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## Canada's economic prospects moving in the right direction

*The following passages by Gerald K. Bouey, Governor of the Bank of Canada are from an address to the Canadian Club of Toronto on November 28:*

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So far as the current economic situation is concerned, there is no shortage of difficulties to point to. Unemployment remains undesirably high. In recent months food prices have produced a significant bulge in the rate of increase in consumer prices. Although there has recently been some recovery in retail sales, consumer confidence does not seem to be strong. Business confidence is also at a rather low ebb, judging from the level of new investment in plant and equipment in fields other than energy. On the external side, we have been making progress in our merchandise trade but our balance-of-payments deficit on current account remains very large and we are financing it by going into debt abroad at a rate that is correspondingly high.

That's one side of the current picture, but there is another side. There are factors at work in our economy which, given time, should considerably improve our situation. Indeed, I would argue that the Canadian economy has now in fact made many of the adjustments that were necessary in order to allow it to perform better and to compete more effectively with the rest of the world. Thus, while the bad news is that our economy has been going through a difficult period, the good news is that we may already have completed a large part of what was bound to be a difficult journey. Much of the essential groundwork has already been laid both for a pick-up in the pace of economic activity and for a better cost-and-price performance — provided, that is, that we stick to the course we are on.

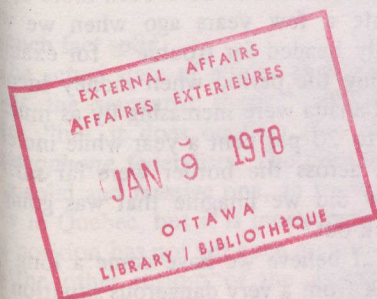
### Wage settlements

The most fundamental way in which we have been getting our economy into better shape is through the progress that has been made in reducing inflation. On that front we have seen a remarkable modera-

tion of the average size of negotiated wage settlements — from annual increases that were running in the 15 to 20 percent range back in 1975 to increases that are currently averaging no more than 7 to 8 per cent a year, and that soon, now that the new guideline is in effect, should be down to 6 per cent or less. Thus the rate of increase in our labour costs — a fundamental determinant of our ability to compete internationally — is now back into much the same range as that of labour-cost increases abroad.

### Consumer price index

At first glance the recent trend of the consumer price index would seem to be at odds with the view that the underlying pace of inflation in Canada is continuing to moderate. But here is an instance where appearances are deceiving. An unusual temporary down-swing in food prices in 1976, combined with the effects of a strong Canadian dollar in holding down the prices of imported consumer goods, gave an exaggerated impression of the degree to which our underlying price performance was improving at that time. A renewed bulge in food prices in 1977, combined with the effects of a substantial decline in our exchange rate, have correspondingly obscured the continuing improvement in our non-food price performance over the course of the present year. Taking the two years together, the overall rise in the consumer price index to date has not been greatly out of line with what had been hoped for back in 1975 when the anti-inflation program was first introduced. It is hoped that the prices of foodstuffs both from domestic and foreign sources will not continue to rise at such high rates much longer. Meanwhile, the recent weakness of world prices for many industrial commodities, together with the decline in Canadian interest rates from last year's levels, both represent — for the



Dec. 14/77



time being at least — some relief from pressure in these particular areas of production costs.

### Expenditure control

Other important adjustments that have been made in the economy include a firmer control of expenditures by governments across the country and a less rapid rate of monetary expansion. This relatively moderate rate of monetary growth has been accompanied by a decline in short-term interest rates, which are now significantly lower than [they were] a year ago. The same is true of mortgage rates. Long-term rates have also declined. Interest rates are not high now in relation to the underlying rate of inflation. Funds are readily available to creditworthy borrowers in financial markets and from financial institutions. Whether looked at in relation to our monetary targets or in relation to credit conditions, the current setting of monetary policy is not, in my view, impeding the achievement of more satisfactory levels of output and employment in Canada.

### Foreign-exchange rates

Another important adjustment that has occurred is the large decline in the foreign-exchange value of the Canadian dollar over the past 12 months. In large measure a decline of this kind was inevitable sooner or later because of the recognition in exchange markets that costs and prices inside Canada had gotten far out of line with those of our chief trading partners, particularly the United States. It is our past catching up with us. The constructive aspect of this exchange-rate adjustment is the offset it provides to the damage done in recent years to our international competitive position. The help it gives us will not last very long, however, if Canadians insist on obtaining compensating increases in rates of pay to offset the direct effect of exchange depreciation on Canadian prices. To take advantage of the degree to which it has restored our competitive position, we must strictly contain the feed-back effects of this exchange-rate depreciation on our domestic costs of production. If we fail to do so we shall be only running in circles and getting nowhere — at least nowhere that we want to go.

