

Pepin responded that despite difficulties in convincing the US of the need for such action, he was confident that in the long-term, ongoing negotiations would prove effective. He added that the Government would not consider slackening in its attempts to gain a favorable response on the part of the US when Canada "had a good case, as in this instance."

Following the tabling of a report by the subcommittee on acid rain in the Commons June 7, Environment Minister Charles Caccia answered a question from Stan Darling (PC, Parry Sound-Muskoka) as to whether the Government would adopt the recommendations contained in the report. Mr. Caccia responded that those of a practical nature in the long-term would be injected into the system. He added that the Government had already instituted a plan of action, including a specific percentage of reduction, meetings with provincial Ministers, and a continued registration with the US administration of Canada's desire that the US join in the proposed plan of action (a 50 percent reduction by 1994).

The Committee report had charged that industry and government acid rain programs were more words than action. Chairman Ronald Irwin criticized as "appalling" government and corporate "inaction." Mr. Irwin cited a lack of political will as a major cause for the failure to secure significant reductions in the past. While praising the federal and provincial decisions to introduce cut targets, he stated that the problem had not been positively addressed soon enough. Committee member G.M. Gurbin said that the unanimity of the report cut across all party lines in its "call for action" (*Globe and Mail*, June 8).

Among the sixteen recommendations included in the Committee report were:

- stronger anti-pollution standards on cars by 1986 and a prohibition on leaded gasoline by 1995;
- a revision of the income tax act to allow more deductions for spending to reduce acid rain;
- accelerated capital cost allowances to give companies more tax write-offs sooner to encourage industries to clean up;
- direct grants to companies to help finance pollution controls (*Globe and Mail*, June 8).

Responding to a question in the Commons June 11 with regard to the Committee report's recommendation for automobile and industry emission standards in the near future, then-Prime Minister Pierre Trudeau pointed out that too-precipitous action might prove counter-productive in terms of employment. Mr. Trudeau pointed out that "we have to proceed at a slower pace if we do not want to force certain companies to go under and if we do not want to put workers out of jobs." He added that there existed a distinct possibility that "high unemployment figures would be affected adversely if we were to close down some plants because they had not moved as quickly as we would like in reducing their levels of emissions."

At a conference attended by New England governors and Eastern Canadian premiers in mid-June in Newport, Rhode Island, agreement was reached among the American governors to take a tough stand against recalcitrant polluters. The governors and premiers decided to establish upper limits on sulphur dioxide emissions and to seek redress in court from sources of pollution. A resolution was

developed by the participants calling for the creation of an environment committee to develop a short-term plan for reductions, and for the holding of a joint conference later this year in Quebec. The US governors supported a litigation task force to urge for the filing of a lawsuit against mid-West polluting utilities (*The Citizen*, June 19). In the Commons June 18, then-Deputy Prime Minister Allan MacEachen rejected a proposal by Jim Fulton (NDP, Skeena) that the Canadian government "commit the very substantial scientific and legal resources of Canada to this very important and vital environmental challenge." Mr. MacEachen stated that the US governors must pursue their own objectives, but Canada would remain engaged in negotiations with the US administration to achieve a political solution to the problem. Despite the current difficulties between the two countries on the acid rain issue, Mr. MacEachen felt confident of an eventual conclusive agreement.

FINANCE

Bank Act Amendment

An amendment to the Canada Bank Act, passed in late June, will allow foreign banks operating in Canada to double their share of the domestic market. News reports suggested that among the results would be more vigorous competition (with accompanying benefits for customers), and more branches of foreign banks spread across Canada. Holdings of these foreign banks may now increase from 8 to 16 percent of the total assets of domestic banks. The amendment, with its resulting increased competition, was supported by the foreign banks themselves, as well as by consumer groups and the Canadian Bankers Association (*The Citizen*, July 23).

Revenue Minister Roy MacLaren was quoted as saying that the Bill would allow foreign banks to continue to serve Canadian borrowers, and that a "larger foreign bank sector will make our banking sector less concentrated and should contribute to a business environment more conducive to small- and medium-sized enterprises." The Government hopes, through the increased competition, to have the foreign banks handle more loans around the \$1 million line, rather than the more popular \$5 million figure. Foreign banks have only been allowed to operate in Canada (as full-fledged banks) since 1980, when another amendment to the Bank Act established the 8 percent ceiling. Foreign banks reached the 8 percent level sooner than had been anticipated, and a parliamentary committee recommended in late 1983 that the ceiling be eliminated. It was determined that the domestic banking sector could withstand the increased competition.

Canadian Dollar

The Canadian dollar took another roller-coaster ride through the months of June and July in relation to its stronger American counterpart, but managed to make a slight recovery by the end of this two-month period. By late June, analysts had seen the Canadian dollar reach what