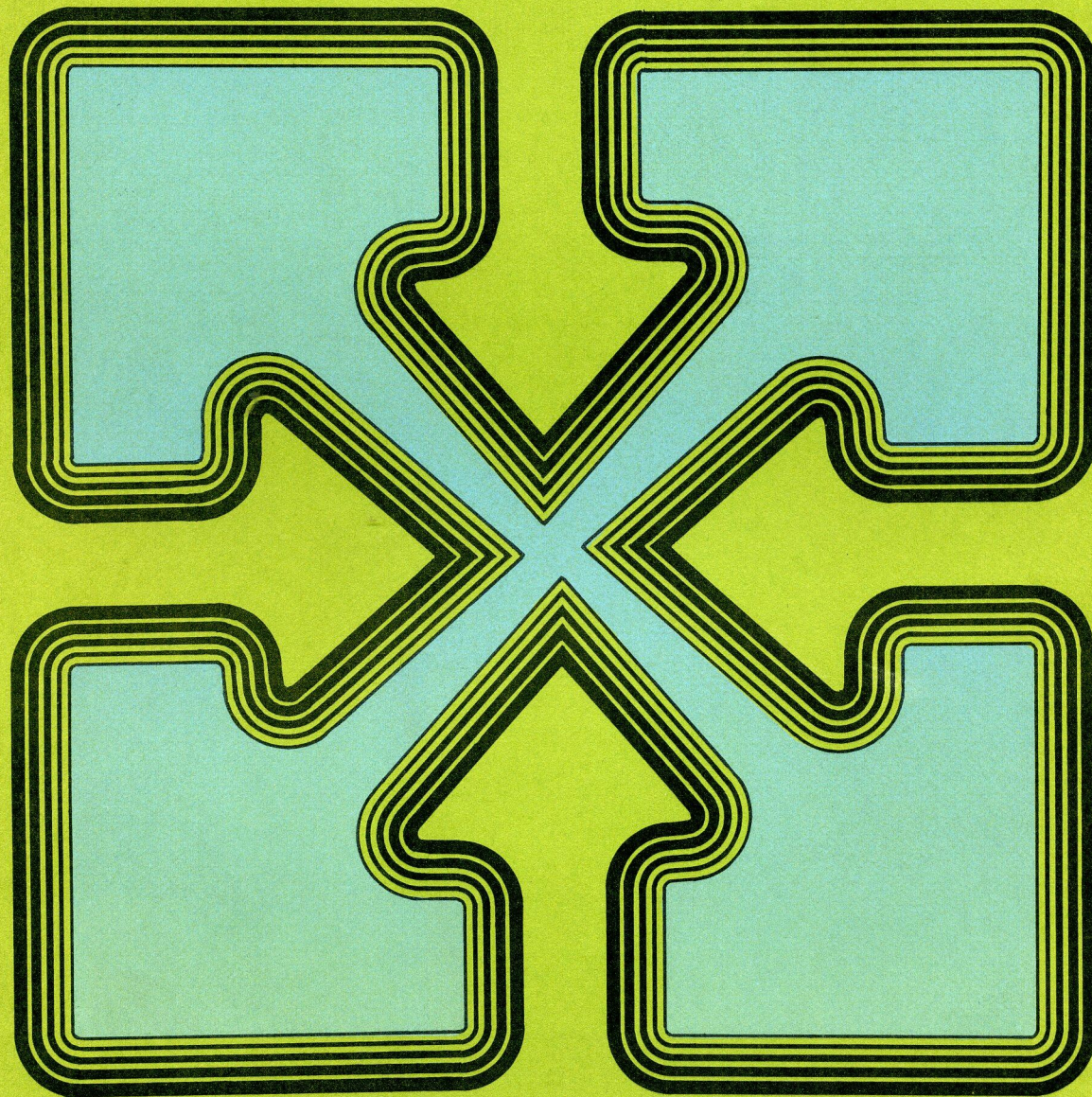


# Synthesis

A Review of Events Reported in the Canadian Press



## HIGHLIGHTS

- Business as Usual  
in South Africa p. 4
- The 90¢ Dollar:  
Banks Win, You Lose p. 12
- Whither Tripartism? p. 14
- Liberals Look for  
Election Issue p. 22

Vol. 6, No. 2

\$1.00

ISSN 0704-6715

# Canadian News Synthesis Project

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

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<i>Globe and Mail</i>	GM
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## Subscription Rates

\$12.00 per year for individuals; \$25.00 per year for institutions. (Add \$10.00 per year for Overseas; add \$5.00 per year for FIRST CLASS.) Back issues are available at \$1.00 per copy. The Canadian News Synthesis Project publishes monthly, except August and September.

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# Synthesis

## HIGHLIGHTS

External Affairs Minister Don Jamieson dramatically announced last December that Canada would take a tougher stand on South Africa's racist apartheid system. Despite the rhetoric, not too much has changed, and it's business as usual for Canadian corporations operating in South Africa and Namibia. See page 4.

Canada's weakening dollar again attracted headlines in February. So far, the banks are doing well since Ottawa has arranged to borrow U.S. funds to support the dollar on the international market, and is paying \$5.6 million just to keep that option open. Consumers will lose since inflation will rise as the dollar falls. The Liberals hope they won't lose, so they have introduced some short-term measures to support the dollar till after the election. In the long term, the real losers will be Canadian workers and taxpayers. See page 12

The Alberta Federation of Labour has officially voted against supporting tripartism at the upcoming CLC convention. The Canadian Labour Congress is still pushing the idea, and has received a vote of support from the Steelworkers. The failure of either business or government to deal with the fact that over one million Canadians are unemployed has left organized labour as the only group struggling to find real solutions to the problem. The pre-convention debate within the labour movement could result in an important and workable policy being drawn up in Quebec City this April. See page 14.

The federal Liberals made political hay at two highly publicized events in February. At the First Ministers' Conference Prime Minister Trudeau allowed the provinces to bring up the economic issues facing each of them, and won general agreement that Canada will fight unemployment by spending massive sums of money on energy development projects. At the second event, the Liberal Party convention in Ottawa, specific policies were avoided in favour of emphasizing Trudeau as leader. Since everyone expects an election this year, the Liberals are apparently keeping their options open. The economy is in such bad shape that even the government can't ignore the situation, so the Conference gave the impression that the Liberals are taking it seriously. However, if the country isn't ready to applaud the Liberals' economic record, there is always the old standby--Trudeau's "charismatic" leadership. See page 22.

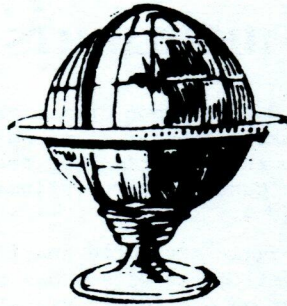
## INDEX

CANADA AND THE WORLD	2-5	LABOUR	14-20
The General Context	2	General	14
Specific Areas	2	Workers' Struggles	18
Canadian Foreign Policy	4	Quebec Labour	19
		Native People	19
THE ECONOMY	6-13	POLITICAL	21-26
General	6	Federal Government	21
Oil and Gas	7	Federal/Provincial Relations	22
Agriculture	9	Police	24
Forestry	10	Health	25
Communications	11		
Finance and Commerce	12	CULTURE	27-29
		Media	27
		Education	28

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# CANADA AND THE WORLD

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## THE GENERAL CONTEXT

### FOREIGN LOANS BLEED ECONOMY

Canada's balance of payments is now so badly out of whack that the country will have great difficulty achieving higher employment and faster economic growth. Heavy interest charges on massive foreign loans are growing, and steadily drain the strength of the economy. At the present rate, our current account deficit will be \$9 billion by 1980, twice the 1975 level. In 1978 Canada will pay \$1.2 billion more in interest payments overseas than we receive in interest on Canadian money borrowed by foreigners. Those who feel there is no cause for alarm should realize that much of Canada's borrowing is undertaken to finance previous loans. Meanwhile, new direct foreign investment has fallen from \$1 billion in 1971 to \$330 million last year.

The decision to cut back on borrowing must be made in Canada. For example, we can go deeper in debt through such policies as heavy borrowing by provincial utilities, or we can choose a more independent course that will meet our real energy and natural resource needs. FTC 20/2/78 P. 9, William Carroll.

CNSP NOTE: See *Finance* in this issue for comments on the relationship between the national deficit and the falling Canadian dollar. Also, *Economy: General* looks at how our debt position affects government spending.

## THE SPECIFIC AREAS

### Trade

#### ECONOMIC DEVELOPMENT CORPORATION LOANS

Co-Steel International Ltd., of Whitby, Ont., is building mini steel mills in a number of countries in competition with West Germany, the U.S., the U.K., and

Japan. The Export Development Corporation (EDC) and the Toronto-Dominion Bank will provide assistance for the purchase of Canadian goods and services worth \$47 million to be used in the construction of a mill in Perth Amboy, New Jersey.

The EDC is financing \$30.6 million to support the sale of Canadian equipment and engineering services for the construction of a huge alumina plant on Aughinish Island, Ireland. Alcan International Ltd. will build the plant.

The EDC announced approval of loans, insurance and foreign investment guarantees totalling \$135.4 million to Brazil, Colombia, Iraq, Mexico and Nigeria, but refused on grounds of "commercial confidentiality" to state which companies were involved.

EDC Press Releases; 13/2/78, 27/2/78, 15/2/78.

CNSP NOTE: See *Synthesis Vol. 5, No. 10* for more on the Aughinish Island project, the largest in Ireland's history.

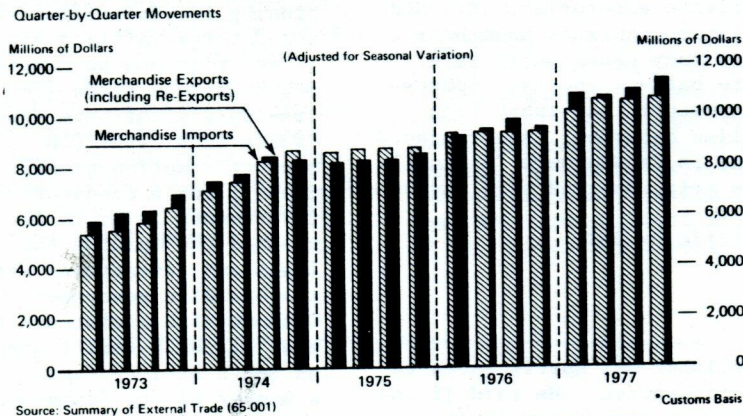
#### ANOTHER OPTION

Economists are suggesting that Canada has two alternatives in trade policy: liberalize trade barriers under the General Agreement on Tariffs and Trade (GATT) or form a free trade zone with the U.S. Dr. Bruce Wilkinson, Chairman of the Department of Economics at the University of Alberta, argues that there is a third option. He says Canada should insist upon the reorganization and rationalization of the manufacturing sector as a prerequisite for any free trade arrangements. Wilkinson is concerned about Canada's external debt. Canada is the largest international debtor, in absolute and in per capita terms, of all the western industrial nations.

Further, Canada's merchandise trade surplus is likely to decline over the long run. Canada will lose out in both resource exporting and manufacturing as assembly-line and labour-intensive production move to less-developed countries. We cannot do much in the high-technology field either because fully 95 per cent of new patents taken out in Canada are held by foreigners, and our research and development effort is among the

# CANADA AND THE WORLD

## Canadian Merchandise Exports and Imports\*



lowest of all members of the Organization for Economic Co-operation and Development. If the current GATT round succeeds, Dr. Wilkinson believes it will mean more rationalization of Canadian industry along north-south continentalist lines, more American ownership of Canadian industry, and a strengthened pull for the manufacturing industry to locate in the U.S. If GATT fails, the idea of a free-trade zone with the U.S. will gain support, but this will lead to political integration. Instead of either of these alternatives, Dr. Wilkinson suggests that Canada rationalize first, before letting down trade barriers, and forming large new corporations with government participation as a means of ensuring Canadian control and of developing a distinctive, independent technology.

GM 12/78 P. B2

CNSP NOTE: *It is becoming increasingly obvious that Canada's survival depends on our taking a more independent course. However, the existing elite is not interested in Wilkinson's plan. This brings up the question of power. It is not enough to replace the existing bosses with a nationalist bourgeoisie. National independence will not mean much unless the Canadian people can direct the course of this independence.*

### SOUTH AFRICAN TIES QUESTIONED

The Free South Africa Committee (FSAC) is attempting to get the University of Alberta to withdraw its portfolio holdings from firms which invest in or are controlled by South Africa. These include Rothman's Ltd. and Hudson's Bay Oil and Gas Ltd. University vice-president for finance and administration, Lorne Leitch, said the committee handling University finances would be asked to examine the issue. FSAC estimates the University's pension and pool funds total over \$15 million in 23 firms. EJ 9/2/78 P. B5.

CNSP NOTE: *See the discussion of Southern Africa policy in Canada/World: Canadian Foreign Policy.*

### LATIN AMERICA TOO

In Edmonton, exiled Peruvian peasant leader Hugo Blanco attacked Canadian involvement in Latin America, specifying the Canadian-based transnational corporations, banks and the EDC, a Crown-corporation. He said human rights are at a low, and political assassinations are rising.

On its "Focus" debate and opinion page, the Canadian Catholic Register published an article by Alison Acker, an English professor, outlining the repression in Chile. This repression has the support of Canadian corporations when they choose to invest. Opposite, W.G. Deeks, executive vice-President of Noranda Sales Corp., argued otherwise. He said those who oppose Canadian foreign investment are subjecting other Canadians to biased and coercive attacks. He stated Canadian corporations which have made a contribution to economic growth in Canada are receiving the full force of the attacks. He argues for corporate investment overseas as the road to giving the average citizen "the best chance" and a better, although slower path to our standards, rather than the push for "speed, revolution and misery for most."

CNSP NOTE: *Readers interested in the church's stand on Noranda's investment can write for a free copy of the "Why Chile" pamphlet to the Task Force on Churches and Corporate Responsibility, 600 Jarvis St., Toronto, Ont. Full and accurate research data on Canadian corporate involvement in Latin America is available upon request from the Latin American Working Group, Box 2207, Station P, Toronto, Ont.*

### BULLISH ON CANADA

Canadian business and government spokesmen toured the United States to speak at a conference of several hundred American businessmen in San Francisco. They assured their audience Canada is still a profitable place to invest. National Energy Board chairman Jack

# CANADA AND THE WORLD

Stabback held out hope of greater Canadian oil exports. Wood Gundy Ltd. president Ted Medland said investment experts around the world see Canada as a good credit risk. Several spokesmen talked in reassuring tones of Quebec's interest in private enterprise. Mr. Medland argued that anti-inflation controls have postponed dividend increases in many cases until 1979 and have improved corporate balance sheets. Spokesmen also reassured U.S. investors that apart from Quebec's plans to nationalize asbestos, the prospects of further nationalizations in Canada were "virtually nil." Returning from the trip, Medland said investors are confident in Canada.

GM 2/2/78 P. B2, CP; EJ 1/2/78 P. D13.

## THE CONTINUING DEBATE

In Moose Jaw, Edmonton publisher Mel Hurtig spoke to 450 teachers at an annual convention. He said if one totalled the degrees of foreign investment in 16 comparable countries you have the degree of foreign investment in Canada today. He attributed high unemployment, inflation and higher taxes to our dependence of foreign investment and our lack of control over the economy. He said it was hypocrisy to have a debate on national unity. "Do you want a united country owned by Americans and Arabs so foreign owners can have stability?"

