will be paid \$11 an hour while driving, \$6 while waiting.

Any worker who does not drive in a day cannot receive less than \$48 and if he works for even one hour his minimum pay will be \$58. Drivers are represented by the Teamsters' Union.

LD 3/4/79 p.3, Louis-Gilles Francoeur.

LABOUR

QUEBEC PROVINCIAL POLICE SPY ON UNIONS

Thirty members of the Quebec Provincial Police have been working for several years to find out about the strategy of Quebec trade unions involved in labour conflicts.

Among these is a special 12-man unit called Security which specializes in surveillance of Marxist-Leninist groups, inside or outside trade unions. These police officers gather files on group members, photograph their meetings, investigate members' background at work or in academic institutions. When required they give information to their staff officers who use it most notably for "prevention" (sic) of conflicts.

Information is gathered through inquiries made to employers, visits to striking unions, grilling of union activists who don't always know who they're talking to, paid informers, the use of people who've been in trouble with the law, and even through journalists, paid and unpaid.

These revelations, the conclusions of an investigation done by Le Devoir, have been confirmed by the provincial police. LD 7/3/79 p.3, Louis-Gilles Francoeur.

LEVESQUE DEFENDS POLICE SPYING

Premier Rene Levesque has stated that the information-gathering on public service unions being done by the Quebec Provincial Police has nothing to do with negotiations in the public sector. Levesque said that the provincial police were warned that these negotiations are not within their jurisdiction.

He said, "The police must try to prevent violence. If they act abusively we will be so advised, but for the moment there is nothing of concern. The police are a 'necessary evil'".

LD 7/3/79 p.3.

CNTU QUILTS SUMMIT MEETINGS

The Confederation of National Trade Unions will not take part in any more meetings with the provincial government unless it "withdraws the police from the unions" and unless the union central's four basic de-

mands get at least some response from the government.

The demands include:

- re-establishment of indexing for the minimum wage. It was indexed until last July, then frozen by the government.
- the adoption of steps to further unionization.
- the adoption of measures to reveal companies' "economic transparency."
- the creation of an employment stabilization bank.

LD 21/3/79 p.3, Louis-Gilles Francoeur



UNION DEMOCRACY: GOAL OF NEW EXECUTIVE

The newly-elected leaders of the Montreal Central Council of The Confederation of National Trade Unions (CNTU), a federation of 300 affiliated unions, have begun a campaign for more grassroots participation in union affairs.

Lead by new president, Gerald Larose, the executive wants to ensure that union activity takes priority over theoretical political questions now raised continually by members of various Marxist-Leninist and Trotskyist groups. They hope to lengthen debate on general issues and revitalize the election of local delegates to ensure that they represent their locals and not their own points of view. The executive has pledged to work for a socialistic, independent union.

Montreal Gazette 25/4/79 p.4.

PUBLIC SECTOR UNIONS BAND TOGETHER

For the first time since 1976, the three largest Quebec trade union centrals--Confederation of National Trade Unions, Quebec

LABOUR

Teachers' Corporation and the Quebec Federation of Labour--have joined forces to negotiate public sector contracts.

The last round had been held in the final year of the Bourassa government and the unions benefited by the weakness of an unpopular, divided administration. This time they face a more popular, credible government and a Finance Minister, Jacques Parizeau, who has both intelligence and credibility.

The goals of the unions are:

- a minimum weekly salary of \$265.
- increases of four per cent annually for all state workers to limit the gap between the highest and lowest paid employees.
- reduction of the gap between male and female workers by a general hike in salaries for job categories held by women.
- a cost-of-living index to completely cover price rises.
- paid maternity leave of 20 weeks, which could be extended without pay for up to

- two years for a mother or father.
- daycare at or near workplaces
- the possibility of retirement at age 60.

The government has not made public its offer for salary increases, but it appears that raises of 3.5 to 6.5 per cent for the first year of the agreement will be offered, dropping to as little as 1 per cent for the last two years. The common front claims the government offer represents a loss of purchasing power ranging from 8 to 20 per cent over three years. It calls the offer "provocative and unacceptable."

A conflict between the government and the common front arose over whether the negotiations should be public. The government claimed it was in the public interest to open them up; the front claimed this would adversely affect negotiations. A compromise solution is being worked out, but the negotiations may be lengthy.
LD 22/3/79 p.4; LD 21/3/79 p.1;

EVERY TIME WE HAVE IT FIGURED OUT,



HOW TO MAKE ENDS MEET...



