

Economics and History: Old Texts and New Approaches

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Economics and History: Old Texts and New Approaches

THE DISCIPLINES OF ECONOMICS and history have evolved considerably since the days of Tom Easterbrook's and Hugh Aitken's influential textbook, *Canadian Economic History* (1956).¹ The adoption of sophisticated mathematical models and the complex statistical analysis of data made possible by computers have transformed economics. And history can no longer confine itself to tales of nation-building by elite white males; it must also tell the stories of separate regions, of women and minorities, of class conflict and of the transformation of peoples' daily lives. The quite disparate evolution of history and of economics undermined the ability of economic history to present a unified story of the creation of the Canadian nation based on the export of staples products and the National Policy. The discipline has become richer, and it doubtless more accurately describes Canada's history, but the challenge of developing a clear understanding of the forces that shaped the economy of Canada — or of the Atlantic Region — has become more difficult.

This evolution of Canadian economic history can be traced through changes in its textbooks. Easterbrook and Aitken presented the story of the Canadian economy as a tale of the production of fish, fur, timber and wheat for external markets, the construction of transportation networks and the development of government policies which built a nation around these industries and networks. However, the last chapters of their book depart, more than perhaps we remember, from this theme. Chapter 21, "The New Industrialism", discusses the natural resource discoveries and technological changes of the 20th century as the foundations for an industrial economy, not as new staples. Chapter 23, "Changing Patterns of Investment and Trade", observes that Canadian savings had become sufficient to finance national investment. In the concluding section of the book, titled "A New National Policy?" the authors state: "The old national policy, like the new, was rooted in the necessity of erecting defences against the competitive power of the United States, and of strengthening trade and financial connections with Europe. But there are also significant elements of difference. The old policy was a staples policy; the new would hasten Canada's departure from its 'staples era' into one of advanced industrial technology".²

Two textbooks written by economists appeared in the 1980s and reflected the emergence of the new economic history in Canada, that is economic history using the explicit models and complex statistical analysis adopted by the discipline of economics.³ William Marr and Donald Paterson, *Canada: An Economic History* (1981) and Richard Pomfret, *The Economic Development of Canada* (1980) both provided a topical rather than a chronological discussion. This approach facilitates presentation of the economic theory that underlies their examination of Canada's

1 W.T. Easterbrook and Hugh H.G.J. Aitken, *Canadian Economic History* (Toronto, 1956).

2 Ibid., p. 580.

3 William L. Marr and Donald G. Paterson, *Canada: An Economic History* (Toronto, 1980); Richard Pomfret, *The Economic Development of Canada* (Toronto, 1981). Another edition of Pomfret's book appeared in 1989 but the text was identical to the 1981 edition. A second edition was published in 1993.

evolving economy. Marr and Paterson recognize that the staples story omits many parts of the tale of Canada's economy, and they include a chapter on agricultural development in Central Canada which considers issues other than wheat and tariffs. In this regard their approach contrasts with that of Easterbrook and Aitken. But they also expand the role of staples, putting the material Easterbrook and Aitken treated in their "The New Industrialism" in a chapter titled "The New Generation of Staples". The development of wheat, minerals, hydro-electricity and pulp and paper is cast in terms of the growth of new staples which created a period of export-led expansion. Their discussion of the development of hydro-electricity in the early 20th century, though, describes an industry whose prime importance clearly lay in its stimulus to domestic manufacturing and not in the incidental export of surplus power. The epilogue to the book stresses the central role of an evolving national policy. It argues that the Canadian economy escaped the "staple trap" by developing new staples and new linkages to transportation and manufacturing, but not that Canada was moving beyond a staples economy. This 1980 text reflects less optimism that Canada could possess an independent industrial economy than had the work of Easterbrook and Aitken a quarter-century earlier.

