

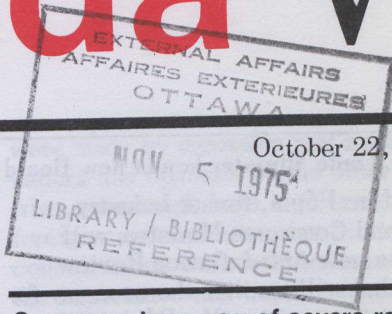
# Canada Weekly

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## Government program of severe restraint to knock the wind out of inflation

In an address to the nation on radio and television, October 13, the Prime Minister described a new program of guidelines to restrict prices and incomes as "the heaviest since the Second World War".

Directly affected will be employees of the Federal Government, 1,500 of the largest companies, construction companies and all professional people. A 10 per cent ceiling is placed on wage and price increases in the first year. Salary raises from \$600 to \$2,400 will be possible but price increases beyond those needed to recover higher costs will not be allowed.

Mr. Trudeau also appealed to all Canadians to practise individual restraint "to knock the wind out of inflation".

A review board, which will monitor the Government guidelines, will report cases of non-compliance to an administrator, who will be empowered to order cutbacks. "Stiff penalties backed by the full force of the law will be swiftly applied," said Mr. Trudeau, if the order were disobeyed.

The text of the Prime Minister's address follows:

\* \* \* \*

The price and income guidelines will take effect at midnight tonight. They will be enforced on the Federal Government and all its employees, on the 1,500 largest companies in Canada, including virtually every company in the construction industry, and on all the employees of all those companies. The guidelines apply as well to all professional people, such as doctors, lawyers, accountants and engineers.

Today I asked all the Premiers to join as full partners in this attack upon inflation. I asked them to apply the federal price and income guidelines to all provincial and municipal public service salaries, to all rents and all professional fees under their jurisdiction.

Tonight I am making a direct appeal for the co-operation of all Canadians in the practice of individual restraint. Although the guidelines will be enforced against relatively few groups, they can only work if everyone is willing to accept these new limits and considers himself bound by them. This battle must be fought by all of us. Specifically, I am asking you to do what only you can do to knock the wind out of inflation. I am asking you to live by the fact that all Canadians must restrain their rising demands upon the nation's wealth, so that Canada as a whole will be able to live within her means.

That is the only anti-inflation weapon which offers hope of permanent success. That weapon is in your hands. I am appealing to you to use it.

There is a growing and dangerous conviction among Canadians that only the Government has the power to take effective action against inflation. There is a widespread belief that, if only the Government would clamp down on itself, on big labour and big business, then the problem would be solved. Many believe that the exercise of individual responsibility and individual restraint is not only unnecessary, but also ineffective.

That belief is wrong. It is also the main force propelling the rise in the cost of living. The basic cause of inflation in Canada is the attempt by too many people and too many groups to increase their money incomes at rates faster than the increase in the nation's wealth.

If I could persuade you of nothing else tonight, I would want to persuade you that no amount of Government control, not even a vast army of bureaucrats operating the most massive restraining machinery, not even a total freeze of all prices and incomes of all Canadians, could permanently cure the disease of inflation.

Cure is a change of attitude

The only benefit of having restraint imposed by law is that it gives people

## Canada/U.S. special relations end

During a brief visit to Ottawa, October 14 and 15, Dr. Henry Kissinger, United States Secretary of State, said that the "special relationship" between the U.S. and Canada no longer existed. Details in next week's issue.

time to understand and adopt the real cures which is a basic change in our attitudes — a realization that we cannot expect incomes to continue growing at a faster rate than the economy itself is growing.

For if that realization does not become deeply embedded in our national consciousness, if we do not succeed in changing our attitudes and expectations, if Canadians in great numbers do not agree to practise voluntary self-restraint, then, as surely as night follows day, the rate of inflation will explode upward as soon as the Government's restraining rules are removed.

