

Clairtone, Heavy Water, Scott Paper . . .

APEC: guidelines for growth

by ALAN STORY

Three weeks ago Harry Flemming was a panelist at the "Americanization and Atlantic Underdevelopment" teach-in at King's College. According to Harry, we needed more foreign and "Upper Canadian" capital and more industrial subsidies to promote economic development in Nova Scotia. Most members of the student and faculty audience of 400 disagreed, many feeling that regional development was inherent in capitalism. This week Harry was in a more friendly forum. It was the annual conference of the Atlantic Provinces Economic Council (APEC) at the Hotel Nova Scotia; Harry is the executive vice president of APEC. Unfortunately, there wasn't a critical audience from the university, and especially the community, present to watch the organization at work — planning the development of the Atlantic provinces by giving them away.

Although the assembled businessmen and government officials articulated a variety of strategies and viewpoints on how this development should proceed — primary vs. secondary industries, infrastructure development (roads, sewers, port facilities) vs. development of productive capacity (factories), a growth-centre strategy vs. general regional development — all of the opinions were, implicitly and explicitly, within a definite ideological framework — the economic "exploitation" (to use APEC's language) of human and resource capacities through capitalism. What then are the guidelines, indeed basic assumptions, employed by APEC and similar planning organizations in their attempts to promote the development of our region and minimize Canadian regional disparities of personal income, output per capita, employment and capital availability?

NEED MORE CAPITAL

From an analysis of APEC's annual review for 1970 and speeches at the recent conference, three assumptions clearly emerge. First, the primary requisite for expansion, particularly industrial expansion, is more capital investment and the source of that capital — local, foreign, (primarily U.S.) or "upper Canadian" — is unimportant for the Atlantic provinces. Capital is the indispensable catalyst for the creation of new productive factors (eg. factories and

machines) and development of previously unutilized resources (eg. manpower, minerals, water for hydro-electric power).

Russell Bell, director of research for the Canadian Labour Congress, a man and an organization thoroughly committed to the logic of capitalist development, said at the conference, "It seems to me that we have to find ways of continuing to attract capital from abroad in a way that will be politically acceptable to Canadians. I don't think we should do anything to jeopardize our attraction of capital."

Both Finlay Macdonald, president of Nova Scotia's infamous Industrial Estates Limited (IEL) and his friend, Russell Harrington, president of N.S. Light and Power and chairman of the N.S. Voluntary Planning Board (NSVPB) agreed with Bell's priorities.

According to the APEC annual economic review one of the foremost achievements of the past decade has been the attraction of new capital investment of the Atlantic provinces. New investment has increased 140 per cent since 1960 compared with a national average of 106 per cent. No statistics are kept as to the source of that capital.

FUTURE IN INDUSTRY

The second basic assumption of present and future development strategies, after the need for more capital, is that the major thrust of economic development should be on increasing the productive capacity of the industrial sector and especially secondary industry (eg. Clairtone and Michelin Tires). The APEC annual review states: "The entire future of the Atlantic Provinces would seem to rest on the success of a comprehensive economic development program with an industrialization program at the core."

This notion is central to the designs of NSVPB, APEC, IEL, the federal Department of Regional Economic Expansion (DREE) and until recently the Cape Breton Development Corporation (DEVCO). Industrialization is the ticket to more jobs, economic prosperity and technological advancement.

Government, with its vast financial and political resources, must play a central role in this economic development, providing the finances for both infrastructural investment (which increases the productivity of private sector investment) and the various grants and incentives to industry. Government and business as developmental partners — this is the third assumption of the capitalist developers.

Many spokesmen stressed this partnership.

Outgoing APEC president and vice president (finance) of National Sea Products, C. R. Macfadden, says in the 1969-70 APEC annual report. The im-

portant question is whether the private sector is able to organize itself and present its view in such a way that governments are forced — and indeed eager — to listen.

Keynote speaker George McClure, assistant to the president of McCain Foods Ltd. of Florenceville, N.B. stressed the need for government financing of "appropriate investment in infrastructure, particularly urban transport and industrial infrastructure."

Premier Gerald Regan mirrored this view. "I believe in the Seventies there must be an unprecedented level of support and co-operation between the private sector and government and between the governments of the Atlantic Provinces."

DREE's incentive program gives an example of governmental assistance to the private sector. The department offers up to \$12 million to a new industry settling in the region and up to \$30,000 for each job created.

Before attempting to understand the substance of these three assumptions and necessarily articulate the obvious inconsistencies of both capitalist development theory and practice, we must inquire into the nature of underdevelopment and the role of organizations such as APEC in promoting a particular strategy of economic development.

Economic growth (or development) is an increase over time in per capita output of material goods. Thus, an underdeveloped economy is one in which there is an insufficiency of per capita output. When economic planners refer to the Atlantic provinces as "underdeveloped," they are comparing the per capita output of our region to the higher output of the rest of Canada and the United States. APEC and similar organizations are attempting to change this historic development and increase productivity through programs such as government incentives, increased capital inflows and development of secondary industries.

