Synthesis

A Review of Events Reported in the Canadian Press

HIGHLIGHTS

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Winnipeg Free Press	WFP
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Synthesis

HIGHLIGHTS

The Organization for Economic Co-operation and Development says 1978 will be a bad one for all western capitalist economies. This is echoed by the Economic Council of Canada, which had bad news for the federal Liberals. All this means increased unemployment. See pages 3,7 and 15.

Canada's manufacturing sector, weak and underdeveloped at the best of times is in real trouble because of the world-wide slowdown. See page 11.

Justice Patrick Hartt's commission on the development of Northern Ontario opened informal hearings on November 8. In the coming months look to the Native peoples' section of Synthesis for a round up and analysis of the debate. See page 20.

Solicitor General Fox doesn't want to release RCMP documents to Quebec's Keable inquiry despite five subpoenas. His stonewall is crumbling so the feds want to change the laws concerning police spying. See page 25.

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CANADA AND THE WORLD

THE GENERAL CONTEXT

INTRODUCTION: *1978 will be a gloomy year in the world economy. Growth rates in OECD countries will be lower then expected, debt loads will be heavier, and the poor of the world will be worse off than ever. Many countries - rich and poor - will be pushed to auction off their resources to keep their heads above water. CNSP features a look at one of these: Chile.*

U.S. DUMPS ILO

President Carter, rejecting the advice of European allies and bowing to domestic pressures has withdrawn the U.S. from the International Labour Organization. The U.S. contributes about $20 million a year to the U.N.-related organization, about one quarter of its budget. The U.S. Chamber of Commerce, the Labour Department and the AFL-CIO have pressured for withdrawal. They charged that the ILO has not applied labour standards equally among all the nations of the world, that it issues condemnations without adequate investigation, that nations are condemned by the ILO "for extraneous political reasons", and that too many governments control the labour and business delegations in the tripartite organization. George Meany of the AFL-CIO, and Labour Scretary Ray Marshall criticized the ILO as a propaganda forum for the Soviet Union and the Arabs. U.S. State Secretary Vance and security advisor Brzezinski had counselled in the organization for another year to try to pressure for change. GM 1/11/77 p.13, NYTs; GM 2/11/77 NYTs; WFP 2/11/77

The U.S. move will mean 180 staff dismissals and a $32.5 million budget cut, ILO officials stated. The organization hopes to raise about $10 million by voluntary contributions and borrowing. WFP 2/11/77 p.22

Canadian Labour Congress President Joe Morris, and Canadian ILO branch director Kalman Kaplansky decried U.S. withdrawal from the world body. Mr. Morris is Chairman of the ILO, the first labour representative to hold that office. Canada's contribution to the ILO is about $2 million per year. Mr. Morris said that despite the U.S. decision, the CLC will not shirk its international trade union duties. He stated the CLC has been upset by the ILO's failure to act on reports of violation of human rights in member countries but felt withdrawal was not the answer. In 1974 the CLC worked hard to have the USSR condemned for failing to live up to ILO conventions on freedom of association. He feels that without the U.S. it will be even more difficult to gain reforms within the organization. WFP 22/11/77 p.22; GM 2/11/77

A Toronto Globe and Mail editorial (GM 14/11/77 p.6) hailed the U.S. decision, as "recognizing a fraud as a fraud and refusing to take any part in it". The U.S. "is well out of it". It attacked continued Canadian membership.

DEBT REVISITED

Canada, Sweden, the Netherlands and Finland have begun to cancel some of the debts of the world's poorest nations. Three years ago, Third World nations put forward the idea of a moratorium of foreign debts as part of a plan for a new international economic order. At this year's session of the U.N. General Assembly Canada and Sweden indicated they would no longer wait for the agreement of the U.S. and other western nations to go ahead. Canada cancelled $300 million in loans to 13 nations ranging from Afghanistan to Uganda. Sweden shortly thereafter cancelled $200 million in debts. These were both situations of concessionary loans made on long term at low interest.

Rich nations have approximately $20 billion out in loans to the poorest countries and interest payments approach $1 billion a year. These so-called "basket cases" are part of a general escalating Third World debt situation estimated at a total of $225 billion.

Speaking for the European Common Market, Claude Cheysson of France warned that debt cancellation would ruin the credit rating of the poor countries. Others said they had no credit rating in any case. Most of the beneficiaries of the actions are African nations, a few Asian countries, including Bangladesh, and Haiti. Belgium and Denmark have talked of joining in the debt cancellation but have been restrained by pressure from the EEC. WFP 1/11/77 p. 25 LA Times

One of the older Third World nations, Peru, is "entangled in a dark financial web", its worst crisis since the Great Depression. Peru has stalled growth, a large government deficit and serious balance of payments problems. Anticipated oil revenues in the late sixties and early seventies led Peru into taking on debt which today it cannot service comfortably. It is experiencing the hangover of the big borrowing of six and seven years ago. The crunch will come at budget-making time in January, when government departments and autonomous enterprises will have to show that they're following agreed upon austerity in order to continue to draw on the International Monetary Fund and on private loans.
OC 7/11/77 p.25 Times-Post NS

CNSP NOTE: *Peru is not sufficiently poor or lacking in resources to be eligible for debt forgiveness. In fact, its anchovy fisheries, minerals and petroleum resources make it attractive to foreign interests. The debt piled up by pipeline and other projects has been a noose around the neck of the people of Peru, with the tightening string held by North American and European private banks. The IMF forced cutbacks on Peru's people. Economic recipes imposed by non-Peruvians include allowing prices of basic items to rise, de-nationalizing certain central industries, and cutting back on social expenditures. This carries with it the stimulation of social unrest among those who suffer most, Peru's workers, unemployed and peasants, and an increase in repression. To have your domestic policy at the beck and call of the western capitalist financial elite is a sad and inhuman experience. To be written off as a "basket case" is not much better. Neither the stringencies imposed by the IMF and the private banks nor the self-gratifying paternalism of debt forgiveness do much to alter the effect of the crisis of capitalism on the poor of the world.*

LOWER GROWTH THAN PREDICTED

The short term outlook prepared by the experts of the Organization for Economic Cooperation and Development indicates a real growth rate of four per cent or less for OECD countries during 1978. That's down from the five per cent target set by the ministerial meeting in June. A sharp downturn is expected in the second half of 1978. These predictions are echoed by Robert Slighton of the Chase Manhattan bank. He predicts real growth in output in OECD nations will be 3.7 per cent in 1978 with the U.S. doing slightly better than average but less well than in 1976-77. Inflation predictions range from a high of 16.5 per cent for Italy to a low of 4.2 per cent in West Germany. GM 19/11/77 p.B2; GM 23/11/77 p.B2 (reuter)

U.S. TAX POLICY WILL SLOW GROWTH OF ECONOMY

Despite talk of cutting taxes to revive the U.S. economy, the Carter administration has been raising them. This will have a strongly negative effect in 1979-80 unless compensated for. Merill Lynch estimates the economic cost in 1978-79 of Carter's energy package and social security tax increases will mean $24.5 billion in new government revenue, but an $11.2 billion loss in G.N.P. and a loss of 365,000 potential jobs. Economists predict the slump in the U.S. will be such that Carter will have to cut taxes so much in 1980 and 1981 that he will have no room for new government initiatives. Yet the rest of the industrial world has been waiting for the U.S. to spend its way out of trouble. FTC 14/11/77 p.2 Peter Cook

Canada and other industrial nations were told by a panel of 14 economists at the Brookings Institution in Washington, to expand their economies, prevent a slowdown in 1978, and loosen credit. Canadian Robert Rene de Cotret, president of the private-business Conference Board in Canada, advises the Bank of Canada to loosen credit reins. The economist forecasts real growth of five per cent for Canada in 1978 as compared with 2.25 in 1977, but called on governments to support sustained expansion of consumer and investment demand.
OC 7/11/77 p.27 Peter Cook

THE SPECIFIC AREAS

Trade

GATT FEARS PROTECTIONISM

The director-general of the General Agreement on Tariffs and Trade (GATT), Olivier Long, says that moves by industrialized nations to cut imports are threatening international trade. Long cited recent protectionist moves by industrialized countries concerning four sectors - textiles and clothing, steel, transport equipment and parts of the mechanical and electrical products sector. He fears that a slide into protectionism threatens "the whole fabric of post-war co-operation in international trade policy.

Meanwhile, the 83 nations meeting in Geneva reached a tentative agreement for cutting tariffs and stimulating trade; it appears a tariff-cutting formula of 44 per cent will be accepted, a compromise between higher cuts desired by the U.S. and the lower suggestion of the European Common Market. The chief U.S. negotiator of GATT now suggests that because of continuing economic stagnations, the GATT will probably seek extended phase-in of tariff cuts rather than immediate application.

CANADA AND THE WORLD

U.S. UNIONS PUSHING PROTECTIONISM

George Meany, president of the AFL-CIO, has served notice that the American trade union movement is gearing up a campaign for a new restrictive trade bill. The December AFL-CIO convention is likely to support Meany's worldview that other countries are unfairly robbing Americans of jobs and that Washington should implement protectionist trade policies. The new proposal resembles Meany's earlier support of the Burke-Hatke bill a few years ago.
FTC 14/11/77 p.14

GLOOMY FUTURE-GAZING

Three recent studies suggest a far from rosy picture for Canada's future trade possibilities. A forecast by Canada's largest investment dealer and underwriter, Wood Gundy Ltd., says that by 1979 Canada's current account deficit will exceed $6 billion. The deficit will be largely due to growing payments on our foreign debt. Canada's continuing program of heavy investment in energy production will require large inflows of foreign capital. This will further aggravate our balance of payments problem, the main reason for the fall of the Canadian dollar.

Joining the gloomy future-gazing is the brokerage firm Burns Fry Ltd. The firm calls Canada's services deficit the most predictable part of the Canadian balance of payments. It estimates the services deficit for 1977 at $8 billion and rising to $14.4 billion by 1981.

The annual review of the Economic Council of Canada calls trade prospects bleak due to higher foreign borrowing, escalating service payments and lower receipts for merchandise exports.
GM 1/11/77, p.B3; WFP 10/11/77 p.1; HCH 3/11/77 p.1

CNSP NOTE: *See Economy General for a further discussion of the ECC report.*

TRAVEL DEFICIT

Canada's travel deficit, a major contributor to our services deficits on our balance of payments, could total $2 billion in 1972. The deficit stood at $1.32 billion at the end of the first nine months of the year. Industry Minister Jack Horner promised to introduce measures to encourage more Canadians to holiday at home. This would stimulate the tourist industry which claims to provide jobs, directly or indirectly, for 8.5 per cent of the workforce. One Canadian who ignored this encouragement is Prime Minister Trudeau, who recently returned from a weekend break in the Caribbean. GM 25/11/77 p.8; FP 5/11/77 p.1 ed.; MS 12/11/77 p.A1; MS 9/11/77 p. E1

POTENTIAL CANDU SALES

Following swiftly upon the October signing of a nuclear safeguard agreement between Canada and Romania, the two nations have now initialled a nuclear reactor technology licencing agreement. This is regarded as a sure sign that Romania will purchase at least one and possibly as many as four CANDU reactors from Atomic Energy of Canada Ltd. (AECL). It would be the first export success of the CANDU since the controversial sales to Argentina and South Korea.

