

too divided to successfully direct the party. Also the Bloc had so aroused the anti-fascist sentiment in the rest of Canada, as well as Quebec, that, particularly in war time, electoral success would have been out of the question. In 1944 the Bloc was able to muster only four seats in the provincial assembly, overwhelmed by Duplessis' Union Nationale and the federally-linked Liberals.

Groulx retired from public life. He emerged briefly in 1962 to lend his support in *Le Devoir* (then edited by Andre Laurendeau) to the proposal to nationalize the remaining 11 privately run hydroelectric companies in the province. The controversial proposal had been advanced by the young Liberal Minister of Natural Resources, René Lévesque.

— Jane Berg

## PQ Collaborates With Rohatyn On Energy

During the last two weeks, PQ Energy Minister Guy Joron has called for a sweeping 30% reduction in current levels of energy consumption and complete scrapping of provincial plans for nuclear energy development, and announced a forthcoming "restructuring" of the provincial crown corporation Hydro Quebec for the purposes of achieving these ends. Hydro, through its massive James Bay project in northern Quebec, is otherwise slated to become the largest producer of electrical energy in the world by the 1980s. Joron, who recently issued an unconditional endorsement of the Club of Rome "Limits to Growth" policy, admitted last week to a reporter that he is cooperating closely with Lazard Freres' Felix Rohatyn and

Rohatyn's comparable drive for northeastern U.S. regional "energy independence," the ENCONO program covered in recent issues of this journal.

In the same two weeks, a program for full "balkanization" of Canadian raw materials policy has been asserted by the PQ Mines Minister Yves Berube. Berube advised a conference of provincial mines ministers to form a common front to force a "constitutional test" before the courts to overturn federal jurisdiction over mining and export policy. Each major export mineral would then be assigned to a specified province which would in turn dictate "national" policy which would be determined to suit that province's special "needs".

## Canada Shifts To Pro-Industrial Stance

In 12 days following Canadian Prime Minister Pierre-Elliott Trudeau's federal cabinet reshuffle, Canada's newly appointed Finance Minister Jean Chretien has already emerged as the leading advocate of an aggressively pro-industrial policy thrust. Since his promotion to Canada's leading ministry from his previous position as Minister of Trade and Commerce, Chretien has voiced commitment to active pursuit of a solution to Canada's burgeoning economic and financial crisis based on industrial expansion and technological development mediated

trading agreements with the EEC countries as well as through expanded positive ties to the U.S. economy.

The Trudeau cabinet shift, unveiled Sept. 16, followed the abrupt resignation of Finance Minister Donald Macdonald two weeks before. Macdonald was identified with the current Canadian wage-price control program, and reportedly differed from Trudeau in favoring an indefinite continuation of the control policy rather than a lifting of the controls linked to more aggressive development of industry. In addition to the promotion of Chretien to the post of Finance Minister, Trudeau appointed former Progressive Conservative Jack Horner to the Ministry of Industry and Trade, and created a new ministerial post to be filled by Marc Lalonde: Inter-governmental Affairs and National Unity.

Chretien's strong appeal for strengthened economic ties with the EEC was voiced in an extended interview in

the West German industrial daily *Handelsblatt* last week. Emphasizing that no aspect of Canada's Foreign Investment Review Act is intended to discourage pursuit of investment opportunities in the Canadian economy, Chretien stressed that the FIRA aims rather to insure that as much foreign investment as possible takes the form of "direct capital investment — which makes possible in turn a Canadian balance of payments status favorable to Canadian direct investment abroad and also works through the development of new technologies to bolster Canadian industrial and competitive strength." In the same interview, Chretien confirmed Canada's commitment to the development of the energy and raw materials resources necessary as a basis for confidence in investment in industrial expansion.

In an interview carried this week by the Montreal daily, *La Presse*, Chretien denounced the environmentalist Berger Commission report which has served as the basis for deferring development of Canada's conventional natural gas and oil reserves. He stated, "If the reported 20 trillion cubic feet of natural gas reserves in the Mackenzie Delta exist, there will no longer be any question of waiting ten years to construct a pipeline." This statement flies directly in the face of both the longstanding North American "Project Independence" policy thrust heretofore promoted largely through Rockefeller-allied interests, as well as the even more drastic "no-energy" policies currently identified

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with Quebec's ruling Parti Quebecois. The Berger Commission report, released earlier this year, was the basis for the Canadian National Energy Board decision to quash plans for the early construction of a gas line through the Mackenzie Delta and was in turn seized upon as a decisive victory by Fabian zero-growth proponents of all descriptions throughout the U.S. and Canada.

Filling out the flavor of the new Canadian cabinet profile, both Chretien and the new Industry and Trade Minister, Jack Horner, have made clear that Canadian concern for the unemployment problem will not weaken the commitment to a solution based on industrial growth. Both in the *Handelsblatt* interview and in the course of his speech to the IMF meeting in Washington, Chretien acknowledged the necessity of an aggressive solution to the current crisis, but nonetheless firmly rejected an inflationary approach (such as make-work job programs), explaining to the IMF delegates that in Canada's case any approach to unemployment not based on increased exports will only increase unemployment in the long run.

#### *Challenge Facing New Cabinet*

Motivating the new "show of strength" by the Trudeau cabinet is one of the most serious political and economic crises in postwar Canadian history. While official second quarterly economic indicators reveal a record current account deficit of \$1.55 billion (Canadian dollars) with mounting foreign debt service obligations far overbalancing a faltering balance of trade surplus, information made available to the *Executive Intelligence Review* indicates that the latest deficit was very likely met by means of an emergency "bail-out" loan of between \$600 and \$700 million (Canadian dollars) arranged discreetly between the U.S. Treasury and the Bank of Canada. If such an emergency short-term loan had not been made, the deficit could only have been met by means of a drastic lowering of Bank of Canada reserves. This would have led to an additional collapse of the Canadian dollar on a scale which would in turn have threatened a general panic within the North American economy.