



“Atlantica” – Key Questions and Issues from a Labour Perspective

*by Andrew Jackson,
National Director, Social and Economic Policy Department*

1. A Corporate Elite Driven Vision of Regional Development

“Atlantica” is being promoted by right-wing ideologues (The Atlantic Institute for Market Studies) and regional business elites (the Atlantic Provinces Chamber of Commerce, organizers of the June 8-10 forum in Saint John) and some less prominent US allies. Labour and the community have not been invited to participate, and are not part of this "vision."

“Atlantica” is conceived of in purely economic terms. Political boundaries are dismissed as "old and outdated" since they do not fully coincide with economic boundaries in a post NAFTA/globalized world.

Proponents of “Atlantica” have nothing at all to say about these political boundaries as an important sphere for making democratic social choices about the kinds of development we want, and nothing to say about the political means we need to promote more equitable societies and more sustainable economies.

2. An Incoherent Vision of Regional Economic Development

Atlantic Canadians should pursue trade and economic opportunities with New England. Likewise binational forums—such as the Council of New England Governors and Eastern Canadian Premiers and the Gulf of Maine Council on the Marine Environment—can discuss and tackle

issues of common concern such as trade, transportation or environmental protection are important.

We should, however, recognize the dangers of increasing and promoting dependence on the US market through deeper regional integration.

Despite NAFTA, Atlantic Canadian exports—softwood lumber, potatoes, livestock—still face regular harassment entering the U.S. For the foreseeable future, this situation is unlikely to improve given the record US trade deficit. In fact, it will almost certainly get worse.

The flip side of the integration that “Atlantica” celebrates is dependence. Over-specialization, on specific products or markets, creates vulnerability and risk. For example, PEI potatoes have been shut out of the U.S. market twice in the last decade at considerable cost to farmers and taxpayers who have bailed out the industry. The same is currently true of Canadian beef and livestock, and Canadian softwood lumber has faced punitive US duties, despite WTO and NAFTA rulings that they are illegal. If fifteen years of Canada-U.S. “free trade” proves anything, it is that truly secure access to the U.S. market is unattainable. The goal should be diversification to reduce vulnerability.

The notion of “Atlantica” as a natural, cohesive region is far-fetched. “Atlantica” is a loose and arbitrarily-defined cross border region consisting of Atlantic Canada (itself a hugely diverse “region”, which is far from a single economic unit) plus Maine, New Hampshire, Vermont and North East New York State. While the US part of “Atlantica” does suffer from regional under-development to some degree, and has some of the same economic problems as Atlantic Canada, parts are also very closely integrated with much stronger and growing US regions (e.g. Southern New Hampshire and the Greater Boston area; upper New York State and Greater New York City). Why would business and political leaders in these areas see their economic future as tied to “Atlantica”?

One of the key premises of “Atlantica” is that the US part of the region can be persuaded to be part of a strong cross-border political lobby to pressure the Canadian and US governments to promote regional economic development in Atlantic Canada. But, a more likely result is a regional Canadian lobby for much deeper economic and policy integration with the US.

Who is really setting the agenda here?

In some industries—notably resource industries like the fishery, forestry, and agriculture—US and Canadian producers compete to sell into the same US markets in large metropolitan areas. Will “Atlantica” do anything to curb US protectionism? What US voices on their side of “Atlantica” have been raised to protest the proposed softwood lumber deal, which could limit Atlantic Canada's share of the US lumber market. Atlantic Canadian shellfish, livestock and potatoes, have been subject to regular trade harassment at the US border. How would “Atlantica” address this?

Will “Atlantica” endanger our ability to control our own resources? Further regional integration could mean a sharing of dwindling fishery resources, as some US interests pushed for when the FTA and NAFTA were negotiated. The example of Nova Scotia natural gas being tied up in export contracts and unavailable for economic development within the region is a good illustration of the problems with US driven regional integration. The New Brunswick government actually intervened unsuccessfully before the National Energy Board to try to get access to some of the Nova Scotia gas in the pipelines crossing its territory.

Why should Atlantic Canada put all of its economic development eggs in the “Atlantica” basket? Taken literally, it could cloud Atlantic Canadians’ awareness of the importance of strong ties with other regions and with the rest of Canada.

Under NAFTA, Atlantic Canada/US trade has remained mainly dominated by resource products, as opposed to sophisticated manufacturing products and high value services. Recently, Atlantic Canada has become even more dependent on the US market. Would it not make more sense to develop new Atlantic industries in response to growing markets in Asia and around the world?

All that said, proponents of “Atlantica” do have a few ideas worth examining, such as the construction of a major highway from Atlantic Canada to Eastern New York and Central Canada through Maine, and the development of the Port of Halifax and related rail infrastructure to make Halifax a major hub for North American trade with Asia and Europe. One key problem, however, is that shipment using these routes would mean goods and people crossing the Canada—US border more than once. There's not much point investing in cross-border infrastructure if the US maintains a highly restrictive border—and there's every sign that border security is becoming even more restrictive.

3. A Right-Wing Vision of Economic Development

In the corporate “Atlantica” vision, "big government", unions and minimum wages are all explicitly seen as barriers to economic development. But many successful small regional economies around the world are successful precisely because they have a very solidaristic vision of social and economic development proceeding hand in hand. Denmark, Sweden and Finland are all very successful "knowledge-based" economies selling into the European and global markets — and all have high levels of spending on public and social services, strong unions, and very equal societies.

4. Loss of Control over Public Power

“Atlantica” proponents are calling for integration of the regional power market through an "Atlantica Uniform Power Act." This would require separation of power generation from transmission, and the opening up of

provincial grids to private and out of province power producers. Implementing this vision would require breaking-up integrated public power companies to an even greater degree than has already happened as a result of US pressure. It would also mean the end of regulated power prices for consumers and small businesses, which are now generally below US rates.

The corporate vision of a deregulated, competitive power market proved to be a disaster in California. The Enron debacle showed that such markets are open to highly damaging speculation and manipulation. We need to engage in long-term planning for future power needs through integrated public power utilities.

5. Atlantica and the Broader "Deep Integration" Agenda

The people promoting “Atlantica” see it as a complement to broader Canada/US policy integration. Their agenda—as developed by the Canadian Council of Chief Executives and largely embraced by the federal government — includes a common defence policy, regulatory harmonization, sharing of natural resources, and a general blurring of Canadian differences with the dominant US neo liberal/imperial policy model. “Atlantica” seeks to subvert the allegiance of Atlantic Canadians to Canadian values and to the idea of Canada as an independent, socially and environmentally progressive country.