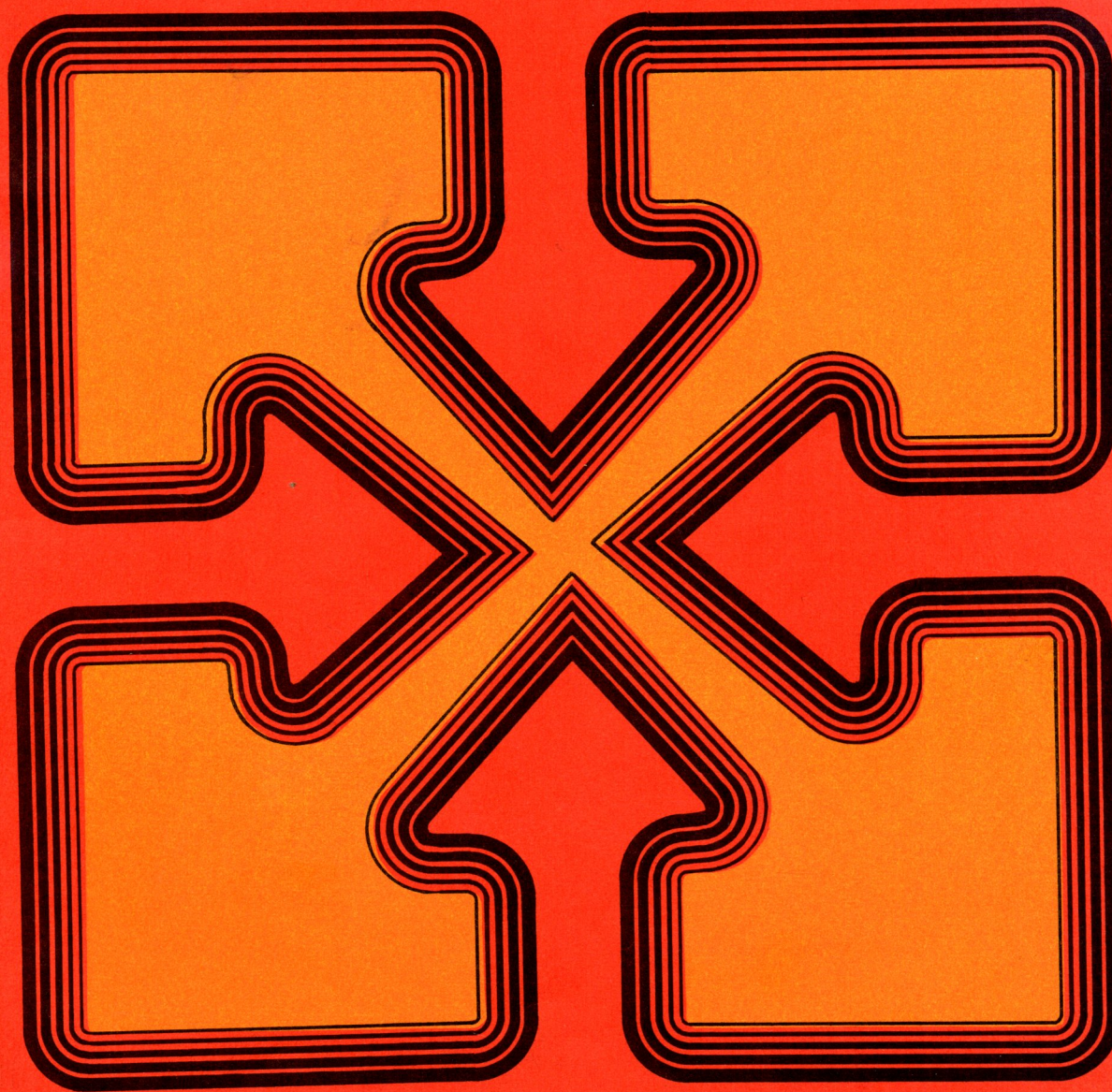


Synthesis

A Review of Events Reported in the Canadian Press



HIGHLIGHTS

- Trade Outlook Bleak P. 4
- Pipeline Negotiations Settled P. 8
- Fort Chimo and the Press P. 19
- Referendum White Paper P. 25

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Canadian News Synthesis Project

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

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

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CANADA AND THE WORLD

THE GENERAL CONTEXT



INTRODUCTION: *This month we begin a revised approach to Canada's relation with the rest of the world. The Canada/World section will be organized in three parts. First, the overall context; what the world's leading spokesmen are saying about our direction, and what the economic indicators predict. Second, a specific look at some elements of this context; commodities, trade, finance, and investment, and how these affect Canada. Finally, we turn to the day-to-day face of Canadian foreign policy, our relations with other nations, and our foreign aid.*

DEBT CRISIS CONTINUES

The International Monetary Fund (IMF) and the World Bank (IBRD) held their annual meetings in September, providing an opportunity for reviewing key aspects of the international financial situation. Before the IMF meetings United States bankers called for more leadership from the international body. Irving Friedman, senior Vice-President of Citibank of New York said the private banks have a strong interest in an effective international monetary system. He called for a strong IMF which would reduce bankers' doubts about the reliability of debtor countries. WFP 1/9/77 p. 33 Reuter

Meanwhile, Sridath Ramphal, secretary General of the British Commonwealth, warned of a world debt crash. "The general burden of third world debts to the private banks is such that the latter will be obliged to lower levels of financing. This will reduce the third world's purchasing power -- thus adding to the world recession..." Ramphal feels cutbacks on development schemes are provoking political upheavals. Even some "respectable" countries might default, causing a rash of failures. Martin Schubert, chairman of Rosenthal International Ltd., recently warned of a "maturities explosion" around 1980, when a large number of Duro-currency loans to third world countries fall due. Some private banks suggest a larger IMF, and others suggest a closer role between private banks and the IMF. Almost all banks insist that governments must help third world countries to avoid default. FP, Vanya Walker-Leigh

IMF LIKES RESTRAINT

The report of the IMF to its annual meeting praised cautious and restrained monetary and fiscal policies in countries like Canada. It avoided dealing with

pressures created by cautious approaches to fighting unemployment. Because the priority is fighting inflation, it claims, the scope for improvement is limited. The IMF warned against increased restrictions on trade, and noted that there will probably be a slackening of credit from commercial banks in the next year. The reliance of non-oil countries on large private borrowing has meant higher interest rates and short terms for loans, making debt service payments much greater than in the past. WFP 12/9/77 CP; MS 12/9/77 p. A1; HCH 19/9/77 p. 7, FTC

The Financial Times of Canada backed the IMF's cautious approach, arguing the worst threat was still inflation. Despite current pressures for more stimulation at home and more liquidity abroad, the Times says a major exercise in reflating the global economy could refuel inflation. Some limited stimulation could occur in a few stable countries like Germany and Japan, but that would be all that could be risked. Editorial, 19.9.77 p. 8

FTC columnist Peter Cook called the revival of the U.S., Japan and Germany essential for recovery, as these economies account for 62 per cent of the wealth of the

How main economies stand up

| | 1977 | 1976 | 1975 | Last 10 years Average |
|------------------------------|-------|-------|-------|-----------------------|
| U.S..... | +5.3% | +6.1% | -1.8% | +4.0% |
| Canada..... | +3.0% | +4.9% | +1.1% | +4.0% |
| Japan..... | +5.5% | +6.3% | +2.4% | +9.4% |
| Germany..... | +4.0% | +5.6% | -3.2% | +4.4% |
| France..... | +3.0% | +5.2% | +0.1% | +5.4% |
| Britain..... | +1.0% | +1.4% | -1.8% | +2.7% |
| Italy..... | +2.3% | +5.6% | -3.5% | +4.3% |
| 24 Industrial Countries..... | +4.0% | +5.2% | -1.0% | +5.0% |

OECD 1977 forecast, per cent gain or loss in real GNP from previous year.

CANADA AND THE WORLD

richer 24 industrial countries. But he pointed out that these economies are not likely to work miracles. The growth of the U.S. economy is down in the second quarter of 1977 from 6.5 to 6.2 per cent, while inflation is up from 6.7 to seven per cent. Germany had a second quarter growth rate of only 0.5 per cent, worse than any other country except Canada. Japan is on the road to moderate reflation, and public spending is increasing, but not enough to lead to massive imports. FTC 26/9/77 p. 12 Peter Cook

CNSP NOTE: *For more on Canadian prospects, see Economy: General.*

"SMALL IS BEAUTIFUL" AGREES WORLD BANK

The IMF's twin, the World Bank, cited a policy change in its annual report. Its new priority is business in the third world. This will provide jobs for less skilled workers and expand the entrepreneurial base overseas. The 129 member countries were asked to increase the bank's capital to \$41 billion from \$32.56 billion, allowing an annual lending rate of \$5.8 billion. Canada would contribute an extra 552 million. To reach smaller businesses, the World Bank will go beyond national development banks in poorer countries and possibly assist workers' banks, credit unions, cooperatives and commercial banks. MS 19/9/77 p.D8,CP; GM 20/9/77 p.B7; GM 19/9/77 p.2 Reuter

Canadian agricultural economist, W. David Hopper, has been appointed World Bank vice-president in charge of South Asia operations. Mr. Hopper spent most of 1962-1970 in India. MS 16/9/77 p.B7 CP.

DEMANDS FOR N.I.E.O.

The Commonwealth Financial Ministers met in Barbados to discuss increasing protectionism, and toughening conditions on IMF loans. Barbados Prime Minister Adams pointed out that more prosperity in the rich economies would not mean improvement for the poor. He said restructuring the world economy was the priority. GM 23/9/77 p.B12 Reuter

The United Nations General Assembly opened on a similar note. The developing nations called for action on a New International Economic Order. They cited the failure of the North-South dialogue, and called for a minister-level meeting before 1980 on the N.I.E.O. Canada's Allan MacEachen, co-chairperson of the North-South dialogue, called the developing nations' description of the Paris talks "very unbalanced". He said the less developed should not overlook the aid they had already received from the industrialized countries. MS 14/9/77 p.G1, Reuter; EJ 14/9/77 p.8, CP; WFP 15/9/77 p.9

DEADLOCK ON DESERTIFICATION

In Nairobi, Kenya, the U.N. Conference on Desertification considered action to fight expanding deserts.

Experts in semi-arid and arid land cautioned against policies which could injure nomadic peoples. They applauded modest small-scale efforts, like those used by the Israelis in the Negev, which are based on ancient methods. Rich and poor nations split over a Sudanese motion to set up a special U.N. fund to finance the action plan. Britain and the U.S. said they would not contribute. The Conference ended on a rather sour note in wrangling over financing. GM 1/9/77 p.3; NYT 10/9/77 p.11, Reuter

LIBERALS KEEP TRILATERAL CONNECTION

Canada's Mitchell Sharp will join Henry Kissinger on the Executive of the Trilateral Commission. Mr. Sharp will be deputy Chairman under Chairman David Rockefeller, the founder of the Commission. The body, which includes nine Canadians, brings together about 250 representatives of European, North American and Japanese business and related groups. President Jimmy Carter chose 16 of his most senior people from its ranks, including Cyrus Vance and Walter Mondale. Also appointed to the Commission is Claude Edwards former president of the Public Service Alliance of Canada and now a member of the public service staff relations board. The original Canadian membership includes Doris Anderson, former editor of Chatelaine, Robert Bonner, Chairman of B.C. Hydro, Peter Dobell, director of the parliamentary centre for foreign affairs and trade, Gordon Fairweather, former MP for Fundy-Royal, Maurice Strong, president of Petro-Canada and Michael Kirby, member of the public utilities commission in Nova Scotia. MS 8/9/77 p.A16 CP; EJ 8/9/77 p.46 CP

CNSP NOTE: *The appointment of Mitchell Sharp to this important role in the primary private co-ordination agency of the transnational business elite indicates something of his importance to continentalist and tri-continentalist strategies. It also shows the importance of these strategies in the senior councils of the Liberal establishment in Canada.*

OECD PREDICTS

The Organization for Economic Cooperation and Development's annual survey of the Canadian economy cited an improvement of domestic inflation in the past year. It called for "a relatively strict policy stance", since reflationary action...would risk relaunching inflationary expectations, and would probably be undesirable if it stimulated private or public consumption." HCH 5/9/77 p.1 CP; HCH 7/9/77 p.14, CDJ

The Winnipeg Free Press was enthusiastic about the OECD rating, feeling that it supports the present federal policy. (CNSP Note: Not surprising in that it relies on that same federal government for its data.) The Free Press backs the OECD's advice to restrain spending and to keep wage and price controls. Inflation is still the greatest danger, in spite of Conservative and New Democratic pressure to stimulate the economy. WFP 15/9/77 p.47 Editorial

CANADA AND THE WORLD

The Ottawa Citizen's Don McGillivray pointed out, however, that the Paris-based OECD prepared its report before the sharp fall in second quarter output in Canada was known. Also, the OECD tends to take growth for granted, and was much too optimistic in its predictions for Canada's economy last year.

But the cautious OECD does have some criticism for Canada. Federal policy created some of the stagnation and some of the unemployment, with all its misery. Further, the OECD has done an econometric experiment which shows, as organized labour has been claiming -- that the Anti-Inflation Board has had no effect on prices. OC 6/9/77 p.36 Don McGillivray

The meeting of the IMF considered the problem of how to revive the international economy by "reflating" the performance of the three big economies. The U.S., West Germany and Japan together account for 62 per cent of the wealth of the world's richest 24 countries. The U.S. has been pressuring West Germany and Japan to stimulate their economies through government spending. The latter two are now showing signs of adopting the suggestion in limited form. At the same time, Washington has an eager eye on the Canadian economy which, through the import of substantial volumes of American manufactured products, is the largest U.S. market. An estimated one million American jobs in border states depend on the Canadian market.