There are only two alternatives: either we live within our means, or we endure permanent and worsening inflation, an inflation that is already damaging our employment and income prospects.

All over the world, people are caught in the grip of what some have called the revolution of rising expectations. We have come to expect that there is some magic by which we can have cheap and plentiful food, energy, housing and government services, together with an ever improving standard of living. We expect this as a matter of right, regardless of how successful or unsuccessful we are in increasing our production of goods and services.

The problem is compounded by the significantly increasing fear of inflation which has swept across Canada in recent months. Because they are afraid of falling behind, Canadians in large numbers are trying to over-compensate for the worst conceivable rate of future inflation.

Companies are setting prices high enough to insulate themselves from the most exaggerated predictions of future cost levels. Employees are demanding raises in income high enough to protect themselves against the most hysterical forecasts of future prices. These demands for higher incomes are most apparent and most successful among precisely those large economic groups which have the power to impose their will on the rest of the country. In the scramble for security, it is the big and powerful who are winning, at the expense of those who are unable to protect themselves.

That is why, in the enforcement of the guidelines, we will be concentrating on those who, until tonight, have had the power to get what they want.

#### Former Trade Minister heads new Board

Jean-Luc P  pin, former Industry, Trade and Commerce Minister, will head the new Anti-Inflation Review Board that will monitor the economy for the next three years. Mr. P  pin retired from politics when he was defeated in the 1972 general election.

Assisting him will be Beryl Plumtre, who had chaired the Food Prices Review Board, which ceased to exist on October 14. In addition, nominees to the Board have been invited from the provinces. They will be responsible for policing the guidelines that fall under the jurisdiction of provincial legislation such as the salaries of provincial public servants or teachers.

#### Mandatory controls if guidelines fail

I do not promise that the policy I am announcing will be an overnight cure for inflation. We cannot, for example, control price increases of imported commodities such as oil. In addition, price and wage increases of the last few months have not yet worked their way through our economic system. As they do, these increases will be felt by all of us as they are reflected in a higher cost of living in the future.

There can be no immediate end to cost-of-living increases. This is not a short-term problem. We are in for a long, hard struggle.

In this struggle, we must accomplish nothing less than a wrenching adjustment of our expectations — an adjustment of our national lifestyle to our means. This change will not come easily, nor soon. It will take time before much smaller increases in prices and incomes are accepted as normal. It takes time for people to change their basic attitudes. But change we must.

Because we cannot expect a quick or sudden moderation of deeply-rooted expectations, the program of restraint I am announcing tonight will be in effect for a considerable length of time. And I am telling you tonight that this program must work, because if it does not, the Government may be forced to impose mandatory, comprehensive, all-embracing price and income controls upon every man and woman in Canada.

#### Groups directly affected

Now that you understand what I am asking of you, and why, let me go on

to explain how the anti-inflation program will work. Everyone is expected to observe the guidelines; but the machinery of enforcement will apply only to the following groups:

First, all firms which have more than 500 employees, together with all the employees of those firms.

Second, all firms in the construction industry which have more than 20 employees, together with all the employees of those firms.

Third, all those who are employed in Federal Government departments, agencies, and Crown corporations.

Fourth, all professional people who normally earn fees — such as doctors, lawyers, accountants and engineers.

I have urged each Premier to enforce the guidelines against all those who are employed in provincial government departments and institutions and all those employed in municipal government departments and institutions in each province.

#### Prices and salaries

Now let me tell you about the price guidelines. Prices charged by firms which come under the guidelines, including federal Crown corporations, will not be allowed to increase unless the firm's costs increase. Prices will be allowed to go up only enough to allow the firm to recover its increased costs. Moreover, if a company finds that its cost of doing business goes down, it will be expected to reduce its prices accordingly. In this way, profits and profit margins will be strictly controlled.

During the first year of the program, the general rule for new contracts will be that employees of the Government and of the designated firms may be allowed wage and salary increases of 8 per cent to compensate for the increasing cost of living, plus an additional 2 per cent as their share of increased national productivity. In general, therefore, these wages and salaries cannot increase by more than 10 per cent.