The combination of an improving domestic cost-and-price performance and a substantial depreciation of the Canadian dollar has gone a long way towards build-

ing a solid basis for a resumption of more satisfactory rates of growth of output and employment in Canada. I am in fact hopeful that we will see the beginning of this better performance in the course of the coming year.

### Requirements for success

For this hope to be realized various things must go right. One of them is that the economic expansion that is currently proceeding in the outside world must continue....

Another thing that must go right is a strengthening of business and consumer confidence in Canada. Confidence is usually at its lowest ebb just before economic activity finally begins to pick up, but it strengthens quickly with an upturn in activity. It is not unreasonable to expect signs of such a revival to make their appearance before long given the prospects for somewhat stronger growth in total spending and the improvement that has occurred in our competitive position....

Perhaps the major requirement on the domestic scene concerns the wage-and-price setting behaviour of Canadians in the period ahead. For the remainder of the control program, the basic guideline for pay increases has been held down to 6 per cent, and profit-margin controls will remain in effect for most firms throughout 1978. These arrangements should be of considerable help in limiting the price-and-cost impact of the decline in our exchange rate. But what will happen as controls come to an end? What will be left to keep cost increases from greatly outstripping productivity gains, and prices from rising at least proportionately? In the private sector of the economy the answer is: what there always was — the discipline of competitive market conditions and the bottom line. As we approach the decontrol period it is important that there be a widespread appreciation that this form of restraint on price-and-cost increases will be there, and that even though markets may be strengthening next year, they will not be strong enough to bear average increases in rates of pay of more than 6 per cent a year....

Naturally I am anxious that as we approach the end of controls no one should look to monetary policy to accommodate inflationary increases in costs and prices through excessive monetary expansion. There are two main ways a central bank can contribute to inflation. One is to overdo monetary expansion by sacrificing

longer-run considerations in the desire to help bring about a quick improvement in economic activity. The other is to overdo monetary expansion by accommodating passively whatever rates of inflation are generated by excessive pay and price increases. Neither does any good in the long run....

It is clear that we Canadians are going to discover the answers to some critical questions in the next year or so. We are going to find out, for example, whether we can make our relatively free market system of price and income determination work again. There are the other risks and uncertainties that I have mentioned, and more. Small wonder that there is a range of views about the likely performance of the Canadian economy in 1978....

Whether or not things work out as well as this in the Canadian economy in 1978 will depend in large measure on the response of Canadians in their wage-and-price behaviour to the current setting of public policies.

There is no doubt that we can, if we are so inclined, revert to saddling our economy with costs of production so high as to perpetuate existing unemployment levels, further erode the value of our money, and throw away the chances of achieving the degree of prosperity that a country as potentially rich as Canada ought to be able to afford its citizens.

I believe that Canadians have too much common sense and too much sense of community responsibility to respond to the challenge of the times in that way. I believe that we have all learned some painful lessons from our recent economic history, and that we are indeed making progress in overcoming our economic problems. One hears a good deal of pessimistic comment these days but I suggest that, as is often the case in economic matters, much of it is well out of date. Such pessimism would have been more appropriate a few years ago when we were really headed for trouble — for example, during the period when money incomes in Canada were increasing by as much as 15 to 20 per cent a year while increases just across the border were far smaller. How did we imagine that was going to work out?

...I believe we have come a long way back from a very dangerous situation and that we are still moving in the right direction. That's why today I count myself among the optimists about Canada's future economic prospects.



### Co-ordinator for UN special session on disarmament

Kenneth Williamson, a senior official of the Department of External Affairs, has been appointed co-ordinator for the United Nations special session on disarmament to be held in New York, May 23 to June 8, 1978.

The Government considers it important that Canadian public opinion about disarmament and the views of those with expert knowledge and particular concern about international developments in this field should be fully taken into account in the formulation of Canadian policy on issues before the special session. Mr. Williamson will ensure that close contact is maintained with interested groups and individuals by personal contact, participation in meetings and discussions with consultative panels composed of individuals with expertise in this field.