While in Canada recently, Italy's Prime Minister Andreotti also signed a technical agreement laying the groundwork for a CANDU sale in the near future.
GM 19/11/77 p.B2; MS 2/11/77 p.A12; GM 5/11/77 p.B14; OC 19/11/77 p.9

Finance

EDC AGAIN

The Canadian Export Development Corporation loaned $102.6 million to support the sale of $114 million of Canadian goods to the Iran Wood and Paper Industries Inc. with the participation of the Bank of Montreal. Stadler-Hurter Ltd., a Montreal firm of pulp and paper engineering consultants has won the contract to design and establish a large project in Maznaran province to produce newspring and paper board. GM 9/11/77 p.B16

Jack Horner, Industry Minister, praised the Export Development Corporation for investing loans in INCO's new projects in Indonesia and Guatemala, loans made to purchase Canadian equipment. He said the new INCO developments would have gone on anyway, without the loans. EJ 9/11/77 p.6

Investment

FOREIGN INVESTMENT SELL-OUT

A Toronto Star editorial (7/11/77 p.C4) attacked Industry Minister Jack Horner for his attitude to foreign investment. "The fact is that when foreign corporations pull in their horns the first jobs to go are those of their subsidiaries in Canada, South America or elsewhere. So every new job in a foreign-controlled business here is also a job that can be taken away again," the Star states. Horner is simply encouraging the denationalization of Canadian economic decision-making. In a second editorial (10/11/77 p.B4) the Star attacked the lack of an industrial strategy for Canada, and the Economic Council of Canada's call for more foreign investment. It accused the Economic Council of forgetting its 1963 mandate to study means of increasing Canadian participation in the ownership, control and management of industries in Canada.

The Financial Times (21/11/77 p.8) supported the Economic Council of Canada. Apparently, Prime Minister Trudeau may be ready to support a three year suspension of FIRA in order to encourage foreign investment. The Financial Times suggests Canada's future is in expanded trade and expanded savings at home. It suggests that FIRA be scrapped altogether.

THE SOVIETS?

According to a CIA report obtained by the New York Times the Soviet Union has set up five joint-equity firms in Canada since 1971 with interests in machinery and equipment including hydroelectric turbines and tractors. It is part of a global strategy to increase the commercial profile of the U.S.S.R. around the world. EMEC Trading Co. of Vancouver has won contracts to supply turbines in B.C., Manitoba and New Brunswick. Most of the Russian activity is aimed at altering Russia's poor trade balance with Canada. It bought $400 million worth of grain from Canada between January and August 1976, but sold only $35 million worth of exports to us in the whole year. EJ 19/11/77 p.A13

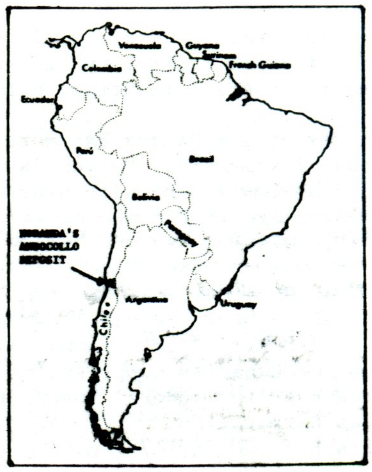
CANADIAN INVESTMENT UP IN U.S.

1976 saw Canadian investment (direct) in the U.S. jump by $507 million to $5.86 billion. Royal Bank chief economist, Ralph Sultan, warns Canada will have to get its house in order or it will "become a sleeping backwater". As he put it, "Capital lacks loyalty...it will go where returns are most attractive." During 1976 the book value of Canadian investment in real estate in the U.S. rose to $113 million. A Cadillac-Fairview spokesperson cited frustration with getting government approval on Canadian projects as a cause of this.
FTC 21/11/77 p.8

CANADIANS FIRST INTO CHILE

The first major fruits of Chile's open-door on foreign investment are in mining, and Canadians are in the lead. Most new projects involve more than half a billion dollars spread over eight years. Chile's copper exports exceeded a million metric tons last year for the first time in history. Chile's liberal laws for foreign investors have forced it to leave the Andean market. Unlike its neighbours, Chile now allows unlimited profit remittances abroad, and invested capital and equipment to be repatriated after three years.

Under a contract signed in mid 1977, the Chilean state copper corporation CODELCO and a consortium composed of Superior Oil Ltd. of Houston and its corporate progeny from Canada -- Falconbridge Nickel Mines Ltd., McIntyre Mines Ltd., and Canadian Superior Oil Ltd. -- will exploit the Quebrada Blanca deposit in northern Chile estimated at over 200 million tons. The mining project will seek to take out 100,000 tons a year. A similar contract for Andocollo deposits, believed to exceed 300 million tons, has been signed by Noranda Mines Ltd.



St. Joe Minerals Corp. an American firm, has contracted to do exploration at El Indio Mine, a privately owned gold, silver and copper field in northern Chile. After exploration, St. Joe has the option to buy the mine for $5 million and exploit it.

Experts estimate Chile has 25 per cent of world copper reserves. Copper prices on the London Metals Exchange are weak at 54 cents a pound with estimated production costs in the public sector now at 48 cents a pound, and estimated production costs to open up new mines of $1.05 per pound.

A British journalist predicts Chile is on the road to the worst economic crisis since 1973. The show of wealth and commerce one can see in downtown Santiago, Hugh O'Shaunessy writes, hides "the implacable process of pauperization of millions of working class and middle class Chileans, the result of a four-year process of transferring wealth from the majority to a minority." Firms catering to the mass market are going broke as the market shrinks. Chile has applied for $142 million in loans from London banks. Experts remarking on the junta's big arms purchases from Israel and elsewhere do not expect the money to last. There is nearly twice as much money coming into Chile from world charitable agencies to feed the hungry than there is being invested by foreigners in new mines and factories. The Santiago newsweekly Hoy reports that more than one million school children are getting daily meals thanks to foreign charities. Still, infant mortality, according to a pediatrician writing in the Jesuit magazine Mensaje, has risen by 50 per cent since the junta took over.

Despite the claim that due to American pressure the Chilean junta has reduced arrests and "disappearances", two Chilean women visited Canada to dramatize the situation of the hundreds who have "disappeared" into the hands of Chile's security forces and are feared dead. The women visiting Canada staged a hunger strike for 10 days at the U.N. office in Santiago last summer in order to focus world attention on the situation of their families.
OC 2/11/77 p.30 David Belnap, L.A. Times, also WFP 3/11/77 p.26; MS 8/11/77 p.16, Hugh O'Shaugnessy; MS 4/11/77 p.3-4

CANADA AND THE WORLD

CANADIAN SUPPLIERS FOR MEXICAN GASOLINE

Canada discussed the import of Mexican oil and export of Canadian petroleum technology and supplies at a two-day ministerial meeting in Ottawa between the two countries.

Trade between Mexico and Canada has more than doubled in the past five years. Mexico is also an area of high Canadian investment with over 40 joint-ventures, 18 of which are in the mining sector.

The agenda of the meeting between Mexico's Secretary of State Santiago Roel Garcia and External Affairs Minister Don Jamieson included the construction of a $1 billion natural gas pipeline and a $1 billion expansion of Mexico City's subway system. Mexico is looking for Canadian supplies for both projects, with the hope for federal loans from the Export Development Corporation.
GM 23/11/77 p.B1 & B7; GM 26/11/77 p.B14

CANADIAN FOREIGN POLICY

SOUTH AFRICA: A TAP ON THE WRIST

Pressure mounted in the U.N. for economic sanctions against South Africa, but Canada joined with the U.S., Britain, France and West Germany to veto three African resolutions. The Western Powers have proposed only a six-month mandatory arms embargo, subject to renewal. West German Ambassador von Wechmar stated that the Security Council should warn South Africa but not bar "contructive dialogue". The U.S., Britain, and France vetoed a resolution which would have expelled South Africa from the U.N. in 1974, and vetoed an arms embargo in 1975. A trade embargo might be painful for South Africa, but it might be more painful for the major western powers. South Africa's economy is among the more self-reliant in the world and the west could use its two valuable exports - gold and uranium. France has recently gained agreements with South Africa for much of its uranium exports. Britain has between $5 and $7 billion invested in South Africa, while the U.S. has $1.66 billion. Canada exported $143 million in trucks, tractors and motor vehicle parts and other items in 1975 to South Africa, and imported $223 million worth of goods.

While backing away from economic sanctions on South Africa, Canada took part in a 11 member working group of Commonwealth nations which called on South Africa to co-operate in oil sanctions against Rhodesia or face oil sanctions itself.
HCH 1/11/77 p.35 (AP); EJ 29/10/77 p.126 Southam, GM 1/11/77 p. 13 (AP); GM 21/10/77 p.11 Washington Star; GM 5/11/77 p.3 (Reuter)

South Africa replied to Canadian government criticisms of its policies by suggesting Canada criticize countries where there are no free elections and no free press rather than South Africa. Canada had called on South African ambassador Norman Best two weeks earlier to condemn arrests and newspaper closings. External Affairs Minister Jamieson rejected the South African's statement.
HCH 10/11/77 p.27, TS 9/11/77 C12

CNSP NOTE: *See Church Section of this month's CNSP for further criticism of Canadian involvement in South Africa.*

GENERAL

MONTHLY STATISTICS

CAPITAL	Oct.	Sept.	Change from Year ago %
Consumer Price Index (1971 = 100)	165.0	163.4	8.8
Merchandise Trade Balance ($ million)*	+489.0	+50.0	

Farm Cash Receipts - 1st 9 mos. 1977 $7,248.3 million
- 1st 9 mos. 1976 $7,624.2 million

LABOUR	Oct.	Sept.	Change from Year ago %
Employed (million)	9.92	9.91	2.7
Unemployed	787,000	798,000	15.9
Unemployment Rate*	8.3	8.3	

*Seasonally adjusted

CAPITAL SPENDING TO DECLINE IN 1978

Canada's 300 largest corporations are planning capital spending of $18.9 billion in 1978. This will be a 6.4 per cent increase over 1977. However, inflation is expected to be eight per cent in 1978, so this will represent a 1.6 per cent decline in real capital spending. These 300 corporations account for two-thirds of Canada's non-agricultural business capital spending. Most experts, including finance department economists, had been predicting higher spending figures than these. They now must revise downwards their earlier growth forecasts for the economy in 1978. In the last budget of March 31, the government gave the corporate sector $1 billion in tax concessions to encourage greater capital spending. The government had been counting on corporate investment to stimulate growth and increase employment. News of the corporations' spending plans is a blow to the government's scheme.
GM 17/11/77 P. B1 Wayne Cheveldayoff.

