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July 5th, 1993.

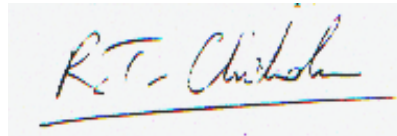
Dear Mr. Laframboise,

SNC Inc.

Further to my letter of June 10 th, 1993, and our subsequent telephone conversations, I attach my new conditions for settlement, the major feature of which consists of funding for two projects which I consider to be vital to Canada's future security and which I wish to carry out.

I'm sorry if this is a bit late but putting this together was more complex and time consuming than was initially apparent and other unexpected commitments arose. In any case I would not expect any more from the Committee meeting on July 7th than for the Committee to be made aware of my proposals and conditions, after which they will obviously require some time to consider them and this is permitted as part of my conditions.

Yours faithfully,

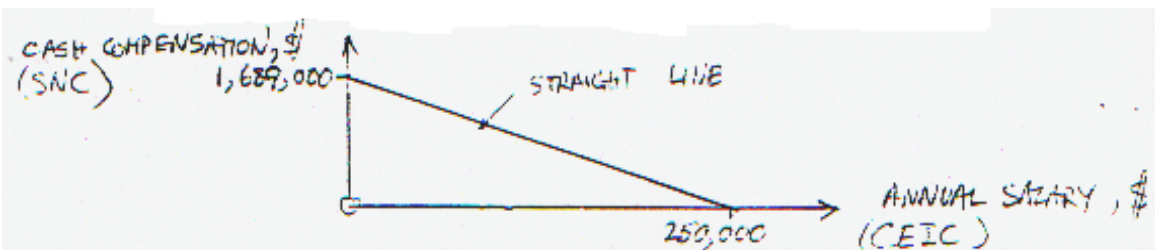
A handwritten signature in black ink that reads "R.T. Chisholm". The signature is written in a cursive style and is positioned above a horizontal line.

Attached.

1. General Conditions of Settlement.
2. Project Proposal Phase 1
3. Project Proposal Phase 2
4. C.V.

1. SNC and the Personnel Consultants mandated by them shall jointly guarantee Mr. Chisholm permanent employment with CEIC as described in accordance with Project Proposal Phase 2, to commence automatically on completion of Project Phase 1 as described and in any case not more than two years after commencement of Project Phase 1, unless realistic alternatives referred to in para. 7 below come to light.

2. The salary for the employment described in Project Proposal Phase 2, to be paid by CEIC, and the cash compensation to be paid by SNC to Mr. Chisholm shall be in accordance with the following incentive contract formula:-



3. Any concessions on salary shall be at Mr. Chisholm's Sole discretion arising out of such discussion as he may Have with other parties interested in Project Proposal Phase 1 and Project Proposal Phase 2. Mr. Chisholm undertakes not to discuss SNC involvement unless, in Mr. Chisholm's judgement, extenuating circumstances warrant it.

4. Requests for changes by Mr. Chisholm to his C.V. will not be entertained. Discussion shall be limited to providing additional information as and when the need arises, in response to questions from the Personnel Consultants, CEIC or other prospective employers.

In this connection, para.2.13 in Project Proposal Phase 1 is to be noted.

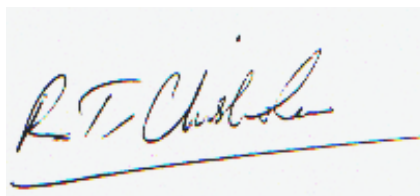
5. Project Proposal Phase 1 is currently subject to refinement but shall commence not more than two calendar months as of July 7th, 1993, unless a concession is granted by Mr. Chisholm.

Any such concession shall be at Mr. Chisholm's sole discretion; as an example, Project Phase 1 may be preceded by a preliminary Project Phase 0, to last 20 weeks, commencement of which is expected imminently and if this proceeds it will be sponsored and funded from other sources not in any way connected with SNC.

Project Phase 0, if proceeded with, will concern the implications of the environment. Alternatively, it may at Mr. Chisholm's discretion form a part of Project Phase 1.

6. SNC and the Personnel Consultants may propose alternative sources of funding for Project Proposal Phase 1 and/or an alternative employer for Project Proposal Phase 2.

7. It shall be understood that Mr. Chisholm will have sole discretion to accept or reject alternative employment proposed by SNC or the Personnel Consultants. In any case the salary and cash compensation package shall conform with the incentive contract formula in para. 2 above. Such alternative employment shall commence not more than two calendar months as of July 7th, 1993.

A handwritten signature in cursive script, reading "R. T. Chisholm", is written in blue ink on a light-colored background. The signature is positioned above a horizontal line that spans the width of the signature.

DATE: JULY 5 th,1993.