SOMEBODY HAS



MOVED THE ENDS!"



POLITICAL

FEDERAL GOVERNMENT

INTRODUCTION: *As we go to press, two weeks are still left in the federal election campaign. While media coverage has been plentiful, a substantial discussion of the issues facing the country has been sadly lacking. The press has not only contributed to this situation, but has now started to report that angle itself. Here is a brief discussion of the major issues being addressed by the Liberals, Conservatives and the NDP.*

**ELECTION FEVER FALSE ALARM
REAL RESULT OF CAMPAIGN: ENNUI!**

Liberal Issues: The two main battle-fronts for Trudeau's Liberals are national unity and strong leadership. With the first issue, there are basic strategies: build up Trudeau's abilities, and record and attack Clark's image of weakness in this area. This double-barrelled approach was aptly described by the Toronto Star: "Determined to set himself up as the only person who can keep Canada together, Trudeau has been trying to paint his opponents as traitors, wafflers, appeasers, cowards and weaklings."

Trudeau's own description of the choice facing Canadians was the following: Will we choose a Liberal government which wants "a strong united country, with the possibility to respect each other's individuality, to permit each individual to fulfill himself according to his own potential.

"Or do we want a country which is divided by languages, divided by ethnic origins, divided by provincial regions, divided by interests?"

On leadership, Trudeau uses the same approach. The word most often heard at rallies is that Trudeau is "strong", while Clark is a "yes-man" to the provinces who would use him as a puppet to dismantle federal powers. "You won't find him taking a stand on the difficult issues", Trudeau says.

The Winnipeg Free Press described it this way: "The Prime Minister used an old French saying to describe Clark's relationship to the six Conservative Premiers.



Roughly translated, it goes: 'I am their leader, therefore I have to follow them.'

Tory Issues: Clark's Conservatives are concentrating their energies on two more issues. The first is the Prime Minister himself. It is less of an attack on Trudeau's leadership ability as much as it is an attempt to identify the Liberal record with the Liberal leader.

Of Trudeau he says: "The country can't stand another four years like the last 11 ... the Prime Minister chooses to attack the people of Canada instead of the problems of Canada. He is dividing the country ... (he) has antagonized every premier he has met in his 11 years of office." Clark says that he wants to bring government "back to the concerns of the ordinary cit-

izen, instead of governing according to the theories of a small group in cabinet."

Clark's second issue is the economy. He has hammered away at the Trudeau government for its failures to control inflation. A Conservative government, he said, would provide incentives for private enterprise and concentrate on "building areas" such as agriculture and small business. Clark's economic program has two dimensions. First, he plans to cut government spending by eliminating 60,000 civil service jobs. He would then carry out a program of tax cuts and business incentives to produce a growth rate of 5.2 per cent annually.

The basic premise of this program is that "achieving these goals means less government and more reliance on the private sector." One of his most popular ideas is a mortgage rate and municipal tax deduction for taxpayers who own homes. The NDP has felt compelled to match this with their own scheme and the Liberals apparently wish they could do likewise.

NDP Issues: The New Democrats have been stressing two key issues— industrial strategy and foreign ownership of the economy.

Broadbent has demanded that "Canada evolve a long-term industrial strategy which pushes regional strengths and does not try to 'foist... a kind of miniature Ontario' on poor communities, with tax incentives and grants tied to job creation and growth targets."

This concept of an industrial strategy has allowed the NDP to address a host of local issues in the context of one large issue. For instance while in Sydney, N.S., Broadbent promised \$150 million in aid to the Cape Breton steel mill and a target of 1500 new jobs. In Vancouver he promised to create a Canadian merchant marine. Both promises are directed to specific local concerns, but are part of a single-issue approach.

In regard to Broadbent's other main theme, the NDP seems to be the only party talking about foreign control of the Canadian economy. "Concern with the problem of foreign ownership cannot be dismissed as nationalistic jingoism or as a form of regressive tribalism as it has been by Trudeau. Nor are its problems to be resolved by a Tory party led by Joe Clark", says Broadbent. He has accused both old-line parties of "hurting Canada by tacitly accepting since 1945 that raw resources will be sold abroad and that local manufacturing will be branch plant production geared only for domestic consumption."