Provision has also been made for groups who in recent years have fallen seriously behind, or who have surged considerably ahead. This provision could add or subtract an additional 2 per cent to their permitted increase.

If, after the first year of the program, the cost of living has risen by more than 8 per cent, an additional increase

### Canada's Atlantic fish stocks can now be rebuilt

"The fish stocks off our Atlantic Coast will soon be on the way to good health, as a result of measures approved at the special meeting of ICNAF (the International Commission for the Northwest Atlantic Fisheries) just concluded in Montreal," Roméo LeBlanc, Minister of State for Fisheries, said recently.

"Canadian proposals for a 40 percent reduction in foreign fishing effort for groundfish species, for more stringent catch limits on six fish stocks in critical condition, and for Canada to be allocated higher percentage shares of the over-all catches, met with unqualified success," Mr. LeBlanc said. "These measures will start the rebuilding of fish stocks to the benefit of Canadians and of all nations fishing the northwest Atlantic.

"Our proposals were strong because our needs were great. The decline of fish stocks off our Atlantic Coast has threatened the existence of coastal communities. Our Government has used every means to make clear to other countries the gravity of the situation."

Mr. LeBlanc stated that, although it would take time for the stocks to recover under the new regime of strict conservation, the decisions made at Montreal on September 28 would "halt the tragic decline of the stocks off Canada's Atlantic Coast, and will provide a firm base for the future health and prosperity of Canada's coastal communities".

"Until now," he said, "events have outpaced ICNAF's ability to deal with the problems and its measures have fallen woefully short of what was really needed. I feel that ICNAF has now faced up to the challenge and that Canada's pleas have been heard. More and more nations recognize that Canada must have their co-operation now if they expect Canada's co-operation within its extended fishing zones in the future."

#### Concerted effort

Mr. LeBlanc noted that Canada's success at the ICNAF meeting had been prepared by a concerted campaign to convince ICNAF countries of the justice of Canada's cause. Approaches

were made by ministers and ambassadors and officials to the other countries concerned, both in Ottawa and in foreign capitals. Intensive bilateral consultations were held to make clear the importance and implications of Canada's proposals. These discussions resulted not only in support by the Soviet Union for Canada's proposals but also in an agreement meeting Canada's concerns with regard to Soviet fishing operations off Canada's coast in the Northwest Atlantic and allowing the Canadian Government to reopen Canada's Atlantic ports to Soviet fishing vessels. "I welcome this very positive development," Mr. LeBlanc said.

### Rubens painting for Montreal Museum of Fine Arts

A long-lost Rubens — one of the last of the Flemish master's grand-scale paintings, which was once part of the collection of Philippe II, Duke of Orleans in the Royal Palace, Paris — has been acquired by The Montreal Museum of Fine Arts.

The huge work — 11 feet by 6½ — was described by David Giles Carter, the director of the Museum as "overwhelming". The purchase price was not disclosed.

Depicting three playful leopards with a nymph, satyr, and two children, the work strikingly conveys the power of Rubens' invention, the keenness of

his observation, and the bold freedom of his brush. It was painted in 1615 when the artist was 38.

"Rubens was particularly concerned with the quality of the character of the animals," said Mr. Carter. "The personalities of the leopards come through most strongly."

"The work speaks to the viewer from 40 feet," he added, specifying that it would be a central piece in the Baroque gallery when the Museum reopens next May after completion of its \$10-million expansion and renovation program.

The painting, purchased in New York, is one of a series of acquisitions made by the Museum from the insurance settlement of the \$2-million robbery which occurred in the Museum in September 1972. Among the works stolen was the only Rubens in the Museum's collection — *Head of a Young Man*.

Rubens, who was born in Antwerp in 1577, was an extraordinarily prolific painter who best exemplified Baroque art in northern Europe. He travelled extensively to leading courts, where he carried out numerous commissions, climaxing his career as the painter of French, Spanish and English kings and queens.

