

Monetary policy (continued from P. 2)

will be wise enough to recognize that the burst in consumer prices is temporary and that it should be met with moderation and patience.

Role of central bank

Because of the critical importance of a successful passage through these difficult waters it is natural to ask what the central bank can do to ease that passage. In our view the main thing it can do is to show resolution in its policy of gradually reducing the rate of monetary expansion, and to demonstrate thereby that it is not willing to finance a renewed outbreak of inflation. We regard the Bank's new lower target range for the rate of monetary expansion as evidence of this resolution. Within this framework the Bank has also taken some interest-rate initiatives to moderate the rate of change of the exchange rate. The Bank's concern in this area arises from the fact that the exchange-rate movement has been reinforcing the upward surge of consumer prices and has thereby been adding to the intense pressure on the wage and salary structure. In current circumstances it would be preferable to have the effect of exchange-rate depreciation on consumer prices spread over a longer period of time. Another aspect of the exchange rate that has concerned the Bank is the well-known fact that exchange-rate movements that gather momentum usually go farther than the situation warrants, and indeed this may already have happened in Canada.

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...I am much cheered by the movement in Canada and abroad towards what I consider to be a more realistic appreciation of economic processes and a more realistic approach to policy. I believe that these changes are greatly improving the prospects for good economic performance in the future.

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News briefs

Defence Minister Barney Danson has announced that the Canadian Contingent to the United Nations Interim Force in Lebanon (CCUNIFIL) has transferred its communication responsibilities to other UN personnel in preparation for its return to Canada by October 12. Canada's 89-man signal unit (later increased to 117) was sent to Lebanon in mid-April to establish communications for UNIFIL. Its mission is now accomplished.

Environment Minister Len Marchand said recently that new regulations under the Clean Air Act would significantly reduce vinyl chloride emissions, which have been implicated as a cause of angiosarcoma, a form of liver cancer, and other serious health disorders. In 1973, vinyl chloride emissions from Canadian plants totalled 5,000 tons a year. The controls program will reduce the emissions to 250 tons a year by next July 1.

The Canadian Commission for the International Year of the Child held its first meeting in Ottawa, September 7-8. The Commission will administer a federal contribution of \$1 million to the private and voluntary sectors for activities promoting the rights, interests and well-being of children.

The basic Old Age Security pension will rise to \$164.74 a month in October from the current \$159.79, in line with the quarterly adjustment for inflation.

New Brunswick Premier Richard Hatfield has called a general election for October 23. The forty-eighth legislature was dissolved on September 15.

The National Research Council has initiated a program to foster the employment of out-of-work research graduates. Called STEP (for Scientific and Technical Employment Program), it is designed to encourage Canadian industry to consider areas in which a researcher could perform useful work, with a strong likelihood for permanent employment. The program will encourage hiring from areas of research and productivity likely to create further jobs through new processes and additional product lines. The STEP office will pay from \$8,100 to \$14,000 towards each researcher's salary for up to 12 months.

China will purchase 300,000 metric tons of muriate of potash for shipment between October 15 and June 30, 1979,

through Campotex Ltd., the overseas marketing agency for Saskatchewan producers. The sale is worth between \$24 million and \$25 million.

The Federal Government plans to borrow another \$750 million (U.S.) in New York to supplement the net inflow of capital.

The ten-man crew of *Evergreen*, from Ontario's Royal Hamilton Yacht Club, captured the 82-year-old Canada Cup recently, from the defender, *Agape*, of Detroit's Bayview Yacht Club. The Canadian crew won the last match race of the six-race competition by two minutes and six seconds, but was forced to wait six hours for a decision by the international judges after the United States crew lodged a formal protest.

John R. Rhodes, Ontario Minister of Industry and Tourism, died of a heart attack on September 25 on the day before his forty-ninth birthday. He had just arrived in Iran from Cairo and was to have joined Ontario Premier William Davis in talks with the Shah before attending an international trade fair, where 17 Ontario firms were exhibiting.

The Toronto Metro Zoo recently received the Edward H. Bean award at the annual conference of the American Association of Zoological Parks and Aquariums in Denver, U.S.A. The award, considered the highest recognition for captive management and husbandry of animal species, was given to honour the zoo's breeding of the red-billed ground cuckoo — apparently the first in captivity in the world. The parents, native to the rocky forest regions of southern Vietnam, raised the family high in a ficus benjamina tree in the Indo-Malaysian pavilion of the zoo.

Canada has won a contract worth more than \$180 million to construct a pulp and paper mill in Czechoslovakia, said Secretary of State for External Affairs Don Jamieson recently. Contractor for the turnkey project is H.A. Simons (Overseas) Ltd. of Vancouver.

Ann Garneau, information officer at the Canadian Consulate General in Los Angeles, reports that the touring RCMP Musical Ride attracted huge crowds to the Los Angeles County Fair in September. Actor Richard Simmons, who played Sergeant Preston of the Yukon in the American radio and television series, enjoyed the show immensely.