Broadbent has spent most of the campaign lambasting both the Liberals and Conservatives evenly. He has promised that "an NDP-supported minority government would push for economic development and stability, and demand preservation of medicare and Petrocan."

CNSP NOTE: One of the most overwhelming impressions of the campaign is the extent to which each leader is acting in isolation from the others. There is a certain amount of sparring between Clark and Trudeau on leadership, but no real debate on major issues. Each party puts forth its own position and its own issues, then sits back.

One can't help but attribute this lack of "bodily contact" to the pervasive in-



POLITICAL

fluence of American politics. You may recall that Richard Nixon was actually re-elected without hardly venturing beyond the White House. In the recent British election, though the lines were sharply drawn between left and right, Margaret Thatcher was heavily protected and refused all invitations to public debate.

Another factor is that all of the national campaigns have been designed so that TV journalists can get good footage

for the evening news. It should be remembered that the criticism that the campaign is boring comes from print journalists, not television journalists.

GM 11/4/79 p.9; GM 21/4/79 p.12;
WFP 6/4/79 p.1; WFP 9/4/79 p.18;
WFP 14/4/79 p.8; WFP 15/4/79 p.1;
WFP 19/4/79 p.11; TS 29/3/79 p.A6;
TS 30/3/79 p.A1; TS 4/4/79 p.A6;
TS 14/4/79 p.A9; TS 15/4/79 p.A14;

POLICE

INTRODUCTION: *The McDonald Royal Commission into RCMP wrongdoing started questioning cabinet ministers about their knowledge of illegal activities. But the concurrent election campaign did not raise the issues of police lawbreaking. Neither the Progressive Conservatives nor the New Democrats touched the RCMP in their criticisms of Liberal government policies. Neither party took the risk of turning away a public that supports the RCMP with a firm, critical stand on police activities.*

ALLMAND OKAYS RCMP DISRUPTION

Warren Allmand admitted to the McDonald Royal Commission that as solicitor-general in the early 1970's he knew that the RCMP entered premises without search warrants. Allmand said he accepted the force's own assurances that this was legal.

Allmand, now Minister of Consumer and Corporate Affairs, is the first cabinet minister to testify at the inquiry. He said he was not told the force was illegally opening mail despite asking about it.

Former RCMP commissioner W.L.Higgitt told Allmand to try getting the Post Office Act amended so the Mounties could open mail in drug and espionage cases. Allmand says he felt "betrayed" by the RCMP for keeping him in the dark about their nefarious activities.

During Allmand's time as solicitor-

general(1972-1976), he says the RCMP intensified its "war against subversion", concentrating on the separatist movement. Allmand cited a case in which he asked the RCMP to investigate an MP's charge that police were following National Farmers' Union president Roy Atkinson. The RCMP denied the charge but when presented with evidence to the contrary, said they were not following the union leader when the question was asked.

Allmand told the commission he was concerned about the RCMP's broad definition of subversion. He said he took steps to tighten up language used in the security service when he found terms such as Communist, homosexual and influence peddling used loosely.

Refugees fleeing from the military government of Chile in 1973 were unfairly branded as subversives by the RCMP when

they tried to enter Canada, said Allmand.

After four days of testimony Allmand concluded the RCMP should be allowed to disrupt subversive groups by spreading dissent among their members, but only "by using legal means." He didn't define the term "legal means."

Allmand is the first high-level witness not to invoke the protection of the Canada Evidence Act which would have prevented his testimony from being used against him in court.

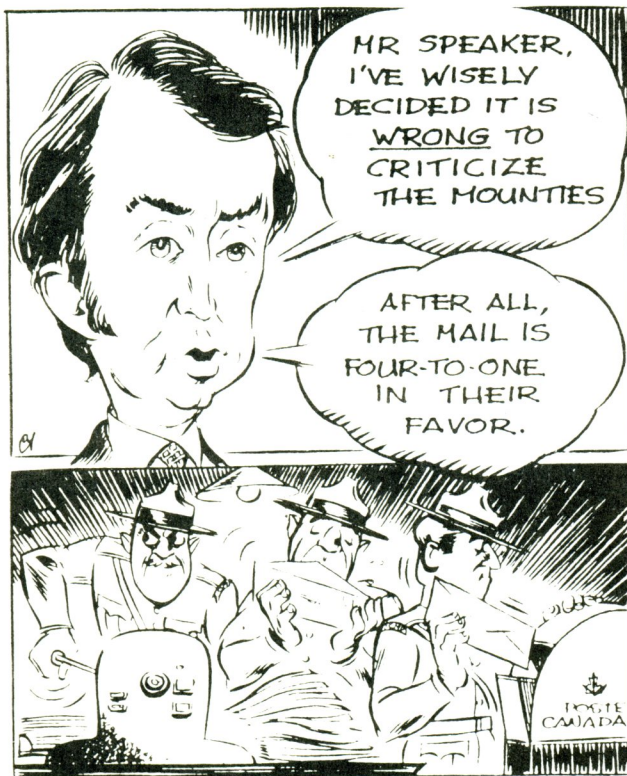
The inquiry's commissioners turned down a bid by former solicitor-general Jean-Pierre Goyer to postpone his testimony until after the May 22 election.