Pomfret's book moved further from the old staples thesis than did that of Marr and Paterson. Because it is quite brief, its coverage is more selective and the discussion often less detailed. Pomfret allocated only 30 pages to Canada's history before 1850, and he believes the staples thesis effectively explains the development of the economy during this period. However, he introduces an entirely new chronology for Canadian development that emphasizes the beginnings of an industrial revolution in Central Canada in the mid-19th century. Government support for industrialization is marked by the tariff changes of 1858, rather than those of 1879. Although the wheat economy of the Prairies receives considerable attention, Pomfret rejects the notion that a transformation of the Canadian economy began at the very end of the 19th century. He casts Canada as a highly industrialized nation that followed a normal path of development, given that its industrialization was somewhat late and that it had a large, rich neighbour.

A decade later we have Kenneth Norrie and Douglas Owram, *A History of the Canadian Economy* (Toronto, Harcourt Brace and Company, 1991). The authors, one an historian and the other an economist, expertly draw from the results of current research to provide a lively discussion of the evolution of the Canadian economy and its regions. The tables, charts and maps essential to a Canadian economic history text are abundantly supplemented with photographs, rather than with diagrams of economic models. Norrie and Owram explore the issues raised by the new economic history and the conclusions its practitioners have drawn. They do not, however, present their models or their analysis. This approach permits instructors to assign the original articles to classes or to individuals, as appropriate to their background, and to use the text to ensure that a wide range of students have access to the findings of the new economic history.

Graham D. Taylor and Peter A. Baskerville, *A Concise History of Business in Canada* (Toronto, Oxford University Press, 1994) is an economic history of Canada written from a business perspective by two historians. It emphasizes the importance of artisans and "agrarian enterprises" as well as merchants and corporations. One of the many strengths of the book is the attention the authors give to the active role of

natives in the evolution of the fur trade and of the Métis in the history of the Prairies. The emphasis on particular businesses and entrepreneurs concretizes the work while the scope of the discussion makes the book suitable for use as a text in an economic history class, particularly one that attracts business students.

These two most recent economic history texts show that the discipline has moved away from the staples thesis, although to varying degrees. Taylor and Baskerville continue to find the staples thesis useful: "We do not undertake to reject or replace the staple thesis with a new framework for Canadian business history; rather, we seek to indicate how Canada's position as a staple-producing country interacted with its emergence as part of the capitalist world from the fifteenth century" (p. xiv). But they advocate other approaches as well: "The attention given by historians to merchants in New France has all but over-shadowed the role played by craft producers in the colony's business affairs. . . . The focus is intensified when viewed through the lens of the staple thesis. . . . Some historians, however, have begun to put to one side the staple-export-led thesis of economic growth and to look instead at the colony's or region's internal economy . . ." (p. 68).

In this approach, the authors are loath to attribute responsibility for the pattern of economic development to the dominance of the linkages of a staple; human agency is ultimately responsible: "But is this simply yet again the tyranny of the staple at work? After all, how much economic diversification did the fishery facilitate? Perhaps only a little, but this question, similar to the staple thesis itself, is unduly restrictive. By themselves staples determine nothing: economic decisions are made by individuals; staple availability can shape but not dictate such decisions" (p. 65). In the end staples remain an important part of the story they tell. The last sentence of the book summarizes their position: "Canada is an unusual amalgam: a country with a well-developed financial and manufacturing system resting on a raw-materials exporting base, whose future will be shaped by the talents of its people as well as the riches of its natural resources" (p. 474).

Taylor and Baskerville are business historians, and their emphasis on the role of human agency is consistent with their discipline, focused as it is on particular firms and the role leaders played in shaping economic change. By contrast, Norrie and Owram's is a study in economic history, and human agency plays a smaller role in their thinking. Their reasons for reducing the role of the staples thesis in explaining Canadian economic history are different than those of Taylor and Baskerville. In their introduction they note that exports of primary products were important to economic growth and development only in some regions and only at some times. A history of the Canadian economy organized entirely around the staples theme systematically excludes other economic activity: "The ambiguity associated with applying staples theory to Maritime economic development in this period remains. In many ways growth was predicated on the appearance of new staples. . . . Yet, much is left unexplained by the approach. . . . The question has been raised as to whether emphasizing a few resource staples is a sufficient basis for understanding the nature of the economic circumstances in Lower Canada. Does over-reliance on one theme lead to the exclusion or subordination of others? . . . Still, the dominant importance of staples cannot be set aside, even though alternative sources of growth must also be explored" (pp. 90, 95).

