

19TH ANNUAL PREMIER'S CONFERENCE

Economy  
Position Paper

Nova Scotia

Premier Gerald A. Regan, Q.C.

ECONOMIC PERFORMANCE IN CANADA, WHILE COMPARABLE WITH OTHER WESTERN COUNTRIES, IS INADEQUATE IN RELATION TO THE ACHIEVEMENT OF SOCIETY'S GOAL OF MEANINGFUL EMPLOYMENT FOR CANADIANS.

PEOPLE NEED WORK, THEY NEED IT AS AN ACTIVITY AS WELL AS A SOURCE OF INCOME. UNEMPLOYMENT BENEFITS, HOWEVER GENEROUS, DO NOT MAKE UNEMPLOYMENT TOLERABLE. PEOPLE NEED THE SENSE OF PURPOSE, THE BELONGING TO A COMMUNITY OF INTEREST THAT GOES WITH A JOB. TO MEET THIS NEED MUST BE A TRULY PRIME CONCERN OF ANY SOCIETY.

WE DO NOT MINIMIZE THE DIFFICULTY IN ACHIEVING OUR GOALS WHILE OUR NEIGHBOURING TRADE PARTNERS ARE UNDERPERFORMING. UNFORTUNATELY, THERE IS NO WAY THAT ANY OF US CAN INSULATE OURSELVES FROM THE CURRENT ECONOMIC PROBLEMS OF NORTH AMERICA. HOWEVER, AT THIS TIME, OUR ECONOMY IN NOVA SCOTIA HAS SOME STRONG POINTS. DURING THE FIRST PART OF THE YEAR OUR PROVINCE'S ECONOMY GREW AT A FASTER PACE THAN CANADA'S IN TERMS OF SUCH IMPORTANT COMPONENTS AS EMPLOYMENT, CAPITAL INVESTMENT, TOTAL WAGES AND SALARIES, RETAIL SALES, VALUE OF MANUFACTURING SHIPMENTS AND CONSTRUCTION.

DESPITE THESE ENCOURAGING INDICATORS, HOWEVER, NOVA SCOTIA CONTINUES TO BE PLAGUED BY HIGH UNEMPLOYMENT. CERTAINLY, THE GOVERNMENT OF NOVA SCOTIA IS IN THE PROCESS OF REDEFINING ITS ECONOMIC GOALS AND IDENTIFYING EFFORTS THAT CAN BE MADE AT BOTH NATIONAL AND PROVINCIAL LEVELS TO ACHIEVE THEM .... THE TEST OF OUR ACHIEVEMENTS IS WHETHER WE CAN PROVIDE JOB OPPORTUNITIES FOR EVERY MAN AND WOMAN WHO WISHES TO BE GAINFULLY EMPLOYED. OF GREAT

CONCERN TO ME, BEYOND THE GENERAL UNEMPLOYMENT PICTURE, IS THE PARTICULAR UNEMPLOYMENT PROBLEM FACED BY OUR YOUNG PEOPLE TODAY.

AS A NATION WE ARE LOSING WEALTH EACH DAY BECAUSE WE FAIL TO UTILIZE FULLY THE VITAL POTENTIAL OF OUR YOUTH .... IT IS A NEEDLESS WASTE THAT MUST NOT CONTINUE.

WHEN CANADA'S FIRST MINISTERS MET LAST FEBRUARY IN OTTAWA, WE IDENTIFIED A NUMBER OF MAJOR INITIATIVES AND CAME AWAY WITH THE HOPE THAT QUICK ACTION WOULD BE ACHIEVED IN DEVELOPING THIS COUNTRY'S VAST UNTAPPED HYDRO ENERGY POTENTIAL, IN REVITALIZING OUR NATIONAL RAILWAY SYSTEM, OUR SHIPBUILDING, STEELWORKS, COAL MINES AND PORTS.

AN ACCELERATED EFFORT IN SUCH PROJECTS WOULD GO A LONG WAY TOWARD PUTTING CANADA'S SURPLUS LABOUR FORCE TO WORK BUILDING ASSETS NOW THAT WOULD SERVE THIS COUNTRY WELL IN COMING DECADES.

