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

The Michelin company has a world-wide reputation for secrecy and the restrictive management of information pertaining to every aspect of its operations.

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."

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

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

same grade would require millions of dollars of research and might be impossible. Alcan is not willing to take that financial risk, he asserted.

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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Why unemployment?

Time and time again the question is asked, "Why do we have such high unemployment in the Atlantic provinces?" Despite the presence of some of the finest forestry, fishing and mineral resources in the world, the region continues to be economically depressed and unemployment rates soar.

Too often the answer put forward to this question looks back to Confederation, and claims the Maritimes were "ripped off" by Upper Canada. Today, with the unemployment crisis affecting people from Newfoundland to British Columbia, it is time to delve deeper into the problem.

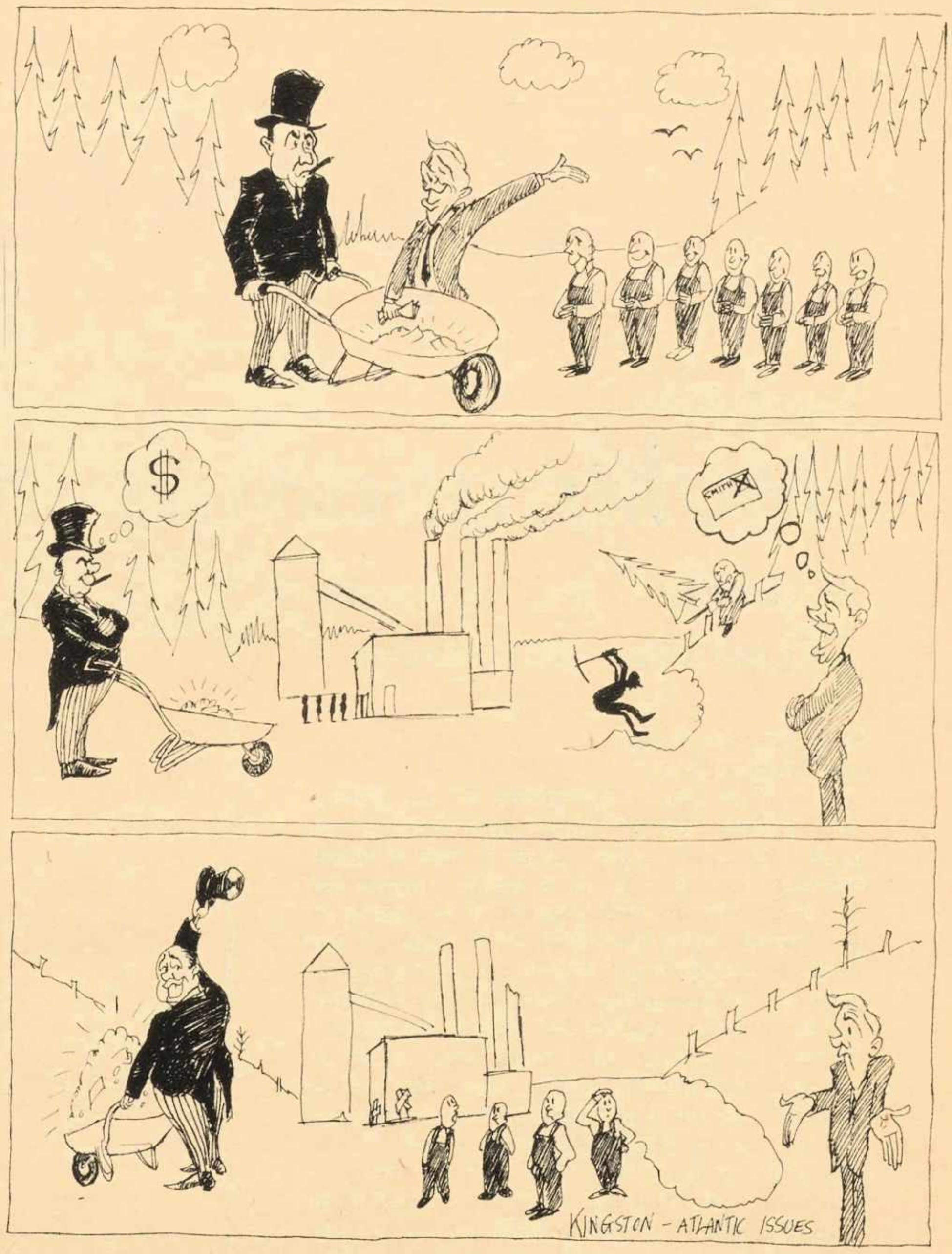
In 1867, as at the present time, the economy of Canada was geared toward making profits for a small minority of the population. Maritimers such as Samuel Cunard, Izaak Killam and Lord Beaverbrook became wealthy along with others like them in Upper Canada, while the vast majority of Canadian struggled to survive.

Today, the owners of multi-national corporations, lured to Nova Scotia by government guaranteed profits, readily abandon their employees when higher profits can be made in underdeveloped countries. This is happening not only in the Atlantic region with Hawker-Siddeley and Alcan but across the entire country. National corporations such as Canadian National also feel free to pull out of the region when convenient.

The unemployed worker from the Halifax shipyards can no longer accept "Confederation" as the reason for the problems of the economy any more than the unemployed miner from Sudbury can. In the Atlantic provinces we have 112,000 workers officially unemployed and across Canada almost one million, because our economy is geared toward production for profit instead of human necessities.

What is needed in Atlantic Canada is a policy of resource development, controlled democratically, by and for the working people of the region.

—**Sharon Reilly**



Letters

To the editors:

The emphasis on the human cost of unemployment was well stated in your articles on this highly regional issue. So often the repetitive announcements of a worsening situation are coldly illustrated only through distorted statistics, the effect on the people themselves, in human terms, is all too rarely portrayed in their own words.

As the articles point out, the problem of high unemployment in the Atlantic provinces has a long history related to the areas' economic development under the control of large usually foreign, corporations. The people of this province have supported these investments through their taxation and are left to bear the burden when these corporations fail or decide to move in the interests of greater profits. The growing frustration, anger and protest of the people against the government, as expressed in the formation of groups of concerned and unemployed persons, was well presented in your articles which also effectively deal with the sham of government response. A follow up article on the limitations placed on effective action by the government would be extremely useful in analyzing coalitions' stategies. Keep up the good work.

Jim Young,
Dartmouth

To the Editors:

We enjoyed your last issue. Keep up the good work and here is a donation.

M. Andrzejewski
North Vancouver, B.C.

To the editors:

Once again I was very pleased to see your fine publication...your articles are well researched and readable.