Changes in the second edition of Norrie and Owram's text reflect the shifts which

were occurring in regard to staples theory. The first edition included a chapter called "The National Policies" and, in keeping with Marr and Paterson, a chapter 13 titled "The New Industrial Staples". The second edition contains no separate chapter on late-19th-century government policy, and the material in chapter 13 is divided into two chapters, one on resources and manufacturing and the other on utilities and government. In the newer edition the focus has returned to the emergence of a diversified economy with a maturing industrial and service sector in the early 20th century. In discussing this period the authors conclude: "First, the Canadian economy clearly grew in complexity and sophistication, as well as in size in the four decades following Confederation. Second, staple products are a necessary but far from sufficient part of the story. Some service-sector growth derived from resource activities, and thus fits the traditional interpretation of the period. . . . but other developments had more independent origins. . . . Third, virtually all the activity originated in the private sector, the considerable attention typically given to government policies in this period notwithstanding" (p. 288). The conclusion of their text differs quite substantially from those that have gone before: "At the end of nearly five centuries of Canadian economic history, however, one thing should be obvious. Talk of volatility, government debt, policy failure, global markets, and rapid technical change, so prevalent in the 1990s, should be viewed in context. All of these issues have a long and persistent history. It is the nature of a small open economy" (p. 457). Although staples have remained a large part of story of the evolution of Canada's economy, the tale now also includes developments unrelated to the export of raw materials. Finally the Canadian economy appears to have matured to the point that its historians can be concerned with its independent development, even though the vulnerability so characteristic of the Canadian economy also persists.

The ambiguous relationship of the discipline to the staples thesis is apparent in the readers which are available to supplement these texts. M.H. Watkins and H.M. Grant's edited collection, *Canadian Economic History: Classic and Contemporary Approaches* (Ottawa, Carleton University Press, 1993) seeks "to reflect the competing theoretical approaches to economic history in Canada" (p. xiii). It includes articles from the old and the new economic history and from political economy. The collection, as with the first edition edited by Easterbrook and Watkins, remains within the tradition of economic history at the University of Toronto, and four of the articles closely related to the staples thesis were included in the earlier edition.⁴ The collection provides fairly generous coverage of the Atlantic Region — three articles — and affords a good overview of the evolution of the discipline that is accessible to a wide range of students.⁵

Douglas McCalla and Michael Huberman take quite a different approach in *Perspectives on Canadian Economic History* (Mississauga, Copp Clark Longman, 1994). The emergence of the new economic history is apparent in this volume, as it was in its first edition. A comparison of the two reveals the extent to which the

4 W.T. Easterbrook and M.H. Watkins, eds., *Approaches to Canadian Economic History* (Toronto, 1969).

5 Rosemary Ommer, "'All the Fish of the Post': Resource Property Rights and Development in a Nineteenth-Century Inshore Fishery"; P.D. McClelland, "The New Brunswick Economy in the Nineteenth-Century"; David Alexander, "Economic Growth in the Atlantic Region, 1880-1940".

discipline has moved away from the staples thesis during the past decade. The first edition included material related to the themes of the staples thesis and the National Policy such as articles by Peter George, Ken Norrie, E.J. Chambers and Donald F. Gordon, and Gordon Bertram.⁶ The second edition includes no articles either challenging or supporting a staples interpretation of Canadian history. Instead, the evolution of the discipline of history is reflected in articles that explore the economic activity of native peoples and of women, although no articles deal with class. British Columbia, which is often neglected, finds a place in this collection, but the Prairies are omitted.⁷ Both editions include a single article on Atlantic Canada by Eric Sager and Lewis R. Fischer.⁸ The evolution of economics is reflected in the inclusion of quantitative information and the number of articles that apply sophisticated economic analysis. Although most of the articles are accessible to a wide audience, this book is well-suited to economic historians who wish to use neo-classical economic theory to interpret the past. It provides an excellent tool for stimulating students to use economic theory to critically analyze what they read.