### Quebec's French-speaking majority on the increase

The *francophone* majority in Quebec, which rose by more than 200,000 from 1971 to 1976, is now over 5 million, according to National Health and Welfare Minister Monique Bégin.

In the same five years, the *anglophone* and "other language" groups in Quebec have increased by barely 3,000 persons each, with the result that Quebecers, whose mother tongue is French, account for more than 30 per cent of the population increase in the province over the past five years.

Consequently, the French-speaking majority in Quebec has grown from 80.7 per cent of the total population of Quebec in 1971 to 81.3 per cent in 1976.

### French fact solid

"The actual state of affairs, then, contradicts the separatist thesis," Miss Bégin said, "but it does confirm that of the *francophone* federalists. The French fact is a solid and massive one, an irreversible one in Quebec, but it is more fragile and its position has not yet been consolidated in the other regions of the country. In fact the analysis [commissioned by the Federal Government from Réjean Lachapelle of the Institut de recherches politiques de Montréal] indicates that the positions of the *francophone* minorities in

Ontario and New Brunswick have weakened in the past five years. In New Brunswick the population with French as its mother tongue has dropped from 34 to 33.6 per cent of the total from 1971 to 1976. In Ontario it has dropped from 6.3 to 5.7 per cent.

"These trends can hardly move one to be complacent. There is most certainly a French-Canadian demographic problem, but it is in the *anglophone* provinces, not in Quebec. The separation of Quebec, in addition to meaning the setting in of demographic stagnation, would not resolve this problem in the least, but on the contrary, be absolutely catastrophic for

the million *francophones* living in other provinces.

"We, the French-speaking federalists, therefore, are of the belief that we work as hard as anyone for the maintenance and assertion of the French culture in North America. The difference is that we work where the threat is a real one, where the position is the weakest...."

"In a word, we are fighting to make Canada a land where a majority French Quebec will feel more at home, more at ease. This is the object, linguistically and culturally, of the Canadian challenge. We believe more than ever that this challenge warrants being issued."

### Canadian birthplace honours Netherlands princess



Princess Margriet of the Netherlands, who was born in Ottawa in 1943, was guest of honour at the Canada Day reception (whose theme was Ottawa, the nation's capital) at the NATO AFCENT base in Brunssum, Holland last month.

Representing the city's early days as Bytown was the official historic figure of Lieutenant-Colonel John By, Royal Engineer, who had been sent in 1826 to build the Rideau Canal as an alternative route to the St. Lawrence River from Bytown to Kingston, Ontario.

"Colonel By" presented the princess with an engraved miniature lock-stone, carved from the original limestone used to build the walls of the canal, and with a book outlining the history of Canada's canals.

Nine hundred guests from 17 nations, including General Alexander Haig, Jr., Supreme Allied Commander of the NATO bases in Europe and Lucien Lamoureux, former Speaker of the House of Commons and now Canada's Ambassador to Belgium, attended a Canadian reception at the Supreme Headquarters Allied Powers Europe (SHAPE) in Mons, Belgium. "Colonel By" received them. He also addressed school children at both NATO bases and presented books to the various libraries on behalf of Parks Canada.

(Left) Lieutenant-Colonel John By, played by Walford Reeves of the Department of Indian Northern Affairs, presents a souvenir of the historic canal to Princess Margriet of the Netherlands.



## Major study of marine environment before oil-drilling begins

Indian and Northern Affairs Minister Hugh Faulkner has announced a \$13-million "unique" environmental research program in the Arctic waters of Baffin Island, which hold potential for some of the largest unexplored oil and gas-bearing formations in Canada.

"The Eastern Arctic Marine Environmental Studies (EAMES)," said Mr. Faulkner, "will enable us to determine the environmental constraints on a systematic basis before any offshore exploratory drilling for petroleum might be allowed in the eastern Arctic."

While oil companies had permits to explore in the area and a substantial amount of seismic surveying had been done there in recent years, said the minister, offshore drilling had not yet been permitted.

### Unique project

The four-year studies, which will cover Lancaster Sound, Baffin Bay and Davis Strait, were unique for a number of reasons, said Mr. Faulkner. Among them:

- It is the first time research will have been carried out before authority to drill is granted.
- Northern residents, particularly the Inuit, will be involved both in the conduct of the studies and as representatives from ten Baffin communities on an advisory board to the management committee.