GM 4/4/79 p.1; TS 4/4/79 p.A3;
TS 5/4/79 p.A12; TS 6/4/79 p.1;
WFP 6/4/79 p.1; TS 7/4/79 p.A3;
GM 7/4/79 p.12; TS 8/4/79 p.A24.

130 to 150 aircraft are reaching their final phase.

The two contenders are the F-18A Hornet from McDonnell Douglas (\$18 million each) and the General Dynamics F-16 (\$16 million each). The planes are slated to serve as interceptors in NORAD and to perform as close-support strike aircraft should Warsaw Pact forces invade NATO territory in Europe.

The government has guaranteed the defence department an annual increase in spending on capital equipment of 12 per cent after inflation. Yet during the United Nations General Assembly Special Session on Disarmament, Canada joined other nations in saying that the road to peace cannot be found through increased military spending and that security can be found in a "gradual but effective...reduction in the



A CONSERVATIVE CALCULATION

The F-18A

Type: Naval strike fighter.

Powerplant: Two low bypass F404 GE-400 engines, each in the 16,000 thrust class, with combat thrust to weight ratio of greater than one-to-one.

Length: 56 feet.

Height: 15.2 feet.

Wingspan: 37.5 feet.

Speed: More than Mach 1.8.

Load Factor: to -3 G.

First Flight: Nov. 19, 1978.

Crew: Single pilot, two in training version.

Armament: Can carry more than 19,000 pounds of ordinance, including air-to-air missiles, and conventional or guided air-to-ground missiles. Nine weapons stations. Two wing tip stations; two outboard wing stations; two inboard wing stations for fuel or missiles; two nacelle fuselage stations for weapons or sensors; one centre line station for fuel or weapons. Internal M61 20 mm. cannon in nose.

Maximum flight duration: Unrefueled ferry range or more than 2,000 nautical miles; combat range better than 400 nautical miles, 550 nautical miles air-to-surface — greater with external fuel instead of some stores.

Price: \$18 million each.

MILITARY

DEFENCE SPENDING IGNORED IN ELECTION

The battle to win the biggest defence purchase in Canada's history continues. Negotiations for a \$2.34 billion contract for

POLITICAL

present level of armaments."

Considering the concurrent massive federal cutbacks in social spending for agricultural and medical research, housing, and foreign aid, it is significant that military spending is not an election issue. Neither the Tories nor the New Democrats have contested the Liberal rationale that military spending is good for the economy.

On the contrary, military production is capital-intensive. It diverts investment from more labour-intensive enterprises and thus indirectly keeps unemployment high.

Elections in Canada have rarely featured militarism as an issue. Until political leaders are forced to confront it, wasteful military spending will continue to increase at the expense of the unemployed and real Canadian needs. TS 16/3/79 p.A10; Callimet Spring 1979; Ploughshares Monitor Vol.2, No.2 Ernie Regehr.

The F-16

Type: Single-seat air superiority fighter.

Powerplant: One Pratt & Whitney F-100-PW-100 (3) turbofan engine developing 25,000 pounds of thrust.

Length: 47.64 feet.

Height: 16.43 feet.

Wingspan: 43 feet.

Weight: Empty, 14,567 pounds; maximum takeoff, 33,000 pounds.

Speed: Mach 2.0.

Load factor: to -3 G at basic design weight.

First flight: Dec. 8, 1976. Production model: First one accepted USAF Aug. 17, 1978.

Crew: F-16A, one. F-16B, two.