The retreat of the staples thesis as an explanatory device in economic history has changed the place of the Maritime economy in Canadian economic history. Easterbrook and Aitken discuss the fishery, the lumber industry, the influence of British policy on commercial development and the failure of the New Brunswick and Nova Scotia to develop their agriculture. The latter problem is attributed to the attractive power of the lumber trade in New Brunswick. In Nova Scotia the failures are blamed on the incompetence of Highland Scots in pioneer farming and the unwillingness of the Irish to turn to the land, the scattered population, poor roads, poor farming practices, merchant neglect of internal trade and the absence of protective tariffs on agricultural produce.⁹ No mention is made of limitations of climates or soils, although the study's rather off-hand observation that no more land was cultivated in the 1950s than in 1860 might have led the authors to wonder why limited agricultural development was so persistent.¹⁰ Yet the authors' overall assessment of the economy before 1867 is positive: "The period before 1867 has often been called the golden age of the Maritimes, an age when the present was prosperous and the future bright. The gales of industrialism did not hit their economies with full force until after confederation" (p. 251).

The destruction caused by "gales of industrialism" receives no examination in this text. Although developments in the Maritimes receive occasional reference in the remainder of their book, the text provides no further assessment of the region's economic development. The absence of a chapter on regional disparities in the 20th

6 "Rates of Return in Railway Investment and Implications for Government Subsidization of the Canadian Pacific Railway"; "The Rate of Settlement of the Canadian Prairies, 1870-1911"; "Primary Products and Economic Growth: An Empirical Measurement"; "The Relevance of the Wheat Boom in Canadian Economic Growth".

7 Dianne Newell, "The Rationality of Mechanization in the Pacific Salmon-Canning Industry before the Second World War".

8 Eric W. Sager and Lewis R. Fischer, "Atlantic Canada and the Age of Sail Revisited", *Canadian Historical Review*, LXIII, 2 (June 1982), pp. 125-50.

9 Easterbrook and Aitken, *Canadian Economic History*, p. 239.

10 Ibid., p. 241.

century reflects the smaller role regional issues played in the discourse of the 1950s than today. The authors clearly recognized and deplored the coming rise of regionalism: "It is true that the Confederation arrangements provided effective and realistic solutions to the problems of a nation scarcely on the threshold of industrialism, but a combination of changes — economic, political and legislative — has given new strength to the force of regionalism which a centralized structure had been designed to overcome. The challenge of the present is to strengthen and buttress a national unity threatened by forces as strong as any faced by the nation-builders of almost a century ago" (p. 387). Since 1956, attempts to buttress national unity have failed to eliminate regionalism, and more recent textbooks have had to address regional concerns. Both Pomfret's text and that of Marr and Paterson include a separate chapter on regional differences in economic development. Outside of this, however, neither provides a separate section on the early development of the Maritimes. Pomfret says very little about the East, and his chapter on regional disparities concentrates on a comparison of Ontario and Quebec.

Marr and Paterson do discuss some of the sources of the difficulties experienced by the Maritimes. They include the argument made by S.A. Saunders 70 years ago: the resource base of the region made it difficult to shift from an economy of wood, wind and sail to one of steam and iron.¹¹ Marr and Paterson also note the negative impact of government policies regarding tariffs and transportation and general federal indifference to the region's difficulties until the recent past. In the end, they provide a list of problems, not a coherent story of the evolution of the regional economy. The weakness of the discussion reflects the limitations of our understanding of the evolution of the economy of the Maritimes at the time. Research conducted since the late 1970s has transformed our knowledge of this theme.