### Deaf seals

Inuit hunters at Lake Harbour reported having seen seals that were not frightened away by the noise of outboard motors and asked if it was possible they had been deafened by seismic exploration explosions.

Dr. Norman Snow, a biologist with the Department of Indian Affairs and Northern Development, explained that it was quite possible "that seals, like men, can have their hearing damaged".

He explained that seals' ears are very similar to those of men, "and studies have shown that the constant noise of artillery can cause permanent damage to men's hearing. In effect, a part of the ear dies and does not grow back. Seals could certainly be affected the same way."

- It is the first time the potential effects of exploration will be examined on a broad regional, ecological, rather than on a "site-specific basis".
- The major portion of the cost will be borne by the petroleum industry.

### How the money will be spent

Some of the programs involve:

*Oceanography* — To provide a description of the ocean waters, with emphasis on currents and their variability. Also to provide a knowledge of wave action.

*Weather and related factors* — To improve the ability to predict the direction in which oil spills would move. The project will involve collection of information concerning distribution of sea ice; the formation and characteristics of the sea ice; and detailed weather information, particularly from offshore areas.

*Sea-ice scouring* — To collect information on the scouring of the ocean floor by sea ice.

*Land-use maps* — To create a series of maps showing the surface geology of the coastal area; the biological resources; sensitivity of the land; current land use; ice distribution; and type of coastline.

*Sea mammals* — To gather information on the number and movements of seals and whales; to help identify areas and times when the mammals may be sensi-



The birth of beluga or white whales has never been witnessed or recorded. The beluga whale's main food is squid, polar cod and invertebrates — predators are killer whales, polar bears and man.



Large male polar bears stalk the leads for seal birth-lairs, make the kill, then eat only the skin and some blubber before moving on. The remaining carcasses provide food for female and young bears and Arctic foxes which would have difficulty finding enough food for themselves.



tive to disturbance by drilling or oil pollution. The survey will use shore bases, aircraft and ships.

*Sea birds* — To identify migration routes, feeding areas and the general ocean areas used by the birds and to find out when they use each area. Aircraft and aerial photography will be used.

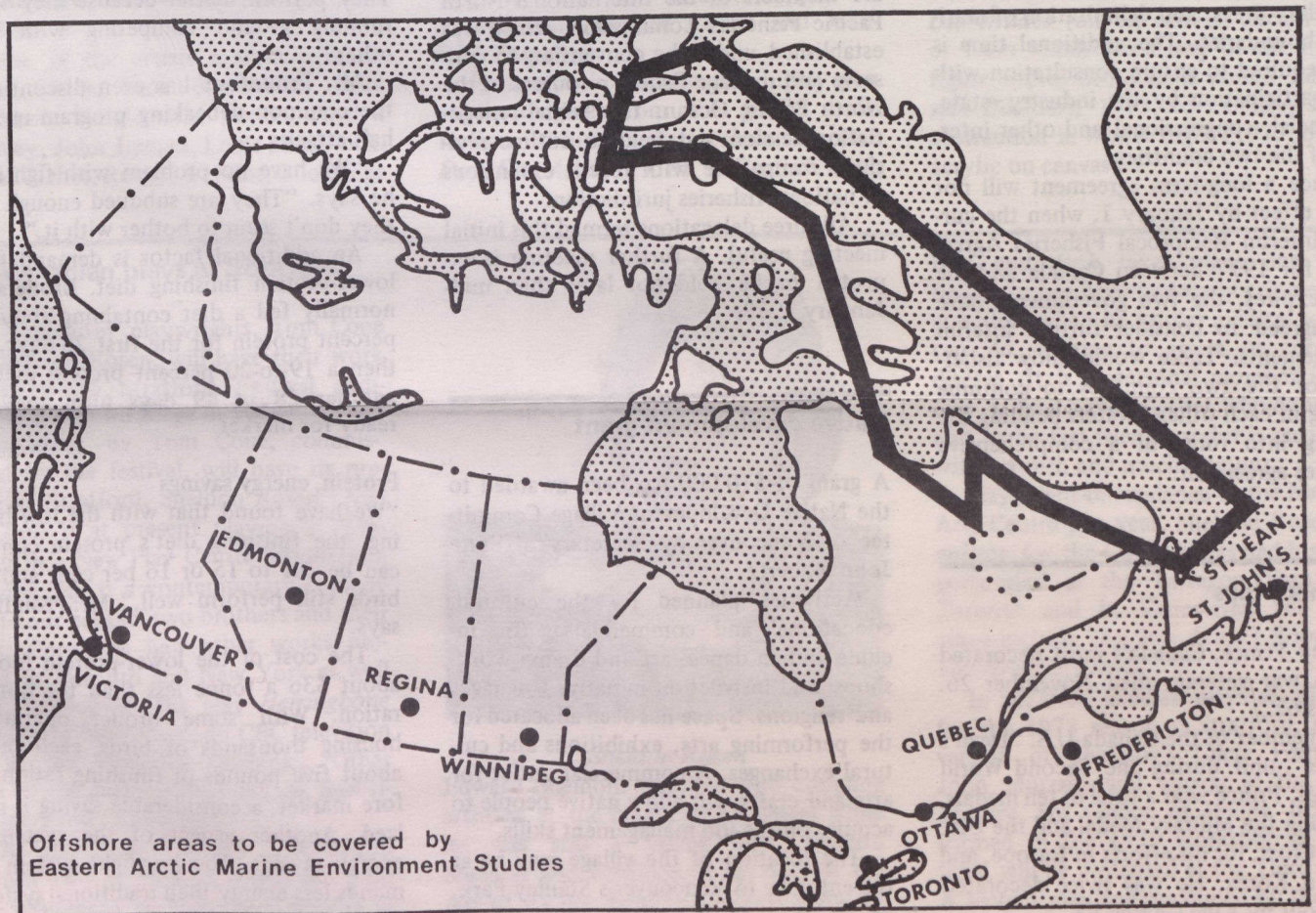
*Polar bears* — To provide information concerning the distribution of polar bears by means of aircraft sightings.