The Museum's painting — a type of Rubens' work not otherwise represented in Canada — was assumed by 1900 to have been lost. It was rediscovered in 1973 in a New York warehouse when an art dealer was asked to look at a group of paintings that had been collecting dust for some 20 years.

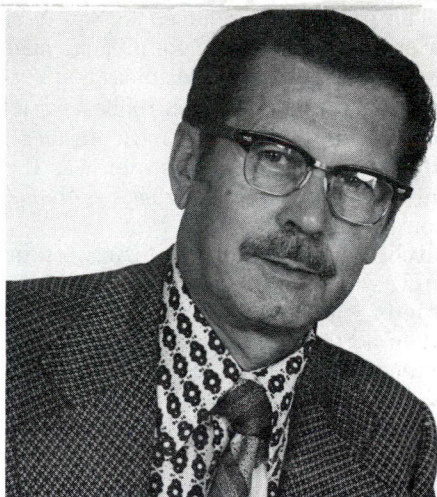


Rubens' Leopards, described as "overwhelming", measures 11 feet by 6½.

### Ottawan new president of the American Fisheries Society

Dr. J.C. (Cam) Stevenson, of Ottawa, Director of Scientific and Technical Information, Fisheries and Marine Service, Environment Canada, was installed as president of the American Fisheries Society last month at the AFS annual meeting at Las Vegas, Nevada, U.S.A.

Dr. Stevenson, the seventh Canadian to be elected AFS president in the



Dr. J.C. Stevenson

Society's 105-year history, faces a busy 12-month term of office, including participation in the U.S. bicentennial meetings of Renewable Resource Societies in Washington, D.C., next March.

The AFS, concerned with all aspects of marine and freshwater research and management, has some 6,500 members drawn from more than 80 countries, although the majority of the membership is from the United States and Canada. A permanent headquarters staff is maintained in Washington, headed by an executive director responsible to the president. There are some 35 local chapters throughout North America.

### Wheat yield increase

Revised figures from Statistics Canada showed on October 3 that the wheat yield this year should be 606.7 million bushels, up from the 595 million bushels forecast in mid-August. The wheat yield last year was 488.5 million bushels compared to the 1963/74 average of 598 million.

### Canada/U.S. border subject of newest Film Board book

The National Film Board of Canada has announced the awarding of publishing rights for its newest photographic book *Between Friends/Entre Amis* to McClelland Stewart publishers.

Prior to the general sale of the book, 10,000 copies will be presented, on behalf of the Canadian people, to libraries and public institutions in the United States. Another 10,000 will be similarly distributed in Canada.

*Between Friends/Entre Amis*, a project under the direction of Lorraine Monk, of the NFB, is part of Canada's contribution to the U.S. bicentennial celebrations of 1976.

In the book, 30 Canadian photographers have portrayed the people and places along the Canada/U.S. border; all 30 were given complete freedom to interpret the border in their own way.

According to Mrs. Monk, the 246 photographs which appear in the 336-page book were chosen from over 60,000.

All the photos reproduced in the book will be presented in two major exhibi-

tions which will tour Canada and the U.S.

Mrs. Monk, who is the executive producer of the National Film Board's Stills Division, has been the moving force behind several other highly successful Film Board publications including the well known *Year of the Land* and *Canada*, which won the Leipzig medal as the world's most beautiful book in 1973.

"Ten years have elapsed since the production of *Year of the Land*," states Mrs. Monk, "and now *Between Friends/Entre Amis* dramatically illustrates the outstanding progress which has been made in both the printing and photographic fields in that time."

Prime Minister Pierre Elliott Trudeau states, in the book's foreword:

"This book is about people — about the Canadians and Americans who live in harmony close to that long thin line known as the International Boundary. It is about the boundary itself, which both links these people and helps to define their separate national identities."