Taylor and Baskerville's 1994 study provides a much more coherent explanation of the region's difficulties:

The strong focus on staple extraction which developed within the context of mercantilist policies in the first half of the nineteenth century led to the emergence of a distinctive entrepreneurial culture. As mercantilism ebbed at mid-century this indigenous culture persisted and set limits to entrepreneurial behaviour throughout much of the rest of the century. In this sense indigenous social relations of production — the character and strategies of the entrepreneurial élites and their relations with those who [sic] they employed and with whom they traded — went far to determining the pace and nature of economic change. . . . In the end, Maritimers made their own economic bed, but an understanding of why so few slept comfortably in it requires a close look at the historical evolution of the local business élite (p. 109).

In discussing the economies of Nova Scotia and New Brunswick before Confederation, Taylor and Baskerville accept a modified version of R.T. Naylor's thesis: that merchants had a bias against investing in industry. The Halifax merchants

11 T.W. Acheson, "Introduction", in S.A. Saunders, *The Economic History of the Maritime Provinces: A Study Prepared for the Royal Commission on Dominion-Provincial Relations* (Fredericton, 1984).

who underwrote the production of nails, flour, sugar and rope were, they argue, a “decided minority” (p. 112), and they note that in both Halifax and Saint John merchants actively thwarted industrialization by opposing the introduction of protective tariffs. Taylor and Baskerville acknowledge that limited population and poor agricultural resources may have restricted economic opportunities, but they do not consider problems posed by small, scattered provincial markets or the handicap tariffs on inputs would have imposed on export-oriented manufacturing such as shipbuilding. They conclude: “Unless one wishes to adopt a model akin to environmental determinism, one must leave open the possibility of choice. Merchants did not have to pursue the closely focused and limited mode of activity that they, as a rule, did. . . . It is in the combination of human agency, staple/resource endowment, and the power of historical tradition that Maritime business development must be situated” (p. 135).

Taylor and Baskerville’s interpretation of economic difficulties after Confederation no longer relies on Naylor’s thesis; merchant unwillingness to invest in industry has been replaced by a reluctance to invest in shipping. “During the 1880s merchants and shipbuilders in Nova Scotia and New Brunswick diversified into a range of industries, principally targeting on the central Canadian market, to exploit opportunities presented by the National Policy and the Intercolonial Railway. . . . The diversion of Maritime capital into industrial pursuits limited investment in rebuilding the region’s merchant marine” (p.345). Although they recognize that “economic shifts beyond the control of anyone in Canada” (p. 345) created difficulties for the Maritimes, they attribute industrial failures to a lack of technical knowledge, bad choices for the scale of production, an inability to identify inferior resources and poor decisions in the choice of industries. Apparently the authors wish to add entrepreneurship to the extensive list of deficient resources in the region.

Norrie and Owram explain the evolution of the Maritime economy quite differently. They emphasize the importance of economic policy and note that it was often outside the control of Maritimers and not always appropriate to their development. Nonetheless, they highlight the manufacturing that emerged in the mid-19th century in response to staples production and the needs of the local population. While Taylor and Baskerville describe shipbuilding as an enclave industry, remaining dependent on imported inputs, Norrie and Owram observe that the industry became independent of imperial protection and was competitive in international markets after the end of mercantilism in 1846. They note — briefly and without endorsement — T.W. Acheson’s argument that merchants delayed industrialization by their opposition to a protective tariff, but they emphasize the similarities between the provinces that confederated in 1867 rather than their differences. The sharpest contrast with Taylor and Baskerville lies in their interpretation of the role of merchants: “The mystery of the failure of Maritime shipbuilding to adjust to new technologies is not solved, but one prime candidate is apparently banished. If shipbuilders and shipowners were as calculating and entrepreneurial as this research indicates,¹² the fault cannot have been with lack of local expertise in the industry. Individuals and firms capable of maintaining a profitable living out of a declining

12 The reference is to Sager and Fischer, “Atlantic Canada and the Age of Sail Revisited”.

wooden-ship industry certainly must have been capable of operating in the new environment, given a fair chance". Norrie and Owsram explain the location of manufacturing in Canada in terms of natural advantages. The economic determinism of their explanation contrasts with Taylor and Baskerville's analysis. "In essence, the central provinces were the natural location in Canada to host these industries. Their population was larger and more geographically concentrated, and incomes were generally higher. The region was just across the Great Lakes from one of the most advanced and rapidly industrializing regions of the world. As well, in these matters, growth begets growth. The more industrial activity there is in an area . . . the more likely other sectors are to locate to take advantage of interindustry linkages, pools of skilled labour, and specialized business services" (p. 265).

