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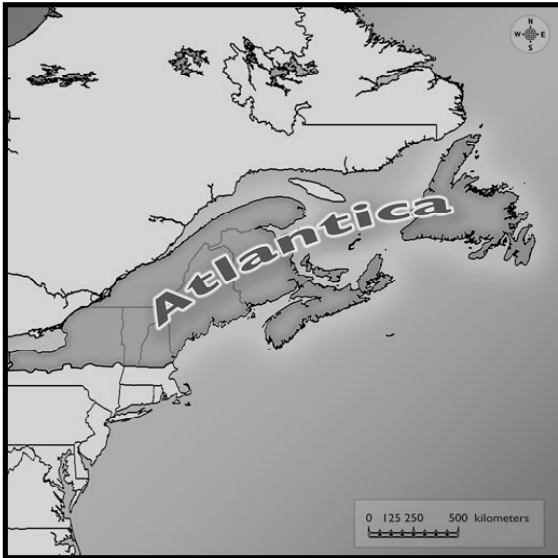


Figure 1. Atlantica: the International Northeast Economic Region (AINER) is defined by many things, chief among them geography, economic trends and trade patterns, common problems and experiences, and politics. The sum of these factors is a region bounded on the east by the Atlantic Ocean, on the north and west by Lake Ontario and the St. Lawrence River, and on the south by Highway I-90 to Buffalo and the southern borders of the states of Vermont and New Hampshire

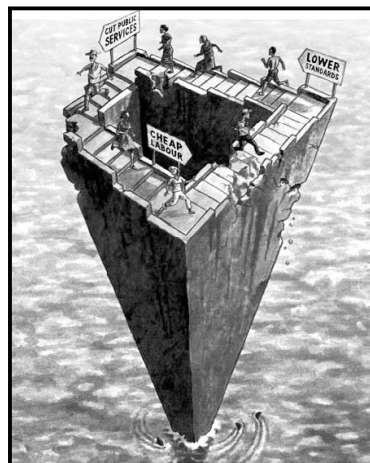
What is Atlantica: Redefining Atlantic Canada in the Corporate Image *Atlantica offers two choices: Low Wages or No Wages* By the Atlantic Regional Solidarity Network

Imagine a unified region consisting of Canada's Atlantic Provinces and the northeastern United States in which provincial and state legislation eliminated the minimum wage, restricted the ability of workers to organize and drastically reduced public spending on social programs. If two organizations based on either side of the US-Canada border get their way, this vision would constitute the future of the region they call Atlantica, or the International Northeast Economic Region. The Atlantica Initiative is intended to benefit big business on both sides of the border and is being spearheaded by the Halifax-based Atlantic Institute for Market Studies (AIMS) and the Eastern Maine Development Corporation. As AIMS has boldly stated: "If the border

cannot be made to disappear, its impact must at least be blurred."

The Atlantica Initiative envisions a cross-border economic region consisting of Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Eastern Quebec, Maine, Vermont, New Hampshire and northern New York State. While AIMS claims to be "an independent economic and social policy think tank," its ideology is clearly evident in its policy recommendations. AIMS has called on the Canadian government to "foster a development-friendly business environment" through the implementation of "federally driven corporate tax reductions." The goal is to make Atlantic Canada more competitive under "free trade" globalization.

In Atlantic Canada, where households already earn the lowest incomes in the country, AIMS calls for "competitive wages that draw capital." From the corporate perspective, the term "competitive wages" simply means low wages, which the Institute claims would increase corporate profits and establish a profit motive. This would in turn entice others to invest in the region and create more jobs. According to AIMS, "Allowing profitable businesses to keep a larger share of their profits would automatically reward successful businesses and encourage them to become even more successful."



However, AIMS fails to point out that in today's global economy, these new investors would remain in the region only so long as the profit motive was maintained. Any increase in wages would simply result in corporations relocating to another region or country that offered a more "development-friendly business environment." While such policies would

ensure profits for corporations, they would offer only two choices for most Atlantic Canadian workers: low wages or no wages.