CNSP NOTE: *In fact, this leaves the Liberals with egg on their faces. At the time of the budget, observers (including Synthesis) pointed out it didn't make much sense to give the corporations incentives to expand when 20 per cent of existing capacity was lying unused. However, then-Finance Minister Macdonald wanted to re-affirm the Liberals' faith in the corporations. Macdonald wanted to restore business "confidence" so companies would invest in new plant and machinery, hire workers, and get the economy moving. But the corporations, having pocketed the tax write-offs, didn't come through. The Liberals' pro-big-business ideology led them to this course of action, and allows them to consider few alternative measures. This is bad news indeed for the Canadian people, especially the unemployed.*

ECC WANTS ECONOMIC STIMULUS

The Economic Council of Canada (ECC) has issued a sharp criticism of the federal government's handling of the economy. Without corrective measures, the ECC predicts, there will be sluggish economic growth, an unemployment rate of over eight per cent, and an inflation rate of over six per cent until 1982. The ECC is a government-funded body that usually examines long-range prospects. The latest report is different in that it examines immediate problems and suggests the following measures--

-permanent personal income tax cuts of between eight and 10 per cent. This would return about $200 per year to the average taxpayer.
-a 25 per cent tax reduction for those in the lowest income tax brackets.
-cuts in provincial sales tax.
-greater co-operation between Ottawa and the provinces on the best way to use the tax system to encourage growth.

The ECC estimates the personal tax cuts would cost Ottawa $700 million and the provinces $1.3 billion between them. Also, a sales tax cut of one percentage point would reduce provincial revenues by $300 million annually. The cuts would bring unemployment down from eight to 7.7 per cent in 1978. It would also increase GNP growth by one percentage point. Finance Minister Jean Chretien quickly termed the ECC's proposals "irresponsible" since they would mean increasing government deficits by over $2 billion.
GM 9/11/77 P. 1

CNSP NOTE: *Many financial columnists pointed out the ECC departed from its usual task of issuing long-range predictions to pointedly criticize the government. They noted Chretien's immediate response, and the speculation is that the government will withdraw its funding. More important is the fact that the ECC doesn't really think the government can do much. Last April, Ottawa gave the corporations $1 billion in tax incentives. The refusal of the corporations to increase spending is proof of this plan's failure, so the ECC wants to try another tack. It hopes returning money directly to consumers will encourage them to start spending. This will increase demand, causing manufacturers to expand their output and their workforce. But it should be noted the ECC is not optimistic about the effectiveness of this plan. Unemployment will still be 7.7 per cent and real economic growth will be low even after various governments give up $2 billion in revenue. The federal government's deficit is already $9 billion this year, so Chretien has no room to manoeuvre. He doesn't want to borrow any more, putting even more pressure on the dollar. The Liberals gambled that the corporations would use the incentives to spur the economy. They lost that one, and apparently can't decide what to do next. While Chretien tries to work this one out, the economy continues to stagnate.*

THE ECONOMY

OIL AND GAS

INTRODUCTION: *This winter, the petroleum industry will be going full steam as government concessions to oil and gas drilling continue to increase. This despite the "gas supply bubble" in southern Alberta. President Carter has signed the Alcan Pipeline bill, but trouble may be brewing over future financing and component supply for the project. On the west coast, the Kitimat oil pipeline scheme has been shelved temporarily, as has the federal inquiry into a deep-water oil tanker port. In Saskatchewan, the Blakeney government's move to capture "windfall" profits from the oil companies during the 1973 OPEC price hikes has been overturned by the Supreme Court.*

FEDS UNVEIL NEW DRILLING RULES

Ottawa has announced a new environment assessment programme in the waters surrounding Baffin Island in the eastern Arctic. The programme means drilling must wait until specific environmental studies are actually completed. It is supposed to reflect a Cabinet decision that industry bear the costs of environmental studies when they are required. The government is contributing $1.4 million to the $11.5 million estimated cost. As a further concession to the industry, the government will split the assessment into three parts, so that drilling can proceed in one area, even though other areas have not received approval.
GM 18/11/77 P. B4

CNSP NOTE: *This might be termed the "soft" approach to environmental assessment. Ottawa is wary of scaring off the petroleum industry, but must keep a respectable face before the growing environmentalist lobby. The result--no immediate drilling, but the possibility of phased drilling and continued seismic exploration, as well as government financial support for what should be entirely a corporate responsibility.*

GAS SWAP OFF: LOUGHEED

Efforts to relieve the "gas bubble" in the west, by swapping southern Alberta gas now in return for Alaskan gas later, have been suspended, according to Alberta Premier Lougheed. Alberta wants U.S. tariff concessions for petrochemical and agricultural products before it will approve the swap. While producers expressed disappointment, there is some feeling that another hard winter would quickly reverse the decision, and permit swap arrangements or an accelerated sale of existing contract volumes.
GM 5/11/77 P. B14, WFP 2/11/77 P. 63

SASKATCHEWAN OIL TAX DECLARED UNCONSTITUTIONAL

The mineral income tax and royalty surcharge levied on most of Saskatchewan's oil production after the 1973 energy "crisis" has been declared unconstitutional by the Supreme Court of Canada, reversing a lower court decision. The total amount of revenue involved could top $600 million, plus interest. The tax was imposed to keep oil companies from realizing windfall profits unrelated to costs of production when the world price of oil jumped four-fold. The Supreme Court's decision was based not on the validity of the action, but on its constitutional legality. The federal government joined the side of the industry in the case, arguing it was not getting its share of the increased earnings.

Saskatchewan Premier Allan Blakeney is firm in his stand that no money will be returned to the oil companies. He has threatened possible nationalization of the industry. TS 25/11/77 P. B7, MS 24/11/77 P. D1 GM 24/11/77 P. B1, GM 25/11/77 P. 1.

CANADA LIKE "A PART OF OUR COUNTRY": CARTER

U.S. President Carter signed the bill approving construction of the Alcan Pipeline one week after its approval by the House of Representatives. Carter called the occasion a "good time for Canada and for the future of the American people." At one point in the ceremonies, Carter referred to Canada as "so much a part of our country...not under the purview of the Foreign Relations Committee." He estimated the line would be in operation by 1983 at a cost of $14 billion, $4 billion over the company's present estimate.
EJ 3/11/77 P. 14, HCH 9/11/77 P. 1, GM 9/11/77 P. 2

FOOTHILLS MAY HAVE FINANCING PROBLEMS

The Foothills consortium may face financing difficulties if it insists on keeping 90 per cent Canadian content in the portions of the pipeline through Canada. Financial experts say Foothills will find it easier to finance the project if more pipe and equipment are purchased offshore. In order to minimize debt costs as much as possible, and lacking government backstopping, the consortium may be forced to look for funds abroad, since these loans would likely be less expensive foreign export financing that often accompanies foreign purchases.

If financing problems do occur in North America, they will probably emerge early next year. Foothills may then go to the federal government for support, in effect pressuring the government in order to find out how much Ottawa will pay to enable Canadian industry to supply the project.

It is a distinct possibility the federal government may involve itself in equity financing in large energy projects, and the northern pipeline might be the first candidate. If Ottawa purchased a 25 per cent equity, this would satisfy nervous private lenders. GM 3/11/77 P. B3 Jeff Carruthers.

CNSP NOTE: *The situation outlined above is a frightening one that may involve Canadian public funds in a Syncrude-type debacle. Given Energy Minister Alastair Gillespie's statement about the possibility of government equity investment in large energy projects, it is extremely likely that Ottawa may be called on to bail out the Foothills consortium. Government backstopping and financial guarantees were foresworn early in the game. However, there is not much room to manoeuvre if it becomes a question of purchasing construction materials outside the country. At this point, that's one of the few tangible benefits for Canada in the whole deal. Meanwhile, cost estimates for the pipeline are leaping forward, although Foothills chief Bob Blair stoutly maintains $10 billion will be the limit. U.S. experts have predicted well over $15 billion, perhaps as high as $30 billion.*

TROUBLE BREWING OVER PIPE SUPPLY

A slump in U.S. steel production is fueling the first clash between the U.S. and Canada over who will supply components for the Alcan pipeline. Canada favours a low-pressure, 48-inch pipe which can be produced by several Canadian manufacturers. The U.S. is pushing for a high-pressure, large diameter line. In Canada, such pipe can only be produced at Stelco in Hamilton, Ont. Since the one plant could not produce Canada's quota, U.S. producers would take up the slack. Both Minister of Industry, Trade and Commerce, Jack Horner, and Foothills President, Bob Blair, have endorsed the use of the low-pressure line. The pipe used in the 2,000 mile Canadian section of the line would be worth about $1.3 billion. TS 18/11/77 P. B7

WEST COAST OIL PORT INQUIRY SHELVED

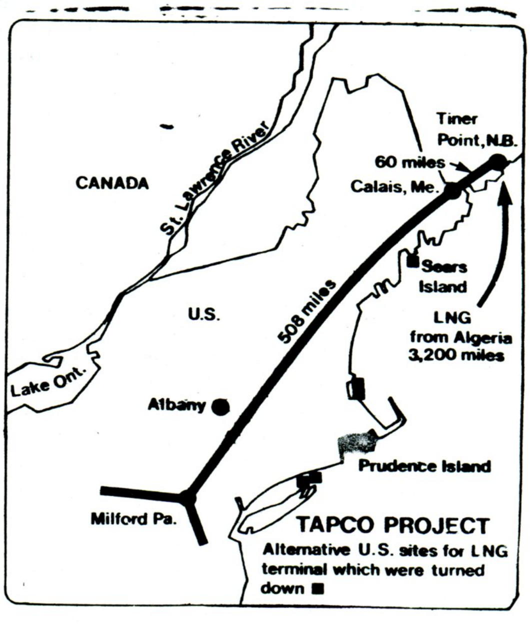
Hearings conducted by University of British Columbia Dean of Law Andrew Thompson into a possible superport for Alaskan oil tankers on the B.C. coast have been shelved. The hearings, which have already cost about $1 million, were launched earlier this year to examine a proposal to build an oil port at Kitimat, B.C. The Kitimat consortium, however, withdrew its application while another proposal to use an existing Edmonton-to-Cherry Point, Washington pipeline was being considered. When that line was killed by the U.S. government, Thompson was left with no serious applications to evaluate. In retiring his commission, Thompson said, "There is no pressing need for any immediate decisions concerning a west coast oil port." No decision has been made by the Kitimat group to re-apply to the N.E.B. for its proposed $800 million project, which includes a deep-water port and a 750-mile pipeline from Kitimat to Edmonton.
GM 10/11/77 P. 11, FP 19/11/77 P. 18.

CORPORATIONS WANT ASSURANCES OVER ENERGY SCHEMES

Before filing its application with the N.E.B., the Polar Gas consortium wants assurance it won't have to spend millions of dollars only to be turned down after a lengthy hearing process. With visions of Canadian Arctic Gas, who spent $140 million, and were turned down on their northern gas pipeline application, Polar Gas wants to approach the regulatory process in a different way. Having already commited $60 million, the group wants broad concepts accepted first, so that the project can proceed in a systematic way without fear of it being rejected or radically altered much later. Polar Gas wants to make a phased filing with the N.E.B., with construction completed by 1985. But, given the history of the Berger Commission and the reluctance of both pipeline applicants for the Mackenzie route to present clear details about such crucial questions as financing, tariff structures and gas supply contracts, there is considerable doubt that Polar Gas will be able to win the government to its line of reasoning. FTC 7/11/77 P. 4, GM 5/11/77 P. B3, FP 19/11/77 P. 1.