WFP 13/9/77, p.23; EJ 12/9/77 p.75; GM 23/9/77 p.B12; FTC 26/9/77 p.12; MS 8/9/77 p.D9; FTC 18/7/77 p.8

THE SPECIFIC AREAS

COMMODITIES

Mexico has proposed the creation of a fund by exporting and importing nations to support and stabilize world coffee prices. HCH 25/8/77 p.22 AP

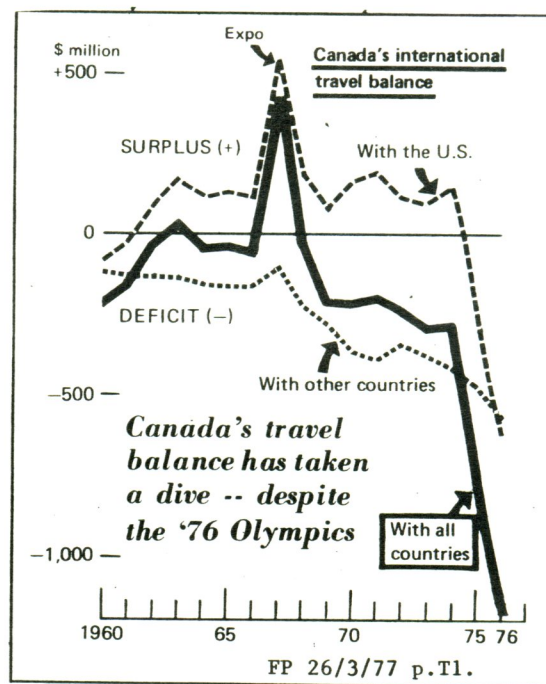
The greatest bone of contention between Canada and the U.S. at the moment is the development of the nickel resources on the seabed. The U.S. wants no limits on seabed production. Canada is willing to see seabed production, but wants to protect its domestic nickel industry, the world's largest. At the moment Canada's ore is competitive, but Canadians fear improvements in seabed technology would undercut Canadian mines and miners. GM 9/9/77 p.6 Geoffrey Stevens

TRADE

FEARS GROWING THAT PROTECTION WILL STEM RECOVERY

Western economies enter the last half of 1977 with few hopes for healthy growth and with rising rates of domestic unemployment. There are growing fears that protectionist trade policies will further dampen international commerce and provoke another thoroughgoing recession. Within the past month, the GATT Secretariat (General Agreement on Tariffs and Trade), the International Monetary Fund (IMF) and the meeting of Commonwealth Finance Ministers have each issued warnings against protectionist moves. While the world's richest economies are "committed" to reducing trade barriers through the current GATT negotiations (see CNSP of July), domestic problems are pushing the other way. Unemployment within each nation and the prospect of another slow growth year in 1978 are temptations to increase tariff and non-tariff walls to protect domestic production from international competition.

Such policies would stifle budding industry in the third world, according to those attending a recent Commonwealth finance ministers meeting in Barbados. At the same time the GATT secretariat predicts the rate of growth of world trade volume will be down six per cent from 11 per cent in 1976.



TRAVEL DEFICIT AND BORDER TV

One of the major contributors to Canada's growing deficit in service payments is the sagging travel industry. The deficit has become especially acute since the U.S. Congress imposed tax restraints on American conventioners meeting in foreign countries. Convention business in major Canadian cities dropped dramatically as a result.

Congress now appears unwilling to exempt the Canadian tourist and convention industry without a quid pro quo. It wants Canada to relent on Bill C-58, the 1976 law that limits tax deductions by Canadian advertisers on commercials beamed via U.S. border TV stations back to Canada. The question is what price Ottawa will pay in travel deficits to win a measure of cultural identity and sovereignty through a protected media industry. FP 24/9/77 p.1

CANADA AND THE WORLD

CANADA AGREES TO NUCLEAR SALES CURBS

In a pact aimed at curbing the spread of nuclear weapons, Canada and 14 other nations have agreed on rules over export of their nuclear technology. The agreement, reached in London on September 21, bars customers of the signatory countries from using the nuclear plants

and technology for making bombs for either military or "peaceful" purposes. Countries subscribing to the code include the U.S., the USSR, Poland, East Germany, Czechoslovakia, U.K., France, West Germany, Japan, Holland, Belgium, Italy, Sweden and Switzerland. TS 22/9/77 pA14.

SECTORAL SUMMARY OF THE CANADIAN TRADE DILEMMA

INTRODUCTION: General discussions about our merchandise trade surpluses fail to give colour and depth to the real trade picture. The Financial Post's report (September 17, 1977) shows that our merchandise surpluses - with which we balance our books after customary service deficits - are not as healthy and stable as is usually assumed. The fact is that our resource-based, export economy is dangerously dependent on the fortunes of a very few key commodities.

AGRICULTURE: Wheat and barley account for well over half of Canada's exports of food, feed, beverages and tobacco. The surpluses we register with these and other grains compensate for the \$1 billion deficit in agricultural trade outside of grains. The result is a trade surplus of about \$1.3 billion. The U.S. accounts for about a quarter of Canada's agricultural export market, a figure much lower than the overall average of 70 per cent. As a result, international markets - in Europe, the Eastern bloc and the third world - are much more important to agricultural trade than that for other commodities.

ENERGY: Canada will continue to enjoy a surplus in trade in energy commodities for a few years more. Natural gas exports and electricity sales to the U.S. will offset the cost of imported oil for three or four years. But after 1980, gas revenues (even with increased exports) will not cover the bill for oil imports. The National Energy Board (NEB) estimates 52 per cent of our oil needs will be met by imports in 1985 at a cost of about \$6 billion annually at current prices. Unless new oil comes on the market or energy alternatives are developed, Canada will be adding a deficit figure in place of a traditional surplus on its energy trade accounts.

MINES: The mining sector traditionally registers a healthy surplus- \$4.5 billion in 1976 - in Canada's favour. In the short-run, however, weak international demand is hurting exports. With huge inventories of metals on hand, multinational corporations that mine copper, nickel and zinc are now laying off thousands of workers across the country. The trend is likely to continue throughout the winter, exacerbating the unemployment statistics and seriously damaging the living standards of mining communities. In the long-run, the trend towards third world mining investments on the part of Canadian-based multinational corporations, threatens the livelihood of workers and the health of the national economy. The outstanding exception is uranium mining now booming in selective parts of the country.

FORESTRY: While lumber sales to the U.S. have picked up recently, there is a real problem in the pulp and paper industry. The lower cost structure of third world and southern U.S., pulp and paper production is eroding the external Canadian market for a traditional product. The industry has massive inventories on hand and with the international economy sagging, we can expect large layoffs this winter.

PRIMARY MANUFACTURING: Three primary industries - steel, textiles and chemicals - are not highly optimistic about the trade outlook. Steel alone has a trade surplus. Textiles registered a \$739 deficit in trade with other countries in 1976, Ottawa continues to debate measures to protect the industry and/or find means of readjusting it to better live with realities of world competition. Canada's long-standing deficit in chemicals (averaging about \$900 million annually) could be balanced out by two new production facilities soon to come on stream: the Petrosar petrochemical plant at Sarnia, Ontario and the Alberta Gas Ethylene scheme.

SECONDARY MANUFACTURING: Here's the sore spot, quickly becoming an open wound. Canada's current deficit in fully manufactured products runs at about \$10 billion. That figure could grow to \$20 billion by 1980 under present trends. A big chunk of this trade (67 per cent of exports and 43 per cent of imports) fails under the U.S.-Canada Auto Pact where an overall deficit results from an underdeveloped Canadian auto-parts industry. In the field of machinery manufacturing, Canada has the dubious honour of being the only western country in which domestic manufacturers hold less than half the local market. The present share is 35 per cent, and three-quarters of these firms are foreign owned. The 1976 trade deficit in machinery was \$3 billion.

Ottawa considers the secondary manufacturing sector the "crunch" point of its current negotiations in GATT. But with no grand solution for a secondary industrial strategy, Ottawa is at a loss to know what to do about growing manufacturing deficits and a decaying ability to offset them by exporting our food, rocks and logs.

CANADA AND THE WORLD

FOREIGN INVESTMENT

INTRODUCTION: While some Canadian businessmen seek greener fields for investment in the U.S., Canadian politicians and editorial writers cozy up to European and German moneymen to get them to invest in Canada. While FIRA allows another batch of takeovers in the interest of the Canadian economy, the overseas managers of a multinational TV firm pull out of Canada leaving more than 100 employees high and dry. Money flows at the convenience of its owners. Canadian workers take the brunt. The anti-union laws of the southeastern U.S. attract capital's owners.

Canadian firms are moving into a key U.S. growth area, the "Sunbelt", seven Southern States where low land costs, low wages and a large market are attracting new industrial investments. Atlanta's First National Bank, cites the "free market" atmosphere of the south where government and union actions don't restrict business very much. The Atlanta Chamber of Commerce says Canadian businessmen see the labour movement in their country becoming more strong, and fear losing competitiveness. Western Europeans, afraid of left gains in elections at home are also looking into the South. The Bank of Nova Scotia was one of the first foreign banks to move into Atlanta. Canadian trade commissioner, Doug Branion says Canadian exports to the area are growing at a rate of 10 to 15 per cent annually. Investors are attracted by wages which are \$1 to \$1.50 lower than Canada's, and productivity which is 25 per cent higher. He estimates Canadians have invested about \$500 million in businesses, not including real estate. Alcan Aluminum, Abitibi Paper, Johnson Wire, Canada Packers, INCO and Moor Business Forms are some Canadians who have moved south. HCH 8/9/77 p. 43, Garry Fairbairn, WFP 7/9/77 p. 47, TS 6/9/77 p. 1C6

Canada's largest real estate brokerage, A.E. LePage Ltd. of Toronto, has become a principal shareholder in one of the leading U.S. brokers, Coldwell, Banker and Co. of Los Angeles. The Toronto-Dominion Bank owns approximately 15 per cent of LePage's shares, as does President Gordon Gray. The rest are owned by about 600 of the company's 3,000 employees. Royal Trust Co. of Montreal is the only other Canadian brokerage of comparable size. 2/9/77 WFP p. 57 from GM

The Federal government's Foreign Investment Review Agency showered newspapers with lists of takeovers and new foreign investments approved in September. Included were 16 takeovers, and many more new investments. GM 2/9/77 B3 special GM 17/9/77 B 13 Jeff Carruthers, HCH 17/9/77 p. 66, CDJ, TS 5/9/77 B7 CDJ, GM 24/9/77 p. B 14 Jeff Carruthers.

Meanwhile, Quasar Electronics Canada Ltd. announced that it would move its manufacturing facilities from Markham, Ontario to Chicago, Illinois. Ninety members of United Electrical, Radio and

Machine Works Union (UE) will be laid off, along with about 35 office employees. The union termed the shutdown "another blatant example of how the foreign ownership and control of Canadian industry is seriously affecting the job security and economic future of Canadian workers". Quasar is a subsidiary of Matsushita of Japan, the fourth largest electronics manufacturer outside the U.S. (UE press release)

William Bennett of B.C. and William Davis of Ontario went wooing foreign investment in September. Bennett visited Britain and the EEC seeking investment and technical expertise for the development of B.C. coal, forestry and non-ferrous metals for export to consumer-countries like Japan. Bennett is seeking to reassure European businessmen B.C. has a high rate of approval of projects by FIRA. In Japan, Davis faced blunt Japanese statements that Canada holds little attraction for Japanese investors. Labour costs are higher than the U.S., conflicting policies on foreign investment, and uncertainties about Quebec were listed along with strike frequency, the high costs of distribution and the small size of the Canadian market. Japan currently invests twice as much in Australia and three times as much in Brazil as in Canada. A leading Japanese business association, the Keidranren, last year reported that Canadian workers were "fat, lazy, indolent and overpaid". VS 8/9/77 p. 43 George Froehlich, VS 8/9/77 p. 10, Harvey Oberfeld, VS 12/9/77 p. 1, Hal Leiren, VS 14/9/77 p. B15, Hal Leiren, VS 15/9/77 A8, Leiren, VS 16/9/77 p. C11, Leiren, GM 24/9/77 p. 1, Ross Munro

Editorial writers applauded these missions. The Halifax Chronicle-Herald cited the need of all parts of Nova Scotia for foreign capital. It expressed weariness with the federal view of the Atlantic provinces as beggars. It cited the current expansion of Michelin in N.S. as a vote of confidence in the province. HCH 1/9/77 p. 6. The paper also attached the growth of "unemployment and welfare industries" created by governmental red tape, delay and procrastinations which were blocking private investment around Halifax, Dartmouth and Canso. It specified the priority of building the N.S. fishing industry up to an \$800 million annual level in the next decade. HCH 2/9/77 p. 1 See also Fishing.

The Toronto Globe and Mail was slightly less enthusiastic. It opposed (editorial, 20/9/77) the advice of James Gillies, Tory MP, that Canada should concentrate on being a "hewer of wood and drawer of water" not worry about becoming an industrial power. The Globe cited Sweden's industrial success and a Department of Mines report questioning the extent to which natural resources can sustain prosperity. It argued for new industrial investment, both national and foreign, and for a reduction in government taxes, royalties and foreign investment regulations.

Two provincial governments expressed concern over foreign investment, especially investment in land. Saskatchewan will probably implement an

CANADA AND THE WORLD

acreage control instead of an assessed value limit of foreign sales. Prince Edward Island's new controls on sales require non-resident purchasers of 10 acres or more of agricultural land to keep it exclusively for agriculture. Corporate purchasers can no longer subdivide a farm, and the regulations require reasonable maintenance operations to preserve the agricultural capacity of the land.

GM 8/9/77 p. B3, special, GM 17/9/77 p.8, Martin Dorrell.

CANADIAN FOREIGN POLICY

GENERAL

New officials lead Canada's Department of External Affairs under Minister Donald Jamieson. Four deputy ministers responsible for particular areas report to undersecretary of state, A.E. Gottlieb. Among the new deputies is Jim S. Nutt, moving up from director-general of Western Hemisphere affairs to become responsible for administrative and consular affairs, senior appointments and department management and personnel. EJ 9/9/77 p. 2

CANADA - U.S.

U.S. Ambassador to Canada, Thomas Enders stated that the success of Canada and its destiny are closely bound up with U.S. success. He said the U.S. has developed a clear reading of Canadian interest through such negotiations as those over the Arctic gas pipeline. He said President Carter is "going Canadian" in re-establishing diplomatic relations with Cuba, and calling for tighter controls on nuclear exports. HCH 19/9/77 p.1, CP

Washington State Governor Dixie Lee Ray stimulated a teapot tempest with remarks telling British Columbians who oppose the Supertankers in the Strait of Juan de Fuca to mind their own business. She is also proud to have the controversial Trident nuclear submarine base under construction in her backyard. "Keep your Trident people at home too" she told a Canadian reporter. VS 8/9/77 p. 1, Larry Pynn, VS 13/9/77 p. A2, VS editorial, 15/9/77 p. A4 Canada-Latin America

Prime Minister Trudeau joined 26 other leaders and dictators of Western Hemisphere countries to witness the signing of two new Panama Canal treaties between the U.S. and Panama. Mr. Trudeau

stated three Latin American leaders had requested he witness the signing of the treaty. Trudeau discussed the question of OAS membership with Latin American and U.S. leaders during his visit. The Presidents of Panama, Colombia and Venezuela have told him they want Canada to take a larger role in interAmerican affairs, but Canada will continue to hold only observer status with the O.A.S.