Meanwhile, the Toronto Star examined the continuing attacks on the Foreign Investment Review Agency. The newly-elected Premier of Manitoba, Sterling Lyon called for its demise, and his views were supported by some other provincial leaders and federal figures. In the spectrum of the 10 leading industrial countries, Canada ranks in the "middle" in terms of limitations on foreign investment. We have no exchange restrictions on capital flowing in and out of the country, but we do have federal and provincial laws restricting foreign ownership in key sectors; banks, newspapers, radio and TV stations and atomic energy plants. Japan has followed a very restrictive program, and still requires every foreign venture to have government approval, after application to the Bank of Japan and screening by various government departments.

West Germany has maintained a very liberal attitude, trying to encourage open doors for German capital overseas. Britain controls the flow of capital in and out of the country through strict exchange laws, requiring Bank of England approval for any transfer. Sweden is amenable to foreigners holding shares in certain natural resources. A foreign firm cannot own more than 20 per cent of a mine, oil deposit, farm forest or waterfall with government authorization. EJ 17/2/78 P. D2, CP; TS 18/2/78 P. B6.

## CANADIAN FOREIGN POLICY

### CANADA AND SOUTH AFRICA

Beneath the Jamieson veneer, Canada's true stand on racial and democratic justice in South Africa began to show in February. There is still a wide gap between

official rhetoric and official action. At the United Nations, Ambassador William Barton told the Security Council that time is running "dangerously short" for effecting racial changes in South Africa without continuing and increasing violence. Given this speech and External Affairs Minister Jamieson's announcement of restrictions on government assistance to Canadian/South African trade (*See Synthesis Vol. 5, No. 10*), observers might have expected a forthright stand by Canada in a later U.N. debate. But Canada refused to support a motion by African members of the Security Council for a mandatory ban on further loans to, or investments in South Africa. Canadian diplomats expressed the opinion that African moves to cut off loans and investments were premature. They did admit the Canadian government was considering ending the Commonwealth preference to South Africa. This arrangement allows a tariff break of \$150 million annually on South African sugar. (South Africa is no longer a member of the Commonwealth.)

WFP 31/1/78 P. 27 Jeff Enderst; GM 31/1/78 P. 3

## GLOBE EXAMINES OTTAWA'S SOUTH AFRICA STAND

The Globe and Mail's Ottawa business correspondent, Wayne Cheveldayoff undertook a major review of Canada's economic relations with South Africa and Jamieson's December policy announcement. How serious is the government? In fact, declares Cheveldayoff, Canada will continue to pay a South African to be a commercial counsellor at our Pretoria embassy. The Crown-owned Export Development Corporation can continue to lend as much as it wants to South Africans to purchase Canadian goods. The only thing phased out on the lending front is the EDC "government account" loans, for which ministerial approval is necessary. The EDC can continue to make loans, guarantee bank loans, and offer export-credit insurance on exports to South Africa. Joint tax agreements with South Africa, and the tax credit which Canada gives to Canadian corporations operating in Namibia (illegally controlled by South Africa), have come under criticism by church groups and others. There is no indication that Ottawa will do more than study the tax treatment of Canadian companies in Namibia. Mr. Jamieson said Canada does not want to penalize Canadian companies which began operating there under legitimate processes, or hurt Canada's current role in the negotiations on the Namibian problem. GM 25/2/78 Pp 1, 18, Wayne Cheveldayoff.

## NAMIBIA TALK-FEST

A six-nation meeting on the future of Namibia broke up after the South African Foreign Minister, R.F. Botha, left the talks to consult with his government. The meeting was sponsored by the U.N. Security Council and involved Canada, the U.S., France, Britain, West Germany and South Africa. They reached no agreement. Botha was "profoundly disappointed" that the other five powers did not realize that their program for Namibia would ruin and endanger South Africa. He argued the five-nation solution would allow a "Marxist terrorist organization" to overrun Namibia. Canada's External Affairs Minister, Don Jamieson said the talks had faltered on several issues: the use of U.N. civilian

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# CANADA AND THE WORLD

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and military forces in a transitional period, the withdrawal of remaining South African troops, and the relationship between the U.N. representative and the South African administrator-general.

The president of the South-West African People's Organization (SWAPO), Mr. Sam Nujoma called Mr. Botha a "coward" who had run away. It is an indication, he said, that South Africa is not interested in a negotiated settlement. Nor will it, he said, relinquish control over the territory it has held for 31 years in defiance of the United Nations. South Africa wishes to maintain its troops, estimated to number 20,000, in the territory. The western plan calls for the withdrawal of all but 1,500 troops in 12 weeks.

EJ 14/2/78; GM 13/2/78 P. 12, NYT-UPI

## SWAPO CANADIAN TOUR

Meanwhile, representatives from SWAPO toured Canada to explain the Namibian situation. They claim to be the legitimate inheritors of the mineral-rich land. The U.N. recognizes this claim. In Vancouver, Aaron Hiuanua Shihepo, SWAPO's deputy-secretary for foreign relations, attacked the complicity of Canadian corporations and the Canadian government in the brutal apartheid system South Africa maintains in Namibia. EJ 28/1/78 P. A9, Southam; EJ 5/2/78 P. A9.



# THE ECONOMY

## GENERAL

### MONTHLY STATISTICS

#### CAPITAL

	Jan.	Dec.	Change from Year ago(%)
Consumer Price Index (1971 = 100)	167.8	167.2	9.0
Merchandise Trade Surplus (\$ million)*	306.0	435.0	
Farm Cash Receipts (1977):-	\$10,070.9 million		
" " " (1976):-	\$9,975.0 million		

#### LABOUR

	Jan. '78	Dec. '77	Jan. '77
Employed (millions)	9.48	9.73	9.26
Unemployed	991,000	882,000	889,000
Unemployment Rate*	8.3%	8.5%	7.5%
Participation Rate	60.0%		59.4%

(\*Seasonally adjusted)

#### GOVERNMENT'S SPENDING, DEBTS TO RISE

The federal government's estimates for the fiscal year beginning April 1 show total spending will rise 9.8 per cent to \$48.8 billion. Social welfare spending will rise by \$1 billion to \$9.2 billion, but Treasury Board President Robert Andras hinted cuts are on the way. "There is nothing sacred about social programs," he said, "they have been revamped before and will be revamped again." The budget for direct make-work projects has been cut, but the government is increasing aid to private business with \$506 million in "special employment initiatives". Defence department spending will rise from \$3.8 billion to \$4.1 billion. This does not include the \$2.3 billion to be spent on new fighter aircraft. The government's deficit is expected to be \$8.5 billion in the current fiscal year, bringing the total to \$70 billion. Thus, \$6.5 billion -- 14 per cent of government spending next year -- will be interest payments on existing debts. Interest payments will rise by \$1.15 from this year's figure. The rise in this category is the largest single increase in the overall rise in government spending for the coming year. MS 23/2/78 p.11; GM 23/2/78 p.1, Wayne Cheveldayoff

#### CAPITAL SPENDING WILL RISE ONLY 4.8%

Statistics Canada says its latest survey of business and government shows a total of \$48.91 billion allotted for capital expenditures in 1978. This figure includes spending on construction, machinery and equipment. It is an increase of only 4.8 per cent,

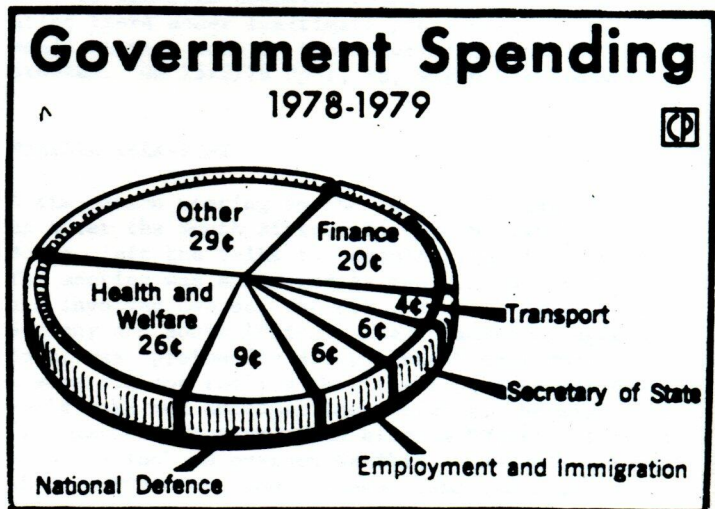
down from the seven per cent increase in 1977. Since the inflation rate in 1978 is expected to be around seven per cent, the new figure means that capital expenditure will actually decline by two per cent. GM 25/2/78 p.B14, Wayne Cheveldayoff

**CNSP NOTE:** *The failure of the government to attack the real problems facing Canadians is a dominant theme of Synthesis. Once again the statistics confirm that governments are leaving the people in the lurch because of their ideological commitment to big business. The federal government is unwilling to incur further deficits through social welfare spending or in fighting unemployment since these arouse the anger of business. Spending on make-work projects will fall next year from their already abysmally low level. Instead, the cry at the First Ministers' Conference was, "We trust the private sector to get things moving!" But the corporations, despite a good year for profits and increased government subsidies are not interested in hiring. The existing political-economic structure plainly won't allow for the kind of economic leadership Canada so desperately needs.*

#### Private and Public Investment Intentions for Canada\*

Category	Capital spending intentions		Percentage change
	1978	78/77	
Agriculture and fishing	2,938.8	+0.9	+1.3
Forestry	227.6	+4.6	+16.5
Mining, quarrying and oil wells	3,760.3	-6.0	+16.2
Construction industry	859.9	+4.8	+8.1
Manufacturing	6,244.5	+3.7	+10.2
Utilities	10,709.0	+13.7	+14.1
Trade, wholesale and retail	1,079.7	+0.1	-4.5
Finance, insurance and real estate	2,074.1	+1.2	+2.7
Commercial services	2,163.4	+8.3	-7.0
Institutions	1,565.2	+3.7	+1.6
Government departments	5,943.5	+4.1	+13.1
Housing	11,343.8	+3.8	+0.7
Total, public and private	48,909.8	+4.8	+7.0

\*Statistics Canada, Private and Public Investment in Canada, Outlook 1978, advance information, as published in the Daily, Feb. 24, 1978.





## OIL AND GAS

**INTRODUCTION:** *The decision to burst the gas "bubble" in southern Alberta by increasing exports to the U.S. on a swap basis may be delayed. While Ottawa and Washington investigate the possibility of underground oil storage on the Canadian east coast, the Kitimat oil pipeline and oil port on the B.C. coast has run into some federal government opposition. Financing of the Alcan Pipeline is still up in the air until the U.S. makes a decision on gas pricing. However, the pipeline legislation has received approval in principle in the House of Commons after a controversy over the choice of pipe size.*

### PSST. WANNA SWAP?

Plans to increase exports of Canadian gas to the U.S. midwest in return for Alaskan gas from the Alcan Pipeline, when it comes on tap in the early 1980's, may be delayed longer than expected. Both the federal and Alberta governments made tentative agreements with U.S. Vice-President Walter Mondale to work out a gas swap deal. Alberta wants tariff concessions on agricultural and petrochemical products in return for its gas. The U.S. says the reductions have to be negotiated at the current talks of the General Agreement on Tariffs and Trade (GATT) in Geneva. This may delay the gas swaps until 1980 or later. The swaps would set the stage for pre-building southern portions of the Alcan Pipeline in order to meet the increased volumes. It would also considerably alleviate financing problems.

MS 19/1/78 p.A12; GM 3/2/78 p.B1; EJ 9/2/78 p.A1

**CNSP NOTE:** *Canada already exports about 45 per cent of natural gas production to the U.S. Pan Alberta Gas Ltd., a subsidiary of Alberta Gas Trunk, the driving force behind the Alcan Pipeline project, wants permission to export more than 1 billion cubic feet of gas to the U.S. starting in 1980. The gas swap is strategically important for the Alcan consortium since the southern part of the line could be built first to accommodate the exports from Alberta. This would stimulate cash flow, making financing of the later portions of the line more attractive in the eyes of potential investors. But what does the swap idea offer Canada? Alberta can't win special tariff exemptions. Tariff changes will be negotiated at the Geneva GATT talks and will affect all of America's trading partners. Thus Alberta exports will be open to export competition from other nations. In addition, the U.S. also wants major tariff cuts in export areas of interest to its industries. Finally, if the swaps are negotiated on a simple "pay-back" time basis, Canada will get badly stung. On a strict volume-by-volume analysis, the deal would be equitable. However, unless Canada receives mid-1980's prices for gas exports now, the gas the U.S. will export back will cost us much more than they earn from present sales.*

### EAST COAST UNDERGROUND OIL STORAGE

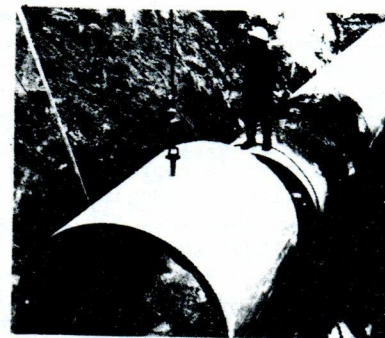
Canada and the U.S. are completing a special study on the feasibility of oil storage using underground salt caverns in the Canso area of Nova Scotia and

in an abandoned iron mine at Bell Island off the Newfoundland coast. Home Oil of Calgary, which is backing the Nova Scotia storage site, would also like to see the Sarnia-to-Montreal oil pipeline reverse its flow to accommodate imported oil into Ontario. The western Canadian crude now used in Ontario and Quebec could then be diverted, on a swap basis, for use in the U.S. midwest.  
GM 18/1/78 p.B16; HCH 18/1/78 p.1

### KITIMAT OIL PIPELINE SET BACK

The \$750-million Kitimat Oil Pipeline proposal to bring Alaskan oil across B.C. into Edmonton and then south to U.S. midwest markets has run into some snags. The Kitimat consortium re-submitted its application to the National Energy Board in mid-December, after a U.S. government decision effectively killed a rival bid by Trans-Mountain Pipelines of Washington. Energy Minister Alastair Gillespie says the NEB will not review the Kitimat proposal until the fall, when a nation-wide oil supply/demand hearing will be completed. Meanwhile, the federal government-appointed West Coast Oil Ports Inquiry headed by Prof. Andrew Thompson was discontinued by Ottawa after Thompson had recommended the government either kill the Kitimat proposal or resume the oil port inquiry immediately. Prime Minister Trudeau says the need for a West Coast port "hasn't been demonstrated." "If the port is just for the Americans," he says, "why don't they build a port on their own West Coast?"