Wishing you continued success.

yours,
David Smith,
Ottawa

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The arms race

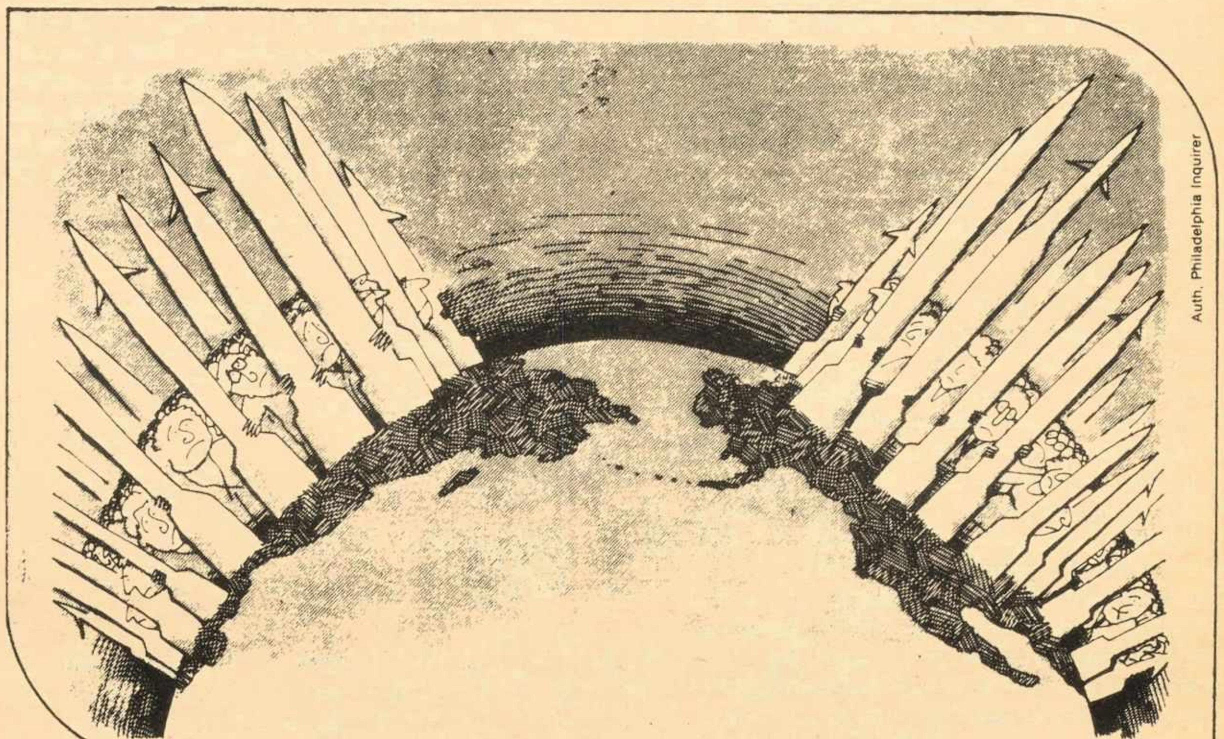
Just a few shopping days left till Armageddon

Twenty-three years ago, two nuclear bombs, each with a force of about 15,000 tons of TNT, wiped out two large industrial cities. Today there are tens of thousands of nuclear warheads in the world, the largest of which have a force of 2 **million** *tons of TNT. And they continue to be built at the rate of six a day.*

Nuclear missiles are standing ready for instant use. Aircraft are on the runways, on alert. American, Soviet, British, French, Chinese missiles are in their silos, or on launching pads with military personnel ready, 24 hours a day, to press a button on signal. It takes a team of just two people to interpret an electronic message, and to launch a nuclear war. Two people of any nationality, in any state of health, at any time. [1]

Increasing numbers of scientists say the odds for a nuclear war within 20 years are better than fifty-fifty, if present trends continue.

Atlantic Issues *takes a look at a group that's determined to change those trends.*



Speaking of human rights. . . .

by Dorothy Norvell and Eleanor Maclean

There's a new Canadian group that is bringing together issues of the arms race, human rights, and the economy. It has begun to alert the Canadian public to a dangerous game in which Canada is becoming more and more entangled. Project Ploughshares began last year with the support of the Mennonite Central Committee, the Canadian Friends Service Committee and CUSO. It now has very broad sponsorship. Its researcher and education officer are helping to set up study/action groups across the country.

What "dangerous game" is Canada becoming entangled in? Simply, the same game that is catching on in many countries today: drastically increased military spending and an unchecked spreading of nuclear technology. Both these trends are going to have disastrous effects on our economy and society, the group says.

Project Ploughshares is hoping to bring this to the attention of the Canadian public before and during the May and June United Nations Special Assembly on disarmament. Canada is said to be "high on principles but low on direct commitments". Ploughshares wants to monitor the position of the Canadian Government, keep the public informed, and thus pressure the government to honour some of its commitments. Community groups used this technique with success during the World Food Conference in Rome 3 years ago, actually changing Canada's role there.

One of the myths Ploughshares dispels is that military spending is good for an economy in trouble.

Contacts are listed at the end of the article if you would like to have more information or start your own Ploughshares group.

Canada's involvement in the war machine of the superpowers

World-wide military expenditures total nearly $400 billion yearly, having doubled since 1969 alone, and Canada is doing its part to keep those figures high. For example, the Minister of National Defence, Barney Danson, has 2.5 billion dollars of tax money to buy new fighter aircraft, and has the Liberal Government's go-ahead to increase his department's expenditures 12% over and above the inflation rate. No one's feeling the pinch yet, though, because we won't have to start paying the bills for the billions of dollars of military hardware till around 1986.[2]

One of the reasons given for such dramatic increases in spending is that we have to "keep up" with our NATO partners: but what does this mean for the country? Ally to the United States and a member of NATO, Canada is bound very closely to its friends. Indeed, the territory of the US and Canada are shown as being one unit on NATO information maps.[3] While not a nuclear-weapon nation itself, Canada does provide facilities, and these facilities become important targets: the target may be at Cape Race Newfoundland where Loran C navigation aids are used by ballistic missle firing subs; or Halifax, Nova Scotia, which is a large port of call for NATO subs and headquarters of Maritime Command of the Canadian Armed Forces; or even St. Margaret, New Brunswick, with its Baker Nunn satellite tracking camera.[4]

Canada's military sales

While Canada may be an unwilling target in a nuclear war, in "peacetime" it is exporting arms to other parts of the world, averaging $355 million a year between 1965 and 1974. Canada's stated policy is not to sell military commodities to areas of conflict, but military goods have gone regularly to "all the major Third World arms races outside the Middle East, namely, Latin America, East Africa and South Asia".[5]

Ploughshares aims to make Canadians aware of the many discrepancies between stated Canadian policy and its actual practice. It also hopes to dispel some of the myths that have grown up around the military.

Myths and realities

One of the myths Ploughshares dispels is that military spending is good for an economy in trouble. It notes that at a time when there is supposed to be no more money for hospitals, increases in old-age pensions and other social services, there is lots of money for arms. "It's good for the economy", comes the reply, "military spending stimulates a stagnant economy and creates jobs and spending".

