gered by fears of another round of OPEC price increases following Venezuela's 6% hike in oil prices, the US dollar approached record lows amid heavy selling. The Canadian dollar recovered to US 86.15 cents and the British pound strengthened as speculators invested in nations relatively self-sufficient in oil.

October 1979

Oct. 9, In Washington, the FRB announced a number of changes in monetary policy in an attempt to dampen inflation and support the US dollar; the board raised the discount rate a full percentage point to 12%, tightened reserve requirements on short-term certificates of deposit and Eurodollar borrowings, and said future monetary policy would focus directly on bank reserves rather than key interest rates to reduce the growth of the money supply. In a related move, the treasury department announced it was terminating its regular monthly auction of 750,000 troy ounces of gold. Led by Chase Manhattan, all major US banks raised their prime lending rates from 13.5% to 14.5%. The Bank of Canada raised its bank rate from 12.25% to 13% following the increase in the US discount rate.
Oct. 10, Canadian chartered banks raised their prime lending rates to 13.75% from 13%; five-year conventional mortgage rates were raised to 13.5% at some banks and 13.75% at others, and most banks raised the interest rate on bank cards to 21% effective in the spring of 1980.
Oct. 15, Ford Motor Co. of Canada Ltd. raised the average price of 1980 model passenger cars by 3.1%.
Oct. 17, Ontario Hydro announced it would raise its rates in 1980 by 16.4% for municipal utilities and 14.8% for industries.
Oct. 23, Led by Morgan Guaranty Trust Co. of New York and Citibank NA, all major US banks revised their prime lending rates from 14.5% to at least 15%. The Government of Canada reduced the basic tax rate on income of small corporations not eligible for the special 25% tax rate from 46% to 33%; the government retained its definition of small business eligible for the 25% tax rate as a firm with less than five employees.
Oct. 25, General Motors of Canada Ltd. announced it would close its car assembly plant at Ste-Thérèse, Que. for one week beginning Nov. 19 due to declining sales in the United States; the move would affect 3,200 workers. At the same time, the Ford Motor Co. announced layoffs of 8,450 auto workers in the United States for one to two weeks to reduce passenger car and truck inventories. The Bank of Canada raised its bank rate one full percentage point to 14%.

November 1979

Nov. 1, Canada announced it would allow net exports of only 50 barrels a day of light crude oil in November, down from 14,000 in October; the National Energy Board said Canadian refineries needed the oil to rebuild low inventories in Eastern Canada. The NEB raised permissible exports of heavy crude oils to 122,000 barrels a day in November from 94,000 barrels a day in October.
Nov. 7, General Motors said it would indefinitely lay off 5,570 workers at three different auto plants in the United States and reduce the assembly line speed at others; the moves brought the total number of idled workers at GM to 37,250. At the same time, Ford Motor Co. temporarily suspended car production at six of its 13 US car plants, idling 24,000 workers. Chrysler Corp. announced a one-week suspension of operations at three US plants, affecting 9,200 workers. Auto sales in the United States in the first 10 days of November fell 26% from a year earlier.
Nov. 26, US interest rates declined for the first time in several months as the prime lending rate was cut from 15.75% to 15.5%. Corporate borrowing in November declined by almost $1 billion following the increase of interest rates in October. The Bank of Montreal, followed by most other banks, reduced its mortgage lending rates from .5 to 1.0 percentage points as demand for mortgage funds tapered off significantly in November.
Nov. 28, United States Steel Corp. announced the most sweeping production cutbacks in memory due to rising costs and weak demand; following a trend that began in the third quarter, plant closings would result in the layoff of an additional 13,000 workers.

December 1979

Dec. 7, Bank of Canada Governor Gerald Bouey was reappointed for another seven-year term by the federal government.
Dec. 11, Gulf Canada Ltd. declared *force majeure* on gasoline supply contracts to independent distributors in Ontario until mid-March; the distributors would have supplies held to the average of the previous 18 months, a drop of 2 million gallons a month. Gulf Canada Ltd. also cut back operating hours at 120 service stations formerly open 24 hours a day. Citing gas shortages due to refinery problems and strong demand, Suncor Inc. reduced hours and raised prices at certain outlets in Ontario and Quebec.
Dec. 13, The seven-month old Progressive Conservative federal government was defeated in the House of Commons following introduction of a budget.
Dec. 20, At December meetings OPEC failed to agree on one price for crude oil exports; Saudi Arabia had raised its price from US$18 a barrel to $24 and many OPEC members had decided to raise their prices further since their last meeting; Libya led the price hike with US$34.50 a barrel while Venezuela and Iraq raised their prices to $26 a barrel. As a result of these increases, Canadian officials expected that compensation payments for imported oil would rise to $2 billion in the 1980 fiscal year from $1.6 billion in 1979.