

response to higher oil prices, seven leading industrial nations of the free world including Canada agreed to limit oil imports in 1979 and 1980 at the economic summit held in Tokyo. Canadian government officials had indicated that within the next year the domestic price of oil could rise \$3 to \$4 a barrel above the current price of \$12.75 a barrel. Effective July 1, the export price of crude oil to the United States would be raised 12.8% from \$23.41 a barrel to \$26.41; the wellhead price of the oil would go from \$12.75 to \$13.75 while the levy would be raised from \$10.01 to \$12.01 a barrel.

July 1979

July 13, The federal cabinet approved a 50-cent increase in Canada's natural gas export price bringing it to US\$2.80 per thousand cubic feet effective August 11, 1979; a further increase was expected in early 1980.

July 20, The Newfoundland budget featured higher taxes on cigarettes and car ownership; the tax on cigarettes was raised by 5 cents a package while passenger vehicle registration fees were increased by \$10 for all models; a 4% tax on advertising sales was introduced.

July 21, In Washington, the FRB increased its discount rate from 11.25% to 11.75%, citing weakness in the US dollar and rapid expansion in the money supply as the major reasons.

July 22, The Bank of Canada raised its bank rate from 11.25% to 11.75% in response to the change in the US discount rate.

July 24, Canada's major chartered banks raised their prime lending rates from 12% to 12.5% because of the bank rate increase.

July 30, General Motors (US) announced plans to lay off 12,630 hourly workers at 10 car and truck manufacturing plants in a bid to slash production of 1980 models; the move was the most severe step yet taken by General Motors in response to a deteriorating US new car market.

July 31, In Washington the commerce department's index of leading economic indicators registered a 0.1% decline in June; this followed a 0.3% rise in May and a 2.1% decline in April.

August 1979

Aug. 16, The federal government reaffirmed its promise to reduce the Canadian public service by 60,000 before 1983; Treasury Board President Sinclair Stevens said this goal would be attained by selling off some Crown corporations, hiring only two new public servants for every three departing, and reducing federal-provincial duplication of services.

Aug. 17, The FRB raised its discount rate to 10.5% from 10% in response to recent strong growth in several key monetary aggregates; all major US banks raised their prime lending rates to 12%.

Aug. 29, Led by Chase Manhattan, major US banks raised their prime lending rates to a record 12.25% from 12%.

September 1979

Sept. 4, Chrysler Canada Ltd. announced a customer rebate program ranging from \$100 to \$400 on selected 1979 cars, vans and trucks; the action followed a similar move by Chrysler in the United States. General Motors of Canada Ltd. increased the Canadian wholesale price for its average 1980 model base passenger cars by 2.4% from final 1979 model prices. Nova Scotia Development Minister Roland J. Thornhill announced that Sydney Steel Corp. was cutting production by 25% to 30% and would lay off 800 workers by Nov. 1, due to heavy financial losses and further deterioration of the plant's obsolete facilities.

Sept. 5, The Banque Canadienne Nationale and La Banque Provinciale du Canada announced a merger to form the Banque Nationale du Canada. The Canadian gold maple leaf, Canada's first gold bullion coin, went on sale on the money markets of Canada, the United States and Europe; the selling price would fluctuate from day to day, depending on the world price for gold. The Alberta government announced a decision to open its heritage savings trust fund, worth more than \$5 billion, to corporate borrowing; provincial Treasurer Lou Hyndman predicted such loans could amount to \$100 million during the next 18 months. Prime Minister Joe Clark agreed in principle to give Newfoundland control over its offshore and mineral resources; a similar agreement was reached with Nova Scotia. The Ontario Energy Board approved Ontario Hydro's request to raise rates charged to municipal utilities and direct customers by an average of 8.5%.

Sept. 7, The bank rate was increased by half a percentage point to a record 12.25%, the ninth increase in 21 months.

Sept. 8, Most US banks raised their prime lending rates to 12.75% from 12.25%. The National Energy Board decided to reduce net exports of light crude to the United States to about 14,000 barrels a day effective Oct. 1, down about 75% from 55,000 barrels a day in September; exports of heavy crude would be increased 14.6% to 94,000 barrels daily from 82,000.

Sept. 14, Canada concluded a deal with China calling for delivery of 2 million tonnes of wheat valued at over \$400 million, beginning in October.

Sept. 17, The federal government announced details of a proposed mortgage interest credit plan to be phased in over four years, eventually to provide a maximum credit of up to \$1,250 a year for mortgage interest payments and a flat credit for each home owner of \$250 a year for property taxes; in the first taxation year the maximum mortgage interest credit would be \$312.50 and the property tax credit would be \$62.50, for a total maximum credit of \$375.

Sept. 28, The Ford Motor Co. of Canada Ltd. planned to suspend temporarily car and truck production for one to two weeks at seven plants on October 2, including the one at Oakville, Ont., to help balance inventories. The move would affect 16,400 workers, including 3,400 at Oakville. Trig-