An economist once observed that "it is not, of course, easy to imagine the construction of a railway in a state of nature", and imagining the construction of an entire conglomeration of industries in such a state is no easier.¹³ The argument here is that fundamental economic forces within Canadian society determined the location of manufacturing. The argument that growth begets growth implies that the concentration of manufacturing in Central Canada reduced manufacturing in the rest of the nation. In this interpretation, the industrial history of the Maritimes had nothing to do with its inadequacies, beyond market size and location. Nonetheless, Norrie and Owsram remain puzzled about the origins of the poor performance of the Maritimes. They relate the views of Saunders and the staples interpretation, and they summarize the "structuralist" position, which emphasizes economic policy and the distribution of political power within Canada. They also note Inwood's criticism of this more recent interpretation¹⁴ without explicitly accepting any position.

Textbooks and readers provide insight into the evolution of a discipline in the past; recent research helps to see what the future may hold. Julian Gwyn's *Excessive Expectations: Maritime Commerce and the Economic Development of Nova Scotia, 1740-1870* (Montreal and Kingston, McGill-Queen's University Press, 1998) explores the roots of the economic disadvantages of Nova Scotia. Perhaps anticipating the continued evolution of Canadian economic history, the staples thesis plays no role in the book, and the story of Nova Scotia no longer centres on fish and commerce: "From the beginning of settlement, however unpromising much of the soil of peninsular Nova Scotia and Cape Breton, agriculture determined the economy" (p. 16). Gwyn focuses on agricultural settlement and provides a detailed examination of the various regions of Nova Scotia, highlighting the evolving domestic economy, and placing it in an international context. The primary purpose of his book is to attack the notion of a golden age in pre-Confederation Nova Scotia. He argues that the Maritimes never enjoyed a period of unadulterated economic well-being, although the 1850s and 1860s were considerably more prosperous than the preceding very difficult decades. Gwyn's attack undermines two alternative views about the causes of

13 R.H. Coase, "The Problem of Social Cost", *The Journal of Law and Economics*, III (1960), p. 31. Coase was a member of the Chicago school of economics and made the comment when discussing Pigou's critique of the workings of "natural" economy as opposed to one with government intervention.

14 Kris E. Inwood, "Maritime Industrialization from 1870 to 1910: A Review of the Evidence and Its Interpretation", *Acadiensis*, XXI, 1 (Autumn 1991), pp. 132-55.

economic difficulties in the Maritimes that presuppose a golden age in the decades before Confederation. The first argues that the region failed to make the transition from an era of wood, wind and sail to one of steam and iron, and the second presents an “‘underground hypothesis’ that the provinces sacrificed their economic potential by entering the union with Canada. . .”.¹⁵ Golden ages are likely to be found only at the ends of rainbows, and dispelling the golden hue does not mean all was misery, but the myth of a golden age has distorted our understanding of Nova Scotia’s economy, and it deserves to be dispelled.

The difficulties of the Maritime economy are portrayed by Gwyn as long-standing and fundamental to the resource base of the region and the external markets the Maritimes supplied. Because agriculture was the foundation for the economy, the poor soils and a difficult climate were a severe disadvantage to developing a prosperous domestic economy. The merchants based in Halifax may have prospered, but the fishermen they traded with were among the very poor. Early commercial policy directed Nova Scotia’s commerce to the British West Indies, but that market was frequently troubled. The highly attractive American market was obstructed by high tariffs for all but the brief period of Reciprocity. Gwyn’s book reveals the complexity of the evolution of the Maritime economy and challenges the assumption that the province was on a path to balanced economic development until Confederation disrupted this course. Merchant reluctance to invest in industry, or at least to develop the fisheries, may have been part of the problem, but not all of it. A poor resource base may have disadvantaged the province, but development was sufficiently varied that the shift to industrial technologies in the 19th century should not have presented insurmountable difficulties. Policies determined outside the province increased the region’s difficulties, but were again only a part of the story.

