

August 1981

Aug. 11. The labour dispute involving inside postal workers was settled.

Aug. 24. Most BC lumber and pulp mills reopened following the strike that started July 13.

Aug. 26. Nigeria reduced the price of crude oil by \$4 a barrel to US\$36 in response to a glut on world markets.

September 1981

Sept. 1. The dispute over energy prices between the federal and Alberta governments was resolved. The energy price agreement called for a blended price for new and old oil (old oil refers to discoveries made before Dec. 31, 1980). This blended wellhead price would rise \$2.50 a barrel on Oct. 1, then \$4.50 in 1982, and \$8 a year thereafter until 1986. These government estimates were based on the projected world price to be paid for new oil, and a ceiling of 75% of the world price for conventional old oil. Natural gas prices would rise 25 cents per thousand cubic feet every six months from February 1982, leaving gas prices at about 65% of oil prices. The export tax on natural gas was removed to help alleviate the glut in Canada. Both levels of government agreed to spur development of the Alsands and Cold Lake oil projects, worth over \$25 billion. The incentives for greater Canadian participation in the oil industry remained essentially intact.

Sept. 2. A strike by 1,500 grain handlers at Thunder Bay reduced grain exports by about \$10 million a day, according to the Canadian Wheat Board. (The strike lasted for 16 days.)

Sept. 10. The Alberta cabinet issued an order-in-council to restore full production of oil following the pricing agreement.

October 1981

Oct. 1. The Quebec minimum wage rose to \$4.00 an hour, the highest rate in Canada; the Ontario minimum wage rose to \$3.50.

Oct. 3. The first shipments of Canadian natural gas began to move to the western US through the pre-built section of the Alaska Highway gas pipeline; export contracts called for 240 million cubic feet a day to flow through the western leg of the pipeline, and 900 million cubic feet through the eastern leg by 1986.

Oct. 4. The European Monetary System exchange rate grid was realigned significantly for the first time since March 1979; the German mark and Dutch florin were revalued up by 5.5%, while the Italian lira and French franc were devalued by 3%.

Oct. 30. OPEC moved toward a more unified price structure, as Saudi Arabia agreed to raise its benchmark price of oil to \$34 a barrel and reduce output to 8.5 million from 10.5 million barrels a day; the average OPEC price was expected to rise about \$1 to \$35 a barrel; prices were to be held at this level until the end of 1982.

Oct. 31. The FRB reduced the discount rate from 14% to 13%; a 2% surcharge on frequent borrowers remained.

November 1981

Nov. 6. The Ontario government offered a rebate on the 7% sales tax up to \$700 against the purchase of 1981 imported

or domestic cars (the program expired Dec. 5). Ford Motor Co. of Canada announced a \$500 cash rebate program on purchases of its 1981 cars before Nov. 30.

Nov. 12. The federal budget called for reduced budgetary deficits through a combination of higher revenues resulting from the extension of the corporate income tax surcharge, less generous depreciation allowances, the closing of numerous personal tax loopholes, and gains in energy revenues; expenditure was to be slowed by cutbacks in transfer payments to provinces and limited new aid programs for homeowners, small businesses, and farmers to cope with high interest rates.

Nov. 18. The Quebec government introduced a supplementary budget, highlighted by an immediate 6.5 cents a litre increase in the gasoline tax, higher alcohol tax levies, and a cancellation of the 2% personal income tax cut which was due to take effect Jan. 1.

December 1981

Dec. 12. OPEC oil ministers agreed to reduce prices for higher quality grades of crude oil by 20 to 70 cents a barrel; the Saudi Arabian benchmark price remained unchanged at US\$34 a barrel.

Dec. 19. The federal government changed several of the tax proposals in the November budget, depriving the treasury of \$150 million a year.

Dec. 30. The United States announced a series of economic sanctions against the USSR to protest the imposition of martial law in Poland; the sanctions particularly restricted the trade of advanced technology and equipment.

January 1982

Jan. 20. The Conference Board of Canada reported that its index of consumer confidence rose from a record low of 63.1 to 64.1 in the fourth quarter, the first increase in 1981. (The index level was 100 in 1961.)

Jan. 22. The federal government authorized 19 foreign-owned banks to open operations in Canada, raising the number of such banks to 40 since changes to the Bank Act took effect Nov. 1, 1981.

Jan. 27. Average OPEC oil prices fell to US\$33.85 a barrel in reaction to continued slack demand; the price was about \$1 below year-earlier levels, and slightly below the \$34 benchmark price for Saudi Arabian crude.

Jan. 30. General Motors of Canada announced price reductions of \$500 to \$750 on most cars and trucks beginning Feb. 1 for 60 days; the announcement followed failure to renegotiate labour contracts between General Motors of Detroit and the United Auto Workers.

February 1982

Feb. 13. The Ford Motor Co. of Detroit and the United Auto Workers agreed on renegotiation terms that would save the company an estimated \$300 a car in labour costs, while providing increased job security to workers.

Feb. 15. Ocean Ranger, the largest offshore drilling rig in the world, sank off the coast of Newfoundland; two other rigs working in the Hibernia field were recalled for inspection.