VP 9/1/78; GM 26/1/8 p.B1; 24/2/78 p.B1



# THE ECONOMY

CNSP NOTE: *While the Kitimat deep water port and pipeline project seems to be in trouble, there is some indication that Mr. Trudeau's statements and the delayed evaluation of the project by the NEB are more the result of some shrewd political strategy. With the impending federal election and popular sentiment in B.C. firmly against the project, delay seems a useful tactic. Thus, to take Mr. Trudeau's words at face value would require considerable gullibility. After all, there are no substantive differences between the Alcan northern natural gas pipeline and the proposed oil port and pipeline. They are both conduits across Canadian territory to siphon American fossil fuels to American consumers. Meanwhile, the oil-storage schemes being promoted for the East Coast can be seen from another angle. If the plans go ahead as outlined, Canadian oil will be sent to U.S. midwest refineries which are feeling the pinch of reduced Canadian exports and are unable to get quantities of Alaskan crude. In return, the Americans will send imported crude via Nova Scotia to Quebec and Ontario to replace Alberta supplies. This would eliminate the immediate need for Alaskan crude in the midwest and thus the need for the Kitimat project. Alaskan oil could be then sold very profitably to the Japanese market. All of this, of course, could not last forever. The swap arrangement could only be temporary, since Canadian oil supplies are limited and the needs of the Western provinces would inevitably be threatened. When and if that time comes, we may see the Kitimat Pipeline proposal dusted off and placed back on the shelf.*

## QUOTE OF THE MONTH

"I saw the light" Department: "Canadians have wrongly come to believe the Alaska Highway line is a domestic project. It isn't. It is a supply mechanism through which U.S. gas in Alaska is to be moved to the lower 48 states." -- Alan Paterson, Wood Gundy Ltd. FTC 27/2/78 p.3

## PIPELINE BILL GOES TO COMMITTEE STAGE

Legislation to authorize the construction of the Canadian portions of the Alcan Gas Pipeline has received approval in principle in the House of Commons. The bill now goes to a Commons committee, where it will come under clause-by-clause scrutiny by MP's and will likely receive some final cosmetic changes. The major fight in the House revolved around the question of pipe size. The NEB's endorsement of the 56-inch, thin-walled, low-pressure pipe and the government's approval means Canadian steel mills in Hamilton and Reginal will be able to produce the pipe. However, NDP leader Ed Broadbent argued that without government guarantees of Canadian content in the steel production, Canadian manufacturers will be under stiff competition from foreign firms, especially Japanese and West German firms. More importantly, without the Dempster Highway spur line connecting Canadian Mackenzie Delta gas to the main pipeline, the 48-inch low-

pressure is more attractive economically. The government claims the Delta gas will be needed. However, huge surpluses in Alberta, Saskatchewan and B.C. may be sufficient for Canadian needs until the turn of the century. In addition, the choice of the larger pipe size will mean less Canadian content in accessories. No Canadian companies have experience in making fittings and valves for such large pipelines. GM 21/2/78 p.1; OC 4/2/78 p.1; MS 24/2/78 p.A5

CNSP NOTE: *There is some concern that the Canadian pipe size choice may have repercussions in Washington. The American steel industry is under heavy pressure from fierce international competition. Lobbyists are pushing for as much U.S. content in the pipeline as possible. Energy Minister Gillespie says Canada has a fall-back position if the issue of pipe size becomes a controversy in the U.S. Congress: Ottawa could delay the pipeline's construction. Canada can revert to 54-inch pipe, which is part of the original agreement signed by both countries. Although Canadian mills can roll that size, U.S. mills would be more competitive as well. In any case, Gillespie firmly refused to commit the government to any guaranteed Canadian content.*

## U.S. GAS PRICE POLICY MAY DELAY PIPELINE

The protracted debate in Congress over U.S. President Carter's energy policy could stall the construction of the Alcan Pipeline. In order to secure financing for the \$10-billion project, the consortium needs a decision on gas pricing from Washington. American gas utilities and pipeline companies will not commit themselves to gas transportation contracts until the gas price is settled. Foothills is under great pressure to resolve the financing questions as quickly as possible since any delays in construction will push the final cost up and threaten the viability of the Dempster Highway spur line. The U.S. financial contribution towards the construction of that line depends on the percentage of cost overruns on the original cost estimate. MS 30/1/78 p.D4; FTC 27/2/78 p.3; GM 19/1/78 p.B1

## ALCAN PIPELINE SCANDAL LOOMING?

Ottawa's estimate of 100,000 man-years of employment from the Alcan Pipeline construction is an inflated figure based on the eventual building of the Dempster spur and an estimate of Canadian content in the line as high as 90 per cent. A recent report of the federal energy department stated that we have enough gas in the south to meet all needs through the mid-1990's. The Dempster line will likely be postponed till then or later. That drops the employment figure to 70,000 man-years. A study by the Department of Regional Economic Expansion (DREE) says Canadian content in the whole route could be as low as 67 per cent, further reducing the job estimate to 60,000 man-years. A U.S. calculation estimates 220,000 man-years of employment for American workers.

# THE ECONOMY

There is reason to expect that final pipeline costs will far exceed the initial \$10-billion estimate. The U.S. General Accounting Office has told the Congress the final price-tag may be in the \$25-\$30 billion neighbourhood. At this cost, the pipeline would become grossly uneconomical, forcing both Washington and Ottawa to bail out the project. There is every indication that Ottawa is already preparing for that possibility.

When House Leader Allan MacEachen refused to assure a monopoly for Canadian steel makers since "it would force up the cost of the project", Toronto Star columnist Richard Gwyn asked, "Why should Ottawa bother since only U.S. consumers will use Alcan gas and they alone will have to absorb the construction costs?" It appears Ottawa may be protecting its own stakes in the event the government is drawn into the financing of the project. TS 26/1/78 p.A10

## ENERGY PROJECTS TO DRIVE ECONOMY: FIRST MINISTERS

Both Ottawa and the provinces have agreed that substantial investments in massive energy developments are needed over the next 25 years. At the First Minister's Conference Energy Minister Gillespie outlined 44 energy projects that are under construction

or could be by 1990. The projects, he said, were an incomplete list accounting for \$55 billion of the estimated \$180 billion earmarked for energy-related projects before 1990. Most of the projects involve conventional means of producing energy by the exploitation of fossil fuels (tar sands, heavy oil, coal, oil and gas) and the generation of electricity via nuclear reactors and hydro-electric dams. MS 15/2/78 p.A9; GM 15/2/78 p.11

CNSP NOTE: *The first ministers' focus on energy-related resource development schemes only reinforces policies that have proven tragically wrong. The cycle of resource dependency repeats and feeds on itself. As the manufacturing deficit exceeds \$12 billion and the level of debt servicing on foreign capital becomes the major drain on the balance of payments, both levels of government seem to have agreed that additional capital-intensive energy projects offer a short-term breathing space. The eventual costs of such a policy will be high: an increasingly weak manufacturing sector and a parallel loss of jobs, an increase in foreign investment capital from social spending to the energy sector. (See also Finance in this issue for a discussion of Canada's balance of payments.)*

## AGRICULTURE

INTRODUCTION: *Small farmers are caught in a growing income squeeze. This is at the root of both agricultural stories this month: border blockades by American farmers and the prospect of a Canadian agricultural strike.*

### BORDER BEEF WAR

In early January, American farmers set up pickets at three points of entry along the North Dakota-Manitoba border. They were protesting low farm commodity prices and tried to turn back trucks carrying Canadian cattle. The group said that if cattle imports were halted, U.S. cattle producers would get \$8 to \$10 more per hundredweight for their beef. The protest quickly spread to other points along the Canadian-U.S. border, including Saskatchewan, Alberta, and B.C.

Charles Mayer, president of the Manitoba Beef Growers Association said southbound Canadian exports of live cattle and beef are less than one per cent of U.S. production, but U.S. shipments of the same products to Canada range from three to eight per cent of this country's annual output.

The Canadian Cattlemen's Association (CCA) condemned the picketing, charging that prices in Canada are being badly depressed by the action. The CCA represents 50,000 cattle producers in nine provincial organizations who produce about 80 per cent of Canada's beef.

The Western Canada Cow-Calf Association (WCCA),

however, gave full support to the U.S. farmers in their efforts. The WCCA was formed in October, 1976, after a protest against low beef prices by Canadian producers. It has more than 1,000 members, most of them in Saskatchewan.

An editorial in the Montreal Star (MS 5/1/78 p.A6) and an article in the Edmonton Journal (EJ 6/1/78 p.D2) point out the fact that cattlemen in general support the regulated common market in beef between Canada and the U.S. The real complaint of both Canada and American producers is against imports from Australia and New Zealand, where beef is produced cheaply and sold in frozen blocks to North America for cheap hamburger.

The border picketing reflects a concern in both the Canadian and U.S. agricultural industry that input costs are rising and prices for the product are not. In fact, the product price has been declining in the beef cattle and grain sectors over the past few years. GM 4/1/78 p.B5; GM 7/1/78 p.11; GM 12/1/78 p.8; GM 13/1/78 p.9; EJ 4/1/78 p.A15; EJ 5/1/78 p.F8; EJ 5/1/78 p.A7; EJ 10/1/78 p.B10; EJ 12/1/78 p.F5; EJ 13/1/78 p.H6; EJ 14/1/78 p.G7; EJ 18/1/78 p.F10

# THE ECONOMY



## CANADIAN BEEF FARMERS STRIKE?

The American Agriculture Movement was one of the main organizers behind the picketing of border crossings to stop shipments of Canadian beef to the U.S. An offshoot of the AAM has recently formed in

Canada. It is called the Canadian Agriculture Movement (CAM).

A spokesperson for CAM said that it stands for exactly the same thing as its U.S. counterpart; namely producers parity on beef production. The group aims to institute a strike by all beef producers to bring the price of beef up to a point where the producer meets his costs and makes a fair profit. Most producers are now operating at a serious loss, due partly to low priced beef imports into North America, and partly to low prices in the domestic market.

Clarence Hookenson, president of the Saskatchewan Federation of Agriculture (SFA) urged support of the protest. He said that the theory of supply and demand does not account for the present low price of beef in Canada and the U.S. Since Canadian producers can meet only 90 per cent of the Canadian demand for beef, there is no domestic oversupply of beef to account for the low price.

Boyd Anderson, president of the Canadian Cattleman's Association (CCA) says a Canadian livestock producers' strike will only hurt the farmers themselves. EJ 20/1/78 p.C11

## FORESTRY

*INTRODUCTION: Profits in the forestry industry are up from 1976 but still below 1973-74 levels. Citing the symptoms of low demand, falling prices and high inventories the Financial Times claims that pulp has "INCO disease". Lumber is in demand but a government report says this resource is threatened by the industry's poor stewardship. The report also calls for more processing in Canada since this would create more jobs. It criticized the companies for being unwilling to invest to make their products competitive. For example, only after union pressure and government intervention did MacMillan Bloedel postpone closure of its Vancouver plywood plant and agree to renovate equipment.*

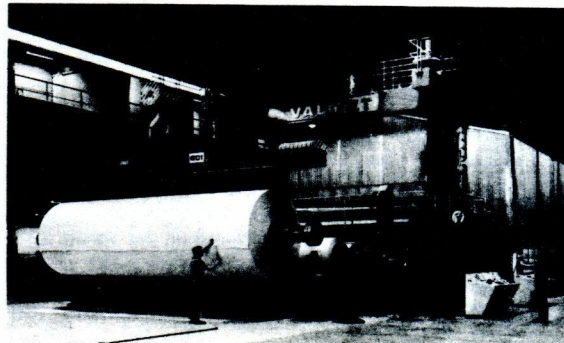
### PROFITS UP

The Canadian forest industry's profits in 1977 were 40 per cent higher than in 1976. However, compared to 1973-74, the profit is down about 40 per cent. The gain over 1976 was largely attributed to the fall in the Canadian dollar. Production of pulp and paper items rose about five per cent to 20 million tons, which means the industry is operating at about 85 per cent of its capacity. Major expansion and modernization is underway in British Columbia but across the country it seems that modernization is not moving quickly enough. TS 9/2/78 p.B8

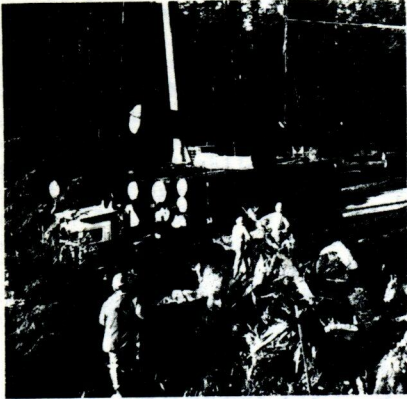
### PULP HAS "INCO DISEASE"

William Carroll of the Financial Times of Canada concludes the pulp industry has "INCO disease". The symptoms are there: huge inventories, eroded prices and sluggish demand. Economists point the finger at company managements, whose hidebound conventional thinking and stubborn allegiance to the idea of the

traditional business cycle have insulated them from the radically changing international business environment. Pulp mills usually belong to large integrated companies that have newsprint and wood products divisions. These shield the companies from the extremely weak position of pulp because their newsprint operations are running close to capacity and prices are increasing. Canada provides just over



# THE ECONOMY



its potential. The paper states the industry must soon deal with its substantial resource and labour problems. The government would like to see more emphasis on marketing processed products rather than lumber, pulp and newsprint, since this would generate more jobs in Canada.

Forests are considered a renewable resource but poor reforestation programs, inadequate forest management practices and insect infestation have caused local supplies of timber, particularly in the large diameter and upper grades, to become increasingly scarce. OC 9/2/78 p.32

## IMPROVEMENT OR LAY-OFFS? - PROFIT THE KEY

In January MacMillan Bloedel announced it would close its Vancouver plywood mill, affecting 700 jobs. The company estimated it had lost \$2-\$3 million a year during each of the past four years in the sale of plywood in B.C. The International Woodworkers of America opposed the closure and rejected the company's contention that the plant was a losing proposition. Syd Thompson, president of the Vancouver Local of IWA said "Every stick of plywood produced in B.C. right now has a market. There's no stock-piling."

The company agreed to a provincial government request to establish a joint company-union-government committee to seek alternatives to the closing of the 43-year-old plant. In February an agreement was reached under which operation of the Vancouver plywood plant will continue for at least two years. One mill that is considered obsolete will be closed and lathes at a second mill will be renovated to improve productivity. The new plan means 250 lost jobs instead of the entire 700. EJ 23/1/78 p.A7; GM 21/2/78 p.B16

half of all the market pulp sold in the world. Pulp is presently selling at little over \$300 a tonne compared to the 1976 high of \$415 a tonne. The price collapse was the direct result of deliberate stock-piling by producers. Huge inventories were build on the misconceived prediction of an economic upswing. FTC 16/1/78 p.1

## GOVERNMENT CRITICAL OF FOREST INDUSTRY

A discussion paper prepared by the federal industry, trade and commerce department says the forest products industry needs to develop new markets and make itself more efficient in order to live up to

## COMMUNICATIONS

*INTRODUCTION: The Supreme Court made two contentious rulings late in 1977. On November 30, it said: 1) the federal government has exclusive authority over cable television in Canada, and 2) Canadian cable television companies have the right to delete advertising from American programming. Also, Bell Canada applied for yet another rate increase.*

## CULTURE AT STAKE IN CABLE RULING: QUEBEC

The first Supreme Court ruling was a response to the Quebec National Assembly. In 1972, the Assembly gave authority over cable television in Quebec to a public service board. In 1974, a Quebec cable company, Cablovision du Bas St. Laurent, received a federal license and then failed to receive a license from the provincial board. The Quebec government instead gave half of Cablovision's territory to another cable company, Cablodistribution de l'Est. The struggle led to action by the RCMP in the summer of 1975. It seized the Cablodistribution antenna. The Quebec government provided a portable antenna and the com-

pany continued to operate. The conflict then went to the courts.

The ruling does not settle the issue. The Quebec government is anxious to retain control of cable television as an important tool of cultural development. Premier Levesque said the decision is proof that Quebec will never be allowed to develop its culture within Canada. The decision is not popular in Ontario or Saskatchewan, either.