EXPLAINING APEC

Why does APEC take this position? According to its literature, APEC is "an independent, non-political, non-governmental organization" formed in 1954 by the Maritime Provinces Board of Trade "to promote and encourage the economic and social development of the whole Atlantic region."

But this statement surely hides the essence of APEC. It is an organization of small and large businessmen dedicated to a particular notion of "progress" through economic planning and development of the region, within the framework of capitalism. In this sense it is independent but does this mean that it is non-political?

Capitalist politics surely has as its basis capitalist economics.

APEC's record has clearly demonstrated that a large body of well-established socialist economic theory has been systematically excluded from their purview. Only by narrowing the definition of politics to the activities of the three established parliamentary parties can one say that the work of APEC is non-political.

APEC is constantly recommending public policies that will achieve its ends. It publishes research papers and studies aimed at changing public and governmental opinion. It does contract research for both levels of government and receives substantial financial aid from government (\$36,000 in 1970). All of these activities are distinctly political.

Indeed, the developmental strategies of APEC and both levels of government are created from the same world-view as the interchangeability of its leading officials makes clear.

For example, Nelson Mann, APEC's executive vice-president since its founding, left APEC in 1969 to become Nova Scotia director of the federal Department of Regional Expansion (DREE). He was replaced by Harry Flemming who formerly held the position of assistant director of DREE in Nova Scotia.

In short, APEC is a powerful interest group linked both to the federal and provincial governments and the business class of the Atlantic Provinces.

What is the validity of its development strategy as articulated at the conference? It is necessary to first understand that Nova Scotia is a net exporter, rather than importer, of capital. If we could keep that capital within the province we could begin to buy back our industry and resources.

Finlay Macdonald admits this. But, he said, if a Nova Scotian had one million dollars he would probably invest it in the New York stock exchange rather than in his home province. He could make a higher profit in the U.S. and that's the way capital flows — to the sector or industry where it can make the highest return.

A second problem with the "we need more foreign capital" solution is that with increasing foreign ownership and control of the means of production there is a corresponding increase in the amount of economic surplus and particularly profits leaving the province. This could be used for reinvestment in Nova Scotia. That economic surplus which is reinvested here stays under foreign control.

Andre Gunther Frank's work on underdevelopment in Brazil although not tested in the Maritimes context also may be valid. Frank shows that sections of Brazil had their most fruitful and stable economic development when foreign capital was kept out and local industries were allowed to expand. Research is needed into whether the lack of

protection through tariffs after Confederation and supplying from abroad of local demands for manufactured goods did not result in "industrial infanticide" of fledgling Maritimes industries.

A number of problems also occur from the expansion of secondary industries. On the one hand, the tax holidays or concessions given to incoming industries through the efforts of Industrial Estates and DREE prevents the creation of an expanded tax base to finance the highways, schools, power facilities, etc. which industry demands.

On the other hand, the type of secondary industry which has been attracted to Nova Scotia has often paid low wages. Besides the obvious exploitation and hardships, the workers must, through their land and income taxes, take up the slack of the corporate tax concessions. The financial problems of the various municipalities and the poorer quality of services are the result.

R. B. Cameron, president of DEVCO, has recently questioned the whole basis of secondary industrial development. To the cries of "heretic" from his fellow economic developers, Cameron said, "The creation of artificial secondary industry is fraught with peril for the host community. We are treading on extremely dangerous ground when we get heavily involved with industries that come here only because we offered them irresistible incentives."

More than five DEVCO subsidized industries have faced extreme financial difficulties in recent years and several have gone into receivership.

Instead, Cameron suggests that new industries in the region be based on the natural resources — minerals, forestry, fisheries, agriculture and tourism. Though operating within a framework of capitalist development, Cameron's new approach might slow down the "give-away" industries ill-suited for the region.

The third part of the APEC strategy calls for a continued business-government partnership. This is perhaps the most blatant contradiction in the scheme.

Examining the past few years we can see the numerous ways in which this partnership has oppressed the majority of the population and often had the taint of scandal. The Clairtone deal and the government takeover. The infamous heavy water plant which still has not produced. The oppressive labour laws for fishermen to serve the interests of two foreign companies. The Sackville land assembly scandal. The Scott Paper pollution of Boat Harbour. The numerous failures of DEVCO-supported industries in Cape Breton.

APEC and similar organizations are calling for more of the same kind of development. Before we proceed,

(continued on page 7)

The Dalhousie Gazette

CANADA'S OLDEST COLLEGE NEWSPAPER

Published by the Dalhousie Student Union, with offices in Room 334 of the Dalhousie SUB, Halifax.

TELEPHONE NUMBERS: Advertising Manager: 424-2507 General Calls: 424-2350