NEW BRUNSWICK LNG TERMINAL GETS U.S. NOD

U.S. Administrative Law Judge Nahum Litt approved a proposal by Tenneco Inc. of Houston, the 20th largest American industrial corporation, to construct a liqified natural gas (LNG) terminal and pipeline system from St. John, N.B. into Maine and the northeastern United States. Tenneco will import about one billion cubic feet of natural gas from Algeria per day for 20 years. The project, expected to cost between $4 billion and $5 billion, has not been able to find a home long the U.S. eastern seabord, due to opposition by environmentalists, who have denounced the LNG tankers as floating bombs. Both Nova Scotia and New Brunswick are at each other's throats to win the project, which would create about 700 jobs over a period of four years. In addition, Petro-Can is holding talks with Tenneco about the possibility of using the facility in the eventuality that gas is brought by LNG tankers from the Arctic islands for sale on the Canadian east coast. WFP 3/11/77 P. 15, FTC 14/11/77 P. 24 Peter Cook, OC 24/11/77 P. 49.



THE ECONOMY

MINING

INTRODUCTION: *The importance of coal is once again an issue, especially given our balance of payments problems and energy needs. Uranium continues to be very much in demand, but in Saskatchewan, the Bayda inquiry hears reasons why further exploration and development should be halted. Saskatchewan's nationalization of potash is one reason behind potash development in New Brunswick.*

COAL

Canada is a net importer of coal. We consume about 33 million tons of coal annually, more than half of it in making steel. Fifteen million tons are from domestic mines, while 18 million are imported, largely from the U.S. Canada's annual coal production is 28 million tons, the exported 13 million tons going mainly to Japan. Canadian coal exports bring in more dollars annually than wheat sales. Almost all Canada's coal is in the west. Cape Breton mines ship one quarter of their two million tons annual production to Hamilton, Ont. steel mills. In the long term, coal's potential lies in gasification. At present, coal provides about eight per cent of our total energy, but this is expected to undergo rapid expansion. FTC 17/10/77 P. 1

CANADIAN CONFERENCE ON COAL

The 29th Canadian Conference on Coal, held at the beginning of October, heard that Japan's steel industry continues to be in a depressed state and is unlikely to require much additional Canadian coal until the 1980s. EJ 5/10/77 P. 78, FP 15/10/77 P. 38

Jack Horner, Minister of Industry, Trade and Commerce, told the conference he would like to see Ontario buying more western Canadian coal, as this would improve Canada's balance of payments, and create additional employment. EJ 5/10/77 P. 72

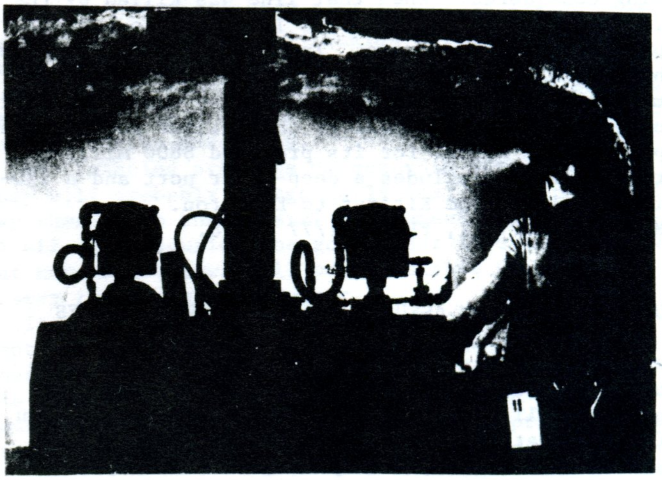
Nova Scotia's Minister of Mines told the conference coal will once again become a major energy source to contribute to the province's self-reliance in energy. Premier Regan announced the province wants to convert to coal as many as possible of the existing oil-fired generating plants. HCH 13/10/77 P. 21 HCH 4/10/77 P.31

POTASH

The Province of New Brunswick and the Potash Company of America (PCA) signed a 20-year agreement for construction of a $106 million potash mining and processing plant in Sussex, N.B. This is the first such development in Canada outside Saskatchewan. The project will employ 500 people during four years of construction, and there will be between 250 and 300 permanent jobs when it begins operation in 1981. Production will add one million tons to the Canadian industry's approximately 15-million-ton capacity. PCA would like to feel that Saskatchewan and New Brunswick were competing with each other, and that a blow has been struck for free enterprise foreign investment in Canada. Saskatchewan refused to offer incentives for investment, and stuck with its plans to heavily tax the potash industry while it buys 50 per cent ownership at market value. Its aim is to bring better living and working conditions throughout the province with the profits. New Brunswick's chronic high unemployment has made the government desperately try to attract industry, making its negotiating position weaker. However, N.B. does have an option to buy one quarter of the company five years from now. Lower taxation is not the only reason for investment in N.B. The mine is so close to the ocean that different markets can be served at much lower transportation costs. WFP 22/10/77 p.1, EJ 27/10/77 p.19, GM 28/10/77 p. B1

URANIUM

An interim report is expected soon from the Bayda inquiry on uranium development in Saskatchewan. The inquiry was commissioned to study the safe exploitation of two of the riches uranium deposits in the world. AMOK of France has already invested more than $30 million at Cluff Lake. Another $30 million has been spent at the Key Lake site by URANERV of West Germany in partnership with INEXCO and the provincial government. Initially, the inquiry convered the issue of financial gain versus the immediate health and environmental hazards of uranium. AMOK offered various incentives, such as training grants for people from local communities related to the number of employees from the community. Public participation widened the scope of the inquiry to the political and moral questions involved in the use of uranium. Environmentalists cited the dangers of terrorist groups or unstable countries making nuclear weapons. Other hazards include the disposal of the plutonium end-product of the nuclear reaction. Witnesses also pointed out that large numbers of French and German people had voiced strong anti-nuclear sentiments. FTC 21/11/77 EJ 4/10/77 GM 18/11/77 P. B12, OC 24/11/77 P. 39



THE ECONOMY

FISHING

INTRODUCTION: *Most of the news stories in fishing were directly related to the declaration on January 1 of the new 200-mile limit. Federal-provincial policy controversies, deals with foreign nations, boundary negotiations all are dependent on the new law for their source.*

ATLANTIC PROVINCES WANT $900 M. FOR FISHING FLEET

The controversy between federal fisheries minister Romeo LeBlanc and the Atlantic provincial fisheries ministers over how best to proceed in exploiting the new 200-mile limit continues. The provinces want a fast buildup of the fishing fleet, with joint co-operative ventures between themselves and foreign nations until that buildup can be accomplished. Le Blanc believes such arrangements would slow the re-building of badly depleted fish stocks, and might again lead to foreign domination of the east coast fishing grounds.

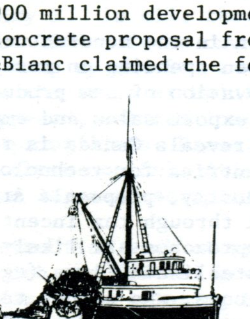
The provinces say, however, that there are foreign fishing fleets presently offshore under licence from the Canadian Government, using eqipment more advanced than that available to the Canadian fishermen. The only way for Canadians to participate is through joint ventures, which are not acceptable to LeBlanc, who must ratify them.

A plan from the Atlantic provinces for a fast buildup of the fleet at a cost of $900 million will be presented to Ottawa some time this fall or winter. GM 1/11/77 P. 8 Ralph Surrette, HCH 17/10/77 P.6 Ken Foran.

"TRADE-OFF" RUMOURS...CRAP?

There is speculation in the east coast fishing industry that Ottawa is trading off fishing rights to foreign nations in return for favourable consideration to the purchase of goods manufactured in central Canada. Rumour has it, in other words, that it is federal policy to allow foreign fleets to take fish that "could otherwise be taken by east coast fishermen, given the proper vessels and technology, in consideration of sales of Canadian manufactured goods to those nations." HCH 17/10/77 P. 6 Ken Foran, HCH 26/10/77 P. 6,-Edit.

Fisheries Minister LeBlanc called such suggestions "unadulterated crap." LeBlanc charged that despite months of talk by Nova Scotia and Newfoundland officials of their $900 million development plan, he has yet to see one concrete proposal from them. Despite what is said, LeBlanc claimed the federal government has pumped at least $170 million into east coast fisheries since 1974. OC 2/11/77 P. 46.



HERRING SALE

In September, LeBlanc announced Canadian fishermen will be allowed to sell an additional 3,000 metric tons of herring directly to Polish ships. This is in addition to the 15,000 metric tons sold earlier. In justifying the sale, the minister said Nova Scotia's processing industry did not have the capacity to convert these fish into food products. HCH 17/9/77 P.26

Roger Sterling, executive director of the Nova Scotia Fish Factories Association, denied this. He said that rarely this season have any of the province's processing plants been operating at capacity. "There is no question that we could have handled the additional tonnage." Sterling estimates the latest direct sale cost the industry at least nine full-time jobs. HCH 24/9/77 P. 1

BOUNDARY TALKS

Bilateral negotiations between Canada and the United States over the Georges Bank boundary are proceeding. There is some fear, however, among eastern Canadian fishermen, that the Nova Scotia scallop fishery may be in some danger. The scallop fishery has been the largest gross income earner for the Nova Scotia fishery. Last year's landing totalled more than $35 million. The richest scallop grounds are around Georges Bank. Nova Scotia fishermen fear that the interest of the fishery might be traded off by Canada for more jurisdiction over possible hydrocarbons.

National Sea Products vice-president Jim Morrow has charged that Canadian negotiations are "in the hands of lawyers of the Department of External Affairs who know nothing about fish." HCH 27/10/77 P.25, HCH 28/10/77 P. 1
Fisheries Minister LeBlanc angrily denied such charges as "pretty insulting." HCH 28/10/77 P. 3
EJ 14/10/77 P. 10, GM 29/10/77 P. 9 Fred Surrette.

MANUFACTURING

CMA SAYS DEFICIT RISING

According to the Canadian Manufacturers Association (CMA), Canada will have a deficit of $11.5 billion in trade in manufactured goods by the end of 1977. This represents a 15 per cent increase over last year. Hansard, 21/11/77 P. 1061.

THE ECONOMY

FREE TRADE WOULD DESTROY MANUFACTURING

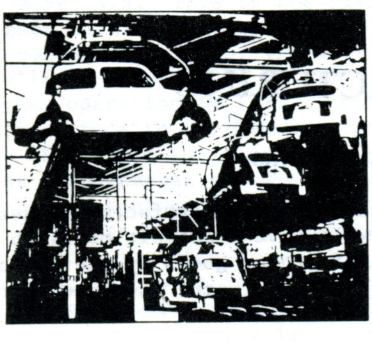
D.C. Marrs, president of Westinghouse Canada Ltd., has warned that adoption of free trade policies in the present GATT negotiations "could do irreparable harm to Canada's secondary sector." Exposing the country to liberalized international trade would be "akin to sending a poorly conditioned fighter into a ring with a champion." Marrs said our trade deficit in manufactured goods translated into 120,000 lost jobs five years ago; last year it translated into 180,000 lost jobs, and by 1982 it could mean almost 300,000 jobs lost to the import of foreign manufactures. He proposed policies promoting specialization of manufacturing industries, import substitution and incentives to expand research and development work in Canada.
GM 2/11/77 P. B2, TS 2/11/77 P. C9.