Communications Minister Jeanne Sauve has offered to discuss the possibility of power sharing agreements with the provincial governments. Such an agreement already exists with the government of Manitoba. Manitoba confirmed the ultimate authority of the

# THE ECONOMY

federal government in the agreement. Sauve seems to have that in mind for the other provinces as well. She said, "They must accept the absolute necessity of an effective and efficient nation-wide system of telecommunications." Quebec is not ready to concede the point. MS 1/12/77 pA6; GM 15/12/77 p9; MS 1/12/77 pA16; GM 1/12/77 p10; MS 2/12/77 pA8; TS 10/1/78 pA8; EJ 1/12/77 pA10

## CABLE COMPANIES CAN DELETE ADS

The second ruling, concerning American commercials, has been in process since 1971 when two Canadian cable companies began deleting advertising broadcast by the American stations they were carrying. The move was designed to keep advertising revenue in Canada since many Canadian firms advertise heavily on American stations close to the border which have large Canadian audiences. The stations and some Canadian advertisers challenged the right of cable companies to remove the advertising if they were carrying the American programmes. The court's ruling upholds their right to do so. GM 1/12/77 p10.

## BELL REQUESTS HIGHER TELEPHONE RATES

On February 1, Bell Canada asked for CRTC approval to increase its rates. The company wants to raise the rate for residential phones by 20 per cent and business phones by 28 per cent, the largest increase request in the company's history. The new rates would take effect July 15. Bell would gain \$171.5 million in revenues in 1978, a seven per cent increase.

Bell's last application was in November 1976. At that time, the company obtained a 9.5 per cent increase, the largest to that point. The company says the increase is needed to bolster its financial situation and its credit rating. It also will borrow \$850 million abroad for equipment improvements. If the increase is refused, the company claims that services will have to be cut back.

Many question the necessity of the increases. Bell's profit in 1977 was a healthy \$288.6 million. The day after the request for increases, Bell announ-

ced that it would make \$100 to \$200 million profit over the next five years expanding the telephone system in Saudi Arabia.

The CRTC will open public hearings on May 2. Rather than make a direct presentation, the government of Quebec has offered information and assistance to anyone who plans to speak to the hearing.

An editorial in the Globe and Mail complains that Bell's requests come so often that both company and government have to pay full time lawyers and accountants to process the applications and hearings. The public carries this cost through phone bills and taxes on top of the cost of the cost of the increased rates when they are granted. The same editorial asks a very timely question: where is the Anti-Inflation Board in all of this? GM 13/2/78 Ed.; TS 1/2/78 pA1; GM 2/2/78 pB1; OC 2/2/78 p35; MS 10/2/78 pA4

## FINANCE / COMMERCE

### OTTAWA BORROWS OVERSEAS TO BOOST THE DOLLAR

The Canadian dollar dropped below 90 cents (U.S.) in February. The government wants to support the value of our currency by increasing the demand for Canadian dollars. Thus, Ottawa has just announced two new moves designed to boost this demand.

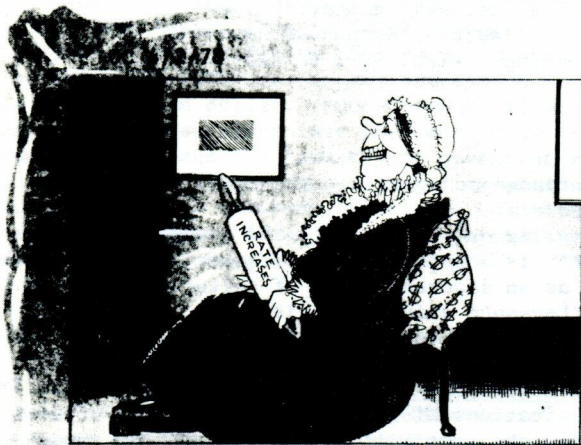
First, the government has begun to borrow U.S. funds from the chartered banks in order to buy Canadian dollars and stabilize the price. The government arranged for these U.S. funds to be kept on standby credit in October. It costs \$15,411 per day to keep the money on standby (0.375 per cent interest). The interest on the money which has actually been borrowed is between 7.5 and 8.5 per cent. If the government borrows the whole \$1.5 billion U.S. dollars now on standby, the interest fee would be \$300,000 a day.

Second, the government will borrow funds from the U.S. and West Germany to increase the demand for Canadian dollars.

Canada has already spent much of its gold and foreign currency reserves to buy Canadian dollars. Last year it used \$1.15 billion of that reserve, leaving \$4.41 billion by the end of 1977. In January, 1978, it spent a further \$202 million, and, according to Conservative finance critic Sinclair Stevens, another \$500 million in February.

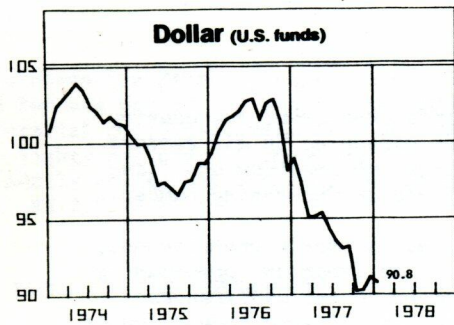
Why is the dollar falling? Canada has a balance of payments problem. We have a surplus in merchandise trade, but a much larger deficit in service, interest and dividend payments. There is a net outflow of funds from Canada.

The government's foreign borrowing is a short-term move, but the situation demands a long term solution. Don McGillivray, Southam's economics editor, says the government has two choices. It can either increase the domestic interest rates to attract foreign lenders by the prospect of increased return, or it can allow the dollar to fall. Both choices involve problems. Higher interest rates mean higher costs for domestic borrowers. This will hurt the chances of an economic recovery, a serious problem in a time of high unemployment. On the other hand, a low dollar will increase inflation since many consumer products we buy here are made abroad and will

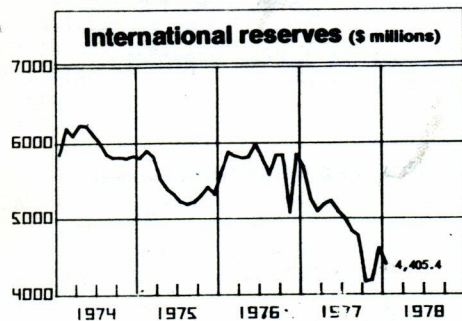


*Rusins's*  
*Mother Bill*  
WITH APOLOGIES TO  
JAMES McNEIL WHISTLER

# THE ECONOMY



FTC 6/2/78



cost more.

Business and the Conservative party attribute the dollar's problems to "lack of confidence" in the Canadian economy. If the government could strengthen the economy, they say, it would attract more foreign earnings. TS 26/1/78 pB10; TS 22/2/78 pA1, John King; GM 23/2/78 p1, Hugh Anderson; GM 23/2/78 p1; GM 24/2/78 pB1, Wayne Cheveldayoff; FTC 27/2/78 p1, Don McGillvray

CNSP NOTE: *The corporations may see the dollar's fall as a sign of low confidence in the economy, but in fact, it is only a symptom of the real problem, Canada's balance of payments difficulties. (See especially Synthesis Vol 5, nos 3,4,8,10.) A large part of Canada's deficit is payment on earlier loans. We are selling off natural resources at an increasing rate, but not quickly enough to offset rising dividends and interest payable to foreign investors and corporations. The latest foreign borrowing will support the Canadian dollar, but it must also be repaid with interest. Where will the money come from? We will have to increase our foreign earnings or borrow more just to repay our debts.*

*The only long term solution is an economy that*

*does not depend on foreign borrowing and investment. We will have to restructure our manufacturing sector to increase its earning power and decrease the amount of foreign investment required. This would also stabilize the dollar.*

*This takes us back to the more immediate question of the dollar. There is another reason for its fall. Large corporations hold huge reserves of Canadian dollars. They are speculating that the dollar will fall even further, and are selling off their Canadian dollars now. This reduces the demand and turns speculation into fact by driving the dollar even further down. The corporations hold far more Canadian currency than the Bank of Canada could buy. They could destroy the dollar completely if they chose.*

*The government can support the dollar for the time being but diminishing reserves won't let this go on for long. The liberals will thus probably support its dollar at around 90 cents until just after the election. After that, a Liberal government would probably simply let the dollar "find its own level". Since the government has taken no long-term action to support it, the dollar will go down again and Canadians will pay through increased consumer prices. But by then the liberals will have gained five more years to think of another manoeuvre.*

## SUPERMARKET CHAINS INCREASE ONTARIO HOLD

According to Irvin Lutsky of the Toronto Star, the recent closing of bread making operations at Christie, Brown and Co. Ltd. has further consolidated Ontario's baking industry and increased the control of the supermarket chains. Ten years ago, there were nine major bakeries in Ontario. When Christie's closes in May there will only be three; George Weston Ltd., Corporate Foods Ltd. and General Bakeries, all of Toronto. Western controls Loblaw's supermarkets. Dominion Stores controls General Bakeries. Dominion and Loblaw's are two of the three largest supermarket chains in Canada.

The share of the grocery market controlled by the large supermarkets has been growing, and bread has been one area of competition. The large chains offer bread at cost or even at a loss to attract customers. Dominion and Loblaw's can afford to do this because profits from the total operation offset losses suffered in bread making. Christie's, which was not integrated into a supermarket chain, had to sell to smaller stores at higher prices. Finally, Lutsky says, Christie's bread-making division became so unprofitable that its corporate parent, Nabisco Inc. of the United States, closed it down. TS 21/1/78 p. B6 Irvin Lutsky.

# LABOUR

## GENERAL

**INTRODUCTION:** *The growing number of articles on layoffs throughout the country parallel rising unemployment figures. Unemployment is worsening in all sectors. While the government publicizes figures pointing towards job creation and "long term solutions", the harsh reality of joblessness affects an increasing number of Canadians.*

*Since business and government are obviously not going to tackle unemployment, the April convention of the Canadian Labour Congress is an important opportunity for labour to develop a political strategy. There are important differences between labour groups across the country. For example, the Alberta Federation of Labour has broken with the CLC's policy of joint planning with business and government. The Ontario Steelworkers, on the other hand, voted both to support the CLC and to begin bargaining for "industrial democracy" in the workplace. More important than the differences, however, is the fact that labour is taking unemployment seriously and is working on solutions to this tragic problem.*

### UNEMPLOYMENT: THE NATIONAL PICTURE

Statistics Canada reported another rise in the unemployment rate in January, to 9.5 per cent. This means 991,000 people are officially out of work. Final reports for the last quarter of 1977 show a decline in the number of job vacancies compared to previous quarters and to 1976.

HCH 1/2/78 P. 3; OC 7/2/78 P. 1; 8/2/78 P. A6.

### YOUTH AND STUDENTS

People between 15 and 24 years of age continue to make up one-half of the unemployed. Fifteen per cent of this group is unemployed.

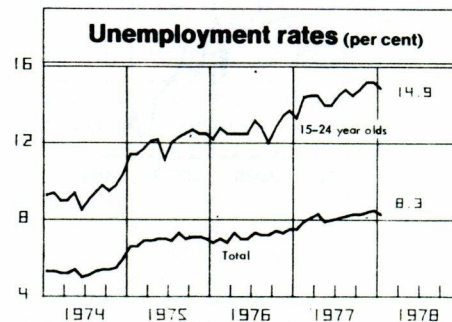
HCH 30/1/78 P. 6; EJ 31/1/78 P. F8.

### JOB TRAINING INADEQUATE?

Many observers cite the lack of vocational training as the cause of high unemployment among youth. Bud Cullen, the Minister of Employment advises parents to steer their children towards training for blue-collar jobs. Guidance counsellors are advising students to stay in school longer to get specific vocational training. The Ontario Industrial Training Council calls for more apprenticeship programs in large companies. Massey-Ferguson Ltd., which employs 1,600 people, is only training one apprentice. Columnists urge students to get job training, and they call upon government, business and the post-secondary institutions to provide this opportunity.

Cullen announced the implementation of a \$96.2 million program to create 60,000 summer jobs in ten federal departments and 250,000 summer jobs in the private sector. He urged students to work hard at getting a job and to take any available job. The National Union of Students criticized the government program as being the same as last year's, despite a 17 per cent increase in student unemployment. The union predicts at least 200,000 students will be unemployed this summer.

Guidance teachers in high schools have noted the in-



creased efforts of the Canadian Armed Forces to recruit students, since the military plans to increase its strength by 5,000 over the next five years.

WFP 17/1/78 P. 28; EJ 31/1/78 P. F8; EJ 3/2/78 P. A9; WFP 13/2/78 P. 1; WFP 17/1/78 P. 28; GM 2/2/78 P. 8; OC 3/2/78 P. 12; WFP 13/2/78 P. 1

**CNSP NOTE:** *Despite the tremendous pressure the unemployment situation is applying to Canada's youth, none of the above solutions will solve the problem. Each suggestion put forward by government departments, business councils or educational institutions merely serves the bureaucratic self-interest of those bodies. While the institutions are passing the buck, young people are being screwed.*

### SOCIAL WORKERS

Joseph Ryant, director of the school of social work in the University of Manitoba, predicts job opportunities for social workers will become increasingly scarce with the spread of government cutbacks. WFP 23/12/78 P. 3.

### TEACHERS

Only one half of graduating teachers in Manitoba last year had found full time employment by November, 1977. Of the 167 graduates, between 30 and 40 were willing to go anywhere to work but still could not find a job. WFP 21/1/78 P. 7.



## SECRETARIES

When the European Spa Fitness Centre in Langley, B.C. advertized for one day in the daily paper that it had three secretarial positions available, 300 applicants appeared. Eighty per cent of these were qualified people presently collecting unemployment insurance benefits. EJ 2/2/78 P. A9

## CHURCHILL FACES JOBLESS "EMERGENCY"

The unemployment rate in Churchill, Manitoba has been called a "state of emergency" by Mayor Les Osland. Three hundred jobs are needed in this community of 1,599 which is now even more threatened by the federal government's plan to close the local pre-fabricated housing plant. WFP 14/2/78 P. 51; EJ 17/2/78 P. C11.

## NOVA SCOTIA

There were 38,000 unemployed in Nova Scotia in January, according to Statistics Canada. This was an increase of 5,000 over December's figure. The provincial government's plans include a \$7.5 million project to create 5,000 jobs in small business, municipal government and resource extraction industries. The Nova Scotia Federation of Labour states it should have been consulted during the formulation of such plans if the government is serious about finding a solution to unemployment. HCH 9/2/78 P. 3; HCH 10/2/78 P. 21; HCH 8/2/78 P.1.

## OTTAWA'S RESPONSE

The federal government has announced several projects aimed at creating jobs for Canadians. A \$150 million temporary job scheme hopes to create 157,000 work-months. With the average job lasting five months, this should give some 26,000 workers short-term employment.

In January, the House passed in one sitting a tax incentive program for business in order to create 50,000 new jobs within the next two years. The Opposition called the project a hoax, stating the temporary nature of the program will only move businesses to take short-term advantage of the tax breaks without really changing employment patterns. WFP 16/2/78 P. 1; WFP 25/1/78 P. 1; OC 27/1/78 P. 21; WFP 27/1/78 P. 4; TS 1/2/78 P. B10.

## FIRST MINISTERS SEE ENERGY PROJECTS AS THE ANSWER

The First Ministers' Conference in February examined long term measures for reaching Ottawa's goal of five per cent unemployment by 1982. The participants reaffirmed their commitment to massive energy development scheme of pipelines, nuclear plants and resource extraction operations to provide one million jobs within the next eight or ten years. It will cost \$100 billion in federal, provincial and private funds. TS 11/2/78 P. C4; EJ 14/2/78 P. 1.