GM 7/9/77 p. 10 John Picton, GM 10/9/77, p. 4, CP, TS 10/9/77 p. A7

The Canadian International Development Agency has signed a financing agreement for a long range power study on the island of Sulawesi in Indonesia. The study could provide a model for future investment elsewhere in the nation. Canada is already assisting with a gas turbine, cement plant expansion and the construction of 39 bridges on the island. HCH 14/9/77 p. 32 CDJ

CIDA will provide \$1.6 million to Nepal over the next three years to finance the purchase of 7,000 metric tons of Canadian potash to fertilize eroded and depleted soil. HCH 31/8/88 p. 20 CP

Tanzania railway's chief civil engineer, D. Nosha, toured Sydney Steel and Trenton Steel works as part of preliminary negotiations regarding a Nova Scotian bid for the \$60 million contract for the extension of Tanzania's railways.

CIDA will lend \$60 million to Tanzania for construction of about 180 miles of railway. HCH 25/8/77 p. 1, HCH 2/9/77 p. 1. (At the same time, a Canadian consortium of seven companies is cooperating with a Spanish company on a \$250-\$300 million contract for the Venezuelan railway system).

Canadian experts running Swaziland's single-line railway have pulled out. They allege ministerial interference by its semi-feudal royal government. Wedged between South Africa and Mozambique, the tiny country awarded a \$30 million contract for a second line to a South African firm, and this precipitated the departure of the six Canadians running the original line on which approximately \$1 million has been spent by Canada. The South African contract was gained by a subsidiary of the Anglo-American Corporation. GM 7/9/77 p. 10, Allen Pizzezy

GENERAL

CORPORATE PROFITS

| GM 17/9/77 P.B4 GROUPS SAMPLED | Number of companies sampled | SECOND QUARTER (\$ millions) | | %, change | Number of companies sampled | FIRST HALF (\$ millions) | | %, change |
|-----------------------------------|--------------------------------------|---------------------------------|---------|--------------|--------------------------------------|-----------------------------|---------|--------------|
| | | 1977 | 1976 | | | 1977 | 1976 | |
| Banks | 10 | 156.6 | 158.8 | -1.4 | 10 | 333.8 | 342.5 | -2.5 |
| Base Metals | 18 | 24.0 | 22.8 | +5.3 | 19 | 50.1 | 37.9 | +32.2 |
| Beverages | 7 | 39.6 | 35.5 | +11.6 | 7 | 63.8 | 58.5 | +9.1 |
| Chemicals | 6 | 25.1 | 22.6 | +11.1 | 6 | 34.3 | 33.9 | +1.2 |
| Communications | 24 | 44.0 | 37.9 | +16.1 | 23 | 70.9 | 63.8 | +11.1 |
| Construction and Materials | 13 | 28.4 | 25.5 | +11.4 | 15 | 28.1 | 31.6 | -11.1 |
| Food Processing | 15 | 18.4 | 15.6 | +18.0 | 15 | 32.8 | 29.8 | +10.1 |
| General Manufacturing | 46 | 68.1 | 109.4 | -37.8 | 48 | 136.7 | 230.7 | -40.8 |
| Gold | 7 | 5.8 | 4.2 | +38.1 | 8 | 15.4 | 9.3 | +65.6 |
| Industrial Mines | 17 | 134.5 | 141.5 | -5.0 | 17 | 172.5 | 220.2 | -21.7 |
| Merchandising | 27 | 28.3 | 26.0 | +8.9 | 27 | 41.8 | 35.1 | +19.1 |
| Miscellaneous Financial | 22 | 29.6 | 24.5 | +20.8 | 23 | 54.3 | 45.8 | +18.6 |
| Miscellaneous Industrial | 57 | 205.8 | 130.4 | +57.8 | 62 | 360.6 | 226.4 | +59.3 |
| Oil Refining | 6 | 185.8 | 139.5 | +33.2 | 6 | 358.8 | 308.4 | +16.3 |
| Paper and Forest | 20 | 70.8 | 60.2 | +17.6 | 20 | 115.6 | 77.9 | +48.4 |
| Pipeline | 7 | 49.6 | 47.7 | +4.0 | 7 | 120.8 | 93.0 | +29.9 |
| Real Estate | 20 | 21.0 | 22.1 | -5.0 | 20 | 33.4 | 39.1 | -14.6 |
| Steel | 4 | 57.4 | 58.1 | -1.4 | 4 | 99.0 | 99.4 | -0.4 |
| Transportation | 12 | 8.3 | 4.2 | +97.6 | 12 | 14.3 | 8.3 | +72.3 |
| Trust and Loan | 22 | 33.8 | 27.3 | +23.8 | 22 | 60.7 | 53.0 | +14.5 |
| Utility | 14 | 126.8 | 135.5 | -6.4 | 14 | 319.0 | 313.9 | +1.6 |
| Western Oils | 36 | 156.0 | 118.0 | +32.2 | 37 | 336.9 | 244.8 | +37.6 |
| Total | 410 | 1,517.7 | 1,367.3 | +11.0 | 422 | 2,853.6 | 2,603.3 | +9.6 |

CORPORATE PROFITS UP

A Globe & Mail survey of 442 major Canadian corporations shows their profits for the first half of 1977 were \$2.8 billion. This is an increase of 9.6 per cent over profits for the first half of 1976. Second quarter profits in 1977 were \$1.5 billion. These figures have led accounting firms to predict 1977 after-tax profits 15 per cent higher than 1976. GM 17/9/77 p.B4

INFLATION ABOVE AIB TARGET

The Consumer Price Index rose 0.4 per cent in August - the lowest monthly rise in a year and a half. The annual inflation rate of 8.3 per cent is still well above the government's 1977 target of six per cent. AIB chairman Harold Renouf admits the original target will not be reached, but he claims inflation will fall to 7.5 per cent by the end of 1977. TS 14/9/77 P.A1; VS 14/9/77 P.A1, CP

REAL GNP FALLS

Canada's Gross National Product grew by one per cent in the second quarter to \$202.6 billion. However, this increase was due to price inflation. Real GNP actually fell by 0.6 per cent. Statistics Canada notes this is the third quarter in the past year to show a GNP decline, but argues "it is too early to suggest that the economy has slipped into recession.." Infomat 2/9/77

GLOOMY PREDICTIONS FOR 1978

Despite tax cuts over \$600 million to business in the last budget, almost 80 per cent of the 220

companies surveyed by the Conference Board in Canada say now is not a good time to invest. Over 80 per cent of the companies are operating well below full capacity. TS 12/9/77 P.A1

The Canadian Imperial Bank of Commerce predicts the economy is unlikely to advance enough in 1978 to reduce the unemployment rate. The Bank wants the federal government to cut its excise tax in areas of oversupply in order to encourage sales. It says Canadian wage rates are much higher than the U.S., given the productivity of our economy. However, it also admits wage increases have fallen behind the rate of inflation. This has cut consumer demand. The Bank expects buying to increase by four per cent in 1978, not enough to let the economy expand sufficiently to reduce unemployment. GM 21/9/77 p.B3

RECESSION "ONLY A MATTER OF TIME"

Southam's economics editor Don McGillivray points out Canada's GNP grew from \$100 billion to \$200 - billion in only five years. But only \$24 billion of the increase was in real production; the other \$76 billion was caused by inflation. In the 12 months ending in June, 1977, real GNP grew by only 0.5 per cent. The only real strength shown by the economy in those twelve months was caused by large exports to the United States in the first quarter of 1977. However, this was caused by large shipments of natural gas to meet with the winter heating crisis. When that passed, exports fell. Clearly, our economy is stagnating. Former Finance Minister Macdonald refused to stimulate the economy with his last budget. He preferred to rely on a boom in the U.S. to create a demand for Canadian goods. However, the American recovery never did Canada much good, and it too appears to be weakening. President Carter is reported to be considering measures to stimulate

THE ECONOMY

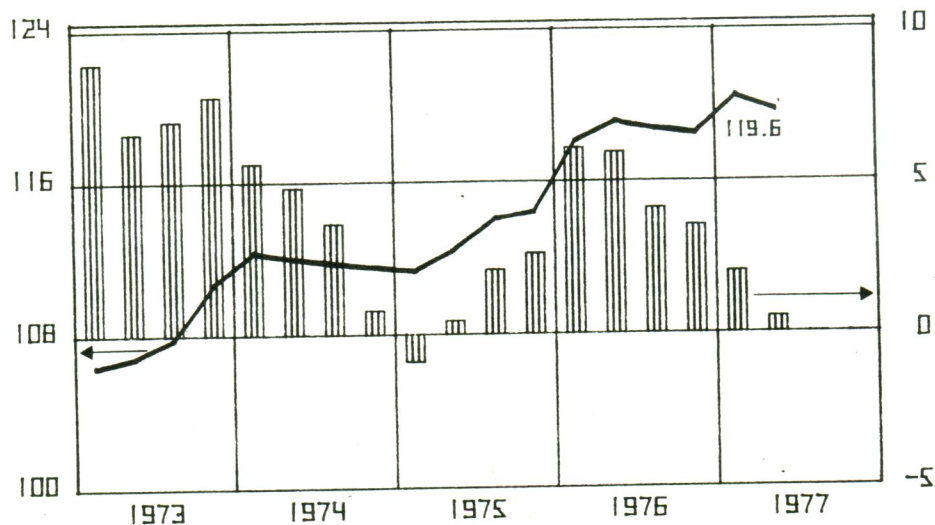


Chart shows gross national product of Canada in 1971 constant dollars (billions). The bars show the quarterly rate of change in per cent, annualized. In inflationary dollars, Canada's current annual GNP is \$202.6 billion, as of the second quarter this year.

FTC 5/9/77 P.6

the U.S. economy. Pressure from many Canadian experts is mounting on the new Finance Minister, Jean Chretien, to introduce more tax cuts. FTC 5/9/77 P.6

federal government will soon take steps to fight unemployment, even at the expense of fueling inflation: when this fails, he says, "The result, .. perhaps by 1979, will be a Canadian rate of unemployment that could approach 11 or 12 per cent. This would provide what may well be the only practical solution to the wage-price problem." GM 8/9/77 P.B2

QUOTE OF THE MONTH: THE FINAL SOLUTION?

Globe & Mail columnist Ronald Anderson, expects the

OIL AND GAS

INTRODUCTION: While the last lingering details of the northern pipeline were being worked out between Washington and Ottawa, a clutch of other corporate and government schemes for tapping our diminishing fossil fuel reserves were perking away. There are plans afoot to increase our gas exports to the U.S. from conventional southern Alberta sources. Dome Petroleum has struck gas in the Beaufort Sea and also bought into a proposed liquefied natural gas terminal in New Brunswick. Ottawa is fretting about a growing deficit on our oil account and there are strong pressures to bring high Arctic and western gas to the Maritimes and Quebec.

Meanwhile the Science Council of Canada has officially endorsed a "conservative society" with a greater emphasis on renewable energy and conservation

PIPELINE NEGOTIATIONS SETTLED

The final terms of a northern gas pipeline to carry Alaskan gas south to the continental United States across Canadian territory have been settled after two weeks of on-again off-again talks between Allan MacEachen, chief Canadian pipeline negotiator and US Energy Chief James Schlesinger. The major points of the agreement include:
 -- Canada dropped the pipeline re-routing recommendation of the National Energy Board to bring the line

closer to potential Canadian Mackenzie Delta gas reserves. In return the US agreed to share the costs of a \$400 million spur from the Alaskan Highway main line north to Dawson in the event there are sufficient Canadian reserves by the mid-1980's. If cost overruns on the Canadian portion of the Alcan line do not exceed 35 per cent of the \$4 billion estimated cost, US consumers will foot the entire bill for the spur-line to Dawson. The US will pay a minimum of 2/3 of the spur under any circumstances.
 -- The \$200 million fund recommended by the Lysyk

THE ECONOMY

Inquiry and the NEB to cover environmental and social damage was also dropped. The fund was to be a lump sum paid to the Yukon. Instead, the Alcan consortium will provide \$200 million in advance taxes. These will be deducted from future Yukon taxes on the line. The US rejected paying the \$200 million outright, fearing it would set a precedent for social and economic dislocation from other resource projects in the US. Canada also agreed to a ceiling of \$3 million on annual property taxes that can be levied against Foothills over the life of the pipeline.

-- Foothills will spend up to \$5 million on lateral gas lines to towns in the Yukon. Canada will compensate this Alaskan gas with Alberta gas.

-- payment of an additional \$35 million by Alcan in advance to cover direct costs to governments and individuals associated with the Yukon pipeline.

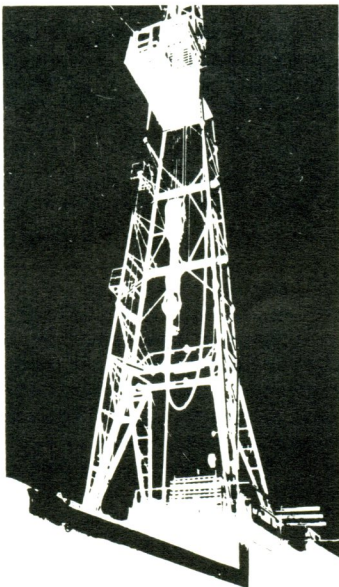
-- payment of an additional \$30 million to cover maintenance costs of Yukon roads.

-- US consumers will also pay for extra capacity on the Whitehorse to central Alberta part of the line to accommodate Canadian gas if and when it is connected. This will likely mean enlarging the 48" line to a 54" line -- a first for North America.

MS 12/9/77 P.15; FTC 12/9/77 P1; WFP 7/9/77 P74;

VS 9/9/77 P1

CNSP NOTE: *The political and bureaucratic finale to the pipeline debate produced, as expected, reams of copy. The press coverage -- hard news and comment -- was exceptional in its blandness and homogeneity. Editorial comment, where it was not simply fawning -- Edmonton Journal: "... a decision that offers the greatest benefit to both Americans and Canadians ... it suggests that Canadians are good negotiators." (9/9/77 P.4) -- ignored the vital interests of Yukon native people. Sole exceptions appear to be John Gray (OC 12/9/77 P.7) and Richard Gwyn (MS 13/9/77 P.7). Gray noted that the native request for a ten-year moratorium has been totally ignored. In fact, construction is likely to start by 1981; studies of the*



exact route, cost and social, economic and environmental impacts of the pipeline have not yet begun. Gwyn labelled the pipeline "the most lunatic energy project in Canada's history". The pipeline will mean \$4 billion spent in Canada, 8000 men employed at peak construction and 90 per cent of the materials for the Canadian section supplied by Canadian industry just to help the Americans consume their gas. "Not a single study," Gwyn notes, has been done to "determine whether we'd do better to build the Alcan pipeline or to build something else for ourselves."