A DISMAL ROUNDUP OF MANUFACTURING SECTOR'S WOES

INTRODUCTION: *The already weak manufacturing sector of the Canadian economy is being further eroded as the Canadian and international economies continue to stagnate. A brief roundup of news from some industries shows a generalized pattern of layoffs, trade deficits and little hope in sight.*

Auto Industry; Canada's overall trade deficit in assembled vehicles and auto parts with the U.S. stood at $870 million at the end of the first nine months of 1977. However, behind the figures are a $2 billion deficit in auto parts for the period, an increase of of $350 million from a year earlier. The Automotive Parts Manufacturers Association and Ed Broadbent of the NDP both claim that there would be 20,000 more jobs in Canada if the Auto Pact between the two countries was working as it should be. All three big automakers make a higher level of profit, while employing a lower ratio of workers in Canada than in their U.S. plants. Industry Minister Jack Horner is urging the car companies to boost the production of parts in Canada to try to offset the deficit. The industry is concentrated in Ontario, where it directly accounts for 100,000 jobs, and directly or indirectly for one in every six jobs in the province.

MACHINERY AND EQUIPMENT: According to the Machinery and Equipment Manufacturers Association of Canada (MEMAC), Canada is the only industrialized country in the world that imports more than half of its machinery needs. In 1976, only 35 per cent of our requirements of such goods were supplied by Canadian producers; the rest were imported, largely from the U.S. The position of the industry has been deteriorating steadily since the mid-1960s, and since 1971 accounts for the loss of an estimated 4.450 jobs. MEMAC claims that if Canada produced domestically what it now imports in machinery, 403,500 jobs could be generated both directly and indirectly. Representatives of the industry fear that liberalized world trade, and lowered tariff barriers, resulting from GATT negotiations would convert much of the present industry into a warehousing operation dependent upon production south of the border.



ELECTRONICS: According to Tommy Douglas of the NDP, the electronics sector is also giving way to foreign imports. He says that since 1965, the number of persons employed by the high-growth industry has dropped by 17,000.

In the field of television production, employment has fallen by 3,100 jobs since 1973 alone. Since 1972, five companies have ceased production and two-thirds of the work force has been laid off.

In the related telecommunications field, Northern Telecom stands as an example of a declining work force. While expanding overseas and increasing profits (by 71 per cent since 1970), Northern Telecom will have cut back its Canadian employment by 4,000 between 1974 and the end of 1977.

SHOES: According to Social Credit MP Eudore Allard, the last 12 months have seen the closing of 21 shoe factories in Canada, resulting in the loss of 2,500 jobs. Canadian-made shoes have fallen from 60 per cent of the domestic market ten years ago to a low of 35 per cent in early 1977. The industry employs 16,000 workers now, compared to 23,000 a decade ago. THe federal government is expected to act shortly to restrict imports from low-wage countries.

TEXTILES: Employment in the primary textile industry has fallen from 103,000 in 1973 to about 88,600 in May of 1977 as imports have gained a larger share of the domestic market. The competition is not only from low-wage countries, but also from Europe and the U.S. Textile producers are among the most worried about GATT discussions aimed at lower tariff barriers, insisting the Canadian market is among the least protected in the world. Canada will likely seek special consideration of its textile industry at GATT discussions and has already moved to protect part of the industry from imports.

An emerging concern in the manufacturing sector is the lack of Canadian spending on research and development for the inovation of new products and in turn the generation of export sales and employment. A recent OECD study reveals Canada is ranked last of the 10 Western countries for technological innovation. Throughout the industry, proposals are being made to stimulate R&D work through tax incentives and government aid. Such approaches are likely to benefit the already big and established firms (eg: Northern Telecom) over smaller ones, who cannot take advantage of complex government programs and subsidies.
MS 7/11/77 pC1, TS 5/11/77 pA11, OC 5/11/77 p28,

TS 31/10/77 pA1, FP 5/11/77 p1, TS 18/12/76 pD10 and
- Anne Forrest, "Tariff Protection and the Growth of Employment in the Manufacturing Sector; a study of five industries", McMaster Student Union Inc., mimeo, Sept. 1977.
- Presentation to the Hon. D.S. Macdonald, Minister of Finance, by the Machinery and Equipment Manufacturers Association of Canada, May 4, 1977.
- Hansard, 21/11/77, p.1061 and 29/11/77, p1361 and p. 1396.

TRANSPORTATION/ COMMUNICATIONS

A CONTAINER PIER FOR MONTREAL

Early in November, Otto Lang, Minister of Transportation, announced the government will build a container pier in Montreal harbour. Twenty and forty foot steel containers are a fast, simple way to transport goods, by ship or train. Their use is increasing rapidly. Montreal harbour has privately-owned container piers, but no common one. HCH 3/11/77 p.51

Lang promised the Montreal pier would take no business from Halifax harbour, but there was immediate outcry from the Maritime ports, where it is obvious Montreal is damaging their trade. GM 12/11/77 p.8

The issue of a container pier is part of a much larger story of competition between Montreal and Halifax.

In September, 1975, the Provincial Bank of Canada issued a report which said that during the next few years, the economy would favour the Maritime ports. The chief reason would be rising fuel costs, another is the active union organization of workers in Montreal. The study pointed out the Maritime economy would grow because of this, at the expense of Ontario and Quebec. HCH 3/11/77 p.8

The Port of Montreal responded by beginning a campaign to win shipping back from the east. Since then, there have been a series of boons to Montreal and blows to Halifax and St. John. HCH 3/11/77 p.8

The most telling blow came from Canadian National, which carries the containers inland from the Maritimes. On April 1, freight rates from Halifax went up by 8 per cent and they will go up by another 7.9 per cent on January 1. In all, they have gone up by 100 per cent since 1969. It is now cheaper for shipping to make the trip up the St. Lawrence than to put the containers on the train at Halifax. HCH 22/11/77p1

After this happened, Halifax lost the business of several large shipping lines--Hansa, Cast (which only used Halifax for three months), Atlantic Container Lines, Italian and Japanese shipping lines. HCH 30/9/77 p.1

Next, the construction work stopped on a common container pier which the Federal government was building in Halifax. The existing Halifax pier is overloaded, and the container trade is growing rapidly. The first pier paid back its cost very quickly, and the Halifax Port Authority has guaranteed return on the investment in the new one. Meanwhile, the Department of Transport has promised a new pier for Montreal without any guarantee of return on investment and with a commitment from only one shipping line to use it. The existing facilities at Montreal are not yet overloaded. HCH 3/11/77 p.8, GM 12/11/77 p.8

The Maritime economy depends heavily on shipping and trade, and the decreased port traffic is felt there.

The keys to the situation are the Federal government and CN. CN can force the Maritime ports out of business by raising freight rates.HCH 30/9/77 p.1

The railway company has a large investment in the Montreal port. It owns the two shipping lines which bring Montreal most of its container trade--Cast and Manchester. CN has a monopoly on land transportation out of Montreal harbour as well. HCH 3/11/77 p.8

The Federal government supports CN's freight rate increases. They are in line with Otto Lang's efforts to cut government rail subsidies and develop a "user pay" concept of transportation. FT 28/11/77 p26

The government has given other support to Montreal harbour as well. A Department of Transport official has led the campaign to bring business from Halifax to Montreal. HCH 3/11/77 p.8

Also, a small subsidy which went to Halifax has been cut to reduce government spending and curb inflation. Meanwhile, Montreal has received a Federal guarantee on a $17 million loan and has its dredging and icebreaking costs underwritten. The Federal government spends millions of dollars each year breaking ice in the Gulf of St. Lawrence to keep the port open. Halifax is naturally open all year. HCH 3/11/77 p.8, HCH 30/9/77 p.1

CN BECOMES A PROFIT-MAKING COMPANY

The Federal government may have several reasons for its interest in Montreal, but a likely one is its campaign to make CN a paying company. FTC 17/10/77 p3

Maritime freight rates are only one area where CN is demanding more revenue. It has raised rates all over the country. In Ontario, the company is asking for a new contract which will charge the provincial government $18 million to operate the GO Train system. The previous contract charged $11 million. TS 10/11/77 pA2

In Alberta, CN is fighting against an 1897 agreement which guaranteed low rates for the transportation of grain from the prairies to the coast. It is known as the Crows Nest Pass agreement, and CN estimates a $65 million loss each year on grain transport. HCH 28/10/77 p15, WFP 10/11/77 p6, GM 25/10/77 pB2

In Newfoundland, CN is studying the possibility of cutting its losses on the ferry and railway services. FT 17/10/77 p3

The Canadian Brotherhood of Railway Transport and General Workers points out that CN is cutting jobs as well. Six thousand workers have lost their jobs in the last two years. MS 8/11/77 pD12

The campaign is working. In 1975, the railway industry lost $68 million. In 1976, there was a

THE ECONOMY

1976 score

($ million)

	Revenue	Profit (Loss)
CN Rail	1,731.0	157.1
Grand Trunk	187.3	13.9
Telecommunications	125.1	20.1
Trucking	73.6	1.6
Express	152.6	(35.0)
Passenger	77.1	(50.6)*
Hotels	0.9	(0.1)
Marine	n.a.	n.a.

* After government subsidies of $156.4 million

Source: 1976 annual report

profit of $116 million. TS 3/10/77 pC8

The growth of profit in CN is not just aimed at decreasing government subsidies to the company. Lang announced last year his intension to prepare CN to issue shares and become a privately-owned company. To do this, CN has to show that it can earn a steady profit. FT 17/10/77 p3; see also Sunthsis Vol 5, No 2 p15

CNSP NOTE: *Government policy in the case of Montreal harbour and CN is designed to put transportation earnings in private hands in Ontario and Quebec at the expense of transportation users, taxpayers, farmers, fishermen and labourers especially in the Maritimes and prairies.*

GENERAL

INTRODUCTION: *Unemployment remains at the fore this month, with unions and the unemployed becoming more organized in their protests to the government. The Ontario Federation of Labour presented a major brief on unemployment to the provincial government. A steady stream of layoffs continues in hundreds of companies across the country. Negotiations over the INCO layoffs make some progress.*

UNEMPLOYMENT RATE REMAINS HIGH

The national unemployment rate continues at the highest level on record since the 1930's. Statistics Canada's figures show that 8.3 per cent of the labour force remained jobless in October. Even though the overall rate held steady from the previous month, jobless conditions worsened in eight of the 10 provinces. The unemployment rate in PEI jumped from 9.3 to 11.2 per cent, while in Newfoundland it went from 15.8 to 17.4 per cent. New Brunswick's unemployment rose from 13.3 to 14.6 per cent, and in Nova Scotia the jump was from 10.4 to 10.7 per cent. In Quebec, which has one of the largest provincial work forces, the rate rose from 10.8 to 11.4 per cent. Only in Ontario and Alberta did the employment picture show any improvement.
EJ 8/11/77 P. 20 (CP); TS 8/11/77 P. A1

RESPONSES TO LATEST FIGURES

The Atlantic Provinces Economic Council (APEC) has confirmed that long-term unemployment in the Atlantic region is much higher than monthly figures from Statistics Canada. APEC reworked the seasonally unadjusted employment figures to reflect the long-term disparity of much lower worker participation in the regional labour force. APEC says, "Each set of statistics is attempting to measure different things. Statistics Canada is measuring current unemployment, while APEC is measuring the effects of long-term disparity. The solution to one is a pick-up in the current level of economic activity; the solution to the other is a restructured economy."
GM 19/11/77 P. B5 Lyndon Watkins.