CNSP NOTE: See also *Oil and Gas and Federal/Provincial Relations* in this issue.

## THEY NEED TO STUDY THE EFFECTS OF LAYOFFS?

The federal government plans to establish a committee to study the effects of layoffs. So far, those on the three-person committee include Jack Munroe of the International Woodworkers of America and Charles Perrault, owner of a Montreal-based consulting firm and past president of Quebec Employers' Council. OC 11/2/78 P. 8.

## BUD DOES HIS PART

On January 16, Bud Cullen announced the federal government can and will do more to reduce Unemployment Insurance benefits, thereby removing what he calls a "disincentive to work." EJ 3/2/78 P. 4.

## LABOUR'S RESPONSE

The British Columbia Federation of Labour has outlined its proposals for stimulating the economy and creating jobs. The package includes removing wage controls, reducing income tax, increasing federal Old Age Pensions, and spending \$400 million on a government capital works project and \$500 million on housing and urban transit. The Federation has been trying to contact the unemployed, who are despondent and discouraged by the lack of job prospects.

The Alberta Federation of Labour has criticized the government's planned energy development project, pointing out it will merely provide capital for multinational corporations without creating the secondary industry ensure long-term employment.

OC 13/2/78 p6



# LABOUR

The Manitoba Federation of Labour announced plans for demonstrations, leafletting and meetings to increase public awareness of and opposition to growing unemployment.

EJ 3/2/78 P. A6; EJ 15/2/78 P. B2; WFP 16/2/78 P. 7.

## PUBLIC RESPONSE

Published interviews with people on the street quoted the following suggestions; government make-work projects, lower taxes on industry, wage and price controls, government restrictions on union demands, increased Canadian manufacturing, reduced work weeks, tighter UIC regulations, and more appropriate job training. TS 8/2/78 P. A1.

## WEEKEND POLL

A poll by Weekend magazine showed most people thought unemployment would get worse. Sixty-four per cent thought many of the unemployed didn't want to work, and 63 per cent felt UIC benefits were too generous. The three main causes of unemployment were seen as governments' economic policies, low industrial growth, and people's unwillingness to work.

In contrast with the picture these polls present, the Ottawa Coalition for Full Employment demonstrated at the First Ministers' Conference and held a "counter conference" on unemployment. The group consists of unemployed people, students, labour representative and other citizens. It called for national economic planning, more UIC benefits and an end to government inactivity. It blamed the government for allowing business to create the current unemployment.

(See also Federal/Provincial Relations.)

OC 14/2/78 P. 10; OC 1/2/78 P. 43.

CNSP NOTE: *The responses to the Weekend magazine survey show how widely accepted the various government rationales for unemployment have become. Despite the increasing layoffs and media stories on the real difficulties facing the unemployed, a disturbing number*

*of people continue to believe joblessness could be overcome with greater determination, especially from the "lazy unemployed". This public confusion points out the ever-greater need for Canadian news media that will challenge the government and its business-oriented attitudes, and will propose effective policies for fighting unemployment.*

## UNEMPLOYMENT IN SHAWINIGAN, CHRETIEN'S RIDING

Unemployment in this region is generally between two and three per cent higher than the Quebec average. Since 1972, at least 15 major businesses have closed partially or completely, resulting in over 2,000 lost jobs. This is 25 per cent of the total number of full-time jobs in the region. Here are some of the companies which left, along with the numbers of people laid off: Gulf Oil (955); textile plants (630); Grand Mère shoes (150); Alcan (75). Companies who invested in the 1930's and 40's have not re-invested in those plants. To meet the problem, Finance Minister Jean Chretien has produced "election gifts" like the construction of a 40-unit motel and the designation of a federal park. The latter will provide 1,000 jobs, of which 800 are seasonal. Significantly, the government has not acted to protect the environment, damaged for decades by companies like Alcan, Gulf, CIL, and B.F. Goodrich. From: Zone Libre, Summer '77. (*This is a magazine produced occasionally by former Le Jour journalists.*)

## LAYOFFS

Christie, Brown and Co. Ltd. will close bread-making bakeries in Toronto, Welland and other southern Ontario locations. The closures, scheduled for May, will mean 636 layoffs. WFP 21/1/78 P. 17.

CNSP NOTE: *See also Commerce in this issue.*

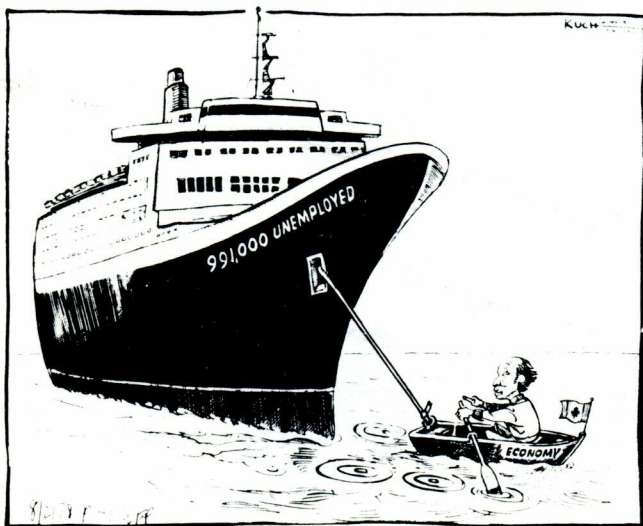
Greb Industries Ltd., of Winnipeg, which laid off 138 of its 275 employees last summer, has announced the closing of its plant in March. WFP 21/1/78 P. 17

Chrysler Canada Ltd. laid off indefinitely 690 workers in Windsor this month, and an additional 900 workers for two weeks. WFP 21/1/78 P. 17; EJ 23/1/78 P. D11; HCH 25/1/78 P.25

International Harvester Ltd. announced it will lay off 450 workers in Hamilton this year. TS 1/2/78 P. D17

Northern Telecom announced the layoffs of 280 before March 1 in its two Montreal plants. EJ 9/2/78 P. D3; OC 3/2/78 P.35

Ninety per cent of the 130 workers in the North Bay John-Manville plant scheduled to be closed have voted to contribute \$1,000 each in an attempt to buy the plant. EJ 31/1/78 P. A10.



In Ste. Therese, Quebec, British carpet manufacturer Blackwood Morton closed its plant, eliminating 100 jobs. GM 31/1/78 P. B5

Hawker Siddeley Canada Ltd. of the Halifax Shipyards had 1,300 employees only one and a half years ago. In February, it announced 87 layoffs to add to the elimination of 900 jobs last fall. HCH 8/2/78 P. 5; HCH 15/2/78 P. 1.

## LABOUR NEEDS MORE MUSCLE AT THE NATIONAL LEVEL: MORRIS

The Canadian Labour Congress (CLC) must gain more strength in the future from its affiliates in order to become a recognizable national force, says CLC president Joe Morris. In an address to 700 Alberta Federation of Labour (AFL) delegates, Morris stated that the CLC has never had the central power necessary to have an impact on government, and therefore the government has never felt it necessary to respond to labour's demands. EJ 21/2/78 p.B2

## ALBERTA LABOUR VOTES AGAINST TRI-PARTISM

The AFL has broken ranks with its parent body, the Canadian Labour Congress by voting not to support tri-partism. About 500 delegates attending the federation's annual convention in Edmonton narrowly voted in favour of a Canadian Union of Public Employees (CUPE) resolution opposing tri-partism. The Alberta breakaway follows a growing movement in labour federations across Canada to denounce the CLC's efforts to cooperation with labour, business and government. The Alberta federation stand will now be the official position for labour delegates from Alberta when the CLC holds its convention April 3-7 in Quebec City. EJ 21/2/78 p.B2, Doug McConachie

## CLC SEEKS ROLE IN WORLD TRADE TALKS

The 2.3-million-member CLC has asked the federal government to give the labour movement a role in international trade talks. Business leaders have also asked to be consulted on the position Canada is taking in Geneva on the General Agreement on Tariffs and Trade (GATT).

Labour and business leaders fear some domestic industries will be harmed by a decision at the current round of GATT negotiations to boost trade by reducing tariffs. If Canadian-made goods were unable to compete with lower-priced imported products, domestic industries would have to cut their operations and Canadian more workers would be unemployed. Labour Minister John Munro said the federal government would welcome labour's participation. WFP 2/2/78 p.12; EJ 2/2/78 p.A7 CP

## UNIONIST ASKS LABOUR PEACE

The Canadian director of the United Steelworkers has appealed to his members to help Canada move out of

labour-management confrontation by finding new ways to deal with industrial conflict. Gerald Docquier received strong applause at a Steelworkers' Ontario conference when he publicly supported plans by Joe Morris, CLC president, for joint economic planning by labour, management and government.

Docquier also called for worker participation in decision-making at every level, from having a say in plant modernization plans up to advising the government on economic policy.

TS 3/2/78 P. A3; EJ 3/2/78 P. A7 CP

## STEELWORKERS SEEK JOB DEMOCRACY

The Ontario division the the United Steelworkers has become the first major union in Canada to adopt concepts of industrial democracy. It passed a policy calling for negotiation with employers over ways to make work more satisfying and give employees influence in all decisions that affect their jobs.

This action differs from the decision of Canadian Paperworkers' Union members who, last November, told their president to stop talking about industrial democracy with the paper companies because they feared the companies could not be trusted.

However, the Steelworkers' statement did acknowledge that company-sponsored schemes to promote work satisfaction could become another instrument of manipulation. TS 3/2/78 P. A1

## WAGE HIKES LOWER IN 1977

Canadian collective labour agreements reached during the fourth quarter of 1977 provided average annual wage increases of seven per cent, down from 7.4 per cent in the third quarter. For 1977 as a whole, the average annual increase was 7.7 per cent in 567 wage settlements, down from 10.2 per cent in 634 settlements in 1976. HCH 8/2/78 P. 26 CDJ

## CLC TO FIGHT ANY MOVE TO LINK TWO SECTORS' PAY

The Canadian Labour Congress has indicated it will fight any move by governments to establish any automatic formulas for tying wages and other compensation for public servants to pay and fringe benefits in the private sector. In an open letter to Prime Minister Trudeau, CLC president Joe Morris pointed out governments have adopted a "double standard in labour relations with one set of rules for the private sector and another far more restrictive set of rules for public employees." Morris says any comparability formula which tied public sector wages to those in the private sector "would spell the end of collective bargaining for public employees." He also expressed the suspicion that if wages were controlled in the public sector, it would only be a matter of time before controls are again extended to the private sector.

GM 18/2/78 P. 10; EJ 15/2/78 P. A12, CP, Wilfred List

# LABOUR



## WORKERS' STRUGGLES

### SORWUC TRIES NEW APPROACH TO BANKS

The Service, Office, and Retail Workers Union of Canada (SORWUC) voted this month to end the practice of applying for union certification at individual bank branches. Instead, it will seek certification for all employees of a particular bank within the province. The province would then become the bargaining unit rather than the branch. Union spokesman Linda Read says, "This way banks will have a harder time intimidating people because everyone will be more anonymous." The employer will not know who has joined the union, or how many have joined or which branches the numbers are in. The bank employees can join individually, without the majority of eligible employees in the branch joining.

HCH 1/78 P. 11 CP; SORWUC Information Bulletin

### BC TEL. WORKERS END STRIKE

Members of the Telecommunications Workers Union at B.C. Telephone Co. have ratified a three-year contract which calls for annual wage increases of six per cent, four per cent and six per cent. Over 91 per cent of the union members voted in favour of accepting the pact, ending a strike which began last November. GM 14/2/78 P B6 CP

*CNSP NOTE: Press coverage of the settlement of the B.C. dispute was very poor. The three articles which dealt with it all were very short and mentioned only the wage settlements. They said nothing about what agreement was reached regarding any contracting out clause, which was the major grievance leading to the Strike/Lockout. See Synthesis Vol. 6, no. 1 for a fuller description of this bitter dispute.*

### NURSING HOME STRIKES FINED FOR CONTEMPT OF COURT

Last month, we saw an escalation in the picketing by the Canadian Union of Public Employees (CUPE) against the Parkland Nursing Home in Edmonton. The company filed contempt of court charges against the workers for defying a court order limiting the number of

picketers to six at a time. This month 15 nursing home strikers as well as four CUPE officials appeared in court. Five of the members were fined a total of \$1,150 after being found guilty of contempt, while 13 others were found not guilty.

Mr. Justice Cavanagh, in sentencing, said, "I sympathize with you in your struggle, but you cannot do it this way." He said the union has every legal right to fight what it considers an unjust injunction through legal means.

Representatives of CUPE, in a prepared statement said their union had taken every legal step possible to effect a settlement with Parkland. "For 1½ years the employees of Parkland have religiously followed the procedure established by law in an attempt to conclude a fair and just settlement. During this time the workers have until recently been receiving \$20 to \$30 a week in strike pay...Yet the response has been a concerted effort to break the union to starve out the workers. (The injunction has) assisted the employer in evading its collective bargaining responsibilities. Only by focusing public attention on the plight of the strikers would it be possible to bring pressure to bear on the employer to end its attempts to destroy a group of workers."

The company is now seeking a court order voiding the original restrictions of six picketers and barring all picketing completely. EJ 3/2/78 P. B4 -Dick Schuler; EJ 17.2.78 P. B1 Doug McConachie

*CNSP NOTE: See Synthesis Vol. 6, No. 1, page 14 for background information on the strike*

### SINGLE BARGAINING UNIT FOR B.C. CONSTRUCTION INDUSTRY

The British Columbia Labour Relations Board has ordered the province's 17 construction unions into a single unit for the purposes of collective bargaining. This multi-trade bargaining structure means that future strike and contract ratification votes must be based on a majority verdict of all tradespeople working for the Construction Labour Relations Association (CLRA), which represents 850 contractors in B.C. This eliminates the possibility of a strike by any one union shutting down much of the construction industry. The ruling applies to



institutional, industrial and commercial projects but not to roadbuilding, pipelines, hydro engineering and residential construction.

The employer bargaining agency CLRA has favoured the plan, but there has been opposition from electrical workers, plumbers, cement masons, boilermakers, labourers and heat and frost insulators. The unions are now expected to voluntarily establish a joint council of the building trades.

Collective bargaining laws in the Ontario construction industry are also undergoing fundamental change. There, local-by-local bargaining will give way to province-wide negotiations by each trade. The unions in Ontario are strongly opposed to the type of multi-trade bargaining imposed by law in British Columbia. GM 17/2/78 P. B9; GM 23/2/78 P. 7, Wilfred List

## QUEBEC LABOUR

### THE ROBIN HOOD CASE

The Confederation of National Trade Unions (CSN) reacted vigorously to the jury verdict dismissing the trials of the two guards charged in last July's shooting of striking workers. The central has asked for a new trial, citing the fact that Judge Paul Reeves who heard the case was for fourteen years a manager and shareholder in a security agency called Reeves Security. (A different company held the Robin Hood contract.) The central refrained from overtly charging conflict of interest.