### British partner in Quebec iron plant

British Steel Corporation has agreed to become a partner in a huge iron-pelletizing plant at Port Cartier, Quebec. Starting in 1977 the \$500-million plant will produce six million tons annually of high iron-content pellets from local low-grade ores for the use of the three steel-making companies that will be partners in it.

Major partner in the new plant will be the Quebec Government-owned Sidbell steel mill, with 51 percent equity. It will take the biggest share of the plant's output to use at its Contrecoeur steel mill. Quebec Cartier Mining Co., a subsidiary of United States Steel Corporation of Pittsburgh, will have 8 per cent of the equity and take about 500,000 tons of pellets a year for use in its U.S. steel mills.

British Steel, a British Crown corporation would have just over 40 percent equity and take about 2.5 million tons a year of the new plant's output. The three firms will put up a total of \$100 million in equity and borrow the rest of the \$500-million cost.

### Canada/French Antilles air route

An air route between Canada and Martinique and Guadeloupe has been added to the list of routes established under the Canada/France Bilateral Air Agreement of 1950, Secretary of State for External Affairs Allan J. MacEachen announced on October 9.

The amendment was effected by an exchange of notes signed by the Secretary of State for External Affairs and the Ambassador of France.

The establishment of scheduled air services between Canada and the French Antilles, stated the announcement, would enhance Canada's ties with the Caribbean and more specifically with the French-speaking parts of the area.

### Ontario Liberal leader quits

Robert Nixon has resigned as leader of the Liberal Party in Ontario. He has proposed a leadership convention in January or February at which he will not be a candidate.

**Olympics broadcast facilities ready**

The Olympics Radio and Television Organization (ORTO), set up by the Canadian Broadcasting Corporation in 1973 to prepare technical facilities and all radio, television and film services needed to cover the 1976 Olympic Games, is ready to fulfil that function.

To supply Canadian and foreign broadcasters with the international picture and sound that will enable them to transmit the Games in Canada and round the world, ORTO has established sophisticated recording and transmission facilities in its broadcasting centre and two sub-centres.

The facilities include: nine television studios, 50 studios for radio, 110 offices for distributing broadcasts, 50 off-tube booths, a television distribution centre and an audio-distribution centre.

From the opening ceremony, July 17, until the closing August 1, ORTO's coverage of the 27 venues will be achieved by using: 19 TV mobile units, 87 videotape recorders (VTRs), ten telecine chains, 104 colour cameras, 17 slow-motion VTRs, 18 character generators and 700 specially-built commentator positions at all venues, each linked to central broadcast centres by 36 separate video and 4,500 audio circuits.

**Commentary insertions**

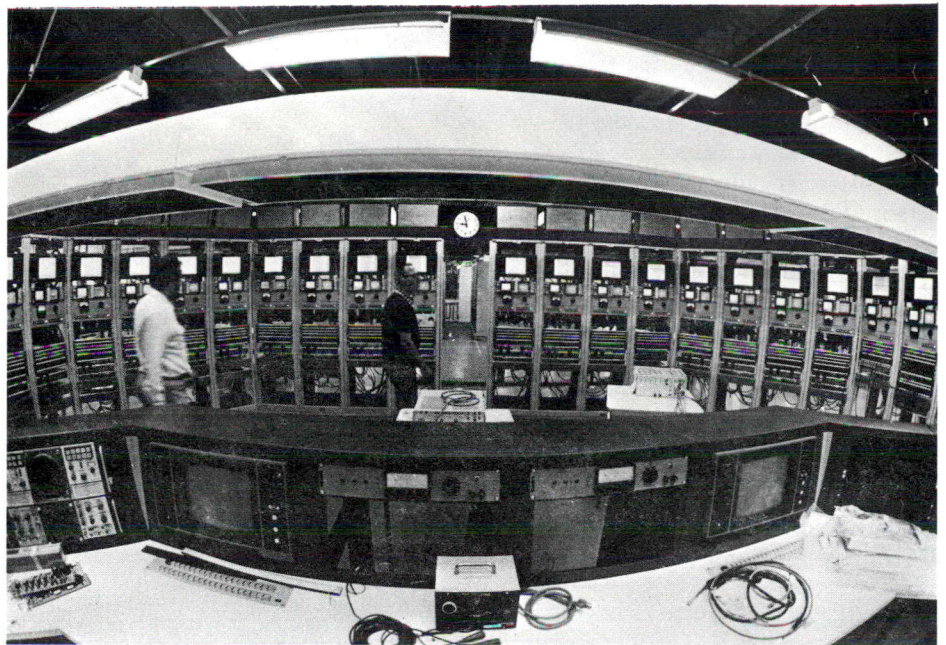
Services prepared by ORTO are designed to enable broadcasters both inside and outside Canada to give full coverage of the Games with their own commentaries.