The point is well taken. Expense, energy, and social and economic destruction -- for what? Another short-term answer for our economic doldrums and staggering unemployment. A route with a life-span of 25 years that will produce about 200 permanent jobs after it's built. President Carter's words on the signing of the deal have a hollow and ironic ring. "Canadians," he smiled, "are real tough bargainers."

PIPELINE FINANCING

Both the US and Canada have agreed that all financing for the \$10 billion Alcan pipeline will come from the private sector. There will be no government guarantees of financial backstopping. In addition, the "all events tariff", which would have allowed the Alcan consortium to pass on to consumers all costs whether the pipeline was operating or not, has been shelved. Although there is some doubt whether leaders will commit themselves to a project where guarantees are not assured, both countries are searching for ways to ensure private support. More detailed financing arrangements will likely not be revealed until early next year when the project obtains official support from the US Congress and the Canadian Parliament.

VS 12/9/77 P.C6; FP 17/9/77 P.1,P.10; GM 14/9/77 P.B1

GAS SWAP HINTED

The US hopes to increase its Canadian natural gas consumption by 800 million cubic feet per day starting in 1979 or 1980, according to Energy Secretary Schlesinger. The export deal is seen as a "time swap", to be replaced with Alaskan gas when it comes on line in the mid-1980's. Schlesinger also says Canada may reassess its gas reserves and decide to authorize more exports.

Canadian pipeline negotiator MacEachen denied that the gas swap was part of the final deal, but Ottawa officials have confirmed interest in the US proposal. Alberta is interested in the suggestion, Premier Lougheed says, but petrochemical tariff concessions and agricultural and livestock trade concessions would be demanded in exchange for increased gas exports.

CM 10/9/77 pbl4; 22/9/77 pb3; 24/9/77 pbl4

CNSP NOTE: *Canada now ships nearly one trillion cubic feet of natural gas daily to the US -- about 45 per cent of our total production. The federal government has orchestrated a gradual phase-out of gas exports to the US. However, now with a glut of gas from conventional producing areas in southern Canada, the industry*

THE ECONOMY

is beginning to fear cash flow problems and are pushing hard for increased exports. Two years ago, in its push for increased gas prices, the industry predicted gas shortages by the end of the 1970's. Without exports, they now say, drilling rigs will be forced to shut down and move south. Sound familiar?

SYNCRUDE NEARING COMPLETION

The Syncrude tar sands plant is 86 per cent completed. Initial production of synthetic crude will start early next year. The final price tag is still around the \$2.2-billion mark. The peak employment period is passed; jobs are expected to drop from 7200 this summer to about 2500 next year. FP 24/9/77 p19; EJ 14/9/77 p56

TAR SANDS / HEAVY OIL ACTIVITY

Interest is building again in Alberta's tar sands and heavy oil deposits in the Lloydminster Alberta-Saskatchewan border area. Shell Canada has reportedly begun feasibility studies on a \$3-4-billion oil sands extraction plant and is casting around for partners. The federal government, Ontario and Alberta are the likely first choices.

Husky Oil Ltd. has announced plans to build a \$520-million heavy oil upgrading refinery at Lloydminster, Alberta capable of processing 100,000 barrels a day. The company is looking for partners to form a consortium. Both provincial and federal officials are being approached. VS 8/9/77 p45; EJ 8/9/77 pbl

CNSP NOTE: The Husky announcement comes just prior to new heavy oil and tar sands incentive plans to be announced by Ottawa and Alberta sometime in November. Both governments are hot on heavy oil, particularly since new crude oil discoveries have become rare events. The Husky plan is the type of approach favoured by both governments. In addition, another 21-member consortium headed by Pacific Petroleum will announce plans for a heavy oil upgrading plant sometime this fall. With Ottawa desperate for new domestic supplies to relieve a mounting balance of payments deficit (see Trade section, this issue), and steadfastly committed to exploiting every nook and cranny of our fossil fuel reserves, we can look for a shiny new schedule of give-aways to the oil industry.

DOMESTIC PETRO STRIKES GAS

Dome Petroleum has struck gas in all three wells drilled this summer in the Beaufort Sea. Amidst continuing attacks from environmentalists, a jittery Liberal Cabinet granted a drilling extension on the most promising well. The government is anxious to have firm figures on the extent of the find. The well, about 100 miles north of the Mackenzie River Delta could tap six trillion cubic feet of gas in

a larger structure of perhaps 20 tcf, according to company projections.

GM 23/9/77 pbl; MS 23/9/77 pc5

DOMESTIC BUYS INTO MARITIME LNG PROJECT

Dome Petroleum is taking a 50 per cent interest in a proposed \$500 million liquefied natural gas (LNG) terminal near Saint John, New Brunswick. The terminal, to be owned jointly with Tenneco LNG of Houston, will handle Algerian gas destined for the US east coast. The terminal is also included in plans to bring Canadian gas down from the high Arctic islands for eastern markets. GM 22/9/77 pb3

ARCTIC LNG PLANS DEFERRED

A plan to transport Arctic gas by LNG tanker to the east coast has been postponed by its proponents

Alberta Gas Trunk Line (AGTL- also a key banker of the Alcan Pipeline) and Petro-Canada, the Ottawa-controlled exploration company. Further cost studies will delay application to the National Energy Board until 1978 or later. GM 22/9/77 pbl

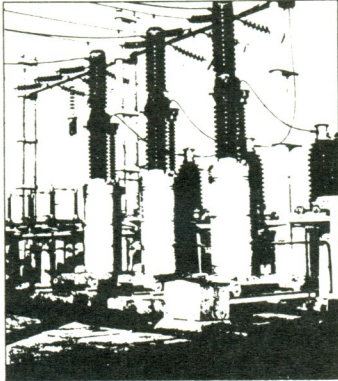
GILLESPIE BACKS MORE GAS FOR THE MARITIMES

Energy Minister Alastair Gillespie says Canada should reduce its dependence on imported oil, and lower a \$1-billion oil account deficit, by substituting natural gas in the maritime and Quebec markets. Quebec, he says, would displace 50 million barrels of foreign oil, worth about \$750-million annually, with 300 billion cubic feet of natural gas. The proposed LNG terminal on the east coast would fit into the government plan allowing Arctic gas to be marketed in the maritimes. A proposal by Petro-Can and Pan-Alberta Gas to extend the Trans-Canada pipeline from Montreal to Quebec City and south to New Brunswick and Nova Scotia would provide the distribution network. Trans-Canada Pipelines Ltd. has also revived its interest in extending the cross-Canada delivery system in response to the Petro-Can initiative. TS 13/9/77 pc6; MS 16/9/77 pa4; GM 13/9/77 pbl

SCIENCE COUNCIL ADVOCATES CONSERVER SOCIETY

Canada as a Conserver Society, a report of the Science Council of Canada, says critical shortages of conventional energy resources must stimulate the federal government to act immediately to introduce policies of a conserver society. The report calls for long-range government planning, a stress on renewable energy resources and energy-efficient production which takes into account social and environmental factors. The Council notes that a shift to a more socially-responsible economic system would mean an emphasis on less capital intensive technologies and more labour intensive ones and therefore increase employment. GM 21/9/77 p5; 22/9/77 p9; FP 24/9/77 p4

HYDRO



PEI GETS JUICED

A submarine electric cable will soon hook Prince Edward Island into a maritime hydroelectric grid. PEI now burns imported oil to produce electricity. The 14-mile cable was jointly funded by the federal and provincial governments and the PEI-based Maritime Electric Company. FP 17/9/77 p.19

BC TO BE DAMMED

The BC Cabinet has approved construction of a \$1.2 billion hydro-electric dam on the Columbia River near Revelstoke. The massive project, long opposed by environmentalists, will create an 80-mile long lake and produce about 200 permanent jobs. BC Hydro says it needs the dam by 1982 to meet projected power demands. No independent body exists to investigate the provincial utility's claim. The BC Wildlife Federation claims Hydro has overestimated its needs for new power to the detriment of the public interest. Hydro now acts unilaterally, deciding what is necessary and going ahead with little or no public discussion or knowledge of its plans. VS 13/9/77 p41

CNSP NOTE: Initial contracts for manufacture, delivery and installation of four turbines and generators for the Revelstoke Dam have been awarded to a Japanese Firm, Fuji Electric of Tokyo. The contracts are valued at \$55-million. Canada is generally regarded as a world leader in hydro-electric equipment. Priorities?

FISHING

FISHING LIMIT FUROR

The new 200 mile offshore fishing limit unilaterally declared at the beginning of January this year is expected to greatly increase the importance of Canada's Atlantic fishery.

Prior to the 200 mile zone declaration the stocks

of fish had become greatly depleted. Predictions are that by 1980 new levels of prosperity will be obtained as stocks replenish themselves and foreign competition is eliminated. HCH 4/5/77 p1; GM 26/5/77 pB13; GM 26/5/77 pB1

A split however, is developing between the Federal Government and the Governments of the Atlantic provinces over how best to exploit the potential of the new zones.

Nova Scotia Fisheries Minister, Dan Reid, who led a trade mission composed of government officials and representatives of the fishing industry, to West Germany and several Soviet bloc countries in June (HCH 31/5/77 p1), along with Walter Carter, Newfoundland Fisheries Minister, are pushing for an immediate and massive infusion of capital (\$900 million) to rebuild the antiquated Atlantic Coast fleet. GM 1/9/77 pB1, MS 15/9/77 pA11, HCH 12/9/77 p7. The provincial ministers also hope to rapidly expand the existing Canadian Atlantic fishing effort through joint ventures and charter agreements with other nations. Reid would "dearly love to" (HCH 8/6/77 p15) arrange a joint venture with West Germany, as well as other European countries. (GM 26/6/77 p8) The large fish companies support the provincial ministers in their plans. GM 26/6/77 p8, IS 15/9/77 pA11, HCH 5/6/77 p1

On the other hand, Federal Fisheries Minister, Romeo LeBlanc, refuses to be rushed into what he feels could be a premature exploitation of the fishing grounds before stocks have had a proper chance to renew themselves. GM 1/9/77 pB1; GM 26/6/77 p8

CONFLICT AT SEA

The idea of a massive Canadian fleet taking over where the foreign fleet left off is also unacceptable to LeBlanc because of a basic conflict between Canadian deep sea and inshore fishermen. The small inshore fishermen, who own 95% of all Atlantic fishing boats, oppose the larger corporations' advantage in the large capital intensive trawlers and fish plants used in deep-sea fishing.

Since most of the small coastal communities live off the inshore fishery, Federal fishing policy, which previously had begun phasing out inshore fishing in favour of big trawlers and processing facilities, shifted to recognize the importance of the inshore fishery, to the extent of a \$41-million development scheme. The industry is split between the small-boat inshore fishermen and the large corporations, primarily controlled by H.B. Nickerson, and George Weston.

The Corporations, backed by the Provincial Governments, are calling for more investment, updated, expanded facilities, and joint ventures with foreign governments. The inshore fishermen and the Federal Government are more cautious, wanting to proceed slowly and carefully in order to protect the fish stocks, and to ascertain just who will get the lion's share of profit. HCH 15/6/77 p.1; GM 26/6/77 p.8; MS 15/9/77 p.A11; HCH 12/9/77 p.2, p.7.

THE ECONOMY

MINING

INTRODUCTION: The major story was the uncovering of Canada's role in the uranium cartel of 1972-75. Uranium continues to be the boom mineral while other non-ferrous metals are experiencing a slump. Potash nationalization is continuing by the Saskatchewan government. In Quebec, the government threatens nationalization of the asbestos industry unless more processing is done in the province.

URANIUM CARTEL

The effect of a Canadian government-engineered price-fixing cartel on U.S. and world prices for uranium is under scrutiny in a U.S. court case. Various public utilities are suing Westinghouse for reneging on uranium supplies. Westinghouse claims rising uranium prices (from \$6 per pound in 1972 to \$41) made the contracts impossible to fulfil. Westinghouse blames the cartel for the price rise. Since the cartel was formed to operate outside of the U.S. a key issue is the extent to which U.S. prices could therefore be affected. FTC 19/9/77 p3

Documents detailing the cartel arrangements were first produced before U.S. congressional hearings on an anti-trust case in June. Canada was upset by the action of Gulf Minerals Canada Ltd. in releasing the information. Ottawa says it brought into question the allegiance of a subsidiary of a multinational. The government also views as an unfriendly act the implied extension of U.S. laws into Canadian affairs.

Last year a regulation was passed in Canada making illegal the publication or even discussion of anything relating to uranium activities during the years 1972-1975. GM 18/6/77 p1; MS 18/6/77 pA14; TS 14/6/77 pC6 MS 14/6/77 pA15

The existence of the cartel and Canadian involvement in it is not in question. Canada claims that it was a necessary step to safeguard its uranium industry after the U.S. banned imports of uranium for domestic use. GM 17/6/77 pB6

DOCUMENTS LEAKED

Documents legally obtained from the U.S. Congressional hearing were discussed on a CBC radio show in spite of their illegality. They suggest that Senator Jack Austin, then deputy minister of energy, mines and resources, put emphasis on secrecy within the cartel because of possible violations of foreign anti-trust laws and infringement of Canada's Combines Investigation Act. HCH 5/9/77 p9; GM 5/9/77 p1; EJ 7/9/77 p7

The unfolding in the U.S. of the actions of the Canadian backed cartel is in contrast to the situation in Canada where six Conservative MP's are having to take the government to court just to obtain the right to circulate documents on Ottawa's role in the cartel, without risking prosecution. FTC 19/9/77 p3

URANIUM EXPORT BAN CONTINUES

Canada and the U.S. are still negotiating for more stringent safeguards before releasing uranium for export. Japan and Britain expect the embargo to be lifted soon since they are currently paying for uranium shipments sitting inside Canada. Australia has recently resumed uranium exports. GM 21/9/77 pB1 GM 8/9/77 pB8; EJ 25/5/77; HCH 8/9/77 p17

INCREASE IN URANIUM MINING

The U.S. is urging Canada to increase uranium mining to maintain Canadian bargaining strength over safeguards and convince others they will remain reliable suppliers. TS 31/5/77 pA12; HCH 31/5/77 p27

Much expansion seems to be occurring:

-Uranerv plans a new mine at Key Lake, Saskatchewan to be one of the largest uranium mines in the world GM 17/9/77 pB14

-Elliot Lake is described as "Boom Town" again just like the "good old days" of the 1950's. FP 18/6/77 p27 Drilling for uranium and copper has begun in Nova Scotia. HCH 3/9/77 p20

Saskatchewan is experiencing a uranium exploration boom. Northern Miner, September 1976

NICKEL

Falconbridge halted all Sudbury production for one month putting 4,000 people out of work from September 11 to October 9. TS 12/9/77 pB9

Inco plans a cutback at its Port Colbourne refinery to eliminate about 375 jobs. Inco said market conditions were responsible. GM 9/9/77 pB2

In Sudbury Inco is saying the expense of environmental pollution controls could cause it to close long before using up the ore reserves. FTC 19/9/77 p1

PRODUCTION CUTS

Canada's major producers of zinc, copper and nickel have slashed production, citing world wide recession, saturated demand and depressed prices. FTC 26/9/77 p1

LAW OF THE SEA

A long-term threat to Canada's non-ferrous metals lies in the huge reserves of minerals contained in nodules scattered under the sea, notably in the Pacific.