LD 10/2/ P. 1

### MONTREAL POLICE CONTRACT SETTLED

Montreal police voted overwhelmingly to accept the conciliator's report calling for a modified four day week. GM 17/2/78 P. 39; LD 17/2/78

### 500 OCCASIONAL STAFF UNIONIZED AT UQAM

In precedent-setting accreditation, five hundred part-time workers have won the right to form a local of the CSN. At the University of Quebec at Montreal such teachers equal the number of full time professors. Lacking job security and other benefits won by full time workers, these teachers will attempt to gain a contract containing some of these guarantees. LD 21/2/78 P. 26

## NATIVE PEOPLE

### LIARD HIGHWAY - WHOSE CONTROL?

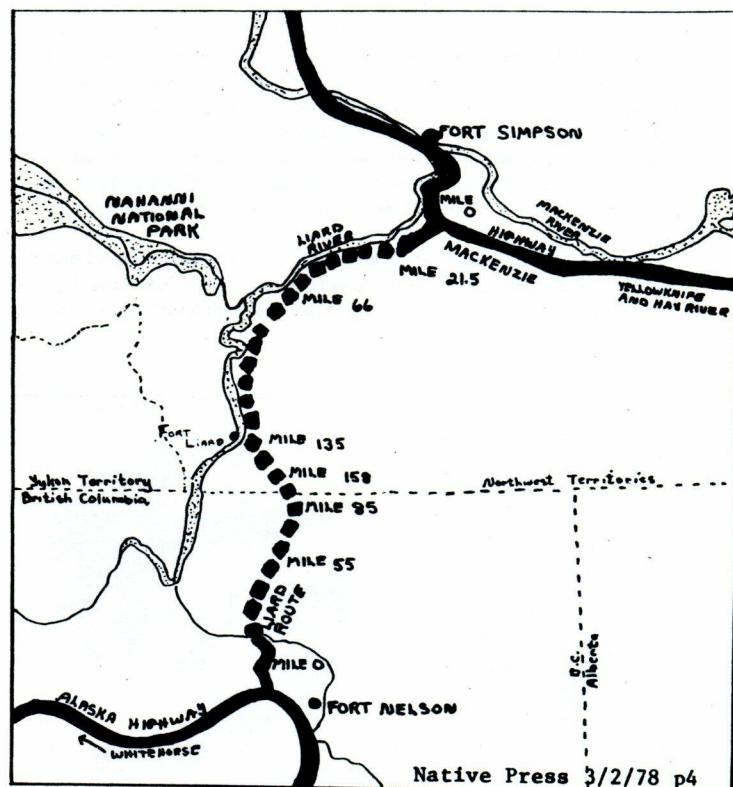
The Federal Government has approved the \$40 million Liard Highway, which will run 252 kilometers south of Fort Simpson NWT to the British Columbia border.

The Dene and Metis of six communities in the area have made a submission to Hugh Faulkner, asking for an agreement to give them control over planning, construction, and maintenance of the highway. They said that only through control "can we as Native people be assured that a highway will be beneficial to us once it's built."

In their presentation they also stated that "You must remember that land claims have not been settled and we see the construction of the Liard Highway as a major project, like a pipeline, which will affect our land and our lives if we don't have certain agreements beforehand."

Faulkner has responded that it is unreasonable to delay development until claims are settled because too many people need the jobs the project would create.

The question of who will have control is yet to be decided. So far, Native people have been allotted a \$3.5 million contract. The rest of the work would be split into small sections to give northern businesses an advantage in tendering, according to Ewan Cotterill, Faulkner's assistant deputy minister. EJ 23/1/78 P. F7; MS 23/1/78 P. A9; Native Press 3/2/78 P. 4



### LIARD HIGHWAY LEGEND

CONSTRUCTED APPROVED

SCALE: KM 24 0 48KM

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# LABOUR

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## MANITOBA NORTHERN FLOOD AGREEMENT FINALIZED

The controversial Manitoba Northern Flood Agreement, compensating five northern Manitoba Indian bands for damage to their communities by Manitoba Hydro's Churchill River diversion and Lake Winnipeg regulation, was signed in December.

The agreement, which has been under negotiation for three years was signed by the Manitoba government, the federal government, Manitoba Hydro, and the Northern Flood Committee which represents the Indian bands.

Under the terms of the agreement, the bands will have control of a \$5 million economic development fund, established with \$1.8 million from Hydro, and \$1.6 million from each of the federal and provincial governments over a four year period. In addition, the bands will be given four acres of land for each acre of land affected by the diversion.

The signing of the agreement brings to a close, at least officially, the bitter ten year struggle between Manitoba Hydro and the Manitoba government anxious to get on with the massive hydro-electric scheme, and the Cree Indians, who felt that the flooding of their lands seriously jeopardized their treaty rights.

WFP 16/12/77 P. 1; WFP 17/12/77 P. 7; Project North Newsletter, Vol. 1, No. 13, Jan. 78

## METIS VOTE FOR 'PROVISIONAL GOVERNMENT'

More than 100 delegates attending a joint conference of the Manitoba and Saskatchewan Metis federations voted to "re-establish the provisional government" which they claim was recognized by Prime Minister John A. Macdonald in 1869. They want it to be "a mechanism" by which the two federations can start joint negotiations with the federal and provincial governments over settlement of their aboriginal rights.

John Morrisseau, president of the Manitoba federation, said research has indicated that Macdonald did recognize the Metis provisional government but short-

ly afterwards disregarded it. "After all the years of hassle and run around," Morrisseau said, "we've come to the conclusion we've got to go back to square one and re-establish the provisional government. Then we can start negotiations." WFP 28/1/78 P. 7; WFP 30/1/78

CNSP NOTE: *Shortly after Confederation the Canadian government proposed to buy the western territory from the Hudson's Bay Company and bring it under the federal jurisdiction. The majority who inhabited this land were the Metis, who called their territory Assiniboia.*

*In the fall of 1869 the Hudson's Bay Company gave up control over Rupert's Land. The Canadian government, however had to wait for the Queen to grant them authority over the territory. In the absence of any legal government in Assiniboia, Louis Riel, leader of the Metis, declared a provisional government. That he was within his rights, even John A. had to admit. Riel's provisional government kept peace in the region for four months. However, because of an outbreak of violence spurred on by a group of Orangemen, their negotiating position was weakened. The district of Assiniboia, renamed Manitoba, became a province in 1870. (Taken from - Of dust and time and dreams and agonies by Pat Bird).*

## INDIAN WOMEN APPEAL TO U.N. RIGHTS COMMITTEE

Both the New Brunswick Human Rights Commission and The Native Women's Association of Nova Scotia have appealed to the United Nations international committee on human rights for help on behalf of Indian women who have lost their status as wards of the federal government. Under the present law, an Indian woman who marries a non-Indian loses her Indian status.

The complaints filed point out that the Indian Act violates the civil and political rights of native women and that all avenues of redress in Canada have been exhausted. (See Synthesis Vol. 5, No. 8, October, 1977).

EJ 26/1/78 P. A9; HCH 9/2/78 P. 36

## FEDERAL GOVERNMENT

**INTRODUCTION:** *The departure of Francis Fox as Canada's sixth Solicitor-General spawned hundreds of articles this month in the true spirit of press sensationalism. There was much sympathy expressed for Fox, who was seen as a victim of poor judgement, but there was little analysis of his sixteen-month tenure. In his post, Fox made no attempt to sensitize the Canadian people to the very real issues of civil liberties which were (and are) at stake in the continuing revelations about the RCMP. Instead, Fox chose to defend and to explain away, to hide behind the judicial robes of an inquiry (the Macdonald Commission) which will probably neither report nor even question until long after the immediate political crisis has passed. Fox's position was filled by Postmaster-General J.J. Blais, whom the Ottawa Citizen called "an accomplished stonewaller."*

*Prime Minister Trudeau stoked the election fire during the Liberal convention in Ottawa this month, what he termed the "last great party gathering before an election--whenever it comes."*

## EXIT FOX

Francis Fox shocked the House of Commons on January 30 by resigning from his Cabinet position as Solicitor-General. He admitted to forging on an application for a therapeutic abortion the name of the husband of a woman with whom he had "a brief liason." He passed an RCMP security check and entered the Cabinet without telling the police or Prime Minister Trudeau of his action.

Trudeau later announced he had learned of the affair from a private citizen and that there was no threat or blackmail involved.

Under the Criminal Code, forgery carries a maximum jail term of fourteen years. Fox made a statement to Ontario justice officials after his resignation, and on February 23, Ontario Attorney-General Roy McMurtry announced charges would not be laid.

OC 31/1/78 Pp 1,7,9; WFP 31/1/78 P. 1; GM 31/1/78 P. 8  
TS 31/1/78 P. A13; MS 3/2/78 P. A7; TS 1/2/78 P. A1;  
WFP 2/2/78 P. 1; WFP 1/2/78 P. 1; MS 3/2/78 P. A7;  
FTC 6/2/78 P. 2.

**CNSP NOTE:** *Fox's resignation is the latest in a series of oversights and indiscretions that have embarrassed the Liberal government since the 1974 election. Bud Drury's attempt to make a deal with a Quebec judge in 1976, Andre Ouellet's contempt of court conviction, revelations of lawbreaking by the RCMP, questionable payments by the Crown-owned Atomic Energy of Canada Ltd. and Polysar, and alleged influence-peddling by Senator Louis Giguere in the "Sky Shops" affair have all rocked Trudeau's government.*

*Some important questions are raised with the departure of Trudeau's fourth Solicitor-General. The episode came to light several years after it took place and some sixteen months after Fox became Solicitor-General. Under Commons rules a former Minister cannot be questioned about his previous portfolios. In this, an election year, there are now three former Solicitors-General sitting in the House. Goyer, Allmand and Fox do not have to answer questions about the activities of the RCMP during their respective tenures.*

*Fox's announcement also prompted immediate suspicion that the RCMP had engineered the disclosure, although there is no evidence the force played any part in this episode.*

## ENTER BLAIS

Trudeau announced the appointment of Jean-Jacques Blais to the Solicitor-General's portfolio following Fox's resignation. The new Minister faces the RCMP scandal with three separate inquiries now investigating the force, and continuing strife in the prison system. He is responsible for the Canadian Penitentiaries Service, the National Parole Board, and the RCMP.

Blais, who entered the Cabinet with Fox sixteen months ago as Postmaster-General, has been replaced in that job by Gilles Lamontagne, who had been in the Cabinet for only two weeks.

Blais' first move as Solicitor-General was to pledge to push ahead with legislation to allow the RCMP to open and read private mail. Less than three months ago, as Postmaster-General, he disclaimed all responsibility for the force's actions during a House of Commons grilling over illegal mail openings, and he denied the police intercepted mail.

Only two days after taking office, Blais informed the House he would not assume responsibility for the statements of former Solicitors-General regarding the



"Let me take you away from all this!"

# POLITICAL

RCMP, and he refused to answer questions about the police either. After the Opposition protested, he had to back down. Trudeau then announced Cabinet Ministers can in fact be held responsible for the activities of their predecessors, but they cannot comment on evidence placed before a royal commission.

MS 1/2/78 P. A7; TS 2/2/78 P. A1; OC 3/2/78 P. 6;  
MS 3/2/78 P. A9; TS 3/2/78 P. A2; TS 4/2/78 P. A2;  
EJ 7/2/78 P. E18; TS 7/2/78 P. A6; MS 9/2/78 P. A8

## WHAT RADICAL MIDDLE?

Three thousand Liberal Party delegates descended on Ottawa February 24 to 26 in what was billed as a policy session, although most observers thought it was carefully orchestrated to give the party valuable pre-election publicity. Delegates submitted 775 resolutions for consideration at various workshops and plenary sessions. Resolutions passed at conventions are not binding on the government.

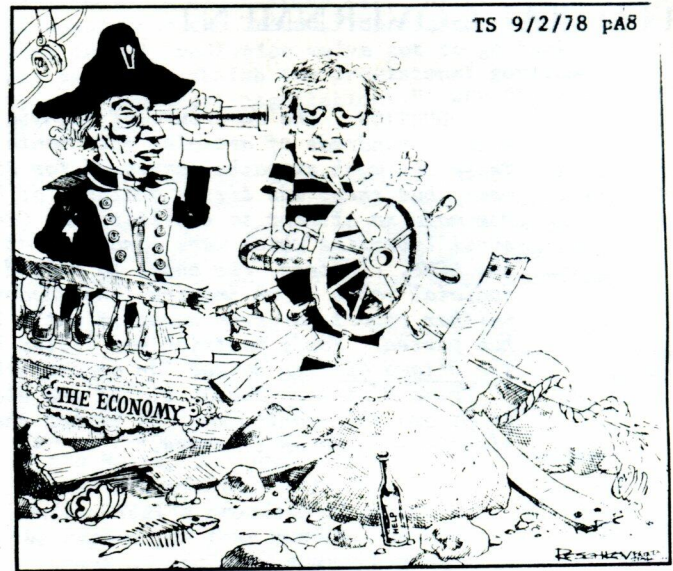
The creation of jobs with "decent working conditions and decent wages" was a leading priority among the delegates. Reaffirming their touching faith that big business will do the job, they passed resolutions favouring greater freedom for private enterprise and tighter government spending.

Trudeau defended a decade in power in an "accountability session" by insisting that Canada is not a "sick country in a healthy world... (but a) healthy country in a difficult world." To those who charge his political fight with Levesque is too personal, he replied that every Canadian should take personally a threat to his country.

In the convention's closing address Trudeau assured the delegates that while the private sector is to be the main engine of the economy, Liberals are still true to the "tradition of social justice." He said this would guarantee an equitable share-the-wealth program that keeps the party squarely at the "extreme centre." (?)

TS 24/2/78 P. A6; GM 25/2/78 P. 1; MS 25/2/78 P. A1;  
TS 26/2/78 P. A1; TS 27/2/78 P. A1; TS 27/2/78 P. A12

CNSP NOTE: *Val Sears of the Sunday Star (Toronto) mused that the election will not be fought on the economy or policy or national unity, but on the issue of leadership. Trudeau told the delegates they belonged to the most successful political party in the history of modern democracy, and the press speculated the delegates had come to Ottawa to hear just those words. Leadership indeed!*



## FEDERAL-PROVINCIAL RELATIONS

### FIRST MINISTERS' CONFERENCE

The preparations for this conference included personal visits by Prime Minister Trudeau to each provincial capital, where he gave each Premier a gloomy picture of the economy and then listened to what they had to say. This approach in itself seemed to raise hopes for the conference and what could be done.

Full participation by each province seemed assured as each Premier assumed responsibility for leading the discussion in areas of particular interest to him. For example, the Ontario Premier led the discussion about commercial policy, Quebec in labour relations, Saskatchewan in energy, Alberta in agriculture and British Columbia in the area of public sector restraint. The provinces were consulted about the agenda and about the content of the economic document which was to form the centrepiece for discussion on medium-term projections for the economy.

The conference opened with each of the 11 leaders making a speech on general economic questions, including issues of particular interest to him. After that came two days of debate, with each Premier leading off on the topic he had chosen.

Basically, the solutions proposed to the serious economic difficulties of the nation were such right-wing ideas as cuts in government spending, short-term job-creation projects, and incentives to restore private sector confidence and investment. Allan Blakeney, the New Democratic Premier of Saskatchewan, voiced dissent to these general principles. He said governments had a positive contribution to make to the country's recovery: "Sometimes alone, sometimes in partnership with the private sector, sometimes as an applauding spectator." He called for income tax cuts for individuals instead of the incentives to business



favoured by the other provinces. He said, "Better to put money into the hands of consumers who will spend it than to give it to corporations who won't." With existing factories running at 70 per cent capacity, he asserted, it would take more than a tax break to persuade private business to build new plants.