Ploughshares points to recent research that proves the contrary:

> "High military expenditure in Western countries fuels inflation. It pumps money into our economies and creates buying power; but nothing for people to buy. Secondly, by diverting capital from investment in new plant and equipment, spending on weapons starves civilian industry of funds for new machine tools—tools that could increase efficiency and reduce prices. Thirdly, military demand affects prices by competing with civilian needs for scarce commodities such as oil and non-ferrous metals, and also, just as important, for labour skills."[6]

Atlantic Canada

The economy of Atlantic Canada, we know, depends greatly on Canadian military expenditures of one form or another—for bases, jobs, money. However, if this money spent in Atlantic Canada by the military were spent in the **civilian** sector, the economy would be immensely better off, according to this theory. A US research team has found that military spending creates fewer jobs per billion dollars spent than any other government spending except the space programme. In fact, the job-creating differential between spending $1 billion on the Pentagon and $1 billion on public service employment is about 57,000 jobs![7]

What is your opinon of Project Ploughshares views and its work? You can contact them care of this newspaper or at the address given below. They want you to get involved.

There will be a regional conference at St. Mary's University in Halifax on March 10 and 11, and everyone is welcome to attend. For more information about any of the above, contact
PLOUGHSHARES STUDY GROUP
2 Windermere Road
Halifax, Nova Scotia

If the money spent in Atlantic Canada by the military were spent in the civilian sector, the economy would be immensely better off.

Further reading

A time to disarm, by Murray Thompson and Ernie Reghehr of Project Ploughshares. It is a discussion guide for stimulating a national dialogue on Canada and the UN's Special Session on Disarmament. $1.00 available through the study group in Halifax.

Ploughshares Monitor, by the same group. Available through the Halifax group or through Conrad Grebel College, Waterloo, Ontario.

The Permanent War Economy by Seymour Melman, Simon and Schuster, N.Y. 1974.

1. Bulletin of the Atomic Scientists, May 1977, p. 44, quoted in **A time to Disarm**
2. **Defense 76** Dept of National Defence, 1977, p. 67
3. **NATO Facts and figures**
4. "Canada and strategic nuclear weapons systems", Purcell Research Group Paper No. 1, p.3
5. **Ploughshares Bulletin** Vol. 1 No. 2, p. 5
6. **New Internationalist**, "A bread and butter issue", May 1977, p. 3
7. Marion Anderson, "The empty pork barrel", Public Research Interest Group, Michigan, 1975, p. 1

Labrador Indians make land claim

Last November the Indians of Labrador presented their land claim to the federal government. To acquaint readers of **Atlantic Issues** *with the background to this claim, Adrian Tanner of Memorial University has written a two-part series dealing with the social, political, and economic situation of the Labrador Indians. In this first installment Tanner discusses the impact of industrial development and government policies on the Indians' traditional lifestyle.*

by Adrian Tanner

The Indians of Labrador, in a land claim statement presented in Ottawa by Land Claims Director Bart Jack in late November, have demanded their own nation within Canada. The Indians have taken this radical stand after centuries of European colonization of their land. This period has been marked by the neglect of Labrador in general, and by a policy of the denial of aboriginal rights on the part of the Newfoundland government.

The statement of claim implicitly rejects the "James Bay" type of agreement; that is one where the Indians consent to the final extinguishment of their aboriginal title in exchange for cash, limited land grants and a degree of local political control. Moreover, the statement insists that the Newfoundland government should have no part in any negotiations connected with the claim.

The Labrador Indians are not the first native group to ask for their own political jurisdiction within Canada. (Others include the Dene and the Inuit of the Northwest Territories.) But what is surprising is that the claim comes from a relatively small group which only a few years ago appeared to have been resigned to allowing its way of life to be pushed aside, while in the name of development their land was being given away by Newfoundland to the industrial giants.

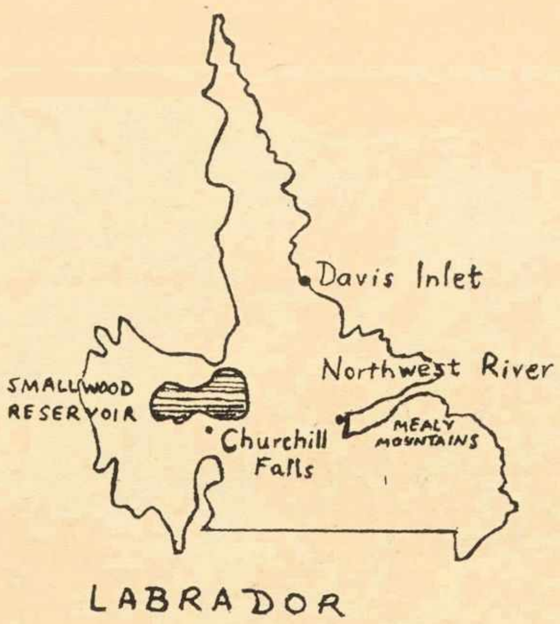
Had to beg favours

The industrialization of the Labrador interior has provided few benefits as yet for the Indians. Take, for example, the case of the Churchill Falls Labrador Corporation, a former subsidiary of BRINCO now owned by the Newfoundland Government. They hydro-electric project created a huge reservoir covering Indian hunting land. The occupants were not consulted, nor even warned of the time when the flooding would begin. Both the company and the government went ahead as if the Indians did not exist. As a consequence the Indians lost thousands of dollars in hunting and trapping equipment, which, following the traditional pattern, was left in the woods when the trappers came out for the summer.

The industrialization of the Labrador interior has provided few benefits as yet for the Indians.

Those that had their property flooded are bitter, but they see no way to communicate their anger to the people responsible. Not, that is, until the land claim. This kind of high-handed behaviour by the whites has, over the years, come to be expected.

After construction was finished the Indians asked the site manager, a highly educated Indian from Ontario, to let them have seven house trailers which had been used by the company to accommodate workers in some of the construction camps. The trailers were to be used by the Indians to house a commercial fishery in the reservoir, with government financial backing. The company was enthusiastic at first, but later dragged its heels. It apparently had second thoughts about the legal implications of letting the Indians back on land to which it had been given title by the government. They finally sent the Indians an extremely complex nine-page legal document setting out the terms of sale of the trailers and the lease of land. But it required a lawyer to understand it, and long negotiations before it could have been signed.



At the same time, and advance party of Indians camped at the reservoir making preparations began to find themselves no longer welcome in the nearby company town of Churchill Falls. Plans for the fishery were finally ditched when the fish were found to be contaminated with mercury, but by then it was clear that the company no longer wanted the scheme.

This kind of incident helps explain why in the past Indians were forced into a situation of dependence when faced with powerful white institutions or individuals. They had to watch passively while the whites did as they liked, hoping at best for a few handouts. Because the land claim adopts the opposite attitude some will suspect that the claim has been inspired by political strategies adopted by other native groups elsewhere. There are indeed references in the claim to the idea of a "Fourth World" (colonized aboriginal minorities within nation states) of George Manuel. But a recognition of the present sentiment of Indian people in Labrador, and their unique background, is more important for understanding this document than are its resemblances to other recent land claims in Canada.

