

Trudeau Outflanking Rockefeller — So Far

Former Progressive Conservative Party leadership contender Jack Horner crossed the floor of the Canadian House of Commons this week to join the ruling Liberal Party. According to press reports, Prime Minister Trudeau lauded the move as a significant strengthening of the Liberal Party's relationship to western Canada and indicated he would award Horner a cabinet post as Minister without Portfolio.

Trudeau has been on a "national unity" organizing tour of the western provinces in an effort to outflank Rockefeller-Trilateral Commission organizing to balkanize Canada. Horner, until now an Alberta-based Conservative MP, is a longstanding opponent to zero-growthter Joe Clark, the head of the PC, and led the PC opposition to Robert Stanfield, who elbowed former

Prime Minister John Diefenbaker out of the party's top post in 1967.

The Trudeau tour and Horner's appointment mark a significant shift in focus in Canada's fight for "national unity" — away from Quebec and toward the western provinces — which took shape in the weeks following the Toronto Liberal Party conference. Trudeau is demanding that Parti Quebecois (PQ) be turned away by provincial leaders unless the provincial leaders agree to frame discussions within a context of a united Canada. Trudeau's tour follows an adjacent tour through the Western provinces by PQ spokesman Morin who promised PQ support to western francophones demanding language rights and independence. Morin's address to one Manitoba group prompted a demand for an official

CSIS: Terrorism Could Bring Canadian Unity

The following is an exclusive interview with a representative of the Georgetown Center for Strategic and International Studies Canada desk.

Q: What do you anticipate developing out of the current situation around Quebec?

A: I never talk about Quebec! Actually each side, Ottawa and Quebec, are waiting for the other side to trigger the confrontation. Quebec can find nothing in the November vote to indicate strong support for separation and Ottawa isn't biting. The language policy has upset a number of people, but Levesque, in order to win the referendum must first have the confrontation.

Q: But has there not been concern within the Liberal Party ranks that Trudeau was not flexible enough in his response to the Quebec situation?

A: There was some concern that his speech in Washington would be used to lay down the gauntlet, but in fact there is nothing which Trudeau can gain by the Quebec issue. Also, the Progressive Conservatives really have no alternative to what Trudeau is putting forward.

Q: What about the possibility of someone like John Turner taking over the reins from Trudeau?

A: Liberal Party people will tell you that the best course of action for Trudeau is to resign now and let the party select a leader to run in the next election. On the other hand there is no indication that he will do this. He showed that in one visit to D.C. he could raise his popularity by 8 percent — if he can do that then — well, the situation may be much more flexible than we anticipated!

Q: What if Levesque holds back — will he lose control?

A: The popularity of the PQ currently depends upon Levesque's personal appeal and will dip if extreme elements come to the fore.

Q: What about the possibility of a Belfast-type situation developing, independently of the PQ perhaps?

A: Terrorism would be the best of all circumstances for Ottawa — then Ottawa has to act to reinstate the 1970 war measures action. There is always the possibility of radical elements — but that could be the thing that moves Quebec and Ottawa back together. It is a qualitatively different situation now than in 1969-70. A number of conservatives would like to see such an eventuality — a reinstatement of military rule unifying the country.

Q: If not Quebec, what is the most important problem in connection with the Canadian dollar?

A: There are many factors: inflation, the number of strikes, the labor movement, the growing U.S.-Canadian gap. The latter is a psychological problem, in great part due to the perceived needs of "sovereignty" some years ago, but "sovereignty" has a high cost! You may find a greater push for autonomy in the western provinces than in Quebec in the near term. You have the possibility of the "Ottawa-provincial-Washington triangle confrontation." No one wants to talk about it here. If you do, you are accused of interfering into the internal affairs of Canada or of advocating separation!

"White Paper" on language and culture from the provincial New Democratic Party government.

Horner's move has solidified factional alignments within the Conservative Party, centering precisely around the West and national unity. Former Prime Minister John Diefenbaker, speaking in Regina this week, called for a Parliament-centered unity conference in which all MPs would be urged to determine, through their constituents, the proper course to a strengthened confederacy. He urged all Canadians to make it known to French Canadians that they are a part of a united Canada. At least one western conservative MP has already made known the results of his constituency poll — overwhelmingly in favor of a united Canada.