Pictures originating from 19 mobile units and 700 commentator-positions will be shown at ORTO's master control centre for distribution to users.

To enable broadcasters to insert their own commentary and description of events as they happen, provisions are being made to equip 700 commentator positions with commentator units, tables, seats, phone and power outlets for audio pick-up recording devices.

Technicians at master control will be able to trace and correct any breakdown or error in less than ten seconds.

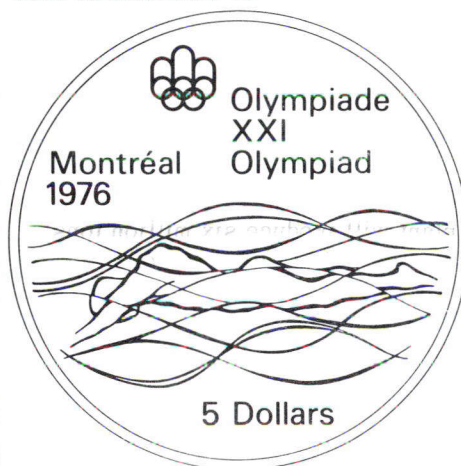
Above the control centre is the quality-control room, where every Olympic venue will be viewed simultaneously.



*Central control room in ORTO's vast technical network.*

**Olympic coins fifth series**

The Olympic Coin Program has released the designs of the fifth series of Olympic Coins which will be available on December 1.



Derek Dawson, Director of Products and Logistics for the Program, made public the designs of Series V at the opening of the Olympic Coin Sport Art Tour in London, Ontario.

"It is particularly appropriate that London was chosen as the site and the Olympic Coin Sport Art Tour the venue for this announcement. Lynda Jane Cooper, the designer of Series V is a London resident and a student at the University of Western Ontario and we believe that the coin designs are a worthy addition to Canada's sport art."

The designs were chosen in a national competition judged by five of Canada's leading artists.

The four coin designs depict the theme of Series V – water sports – illustrating paddling, diving, sailing and swimming.

Miss Cooper, a 22-year-old visual arts student at the University of Western Ontario described the designs as "simplistic line drawings" and says that she approached the problem of designing the coins the way she would approach a homework problem.

Lynda describes herself as a fine artist and illustrator but primarily a



*Jane Cooper, 22-year-old designer of the fifth series of Olympic coins.*

cartoonist for which talent she was hired by *The Hamilton Spectator's* editorial department during the summer of 1974.

Before this assignment, she gained three years experience as staff cartoonist on her university campus newspaper, *The Gazette*.

To date, the Olympic Coin Program has sold over \$130-million worth of sterling silver coins in many areas of the world. Net profits now exceed \$35 million. So far, the Program has paid \$1.25 million to the Olympic Trust of Canada for training and direct aid to Canadian amateur athletes.

### Participation in the Intergovernmental Committee for European Migration

Canada has applied to revive its association with the Intergovernmental Committee for European Migration (ICEM) through observer status, announced the External Affairs Department, October 10.