Fur Hunters

The Indians of Labrador are related, by language, culture and kinship ties, to various Indian groups in Quebec, and together they are part of the widespread Cree language group. The Quebec and Labrador groups are usually called either Montagnais or Naskapi, but their own name for themselves is "Innu" (not to be confused with Inuit, which is what the Eskimos call themselves). The Innu recognize sub-divisions among themselves, based on the territory that the local group occupies. The Labrador Innu are represented politically by the federally-funded Naskapi Montagnais Innu Association. Formed around 1975, it has engaged in activities like running a trapping programme and a sawmill, and administering a housing program. The Innu live in two villages in Labrador: Northwest River, near Goose Bay, and Davis Inlet on the Atlantic coast of northern Labrador. Each village has a chief and council.

Until recently the Innu were migratory hunters who had been involved in the fur trade since the 1700's. They made the annual journey to one of the trading posts, which by the end of the 19th Century were all located at the coast. The Indians would return to the bush after a short stay, and were thus not around enough to have much to do with the white settlers, who until recently stayed primarily near the coast.

From about 1960 the traditional lifestyle of the Indians was distrupted by factors beyond their control. Most families had to give up the migratory way of life and settle permanently in one of the villages. Some now use the village as a base from which to continue their hunting and trapping, but in doing so they face many difficulties.

The events which caused the Indians to settle on the coast were never part of a stated government policy. The only clear policy proposal regarding Indians during the Smallwood years came from an employee of the Department of Social Services, May Budgell. He had hoped that the government, by making conditions more secure for the Indians, would encourage them to continue and upgrade their hunting and trapping activities in the interior

The Indians had to watch passively while the whites did as they liked, hoping at best for a few handouts.

Instead of following this advice the government without consulting the Indians built houses, schools, and set up welfare and health facilities, but available only at the coast. The major element in this process was the introduction of compulsory schooling, without taking into account the need of parents to go inland. Thus the flooding of the Smallwood Reservoir at Churchill Falls was just the last straw. Without trapping, with no game meat easily available, with few unskilled jobs, the villages became welfare communities. The whites looked on with disapproval as the communities lost their morale.

Harassed by game laws

Another change that the Indians were up against in their struggle to maintain their way of life was the introduction of strict game laws in Labrador. In other parts of the Canadian north there is either an explicit or an implicit recognition that bona fide trappers have the need to kill

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game outside the hunting season, and they are seldom arrested as long as the meat is for their own use. In Labrador, however, the laws have been applied as harshly to Indians living in the bush as to whites with well-paying jobs.

The main controversy is over the hunting of caribou by the Indians of Northwest River. Caribou forms an important part of the diet of many Labradorians—Indian, Inuit and settler alike—as long as the herds are plentiful. There are several distinct herds, and over the past few years the caribou have been plentiful in the north. But in the south the stocks have been low. The Wildlife Department have gone as far as to place a closure on the Mealy Mountain herd. This herd has never recovered from overhunting in the 1950's, not by Indians, but by Goose Bay residents (many of whom are reputed to have been service men). Hundreds of animals were slaughtered, and the meat left to rot. However, Indians feel that when they are trapping in the area they should have the right to kill for meat. They mistrust the government's methods of game management.

Most families had to give up the migratory way of life and settle permanently in one of the villages.

Over the past few years there have been so many encounters between Indians and Game Wardens that the Indians feel they are being harrassed, and that the government's real aim is to make them give up going into the bush. They have been tracked by airplanes and helicopters. Some have had their guns confiscated while they were in the bush and left to return to the village by themselves.

One man was arrested for having shot a goose and bear while he and his group were on their way out of the bush in the spring. The group had run out of all other food supplies. His gun was confiscated and he was charged with hunting out of season, but after the case for his defense was prepared by a lawyer (the first time a Labrador Indian had legal advice in such a case), the charges were dropped at the last moment.

At Northwest River there have been frequent police raids, with house to house searches for game meat. The issue finally came to a head two months ago when the Minister of Tourism for the province, Tom Hickey, was slated to meet a group of Indians at their camp in the Mealy Mountains. Instead of Hickey, police arrived and arrested the Indians and a Catholic priest who was living with the group in order to learn their language. Hickey stated that the group was "trying to set him up" by getting him into a camp where there was game meat and making it look like he condoned their activities.

The affair backfired on Hickey, however, as soon afterwards the oppsoition Liberals passed a policy resolution to recognize in principle the concept of aboriginal rights and the right of native people to their own culture. Soon after this Hickey's own Conservatives passed a similar resolution. In subsequent talks with the Indians Hickey quietly backed down and agreed, not to recognize the Indians right to hunt, but to turn a blind eye to it.

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dollars in grants, tax-cuts, and cheap loans. Even its 40-acre Bridgewater plant site was donated.

Of the approximately $125 million invested by Michelin, two-thirds can be traced back to one level or another of government. Of the roughly $40 million remaining, how much represents cash and how much represents machinery is not known. It is known, however, that a substantial portion of the machinery in the Nova Scotia plants is second-hand equipment used previously in Michelin's European operations.

Of the approximately $125 million invested by Michelin, two-thirds can be traced back to one level or another of government.

Despite the influx of multinationals, the "boom" period of the 1960's did not produce a "take-off" in the provincial economy. Instead a small industrial enclave emerged which had its very roots in the general underdevelopment and backwardness of the Maritime economy. It is now painfully clear that the expected development did not occur. In February, 1977, for example, real unemployment in Nova Scotia ran to 20% of the work force.

Pictou County Mafia

However, the emergence of this small group with its connection to international capital has had at least one unexpected consequence. Recent years have witnessed the growth of a powerful lobby that has come to be known as the "Pictou County Mafia". Gathering its nembers from amongst multinationals in the province, this power group has influenced considerably the course of labour relations in Nova Scotia.

Since 1972 the group has worked systematically in the courts and legislature to have the union certification process altered so as to make it more difficult for a union to be certified by the Labour Relations Board. In 1973 the Joint Labour Management Study Committee, an organization designed to facilitate co-operation between local management and labour is resolving conflicts between the two bodies, came close to collapse as a result of the group's activities.

Michelin management and policies have been central to both the lobbying and court actions that have affected the direction of labour relations set by local management and labour groups. The company's industrial relations practices have grown out of the long authoritarian tradition of Michelin's French operations. Family owned and controlled for the past 85 years, the company projects an image of moral strength, integrity and responsibility. It is also fiercely anti-union.

Michelin is explicit about unions with its new recruits. "Good companies don't need a union," they are told during the induction period. Moreover, there is not much in its industrial relations practices which serves to foster organization amongst its employees.