THE ECONOMY

The procedure for exploitation of these nodules is still unresolved after the last session of the U.N. Law of the Sea conference in June. Various consortia are hoping for unilateral U.S. legislation. Inco is a member of one consortium, SEDCO. TS 24/6/77 pB4 TS 31/5/77 p34; VS 9/9/77 p33; GM 8/9/77 p6

POTASH

The Potash Corporation of Saskatchewan is continuing its nationalization of potash mines. Still unresolved is the question of whether the provincial corporation will have to pay federal taxes. GM 17/9/77 pB14; GM 23/9/77 pB12; HCH 9/9/77 p24; FP 25/6/77 p10

One result of nationalization in Saskatchewan is that some producers are looking elsewhere. New Brunswick has certain attractions, such as a more favourable tax situation, lower freight rates and easy access to major shipping points, especially for the European market. HCH 8/6/77 p23; FP 4/6/77 p24

ASBESTOS

The Quebec Mining Association in response to government pressure to increase asbestos processing in the province, has produced a study showing that five industrial asbestos products could be produced by Quebec industry. Only about 3 per cent of asbestos mined in Quebec is processed there. The Parti Quebecois is pushing for at least 20 per cent. GM 2/9/77 pB1, FTC 5/9/77 p2

CNSP NOTE: A Commons question revealed that in 1976 the asbestos industry in Quebec made a profit of \$114 million for the production of asbestos worth \$343 million.

MEETING OF PROVINCIAL MINES MINISTERS

Yves Berube, Quebec Mines Minister, called for an end to "federal interference in the domain of mineral resources." Mr. Berube cited the decision by Texasgulf Canada Ltd. to set up a copper refinery in Timmins, Ontario in direct competition with Noranda's smelter 60 miles away in Quebec. A large interest in Texasgulf is held by a federal crown corporation.

Representatives of the Mining Association of Canada said that the development of mineral resources in Canada is being harmed by continuing jurisdictional disputes between the federal and provincial governments. They also indicated that development and expansion projects involving the creation of 18,000 new jobs hinge on tax relief. GM 14/9/77 pB3; GM 13/9/77 pB6

MANUFACTURING

CRISIS IN CANADIAN MANUFACTURING

In a forthcoming report entitled "Uncertain Prospects"

The Science Council of Canada warns that "almost every branch of Canadian manufacturing shows some sign of weakness". The Council's report is likely to re-awaken a national debate concerning a secondary industrial strategy--a debate which the Council stimulated six years ago with a call for just such a measure.

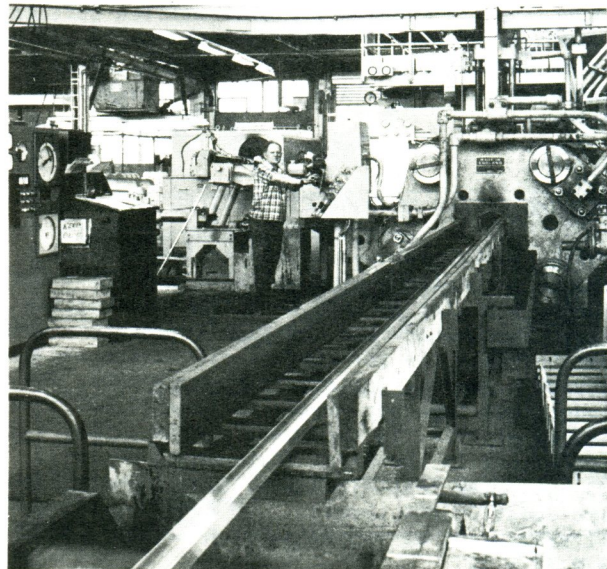
The Council's executive director, John Shepherd, notes that during the 1960s, there was a serious decay of the Canadian manufacturing sector. Canada fell behind virtually all the western economies in its rate of industrialization and few countries, except those in the Third World, did as badly as Canada in raising the proportion of finished goods in their exports. In 1976, Canada imported \$10 billion worth of manufactured goods in excess of the amount exported.

Shepherd says Canadian industry lacks a high degree of engineering competitiveness, very significant marketing power and access to required financial resources to penetrate foreign markets. He puts the blame on the "fractionalization" and high degree of foreign ownership in Canadian manufacturing. The typical branch plant produces for and is competent in the domestic sales market. It is not designed for export competition especially against the output of its own parent and sister firms. The umbilical cord to a foreign parent results in the importation of many of the sophisticated technology and sub-assemblies that go into finished products. The higher skilled and higher-paid jobs are proportionally greater in number in the parent country than in Canada.

Shepherd sees the need for a strategy which selectively specializes in areas of "natural market advantage", where Canadian-owned companies are capable of competing internationally. Examples of such firms are Northern Telecom, the government-owned aircraft industry, engineering skills, mining equipment, and urban transportation. TS 1/19/77 pB7; TS 26/5/77 pB6

CANADA LOSING MANUFACTURING JOBS

While the service sector continues to be one of the few areas of the Canadian economy generating new jobs, the manufacturing sector is actually losing jobs



THE ECONOMY

instead of creating them. The manufacturing sector today employs 112,000 fewer Canadians than a year ago. Only 19 per cent of all jobs in Canada are factory jobs, compared with the 20.5 per cent registered a year ago. FTC 15/8/77 p6

CNSP NOTE: See also *Synthesis Vol. 5 No. 6 Economy General*

CANADIAN MANUFACTURING CAN BE EFFICIENT

Professor Rein Peterson of York University says in his new book "Small Business: Building a Balanced Economy" that the concept of "economies of scale" are theoretical and not demonstrated in real life. Professor Peterson challenges the idea that large corporations are more efficient than small, single plant manufacturing firms--a reason frequently cited for Canada's under-developed manufacturing sector.

More than 50 per cent of manufactured goods sold in Canada are imported. But economic studies indicate that 71 per cent of consumer goods (excluding automobiles and petroleum) could be produced efficiently in any market with one million population. There is no evidence that small firms are less productive than big ones. In fact, large multinational corporations are often simply a collection of relatively small plants, linked together in a coherent organizational structure with increased financial, human and technological resources. However, plant size is influenced to a great degree by available technology which tends to encourage bigness rather than by considerations of costs and productivity. The economies of scale do not exist so much in the area of manufactures production as in areas of purchasing, product distribution and marketing, research and development, and financing. FP 17/9/77 p.7

AUTO PACT DEFICIT STILL LARGE

Canada's trade with the United States under the Auto-Pact agreement is running a \$628.9 million deficit. In the first six months of 1977, the auto parts and accessories deficit stood at \$1.52 billion, offset partially by a \$995 million surplus in assembled vehicles.

QUEBEC ASKS OTTAWA TO PROTECT TEXTILES

The Quebec government has called on the federal government to impose quotas on textile imports for five years starting in 1978 to bolster the ailing industry. The textile and clothing industries, which account for fully 20 per cent of all Quebec employment, have been decaying steadily since 1961. The two industries together expect to lose 12,000 jobs by the end of 1977. In the textile area alone, 4,200 jobs were lost in the first four months of 1977. 10,000 have been lost since 1961. The industry now employs about 30,000 people. GM 8/9/77 p.B2; FTC 12/9/77 p.10; MS 7/9/77 p.F3; HCH 4/9/77 p.30 HCH 9/9/77 p.22

OTTAWA CUTS- NOT HIKES- TEXTILE TARIFFS

Canada has agreed to a temporary cut in duties on some textile imports from the United States as a compensation for Ottawa's restrictions on other textile imports. Last November (1976), Canada imposed import quotas on doubleknit fabrics and 14 clothing items in order to protect the domestic industry. The quotas were aimed at low-cost imports from Asia, but because Canada is a member of the GATT agreement, the restrictions applied to all countries, including the United States. The U.S. applied for compensation under General Agreement on Tariffs and Trade (GATT) regulations. The tariff cuts apply to different items than the quotas do, selected so that they would only apply to the U.S. production. The cuts will run as long a period as the quotas do. Canadian textile firms affected sternly criticized the measure. GM 13 9/77 p.B2; VS 13/9/77 p.37; FTC 19/9/77 p.10; FP 24/9/77 p.3; TS 13/9/77 p.C7

TRANSPORTATION

CANADA TO GET NEW DOMESTIC AIR POLICY

Minister of Transport, Otto Lang, and the Air Transport Association of Canada (ATAC) have announced a joint study of Transport Dept. policy proposals. This is expected to lead to a new policy within a few months. The policy proposals designate which routes could be assigned to (local, regional or national) air carriers and what kind of aircraft the carrier could use. Otto Lang stated that the proposals are "tentative and preliminary" and may undergo considerable change. HCH 10/9/77 p.3 CP; WFP 10/9/77 p.13 CP

DOMESTIC CHARTER SERVICE HEARING

In response to public pressure on the subject, the Canadian Transport Commission began a public hearing on whether regular domestic charter flights should be made available. The commission has said it wants to find out whether such a program is possible without undermining regular scheduled air traffic. Air Canada and Canadian Pacific argue against such service, while tour operators, travel agents and smaller airlines argue for it. Some argue that prohibition against charters is an example of the Government's protectionist policy on Air Canada; others that the present policy forces higher prices. The Consumers Association of Canada, in arguing in support of an advance booking charter (ABC) system stated also that one of its particular concerns is that competition laws have not been applied to the air industry and that the Transport Commission had not prohibited collusion in setting prices. Additional issues include certain airlines having monopolies on certain routes and whether a scheduled carrier can successfully (financially) offer charter service. GM 12/9/77 p.25; GM13/9/77 p.B1; EJ 14/9/77 p.2 CP; EJ 15/9/77 p.6 CP; VS 12/9/77 p.15 CP; VS 14/9/77 p.B1 CP; TS 22/9/77 p.A6

THE ECONOMY

CHANGES IN AIR CANADA

Air Canada plans to triple the number of seats available under its low-cost charter-class fare programme for domestic travel during the peak summer season. EJ 2/9/77 p.12; TW 22/9/77 p.A6 CP

Air Canada's organization has been restructured in order to establish an Atlantic Canada administrative unit headed by a vice-president and with headquarters in Halifax. It is expected that the change from a mere management area within the Eastern Division will result in much-improved service. HCH Edit. p. 6 10/9/77

HEARINGS INTO AIR REGULATIONS ABUSES

Transport Canada is investigating complaints that federal air traffic regulations regarding air safety are being abused by small airlines operating in Northern Ontario. GM 24/9/77 p.5

An injunction is being sought against Anishe-nineo-Puminagan, Inc. by St. Andrews Airways Ltd. It claims that the Indian airline is operating illegally because it has no federal licence and that its own business has suffered since the Indian airline began operating. Supporters of the Indian airline complain about discrimination and inflated prices from the other airlines. The hearing continues. EJ 8/9/77 p.12 CP

TRAINS

The CNR is considering offering to the public preferred stock either in the corporation or some part of it. CNR's president, Robert Bandeen, stated the CNR's U.S. operations would probably be among the most attractive to prospective investors. In June 1976, CNR showed a profit for the first time in 20 years. HCH 7/9/77 p.14C CDJ; TS 6/9/77 p.C6 CDJ

PROFITS UP

Canada's six major railways had a combined operating profit of \$28.8 million on their Canadian operations in June 1977, up from \$4.2 million in 1976. GM 1/9/77 p.B3 CDJ

Trustees of the pension fund of the T. Eaton Co., holding less than 5 per cent of the stock of Ontario and Quebec Railway Co. (O&Q) have claimed damages of \$125 million against Canadian Pacific, alleging CP's misuse of O&Q's assets. Two main issues are whether the terms of the lease which CP holds on O&Q property gives CP the power to operate the O&Q property as if it belonged to CP and whether minority O&Q shareholders' rights are being suppressed in favour of a CP subsidiary, Marathon Realty Corp. TS 20/9/77 p.C6

COMMUNICATIONS

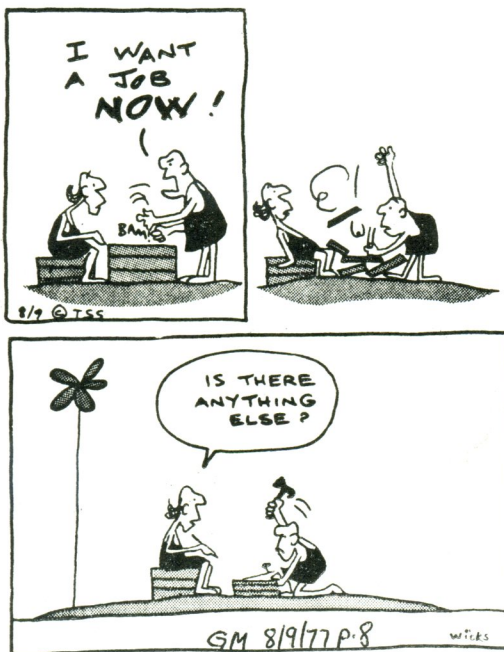
Telesat Canada, (a part government-owned company which has a legal monopoly to provide satellite communications links,) is appealing the decision by the CRTC refusing to allow Telesat to become a member of a consortium of major telephone companies. Telesat is appealing to cabinet which had given conditional approval last fall to Telesat's plan with the condition that the approval would not prejudice the CRTC's ruling. EJ 2/9/77 p.44 CP; TS 2/9/77 p.C6 CP; TS 21/9/77 p.C9 CDJ

United Parcel Service (UPS) Canada Ltd., a Canadian subsidiary of an American delivery company has applied to the Ontario Highway Transport Board for licenses to operate throughout most of Ontario and into the U.S. and Quebec. The application is being opposed by the post office and more than 140 other individuals, bus companies, unions and delivery and trucking firms, including CN & CP express. TS 14/9/77 p.3

CN-CP Telecommunications attaches a surcharge of 70 cents to all mailed bills for telegrams, telegraphs and telepost messages paid by cash rather than charge cards. CN-CP Tel has said it needs the extra money for rising costs and its construction program. The Consumers Association of Canada will ask the CRTC to prohibit the surcharge for cash on grounds that it allegedly contravenes federal laws governing rates. GM 20/9/77 p.10 CP

LABOUR

GENERAL



months lobbying for an end to controls and the introduction of a major employment program. TS 5/9/77 p.1
GM 6/9/77 p.5 Wilfred List.