T.C. Douglas, former national leader of the NDP predicts there will be violence in the streets if the federal government does not take strong action to head off unemployment. GM 31/10/77

Robert Coates (PC - Cumberland-Colchester North) warns that there may be serious unrest this winter in Cape Breton Island unless the government acts. Unemployment runs at 30 per cent in the area.
EJ 10/11/77 P. 25

Members of the Newfoundland Association for Full Employment demonstrated at the meeting of the federal Task Force on Canadian Unity. Their brief stated that the task force "is designed to focus attention on the issue of Quebec separatism and draw attention away from the major issue of unemployment." It also says that Newfoundland's unemployed demand the right to a decent wage for all who want to work.
HCH 29/10/77 P. 1

Angered by widespread layoffs and depressed by 1978 economic prospects, Canada's two major resource industry unions, the Canadian Paperworkers Union (CPU) and the United Steelworkers of America, will probably tread lightly when it comes to wage demands next spring. Both say they will focus instead on job security and improved pensions.
FTC 28/11/77 P. 10

OFL PRESENTS BRIEF ON UNEMPLOYMENT

In a brief to Premier William Davis, Clifford Pilkey, president of the Ontario Federation of Labour, outlined proposals for dealing with the problem of unemployment. The 33-page brief is supported by the 152 briefs presented at forums on unemployment held across Ontario last month. The brief proposes that a Public Economic Development Board be established. It would be funded by a public industrial bank which would get its money by requiring minimum deposits from banks, trust companies, insurance firms and major corporations. The public board would have the power to direct investment in a way that would stimulate Canadian ownership of Canadian industry, and at the same time keep jobs in this country.

The brief cites problems in several industries which have a big impact on the province. It says 27,000 more jobs could be provided in the auto industry if the auto pact with the U.S. was renegotiated to provide the auto parts manufacturing industry a share of the market equal to the Canadian share of the continental market in cars. The OFL also says the electrical industry in Canada is in danger of extinction if the combination of imports caused by a reduction of tariffs and protectionist measures by Canada's trading partners is allowed to continue. The main problem is that the U.S.-controlled electronics industry is based on and tied to foreign technology, with very little research and development done in Canada.

LABOUR

The problems facing the textile industry are repeated in the textile, shoe, rubber, footwear and other industries. The textile and clothing industries have difficulties competing against countries with low wages. Without some tariff protection or strict quotas, these industries would be destroyed.

The OFL brief also calls on the Ontario government to opt out of the federal Anti-Inflation Program. GM 23/11/77 P. 5 Wilfred List; TS 21/11/77 P.A3 Rosemary Speirs.

CNSP NOTE: *See also Manufacturing this month.*

LAYOFFS

Mining: Alcan has announced it will lay off 400 of its employees in the mine at St. Lawrence on the south coast of Newfoundland. The provincial government is pressing Ottawa for action to prevent the closure. EJ 26/10/77 P. 22

Steel: About 300 workers in the recycling industry in Hamilton, Ont. will be laid off because of a sharp drop in the price of scrap metal. A spokesman for the Steel Co. of Canada Ltd. says the firm's consumption of scrap has been maintained, but supplies have exceeded requirements. TS 7/11/77 P. B9

C.N.: Layoffs by Canadian National in the Atlantic region have angered the area. Robert Muir (PC - Cape Breton) charges that CN's callous attitude towards employment and service in Nova Scotia is causing severe hardship and increased unemployment. CN Express offices have been closed across the province and the largest is the express operation at Sydney. The Canadian Brotherhood of Railway, Transport and General Workers requested in the Commons that a commission of inquiry be launched to look into recent layoffs both by Crown corporations and private industry. The union stated that there is good reason to believe that most of CN's layoffs in recent years have been caused by an undue emphasis on profit-making, at the expense of service to the public. The loss of such services can have a crippling effect on small businesses, forcing more cutbacks and layoffs. HCH 10/11/77 P. 3

CNSP NOTE: *For a look at some of CN's other activities, see Transportation in this issue.*

LAYOFFS LEAVE PETERBOROUGH OUT IN THE COLD

The unemployment rate in Peterborough, Ont. is somewhere between seven and 16 per cent, depending on whose figures are used. In the past two years, 2,000 jobs have been lost, with another 225 threatened. The two major employers are Canadian General Electric and Outboard Marine Corp. of Canada Ltd. Each of them has laid off over 1,000 workers. GM 3/11/77 P. 11

INCO LAYOFF DEBATE

By the end of November it appeared that some of the proposed 2,200 layoffs at INCO's Sudbury operation may be averted. Union and company officials are negotiating the possible early retirement of workers. There are nearly 900 INCO workers over the age of sixty and nearly 2,000 who are 55 years old and have 20 years' experience. The possible breakthrough caused a temporary halt in the hearings of a select committee of the Ontario legislature set up to investigate the layoffs.

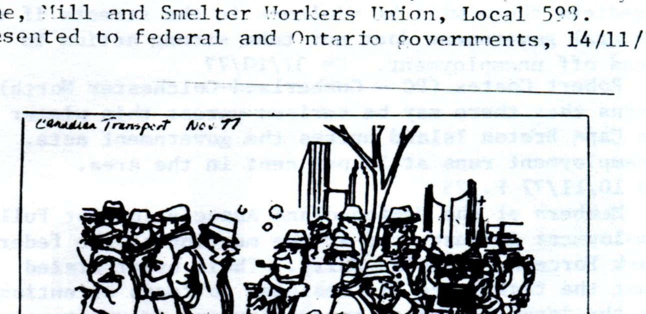
Meanwhile, more radical long-term measures were being proposed elsewhere. Members of the Mine, Mill and Smelter Workers Union, local 598 and Falconbridge in Sudbury are calling for the purchase of foreign-owned shares of the company by the Crown-owned Canada Development Corporation (CDC). Falconbridge has cut 350 jobs so far, and further layoffs are expected shortly.

In the House of Commons, NDP leader Ed Broadbent noted that some 9,000 Canadian miners have been placed on permanent layoffs so far this year, and that in the next six months the figure will increase to 20,000. Broadbent blasted the Liberal party for granting INCO the use of $378 million in deferred taxes, and for its October mini-budget which will give another $10 million tax incentive. NDP member John Rodriguez says that the incentives will not produce any more jobs at INCO--the supposed purpose of the corporate tax break.

The Cabinet seems to have a standard reply to opposition: the situation is not that bad--after all, 85 per cent of the INCO workforce will keep their jobs; the crisis is short-term, and eventually the economic situation will improve; it is a good thing Canadian multinationals are investing Canadian funds abroad since these ventures would eventually be developed by other nations if Canada were not involved.

Back in the Ontario legislature, the Liberals joined with the Conservative government to defeat an NDP motion of non-confidence in the government over its handling of the layoffs.

Sources: TS 25/11/77 P. A10; TS 26/11/77 P. A17
EJ 8/11/77 P.5, R. Gwyn; WFP 15/11/77 P. 6
TS 10/11/77 P. B10; TS 23/11/77 P. A1;
Hansard, 23/11/77 Pp. 1171-1193;
Brief on projected Falconbridge Layoffs by Sudbury Mine, Mill and Smelter Workers Union, Local 598. Presented to federal and Ontario governments, 14/11/77



WORKERS' STRUGGLES

INTRODUCTION: *The main focus this month is the struggle for safer and healthier working conditions. New legislation and new scientific studies have brought the issue to the attention of the press.*

Last spring, Tory Labour Minister Bette Stephenson toured the province listening to submissions from both management and organized labour about changes which should appear in future occupational health and safety legislation in Ontario.

The new Occupational Health and Safety Act (Bill 70), introduced in mid-October was supposed to bring together all the separate laws concerning workers' health on the job. Everyone expected that the Labour Minister would use the opportunity to introduce needed changes and additions. Submissions from management representatives voiced concern about abuses of workers' rights to refuse unsafe work (although no instances of frivolous use of this right have been documented). The point was made that decisions about health and safety of workers was really "management rights."

As a result, employer concerns have been translated into Bill 70 which:

- *gives the employer the right to discipline an employee for refusing unsafe work "without reasonable grounds." No definition of "reasonable grounds" is provided in the Act.*
- *prohibits union representatives on joint health and safety committees from communicating to their membership any "trade secrets" discussed.*
- *changes the refusal-to-work procedure so that a worker would no longer have the right to have a health and safety committee member present during the first-level investigation of the incident.*

In short, Bill 70 is bad news for workers.

Other labour stories concern civil servants' fights against no-right-to-strike legislation in Alberta and B.C.

There is also evidence of growing dislike by CLC affiliated unions for the tripartite policy of the CLC.

NEW WORK SAFETY BILL INADEQUATE

Clifford Pilkey, president of the Ontario Federation of Labour has attacked Ontario's new industrial health and safety bill as being disappointing and timid. He says the only advance is the designation of certain toxic substances for control by the Ministry of Labour. He criticizes the bill for the wide discretionary powers it gives to the Labour Minister and for giving Cabinet the right to make regulations designating work places to which the act would <u>not</u> apply.

The OFL policy statement endorses the NDP proposals for work safety. These include:

- provisions for pre-testing of all toxic substances.
- unqualified right for workers to refuse to perform work they consider unsafe.
- mandatory requirements that each plant have a health and safety committee and a full-time union health and safety representative.

Mr Pilkey says his federation intends to campaign with all its resources to turn the bill into a comprehensive scheme to safeguard the health of all workers in Ontario. GM 26/11/77 p.68, Wilfred List.

URANIUM RISKS NOT KNOWN

Professor James Ham of the University of Toronto stated that it is a shocking indictment of Canadians' concern for occupational and environmental safety that it is not yet known whether exposure to radiation or rock dust in uranium mines is the cause of lung cancer among mine workers. He was speaking at a Conference on Hazards in the Workplace sponsored by the Science Council of Canada and Corpus Research, an industrial research company. He stated that the time has come for complete openess about risks in the work place and for giving workers a say in determining what risks are acceptable and what are not. TS 17/11/77 p.A9, Rosemary Speirs.

