

was then an all time low with a trend leading it even lower despite brief but minimal recoveries. As of June 26, the ailing Canadian dollar had posted three record closes on foreign currency markets in under a week. Observers noted that while the Canadian dollar was low in relation to that of the US (which some analysts saw as itself overvalued), it had remained strong in relation to many other foreign currencies (*The Citizen*, June 26).

Remarks on June 26 by Bank of Canada Governor Gerald Bouey preceded a further decline of confidence in the trading value of the Canadian dollar and sparked concern that interest rates would rise even higher. Mr. Bouey stated that allowing the dollar to float is a policy "based upon a fundamental misunderstanding of the nature of financial markets . . . A nation's exchange rate doesn't float in a vacuum. It can only float and find its level within the context of policies and perceptions of policies." He stated that the Bank of Canada would maintain its policy of moderating both the fall of the dollar and the rise in interest rates. Mr. Bouey also noted that Government intervention might prove necessary. He stated that because of the "substantial inflationary risk involved, . . . I have never favored depreciation where it could be avoided" (*Globe and Mail*, June 27).

On June 27, the dollar broke through the 76-cents US level (a level regarded by many money market observers as psychologically important), setting off increased concern that higher interest rates would follow because of the fluidity of the situation. In an attempt to stem the flow of Canadian dollars to the US, the Bank of Canada moved to raise its trend-setting rates (*The Citizen*, June 28).

The Canadian dollar, beleaguered by a strong American counterpart, continued to plunge to all-time lows in the first weeks of July, despite the rise in Bank of Canada rates attempting to bolster Canadian currency. By July 11, when the dollar dropped below the 75-cents US mark, the Bank of Canada immediately intervened to lend support with US dollar holdings (*The Citizen*, July 11).

By July 13, the dollar had posted a slight recovery, reaching a closing of 75.34 cents US. As of July 25, it had reached 75.90 cents US after a continued climb. The rise was attributed to recent higher prime rates posted by the Bank of Canada. And by July 26, the Canadian dollar had regained its place above the 76 cents US level on foreign exchange markets. Analysts had indicated that the recent low levels for the Canadian dollar had been undervalued, and the dollar was returning to a more normal situation. However, they cautioned against seeing the recent turnaround as permanent (*The Citizen*, July 26).

The following are US selling cheque rate equivalents for two-week periods in June and July (Royal Bank of Canada figures):

Jun. 1: 1.3005	Jul. 2: 1.3225
Jun. 15: 1.3075	Jul. 16: 1.3330
Jun. 29: 1.3225	Jul. 31: 1.3215

FISHERIES

Foreign Penalties

Amendments to the Coastal Fisheries Protection Act

which came into effect June 7, provide for the imposition of stiffer penalties on foreign fishing vessels contravening Canadian coastal fishing laws. Under the recently-introduced amendments, maximum fines for unauthorized fishing or harvesting of marine plants within Canada's 200-mile zone have been raised from \$25,000 to \$100,000 upon indictment, and from \$5,000 to \$25,000 for offences on summary conviction, according to a Fisheries and Oceans news release of June 12. Also included were offences involving unlawful cargo discharges, transshipments, crew transfers and purchases in port.

Prison terms, except for offences involving the resisting or obstructing of fisheries protection officers, have been dropped, under the consensus reached at the UN Law of the Sea Conference. However, all contraventions of Act regulations are now regarded as offences, in an effort to remove "any ambiguity" which may have existed under the previous legislation. As well, courts are now given the power to order the forfeiture of foreign vessels contravening Canadian regulations.

Then-Fisheries and Oceans Minister Pierre De Bané stated that the increased penalties reflected the serious view Canada takes with regard to foreign fishing violations within the 200-mile zone of jurisdiction. He also pointed out that the new figures bring Canada more in line with figures for similar offences in other countries. "However, it's full compliance with our regulations that we are striving for," added the Minister.

FIRA

Oil Industry Decision

A June decision by the Foreign Investment Review Agency (FIRA) to allow the purchase by Diamond Shamrock Corp. of Dallas, Texas, of two Canadian subsidiaries of a US company (Natomas Co. of San Francisco, Cal.) was regarded by oil industry analysts as setting a possible precedent in the field of oil industry takeovers. The FIRA ruling will not require the purchasing foreign firm to either "sell shares in, or divest assets of" the two Canadian subsidiaries. Previously, FIRA had required foreign buyers in the oil industry to ensure some form of Canadianization of acquisitions. Gordon Robertson, vice-president of Natomas Exploration of Canada Ltd. (one of the subsidiaries) called the ruling a "landmark decision." Mr. Robertson saw this as further evidence of an increasingly lenient attitude toward foreign investment on the part of the federal government. The decision included an agreement by Diamond Shamrock to significantly increase exploration and development spending of the subsidiaries and to "ensure that any future properties the company might develop have a 50 percent Canadian content" (*The Citizen*, July 6).

HUMAN RIGHTS

Andrei Sakharov

The case of Soviet dissident Andrei Sakharov and his wife and their detention within the Soviet Union continued