

ATLANTIC CANADA'S DILEMMA

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It is important that we begin our examination of underdevelopment recognizing the fact that in the mid 1860's the three Maritime colonies of New Brunswick, Nova Scotia and Prince Edward Island were prosperous. These three colonies possessed between them a world girdling merchant marine, lucrative trade in staples, a healthy agricultural sector, a large ship manufacturing industry and the beginning of a secondary manufacturing sector producing consumer goods for the local market. The Maritimes were not in need of development from outside but were in fact thriving by trade on a world wide scale. Many third world countries were developed before capitalist penetration from the west. India is an example where an indigenous industry, weaving cloth, was destroyed by the British in order to sell British textiles to India. A similar case could be made in New Brunswick with regard to textile manufacturing. Cotton mills in this province succumbed to monopoly pressures, price cutting, bank refusals to support expansion forced them out of business so that Ontario textile products could be sold here.



Within 20 years of confederation, the Maritime economy went from the most productive with the highest per capita industrial output in Canada; into a state of stagnation, plant closures and unemployment. "The history of Canada since confederation - the outcome of a politico-economic conspiracy - has been a history of heartless robbery . . . of the people of the Maritimes . . . by the politically and financially stronger central provinces". In fact by 1910, the Maritimes had become a branch plant economy with most of its capital controlled from Montreal or Toronto. Primary production in the region declined drastically from 43% of the labor force in 1921 to 8% in 1971. A vast pool of dispossessed workers left the provinces for Toronto or Calgary in hopes of sharing the wealth by being employed.

How did the Maritimes get to such a drastic reversal in its fortunes in such a short time?

Local capitalists in the Maritimes supported the idea of development from the Canadas by Import Substitution Industrialization (ISI). ISI meant that local entrepreneurs must turn their backs to the sea and direct capital to the interior; the rush was on to secure domestic markets. Promises of the Canadas that Maritime ports would be ports of entry helped to sweeten the deal. The erection of tariff barriers also helped convince the 'local' elite that confederation would be a good deal (for them). Merchants switched large amounts of capital from the sea-going economy in support of ISI and the new national goals (railways).

A third important factor in Maritime ruin was the "na-

tional" banking system created by dominion legislation which centralized the the capital market. In Montreal and Toronto it was the union of banks and manufacturing capital that provided the basis on which Maritime industry was driven to the wall, "branchplanted" and eliminated. This monopoly was used to limit access of the Atlantic entrepreneurs to local capital accumulations in the form of loan

refusals and high interest rates. The traditional competitors of Maritime commerce now held the purse strings and the distribution networks; the Montreal establishment.

The deindustrialization of Atlantic Canada was necessary to extend the market for Central Canadian products into the Maritimes. The promises made to local capitalists were not forthcoming after confederation. The concentration and

centralization of financial and productive units of capital in Montreal and Toronto and the transition from individual competitive capitalism to monopoly capitalism, conditioned the concurrent underdevelopment of Atlantic Canada and the development of Central Canada.

The pro-confederates lost their domestic struggles and the Confederation settlement was imposed on New Brunswick

and Nova Scotia by London. This solved Britain's problems in the Canadas. "For the Maritimes the process was annexation or political conquest; not a free federation in some glorious national dream." After annexation of the Maritimes to the Canadas development depended on foreign (Canada's) capital. A process which continues today where capital is sucked out of the region and monies for development depends on the whim of multi-nationals. Once again we have come full circle and the title of Third World Canada seems appropriate.

Politicians tell us we can't make it in the real world. The same is said about third world countries, lack of motivation, too far away from markets, socially backward, no local capital, poor entrepreneurs, etc.

Although we have been told that fate, geography and technology are to blame for under-development in Atlantic Canada. Most Maritimers however have tended to blame national policies that systematically blocked Maritime development in favour of Central Canadian development. Unfortunately what is often overlooked is the superior political strength of Central Canadian business interests over federal policy. It was this Central Canadian business influence which was responsible for the deindustrialization of the Maritimes. The same approach used in the third world, destroy the local economy by capitalist penetration, extract resources and move on. We in the Maritimes have seen many multi-nationals set up shop with taxpayers money, extract resources and disappear. Bricklins, refineries, foundrys, the list is long and the tax dollars given to huge corporations is staggering. The Maritimes need to re-think the whole question of development. Is a worker further ahead by dishing out huge sums of money to entice industry (taxes) and gaining employment for a short term? We have been shafted by the arrangements of confeder-

tion. The Maritimes have been subordinate to the interests of capitalist accumulations of wealth in Central Canada and elsewhere.

Basically capitalism "creates underdevelopment in order to prevent the rate of profit from falling and thus to insure capitalist growth". Capitalism has certain counter-tendencies to keep the rate of profit from falling. Some of the methods used to keep profit up are decreasing wages, finding new markets, sources of cheap labor and cheap raw materials may be discovered or created. These last-named items are precisely those provided by underdeveloped regions like New Brunswick or a third world country.

It is time to rethink the whole question of development. The Scandinavians emerged out of the same historical era as the Maritimes but as a prosperous independent nation. We cannot allow the capital drain of the banks and the multi-nationals to continue if we are going to adequately develop the Maritimes. The multi-faceted problem of unemployment will not go away until we stand up for our Maritime rights. Our seashores are a window on the world. The Maritimes could for example be a major exporter of food products; yet Atlantic Canada imports 80% of our food needs. Federal programs will help get a farmer off the land and into a city. Why can't they support the same farmer on his farm where he can produce food?

The existence and persistence of regional disparities are ingrained in the history of Canada. Numerous interventions by the federal government have also encouraged the concentration of industrial activity in Ontario and Quebec. Federal initiatives to decentralize industry to the underdeveloped areas of Canada have not met with success; nor had any significant impact on regional disparities.

"What we need, if we would thrive, is the opportunity to live our own lives, to develop our own resources and to increase our own culture under fiscal arrangements that are suited to our needs, that will ensure us a square deal, so lacking in the cumulatively unfair Canadian fiscal history in the past fifty years."