AIMS claims that extensive government interference in the economy is responsible for Atlantic Canada's lagging economic performance and that the solution rests in making the region more business-friendly. But according to a 2006 report by the international auditing firm KPMG, many cities in Atlantic Canada already rank among the most business-friendly places in Canada, which itself is the top ranked G7 nation and second overall out of the nine countries studied. In fact, three Maritimes cities "Halifax, Moncton and Charlottetown" were among the top five of the 95 cities in the report. The rankings in the KPMG study echoed those of previous years and, given the continued low incomes

throughout Atlantic Canada, clearly show that the establishment of a business-friendly environment does not necessarily translate into decent paying jobs for most workers.

The Atlantica Initiative: A Local Piece of the Global Puzzle

Hemispheric Impacts of the Atlantica Trade Regime

By Garry Leech

The Atlantica Initiative is the next step on the regional level intended to further integrate Atlantic Canada into the global economy. Consequently, its full impact cannot be understood without viewing it through the lens of the neoliberal, or free trade, globalization process being pushed by the United States. While corporate-driven agendas such as the Atlantica Initiative emphasize economic integration with the United States, this objective cannot be achieved without also acquiescing to a significant degree of political and military integration. The inevitable result, as we are already seeing, is a shift in Canada's international role from peacekeeper and mediator to a close-ally of US imperialism.

One of the principal goals of the Atlantica Initiative, according to its leading proponent the Halifax-based neo-conservative think tank Atlantic Institute for Market Studies (AIMS), is to "encourage inter-provincial and international trade through the removal of barriers and harmonization of regulations." In other words, the objective is to move beyond NAFTA to an intensification of free trade on the regional level by encouraging provincial and state governments in Atlantic Canada and the northeastern United States to apply similar economic and social policies, including regulations that govern labor and the environment.

Ultimately, the objective is to increase trade and investment—and corporate profits—by implementing the same neoliberal economic policies that have been applied in Latin America over the past 20 years. The weakening of labor and environmental regulations in Latin America has indeed succeeded in attracting foreign investment and has led to high levels of economic growth. However, most Latin Americans have not benefited from this growth, which has failed to alleviate poverty and inequality while making cheap labour and resources available to multinational corporations.

The aim of the Atlantica Initiative is to create a similar business-friendly environment in Atlantic Canada and the northeastern United States. Put in simple business terms, the so-called Atlantica region has to become more competitive with nations of the Caribbean, Latin America and other parts of the global South. If it doesn't, so the argument goes, why would corporations want to invest in Atlantic Canada?

Clearly, the goal of the Atlantica Initiative is to further the neoliberal process initiated by the 1989 Free Trade Agreement with the United States and continued under NAFTA. Such a neoliberal agenda will only bring about the

same consequences for Canada as it has for much of Latin America: An undermining of cultural integrity and economic sovereignty. The failure of neoliberalism to alleviate poverty and inequality in Latin America, however, has led to a political backlash throughout the region, resulting in the rise of anti-free trade leaders such as Hugo Chavez in Venezuela and Evo Morales in Bolivia in search of alternative economic models.

The negative consequences of neoliberal globalization are not limited to Latin America and the rest of the global South; they are also already evident in Atlantic Canada. If we look at income distribution in Nova Scotia, for example, 80 percent of Nova Scotians have seen both their real income and disposable income decline during the free trade era. On the other hand, the wealthiest 20 percent have experienced an increase during the same period, according to the Halifax-based non-profit organization GPI Atlantic. This growing income inequality contrasts sharply with the decade prior to the introduction of free trade when disposable income increased for all income sectors among Nova Scotians during the 1980s.

But free trade is not only hurting the standard of living of Atlantic Canadians, it is also diminishing the country's sovereignty—a process that the Atlantica Initiative and other similar cross-border initiatives currently being discussed from coast to coast will only intensify. The more we eradicate the significance of the US-Canadian border through economic policies, then the more we are going to have to eradicate the political significance of the border. As the cross-border economic integration between the United States and Canada intensifies it becomes increasingly difficult for each government to establish an effective security perimeter between the two nations. Consequently, the security perimeter will have to be shifted and re-established around the perimeter of both countries. As a result, Canada will become inextricably linked to US military and defense policies, including the air defense pact known as NORAD and the Bush administration's controversial Missile Defense System. In fact, the Harper government has already agreed to extend Canada's commitment to NORAD indefinitely.