*Polar bear body temperatures* — To determine the effects of oil and polar-bear fur and the regulation of the body temperature of the bears. The study will use captive bears.

Research will also be carried out on ocean fish, Arctic char and inshore fish, zooplankton distribution, sea-bottom animals, effects of oil on mammals, oil degradation and dispersal, oil-spill trajectories and contingency planning. In addition, the research ship *CSS Hudson* will make two trips into Baffin waters to collect water samples for analysis and to examine the rock formations under the sea.



*Common mures raise only one chick per pair and must be four to five years old before becoming sexually mature. At the end of summer, groups of flightless juveniles, usually with one or two adults, swim on an easterly migration to winter in Greenland.*





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## Extra time for U.S./Canada maritime negotiations

The Governments of Canada and the United States have agreed to extend to the end of January 1978 the period for completion of the maritime boundary and resource negotiations being conducted by Ambassador Marcel Cadieux for Canada and Ambassador Lloyd N. Cutler for the United States.

The two special negotiators had been directed to develop the terms of a comprehensive settlement for submission to governments by December 1, 1977. Although substantial progress has been made since October when the two governments approved the joint report on the principles of a settlement, the negotiators considered that additional time would be required and therefore recommended an extension.

The extra time will permit careful review of the complex elements involved in the negotiations — management and sharing of fish stocks off both coasts, hydrocarbon-sharing arrangements in maritime boundary areas, and delimitation of maritime boundaries. The additional time is also required to ensure consultation with and participation by the industry, state, provincial, congressional and other interests of the two countries.

Since a long-term agreement will not be in effect by January 1, when the current Interim Reciprocal Fisheries Agreement for 1977 between Canada and the U.S. expires, the two governments have also agreed to consider further interim arrangements. These would allow fishermen of the two countries to continue fishing in each other's waters pending the coming into force of a comprehensive fisheries agreement.

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## War hero dies

Tommy Prince, Canada's most decorated Indian war veteran, died November 26. He was 62.

A member of the Canada-U.S. "Devil's Brigade" unit during the Second World War, Mr. Prince won a total of ten medals, including the Military Medal and the U.S. Silver Cross, for his efforts in Europe, and later in Korea. He was twice decorated for valour by King George VI.

In 1944, while a sergeant in Italy, Mr.

Prince crept 1,500 yards behind enemy lines to install a telephone line which he used later to relay a message that led to the bombing of German tanks and artillery. Shortly before issuing the message, he was forced to appear in broad daylight, disguised as a hoe-carrying Italian peasant, to make repairs to the line.