ICEM is concerned with resettlement of refugees by facilitating refugee movements to countries where they have been accepted. Canada, one of the founding members of ICEM when it was established in 1951, discontinued membership in 1962 when ICEM had fulfilled its membership in Europe. Since then there have been a number of refugee situations in other regions where ICEM has acted strongly in support of multilateral and bilateral refugee programs.

Canada, as an observer, could attend ICEM meetings, consult officially on matters of direct concern to Canada, participate in seminars dealing with international migration movements and could benefit from closer contacts with other associated states.

An annual voluntary contribution of \$10,000 will be given by Canada to ICEM towards administrative costs.

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*Algunos números de esta publicación parecen también en español bajo el título Noticiero de Canadá.*

*Ähnliche Ausgaben dieses Informationsblatts erscheinen auch in deutscher Sprache unter dem Titel Profil Kanada.*

### Restraints against inflation

(Continued from P. 2)

will be allowed to make up the difference.

In order to ensure that these guidelines will not impose an unfair burden upon low-income people, nor confer an undue advantage upon those with above-average incomes, there will be the two exceptions to the rule. First, the guidelines will not apply to any increase up to \$600. And second, no one will be permitted an annual increase of more than \$2,400.

These are the broad guidelines for wage and salary income. I repeat, they do not affect contracts or agreements already in existence, but apply only to new contracts. But I want to make clear that the income guidelines apply to all forms of income — including rents, dividends, fees charged by doctors, lawyers, accountants and engineers, executive salaries, business profit margins, and Government wages and salaries.

### Penalties for non-compliance

Compliance with the guidelines by the designated groups will be monitored by an Anti-Inflation Review Board.

The Board will identify those who do not comply voluntarily with the guidelines, and will report them to a special administrator. The Government hopes there will be few who do not comply.

The administrator will have the power to order a price increase rolled back, or a pay increase cutback. If his order is disobeyed, then stiff penalties, backed by the full force of the law, will be swiftly applied.

We believe that if the largest and most powerful groups practise price and income restraint, the effect will be felt throughout the entire nation. When the leaders set a reduced pace, others will follow.

If a large manufacturing company holds its prices down, the small businessman buying from that company will be under less pressure to increase his prices. If powerful trade unions cut back their wage demands, other workers will be more willing to aim for lower wage targets. When professional people and landlords restrain their fee and rent increases, then the wage-earner and the salaried person will see that there is justice and fairness in the system.

### Government restraints

I recognize that if those large groups are willing to do their part to help bring down the rate of inflation, then governments also must do their part. Therefore the Federal Government will limit further its own spending, to add to the restraint we announced in the budget last June.

Increases in the Federal Government spending will be severely controlled in three ways:

First, the wage guidelines will be applied to all employees of the Federal Government, its agencies and Crown corporations.

Secondly, there will be practically no growth in the Public Service, except for the limited number of people required to implement this program of restraint, and additional law-enforcement personnel required to implement the Government's new program to reduce violent crime. Details of that program will be announced in the weeks ahead.

Thirdly, we will eliminate or reduce spending in many smaller, but separate areas that all add up. For example, strict economies will be imposed on the administrative and housekeeping aspects of the Government's business.

I must point out, however, that this does not mean that Government spending will be absolutely frozen. Indeed it must increase if we are to continue to provide essential services, such as cushioning Canadians against part of the increase in the cost of imported oil, protecting the aged and others living on fixed incomes against some of the effects of inflation, and continuing to provide assistance to those who are unemployed. Programs such as these are the cornerstone of the economic and social policy of the Government — the maintenance of a high level of economic activity combined with a large amount of income redistribution and protection for the less fortunate. I know that Canadians would not want the burden of fighting inflation to be shifted to those least able to bear that burden.

The program I have explained to you tonight, and which I discussed earlier today with the provincial Premiers and with the leaders of the opposition parties, will be laid before Parliament tomorrow. We will ask Parliament to consider the legislation immediately.

\* \* \* \*