OCCUPATIONAL HAZARDS

If you look at a graph of industrial accidents, notes Jack Fletcher, a Toronto consultant who's made a business out of turning management on to safety, you see a curve heading sharply downward from the early 1900's. Then the curve heads back up again in the late 1950's. He blames this on blue collar blues brought on by boredom and monotony in the work environment. New technology has carried in its wake a rash of industrial diseases ranging from dermatitis to deafness to cancer. It's estimated that 5,000 new chemical and physical substances come on the market each year, many of them untested in their long-term human effects.

What happens to the worker who is forced off the job with an industrial injury or disease? First he has to fight and plead for workmen's compensation benefits. The 1971 Senate Poverty Report stated that "the underlying attitude the board appears to have towards workers is that every claimant is, if not an actual, the at least a potential fraud." <u>Health Alert</u>-Labour Council of Metro Toronto, Nov. 1977, TS 14/12/74, Ellen Roseman.

LABOUR

NEW CENTRE FOR HEALTH SAFETY A SHAM

The Canadian Labour Congress refuses to take seats on the governing council of the new Canadian Centre for Occupational Health and Safety because it is not set up to really tackle hazards in the work place. The function of the new centre would be to develop expertise in safety and health matters and attempt to establish single job safety standards across the country. Julien Major, vice president of the CLC, said that labour is in favour of a centre because of the need for coordinated information to establish standards for protection on the job, but they won't sit on a council made up of a lot of people who have never worked in a plant or mill in their lives. TS 18/11/77 p.A5, Rosemary Speirs.

ALCAN SMELTER HAZARDOUS

A year-long health study has linked diseases and abnormalities of the lungs and skeletal systems to hazardous substances used in the Alcan aluminum smelter in Kitimat. The study found that almost 30 percent of 1,242 smelter workers had an abnormally reduced lung capacity. Between 500 to 600 workers were found to be suffering from skeletal disorders. The study is the largest and most sugnificant health examination ever carried out by an independent Canadian union. It was commissioned by the Canadian association of Smelter and Allied Workers. GM 22/11/77 p.10, Malcom Gray.

'We can't afford to rush . . . this thing has no brakes!'

FIRMS RISK FINES TO AVOID CLEAN-UP

Some Ontario companies will pay $100,000 fines for violating industrial safety rules rather than clean up their working conditions. Canada has had an appalling lack of safety personnel in industry to keep up standards and provide on-the-job care, says Dr. Rodney May, assistant deputy minister of labour in the occupational health and safety branch. Less than 30 percent of the people needed are working in safety units. TS 21/10/77 p.C2

PUBLIC KEPT IN DARK OVER CHEMICAL PERIL

The public is being kept ignorant of the magnitude of the peril from chemicals in food, air and medicine because most of the scientists relied on by government and universities to test the substances work for the chemical industry.

The defects in scientific testing "range from extensive incompetence to manipulation and distortion and actual destruction of data" on food additives, drugs, animal feed, pesticides, auto pollutants, chemical wastes and water quality.

Because most of the chemical groups are multinational corporations, the defective information is used by most of the world's industrial nations, including Canada. GM 14/11/77 p.5, Arnold Brunter.

ARSENIC BLAMED FOR CANCER

Paul Falkowski, health and safety representative for District 6 of the United Steelworkers of America, says a union study has turned up four cases of arsenic-induced lung cancer in the Northern Ontario gold mining community of Balmertown.

The study also revealed other patients with lung problems who may not have been told the true nature of their affliction. EJ 3/11/77 p.15.

ASBESTOS JOBS LINKED TO CANCER

Asbestos is added to the list including compressed air, noise and non-ionizing radiation to be strictly regulated by Bill 70. Radon will not be added because the federal government has sole jurisdiction over radiation hazards associated with uranium under the Atomic Energy Act.

Dr Irving Selikoff's study (Mt. Sinai School of Medicine in New York) said asbestos workers run more than twice the risk of getting throat cancer. He said workers suffering from the disease are waiting for it to be designated as an industrial illness so they can obtain pensions from the Workmen's Compensation Board. HCH 8/11/77 p.12, GM 7/11/77 p5.

BANK TO FIGHT UNION

The simmering dispute over unionization of Canada's 145,000 bank employees has suddenly turned into a pitched labour-management battle with the announcement by the Royal Bank of Canada that it will appeal the ruling last June by the Labour Relations Board allowing union organization on a branch by branch basis. Other major Canadian banks have decided not to appeal the ruling. All banks are clearly concerned about unions as bankers are now placing more emphasis on employee relations and employee inequities in an attempt to beat the national organization drive. FP 19/11/77 p.1

NO STRIKE OF ALBERTA CIVIL SERVANTS

One of Alberta's most controversial pieces of legislation, the Public Service Employee Relations Act, was proclaimed law last month. The law brings about 30,000 provincial civil servants under one labour act and denies them for the first time the right to strike. It includes 3,600 workers who formerly had been allowed to strike. The act sets up a five-man employee relations board to adjudicate in labour disputes. When it was introduced last April, the law provoked massive opposition from political opponents and unions throughout the province. EJ 23/10/77 p14.

B.C. FEDERATION FIGHTS FOR RIGHT TO STRIKE

At its annual convention, the B.C. Federation of Labour took a hard line, throwing its full support behind any public service union that defies the new Essential Services Disputes Act, which restricts the right of public servants to strike. After a vigorous debate, the federation also voted to withdraw support for the Canadian Labour Congress proposal for three-way economic planning. HCH 5/11/77 p4.

BELL WORKERS DEMAND END TO OVERTIME

Bell Canada workers are angry at having to put in so much overtime when many Canadians are out of work. Members of the Communications Workers of Canada, representing 13,500 installers, repairmen and linemen, have walked out in two locations on wildcat strikes. Peter Klym, vice-president of the union says, "Bell would have to provide jobs for significantly more people if its oppressive overtime policies were eliminated. Klym has sent a letter to federal Labour Minister John Munroe adking that overtime in excess of the eight-hour day and 40-hour week be made voluntary at Bell Canada. At present the law says overtime is voluntary after 48 hours, but Bell has been allowed to average its overtime over a year's period. This means in any given week employees may be ordered to work more than 48 hours as long as their yearly average keeps within the standards of the law. TS 16/11/77 p.A5

PAPERWORKERS REJECT POWER-SHARING

At the Canadian Paperworkers Union's second national policy conference this month, delegates rejected the idea of joint labour-management decision-making as a way to improve industrial relations. They say there should be no further consultation with company representatives on the subject until management has demonstrated "good faith" at next spring's bargaining sessions.

Henri Lorrain, president of the 55,000 member union says workers have been soured by mill closings which have caused more than 1,000 layoffs in the industry this year. GM 5/11/77 p3.

UAW OPPOSES TRIPARTISM

In a complete switch about, Dennis McDermott, Canadian director of the United Auto Workers, has come out in sharp opposition to the CLC proposal for co-operative economic planning at the national level by labour, mangement, and government working together. GM 24/11/77 p.4.

CUPE CONVENTION

At its national convention, the Canadian Union of Public Employees voted against the CLC policy of three-way economic planning between business, government and labour. CUPE's position is: "If the CLC enters a form of tripartism from its present position of weakness, it would be co-opted into serving the interests of corporations because government has not shown itself to be a neutral third party standing between business and labour."

CUPE also voted to establish worker committees that will point out management waste and inefficiency and recommend alternate ways of doing business.

Delegates voted to launch an organizing drive with emphasis on bringing low-paid workers into unions. EJ 27/10/77 p.6.

QUEBEC LABOUR

THE MONTREAL TRANSIT STRIKE

INTRODUCTION: *The strike began November 21 and affects some 2,200 maintenance and office workers belonging to the CSN (Confederation of National Trade Unions). By the end of the month there was still no resolution of the conflict. Our coverage to date comes substantially from Le Devoir. Five full page ads (one by management, four responses by unions) appeared in Le Devoir between October 31 and November 18. These attempted to gain public support for the opposing sides.*

TRANSIT AUTHORITY SAYS DEMANDS TOO HIGH

A double page advertisement claims workers are demanding more money ($18,000 by July 1979) for 119 fewer hours. The transit authority is offering $16,430 but wants workers to put in an additional 119 hours a year. LD 31/10/77 p.18-19

WAGE OFFERS A SETBACK: UNION

With the six per cent offered by the CTCUM (The Montreal Transit Authority) a mechanic will earn a net $221.30 a week (only a $12.00 increase). Similarly, an unskilled worker will earn $175.96 an increase of $9.47.

LABOUR

Three important setbacks in working conditions are noted:
- the transit authority wants to make overtime obligatory, which is a departure from present practice;
- it wants to be able to take away the quarantee of eight hours full salary a day;
- it wants to demand a medical certificate when employees are sick and be able to send inspectors to workers' homes to check when they are absent.
LD 3/11/77 p.40

CTCUM OFFICE WORKERS PAID MINIMUM WAGE: UNION

A messenger earns only $99.44 a week net at present. The union is demanding equality with the Common Front settlement in the public sector: $174.00 gross or $139.00 net. LD 18/11/77 p.28; LD 26/11/77 p.3

NATIVE PEOPLE

JAMES BAY AGREEMENT FINALIZED

The controversial James Bay Agreement became law on October 31 with the proclamation of both federal and Quebec legislation.

It gives 6,500 Cree and 4,200 Inuit living in northern Quebec $225 million over 20 years, ownership of small parcels of land for their communities (5,345 square miles) and exclusive hunting, trapping and fishing rights over another 58,530 sq. miles. However, the Quebec government retains the right to expropriate parts of this land for future development. Also in the agreement are provisions for the Native people to establish development corporations. local and regional municipalities, school and health boards.

In return, they surrendered their aboriginal rights to the 379,000 sq. mile territory - about 60 per cent of Quebec's land mass.

The deadline for the proclamation was not until November 11, and the Northern Quebec Inuit Association (NQUIA) condemned the federal government's hasty move. Almost one-third of the province's 4,000 Inuit have always opposed the treaty. At the time of the proclamation, the NQUIA was meeting with a dissident group to pursuade it to accept the agreement. The association claimed the premature proclamation harmed the tone of the meeting. Charlie Watt, president of NQUIA said, "By ratifying this treaty, they've pushed us into a position where a split could remain forever."

The dissident communities have adamantly opposed the relinquishment of their aboriginal rights for money, and vow to set up their own government.
EJ 1/11/77 p.16 CP; MS 2/11/77; WFP 1/11/77 p.16 CP; TS 2/11/77 A19 CP; Project North Newsletter November 1977, Vol. 1, No. 4

CNSP NOTE: *The final decision of the Agreement has resulted out of many years of struggle. It dates back to 1965 when the liberal government under Lesage began massive hydro-electric developments in the James Bay area despite strong protest from the Cree. The ensuing negotiations resulted in the present agreement. This is the first modern major Canadian land claims settlement. It is important to note what kind of precedent has been set for other settlements yet to come in B.C., Yukon, NWT, and Labrador.*

HARTT INQUIRY

The preliminary hearings of the Ontario Royal Commission on Northern Environment (Hartt Inquiry) began November 8th in Sioux Lockout.

The hearings were originally scheduled to study a single politically sensitive issue - the proposal from Reed Paper to develop a hugh forestry operation. Now the mandate has been widened to include 'the environmental, social, cultural, and economic impact of all development in Ontario north of the 50th parallel.