The Atlantic Provinces joined Blakeney in pressing for energy development projects. Instead of investing in short-term measures like Canada Works, they urged the federal government to help provide the capital investment required to expand the east coast fishing, oil and gas industries and hydro-electric development.

Faced with strong provincial opposition, Prime Minister Trudeau was forced to water down his plans for an agency to follow the Anti-Inflation Board in monitoring future wage and price changes. But the provinces did agree on a federal-provincial task force to examine government regulations on private industry. They also agreed to establish a joint task force of finance and energy officials to fully examine and resolve the problem of sharing income tax and royalty revenues in the mining industry.

Specific projects agreed on were:

- construction of a \$2.6 billion hydro-electric development at Gull Island, Newfoundland;
- a \$750 million heavy oil processing plant in north-west Saskatchewan;
- expansion in grain-handling facilities at Prince Rupert, B.C.;
- incentives for the auto industry to invest in new plants and equipment;
- development of tidal power at Fundy Bay, if feasible;
- expanded investment in railway modernization and re-tracking across the country.

While the conference ended with a 14-page communique on economic objectives and priorities, no agreement on any actual solutions for the economy was reached. The leaders instead opted to meet in November to deal with specific proposals they hope "will be developed by then."

OC 11/2/78 P. 14, John Gray; OC 14/2/78 P. 8 John Gray; OC 14/2/78 Don McGillivray; OC 14/2/78 P. 9 Bill Fox; WFP 16/2/78 P. 1, David Lee; TS 16/2/78 P. A1, CP; TS 16/2/78 P. A1, Rosemary Speirs; HCH 15/2/78 P. 8.

CNSP NOTE: *It has been said that the conference was designed to avoid constitutional questions. And not only Rene Levesque laid the charge that the conference was "essentially a pre-election extravaganza." In the wake of the failure of wage and price controls and "multipartism" the conference seems to be Ottawa's answer to public worry about the economy. It seems Trudeau has finally recognized economic problems are at least as important to the nation as the national unity question. At this conference he was able to show before the TV cameras that serious efforts were being made to solve economic problems.*

## COUNTER-CONFERENCE ATTACKS UNEMPLOYMENT POLICIES

John Rodriguez, the NDP M.P. whose Nickel Belt riding includes INCO's Sudbury operations, opened a counter-conference on employment. This conference began on the day INCO's layoff of 2,800 workers went into effect. The Coalition for Full Employment scheduled the

conference to co-incide with the First Ministers' Conference and to review the problem of unemployment. Coalition demonstrators earlier marched outside the Conference Centre where the first ministers were meeting, and criticized as half-hearted the make-work programs initiated by the governments. OC 13/2/78 P. 29, Kit Collins.

CNSP NOTE: *While the First Ministers' Conference received front-page coverage in many papers, the counter-conference was pushed back to page 29.*

## MEETING OF FINANCE MINISTERS

Under the shadow of a 9.5 per cent inflation rate and an 8.5 per cent unemployment rate, the country's 11 Finance Ministers met to discuss mid-term plans. Jean Chretien, the federal minister, said his targets were an inflation rate of 3.5 per cent in 1982 and five per cent unemployment.

Quebec's Jacques Parizeau found the whole exercise in "mid-term futurism rather vague and academic." He instead wanted to talk about specific policies to get the unemployed back to work. He suggested federal-provincial co-operation on public housing and urban transit projects.

Ontario's Darcy McKeough seemed the most blandly complacent of all. He said he heard nothing to convince him that the Ontario economy needed general stimulus. He is still aiming at a balanced budget by 1981.

The provinces rejected the federal government's proposal for a wage and price monitoring agency, but all agreed that governments had to take a smaller share of the national wealth so that the private sector could control more. MS 30/1/78 P. A6, ed; OC 2/2/78 P. 6, ed; OC 27/1/78 P. 23, D. McGillivray.

## MEETING OF INDUSTRY MINISTERS

The federal and provincial industry ministers have agreed to give top priority to protecting manufacturing jobs and to considering limiting some social benefits. Background papers released by federal Minister of Industry, Trade and Commerce Jack Horner stated manufacturing industries are declining, cutting jobs. He said Quebec's manufacturing sector, which lost more than 30,000 jobs in the preceding two-year period, has the poorest outlook. Manufacturing strength, he said, will shift to the west, notably to Alberta and B.C. OC 31/1/78 P. 29, CP.

## \$55-MILLION PLAN FOR NORTH

Alberta and the federal government have signed a five-year, \$55-million joint development program aimed at upgrading remote northern facilities and stimulating development. The first two programs are a \$2.3-million sewage collection and treatment installation for Fort Vermilion and a \$1.7-million water-gathering, storage and treatment system for the nearby community of Crete. EJ 9/2/78 P. D1, Peter Brewster.

# POLITICAL

## POLICE

**INTRODUCTION:** *The trend toward increased police power for mail openings, buggings and espionage activities is moving with frightening speed and intensity. Increased powers are given though evidence shows these powers rarely result in increased prosecutions or even the seizure of wanted information. The public generally supports this added power, and MP's, in turn, grasp every opportunity to praise the RCMP's "good work." This month, the federal government finally closed down the Keable inquiry, while the McDonald Royal Commission plods on. Fortunately, some press, civil liberties groups, MP's and people's movements are fighting the growing move toward increased police control.*

### BLAIS INTRODUCES BILL TO LEGALIZE MAIL OPENINGS

The new Solicitor-General, Jean-Jacques Blais, introduced a bill permitting the RCMP to open private mail with judicial approval when there is reason to believe it may contain illegal drugs or a threat to national security. HCH 8/2/78 P. 3

The McDonald Royal Commission will begin work on whether the RCMP should have power to open first class mail. Prime Minister Trudeau says he would be "extraordinarily surprised" if the McDonald inquiry finds the RCMP does not need legal power to open the mail. EJ 10/2/78 P. A3; MS 11/2/78 P. A9.

Allan Borovoy, president of the Canadian Civil Liberties Association, criticized the government's double standard in letting the allegations of the RCMP mail-opening during the last 40 years get tied up in the McDonald Royal Commission while giving "retroactive Legitimacy" to the mail-opening through the new bill. WFP 10/2/78 P. 8

### POST OFFICE INVESTIGATION HALTED

The Post Office security chief says he was ordered to limit his investigation of illegal mail openings to avoid "union repercussions." Deputy Postmaster-General J.C. Corkery, and "possibly" former Postmaster-General Blais ordered that postmasters and line managers should not be questioned about RCMP requests for help in monitoring mail. TS 10/2/78 P. A2

### MAIL OPENINGS UNNECESSARY

RCMP Staff Sargeant James Pollock told the McDonald Commission two illegal mail openings gave no information needed to arrest a suspected Japanese Red Army member. Government spokesmen, including Prime Minister Trudeau, used the arrest as an example of criminal and national security cases for which the Mounties should have the power to open mail. Former Solicitor-General Fox told the Commons that mail openings enabled the RCMP to identify the "terrorist," arrest and deport him. Pollock said the man had been under constant surveillance for almost a week before his arrest. The mail openings did not help in any way. Trudeau questioned the truth of Pollock's testimony, even though he did not read the report. The McDonald Commission will deal with the information, and decide on

disciplinary action for Pollock. Opposition MP's criticized Trudeau for introducing a mail-opening bill before the Commission completes its findings. GM 2/2/78 P. 54; WFP 2/2/78 P. B ; OC 2/2/78 P. 18 CP WFP 7/2/78 P. 2 CP.

**CNSP NOTE:** *Generally, both letters to the editor and editorial opinion questioned the legalization of mail openings. The Toronto Star's George Bain pointed out the government's contradictory behaviour in its handling of the affair. Trudeau's government rejected the suggestion of a royal commission in 1969 to legalize mail opening. Now, using the arrest and deportation of a Japanese "terrorist" as a prime example of the need for legal mail interception, despite evidence contradicting this "need", the government is rushing to change the law.*

*A letter to the Edmonton Journal raised the important question of civil rights. The letter expressed concern over Canadian naivete that police will stop at opening mail in suspected drug cases. The letter suggests that once the police receive the power they will use it against critics of the government when the political climate worsens. A Globe and Mail editorial criticized the use of the terms "subversive" and "in the interest of national security". These definitions change day by day, and in these times of growing conservatism and tightened controls, views opposing the government will be considered "subversive." EJ 9/2/78 P. A5; GM 9/2/78 P. 6.*

### 600 BUGGED: "SUBVERSIVES" AND MP'S

The Solicitor-General's annual report to Parliament says about 600 wiretap authorizations a year result in a high rate of arrests, between 2.5 and three persons per wiretap. However, Neil Orived, a Toronto lawyer says the 1974 federal Protection of Privacy Act, which gave judges the authority to grant wiretap warrants, has actually produced a negligible number of prosecutions.

Conservative MP Elmer MacKay says an American police informer recorded some conversations of former Solicitor-General Allmand and NDP MP John Rodriguez. He claims the informer was working for the RCMP. The conversations were about the fight of Roosevelt Douglas, a militant black Dominican, against deportation. Trudeau maintains no MP has been bugged by the RCMP while has been Prime Minister. Solicitor-General

Blais has ordered an RCMP investigation into the allegations. EJ 11/2/78 P. A7; GM 13/2/78 P. 9; TS 23/2/78 P. A2; GM 24/2/78 P. 1.

## RAIDS ON PQ PRODUCED NO EVIDENCE

John Starnes, former head of the RCMP Security Service, told the Keable inquiry at least six countries had spies operating in the Montreal area in the early 1970's. He cited fear of infiltration into the Quebec separatist movement as a reason for authorizing the police raid to steal Parti Quebecois membership and financial information. Starnes acknowledged the RCMP had hoped to discover information about the Parizeau Network of PQ sympathizers in the federal civil service. Starnes said he had hoped the raid would find evidence of foreign financing of the Pequistes, and uncover names of former Front du Liberation de Quebec members. He said the raid did not produce any of the evidence the RCMP had sought. EJ 3/2/78 P. A8; TS 3/2/78 P. A11.

## KEABLE SHUT DOWN, WILL FIGHT

The federal government won an order from the Quebec Court of Appeal stopping all proceedings of the province's Keable inquiry into police wrongdoing. The Court ruled the inquiry overstepped its constitutional power as a provincial commission in seeking to force a federal Solicitor-General (at the time, Fox) to turn over secret files of the RCMP. The Quebec government will contest the order in the Supreme Court of Canada. MS 22/2/78 P. A1; GM 22/2/78 P. 1.

CNSP NOTE: *The federal government used a legal technicality to shut down an inquiry that was becoming an increasing embarrassment. The timing of the shut-down cancelled the appearance of former Solicitor-General Jean-Pierre Goyer. Earlier in the month, Keable ordered Jean-Jacques Blais to appear before the inquiry unless he handed over RCMP documents on the Parti Quebecois. Blais did not respond to the*

*subpoena. Keable has worked far more vigourously than the slow, apparently non-committal federal McDonald commission. It is interesting that in June, when Conservative MP MacKay asked for a federal inquiry, then Solicitor-General, Fox, said the Keable inquiry was sufficient. The impending federal election may make Keable's attempts to find complicity between the RCMP and the government too hot to approach. A shut-down can only benefit the Liberals, who are in power. TS 23/2/78 P. A8, George Bain.*

## SOVIETS EXPELLED, RCMP LAUDED

External Affairs Minister Don Jamieson announced the expulsion of 11 Soviet nationals from Canada for "engaging in inadmissible activities in violation of the Official Secrets Act." Jamieson said there is evidence attempts were made to recruit a member of the RCMP in order to infiltrate the Security Service. Nine of those expelled were working for the Soviet embassy in Canada. The RCMP officer involved complied with the Soviets, on instruction from the RCMP, and gave carefully screened, non-sensitive information. Jamieson later cancelled a planned March visit to the Soviet Union.

In response, Prime Minister Trudeau has given the RCMP Security Service approval to intensify its drive against foreign espionage agents in Canada. Counter-espionage activities have already been increased in recent months. The Prime Minister's Office has encouraged the S.S. to ask for more funds and assistance when needed. In the House of Commons, MP's praised the RCMP for their work. TS 10/2/78 P. A1; EJ 13/2/78 P. A8; EJ 11/2/78 P. A1; TS 10/2/78 P. A1.

CNSP NOTE: *The headlines were large, and praise for the RCMP flowed. It is hard to understand why Soviet agents would trust on RCMP officer since it is natural to assume an officer would report a recruiting attempt to his superiors. Despite the apparent naivete of the Soviets and the routine reporting of the RCMP officer, the story resulted in praise and more investigative powers for the police.*

## HEALTH

INTRODUCTION: *The health industry has grown rapidly in the past 20 years, with the result that health-related industries have become among the wealthiest and most powerful multinational corporations in the world. The companies produce pharmaceuticals, hospital equipment, infant foods, etc. Because of the dominance of these companies, health needs have become commodities demanding new technology, pills, surgery, and hospitals. The companies have an interest in hiding the economic causes of our health problems--industrial diseases, pollution, poverty--because they do not want their profit-making base threatened. Governments try to mediate between the rising demand of these companies for profit and the rising expectation of the public for health care. To this end, they establish such plans as the Ontario Hospital Insurance Plan. These prevent large-scale dissatisfaction with the health care system.*

*We have a curative (as opposed to preventative), urban, hospital-centred health system. In 1975, the Ontario government allocated 53 per cent of its health budget to hospital plants, equipment and wages; 25 per cent to health insurance payments; seven per cent to mental health services; six per cent to nursing homes; and two per cent to preventative public health.*

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# POLITICAL

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*Doctors serve a managers in this medical-industrial system. They have a great deal of power to decide who will deliver what health services to whom. With this huge, expensive and powerful health care system, alternative models such as patient-citizen directed clinics, have great difficulty getting off the ground.*

## NEW HEALTH CENTRES OPEN

After seven years of struggle, the French-speaking residents of St. Henri in east Montreal have a 240-bed community health care centre. It has a broad concept of community needs: a home for the aged and chronically ill, health education, check-ups, and preventative measures.

A community health centre will be built in Fort Smith, N.W.T., to replace the privately-owned St. Ann's General Hospital.

MS 14/11/77 P. A3; EJ 18/11/77 P. B11.

## OHIP PREMIUMS PAY 25% OF HEALTH COSTS

The total health ministry budget for Ontario was \$3.44 billion in 1976. O.H.I.P. premiums covered less than 25 per cent of this. \$1.4 billion came from the federal government and \$23 million in other revenues. The deficit was improved by \$1.208 billion from the year before. The average number of medical claims was 6.38 per person, costing \$14.85 each. The plan covers 6.8 million people under the family plan and 1.5 million individual subscribers. TS 17/11/77 P. E12.

## U.S. COMPANY TO INTERVIEW OVER 200 DOCTORS

National Medical Enterprises (NME) of Los Angeles interviewed doctors wanting to leave Montreal and Tor-

onto. The management company owns hospitals and convalescent homes. It also owns a construction company, leases health care equipment and provides planning expertise to other companies. It made a \$6.89 million profit in 1977.

The Stanley H. Kaplan Educational Centre of Toronto is the first Canadian branch of a U.S. firm which facilitates U.S. licensing examinations for Canadian doctors who wish to move south of the border.

GM 18/11/77 P. 3.

## CLINICAL ENGINEERS NEEDED IN HOSPITALS

Canadian hospitals are now installing roughly \$400 million worth of equipment annually compared with \$100 million five years ago.