REPORT, ENTITLED: "THE ECONOMIC RENEWAL OF CANADA  
THROUGH ADVANCED TECHNOLOGY AND RE-TRAINING OF DISPLACED  
PROFESSIONALS AND WORKERS, WITH SPECIAL REFERENCE TO  
IMPROVEMENT OF EXPORT PERFORMANCE"

1. Objectives, Scope and Recommendations to be Included.

1.1. To identify issues, such overseas marketing, to be targeted for special effort to stimulate exports of Canadian advanced-technology goods and services.

1.2. To identify goods and services which should receive special assistance for the purpose of achieving major improvements in Canada's export performance, considering current and likely future world economic conditions. A likely example is the environmental protection industry.

1.3 To recommend goods and services which Canada should import in greater quantity from countries identified in the report to be produced, to be included in barter deals to facilitate payment for Canadian goods and se-vices.

1.4 To produce a set of re-training objectives for professionals and workers such as engineers displaced from down-sizing industries, and recommendations on how to implement them considering administrative and fiscal constraints.

1.5 To make preliminary estimates of the numbers of additional professionals, relative to current figures, who will be needed in industries targeted for special effort, including (inter alia) interpreters (or language training may be given to other professionals).

1.6 To recommend forms of re-training agreement between displaced individuals seeking work and prospective employers and subsequent employment contracts between such individuals and their new employers.

1.7 To recommend ways in which individual Canadians could help through voluntary work (such as language training) to achieve the above objectives.

1.8 To recommend person-year distributions for the different kinds of efforts expected to be needed, both on a voluntary and paid basis.

To obtain information on the number of persons who may be willing to provide re-training services, on a voluntary basis.

1.9 To identify countries where special efforts at marketing and other activities may be most worthwhile for the purpose of stimulating exports of advanced-technology goods and services.

1.10 To identify ways in which Canada can best assist in re-organising the economies of the former Soviet Union and other parts of the world in similar difficulty, so that mutually beneficial trade involving Canadian advanced technology goods and services results.

1.11 To determine the needs for assistance with patent protection in foreign countries.

1.12 To consult with and summarise the activities of existing Canadian organisations having possible interests (e.g. the Canadian Exporters Association), indicate how and to what extent they could help and recommend changes to the scopes of their activities where applicable.

1.13 To define the limitations of what government can or should do.

1.14. To recommend a system for evaluating the cost-recovery performance of stimulation initiatives, for both federal and provincial governments, and to ensure that the initiatives taken will result in overall increases in revenues received for distribution to other necessary programmes such as research and development and health care.

1.15. To motivate changes in the culture of the banking industry, so as to correct the balance of loans activity relative to so-called "secure" or "traditional" clients in real estate etc. (who ultimately depend on the general state of the economy anyway and consequently efforts made to make it grow by concentration of efforts on the fundamental causes of growth).

This may involve, for example:

(a) recommendations for improvements in communications between lenders and entrepreneurs

(b) recommendations for helping entrepreneurs to formulate better business plans so as to reduce the risks to themselves and lenders

(c) recommendations concerning preferential interest rates so as to make this aspect of the costs of doing business competitive with other countries such as Japan.

1.16. To examine the North American Free Trade Agreement (NAFTA) in its current form, report on any parts of it that may interfere with the recommendations to be made in this report, and require immediate removal of or modification to any clause found to be an actual or likely source of interference.

### General

A comprehensive report and recommendations shall be produced, covering all the above issues.

### 2. Justifications.

Recent articles in newspapers, periodicals and commissioned reports, have pointed to many critical and fundamental problem areas whilst ignoring other fundamental issues which include the following, among other things:

2.1. The North American Free Trade Agreement (NAFTA), currently a subject of much controversy in the U.S. Congress.

2.2. People and organisations talking about the need for re-training whilst simultaneously asking the question of "...re-training for what?"

2.3. A corresponding absence of agreed worthwhile re-training objectives.

2.4. An apparent lack of fundamental thinking directed at deriving a set of realistic re-training objectives, as evidenced by the absence of public commentary or action on the subject.

2.5. An apparent general lack of appreciation of the importance of advanced technology exports to Canada's economy, or what it takes to get worthwhile results in this area, as evidenced by lack of public commentary or action on the subject.

2.6. Lack of financial support for new advanced-technology companies on terms competitive with those offered in other countries such as Japan.

2.7. Un-justified resistance to new technology in Canada.

2.8. Un-justified complacency on the part of some Canadian banks about predictions of "good" economic growth simultaneous with predictions of continuing high unemployment of 10% or more, imparting an impression of acceptability to such unemployment.

2.9. Un-justified claims concerning Canada's "natural" rate of unemployment as being 10% or more by some bank officials, as a justification for such unemployment.

2.10. Widespread difficulties with getting payment for work done in some foreign countries caused by political and economic chaos in the wake of the collapse of Communism, and rampant corruption in others.

2.11. Un-advertised bureaucratic and regulatory obstacles to individual entry to existing re-training programmes which are simultaneously advertised as generally available to certain criteria - which may result in the majority of applicants to such programmes being excluded.