WHILE THERE HAS BEEN SOME ACTION FROM NOVA SCOTIA'S POINT OF VIEW ON SUCH PROJECTS AS A MAJOR NEW COAL MINE AT DONKIN, REVITALIZATION OF NUMBER 26 COLLIERY IN GLACE BAY AND PRECONSTRUCTION ENGINEERING DESIGN WORK ON NORTH AMERICA'S FIRST TIDAL POWER GENERATING PLANT AT THE MOUTH OF CUMBERLAND BASIN, SUCH ACTIVITY TO DATE HAS GENERATED LITTLE EMPLOYMENT ALTHOUGH THE POTENTIAL OF EACH OF THESE PROJECTS IS INDEED LABOUR INTENSIVE.

THE PROBLEMS OF MOVING RESOLVE INTO ACTUAL JOBS REQUIRES THAT TOGETHER WITH OTTAWA WE STRIVE TO ACHIEVE GREATER MOMENTUM IN GETTING THOSE 10 OR 12 MAJOR PROJECTS IN VARIOUS REGIONS OF CANADA OFF THE GROUND IN ORDER THAT WE BEGIN TO REALIZE SOME REAL PROGRESS IN THE BATTLE AGAINST UNEMPLOYMENT.

MAJOR PROJECTS ARE TREMENDOUSLY EXPENSIVE AND WE ALL REALIZE THAT THE FEDERAL GOVERNMENT'S MONEY POT DOES IN FACT, HAVE A BOTTOM. WITH THIS IN MIND, I WOULD MAKE THE POINT THAT OTHER LESS EXPENSIVE INITIATIVES CAN BE TAKEN BY OTTAWA TO STIMULATE ECONOMIC ACTIVITY AND ENCOURAGE DEVELOPMENT IN THE SLOW GROWTH REGIONS OF THIS COUNTRY.

ONE SUCH INITIATIVE WOULD BE FOR THE FEDERAL GOVERNMENT TO PROVIDE TAXATION ENTICEMENTS FOR DEVELOPING NEW ENERGY RESOURCES TO REPLACE IMPORTED OIL. THE SAME TAX WRITE-OFFS GIVEN TO OIL EXPLORATION COMPANIES SHOULD BE MADE AVAILABLE TO DEVELOP OUR UNTAPPED RENEWABLE RESOURCES.

EVERY YEAR OF DELAY IN DEVELOPMENT OF OUR ENERGY RESOURCES DRAINS THE WEALTH OF OUR COUNTRY AS A CONSEQUENCE OF THE LOSS OF DOLLARS TO PAY FOR IMPORTED OIL.

WHEN ONE COMBINES THIS WITH THE NEED FOR EMPLOYMENT DURING THE NEXT FOUR YEARS UNTIL THE RESULTS OF SMALLER FAMILIES WHICH MEANS SHARPLY LESS PEOPLE ENTERING THE WORK FORCE EACH YEAR, IT CAN BE SEEN THERE IS EVERY NATIONAL ADVANTAGE IN GETTING ON WITH SUCH PROJECTS.

OVER THE PAST FEW YEARS THERE HAS BEEN A GROWING APPRECIATION OF THE REGIONAL DIVERSITY OF CANADA IN TERMS OF WEALTH, NEEDS, INDUSTRIAL GROWTH AND CULTURAL OBJECTIVES. THIS RECOGNITION HAS PROMPTED THE REGIONALIZATION OF A NUMBER OF FEDERAL GOVERNMENT PROGRAMS SUCH AS THE UNEMPLOYMENT INSURANCE PROGRAM, THE PROGRAM OFFERING ACCELERATED DEPRECIATION FOR NEW MACHINERY AND EQUIPMENT AND THE RECENTLY INTRODUCED SALES TAX REDUCTIONS.

I AM MUCH ENCOURAGED BY THIS TREND AND I THINK THE FEDERAL GOVERNMENT SHOULD BE CONGRATULATED FOR ITS EFFORTS IN THIS REGARD.

I WOULD LIKE TO SEE A CONTINUATION AND BROADENING OF THIS TREND, LEADING EVENTUALLY TO A REGIONALLY DIFFERENTIATED FISCAL POLICY. ONE GOOD PLACE TO START IN THIS REGARD WOULD BE WITH A REGIONALIZED CORPORATE TAX POLICY, POSSIBLY ALONG THE LINES PROPOSED RECENTLY BY THE GOVERNMENT OF ONTARIO AT THE LAST FIRST MINISTERS' CONFERENCE ON THE ECONOMY.