UNEMPLOYED UNDER ATTACK- HARTMAN

Speaking at the traditional Canadian National Exhibition luncheon for labour leaders, CUPE president, Hartman, said the government's only major response to the more than eight per cent unemployment rate was to extend the waiting period for collecting unemployment insurance to 12 weeks. "This attitude is more than frightening- it's stupid," she said. "In times of high unemployment, attack unemployment, not the unemployed". Ms. Hartman said the campaign by business and government is being orchestrated to create suspicion and fear of unions in the minds of unorganized workers, and is responsible for the creation of labour-inhibiting legislation, including wage controls. TS 6/9/77 p.A3

UNEMPLOYMENT RATE GOING UP

Canada's unemployment rate has inched up for the third successive month to a seasonally adjusted rate of 8.2 per cent. Although the number of Canadians actually looking for work fell to 838,000 in August from 878,000 in the previous month, the seasonally adjusted rate increased by one tenth of one per cent. At the same time last year there were 709,000 people unemployed.

The Statistics Canada survey also reveals the prospect for young people between the ages of 15 and 24 remains bleak. The unemployment rate among those in this age group who did not intend to return to school is 19.3 per cent. TS 1/9/77 p.A1 John Honderich.

UNEMPLOYMENT BY PROVINCE

Saskatchewan has taken over from Alberta as the province with the lowest rate of unemployment, according to Statistics Canada figures released September 9. The seasonally-adjusted unemployment rate increased in Newfoundland to 15.9 per cent. The August unemployment rate in New Brunswick was 14.3 per cent, up 1.4 percentage points from July. The Nova Scotia rate rose to 10.3 per cent in August.

In Ontario the unemployment rate was up two-tenths of one per cent to seven per cent. The August rate in British Columbia went up to 8.8 per cent.

Unemployment decreased slightly in Quebec to 10.3 per cent. The rate also declined in Prince Edward Island and in Manitoba.

REACTIONS

CANADIANS WANT ACTION NOW ON JOBS

A Toronto Star editorial calls on the government to listen to the Liberal backbenchers who are pushing for a \$1-billion job creation program and a cut in

LABOUR DAY- UNIONISTS SPEAK OUT

Canada's union leaders marked labour day by criticizing governments and industry. Joe Morris, President of the Canadian Labour Congress, said governments are indifferent of unemployment. He said that it is the responsibility of organized labour to "awaken Canadians to the human consequences of this human cancer".

Grace Hartman, president of the Canadian Union of Public Employees (CUPE), said politicians and businessmen have attacked organized labour in an attempt to discourage workers from joining unions.

A.I. Stewart, president of the Public Service Alliance, said union members can expect many gains won in the past to come under attack in the coming months. Wage controls and the federal government's tendency to hire private firms to perform jobs which could be done by public employees threaten union members.

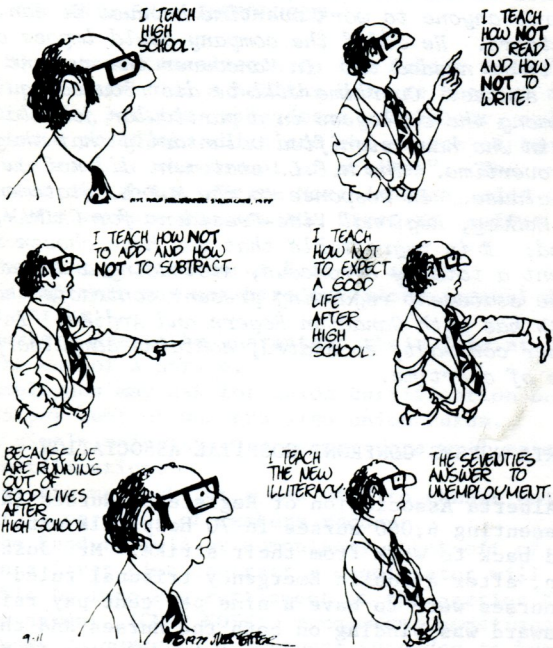
Harry Kostiuk, president of the Alberta Federation of Labour, said workers in Alberta are stymied by the "so-called" anti-inflation program that has deprived workers of millions of dollars in negotiated benefits and contributed to unemployment." EJ 6/9/77 p.20 CP

JOB CREATION- THEME OF LABOUR DAY PARADE

For the first time since the Depression of the 1930's, a demand for government action to create employment was the dominant theme of Toronto's annual Labour Day parade. Thousands of union members brought this message to the politicians and the public. It was the beginning of a Campaign by the Ontario Federation of Labour which intends to work over the next six

FEIFFER

GM 13/9/77 pB2



ments to create 60,000 jobs; a \$500 million housing and urban transit program that could result in 70,000 jobs and \$50-million to help small businesses hire about 20,000 more workers. GM 10/9/77 p.12

CLC LAUNCHES CAMPAIGN FOR JOBS

The recently announced CLC full employment campaign has begun in British Columbia at a strategy meeting between CLC officials and the B.C. Federation of Labour. The purpose of the campaign is to show in graphic detail the hardships wrought by unemployment. CLC President Joe Morris says unemployment has cost the economy the equivalent of \$9,000 per family in welfare payments and lost production in the last three years. EJ 15/9/77 p.8

Recent statistics are hitting the federal government where it hurts. For months Ottawa has been dismissing high unemployment rates by suggesting that a true test of economic performance is the low level of unemployment among "prime age males"—what it considers to be the mainstream, not marginal, workforce. Since November of last year, however, unemployment among men aged 25 to 54 has climbed more or less steadily from 4.3 per cent to 5.6 per cent in July.

Notable in the statistical breakdown is the declining rate of employment in the manufacturing sector, which now employs 112,000 fewer Canadians than a year ago. Only the service sector of the economy is consistently supplying new jobs to Canadians while the primary sector holds its own and manufacturing decays. FTC 15/8/77 p.6 (See also Economy General in Vol. 5, No. 6 of *Synthesis*)

income taxes to stimulate consumer demand. The same editorial condemns the advice given that same day by former Liberal finance minister, John Turner, who thinks the over-riding short-term aim should be to restore business confidence by continuing to make the war against inflation the No. 1 target. The *Star* points out that such a prescription offers no hope for the legions of the unemployed or the retired or unorganized people. TS 10/9/77 p.B2 Edward Broadbent, leader of the New Democratic Party, urged Commons Speaker James Jerome to immediately recall Parliament so the House of Commons can "turn its energy to finding solutions to this economic malaise".

Sinclair Stevens, Conservative finance critic, said the government had misfired with its March budget which provided tax incentives to business in the hope that companies would expand and create more jobs. The CLC repeated its call for a one-month moratorium on the collection of income taxes from people earning less than \$15,000 a year. The one-month moratorium would be followed by a permanent five per cent reduction for people in that group. GM 14/9/77 p.8 CP EJ 14/9/77 p.3

NDP PROPOSES FOUR-POINT PROGRAM

New Democratic Party leader Ed Broadbent released a four-point program of \$2.5-billion that he says could create up to 300,000 jobs and hold down unemployment rates this winter. His key proposal is for a 1.5-billion tax cut for low and middle income earners. Other points include: a \$400-million capital works program run by the federal, provincial and municipal govern-



LABOUR

B.C. GOVERNMENT ATTACKS UNIONS

The Social Credit government of B.C. has delivered three solid punches against organized labour in that province. Introducing amendments to the B.C. Labour Code, Labour Minister Allan Williams denied that he was bowing to pressure from business interests to bring in anti-union legislation. But the B.C. Federation of Labour and the NDP opposition in the legislature see the amendments as just that.

The first measure concerns the province's community college and technical school faculty members who are virtually all unionized at present. The new amendment to the Labour Code stipulates that votes will be held on all campuses to determine whether the faculties wish to remain trade unionists or form a professional association.

The second amendment removes the right of university faculties to apply for trade union certification.

The third blow is squarely against unorganized labour. The labour code will be changed to increase to 45 per cent from 35 per cent the support necessary for a union to apply for a representation vote among an unorganized work force, remove a union's access to the names, addresses and phone numbers of unorganized employees, and increase the right of an employer to communicate with workers during a union organizing drive.

At an early stage in drafting the amendments, Williams had proposed to set 55 per cent as the level of majority that would have to be obtained in a representation vote among unorganized workers in order to decertify a union. When the press and labour unions protested that the idea violates the democratic principle of a simple majority (50 per cent plus one vote), Williams withdrew this amendment explaining it as a "drafting error".

GM 20/9/77 p.9, VS 8/9/77 p.20, VS 9/9/77 p.4 ed., VS 13/9/77 p9, VS 13/9/77 p.A1, VS 14/9/77 p.A14 p.A15, p.B9

WORKERS' STRUGGLES

CNSP NOTE: CAIMAW and compulsory overtime.

In our last issue we noted that one of our readers informed us that CAIMAW which is conducting the Griffin strike on the issue of compulsory overtime gave up voluntary overtime clauses in their settlements at Canadian Rogers (Winnipeg) and A-1 Steel (now Ardiem) in Vancouver. The United Steelworkers, the Manitoba Federation of Labour and Russ Paulley, Manitoba Minister of Labour, have all made the same charge against CAIMAW. CAIMAW has been in conflict with both the Steelworkers and M.F.L. over raiding and affiliation since before the Griffin strike. The Federation issued a statement on April 5, 1977 to all its affiliates. It stated that CAIMAW had given up voluntary overtime at Canadian Rogers and that clause 15.04 acknowledges overtime by restricting it to not more than four hours per day. CNSP checked the current contract and found it only

specifies the conditions under which overtime work will be done and makes no statement regarding either compulsory or voluntary overtime. A company spokesman said it has been the practice of the company not to force anyone to work overtime because it can find volunteers. He added the company could impose overtime if it needed to. In Vancouver the current contract states: Overtime will be distributed equitably among the employees in a particular job classification who have signified voluntarily that they will work overtime. The M.F.L. statement did not quote this clause. In response to the M.F.L. statement P.J. McEvoy, Regional Vice-President for CAIMAW, stated: It is regrettable that you have chosen to present a totally erroneous, misleading and inaccurate statement regarding present contracts that CAIMAW has with Canadian Rogers and Ardiem. In fact neither contract, so stated, contains compulsory hours of overtime.

ALBERTA NURSES CONFRONT HOSPITAL ASSOCIATION

The Alberta Association of Registered Nurses (A.A.R.N.) representing 6,000 nurses in 70 hospitals were ordered back to work from their strike. Mr. Justice Bowen, after a Public Emergency tribunal ruled that the nurses were to have a nine per cent pay raise. The award was binding on both the nurses and their employer, the Alberta Hospital Association (A.H.A.). The A.H.A. said it has to submit the award to the Anti-Inflation Board for approval. The nurses claim the employer is thus placing itself above the law, as the award was binding on both sides. There is no signed contract as yet. EJ 9/9/77 p.1

WOMEN FIGHT BANKS' DISCRIMINATION

Delegates to the first contract conference of the newly-formed United Bank Workers, a section of the Service Office and Retail Workers Union (SORWUC), propose the base wage rate be increased to \$1,140 a month or \$7.50 an hour. It is now about \$600 a month. The proposed rate is based on the fact that it costs a single parent with one child about \$1,050 a month to live in Vancouver without a car or savings. The size of the increase reflects the fact that banks have long discriminated against women workers. The average wage for a women worker is 57 per cent of a man's. Elizabeth Godley, National Secretary of SORWUC, says the banks "are fairly surprised about our demands but the bank's profits are phenomenal so they can afford it". UBW has 140 members at branches of the Toronto Dominion Bank, Canadian Imperial Bank of Commerce, Bank of Nova Scotia and Bank of Montreal.

Canada's other bank workers union, the Ontario-based Canadian Union of Bank Employees (CUBE) is currently preparing its contract demands. Kenneth Rogers, CUBE secretary, says the first task is to replace the disparities in current salaries with standardization. Thus, any increases would not add to the disparities.

CUBE has 40 members at three Bank of Nova Scotia branches and one Canada Trust branch. It is an offshoot of the Canadian Chemical Workers Union. VS 13/9/77 p.21; FTC 19/9/77 p.13

QUEBEC LABOUR

BILL 45: ANTI-SCAB INTRODUCED

The PQ proposes amendments to the Labour Code "in order to re-establish a healthy balance between the conflicting parties, management and labour, and to eliminate practices which are the source of tensions and violence at the moment of strikes". The new minister of Labour, Pierre Marc Johnson, adds that it is the workers who are the first to suffer in a strike.

