

by Mike Bradfield

Nova Scotians need jobs and lots of them. Jobs to produce the goods we need. Jobs to generate incomes to buy the goods we need, whether locally produced or imported. But do we need jobs of any kind, jobs at any price? How many ways are there to create jobs?

The accepted myth is that the best and fastest way to create jobs is with foreign investment. But is it always true that what's good for the multinationals is good for Nova Scotians?

The benefits of foreign investment is obvious. The multinational looks like instant success. Take one teaspoon of foreign investment and add two quarts of concessions and presto: employment. The multinational brings in its sophisticated technology, its up-to-date management techniques, its credit rating, its international sales system with a market already carved out. Easy as baking a cake — or are we cooking our goose?

Too often we see only the benefits because they are immediate. The costs are ignored and never weighed against the benefits. But any fool can make a deal to get some benefits. It takes ability to make a deal in which the benefits outweigh the costs.

The majority of multinationals receive major concessions for locating in Nova Scotia — direct grants from DREE (Department of Regional Economic Expansion), loans from I.E.L. (Industrial Estates Ltd.), and grants of land and tax concessions from municipalities. Sometimes they receive other breaks, such as subsidized power rates and access to our resources at ridiculously low prices, as in the case of stumpage on crown land or the tax on gypsum. (For instance, last year Nova Scotia Forest Industries made a profit in Nova Scotia of \$18 million. The company paid less than \$200,000 for cutting rights and received a power rate subsidy of approximately \$2 million.)

At what cost?

No one wants to be a kill-joy and mention these costs at a plant opening. With so many people getting jobs, it seems ungrateful to ask "At what cost?" Is the question not worth asking, or are we afraid of the answer?

In fact, the costs of foreign investment are often shocking. You don't have to look at the disasters like heavy water and Clairtone. Look at some of the "success" stories of foreign investment. IEL loans have been as high as a quarter million dollars for each job created. Ignoring the major disasters and excluding DREE grants and municipal concessions, IEL assistance

Who owns Nova Scotia? Us or Them?

to the multinationals averages \$23,000 per job! Compare that to IEL's small business loans to local firms. For small businesses, the cost per job is about 1/6 the cost per job with foreign investment! And the small businesses do not qualify for the DREE and other subsidies worth millions to the foreign companies.

These subsidies to foreign investors mean higher taxes. They also mean that there is very little risk for the foreign investor. Canadians put up the bulk of the money.

When foreign companies use their credit ratings, it is often at the expense of potential Canadian investors. Our banks are only too happy to lend to foreign subsidiaries. The foreign companies siphon off Canadian savings that otherwise would be for Canadian investors. Just one more way that Canadians finance their own dependence!

Subsidized foreign investment is really Canadian investment. We raise the money, we take the risks, but the foreign company walks off with the profits. And when the foreign company decides how to re-invest the profits, the needs of Nova Scotia are generally dismissed.

Many of the "advantages" of foreign investment carry costs with them. For instance, the size of the multinationals allows them to start plants which employ many people from the day they open. Growing pains are avoided. But, the very size of the employment gives the firm excessive power in dealing with the government and the labour force.

Firms put extreme pressure on governments for subsidies, for a low minimum wage, for watered down safety regulations, for minimal environmental standards, and for changes in labour legislation to make it more difficult to unionize. While the multinationals have the support of local business in these efforts, it is the foreign companies, with millions of dollars of taxpayers' money and control over hundreds of jobs, that wield the biggest stick.

The multinational's size and diversity give it a lot of clout at the bargaining table. The company can use its financial strength and production from other plants to ride out a strike in any one plant. The workers, on the other hand, have few alternatives; an extended strike can ruin an entire community when hundreds of jobs are involved. The company may threaten to move out

— and even if the union calls their bluff, the government will often cave in and order the men back to work, as happened in Newfoundland in the St. Lawrence lockout last year.