Industrial Relations Practices

Michelin selects its employees with care. Faced with a high application rate, the company can afford to pick and choose. It is assumed that by locating in an area where the work force is widely dispersed, with few industrial skills and facing a high unemployment economy, the workers who get hired are not likely to cause much difficulty. The fact that the company pays well and insists that each employee pass aptitude and personality tests lends the employee a sense of prestige and a feeling that the job is worth having.

Many Michelin employees express dissatisfaction and frustration with their work place. In part this appears to result from a system Michelin has refined which removes all the standard means an individual has at her/his disposal to make meaningful her/his situation.

This system incorporates the following elements: undisclosed methods of promotion, advancement and transfer; minimal guidelines for specific jobs; no standard pay increases; and unpredictable demotions and dismissals. Add to these, such things as no titles for top management, restricted association among workers, no specific names to departments, various codes, few stated rules, lack of standard grievance procedures and an all-pervading security system, and you have a worker who is kept in the dark.

Michelin is explicit about unions with its new recruits "Good companies don't need a union", they are told during the induction period.

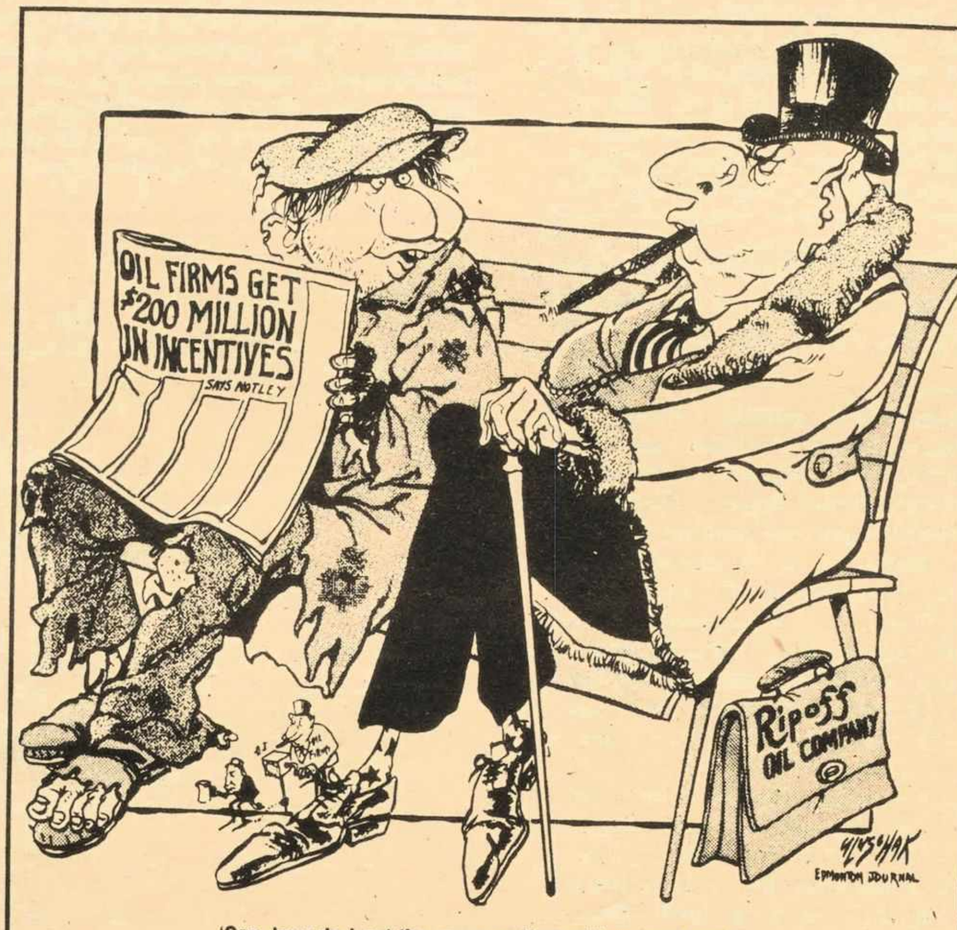
This article is based on the "Round One" publication, **The Five-Legged Sheep, Michelin Tire in Nova Scotia** *by Michael Belliveau and Barbara de Marsh, 1977.*

Nova Scotia in the world economy

by Bob Flute

At a business seminar in London, England in early 1977 and attended by Premier Gerald Regan and Dean Salsman, President of Nova Scotia's crown corporation for development, Industrial Estates Limited (IEL), the Premier said, "It is important that Nova Scotia has to sell itself." Ironically, the Premier hit the nail right on the head. Given what he wishes to sell, and to whom, his **answer** to the province's economic difficulties may well be the very **source** of those difficulties.

According to Dean Salsman: "The Premier and the Government of Nova Scotia today believe in supporting the free enterprise system and today we assign top priority to industrial development." In particular, "We in Nova Scotia want to assure you that we welcome foreign investment and have some wonderful experiences with foreign-controlled companies." In Salsman's view: "I don't think it matters to any great extent who owns industry as long as we are not being exploited or manipulated." This objective of redressing regional inequality on the basis of an industrial development strategy using foreign investment has been a priority for successive Conservative and Liberal governments over the past two decades. This strategy has not brought success. The present government nevertheless remains committed to this strategy. But what remains unknown are the political and economic costs associated with foreign investment.



'Say, how do I get the same welfare officer you have?'

The economic costs

What are the economic costs? To start with, we must remember that the various parts which make up the international economy are related to and dependent on each other. Virtually all the regions and the countries of the world are tied together economically because they rely on each other for certain products, whether they are bought or sold. In the economic exchanges that occur, however, we now have ample evidence to show that some regions and countries gain more at the expense of the others. Within Canada, the economy of Nova Scotia is not in a favourable position. Following Confederation, the provincial economy has become increasingly subservient to the requirements of the national economy, which for the most part is located within the Quebec City-Windsor corridor. Further, in the world context, the economy of Nova Scotia is in an equally disadvantaged position. While Nova Scotia governments may be genuinely concerned to raise income levels and provide more stable employment opportunities, they have nevertheless used means which are based on erroneous calculations regarding the attraction of Nova Scotia to foreign investors.

The costs of foreign investment for Nova Scotia in pursuit of industrialization are attracting the attention of more and more people. This is particularly the case when the prime suppliers of investment are large transnational corporations. As their name implies, these corporations operate across national boundaries on a world-wide basis, and do not restrict their activities to only one country. In Nova Scotia, this growing awareness of foreign investment costs is largely the result of recent failures of the province to expand its industrial base.

The erosion of provincial power

Both federal and provincial governments lose much control of the economy in their negotiations with transnationals. For example, the government development agencies which have been created to stimulate economic growth in Canada's poorer regions provide foreign investors with very generous incentives either in the form of direct grants or loans. DREE pays out direct grants while Nova Scotia's Industrial Estates Limited supplies loans. But the money these agencies dispense with is **public** money. In many cases, transnationals have benefited at the expense of more local, home-grown industries. As such, governments are forfeiting the right of Canadians to invest in and thereby control their own economic future.