IT APPEARS TO ME THAT IT WILL TAKE A POLICY AS DRAMATIC AS THIS TO GET THE MESSAGE ACROSS TO CONVINCe CENTRAL CANADIAN BUSINESSMEN THAT THERE ARE INVESTMENT OPPORTUNITIES OUTSIDE OF CENTRAL CANADA. IT ALWAYS AMAZES ME THAT THE MAJOR MULTI-NATIONAL FIRMS THAT DO ESTABLISH PLANTS IN THE MARITIMES ARE WITH RARE EXCEPTIONS FOREIGN FIRMS BASED OUTSIDE OF CANADA RATHER THAN CANADIAN FIRMS OR EVEN CANADIAN SUBSIDIARIES OF MULTI-NATIONALS.

THE JOB OF DECENTRALIZATION OF ECONOMIC ACTIVITY IN CANADA IS STILL NOT BEING DONE AND THE FIVE EASTERN PROVINCES MUST MAKE A UNITED DEMAND THAT SUCH GROSS ECONOMIC INEQUALITY END.

NOVA SCOTIA WITH ITS PRIME GEOGRAPHIC LOCATION IS THE NATURAL GATEWAY TO MARKETS ALONG THE EASTERN SEABOARD OF THE U.S. AND IN EUROPE FOR THOSE CANADIAN COMPANIES WHO ARE OR WHO SHOULD BE EXPORT-ORIENTED.

IN ADDITION TO LOCATING MANUFACTURING PLANTS IN NOVA SCOTIA FOR EXPORT MARKETING PURPOSES, CANADIAN COMPANIES SHOULD ALSO BE LOOKING TO THE EAST WITH DISTRIBUTION AND WAREHOUSING

IN MIND. HOME HARDWARE IS PRESENTLY BUILDING A LARGE WAREHOUSING FACILITY THAT WILL ENABLE THEM TO SERVICE THEIR ATLANTIC HARDWARE STORE CHAIN FROM DEBERT, NOVA SCOTIA, RATHER THAN HAVING TO TRUCK MERCHANDISE IN FROM ONTARIO AT GREAT EXPENSE.

IT IS BAD ENOUGH THAT THE QUEBEC AND ATLANTIC REGIONS ARE NOT ATTAINING THEIR SHARE OF MANUFACTURING JOBS BECAUSE OF CENTRALIZATION IN ONTARIO, BUT IT IS INTOLERABLE THAT DISTRIBUTION JOBS ALSO BE LOST TO THE REGION.

LATELY SOME COMPANIES HAVE EVEN BEEN EXPORTING ACCOUNTING JOBS FROM THE REGION BY COMPUTERS.

FOR SOME TIME NOVA SCOTIA HAS BEEN STUDYING THE MAGNITUDE OF THE LOSS TO OUR PROVINCE AS A CONSEQUENCE OF OUR AREA BEING STRIPPED OF THE ANCILLARY SERVICES NECESSARY FOR SALES.

WE INTEND TO TAKE EVERY POSSIBLE STEP TO SEE THAT COMPANIES DOING BUSINESS WITH THE GOVERNMENT OR ANY GOVERNMENT AGENCY ALSO DO A REASONABLE AMOUNT OF THEIR SUPPORT ACTIVITY WITHIN OUR REGION.

FOR EXAMPLE, IF WE FIND A COMPANY IS DOING A LARGE VOLUME OF SALES TO GOVERNMENT INSTITUTIONS, BUT HAS NO REGIONAL DISTRIBUTION FACILITIES, DOES ALL ITS BILLING AND ACCOUNTING FROM ONE CENTRAL LOCATION IN ONTARIO, THEN WE ARE GOING TO TAKE A VERY DIM VIEW OF THAT AND WILL DO EVERYTHING IN OUR POWER TO REQUIRE A MORE NATIONAL OUTLOOK ON THE PART OF THE COMPANY.

REGIONAL ECONOMIC DISPARITY WILL NEVER BE OVERCOME IN THIS COUNTRY UNTIL WE ACHIEVE AN EFFORT BY PRIVATE INDUSTRY PARALLEL TO THAT OF THE GOVERNMENT TO DECENTRALIZE ACROSS THE COUNTRY.

IN RECENT MONTHS WE HAVE ALL SEEN FRENZIED EFFORTS BY A NUMBER OF COMPETING AMERICAN AND EUROPEAN COMPANIES TO OBTAIN THE CONTRACT FOR CANADA'S NEW MILITARY AIRCRAFT REQUIREMENTS.