The result of increasingly close political and military ties to the United States will lead to more and more people throughout the world viewing Canada the same way they now look at Britain: As an imperialist ally of the United States. This is already occurring in Latin American nations where Canadian corporations, particularly mining companies, are benefiting from neoliberal policies at the expense of rural communities and the environment. Another example of this process can be seen in business decisions by Nova Scotia Power and New Brunswick Power to import Colombian coal, which is cheaper than domestic coal due in part to gross violations of human rights perpetrated against labour leaders and local communities in Colombia. Meanwhile, decent paying mining jobs in the Maritimes have been replaced with low-paying, non-unionized jobs in call

centers—an example of the type of economic growth sought by the Atlantica Initiative.

Closer ties with the United States has also led to a shifting of Canada's international military role from traditional peacekeeping to supporting US efforts at regime change around the world. Unbeknownst to many Canadians, Canadian troops played a significant role in the US-led military overthrow of Haiti's democratically-elected President Jean Bertrand Aristide in 2004. The coup was primarily motivated by Aristide's anti-neoliberal stance in a country where US and Canadian companies, such as the Montreal-based Gildan Activewear, are major players. And more recently, Canada dramatically escalated its military cooperation with the United States by deploying 2,300 troops to engage in combat operations in Afghanistan in an attempt to help defend that country's new US-backed regime.

An October 2005 survey conducted by Ipsos Reid shows that Canadians are at odds with the Canadian government's increasing political and military cooperation with the United States. Eighty-one percent of respondents believe that being a mediator in international conflicts should be one of Canada's foreign policy priorities. Furthermore, 83 percent of Canadians are willing to risk tensions with the United States in order to implement an independent foreign policy. However, the reality of Canadian foreign policy is very different, which has led to the global perception of Canada as a neutral nation becoming seriously tarnished due to Ottawa's support of US military interventions in countries like Haiti and Afghanistan.

Any attempts to forge the independent foreign policy that an overwhelming majority of Canadians desire will become increasingly difficult the more closely integrated the United States and Canada become economically. As noted earlier, economic integration does not occur in a vacuum. In the 12 years since NAFTA was enacted, Canada's political and military role on the global stage has changed dramatically. Canada's increasing foreign policy alignment with the United States has occurred despite the fact that public opinion polls have shown that almost half of Canadians hold an unfavorable view of the United States. Naturally, such numbers raise an obvious question: With such a significant percentage of Canadians viewing the United States unfavorably, why would the Canadian government want to become more integrated with that nation?

The answer lies in the cozy relationship that exists between big business and government. This relationship allows proponents of the Atlantica Initiative and other like-minded initiatives to intensify the integration between Canada and the United States, not only economically, but also politically and militarily. While this process may well serve the interests of big business, it also further establishes the conditions that



will result in an intensification of Canada's new role as an imperialist ally of the United States. For these reasons, the Atlantica Initiative cannot be seen as distinct from the political and economic process that is occurring under NAFTA, neoliberal globalization and related militaristic endeavors; it is another piece of the same imperialist puzzle.

The majority of Atlantic Canadians will not benefit from Canada's increasingly imperialistic international role; prosperity under neoliberalism will remain the domain of the wealthiest 20 percent of the population. And it is not by accident that representatives of this wealthiest 20 percent are the only ones who have been invited—or can afford—to participate in the Reaching Atlantica Conference to discuss the implementation of the Atlantica Initiative.

So where does this leave the rest of civil society? Firstly, it leaves them on the streets outside the conference to voice their objections as best they can. Secondly, it forces them to seek alternative answers to the region's economic malaise. And like the proponents of the Atlantica Initiative, opponents might also want to look to the south in their search for alternative ideas. However, Atlantic Canadians would do well to look far beyond the United States to South America for possible alternatives to neoliberalism that would benefit society as a whole, not just big business.

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On Education: Atlantica Gets a Failing Grade

By the Canadian Federation of Students

With Atlantica, areas like education and health care, areas that are primarily in the public sector, would be the targets for increased privatisation and competition from the private sector. In this respect, we should be paying attention to what the Atlantic Institute for Market Studies and its President, Brian Lee Crowley, aren't saying about the effects of Atlantica on your right to public post-secondary education.