The transnationals affect home-grown industry adversely. Even if individual branch plants appear not to make a profit, it is of little consequence, because one of the primary purposes of these branch plants is to represent the interests of the parent company (Michelin in Nova Scotia is an example). This they achieve by control of overseas markets. Control of markets is a prime determinant of the foreign investment decisions made by transnationals. Once control has been established they are in a far better position to fix prices. Because the prices have no relationship to local market conditions, home-grown competition can be undercut and eliminated.

Technology

Transnationals often bring with them their own technology. This has the effect of retarding the growth of local technology. This technology is expensive and greatly adds to the import bill. Further, it is capital-intensive and does little to create new employment. Because the technology is expensive, large amounts of public money are tied up over long periods of time. Hence, once the decision has been made to accept transnationals, it is extremely difficult, at least in the short term, to change to an alternative strategy if the activities of the transnationals do not bear fruit for the local economy.

We must also consider the impact of industry on the local environment. We are now beginning to recognize that development means more than just economic growth. We should worry when in their own defence, corporate managers say that it is not their business to be worried about quality of life and social justice. It is ironic that relaxed environment controls, and a trouble-free labour force are usually preconditions set by transnationals before they set up their operations. When governments seek to entice transnationals into their territories, they must frequently sacrifice their environmental concerns.

The nature of transnationals

Transnationals locate in the province or country which gives them the best deal. Two points might be kept in mind here. Firstly, transnationals go in for very systematic and comprehensive planning. The abundance of skills they possess in this area makes them ruthlessly efficient at it. Therefore transnationals know exactly the advantages to them of locating in one area as opposed to another. Secondly, transnationals have one principal long-term objective —the survival of the corporation. Thus, the interests of the transnational **do not** correspond to the interests of the host economy, irrespective of the country. However, transnationals rarely request permission to enter a country; on the contrary, they are usually invited. The governments of the poor countries are often more desperate than the government of Nova Scotia. Hence, transnationals can without much difficulty transact bargains very favourable to themselves. It should not surprise us then that in recent years there has been a steady migration of transnationals from many of the rich countries to the poor countries.

It should by now be clear that continued reliance on transnationals and foreign investment largely determines, and hence limits, the range of alternatives that Nova Scotia governments have at their disposal in attempting to improve the province's economy. Furthermore, we know from the operations of transnationals in Africa, Asia and Latin America that there are grounds for arguing they have actually heightened, not lessened, poverty. Their operations increase income inequality within countries. In Canada too, the income gap between the rich and the poor provinces is increasing. Why do we continue to rely on foreign investment if it is one cause of this widening gap?

The loss of options

One outcome of government policy, albeit unintended, has been the gradual erosion of the public's prerogative to **freely** choose the shape of their own futures. Where we go in the future is now determined by people outside of the province. Salsman states the case incorrectly when he argues that "governments are capable of controlling the actions of anybody in industry if they deem it necessary." Realistically, the Nova Scotia government is in the back seat of a vehicle controlled by foreign investment.

Getting back to the basics of fishing and farming is still possible (R. Surette, **Atlantic Issues,** Vol. 1 No. 1), but the chance of this being meaningfully considered by those in control is rapidly diminishing. One can only regret the fact that both the major political parties in this region have basically the same development strategy. As a result, there is very little serious debate on these issues.

Canadian business profits from Apartheid

*James Maclean, an **Atlantic Issues** co-editor and spokesperson for the Southern Africa Information Group of Nova Scotia, was recently interviewed by CBC Radio in Halifax. The two-part interview on "Information Morning" dealt with recent events in South Africa and Canadian relations with that country. With the permission of "Information Morning", we reproduce excerpts from the interview. We begin the transcript with a question about Canadian presence in Namibia, a country whose occupation by the South African minority government has been declared illegal by the U.N. and the International Court of Justice.*

Information Morning: There is a Canadian Company, Falconbridge Nickel, in the Namibia. What is its status under the law there?

MacLean: It has a copper mine, and the conditions there are very bad. Hugh Nangle, who did a series of articles in the **Ottawa Citizen** in 1973, investigated Falconbridge mines in Namibia and he found that they were paying below poverty level wages to the Namibian workers there. And of course Falconbridge's presence, as well as that of the Hudson Bay Company, which does a very profitable fur trade with the Karakul furs—Karakul is a type of sheep that is found in the Namibia—both of these companies are working in Namibia illegally in so far as they are respecting the South African laws. They are recognizing the South African presence, they are paying taxes to the South African Government, and so on. The Canadian Government has done nothing to discourage this essentially illegal presence of these Canadian companies in Namibia.

Information Morning: What kind of trade is going on between this country and the regime in South Africa now?

MacLean: It's a fairly substantial trade, really. Canada imports one hundred and fifty million dollars' worth of goods from South Africa, of which ninety-five million dollars are in raw sugar. So it's primarily agricultural imports that we have. Canada exports ninety-six million, three hundred thousand dollars of goods to South Africa, mostly finished manufactured goods.

Information Morning: What kinds of things do we send down there? Do you have any idea?

MacLean: Yes, we send equipment for the mines, rolling stock for railways, things like this. Also high technology equipment, computers, etc.

Information Morning: What about investment? Is it an area where Canadian money sometimes goes to multiply itself?

MacLean: Very much so. According to the latest figures, which are from 1975, Canada has one hundred and nineteen million dollars invested in South Africa. There are several Canadian firms which have plants and operations in South Africa, for example Massey-Ferguson. Massey-Ferguson produces 40% of the tractors sold in South Africa. Again, it pays its black workers wages lower than the poverty datum line.

For example at its plant in Vereeniging in South Africa, Massey-Ferguson pays 642 of its 733 black workers wages below the poverty datum line. This is an official criterion in South Africa put out by the government, which includes the very minimum income necessary to live at the subsistence level. It doesn't include education, which has to be paid for by blacks in South Africa. It doesn't include health care.

Falconbridge Nickel is also in South Africa itself, as well as in Namibia, as we mentioned already. Alcan Aluminium is in South Africa. The Ford Company of Canada has a subsidiary in South Africa. (Ford of South Africa is a subsidiary of Canadian Ford, not of American Ford.) In all these cases, with the exception of Ford, the overwhelming majority of workers are paid wages below the poverty datum line.

Information Morning: Is there any pressure on them from the South African Government to do anything about that? They are obviously aware that these foreign companies are underpaying the blacks.

MacLean: But the South African companies are as well. It is not that the foreign companies like Canadian companies are exceptional here. It's rather that they are following the rule.

Blacks in South Africa are deprived of all basic human and political rights.

Information Morning: I see. So the government in fact would not disapprove but in fact probably make a case for maintaining that particular status quo?

MacLean: Yes, that's right.