Armament: Two, four, or six AIM-9 sidewinder missiles. Two or four AIM-7 Sparrows, 515 rounds of 22mm ammunition for GE M61-A1 gun. Eleven weapons stations capable of carrying 16,400 pounds of munitions or additional ECM.

Avionics: Multirole, X band pulse doppler radar with air-to-air and air-to-ground capability. Advanced digital avionics system includes stores management set, heads-up and head-down displays and inertial navigation.

Maximum flight duration: 5.5 hours unrefueled, 9 hours with refueling.

Price: \$16 million each.



HEALTH

INTRODUCTION: The Conservatives are rightly being accused of dismantling the universal health care system in Ontario. In 10 months the number of physicians who have dropped out of the Ontario Health Insurance Plan has soared from 10 to 18 per cent of the province's doctors.

HEALTH CARE: HOW UNIVERSAL IS IT?

Federal Health Minister Monique Begin has threatened to cut off medicare payments to provinces that don't make sure their health programs are open to everyone (The federal government's annual medicare funding to all provinces is \$600 million).

A regulation adopted by the Ontario Cabinet in December, 1978 permits doctors who have dropped out of OHIP to bill the plan for services they deliver in hospitals. Doctors refer patients to outpatient clinics when they doubt that patients can afford specialists.

The opposition parties claim that this encourages doctors to opt out and are asking the government to rescind the regulation.

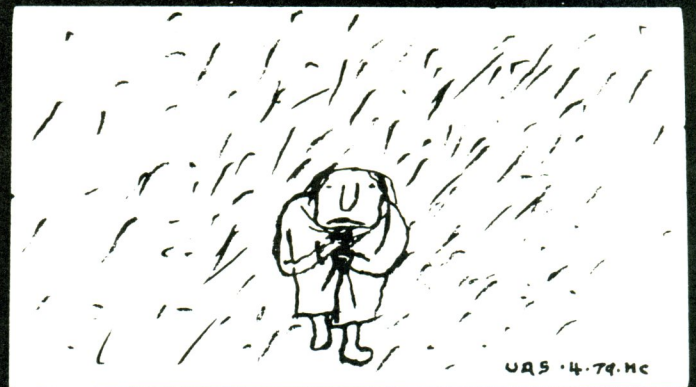
The Ontario Medical Association will be the sole negotiating agency for physicians in Ontario for OHIP schedules. The OMA fee schedule which opted-out doctors are charging is 30 per cent higher than the OHIP schedule, and in some cases 42 per cent higher.

The number of opted-out physicians is much higher than 18 per cent in many areas. In Metro Toronto, the figure is 25 per cent. In Peterborough and Orillia, 70 per cent of doctors are outside the plan, as are 30 per cent in Halton, Perth and Wellington counties, 41 per cent in York county and 24 per cent in Waterloo.

OHIP premiums have increased 13 per cent since May, 1978. Doctors in Ontario

average a net income of \$55,000 per year, while a pensioner receiving the guaranteed annual income supplement and old age security gets \$4,116 a year. Once again it is the most vulnerable in our society who suffer--the elderly, the low-income, the

**SUPPORT
THE
HEALTH CUTS**



DON'T GET SICK !

POLITICAL

chronically-ill and disabled.

A more serious erosion of universal health care is Ontario's plan to cut active treatment hospital beds to 3.5 per 1,000 population in southern Ontario and to 4 beds per 1,000 in the north. Ontario's bed per capita has been declining at a faster rate than the rest of Canada for the past eight years. The average for the rest of Canada is closer to 5.5 beds per 1,000 population.

During the next two years 4,000 more beds will be dropped, which will mean that 4,500 health care workers in Ontario could lose their jobs.

Thunder Bay and Northwestern Ontario residents have written letters of protest to the Minister of Health, asking him to stop the cutbacks of active treatment beds in their region. Three of the five doctors in the Thunder Bay area say they may leave simply because they cannot provide adequate services. Up to 1,000 patients are on the waiting lists of some hospitals in the Thunder Bay area.

In spite of well-documented reports showing the need for Lakeshore Psychiatric Hospital near Toronto to stay open, the Health Ministry has rejected the Ontario Public Service Employees Union's request for an inquiry. The inquiry would allow

the community, the workers and the patients to learn the reasons for closing the hospital and to find alternatives to it.

