

general corporate income tax; an increase in taxes on cigarettes, beer and fuels; and the removal of retail sales taxes on specified items.

Apr. 25. A contract was approved by 55,000 non-operating railway employees, providing for wage increases of 10% in the first year and 8% in the second and third years, as well as a limited cost of living escalator.

May 1979

May 1. Chrysler Canada Ltd. announced the closing of its Windsor engine plant for two weeks in May and layoff of 550 workers indefinitely thereafter. A Conference Board in Canada survey of major forecasters indicated the average expected growth rate had been lowered to 3% from 3.3% in October, while the anticipated inflation rate had been increased to 8.2% from 7.6%.

May 8. Mexico tentatively agreed to sell Canada up to 100,000 barrels of oil a day for 10 years, beginning with small amounts late in 1979; in return, Mexico would study the feasibility of using CANDU nuclear reactors.

May 15. Falconbridge Nickel and the International Nickel Co. of Canada, Ltd. (Inco) boosted nickel prices about 13.7%. The federal labour department reported that wage settlements in the first quarter of 1979 increased base rates 7.1%, down from 7.7% in the fourth quarter of 1978; the US labour department earlier announced wage increases averaging 6.6% in the first quarter of 1979, up from 6.4% a year earlier.

May 16. The Trendicator of The Royal Bank of Canada, which foreshadows short-term economic conditions, was estimated to have declined 0.4% in the first quarter, following three consecutive increases; building permits were the major source of weakness. The leading indicator of the Canadian Imperial Bank of Commerce declined in February for the first time since April 1978; the bank said that the decline in six of the eight index components suggested the possibility of a slowdown in the third quarter. The Manitoba budget was introduced; highlights included a five-year moratorium on increases in hydroelectric rates, adoption of a single tax rate structure for the mining industry, selective reductions in sales taxes on children's clothing, meals away from home, and secondhand furniture and clothing; the deficit was forecast at \$123 million. Margaret Thatcher became prime minister of Britain; she promised a reduction in personal income taxes, increased defence spending and reduced power for unions; at the same time 600,000 public servants ratified a 25% pay increase over eight months.

May 22. In a federal general election, the Progressive Conservative party won 136 seats, the Liberals 114, New Democratic Party 26 and Social Credit party 6.

May 24. Prime Minister-elect Joe Clark pledged to fulfil campaign promises including a cut of 60,000 jobs from the public service, the privatization of Petro-Canada, lower income taxes, and the imple-

mentation of a mortgage deductibility scheme.

May 29. A survey by Wood Gundy reported that debt financing by government and corporations totalled \$2.27 billion in April, versus \$835 million a year earlier.

June 1979

June 4. Inco ended a 12-month strike at Sudbury as 12,000 workers voted to accept a new three-year contract; terms of the agreement called for an immediate increase of 66 cents an hour, with the total value of increased wages and benefits estimated to be \$4.07 an hour over the life of the contract.

June 5. The federal government increased the compensation paid to oil companies for imported crude oil to \$7.50 a barrel, compared to \$3 earlier in the year.

June 6. All major ports in British Columbia were closed as 3,000 longshoremen went on strike; officials estimated that wheat exports were reduced 40,000 tons a day.

June 8. A two-month freeze on public service hiring was announced by Treasury Board President Sinclair Stevens; government departments were instructed to defer discretionary spending.

June 11. Highlights of the BC budget included a 1% cut in the sales tax to 4%, a reduction in income taxes, and higher corporate capital tax exemptions. The Alberta budget called for lower taxes for low-income earners and small businesses, a \$2 billion operating surplus, a \$1.2 billion deposit for the Alberta Heritage Savings Trust Fund, and a \$1 billion grant to municipalities to reduce their debt.

June 13. Morgan Guaranty Trust Co. of New York cut its prime rate 0.25% to 11.5%, following a decline in most short-term interest rates in the United States; the Bank of America, Citibank NA and Chase Manhattan followed this move.

June 15. Ford Motor Co. of Canada Ltd. announced a further one-week layoff of 3,800 employees at its Oakville, Ont. plant beginning June 25; declining full-size car sales in the United States were cited as the major factor. The Ford Motor Co. also announced the layoff of 7,100 employees in the United States for one week to balance inventories.

June 18. Longshoremen at seven West Coast ports returned to work, ending an 11-day strike.

June 21. Energy Minister Raymon Hnatyshyn reaffirmed that a \$1 a barrel increase for crude oil would take place July 1; Mr. Hnatyshyn predicted oil supplies would be tight the following winter, but rationing was not being considered.

June 29. OPEC was unable to agree on a uniform price for oil, and Canada would pay different prices ranging from \$18 to US\$23.50 a barrel. Saudi Arabia, supplier of one-quarter of Canada's oil imports, raised prices from \$14.55 to \$18 a barrel. Venezuela, which supplied about 55%, raised prices from \$16.75 to \$20 a barrel. A ceiling of \$23.50 a barrel on oil prices was agreed upon by OPEC; some confusion remained as to whether and by how much Saudi Arabia would increase supply. In