The preliminary hearings are an attempt to arrive at a clearer outline of what should be covered under the inquiry. After the tour of eleven communities, an interm report is due in February, followed by two years of formal hearings.

The population of Northern Ontario consists of 21,000 Cree and Ojibwa and 10,000 whites. Already the hearings have revealed differing views.

Treaty 9 Council, representing the Indian communities, has stated it is not against development, but against "uncontrolled development which diminishes people". The communities want to be self-governing but not separate from Canada. They made a proposal to Hartt that he visit every Indian community north of the 50th parallel.

In Sioux Lookout, the overwhelming thrust of those speaking was that residents would like some secondary industry, but only with protection from the boom-and-bust syndrome and resource destruction common in the north.

In Dryden, where 20 per cent of the town's population is employed by one of the largest paper companies in Canada, the briefs favoured Reed's existence and its right to harvest timber.
TS 5/11/77 p.C6; OC 10/11/77 p.47 CP; TS 8/11/77 p.A4, C. Montgomery, TS 10/11/77 p.A13

CARDINAL FIRED

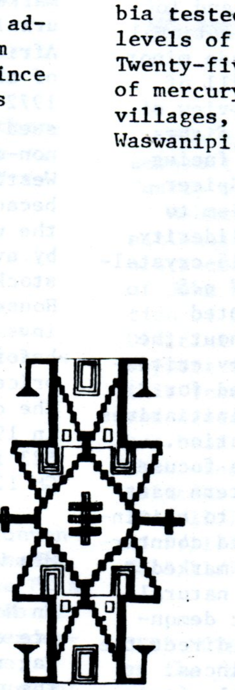
Harold Cardinal, regional director of Indian Affairs in Alberta was fired by Indian Affairs Minister Hugh Faulkner. Faulkner stated Cardinal had created conflicts with the people he was supposed to be working with. Cardinal had initiated investigations into the use of government funds by band councils and had angered chiefs by accusing them of irresponsible administration. Pressure for his removal came from leaders of the Indian Association of Alberta. Since his firing there have been conflicting reports as to what extent the general Indian population was really behind the push for his resignation.
GM 26/11/77 p.8, Brian Butters; GM 23/11/77 p.8

ALASKA PIPELINE IMPACT ON B.C.

George Manuel, president of the Union of British Columbia Indian Chiefs, called for a judicial inquiry into the socio-economic impact of the Alaska pipeline on British Columbia. He said that although the pipeline is scheduled to pass through aboriginal land in B.C., "no agreement has ever been reached with Indian people...This neglect must end right now." HCH 2/11/77 p.40 CP

HIGH MERCURY LEVELS

In a national survey of 1,102 native persons in Quebec, Ontario, Manitoba, Alberta, and British Columbia tested for mercury levels - 851 showed normal levels of mercury, 225 had levels above normal. Twenty-five showed high levels (more than 100 ppb of of mercury), all residents of two northern Quebec villages, Fort George on the coast of James Bay and Waswanipi. HCH 21/9/77 p.27 UPI



POLITICAL

FEDERAL GOVERNMENT

INTRODUCTION: *Prime Minister Trudeau was able to dodge some Commons' haranguing this month by launching a ten-province "tour", while the Commons fussed over bugs in PC offices. The press cited more uranium cartel revelations and "National Unity" received heavy coverage as usual. The PC's staged a "love-in" in Quebec City to endorse Joe Clark as the man to lead them into a Spring election.*

TRUDEAU ON TOUR

Prime Minister Trudeau kicked off an all-province constitutional tour on Nov.3. During November he "dropped in" on the premiers of Alberta, B.C., Nova Scotia, New Brunswick, P.E.I., and Newfoundland to sound out their opinions on the economy and national unity. Also on the agenda were: cross-Canada minority language rights, a federal-provincial Bill of Rights in a patriated Constitution, and a review of the Supreme Court as a final adjudicator of fights between Ottawa and the provinces. Problems facing the PM in this venture were cited by Keith Spicer in the Edmonton Journal as: popular antagonism to Trudeau himself, growing interprovincial solidarity, a badly troubled economy and the post-Nov. 15 crystallization of Western regionalism. EJ 3/11/77 p.5

The premiers praised Trudeau's unprecedented format--a private one-on-one discussion without the presence of advisors on either side--but they criticized the PM for doing most of the talking and for reacting negatively to the Parti Quebecois initiatives rather than arguing positively for Confederation.

The visits to the four Atlantic provinces focused on the special economic problems of the eastern part of Canada. The Trudeau government policies to eliminate regional economic disparities were called counterproductive. His comments in eastern Canada marked a shift toward a regional approach to sharing natural resources, and his tour was seen as a public demonstration of Ottawa's intention to no longer direct the national economy in isolation from the provinces.

On Nov. 26, Trudeau announced that he will soon convene an economic summit of the ten premiers and the federal government to fight unemployment and inflation.

Trudeau's relations with the press have been strained during his tour, as the meetings were behind closed doors and information was sketchy. He also refused to discuss any RCMP-related questions. Opposition members in the House of Commons expressed anger that Trudeau was touring and not in the Commons when they wanted clarification of statements and reports on illegal activities of the RCMP.
EJ 1/11/77 p.58; EJ 4/11/77 p.4; HCH 8/11/77 p.7; HCH 11/11/77 p.1; EJ 14/11/77 p.A12; TS 26/11/77 p.A1

CARTEL AND INVESTORS' PROFITS

Evidence produced on Nov. 11 in Richmond, Va., alleged that early knowledge of a uranium cartel allowed Bay St. investors to make windfall profits on the stockmarket. The cartel, made up of the governments and uranium producers in Canada, Britain, France, South Africa and Australia, operated to control world prices of uranium through a secret secretariat in Paris from 1972 to 1976. Westinghouse Electric Corp. is being sued in Richmond by 16 U.S. electrical utilities for non-delivery of uranium fuel for nuclear power plants. Westinghouse is trying to get out of the contracts because it claims the cartel unforeseeably forced up the world price of uranium. Gordon Ball, implicated by evidence in court, was a specialist in uranium stocks at the Toronto brockerage firm of Canavest House Ltd. in 1972. He advised the public through investment letters to buy uranium shares months before the cartel was to become operative. Share prices of Canada's major uranium producers rose with the creation of the cartel: Denison Mines from $18.25 in 1971 to $49.00 this month; Rio Algom from $12 to $23 in the same period.
GM 12/11/77 p.1; TS 14/11/77 p. A2

MPs WIN AND LOSE

On Nov. 9, the Ontario Supreme Court ruled that MPs are excluded from the government's partially rescinded gag rule on giving out uranium cartel information, but the press and the public are not. The Uranium Information Security Regulations were passed by Order-in-Council a year ago. They prohibited any Canadian from discussing the cartel under threat of a $10,000 fine and five years in jail. The intention was to thwart U.S. anti-trust efforts to subpoena information about the cartel from the parent firms of Canadian subsidiaries which had taken part. In September, Conservative leader Joe Clark and five other Conservative MPs asked the Ontario Court for a review of the Regulations. On Oct. 14, during the course of the review, the Cabinet amended the regulation to embargo only dissemination of new information outside Canada. The court decision means the MPs have the right to discuss certain information inside the Commons but not to pass that information on to the public. The MPs plan to appeal. TS 11/11/77 p. A4; TS 25/11/77 p. A9; EJ 11/11/77 p. 37

POLITICAL

NATIONAL UNITY

Prime Minister Trudeau intends to bring in legislation to authorize the holding of a federal referendum on the status of Quebec in Confederation. Initially he indicated the referendum would cover the entire country, but later made reference to it only being held in Quebec. He has not said whether it would be binding. Dubbed as Trudeau's "counter offensive", it has created a shift in the psychological balance between Ottawa and Quebec City. The proposal received an angry reaction from Levesque, but telegrams from across the country have poured into Trudeau's office praising him for "at last taking a stand". EJ 27/10/77 p.4; EJ 31/10/77 p.4

The Task Force on Canadian Unity heard briefs in Newfoundland, Alberta and Quebec this month. Newfoundland--ranking first in unemployment and with the highest tax rate in the country--stressed disenchantment with federal economic policies that appear to favor Central Canada. The recurring theme in Albertan briefs was economic, emphasizing the western grudge against the bad bargain of Confederation, and suggesting that affluence would keep Quebec from separating.
EJ 31/10/77 p. 1; EJ 9/11/77 p. 48; EJ 19/11/77 p.1; EJ 18/11/77 p. B4

A final note: Canadian customs officials have allowed a U.S.-produced board game on the political contest between separatist and anti-separatist forces to cross the border (in time for Christmas?)
EJ 29/11/77 p. 10

P.C.'s

At the Progressive Conservative Party's policy convention held in Quebec City on Nov. 4-6, national leader Joe Clark won an overwhelming mandate to lead the PC's in the next federal election. By a vote of 959 to 72, delegates from across Canada opposed holding a leadership convention. Delegates and alternates to the convention numbered 2,500 and showed no overt signs of the traditional disunity and bitter infighting that has dogged the party for a decade. The boost in Clark's popularity is attributed to the positive outcome of his meeting with four provincial Conservative premiers in Kingston (see Synthesis Sept. '77, p. 23), his image on televised Commons debates, and the Trudeau government's troubles with the uranium cartel issue, the dollar, and the "Mounties" affair.

"STEADY, BOSSIE, THE MILKING COMES FIRST!"

The convention produced few concrete policies on economic issues, unemployment, inflation, or the "unity crisis".

Robert Coates, an MP from Nova Scotia was elected national president of the P.C. Party. Considered ultra-conservative, Coates is a long-time supporter of John Diefenbaker, speaks no French, "has no intention of learning" to do so, and voted against the Official Languages Act in 1969, despite his party's support for it. He visited South Africa earlier this year, courtesy of the South African government, and wrote a newspaper article on his return which has been generally criticized for its mildly favourable stance towards South Africa's race separation policies. EJ 5/11/77 p.1; EJ 5/11/77 p. 3; TS 5/11/77 p.A1; EJ 7/11/77 p.1; EJ 7/11/77 p. 14; EJ 7/11/77 p. 15; TS 7/11/77 p. A1; TS 7/11/77 p.C4; TS 8/11/77 p. B3; TS 11/11/77 p. C3

CNSP NOTE: *The press focused most of their attention on the fact that the conference laid to rest the stories of internal criticism and dissension within the PC party. There was little criticism of the lack of party policy at a "policy convention". Much ado was made of what the press consider a "right wing" swing by the party with the election of Coates and speeches panning government planning, government spending, and indexed pensions for civil servants. Much of the press analysis suggested that Clark has moved from the "left" to "right" (within the P.C. spectrum, that is), not out of conviction but as a compromise with political necessity.*

QUEBEC

INTRODUCTION: *The PQ's announcements on the referendum and asbestos were the focus of discussion in the press this month. With the appointment of a president for the Office of the French Language and the formation of francization committees Quebec's language of business legislation takes a new step towards implementation. The PQ's very modest program for stimulating the economy and sustaining employment is also analysed.*