2.12. Absence of satisfactory guarantees of results to unemployed individuals in return for effort put into the cause of finding work, as an artificial and unnecessary loophole through which the problem of unemployment at an individual level usually escapes solution, in current economic conditions.

2.13. Pre-occupation in Canada with quibbling over resumé formats, interview technique and other aspects of image-building, to the exclusion of re-training to meet worthwhile objectives.

2.14. Anticipated lack of pension funding for older people caused by demographics and depressed economic conditions.

2.15. Inappropriate attitudes in some Canadian workplaces to hiring individuals aged 45 or older , based on tradition.

2.16. A general inability in Canada to connect 2.14. with 2.15 above, as evidenced by lack of public comment on this point - and inability or refusal to recognise the requirement to keep everyone working as long as possible so as to maximise the returns to the economy from people as long as they are physically and mentally capable of working.

2.17. A general lack of opportunities for young people

such as high-school and university graduates caused by current economic conditions.

2.17. Immigrants being seen as un-welcome competitors in the job market by Canadians - when Canadians themselves are usually former immigrants or descendants of earlier generations of immigrants.

### General

All the above problems and others are largely ultimately Connected with Canada's export performance which needs major improvement, notwithstanding recent press reports suggesting "good" performance, in order to stimulate domestic demand and eliminate unemployment.

At the same time, there is relatively little room for manoeuvre, in terms of technical innovation, for improving Canada's exports of natural resources such as grain. In these cases the end product cannot be changed so that the possibilities for improvement are limited to reducing the production and shipping costs.

Technology-based goods and services provide much more room for originality; at the same time , there could be much room for improvement in exports of these, for example in the environmental protection industry.

### 3. Projected Source of Project Funding.

C.E.I.C.

### 4.Mandate, Authority, Facilities and Information Required.

#### 4.1. Mandate and Authority

Authority is required to interview anyone in the country, from the Prime Minister downwards, in both the public and private sector, and to request any pertinent information from them.

#### 4.2. Facilities and Information.

Authority is required to use any and all information services in Canada including the Library of Parliament, and authority to mandate any search for information relative to such specific topics as Mr. Chisholm may see fit, and reimbursement for all fees and costs arising from such activities.

Authority is also required to mandate any legal work Concerning legal interpretation of documents such as the NAFTA.



5. Project Duration, Salary, Benefits and Future Work.

5.1. Duration of project: one year from date of commencement.

5.2. Salary and Benefits.:

5.2.1. Salary: \$6,000 per month, payable monthly in arrears. First payment to be one calendar month following the date of commencement and monthly thereafter.

5.2.2. Fees for use of information services - see 4.2. above.

5.2.3. Travel expenses. To be re-imbursed at cost. However, the project is not expected to require extensive travel outside Ottawa.

5.2.4. Project extension beyond one year or early completion, and salary etc. arising from such situations shall be mutually agreed upon between Mr. Chisholm and C.E.I.C.

5.2.5. Place of work. At home or such other location as will be mutually agreed upon between Mr. Chisholm and C.E.I.C.

6. Report Submission.

6.1. C.E.I.C.

6.2. Canadian media.

6.3. Office of the Prime Minister.

6.4 Provincial Government premiers.

6.5. Selected private sector companies (who may be consulted during course of preparation).

7. Further Work.

Following satisfactory completion of this contract between Mr. Chisholm and C.E.I.C., it is understood that Mr. Chisholm will immediately take up the new position with C.E.I.C. of Coordinator for Job Creation Through Advanced Technology Exports and Re-Training, as more fully described in Project Proposal Phase 2, with the salary and conditions described therein.

PROJECT PROPOSAL PHASE 2.  
PERMANENT EMPLOYMENT - C.E.I.C.  
DATE: JULY 5th, 1993.

Ref. RCE/93/2

1. Job title: Coordinator for Job Creation Through Advanced Technology Exports and Re-Training.
2. Proposed salary: \$250,000 p.a. based on current salary and allowances for Senators and based on 5 days per week, 50 weeks per year.

The job is considered to be at least equal in national importance to that of a Senator.

The salary must reflect the importance of the position to Canadian economic security.

3. Other general conditions and benefits to be as per current Public Service of Canada conditions.
4. Mandatory retirement is specifically prohibited. Retirement shall be at Mr. Chisholm's sole discretion, based on financial and physical health and continuing capacity to fulfil the duties of the position.
5. Mr. Chisholm's mandate shall be to carry out the recommendations arising from Project Phase 1, and Mr. Chisholm will have other people seconded to him from other federal government or provincial government departments, or from the private sector as he deems fit, in order to carry out his mandate.
6. Mr. Chisholm undertakes to have a person trained and ready to succeed him when he retires.
7. It is recognised that this job description is preliminary. In particular, it is recognised that para. 5 above will require expansion and incorporation of much detail, expected to become evident during the course of Project Phase 1.