The veteran, grandson of Saulteaux Indian Chief Peguis, lost most of his possessions, including his medals, in a house fire several years ago. Permanently crippled by war injuries, he was last employed as a part-time labourer in Winnipeg before his admission to hospital on November 6.

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## Pacific fisheries renegotiation

Delegations from Canada, Japan and the United States met from October 24 to 26 in Anchorage, Alaska, to consider the future of the 1952 International Convention for the High Seas Fisheries of the North Pacific Ocean. The three countries are members of the International North Pacific Fisheries Commission, which was established under the convention to conserve and manage fishery resources of the North Pacific Ocean. This initial renegotiation session was held to outline revisions compatible with recent extensions of national fisheries jurisdiction.

All three delegations termed this initial meeting useful. A further meeting is expected to be held not later than mid-January 1978.

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## Native development grant

A grant of \$10,000 has been awarded to the Native Development Village Committee of Vancouver by Secretary of State John Roberts.

Activities planned for the cultural, educational and commercial centre include Indian dance, art and drama workshops, and instruction in native languages and religions. Space has been allocated for the performing arts, exhibitions and cultural exchanges. A commercial outlet for arts and crafts will allow native people to acquire on-the-job management skills.

The location of the village may be at the entrance to Vancouver's Stanley Park, or on another waterfront site such as Granville Island.

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## Low lights soothe ruffled feathers

Dim lighting in bars and restaurants is said to create a relaxed atmosphere for the customers.

But for chickens too?

Fred Proudfoot, head of the poultry section at Agriculture Canada's research station at Kentville, Nova Scotia, has found that dim lighting is conducive to fast growth and lower energy demands by broiler chickens.

In tests at the research station, light intensity was reduced from the normal daylight level to one-tenth of a foot candle over three weeks. In layman's terms, one tenth of a foot candle stops humans short as they enter a broiler house. Eyes become accustomed to the darkness in about 15 minutes. Then, birds and feeders are discernible, although not clear.

"We've found that this low-light regimen has several beneficial effects on the birds," Mr. Proudfoot says. "They are subdued and there is much less conflict. They perform better because they aren't running around competing with each other."

Mr. Proudfoot has even discontinued the common debeaking program used to halt attacks.

"We have no problem with fighting," he says. "They are subdued enough that they don't seem to bother with it."

An additional factor is demand for a lower-protein finishing diet. Broilers are normally fed a diet containing about 24 percent protein for the first 28 days, and then a 19-to-20 percent protein diet for another 28 to 49 days until they are ready for market.

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## Protein, energy savings

"We have found that with the low lighting, the finishing diet's protein content can be cut to 15 or 16 per cent and the birds still perform well," Mr. Proudfoot says.

The cost of the lower-protein food is about \$36 a tonne less than the normal ration. With some broiler operations housing thousands of birds, each eating about five pounds of finishing ration before market, a considerable saving is realized. Another aspect of the system is energy savings. The low-light system demands less energy than traditional systems that simulate daylight for up to 24 hours a day.



# News of the arts

## Love affair with landscape

Over the past 50 years, many artists have been drawn to the Laurentian Mountains north of Montreal, Quebec, by the ruggedness of the landscape. In an exhibition organized and circulated by the Art Gallery of Ontario, attention has been devoted to the work of 15 Canadian artists who chose, for personal reasons, at one time or another, to live and work in this region.

*The Laurentians: Painters in a Landscape* appears at the Gallery from November 25 to December 31, after which it will travel to Windsor and Kingston, Ontario, before finishing its year-long tour in April, at the Canadian Cultural Centre in Paris, France. In the exhibition are 60 paintings, drawings, sketches and prints loaned by public museums, private galleries, artists and their families and individual lenders from many parts of Canada. The exhibition is the first to concentrate entirely on this area north of Montreal and to bring together the works of painters who have worked there at different times.

Some of the artists represented are: André Biéler, Sam Borenstein, Fritz Brandtner, Marc-Aurèle Fortin, Patrick Landsley, John Lyman, Louis Muhlstock, Roland Pichet, Robert W. Pilot, Goodridge



Fritz Brandtner's *Sixteen Islands Lake (No. 1)*, 1942

Roberts, Anne D. Savage, Jacques de Tonnancour, Maurice Cullen and Jean-Paul Riopelle.