The main provisions of Bill 45 are:

- An employer may not hire outsiders (scabs) during a strike.
- Workers are to be guaranteed their jobs at the end of a strike.
- Employees may ask for union certification once 35 per cent of workers sign union cards.
- A simple majority in a secret vote will establish certification.
- Workers may ask for a new vote to change unions if 35 per cent of members request.
- The Rand formula or compulsory check-off of dues.
- In a first time contract a conciliator will be able to impose a settlement if the parties fail to agree. (CNSP NOTE: *management sometimes refuses to agree to a contract in order to break a new union.*)
- Either labour or management may ask for conciliation within 90 days of the end of a contract. After this 90 day period workers may strike legally. LD 30/7/77 p.1; LD 3/8/77 p.5;

GM 1/9/77 p.9

REACTIONS:

MTRL Chamber of Commerce

J.V. Raymond Cyr, a vice-president with Bell Canada and incoming president of the Montreal Chamber of Commerce criticized Bill 45. "By handing power over to the unions it helps to discourage investment by business." MS 15/9/77 p.B6

FTQ

Louis Laberge, president of the Quebec Federation of Labour (FTQ) asks for a speedy passage of the bill long over-due in Quebec. He recalled that the Bill represents a delayed victory for workers at United Aircraft who fought a bitter 22 month strike to gain the Rand formula, one of the proposed amendments. LD 17/8/77 p.3

CEQ AND CSN

In general agreement with the provisions, Yvon Charbonneau of the Quebec Teacher's Federation (CEQ) and Robert Rodrigue of the Council of National Unions (CSN) did express reservations about article 8 which places some restrictions on union freedoms, requiring secret votes by all the members to call a strike, elect leaders and vote whether to accept or reject a contract. Often leaders are elected by

delegates to the union's congress. The current practice is democratic, they maintain. Rodrigue continues, "if this law had been in place a few days ago the massacre at Robin Hood would not have occurred". LD 5/8/77 p.3; LD 10/8/77 p.3; LD 16/9/77 p.3

ROBIN HOOD STRIKE SETTLED

On September 20, 1977, workers at Robin Hood mills voted 58 to 37 to return to work. Two months earlier, on July 22, security guards opened fire on picketers, wounding eight. The workers at this mill along with others at three other mills in Montreal went on strike seven months ago to protest an AIB rollback of 40¢ an hour on their wages. During the strike the company employed armed guards and kept the mill operating. After the shooting the CSN organized an international boycott which they argue was successful. Still, local union president Yvon Girard was opposed to accepting the company's final offer which involved layoffs of nearly 50 employees, including himself. Workers at the other mills had returned and this made it difficult for Robin Hood workers to remain out. The gains: the 40¢ rollback will be deposited in a pension fund for the workers; the Parti Quebecois introduced their anti-scab legislation, Bill 45, and the guards involved in the shooting were dismissed and face charges. The losses: the layoffs and the company's insistence that they have the right to hire new guards. LD 19/9/77 p.1; MS 19/9/77; MS 20/9/77, p.A3; LD 20/9/77

NATIVE PEOPLE

FORT CHIMO: WHAT THE PRESS TOLD US AND WHAT IT DIDN'T

Letters to the editor in the English press generally agreed with the sentiment expressed by Dennis Braithwaite in the Toronto Star, "God bless the Inuit. They are not going to take Quebec's denial of language rights lying down the way the rest of us are." (TS 1/9/77 F2) The issue at Fort Chimo was presented in the English press as the protest of the Inuit against Bill 101 forcing them to speak French. Only one article, by Robert McKenzie (TS 6/9/77 p.A2) felt the issue went deeper. The real question is: who is to control the vast territory north of the 52nd parallel, an area larger than Ontario? He pointed out that the 1912 transfer of that territory to Quebec is ambiguous. The Edmonton Journal also pointed out that the leaders in Fort Chimo, members of the Northern Quebec Inuit Association, had received \$300,000 in federal funds, but that "there are no strings attached." EJ 1/9/77 p.16

Le Jour and Le Devoir presented the issue as far more complicated than a simple protest against Bill 101. These papers mentioned the following infor-

LABOUR

mation not covered in the English press: the Inuit are not united. Not all support the leadership of the Northern Quebec Inuit Association (NQIA). Those opposed to NQIA support Bill 101 and point out the Fort Chimo leaders were never elected by the Inuit community. LD 1/9/77; LJ 9/9/77

Bill 101 states only those Inuit living outside Quebec, in Labrador and the NWT, will be subject to the French language provisions of Bill 101. Also, the Quebec government wants the Inuit to gradually learn to use French for official communication with the government, rather than demanding an immediate change from English to French.

Camille Laurin, the minister in charge of Bill 101, spoke to the Inuit in their own language to reassure them. Also, Premier Levesque offered to come to Fort Chimo. LD 27/8/77; LD 1/9/77

A PQ party member called on the Quebec government to support the demands of the Inuit who are calling for self-determination (not the NQIA who support relinquishing control under the James Bay agreement). LJ 9/9/77 p.8 Remi Semard

What did not emerge in either the French or English press was the connection between the Parti Quebecois and the huge Hydro-electric project at James Bay. Above all, the present Quebec government wants the project to go ahead. That priority conflicts with the idea of self-determination or control by the Inuit over the territory north of the 55 parallel. In this respect, the Quebec government takes the same position as the Canadian federal government of

exploiting the resources of the land as quickly and profitably as possible. The NQIA and the Parti Quebecois are basically in agreement on this question too, since the NQIA was the Inuit organization which signed the James Bay agreement. Critics among the Cree who also live in the area, and the dissident Inuit, ask whether the NQIA is simply not manoeuvring for slightly larger land settlements in the months before the James Bay agreement receives final proclamation, scheduled for November 11, 1977.

HARTT'S MANDATE CHANGED

Last year the Reed Paper Company applied for lumber rights to the last 18,000 square miles of unlicensed land in northwestern Ontario. Popular opposition to the plan forced Premier Davis to appoint Justice Patrick Hartt to conduct an inquiry into the effects of the plan. The terms of reference have now been changed. Hartt will investigate the social and environmental impact of development in the whole area of Ontario north of the 50th parallel. TS 1/9/77 p.B6 Jonathan Manthorpe

INDIANS FORM ALLIANCES TO DEFEND ENVIRONMENT

The Union of British Columbia Indian Chiefs proposed that Indians form alliances with all groups willing to join them in battles to save the environment. They pointed to such hazards as arsenic poisoning in Yellowknife, which experts say is causing cancer.

The Canadian Labour Congress (C.L.C.) and the United Steelworkers of America pledged their support. EJ 15/9/77 p.49

FEDERAL GOVERNMENT

INTRODUCTION: *The press focussed its attention on three main issues this month. First, secrecy: Does the Cabinet have the right to keep information secret from Parliament and the public? Second, a Cabinet shuffle: What do the changes say about trends in government policy? Third, the Task Force on National Unity begins its work.*

GOVERNMENT SECRECY

Canada's possible involvement in an international uranium cartel has turned into a major discussion of freedom of information. A group of Conservative MPs have accused the government of taking part in a uranium cartel which may have helped raise the price of uranium from \$8 to \$40 per pound between 1972 and 1976. Canada's participation in such a cartel would be illegal under the anti-combines legislation. TS 16/9/77 p.A5; EJ 15/9/77 p.68

In response to the allegations, the cabinet passed a "uranium information security regulation," making it illegal to disclose any information about Canada's involvement in uranium trade. VS 16/9/77 p.A20

The Conservative MPs have taken the issue to court, charging the government with violation of the Bill of Rights, which guarantees freedom of speech. TS 16/9/77 p.A5; EJ 15/9/77

The controversy has sparked comment about the Cabinet's attitude towards Parliament and the public. John Turner stated the government keeps all of its "facts, motives, and reasons" secret. He said the government has been delaying the introduction of any freedom of information legislation. VS 14/9/77 p.A7

An editorial in the Globe and Mail says the Cabinet "looks at the rest of the country as a paranoid would peer down a dark alley." 12/9/77 p.16 Ed.

CNSP NOTE: *This issue relates to several other current actions and questions regarding government secrecy. There have been recent efforts to make the RCMP and the Department of National Revenue reveal secret files. The Cabinet has proposed legislation which will take communications policy out of the hands of the CRTC and transportation policy away from the Canadian Transport Commission and give both to the Federal Cabinet. These changes would allow the cabinet to make decisions in secrecy, avoiding the public discussion which takes place during CRTC and CTC decisions. The LaMarsh Commission Report in Ontario has attracted national attention with its recommendations of censorship and Federal Government control over the media.*

CABINET SHUFFLE

On September 6th, Donald MacDonald resigned his post as Federal Finance Minister, apparently for personal reasons. MacDonald left a large hole in the Cabinet-- he was a strong senior minister and the Cabinet's major Ontario representative. EJ 6/9/77 p.2; TS 6/9/77 p.A1

The following week, Trudeau shuffled the Cabinet, changing 12 posts:

Jean Chretien replaces MacDonald as Minister of Finance.

Marc Lalonde leaves Health and Welfare to take a new post, Minister for Federal-Provincial Relations. Jack Horner replaces Chretien as Minister of Industry, Trade and Commerce.

Monique Begin takes Lalonde's former post in Health and Welfare.

Norman Cafik, a newcomer to the Cabinet, becomes Minister for Multiculturalism.

Warren Allmand leaves Indian Affairs and Northern Development to become Minister of Consumer and Corporate Affairs.

Hugh Faulkner replaces Allmand as Minister of Indian Affairs and Northern Development.

Allan MacEachen keeps his post as House Leader and becomes Assistant Prime Minister as well.



POLITICAL

Judd Buchanan continues as Minister of Public Works and receives the Science and Technology portfolio from Hugh Faulkner.

Len Marchand becomes Minister of the Environment, leaving the portfolio of Small Business.

Tony Abbott receives the Small Business task in place of Consumer and Corporate Affairs.

Joseph Guay takes the National Revenue portfolio from Monique Begin.

TS 16/9/77 p.A1; TS 17/9/77 p.A14

The shuffle was timed to co-incide with Joe Clarke's meeting of Conservative Provincial Premiers in Kingston. It successfully took all press attention away from that meeting. GM 17/9/77 p.6

What policy trends can be guessed at from the changes in the Cabinet?

First of all, the cabinet is weak. A liberal backbencher, Hal Herbert of Montreal, refers to the Cabinet as "yes Men" and points out the number of strong members who have left the Trudeau Cabinet-- MacDonald, Turner, Mackasy, Sharp, Richardson, Drury, and Marchand. Other articles in the press point out that the Cabinet is weak and designed to be easy for Trudeau to control. GM 7/9/77 p.6 Ed; FTC 12/9/77 p.1; EJ 17/9/77 p.4; TS 22/9/77 p.A9

The new Cabinet takes work out of Trudeau's hands by making Allan MacEachen Assistant Prime Minister and moving much responsibility for Federal-Provincial relations to Marc Lalonde. The press speculates that this frees Trudeau for the "National Unity Battle" and an election. TS 16/9/77 p.A1; FT 19/9/77 p.1

Chretien, the new Finance Minister, has stated his intention to create jobs by stimulating private industry. He has an excellent relationship with the business community, supports foreign investment, and believes "profit is not a sin." Shortly after his appointment, he said wage and price controls have been useful so far, but have to go.

TS 16/9/77 p.A1; FT 19/9/77 p.1

The Cabinet is now strongly pro-pipeline. Alistair Gillespie has remained in the Energy portfolio. But he is not a strong minister, and it seems he does not have the full confidence of the Prime Minister. Allan MacEachen was sent in his place to negotiate the pipeline with the American Government. MacEachen's new role as Assistant Prime Minister puts him in a better position to conduct this type of negotiation. MS 19/9/77 p.A9

Warren Allmand, on the other hand, was removed from Indian Affairs and Northern Development, where he had a reputation for supporting Native rights. Native groups objected strongly to his move, saying Allmand has been the best minister in the history of the department. Allmand himself claimed he was "shafted" because he defended native rights against

mining and hydro electric development. GM 19/9/77 p.4; OC 23/9/77 p.1

Marc Lalonde received the new portfolio of Federal-Provincial Relations. The Provincial governments say he is not a good choice. They consider him aloof and arbitrary, but he is in complete agreement with the Prime Minister's approach to questions of federal-provincial relations. Trudeau has called him "my alter ego." GM 19/9/77; FTC 19/9/77 p.1

Jack Horner has been made Minister of Industry, Trade and Commerce. His support of free enterprise will give the business community confidence. The Liberals hope links with Alberta may bring the West closer to the party. FTC 19/9/77 p.1

Monique Begin follows Lalonde in Health and Welfare. This is an important ministry with a very large budget. FTC 19/9/77 p.1

The press paid less attention to another important change in the Finance Department. The Deputy Minister, Tommy Shoyama will probably soon resign to head the agency which will supervise the building of the Alcan Pipeline. There are two chief contenders for this powerful position; Bill Hood, Associate Deputy Minister of Finance, and Sylvia Ostry, Deputy Minister of Consumer and Corporate Affairs. Hood's approach to inflation is a tight control of the money supply. Ostry's is a reorganization of the industrial structure of the country. The choice is a major one for the Canadian economy, but receives very little attention in the public media. MS 20/9/77 p.A9

CNSP NOTE: *The press spends the great majority of its space discussing the personalities involved in the Cabinet shuffle - their careers past and future. It is necessary to do some digging to find even a few words about the policy implications of the changes.*

NATIONAL UNITY

The Task Force on National Unity began its hearings in September. The Task Force is an eight-member commission under the leadership of Jean-Luc Pepin and John Robarts. (Pepin was chairman of the Anti-Inflation Board and before that a Federal Cabinet Minister. Robarts is ex-Premier of Ontario.) The Commission has a renewable twelve month mandate to "listen to and understand the real concerns of Canadians, point out the positive aspects of the Canadian experience, inform Canadians about the complex issues to resolve in Confederation, and make recommendations for change." VS 21/9/77 p.21; TS 2/9/77 p.A1

Pepin describes the task this way: to find a solution to the strains on Confederation by finding a "third option" between the status quo and Quebec separation.

Robarts puts it this way: to suggest major constitutional changes which will prevent Canada's breakup as a nation. EJ 2/9/77 p.76; EJ 7/9/77 p.9

The mandate of the Task Force has definite limits defined by Trudeau: the only thing ruled out is discussion of any formula premised on the idea that Canada is, or could be, anything other than a united country. TS 6/7/77 p.A1

Shortly after beginning the hearings, Pepin attacked the media for ignoring his remarks in favour of "eccentrics" who come before the Commission. An Edmonton Journal editorial points out that M. Pepin's definition of an eccentric is anyone whose analysis of the unity issue does not agree with that of the government. EJ 15/9/77 Ed. EJ 14/9/77 p.94

CNSP NOTE: *The first mandate of the Task Force is to "listen to and understand the real concerns of Canadians." However, with its limited mandate and M. Pepin's attitudes, the commission's ear will apparently only be open to those with suggestions for maintaining "national unity".*

FEDERAL-PROVINCIAL RELATIONS

PROVINCIAL P.C. GOVERNMENTS RALLY BEHIND CLARK

P.C. Premiers of Alberta, Ontario, New Brunswick and Newfoundland have signed a joint statement pledging their commitment to defeating the Federal Liberal government and to supporting Federal P.C. leader Joe Clark.

