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Atlantic Issues

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Region loses

Multinationals in Atlantic Canada

Michelin Tire: Secretive, Expensive, Anti-union

by Barbara de Marsh and Andrew Pavey

The Nova Scotia operations of the French multinational Michelin have been in the news quite a bit lately, especially as a result of union attempts to organize its workers. The global corporation is the third largest tire manufacturer in the world, after Goodyear and Firestone, but it is the fastest growing. In the past ten years its sales have increased four times and its growth rate has been twice that of the big five U.S. tiremakers. Reputed for its quality radial tire, Michelin controls a full third of the passenger tire market and 50% of the truck tire market in Western Europe; and in France it controls a full 60% of the tire market. While its North American presence is relatively limited (it has operations in Nova Scotia and in several American States), the corporation has recently announced a $100 million expansion in South Carolina as part of its plan to capture 10% of the North American market by 1980.

Throughout the world, Michelin employs some 120,000 people in 28 different countries, half the number of the entire work force in Nova Scotia. It is now the largest private employer in this province with plants in both Bridgewater and Granton.

The Michelin company has a world-wide reputation for secrecy and the restrictive management of information pertaining to every aspect of its operations. Using the rationale of protecting its manufacturing processes, this multinational has managed to maintain an aura of mystery. To many, observers and company employees alike, Michelin is a puzzling creature—difficult to know and equally difficult to explain. As a recent study puts it,

> "What we are facing here is a complex problem of power and control which reaches to the very depths of the labour process itself."

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Nova Scotia's Attraction

Michelin's investment in Nova Scotia came at the end of a ten year period (1961-71) in which substantial international capital in the form of branch plant investment came to the province. In large part this development was spurred on by the availability of industrial incentives from various levels of government. At approximately $25 million, Michelin's investment is considered to be the largest single European investment in North America.

In return, however, the corporation received unprecedented incentives from federal, provincial and municipal governments. For example, it has received important tariff concessions, millions of

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Michelin Tire, Nova Scotia's largest private employer, is fiercely anti-union.

Alcan Pulls out of Newfoundland

by Sandra Martland

The Aluminum Company of Canada (Alcan), which for the past 44 years has been the economic backbone of the Newfoundland town of St. Lawrence, has decided to close down its fluorspar mines there and buy on the world market.

The decision, announced by company and government officials last July, was not necessitated by an impending depletion of ore. On the contrary, Alcan had just constructed a new shaft (Tarefare II) which was to have opened up reserves with a life expectancy of at least 50 years.

The closedown is the result of a dollars and cents calculation of costs of production versus the world market price of fluorspar, says a company official. Bud Rudd, public relations officer with Alcan, estimates that the multinational, which reported first half profits this year of $85.2 million, will save between $3 million and $5 million a year.

He likened the company's position to that of a consumer choosing between two identical pairs of shoes, one priced at $20 and the other at $50.

Alcan has negotiated long term contracts for fluorspar from Mexico, Morocco and the United States, says Rudd, and has had offers from the United Kingdom, Spain and Thailand.

The loss of the mines will naturally be a severe economic and social blow to the 2,300 residents of St. Lawrence. But the closedown was not unexpected.

As early as 1969, a royal commission recommended that a second industry be established in the community as a precaution against the closing of the mines.

Between 1975, when an eight-month lockout over a contract dispute began, and last July, Alcan had reduced its workforce at the mines from 360 to less than 200. But the company asserts that their recent decision is not in retaliation for labour disputes. Rudd does admit, however, that the lockout of 1975-76 had a bearing on Alcan opting for the world market.

The dispute forced Alcan to look elsewhere for fluorspar needed to feed its smelter in Arvida, Quebec, said Rudd, and ultimately to purchase the mineral from a mine in Mexico, operated by another Canadian multinational—Noranda.

The better quality and lower price prompted Alcan to take a close look at the viability of the St. Lawrence operation, he continued, and the study by company officials concluded that Alcan would be better off purchasing on the world maket.

High grade fluorspar is readily available, stated Rudd, and to bring St. Lawrence fluorspar to the same grade would require millions of dollars of research and might be impossible. Alcan is not willing to take that financial risk, he asserted.

Those who remain in St. Lawrence will face the prospects of make-work projects, unemployment insurance, and welfare.

In early December, the provincial government presented the findings of British consultants B.C. Hodge and Partners to Alcan in a bid to interest the company in continuing operations. The study indicated that the mines in St. Lawrence would be competitive if the company made an $11 million investment, reduced the workforce and attained higher productivity. Demand for fluorspar is expected to increase in the 1980's, it noted.

However, the company response was "We want

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