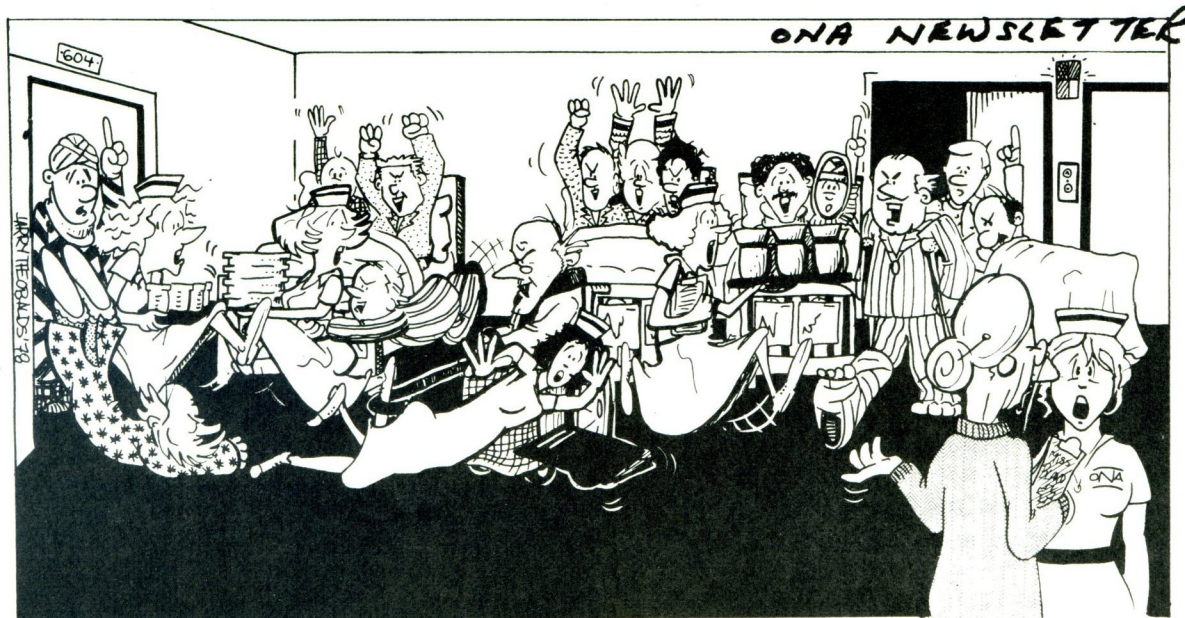
Fighting Back

Northwestern Ontario residents are not the only people resisting the Conservative government's attack on the province's health care system.

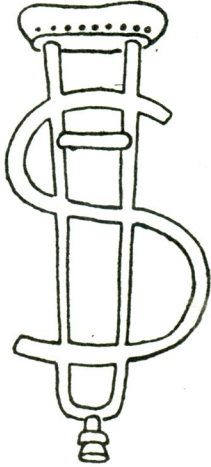
The Steelworkers union has intervened in Sudbury where some 200 doctors are threatening to send collection agencies after patients unable to pay medical bills. out of their \$25 per week basic strike pay. Inco strikers have been off the job for six months.

The Ontario Nurses Association vehemently responded to the government's proposal to impose deterrent fees for the chronically-ill: "This proposal to make chronic care patients pay is despicable and irresponsible and proves the complete failure of the Conservative government to design and operate an efficient health care system in Ontario."

The United Auto Workers union is compiling and publishing lists in union locals of doctors who have opted out of OHIP and of doctors in the plan, in a bid to put pressure on the profession. The UAW is



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also urging its members to stop seeing
doctors who have opted out.

The Canadian Union of Public Employees

appealed to the Ontario Federation of Labour to host a province-wide gathering to deal with the crisis in Ontario health care and hospitals.

The Ontario Hospital Association has stated that if budgets don't cover the cost of service, availability of services to the community will lessen, quality of care will suffer and services may be merged.

An all-party legislative committee judged that health spending--28 per cent of the provincial budget--was neither excessive nor out of control. The Health Ministry's share of provincial spending has dropped 33 to 28 per cent since 1972. Hansard, Legislature of Ontario, 15/3/79, 27/3/79 and 29/3/79; GM 8/2/79 p.1; GM 5/3/79 p.4; GM 19/3/79 p.1. TS 19/3/79 p.A6; Solidarity, April 1979.

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