

INTERVIEW

Professor W.Y. Smith speaks to the Brunswickan on Mac-taquac, the new industrial developments in New Brunswick today, and gives his views on the future.

Wishing to find some answers to this question, the Brunswickan interviewed Professor W. Y. Smith, head of the UNB Dept. of Economics and Political Science.

Professor Smith first came to UNB as a Freshie-Soph in the fall of 1938. At the outbreak of the war he left and served with the armed forces in North Africa and elsewhere until 1945 when he returned to graduate in 1946. On graduating he was awarded a Rhodes Scholarship at Oxford.

While at Oxford, he came under the strong influence of Keynesian Theory; indeed, his lecture was Keynes' biography, Sir Roy Harrod. He recalls, "This was a good time to be there since the leading academic economists had been active during the '30's and the war. Also there was an increase in interest in economics since the Labor Party had recently taken office and there was an overall fear of a post-war depression."

After completing his MA, Professor Smith taught for a year at St. Lawrence University before returning to UNB in 1949 where subsequently in 1951 he was appointed head of the department.

In 1954, Professor Smith was appointed an economic advisor to the N. B. Government. He also served a term as President of the Atlantic Provinces Economic Council and since 1962 he has been a consultant to Nova Scotia's program of voluntary economic planning.

Professor Smith has always been a strong spokesman for special programs by the Federal Government to aid the Atlantic region and he has been a representative to several Dominion-Provincial conferences.

The following is an account of the interview with Professor Smith.

Bruns. The students are very interested in the Mac-taquac Power Project. Can you tell us what the power developed here will be used for?

Prof. S. It will be used to meet a normal growth in load requirements in the province.

Bruns. Will this power be primarily peaking power?

Prof. S. Yes, mainly since the most efficient system for the province is one using thermo power for base load requirements and hydro power for peaks. Hydro dams build up a head pond between the peaks that occur about 6 a.m. and 5 p.m. to meet these heavy requirements. Since the systems of N. B. and N. S. are now integrated, this power will help meet load requirements in N. S. as well.

Bruns. How will the cost of power from Mac-taquac compare with thermo power and other hydro plants?

Prof. S. The Atlantic Development Board has given the N.B.E.P.C. a twenty million dollar subsidy to help cover the initial construction. Without this subsidy the cost would be about 5 mills/kilowatt hour. With this subsidy

the cost will be about 4 mills. The cost from the most efficient thermo unit is about 7 mills. This is a substantial saving.

Bruns. Although the construction of this station will create many jobs, isn't it true that very few people will be employed there when it is completed?

Prof. S. Yes, this is true. It is hoped however, that the lower cost of power will encourage power-intensive industries. These are industries where the number of kilowatt hours of energy for one unit of product is very high. For example, it takes several thousand kilowatt hours of electricity to refine one ton of copper.

Bruns. Would further development of N. B.'s industries call for cheap power?

Prof. S. Yes, newsprint production, base metal refining, and certain chemical productions are all power-intensive industries.

Bruns. How will the construction be financed?

Prof. S. The Atlantic Development Board will give a twenty million dollar subsidy. The remaining funds will be borrowed through bond issues guaranteed by the Provincial Government.

Bruns. How will the problems of resettling the valley's present residents be handled?

Prof. S. The residents will be paid for their land. An organization to help with resettlement problems is being formed. I believe some UNB sociologists have been involved in several studies of this relocation.

Bruns. Do you believe that the ultimate benefits to the province as a whole will justify the expense and the personal problems that construction will cause?

Prof. S. Yes, it should attract new power-intensive industries to the province. Generally, power costs are important to resource industries such as newsprint, base metals, and chemicals. Power costs must be kept as low as possible to encourage these industries. Of course power costs are not of overwhelming importance to secondary manufacturing, but cheap power can play a part in attracting it. It is one of a group of attrac-

tive features for secondary manufacturing but of utmost importance to the power-intensive industries.

Bruns. Turning to the new iron and steel complex on the North Shore, could you describe what this will consist of?

Prof. S. As I understand it, the new project will consist of a base metal smelter which is currently underway. The latest announcement involves two concentrators to concentrate these minerals; a steel plant which will be the largest investment; and a chemical industry geared mainly to fertilizer production.

These minerals are sulfides and therefore, in the process of refining and smelting, sulphur will be produced. The lead and zinc, and iron sulphides will be refined and the sulphur produced will be converted to sulphuric acid, which is basic to the chemical industry. The lead, zinc, and some copper will be sold as metals while the iron will be used to produce steel.

Bruns. What sort of competition will this plant face from DOSCO and the new development in Quebec?

Prof. S. This is not clear since it has not been announced what steel products will be produced. One can certainly expect intensified competition in the whole steel industry in



eastern Canada. The degree of competition will depend on what these products are.

Bruns. How many people will actually be employed in the entire complex?

Prof. S. They say that twelve hundred will be employed directly and probably another twelve hundred located throughout the province in service industries.

Bruns. Do you expect this new development to spread and generate new activity in other parts of the province?

Prof. S. The most significant thing is that it creates a growth center on the North Shore. A good port will be constructed, transportation facilities will be improved, and a pool of skilled labor will emerge. A host of factors will operate to attract new industries.

Since this area has been a low income area, the complex could not be situated in a better place. It is very well located from the point of view of provincial needs as we have needed a center of industrial growth on the North Shore which this could provide.

Bruns. How much will the province provide in the form of new roads and other social overhead capital?

Prof. S. It is difficult to say. This is a directly productive activity and will require some social capital. This is a



good approach to satisfy these needs when they are felt.

Bruns. Some people have suggested that this new development has been over-rated and will not live up to the expectations of the present government. Would you care to comment on this?

Prof. S. It seems economically sound. It makes good sense to an economist as it has been obvious for years that extensive development would come from this deposit. Since it is almost on tide water, it is very well located from the point of view of world markets. It was obvious since this base metal deposit was discovered in 1952 that development would occur. The only question was timing.

Bruns. Forest products are also important to N. B. Do you feel that the provinces forest resources are being put to the best possible use, both at present and in the long run?

Prof. S. No, I think surveys have indicated that the annual cut is well below the point of sustained yield and by forest practises and better planning we should be able to get more intensive use of our forests in the years ahead. There is a substantial potential for growth here.

Bruns. What do you expect employment opportunities will be for university graduates in N. B. in the future?

Prof. S. I believe that they will be better in the next ten years than they have been in this century.

In economics, for example, it was very difficult for an economist to get a job ten years

ago. If he couldn't get into university teaching he had to move outside the region. There is now great scope for economists in the region; governments want them, business wants them — the demand exceeds the supply.

I think opportunities are better in 1964 than they were in 1954 and that 1974 will be better still.

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