The Atlantic Institute for Market Studies (AIMS), the brains behind the concept of Atlantica, has also brought us regressive public policy ideas such as privatizing Nova Scotia's universities, and the complete deregulation of tuition fees.



Atlantica is just one more piece of AIMS' quest to sell off our public goods to the highest bidder - allowing private for-profit companies to come into our region and charge more than \$10,000 in tuition fees alone. Below are a few of the myths that the Atlantic Institute of Market Studies has tried to use to undermine the student movement, and their quest for a system of quality, affordable post-secondary education.

MYTH

"Low tuition fees thus represent a socially regressive policy."

FACT

Crowley claims that because all students benefit from universally low tuition fees, they are a regressive policy. His misguided belief is grounded in the idea that maintaining low tuition fees subsidize the education of the wealthy at the expense of the needy. Tuition fees should be completely deregulated, with a tiny sliver of the poorest students eligible for grants.

The facts do not support AIMS' tuition fee campaign. First, economist Hugh MacKenzie recently examined the issue and found no evidence that low tuition fees result in a net transfer of resources from low-income households to high-income households.

His model of high tuition fees for all but a small portion of the poorest students will actually exacerbate the dramatic gaps between participation rates of different socio-economic classes. His plan will only expand the extent of the "ghetto" of those shut out of higher education to include more middle-income Canadians who barely afford tuition fees today.

MYTH

"There's little evidence that high fees restrict access."

FACT

Brian Lee Crowley is right on this one - there is in fact a mountain of evidence that high fees restrict access. Study after study has shown that the number one reason low-income Canadians do not participate in post-secondary education is because of financial barriers. A recent survey commissioned by the Post-Secondary Education Coalition found that more than 40% of Nova Scotians said that they, or someone in their family, had been shut out of post-secondary education because of the costs.

The impact of increasing fees was most dramatically measured in British Columbia. In the face of tuition fee increases of more than 100%, enrollment is down at almost all colleges, and application rates are dramatically lower at British Columbia universities. Conversely, the tuition fee freeze and reduction in Manitoba has resulted in an increase in enrollment of close to 20%. Prior to the tuition fee reduction in Newfoundland and Labrador, enrollment was decreasing. Since reducing their tuition fees by 25%,

university enrollment increased by close to 5% at a time when high school graduation rates were declining.

MYTH

"Universally low fees are bad policy because public dollars are scarce. We shouldn't spend them on something that people will pay for themselves if there are higher priority uses for those dollars."

FACT

More than 100 years ago, Canada made primary school mandatory and free, at great expense to the national and provincial treasuries. However, mass public education was understood as the instrument by which individual Canadians could fulfill their potential, and Canada could reduce social and economic divisions.

In the 21st century, post-secondary education plays a similar role in the development of Canadians. 74% of all new jobs created require some post-secondary education. By privatizing our post-secondary education system, we will ensure that low- and modest-income Canadians are further shut out of ever attending college or university.

Public dollars are not scarce. The past five years have seen over \$56 billion in federal budget surpluses. That would have been enough funding to eliminate tuition fees 10 times over and still have enough money left over for one of the world's most generous systems of grants. Despite the modest portion of public expenditure required by higher education, there is no doubt that the continuing culture of tax cuts has damaged the accessibility and quality of public, post-secondary education. In 2000, for example, taxes were cut by \$100 billion over 5 years. Most of those tax cuts went to Canada's wealthiest individuals and corporations.

Budgets are about political priorities. Any discussion of the cost of a social program must be put in the context of other government decisions. In the case of the current federal government, tax cuts for the wealthiest Canadians have taken priority over funding access to post-secondary education.

ONLINE RESOURCES

- ⊖ *Calendar of events & ways to get involved in Nova Scotia 'Resisting Atlantica' campaign*
Nova Scotia Public Interest Research Group
www.nspirg.org
- ⊖ *Further reading on the Atlantica Initiative*
Stop Atlantica
www.stopatlantica.com
- ⊖ *Tools for students towards accessible post-secondary education*
Canadian Federation of Students
www.cfs-fcee.ca
- ⊖ *Fact sheets on Deep Integration and Trade Policy Implications*
The Council of Canadians
www.canadians.org
- ⊖ *Canadian Centre for Policy Alternatives*
www.policyalternatives.ca