Each artist's statement is highly personal, ranging from the gentle social realism of Biéler's watercolour, *Election Day, Ste. Adèle* (1918), to Fortin's vivid,

"decorative" farm scene in *Vue de Lesage, Laurentides* (oil on canvas, circa 1938); or from Muhlstock's love of the human figure shown in his sepia sketch, *Laurentian Boulders*, 1973, to Landsley's cool abstraction in *Winter Light* (1973, oil and acrylic on canvas).

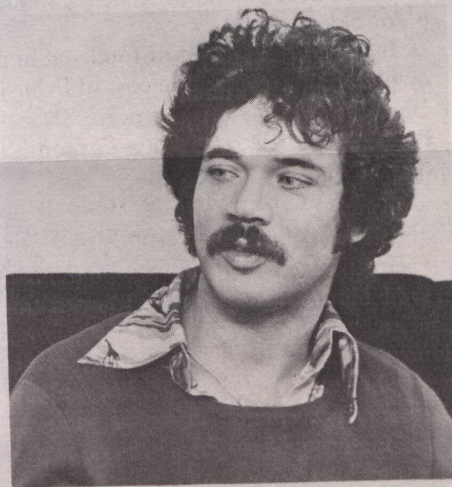
## Five Canadian plays at Stratford

Two Vancouver playwrights, Tom Cone and Sheldon Rosen, will have their work introduced to Stratford Festival audiences at the Third Stage in 1978.

*Stargazing*, by Tom Cone, commissioned by the festival, will have its *première* at Stratford. Sheldon Rosen's *Ned and Jack* is at present playing in Vancouver in a New Play Centre production.

*Stargazing* is a contemporary comedy about four people, two brothers and their wives. Cone has had other works produced in Toronto and New York as well as in Vancouver. His play *Herringbone* was seen in New York, on CBC television and at the Montreal Olympics. Other plays by the same author include *Beautiful Tigers* and *Cubistique*.

*Ned and Jack* is about a friendship between two celebrated Americans who were prominent in New York theatre in the early part of the century — actor John Barrymore and producer/playwright



Sheldon Rosen

Edward Sheldon. Stricken with crippling arthritis at the height of his career while he was still a young man, Edward Sheldon was confined to his bed for the rest of his life. Despite his immobility, he remained friend and mentor to the most important theatrical figures of the age.

*Ned and Jack* takes place one night before he has become totally crippled but at a time when he knows medical science can do nothing to arrest or cure the disease. It is a personal moment in the lives of two public figures who happened also to be fast friends, and it is recounted with warmth and much humour.

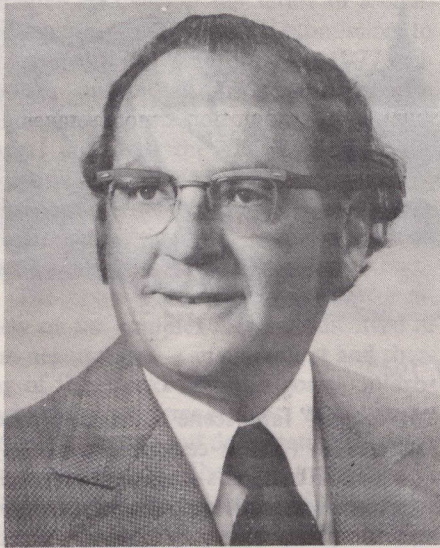
Playwright-in-residence at the National Arts Centre last year, Sheldon Rosen has written for the CBC and has had his plays performed at the Tarragon Theatre in Toronto and in Vancouver. His other plays include *The Box*, *Myer's Room* and *The Grand Hysterical*.

In all, five Canadian plays are planned for the 1978 season at Stratford. A new version of Chekhov's *Uncle Vanya* by John Murrell, will appear at the Avon Theatre. His version of *Medea*, first performed in the 1975 Workshop at Stratford, will be presented at the Third Stage. A second play commissioned by the festival, *Devotion*, will have its world *première* at the Avon Theatre.



## Ottawa scientist named to international office

Dr. Neil J. Campbell, 51, a Canadian marine scientist, has been appointed first vice-chairman of the Intergovernmental Oceanographic Commission (IOC), an international scientific organization representing 94 countries. His appointment was by acclamation at the tenth IOC Assembly which concluded recently in Paris, France.