THE GOVERNMENT OF CANADA QUITE PROPERLY IS REQUIRING THAT THE SUCCESSFUL COMPANY PROVIDE LARGE AMOUNTS OF WORK IN CANADA BY WAY OF A RETURN. WE BELIEVE THAT IT IS IMPORTANT THAT THIS WORK BE DISTRUBUTED ACROSS CANADA.

LET ME TURN TO THE VITAL AREA OF CANADA'S INTERNATIONAL TRADE.

THE TRENDS IN INTERNATIONAL NEGOTIATIONS INDICATE THAT CANADA MAY BE ON THE BRINK OF A NEW ERA IN ITS TRADING RELATIONSHIPS WITH THE WORLD. ON THE ONE HAND, IT MAY NO LONGER BE POSSIBLE OR DESIRABLE FOR CANADA TO PROTECT TRADITIONAL INDUSTRIES FROM GROWING OUTSIDE COMPETITION. ON THE OTHER HAND, IF CANADA IS TO CONTINUE AS AN IMPORTANT INDUSTRIAL POWER IT WILL HAVE TO DRAMATICALLY INCREASE ITS EFFORTS TO COMPETE INTERNATIONALLY ON PRODUCTS WHERE CANADA HAS A BASIC ADVANTAGE ON A TECHNOLOGICAL LEAD.

FROM A HERITAGE WHICH BEGAN CLOSE TO THE SEA, THE COUNTRY TURNED INCREASINGLY INWARD AND WESTWARD DURING THE FIRST CENTURY OF EXISTENCE. IN SUCH AN ENVIRONMENT NOVA SCOTIA WAS AT A DISADVANTAGE DUE TO A DISTANCE FORM CENTRAL CANADIAN MARKETS. CANADA NOW MUST BECOME A MORE AGGRESSIVE EXPORTER AND NOVA SCOTIA, WITH ITS STRONG EXPORT TRADITIONS AND ATLANTIC RIM LOCATION, IS IN AN EXCELLENT POSITION TO TAKE ADVANTAGE OF THESE OPPORTUNITIES.

I WOULD ADD THAT THE GOVERNMENT HAS "HUNG TOUGH" THROUGH LEAN YEARS WITH THE HEAVY INDUSTRIES WHICH ARE SO VITAL TO THE PROVINCE'S EXPORT CAPABILITY. SYSCO, THE TRENTON CAR WORKS AND THE HALIFAX SHIPYARDS HAVE BEEN STRONGLY SUPPORTED AND AS A RESULT THEY ARE NOW IN A POSITION TO TAKE ADVANTAGE OF IMPROVEMENTS IN WORLD TRADE.

I WANT TO SPEAK STRONGLY IN SUPPORT OF THE Q & M PIPELINE PROJECT WHICH WOULD PROVIDE A SYSTEM FOR THE DISTRIBUTION OF ALBERTA GAS ALL THE WAY TO CAPE BRETON ISLAND. THIS PROJECT WOULD BE A NATIONAL UNDERTAKING OF IMMENSE IMPORTANCE AND SHOULD BE GIVEN EVERY ENCOURAGEMENT AND ASSISTANCE BY THE GOVERNMENT OF CANADA.

ANOTHER LOSS THAT CANADA IS SUFFERING AS THE RESULT OF A LACK OF FACILITIES IS IN THE AREA OF SHIP REPAIR. HOPEFULLY, THE FEDERAL GOVERNMENT IN CO-OPERATION WITH THE PROVINCE INVOLVED IS MOVING TO REMEDY THIS SITUATION BY THE PROVISION OF PANORMORE DRYDOCKS CAPABLE OF RECEIVING VERY LARGE SHIPS FOR REPAIR. THIS BUSINESS THAT PASSES BY OUR DOORSTEP HAS PREVIOUSLY BEEN LOST TO CANADA AS A RESULT OF THE LACK OF FACILITIES TO DRYDOCK SUCH LARGE SHIPS.

THIS IS MERELY ONE EXAMPLE OF HOW CANADA LOSES THE OPPORTUNITY TO ACQUIRE WEALTH AND IMPROVE OUR BALANCE OF PAYMENT SITUATION BY BEING TOO INWARD-LOOKING AND MISSING THE OPPORTUNITIES THAT EXIST ALONG OUR EAST AND WEST COASTS.