Information Morning: Now we have recently heard a good deal about Canadian banks becoming involved in South Africa making loans there. For example, recently here in Nova Scotia we had some of these shareholders in the Bank of Nova Scotia come down to complain to a shareholders meeting about the fact that the Bank of Nova Scotia was involved in that sort of thing. The bank says that business is business is business, and what about the bank loans in South Africa?

Canadian companies pay the majority of their black South African workers wages below the poverty line.

MacLean: Well, with the exception of the Bank of Nova Scotia, the major chartered banks in Canada make loans to the South African government. These are not simply investment loans, you must understand, these are loans directly to the government. The Bank of Montreal, the Toronto Dominion Bank, the Royal Bank of Canada, and the Imperial Bank of Commerce all make such loans.

The Bank of Nova Scotia apparently doesn't, but will not state that it won't as a matter of policy. In 1971 these banks made eight million dollars in loans to the South African Ministry of Finance, and in 1972 nine million dollars of loans to the government Iron and Steel Corporation. Since 1973 these banks have participated in an international consortium of banks which has made loans of two billion dollars to the South African Government.

Information Morning: We don't know how much Canadian money was actually involved in that, if it's in the international consortium, do we?

MacLean: No, the banks refuse to give out these statistics. It can be only determined from the public statements made by the consortia themselves.

Information Morning: What has been the reaction, generally speaking, to the admission from church groups and other areas that they shouldn't be doing that kind of thing, in fact that it's supporting a very suppressive regime? Have the banks shown any interest in reacting to that?

MacLean: No, they haven't. They claim that they can't, that even to disclose the amounts that they are making to the South African government would be to infringe upon the confidentiality of the banker-client relationships. Their attitude seems to be business is business, basically.

The Taskforce on the Churches and Corporate Responsibility, which represents the largest protestant denominations as well as the Roman Catholic Church in Canada, has this year been sending representatives to the shareholders meetings of the different banks, and the answer they get is the same in every case, or has been so far.

Information Morning: Just before Christmas we heard that the Canadian government was going to begin a new policy towards South Africa in which they were going to restrict Canadian government sponsored activities in South Africa. I wonder if you could explain what they were trying to do and what you expect the impact of that might be.

MacLean: This probably has a certain symbolic value, but it will not have any great impact on commercial relations between Canada and South Africa. In fact the **Financial Post** referred to the measures as "hollow technicalities." It's a question of the Export Development Corporation making loans, guarantees, and insurance on Canadian exports to South Africa.

Now in actual fact what the government has announced is that it will not do this on its **government** account. (The Export Development Corporation has two accounts: the government account and the Corporation's own account.) But it will continue to do so with the Corporate account.

In 1977 only 10% of exports to South Africa received Export Development Corporation assistance in any event. And the Department of Industry, Trade and Commerce will continue to finance businessmen's trips to South Africa. This includes 50% of their travel costs, $70 a day expenses, and 50% of any other costs that are incurred, under its Programme for Export Market Development. So I think we can say with the **Financial Post** that the government measures will have little practical effect on trade relations between Canada and South Africa.

The other thing the government announced it would do was to withdraw its trade commissioners from Johannesburg and Cape Town, but the Embassy will still be able to provide advice to Canadian businessmen who go to South Africa and are involved there.

Information Morning: Thank you very much.

Church organizations, anti-apartheid groups, and international development agencies in Canada have embarked on campaigns against bank loans to South Africa and the sale of South African products in government liquor stores. You are urged to write your bank manager and MLA or MHA to protest against this type of economic support of the repressive minority regime. For further information write to: The Southern Africa Information Group of Nova Scotia, 2975 Parkdale Avenue, Halifax, Nova Scotia B3L 3Z2.

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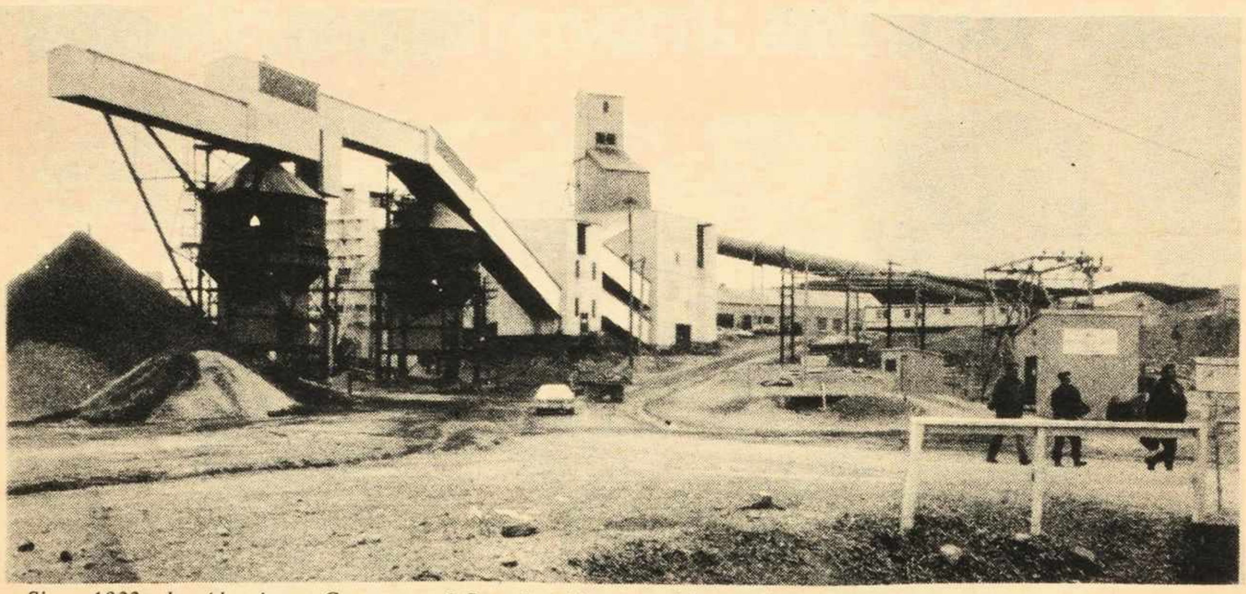
St Lawrence



Since 1933, the Aluminum Company of Canada (Alcan) and its predecessors have been the single major employer in St. Lawrence. The fluorspar mines they operated there closed this February

out of St. Lawrence and we're going."

Alcan then offered to lease the mines and assets to the province for $1 a year over the next five years. The province would be allowed to sublease the mines to a company which might want to operate them, but Alcan would retain ownership.

Government rejected the proposal and countered with an offer to take over the mines permanently for the same nominal fee. Alcan declined and Mines Minister Brian Peckford has threatened further action. He has not specified what kind of action government is considering, but he dismissed nationalization on the grounds that the government does not want to operate the mines itself because it would entail compensation.

Since the announcement of the closedown, residents of St. Lawrence have posed several questions about the decision.