In a joint communique, Clark and the Premiers called for an early end to wage and price controls, rejected calls for any special constitutional status for two-language education in Quebec and called for the extension of exclusive jurisdiction by the provinces over natural resources in offshore waters. Another point agreed to was that the federal government should no longer be allowed to arbitrarily force its way into areas of provincial jurisdiction through new spending programs. EJ 17/9/77 p.3 Paul Jackson

NATIONAL UNITY TASK FORCE

The National Unity Task Force, headed by John Robarts and Jean-Luc Pepin is assuming, without basis, that the BNA Act is to blame for Canada's present unity crisis. While the Task Force is calling for a 'third constitutional option' Western premiers have rejected it. The BNA Act is quite sound but Ottawa has undermined it by 'foraging into areas of provincial jurisdiction'. EJ 8/9/77 edit.

TRUDEAU'S PROPOSAL

What is proposed is to inscribe in the constitution a provision recognizing and declaring that, in Canada, every Canadian parent has the right to have his or her children receive their schooling in the official language of the parents' choice wherever the numbers of children warrant the provision of the necessary facilities. We realize that it might cause difficulties for your government at the present time. The capacity of Quebec to limit access to English language schools could be preserved within the present framework of the present constitution so long as the government of Quebec considers it necessary. TS 9/9/77 p.B3

LEVESQUE'S REPLY

This constitutional provision could easily prevent Quebec from regulating access to English schools since these schools exist and a law seeking to regulate access to them could be declared unconstitutional. It is difficult to see how such a provision could effectively guarantee francophones in other provinces the French schools they desire since in our system of law a court has no power to force a parliament to legislate. It would merely create illusions rather than conferring rights. Quebec will never accept that its sovereignty in such a vital matter be replaced by a limited jurisdiction subject to judicial interpretation. It would in fact be unthinkable that the Supreme Court of Canada, a majority of whose members will always be English-speaking and non-Quebeckers, should take the place of the Quebec National Assembly as the ultimate authority in the field of education. TS 10/9/77 p.A15

PROVINCIAL GOVERNMENT

INTRODUCTION: *The main story centred around Manitoba's election campaign. In Ontario, three new Cabinet Ministers were appointed and Treasury spending restricted.*

MANITOBA

CNSP NOTE: **MANITOBA ELECTION OCTOBER 11**
Premier Ed Schreyer and his 8-year NDP government in Manitoba will go to the polls October 11 and, while there will no doubt be changes in the present legislature of 31 NDP, 23 Conservatives and 3 Liberals, indications are that Schreyer will maintain his lead and his government.

While the NDP is basing its campaign around Schreyer's popularity with the slogan "leadership you can trust", there are several issues directly affecting different sectors of the population which will probably affect their votes.

POLITICAL

The NDP's comfortable margin in the north is threatened by the Indian communities' dissatisfaction at the flooding of reserve lands by Manitoba Hydro in order to direct enough water from the Churchill river into the Nelson river, where several huge power stations have been built, or are under construction. Compensation was agreed upon in the form of a grant of four new acres of reserve land for each acre flooded. There was also to be financial compensation and rehabilitation programs. The Indians are now talking about asking for a court injunction which would stop future Hydro work on their lands.

Also worrisome to the NDP is the coolness between its administration and rank-and-file trade unionists whose demands to follow Quebec's lead in outlawing strike-breaking have been rejected. (For details of Quebec's new legislation see Quebec labour section) The NDP has also failed to give the civil service the right to strike.

On the other hand, the NDP has instituted public Denticare and auto insurance, as well as the Workplace Safety and Health Act which enables the Cabinet to take action against working conditions deemed to be unsafe, and protects those who refuse to work under unsafe conditions.

Schreyer's main opponent, PC leader Stanley Lyon, is raising the rather worn-out issues of overtaxation, government mismanagement and inefficiency and too much government interference in the economy. He has promised to reduce personal and corporate taxes, get the government out of the mining business, and has called for a review of the government's mining royalty policies.

ONTARIO

CABINET CHANGES

Following close on the resignation of Consumer and Commercial Relations Minister, Sidney Handleman, Premier William Davis has announced three new appointments to Cabinet. Larry Grossman (St. Andrew-St. Patrick) of Toronto will fill Handleman's role while Frank Drea (Scarborough Centre), a hard-drinking former writer for the Toronto Telegram, will take over Correctional Services. George McCague, MPP for Dufferin-Simcoe, became Minister of Government Services.

Davis also announced he would make an almost unprecedented move by nominating an NDP member, Jack Stokes, to be Speaker to the Legislature.

TS 22/9/77 p.A3 Charlotte Montgomery.

TREASURY MINISTER SQUEEZES FINANCING

Provincial Treasurer Darcy McKeogh announced a cut-back in municipal grants which has opened the way for: an increase in Toronto public transportation fares; a freeze on manpower in the Metro Toronto police force; and a major tax increase for property owners. He also said the province would keep general government spending, other than health, education, social

services and universities, down to a four per cent increase, chop 25 top civil service jobs, defer many major capital projects, and increase camping and park fees. TS 16/9/77 p.A1 David Miller

LEWIS SUPPORTS DAVIS ON QUEBEC

NDP leader Stephen Lewis has told the party's Provincial Council that he is strongly in favour of Premier William Davis campaigning in Quebec for Confederation. "It is our right to go into Quebec", he said. TS 19/9/77 p.3

NOVA SCOTIA

TORIES WIN BY-ELECTION

The most heavily industrialized riding of mainland Nova Scotia, Pictou Centre, dealt Liberal Premier Gerald Reagen a blow by electing a Progressive Conservative in the September 6th by-election. Unemployment figured heavily in the anti-government vote of 5000, as compared to Liberal and NDP votes of 3000 each and could be a major issue in the election campaign expected a year from now. GM 17/9/77 p.8

BRITISH COLUMBIA

CONTROVERSIAL BILLS PASS HOUSE

Before the wind-up of the second legislative session of the B.C. Social Credit government, legislation has seen several changes:

- mineral royalties have been removed
 - new landlord-tenant legislation allows faster eviction of tenants and gives the provincial "rentalsman" authority to evict without specified reason.
 - changes in the labour code which makes it more difficult to organize workers (see "labour general")
 - a bill that permits the government to spend public funds on private schools
 - a bill that prevents teachers from seeking trade union certification
 - a bill which makes admissible in a civil proceeding the fact that an individual earlier pleaded or was found guilty of a criminal offence related to the same issue
 - a bill which abolishes local control over welfare and puts it in the hands of the provincial human resources department. VS 16/9/77 p.A14
- VS 8/9/77 p.19; VS 12/9/77 p.25

QUEBEC

The referendums held under the new bill the Government plans to introduce will be for the purpose of consulting the public. Under the present constitution a referendum has no direct legislative authority. The concerted action of both Parliament and the Executive will be required in order to originate a referendum. Once it has submitted its proposal, the National Assembly will be responsible for drafting the final text of the question to be put to the public. When the National Assembly has adopted the resolution it will be up to the government to set the date for the referendum and get the process under way. It will issue a writ to the chief electoral officer indicating the date and text of the question. The vote would have to take place between 35 and 60 days after the writ has been issued.

Supporters of the various options offered the public should be given an equal opportunity to make known the advantages of their cause. It should therefore be possible for the supporters of each option to unite in a single organization which would be responsible for the campaign. These would be the only organizations entitled to receive financial contribution and incur campaign expenses. The electoral officer would decide how many organizations could participate in the campaign on the basis of the number of options offered the public.

Each organization would receive the same amount of money from the government, the amount to be set by the National Assembly. Organizations would be able to draw their financial support from three sources: the State contribution, the electorate (in accordance with the Act to govern the financing of political parties) and the political parties, (donations of no more than \$.25 per voter to the organization(s) of their choice). Synthesis of the text of White Paper on Referendums, MG 25/9/77 p.7

Public hearings on the White Paper will start Oct. 12 and legislation will follow in December.
MG 28/8/77 p.1

MAITRE CHEZ MOI?

"It's me that controls my house and not Levesque", said Portuguese immigrant Joao Rosa after registering his little girl in an English elementary school.
EJ 7/9/77 p.3

French speaking Protestant parents have criticized the Protestant School Board of Greater Montreal for the board's decision to admit ineligible students. Accurate figures for the number of illegally registered pupils in Quebec are not available, but estimates have ranged between 1500 and 2000.
GM 10/9/77 p.4

The fact that those opposing Bill 101 represent only one per cent of the population of English speaking schools in Montreal indicates that opposition is not very widespread. It is much more serious to see that the Protestant School Board of Montreal is openly defying the law. It receives 90 per cent of its revenues from public coffers yet it is defying a law passed by the elected representatives of the Quebec people. LJ 9/9/77 p.8 edit.

QUEBEC LIBERALS REORGANIZE

In a move to outstrip the PQ as a grass-roots popular party the Quebec Liberal party has adopted a series of measures:

- strip the party's old guard of privileged voting rights at the leadership conventions
- guarantee 24 delegate votes at the convention for each of the 110 riding associations in the province
- assure ethnic minorities a voice in the selection of the leader (at least three riding delegates must represent ethnic minorities)
- half of each riding's delegates must be women and four must be under 25 years old. TS 19/9/77 p.2

PRISONS / COURTS

INTRODUCTION: Since the end of the Commons Subcommittee's Tour of Canada's Prisons last spring, there has been minimal press coverage in this area. Articles show some people associated with the courts (lawyers, judges) are calling for more prisoners' rights. In each case, government departments have been criticized for their lack of action.

MORE MONEY NEEDED FOR CRIME PREVENTION AGENCIES

A Government-commissioned study says non government agencies need more money and co-operation from federal and provincial governments to be effective. The report, by a five-member group under Robert Sauve,

president of the Quebec Workmen's Compensation Board, said many volunteer agencies have been hit hard by continuing federal and provincial spending restraints. The group suggested:
- negotiations between government and private agencies on the division of responsibilities should take place.

POLITICAL

- the government should retain responsibility for offenders in custody, law enforcement and prosecution.
 - non-government agencies should assume responsibility to organize communities to develop crime prevention programs.
 - an independent national association should be formed to analyse the criminal-justice policy.
- Only a small percentage of total spending on justice goes to volunteer crime prevention organizations, who face serious financial problems. Middle managers and professionals, who feel their existence is threatened, resist giving more power and authority to private agencies. EJ 7/9/77 CP WFP, GM

PRISONERS' RIGHTS- DENIED BY JUSTICE DEPARTMENT

A Federal Court of Canada judge, Justice F. U. Collier accused the Justice Department of a "distasteful spectacle" in the case of a federal penitentiary prisoner who is suing the department. The prisoner, Jack Magrath, who is representing himself, is suing because of a transfer from a prison east of Vancouver to the B.C. Penitentiary in New Westminster. The department opposed Magrath's right to represent himself. The department lawyer said neither was it prepared to pay costs of transporting any of Magrath's witnesses to court. When Collier called the hearing for September 7 the government lawyer was not available. Later, the justice department revised its position and consented to Magrath remaining in court to cross examine witnesses called by the defence. However, the department refused to let Judge Collier record the changed position for posterity. It did not want

Magrath's case to be interpreted as a precedent. GM, HCH, WFP, 12/9/77 CP

PRISONERS' RIGHTS DENIED BY SOLICITOR-GENERAL

Lawyer David P. Cole, calls for legislative changes within the prison system. At present, he says, there is nothing in law to stop the penitentiary authorities from locking up prisoners indefinitely, without a hearing, on mere suspicion. There is no right to a hearing or to be told the reasons for suspension of parole, no right to challenge or even discover reasons behind the decision to segregate a prisoner from others, no right to examine reasons for a decision to transfer a prisoner, and no right to have mail between solicitor and client pass by penitentiary officials without being read. Cole says the Commons Subcommittee Report on Unrest in Canadian Penitentiaries has excellent recommendations for changing legislation. However, there are indications the Solicitor General's Department intends to ignore them or negate their impact. GM 15/9/77

GUN CONTROL BILL PASSED

Final approval was given to a watered down gun control bill, three years after it was introduced to the House of Commons. (See CNSP Vol. 5 No. 4 Courts) Justice Minister Ron Basford said it will be the middle of next year before regulations detailing enforcement of the bill can be prepared. The bill has still to be passed by the Senate. TS 19/7/77 CP

SOCIAL WELFARE

INTRODUCTION: Cutbacks in employment and social services, a freeze in hiring, increases in property taxes are predicted as Robert Andras, President of the Treasury Board, looks at ways of reducing federal spending especially in the Social Welfare Programs. Federal spending soared to \$45 billion for this fiscal year from \$15 billion in 1970-71. Andras claims more than half the rise came from Social Welfare Services. (see CNSP Political-Provincial)

GRANTS CUT

Provincial grants to municipalities are being cut drastically. This will force property taxes up and drive pensioners and people on fixed incomes out of their homes. Already in Toronto, TTC fares are increasing again, police departments are frozen (no hiring) and there are staff cutbacks for municipal services, as well as delays in budget approvals. TS 19/9/77; 22/9/77 p.C2, p.A1

INQUIRY INTO CHILDREN'S AID SOCIETIES

Ottawa-Carleton Childrens' Aid Society, members of Ontario Public Service Employees Union(OPSEU), sup-

ported by the Federation of Community Agency Staffs (FOCAS) in Toronto presented a 54 page brief to Social Services Minister Keith Norton. The brief asked for a public inquiry into the administration of all child welfare services. It also called for the abolition of children's aid societies in Ontario. The brief recommends that the successor services be more responsive and accountable to the communities they serve, implementing long-range, preventative programs. TS 13/9/77 p.A3, 14/9/77 p.A5

HEALTH

MEDICAL ASSOCIATIONS DISCUSS WAYS TO INCREASE DOCTORS' SALARIES

All physicians are complaining about their expenses. 41 per cent of a doctor's gross income goes into operating expenses. The proposals put forward by the Ontario Medical Association (OMA) are:

1. Putting doctors on salary. (\$35,000 a year for a 40 hour week, providing holidays, pension benefits and vacations).
 2. Raising OHIP fees by 40 per cent.
 3. Charging patients a fee for each visit on top of OHIP payments. (\$2-\$4 fee for each visit)
- The latter is politically the most acceptable to the government. TS 22/9/77 p.B7
-



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