Thomas Studio

Dr. Neil J. Campbell

Dr. Campbell, a specialist in physical oceanography, is director-general of the Marine Sciences Information Directorate, Ocean and Aquatic Sciences, Fisheries and Marine Service, in Ottawa. He has headed the Canadian delegation to IOC for almost ten years.

In addition to his duties as first vice-chairman of IOC, Dr. Campbell has been given special responsibilities in assessing the future role and function of the Commission.

The IOC, an autonomous organization

within the United Nations Educational, Scientific and Cultural Organization, has a mandate to promote scientific investigations with a view to learning more about the nature and resources of the oceans through the concerted action of its members. Its programs range from support of joint oceanographic scientific projects,

such as the Controlled Ecosystem Pollution Experiment (CEPEX) in British Columbia, to the Geochemical Ocean Sections Study (GEOSECS) and the International Tsunami Warning System, with which Canada is closely linked. IOC chairman is Dr. A. Ayala-Castanares, of Mexico.

## News briefs

**Pro-federalist groups** and political parties ended a three-day symposium in Quebec City on December 3 by forming a committee to fight the planned referendum on Quebec independence. The first meeting, which was to be held in Montreal on December 10, would have representatives from all parties with elected members in the House of Commons, four of five Quebec political parties and seven unity groups.

**Canada Pension Plan recipients** will receive a maximum of \$194.44 a month, an increase of 7.5 per cent, beginning in January. The Department of National Health and Welfare, which made the announcement, also stated that maximum disability pension in 1978 would rise to \$194.02 a month and orphans of deceased contributors would receive monthly cheques of \$48.19. Maximum monthly surviving-spouse pension will be \$121.11 for persons under 65 and \$116.66 for spouses 65 or older.

**Increases in the cost of food** and home ownership pushed up the cost of living by 1 per cent in October, reports Statistics Canada. The rise results in a 12-month inflation rate of 8.8 per cent.

**Three of 14 Montreal students** marooned for two days in snow on Jay Peak, Vermont, U.S., were rescued by U.S. Air Force helicopters on November 29. State police assisted the others down the rugged mountain. The students, aged from 17 to 19, who had been hiking, had been caught in snow drifts up to their waists.

**Canada's official monetary reserves** rose \$19.8 million (U.S.) last month, reflecting a letup in speculative pressure against the dollar. The November advance, following a decline in October, was the first increase since May, when reserves rose \$4.6 million.

**Atomic Energy of Canada Ltd.** will receive a loan of \$13 million from the Federal Government to purchase uranium concentrate for lease to Argentina. The

uranium is one of the items included in AECL's sale of a Candu reactor to Argentina.

**The government of the Northwest Territories** will begin imposing its own personal and corporation income taxes after January 1, 1978. The territorial and federal governments will soon sign an agreement similar to those between Ottawa and most provincial governments, under which the Federal Government collects the provinces' personal and corporation taxes free of charge. A spokesman for the Northwest Territories government described the change as "symbolically, in any event, a further step towards political evolution".

**Japan is the largest single buyer** of Canada's agricultural exports and will likely remain its best market in the future. A recent study conducted by Agriculture Canada's trade policy section shows Canada supplied 92 per cent of Japan's rapeseed purchases in 1976 and predicts a strong demand for Canadian oilseeds on the Japanese market in the future. It also predicts the Japanese market should remain open for Canadian pork exports.

**Transport Minister Otto Lang** has announced a five-year, \$230-million program to assist provinces in improving their urban public transportation systems. No new funds are being made available; the program will allow provinces to take funds previously set aside for railway relocation and grade separations and use them for urban and commuter transportation.

**The Federal Government's decision** to arrange a \$1.5-billion standby credit that could be drawn on to support the Canadian dollar is being viewed favourably by bankers and foreign-exchange traders.

**It will cost 14 cents to mail a letter in Canada** beginning April 1. Postmaster-General Jean-Jacques Blais says rates for some other services will also be going up at that time. The increases are expected to produce an extra \$125 million a year in revenue.

*Canada Weekly* is published by the Information Services Division, Department of External Affairs, Ottawa, K1A 0G2.

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*Cette publication existe également en français sous le titre Hebdo Canada.*

*Algunos números de esta publicación aparecen también en español bajo el título Noticiario de Canadá.*

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