Doctors are wondering how many have died from an electric shock caused by faulty life-saving machines. The electronic environment in which we put patients is becoming increasingly complex. Safety specialists throughout Canada and the world cannot agree how serious the hazard is. Nor is there total agreement on the best method of protecting the patient. There seems to be no information in Canada on how many people have died in hospital from electric shocks. But a U.S. insurance company has informed Harry Callan, consulting engineer with the federal health and welfare department, there were 1,200 electrocutions annually in the U.S. EJ 18/11/77 P. B1

## MEDIA

INTRODUCTION: *Some statistics on recent media births, marriages and separations (some pending).*

### BIRTHS

- Report on Confederation, a new magazine directed at the problems of unity. Fathered by Tim Creery, former editorial page editor of the Montreal Gazette. The magazine is backed by "funding patrons" (corporations and labour organizations donating up to \$1,000), founding subscribers and charitable foundations. Contributions are neither sought nor accepted from governments or governmental agencies.
  - The Edmonton Daily Sun. An offshoot of the Toronto Sun. Ron Collister, former CBC correspondent in Ottawa and Washington, now writing a column for the Toronto Sun and for Ottawa Today, has been named editor. Jim Peters, assistant managing editor of the Montreal Star and previously news editor of Macleans Magazine, will be managing editor. The Edmonton Daily Sun is due to begin publishing April 2.
  - The Philadelphia Journal. Produced by Montreal publisher Pierre Peladeau and modelled after the popular crime and sports dailies, Journal de Montreal and Journal de Quebec. Peladeau expects to start another similar daily tabloid in Boston within three months, with hopes to subsequently conquer Los Angeles, Detroit, Atlanta, Pittsburgh, Buffalo and Edmonton. The Philadelphia Journal was launched in December, 1977, and the circulation is currently between 40,000 and 47,000 a day. Peladeau says that he will watch the Edmonton Daily Sun to see if it becomes successful. If it does not, he would plan to establish his own tabloid there.
  - Another Sun in Fredericton. This one is the new weekly newspaper The Sun, owned by Sun Publishing Ltd. (controlled by the Henley family and Henley Publishing Ltd., which owns the weeklies Woodstock Bugle and the Victoria County Times). It is due to begin publishing February 1.
- TS 26/12/77 P. B20; TS 9/1/78 P. A13; EJ 19/1/78 P. B5; EJ 19/1/78 P. B7; EJ 17/2/78 P. B2  
EJ 7/12/77 P. 11; EJ 7/12/77 P. B1; EJ 16/1/78 P. F11; EJ 12/1/78 P. C3

CNSP NOTE: *When the Toronto Sun indicated its intention to establish the Edmonton Daily Sun, John Le Bel, the publisher of the weekly The Edmonton Sun announced his intention to seek a cease and desist order against the newcomers' calling themselves the Edmonton Daily Sun. The dispute was resolved when Le Bel announced that the Edmonton Sun had temporarily suspended publication, and that he would relinquish the name and resume publishing his newspaper in March under a different name.*

### MARRIAGES

- The Canadian Radio Television and Telecommunications Commission (CRTC) has approved the sale of two Ottawa radio stations - CKOY-AM and CKBY-FM to CKEY Limited of Toronto.  
GM 21/2/78 P. B9

### SEPARATIONS - PENDING

- Multiple Access Ltd. of Montreal has filed for permission to sell controlling interest in its extensive media holdings to Baton Broadcasting Inc. of Toronto. Multiple Access (controlled by the Bronfman family) owns four TV stations, six radio stations, two film and TV production companies, a national computer services firm and a financial services company. Its main TV station is CFCF, Montreal's largest English-language station and a member of the CTV network. If the CRTC approves the sale to Baton Broadcasting (headed by John Basset) Basset would control two CTV stations.
- Channel 79 Ltd., operator of Toronto's CITY-TV station, has applied for permission to transfer all the company's shares now held by Multiple Access (about 45 per cent) to CHUM Ltd. of Toronto
- The Yellowknife weekly newspaper News of the North is expected to be sold within two months to Canarctic Graphics Ltd., a Yellowknife-based printing firm and the printer of the town's other newspaper, the Yellowknifer, as well as numerous other newspapers in the territories. TS 11/2/78 P. B10; EJ 19/1/78 P. B5

### CRTC HALTS FURTHER EXPANSION OF SELKIRK HOLDINGS

The CRTC rejected proposals that Selkirk Holdings Ltd. (largely controlled by Southam Press Ltd.) buy three more radio stations in Ontario. Before the decision was announced, a CRTC official had said the proposed Selkirk deal raised the question of how large a media conglomerate should be allowed to grow. While the commission has no clear-cut policy on media ownership, it has frowned on allowing large media companies to continue to grow, the official had said. Also, the commission tends to forbid owners in one medium, such as newspapers, buying into another, although, again, there is no firm CRTC policy on cross-ownership. GM 29/12/77 P. 2.

# CULTURE

## EDUCATION

INTRODUCTION: *In last month's Synthesis (Vol. 6, No.1) we focused on those who recommend closing of schools and laying off teachers as ways of coping with declining enrolments and increased costs. This month, we focus on some alternative solutions to these problems. In addition, there is comment on the Hall-Carlton Report on Basic Skills at School and Work and on the Buttrick report linking neighbourhood and academic success.*

### EMPTY CLASSROOMS USED FOR SPECIAL PROGRAMS

In December 1974, the Toronto Board of Education adopted a policy enabling community organizations to use otherwise vacant classroom space. The Parallel Use Policy provides for use of space between 8 a.m. and 10:30 p.m. Monday to Friday. Organizations pay a fee-for-service of \$1.88 per sq. ft. per year. Organizations presently using space include day-care centres, nursery schools, a senior citizens resource group, a non-profit interpreter service, a chamber orchestra and a community newspaper. The main problem existing with this policy is that a number of groups who would like to use the space find it difficult or impossible to pay the fee-for-service. Letter GM 18/1/78 P. 6

One Toronto school has its top floor used for a program called the Third Floor. The Third Floor has parenting groups, historical meetings, a base for walking tours of the district, French conversation, fitness programs, craft programs, a book exchange, and programs for parents and pre-schoolers together. GM 9/2/78 P. W2

Another elementary school in Toronto now has two programmes for the trainable retarded, four special education classes and a pre-school day-care centre in space that would otherwise be left vacant because of declining enrolment. Other schools are likely to see such programs begun--especially day-care centres which both fill neighbourhood needs and allow for involvement from the regular school students. GM 23/2/78 P. T2

A large group of parents attended a meeting of the North York School Board in February to suggest a variety of practical ways to keep open their schools. They urged the trustees to consider moving municipal departments into available school space in the communities, reducing administrative staff, eliminating unneeded busing and encouraging students to use public transit where available to reduce busing costs. Several parents asked that the board cut its Forest Valley Camp program, where facilities are leased for about \$60,000 a year for outdoor educational programmes, and use parks near small public schools instead. GM 23/2/78 P. 4

### SCHOOLS AND SKILLS

The Hall-Carlton report on Basic Skills at School and

Work, commissioned by the Ontario Economic Council, noted that performance standards in mathematics had dropped and English competence was uncertain. This has resulted in disillusionment with the education system among students, teachers and taxpayers.

"Routinized mediocrity" as the Hall-Carlton description of teaching goals made the headlines in the little newspaper coverage given the release of the report. However, closer reading shows the report's authors, Oswald Hall and Richard Carlton, conclude that of all those responsible, perhaps most of the blame lies with the politicians and education ministry officials who gave the orders, set the priorities and left local teachers and school boards to work out the contradictions. "Growth served the interests of career educators and administrators, despite grumbles of growth pains, declining standards or pedagogical uncertainties."

GM 6/12/77 P. 7 - James Carey; GM 15/12/77 P. 8 - Dick Beddoes; Ts 20/12/77 P. A8 - Desmond Morton

CNSP NOTE: *Given its attack on the architects of the present education system and the fact that the present Premier of Ontario, William Davis, was Minister of Education during the period when growth was so emphasized, it is not expected that the Hall-Carlton Report will be much circulated.*

### THE LINK BETWEEN CLASS AND SUCCESS

The Toronto Star has released the contents of a secret report by John Buttrick, a York University economist, which shows that more than 40 per cent of the youngsters who score highest on scholastic aptitude tests before going to high school never reach Grade 13, while 17 per cent who score in the lower half of the school in the aptitude tests go on to get their Grade 13 diplomas, enabling them to enter university. Those who don't make it, despite their high aptitude, report Buttrick, tend to come from poor families. Furthermore, the gap in reading ability between rich kids and poor kids widens during school years.

The report shows that the percentage of students going into the academic streams in high schools is linked to wealth, with between 32 and 60 per cent of the lower income elementary students going to the lower level streams of high school and up to 90 per cent of the higher income students going to the higher academic streams.

The report also indicates that where students are

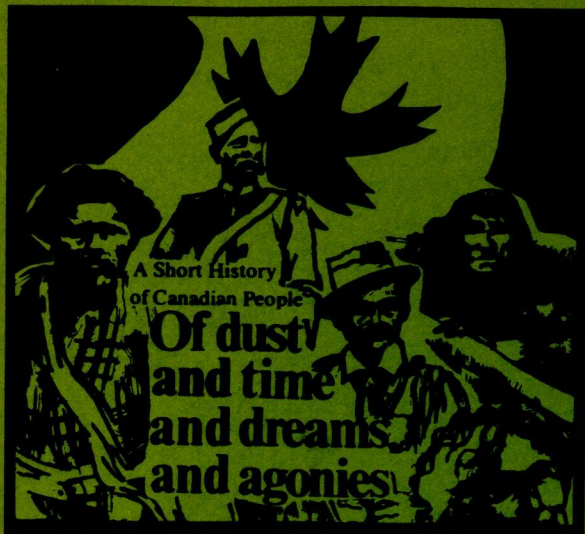
placed in special education classes, the name of the class varies. Middle class youngsters tend to go into "perceptual classes", while low income youngsters go into "behavioural" or "special program" classes. Buttrick further reports that students from families low on the socio-economic scale are clearly over-represented in special education classes.

Buttrick feels that one of the best ways to cut the link between class and success is to eliminate Grade 13 and put the money saved into helping disadvantaged youngsters. Among other changes, Buttrick urges the use of zoning and subsidized housing to create mixed-income neighbourhoods, and thus allow students of all classes to attend school together. The changes he suggests argue for a direct attack on the class structure rather than expecting education to do the job.

TS 25/2/78 P. A1 - Harvey Schachter

Another comment on the part played by economic class came in a speech by Dan Leckie, the new

Chairman of the Toronto Board of Education, at the Board's inaugural meeting. The traditional approach to educating working class youngster is to help them achieve middle class standards, Leckie said. Not only has this not been of use to the majority of the youngsters, it has also failed to make use of the talents and skills which the working class youngsters have. "Inner city children grow up in a culture, which includes their language, values, behaviour and hopes, that is distinctive... It is only when we can give all inner city children an understanding of social forces, a sense of power and hope, that there will be any lasting changes for the majority of inner city or working class people." He added that curriculum changes may be necessary. Instead of studying great literature from the past, the students might be better served by courses in credit buying, nutrition, collective bargaining and unemployment, he said. TS 6/1/78 P. A3 - Harvey Schachter



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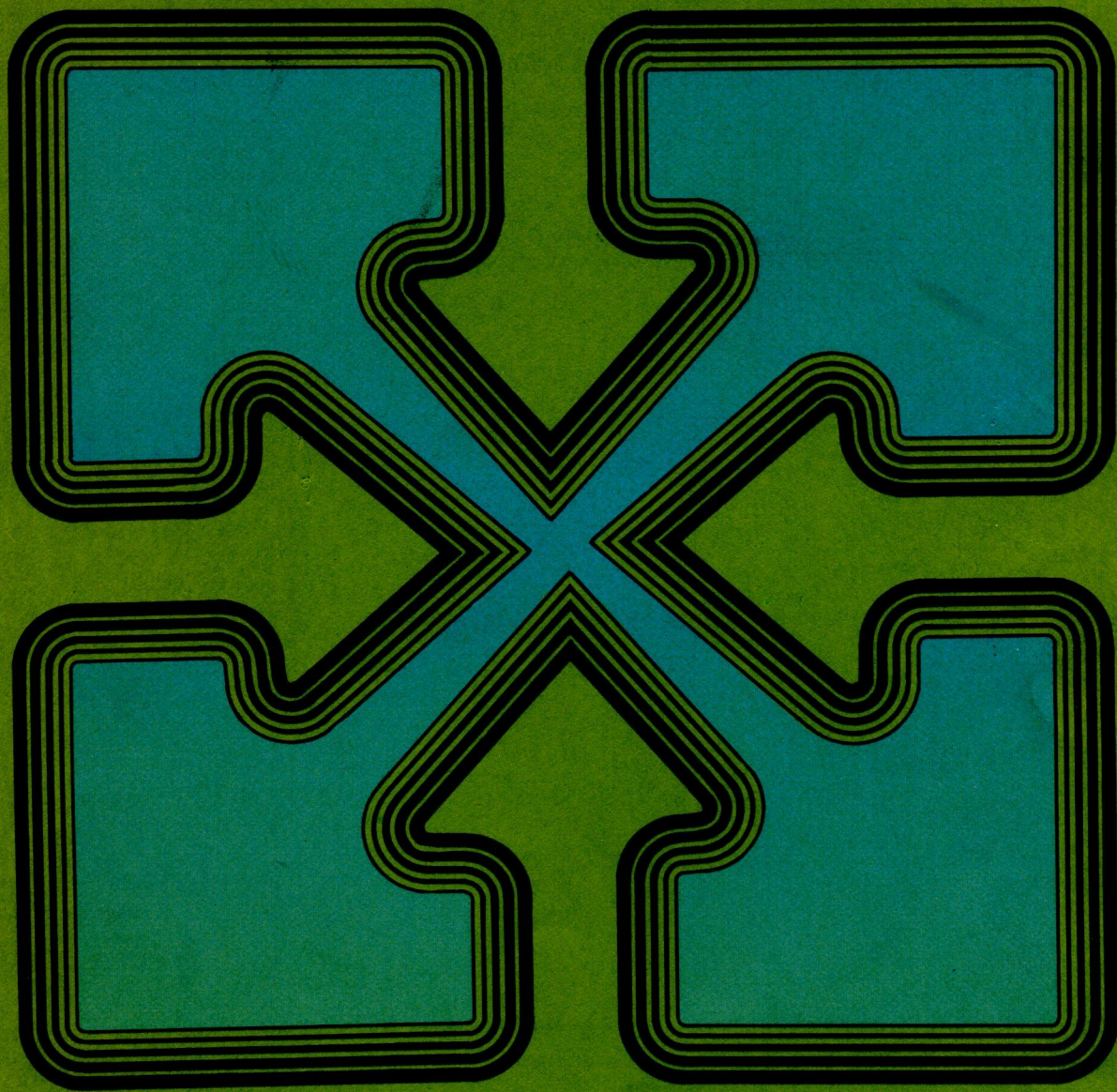
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A Review of Events Reported in the Canadian Press



## HIGHLIGHTS

- Business as Usual  
in South Africa p. 4
- The 90¢ Dollar:  
Banks Win, You Lose p. 12
- Whither Tripartism? p. 14
- Liberals Look for  
Election Issue p. 22

Vol. 6, No. 2

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ISSN 0704-6715