SHIPBUILDING AND THE LACK OF A CANADIAN MERCHANT MARINE ARE FURTHER EXAMPLES.



THERE IS NO QUESTION BUT THAT ONE OF THE SERIOUS PROBLEMS AFFLICTING OUR ECONOMY IS THE INABILITY OF INDUSTRY TO DIGEST SUCH A RAPID SUCCESSION OF OIL PRICES.

THE DETERMINATION OF THE FEDERAL GOVERNMENT TO MOVE TOWARD WORLD OIL PRICES AT SUCH A RAPID RATE IS DAMPENING THE CANADIAN ECONOMY.

I BELIEVE THAT THE ADVERSE EFFECT OF THIS POLICY SHOULD BE RECOGNIZED AND A YEAR'S MORATORIUM BE PLACED ON CANADIAN OIL PRICE INCREASES.

IN OUR PROVINCE, AS IN P.E.I., THESE INCREASES ARE PARTICULARLY NUMEROUS BECAUSE OF OIL BEING USED FOR MOST ELECTRIC GENERATION.

THE RESULT IS A LEVEL OF ELECTRIC RATES THAT CONSTITUTES NOT ONLY A BURDEN TO HOUSEHOLDERS BUT A SERIOUS DETERRENT TO INDUSTRY.

HOPEFULLY, ACTION TAKEN BY MY GOVERNMENT EARLIER THIS WEEK WILL HELP NOVA SCOTIA COMMERCIAL AND INDUSTRIAL OPERATIONS COPE A LITTLE BETTER WITH THE MOST RECENT POWER RATE INCREASE IN NOVA SCOTIA.

WE ARE OPTIMISTIC ABOUT NOVA SCOTIA'S FUTURE BASED ON OUR GEOGRAPHIC LOCATION, OUR DEEP WATER PORTS, OUR NATURAL RESOURCES AND THE SOLID DETERMINATION OF OUR PEOPLE.

BECAUSE OF THE MASSIVE COAL RESERVES OFF CAPE BRETON ISLAND AND THE TREMENDOUS POTENTIAL OF THE BAY OF FUNDY TIDES, NOVA SCOTIA WILL, IN THE YEARS AHEAD, ENJOY A STABILIZED AND SECURE ENERGY FUTURE.

BOTH THE DEMAND FOR STEEL AND THE PRICE OF STEEL PRODUCTS IS FIRING UP. THE ACHIEVEMENT OF A SERIES OF LONG TERM SALES CONTRACTS WILL IN THE NEAR FUTURE JUSTIFY FURTHER INVESTMENT IN THE MODERNIZATION OF SYDNEY STEEL.

WHILE WE APPRECIATE THE FEDERAL GOVERNMENT'S COMMITMENT TO A MAJOR NEW COAL PLAN IN CAPE BRETON, AS I EXPRESSED EARLIER, IT IS URGENT THAT CONSTRUCTION PLANS BE ACCELERATED.

THE OUTLOOK FOR OUR PRIMARY RESOURCE-BASED INDUSTRIES INCLUDING AGRICULTURE, THE FISHERY, MINING, FORESTRY AND TOURISM INDUSTRIES HAS NEVER BEEN BRIGHTER AND REPRESENTS MANY OPPORTUNITIES FOR ECONOMIC GROWTH AND JOB CREATION. BY WAY OF EXAMPLE, OUR FISHERY, WHICH TODAY REPRESENTS A \$250 MILLION INDUSTRY HAS THE POTENTIAL OF BECOMING A \$1 BILLION A YEAR INDUSTRY WITHIN THE NEXT SEVEN TO EIGHT YEARS. I WOULD ONLY ADD THAT GREATER PROVINCIAL PARTICIPATION IN PLANNING AND DIRECTION OF THE FISHERIES WOULD SIGNIFICANTLY ADD TO THIS SECTION OF ECONOMIC ACTIVITY.

NOVA SCOTIA LOOKS FORWARD TO THE DAY WHEN WE CAN MOVE CLOSER TO SELF RELIANCE WITHIN THE CANADIAN CONTEXT BY STANDING ON OUR OWN ECONOMIC FEET. UNTIL SUCH TIME, ANSWERS TO COMMON ECONOMIC PROBLEMS FACING CANADA'S PROVINCES MUST BE DILIGENTLY PURSUED.