On the other side, Alberta PC Premier Peter Lougheed, tied to the Rockefeller-controlled Imperial Oil (Exxon) Canada Ltd. has called for a decentralization of power and a significant shift of economic decision-making power away from Ottawa.

Cross-party factional alliances characterize the altered political line-up in Canada.

Relatively pro-federalist forces, including the Liberal Party's Trudeau wing, the PC's Diefenbaker-Horner factions and such forces as the Social Credit machine behind British Columbia Premier William Bennett, who is now pushing a pro-nuclear energy development policy, are pitted against the Trilateral Commission wing of the Liberals currently fronting John Turner from Vancouver as their prospective replacement for Trudeau, the Trilateral's PQ, the Clark leadership of the conservatives linked to Rockefeller through Imperial Oil, and the environmentalist swamp of the NDP. The shift from the issue of Quebec separatism to the fight for control of the western provinces was identified by Georgetown Center for Strategic and International Studies spokesmen last week as resulting from Trudeau's successful sidestepping of the confrontation course initially established by the Quebec PQ victory last November.

Conspicuously missing from the pro-federalist side, however, is a defined economic policy initiative which could unite the anti-Rockefeller factions in a coordinated offensive.

A Lull In The Currency Warfare Against Canada

For the last month the Canadian dollar has been stable at about \$.95, following the series of sharp attacks earlier in the year, which pushed the currency below \$.95 for the first time in years. The Canadian dollar's temporary respite reflects the present standoff between the Trudeau government — in particular, Canadian industrialist interests represented in the government — and the New York banks, who have not-so-hidden designs on Canada.

The Canadian dollar came under sudden attack earlier this year as Wall Street's way of telling Canada, the largest borrower on the international markets last year, to put its economy through a harsh "adjustment" process and simultaneously to back up the Carter regime in the U.S. in its economic warfare against the rest of the world.

To date, the beleaguered Mr. Trudeau has declared his allegiance to Carter in announcing on April 5 that Canada would continue to embargo uranium shipments to countries that refuse to sign Canada's impossibly restrictive safeguard agreements. However, Héan Chrétien, Canada's Industry, Trade, and Commerce Minister immediately after the announcement called for an aggressive research and development effort within Canada; and opposition to U.S. Secretary Bergland's U.S.-Canadian wheat cartel scheme is so great among Canadian wheat producers that Otto Lang, the Brookings Institution-linked Canadian Wheat Board Minister, who supports Bergland's "food as a weapon" scheme, may be out a cabinet post at any time.

Canada's fiscal 1978 \$42 billion budget, which went into effect April 1, is another standoff. The Trudeau government clearly rejected Chase Manhattan Bank's late-March instructions to the country to follow a more stimulative course — the same unwanted instructions David Rockefeller has been giving West Germany and Japan, — even though such a course would hasten the Canadian dollar's demise. Chase argued that a cheaper

dollar would enhance Canada's export competitiveness. Similarly, Finance Minister McDonald and Prime Minister Trudeau rejected heavy pressure from Canadian corporatist layers to replace Canada's wage and price controls with tripartite economic planning. The budget, however, certainly doesn't represent a positive economic program and is at best a holding action awaiting a joint U.S.-Canadian economic development program.

The present vulnerability of the Canadian dollar stems from its "special" relationship to the U.S. credit system. Of course, in typical fashion Wall Street commentators blamed the series of runs on the Canadian dollar on the country's chronic current accounts deficit, its enormous foreign debt, the loss of competitiveness of its exports due to high wages and low productivity, political uncertainties in Quebec, and other "Latin American" problems. A feature article in *Business Week* in March singled out Canada's trade deficit in manufactured goods as the main problem and recommended that the manufacturing sector be deliberately phased out through mergers and shutdowns and that Canada be reduced promptly to the status of a Third World raw materials exporter. This is the identical policy which the Tories tried to impose on the young American republic two hundred years ago.

The sudden attack on the Canadian dollar last winter is actually largely explained by the fact that Canada was the single largest borrower in the international markets in 1976. In December, preceding the onslaught against the Canadian dollar, Morgan Guaranty's World Financial Markets ominously warned that Canada was one of several countries whose deficits had widened since 1974 which "appear to be achieving inadequate current-account adjustments on the basis of present policies and exchange rates." The screws have been put on Canada not because of any inherent problem in the Canadian economy, but because the U.S. dollar-based international