Given corporate planning, asked businessperson Ron Aylward, why did Alcan pump in $8 million for a new shaft and a new mill (which was to improve the grade of ore) in the past couple of years?

Rudd contends that there have been drastic changes over the past four years in the fluorspar market. These changes were not foreseen four years ago when the recent capital expenditure was approved, he stated.

Residents have also questioned whether this capital expenditure was used in cost of production figures to show that St. Lawrence was non-competitive. Rudd replies that the company did not include that $8 million or another $2 million spent in improvements in cost of production.

Rudd also dismissed charges by former mayor Jules Mirault, once an Alcan employee, that extravagant spending on senior staff and on travel to Montreal was in part to blame for high production costs. He argued that Alcan had to make such expenditures to attract the needed skilled

The loss of the mines will be a severe economic and social blow to the 2,300 residents of St. Lawrence.

personnel and that, in any case, the amounts spent were "negligible" relative to overall costs. However, he could not produce figures on the amount spent on renovations of staff houses, maintenance of these houses and air transportation.

The timing of the closedown has been ironic in terms of health and safety in the St. Lawrence mines. Since the first fluorspar was extracted in the 1930's, health hazards have been a major problem and the proof lies in the extraordinarily large graveyard in the community.

In 1941, a series of strikes prompted government to appoint a board to look into dust problems in the mines. While little came out of their report, the complaints raised by the workers at that time resurfaced a decade later when a disproportionately high number of miners were afflicted by what was then thought to be tuberculosis.

Not until 1967 did the public become aware of the fact that miners had been dying of lung cancer attributable to dust and radiation. Government greeted the reports which were publicized by calling the problems "passé."

Eventually, however, the health hazard was recognized and a special fund set up by the government and Alcan to afford some compensation to the widows of the miners who had died.

But that compensation is small—one widow, who recalled watching her 190-pound husband dwindle away to a mere 45 pounds before dying, bitterly points out that she has had to raise her family on $350 a month. As far as she is concerned, Alcan's departure is good riddance.

The agreement which provides her and other widows with compensation will expire in 1981 and what happens thereafter has not been determined by the company or government.

Nor will the company assume any responsibility for miners who joined Alcan after 1960, the year ventilation was improved, even if similar health problems are detected in them in a few years from now. Rudd says those problems, if they arise, will have to be handled by the workmen's compensation board.

No health problems among this group have been detected yet and Mike Slaney, president of the St. Lawrence Protective Union, says health conditions in the mines have never been better.

Older Alcan workers who suffered partial disabilities as a result of the dust and radiation but who were kept on the payroll doing work in dust free areas are to receive no special compensation either, Rudd said, although the company will continue insurance premium payments for miners who worked there prior to 1960.

Slaney, however, feels the company has a greater obligation to those who lost their health digging fluorspar. He said the union has asked that Alcan or the workmen's compensation board be forced to pay 75 per cent of wages of these men in compensation.

At present, the dozen or so involved are getting only 30 per cent compensation, which means anywhere from $50 to $120 a month. Unless new arrangements are made, the men will be pushed onto welfare rolls.

One man who has already faced this crisis is Tom Tobin, who after 12 years in the mines had to quit in 1962 because of heart and lung ailments. The father of nine, he still has four children in school and must support the family on $340 a month. Part of this comes from the workmen's compensation board and the rest from the Department of Social Services.

Although the books assess his disability as 30 per cent, Tobin found he was unable to take on the strenuous work of fishing or gain employment in other mines or in Labrador.

The big adjustment, he says, was to have so much time without being able to do anything. "You go half crazy sometimes."

Dissatisfaction with benefits

The unionized workers are entitled to severance pay of one week's wages for every year of service. Management and clerical employees will receive the same rate of compensation for their first 15 years of service, but the rate beyond 15 years is 1.2 weeks wages per year.

While this formula provides staff employees with a greater financial benefit than the unionized workers, it was the cause of much disgruntlement. A number of staff were laid off last April and they received two weeks wages for every year worked up to 20 years and one month's pay for each year beyond.

Consequently, the staff members who stayed on until the end expected the same settlement and when Alcan announced the new formula, they were angry. Levi Pike, a 35-year veteran with the company, calculated that the change would cost him $25,000.

Alcan's rationale, according to Rudd, is that staff that stayed on past April had the advantage of an additional six months' employment. They also had more warning before losing their jobs and consequently more time to look for alternative work, he stated, whereas those laid off in April were made "redundant" immediately.

The town council, while it will inherit the curling rink and other recreational facilities, will also have to take over the operating expenses of these. In a town which will soon lose the $50,000 annual grant Alcan paid in lieu of taxes, as well as property taxes of residents who will be forced to leave, the expenditure is heavy.

Former Mayor Jules Mirault noted that the town had intended to increase the Alcan "tax" last year to $75,000. But it deferred the increase because company officials stressed the necessity of keeping costs down if the St. Lawrence mines were to remain viable.

And while Alcan is looking toward a good year in terms of profits from its worldwide operations—aluminum demand and prices are on the upswing—the future of St. Lawrence is very uncertain.

Government has admitted that even if Alcan hands over the assets and mineral rights for a nominal fee, it will be a few years before a new company could be found to take over operations.

Another prospective economic base for the community is the establishment of a fish processing plant which would include a trawler fleet capable of prosecuting the off-shore fishery. Even if mining is to continue, a second industry would be valuable to the area as a permanent economic base which would continue after the mines are depleted.

However, while St. Lawrence is ideally located for the fishing industry, there are many problems with this option. Miners who have never fished or

While Alcan is looking toward a good year in terms of profits from its worldwide operations, the future of St. Lawrence is very uncertain.

worked in a fish plant would have to be retrained. Others may not be able to adapt to the new occupation.

The construction of a fish plant and a trawler fleet would in any case take years, even if begun immediately. Moreover, other plants on the Burin Peninsula on which St. Lawrence is located are not operating at full capacity—a good example is the plant in nearby Fortune which, although long established, is having problems replacing its aging trawler fleet.

In the meantime, those who remain in St. Lawrence will face the prospects of government make-work projects, unemployment insurance, and welfare, until either the mines or fishery come into operation.

What this will do to the social wellbeing of the community, whose residents have prided themselves on the fact that they have contributed much to the economy and to government coffers, can only be answered in the future.

What is happening to St. Lawrence is not unique. Bell Island, which was once a prosperous iron area, fell prey to the same tragedy in 1966 when the Dominion Steel and Coal Corporation (Dosco) closed down the 60-year-old mines.

Government assistance to the miners came in the form of mobility grants and retraining programs but today Bell Island's main source of employment remains with government services in the area of health and education.

The possibility has recently arisen of the mines being used to store oil. Wabanex, a subsidiary of the gigantic Power Corporation, has made this proposal. The project, however, hinges on a favourable decision by the United States to join Canada in the agreement.