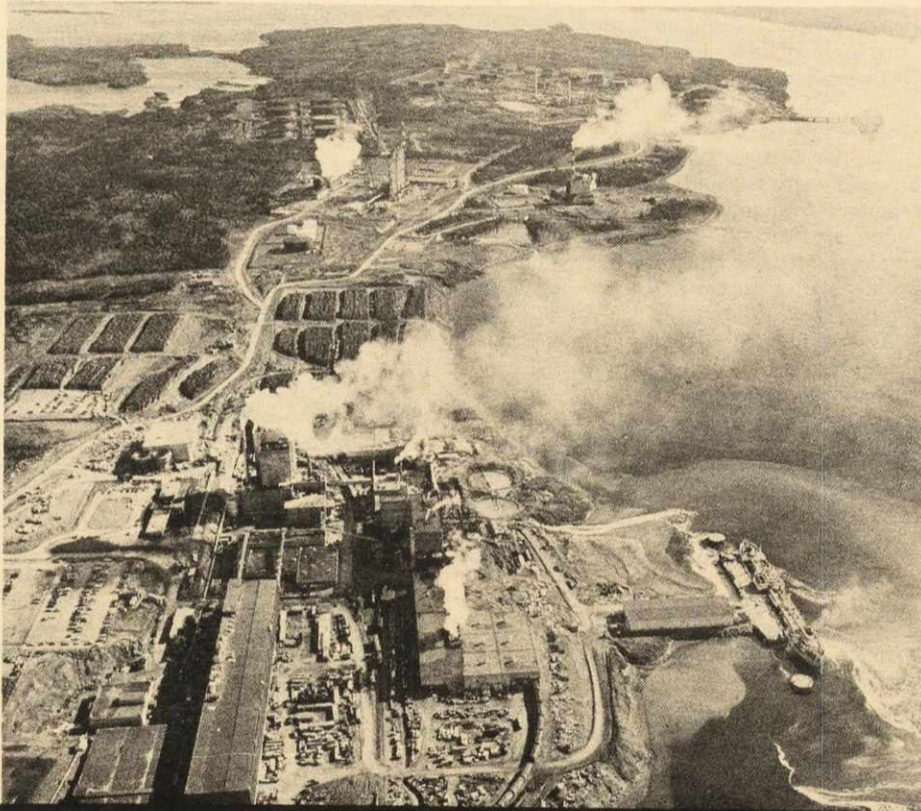
Even the short-run benefits of foreign technology carry significant long-run costs. After all, if we "need" foreign investment because we lack modern technology, relying on foreign investment only delays the day we develop our own expertise. In the future we will still lack technology and again will rely on foreign investment. Dependence on foreign technology only increases our dependence in the future.

Long-run costs are also created by relying on the foreign company's access to markets and funds. The multinational guarantees a sufficient market to start a large scale plant, but also tends to restrict branch plants so that they don't compete with each other. Relying on foreign funds means that investment funds generated in Nova Scotia in the future will be controlled by outsiders. Consider this: The profits, savings, and pension and insurance premiums generated by Nova Scotians are just about equal to our level of investment. So why do we need foreign funds? Because the funds we generate are removed from Nova Scotia in the form of profits, or by the financial institutions and insurance companies. Because of past foreign investment, we "need" more now. But if we increase the amount of foreign investment, we increase our dependence in the future. The longer we're on this treadmill, the harder it will be to jump off.

People who think that our future is tied to foreign investment are caught in the trap of a dependence psychology. They believe that we cannot make it on our own, that we cannot generate our own leaders, that we cannot make our own decisions. As long as people accept this dependence, they will not try to do things themselves. They will find that, yes, they are dependent. And as long as we are dependent, we will pay enormous costs — economic, political, and social — for the benefits of foreign investment which increases the very problem it is supposed to solve.

Of course, some foreign investment is necessary and desirable. The benefits of foreign investment are real and should be seized — as long as they are worth the cost. What we must recognize is that the costs are often too large to justify and that THERE ARE ALTERNATIVES.

(Mike Bradfield teaches economics at Dalhousie University and is the NDP candidate for the Halifax Citadel riding in the next provincial election.)



Supporting Organizations

These pages, admittedly not your everyday student newspaper material, reflect our concern for the world of the people who work outside our university's walls.

The *Dalhousie Gazette* has joined in publishing this supplement because we recognize how easy it is for those who come to study at Dalhousie (like any other university) to forget about the community at large. Perhaps the most valuable thing we can learn and think about in our last years of formal education — how people live and work, what difficulties they face, and how we can work to solve these difficulties — all too easily slips away from us. We hope that these articles reopen a few windows to the world outside.

We have to remember, as well, that it is average Nova Scotians, working people, who foot the bulk of the costs of our educations. Maybe this supplement will, in some small measure, pay some people back.

EDITORS:

Geoff Clare and Rick Plociennik

Special thanks to John McLeod, Donna Treen and Kerry DeLorey for their assistance and to the Dalhousie Arts Society for their generous support.

We live in a province where the vast majority of the people — those who produce and move the goods, catch the fish, farm the land, maintain and distribute the services — live in insecurity and debt. Furthermore, they are denied decent housing and good education.

The **Nova Scotia Labour Research and Support Centre** stands firmly and openly on the side of labour. We attempt to collect and provide information about the conditions of labouring Nova Scotians, their untold history, their wages and working conditions, and their struggles to gain an adequate standard of life. The NSLR&SC also seeks to give concrete assistance to working people's demands for secure, healthy and well-paid employment, for better housing and education for their children, and for time and facilities to enjoy leisure and recreation.

The **Nova Scotia Federation of Labour** is a federation of Unions in Nova Scotia that are affiliated to the Canadian Labour Congress. The membership of approximately sixty thousand includes the Nova Scotia section of membership in International Unions, National Unions, and Regional Unions.

The Federation has a legislative function on a provincial basis, where it recommends to Government new legislation or amendments to existing legislation in the jurisdiction of the Province, i.e. Workmen's Compensation, Safety, Minimum Wages and Standards, Health, Highways, Education, etc.

The Executive is made up of the Executive Officers: President Gerald Yetman, and Secretary-Treasurer J.K. Bell, seven Regional Vice-Presidents and two Vice-Presidents-at-Large.

How did you like this supplement? How could it have been made better? Do you know about any other events, working conditions, or labour battles (perhaps one kept quiet by the media) which should be written about?

The editors would like to have your comments. Please write to them at Box 3368, Halifax South P.O., Halifax, N.S.