Gwyn has used the skills of an historian to energetically mine the resources of the Public Archives of Nova Scotia and as a result he has enriched our understanding of the history of Nova Scotia’s economy. Understandably the historical methodology is stronger than the economics in this study. Gwyn approaches issues of rates of inflation and changes in the standard of living by constructing unweighted indices of prices and wages. This is an unfortunate choice. When the range of changes in prices is large and there are differences in the relative importance of commodities, unweighted indices are not reliable measures of change. Nonetheless, the book demonstrates the potential in examining the full range of activities within an economy rather than concentrating only on exports and trade.

Gordon Darroch and Lee Soltow’s *Property and Inequality in Victorian Ontario: Structural Patterns and Cultural Communities in the 1871 Census* (Toronto, University of Toronto Press, 1994) focuses on a single issue rather than economic development as a whole, but it too provides insight into the changing nature of Canadian economic history. The increasingly technical sophistication of economics is reflected in the use of regression analysis to examine the relationship among variables, although the authors do not introduce abstract models of economic behaviour that would help to establish causality. And the questions the book considers

15 David Alexander, “Economic Growth in the Atlantic Region, 1880-1940”, in Watkins and Grant, eds., *Canadian Economic History*, p. 239.

reflect the increasing tendency of history to explore social equality in terms of class, ethnicity and gender. Darroch and Soltow examine "the acquisition and distribution of property, to determine the social characteristics associated with ownership, and to provide a general appraisal of property inequality in mid-Victorian Ontario" (p. 3). Their conclusions challenge the hypothesis that "after mid-century large numbers of men and women were forced into towns and cities because good land on which to establish their households was increasingly scarce" (p. 9). They use a sample drawn from the 1871 Census of Canada to provide a thorough overview of patterns of property holding and literacy. Ownership of farms and houses was, they find, widespread. Ethnicity and religion had some impact on the likelihood of owning property, but age had a much greater influence. Property ownership increased sharply with age. This correlation persuaded Darroch and Soltow that young propertyless men could normally expect to acquire a farm and a house by middle age. Wealth, though, was unequally distributed, even among males, and few women were independent property owners. Darroch and Soltow included all the adult males listed on the census returns they selected, but females were included only if they were heads of households or owned their own property. Only 313 of the 5,729 people in the sample were women.¹⁶

Darroch and Soltow's detailed analysis clarifies the relationship between wealth and religious and ethnic identity. Their analysis supports that of others who had challenged the notion that the Irish became landless labourers, rather than property-owning farmers. According to their findings, the Irish were more likely than other ethnic groups to own farmland and a house.¹⁷ Their analysis of literacy reveals that the educational system failed to provide a basic education to native born Catholics of French origin. More than half were illiterate in 1871, while the illiteracy rate for all adult males in Ontario was only 11 per cent (p. 148). Overall, though, Darroch and Soltow conclude that "at least to the early 1870s, Ontario would have been recognized as a land in which ordinary men and women could still secure an 'independent' living, mostly on the land, and fulfil their hope of providing minimally secure beginnings for their children. . . . [A]lthough 40 per cent of *all* adult men were propertyless and another 30 per cent were truly petty owners, among male heads of households just 14 per cent were without some form of property of their own" (pp. 202-3). The study has convincingly argued that property ownership was widespread among the rural males of Ontario, but the conclusion that ordinary men and women had no difficulty securing an independent living on the land seems a bit strong. Women were rarely economically independent. In the 19th century, a man most often became the head of a household when he married, and the ownership of property played a key role in facilitating marriage. Even so, 58 per cent of male heads of households living in cities owned no property. Property ownership may have increased dramatically with age in 1871, but how do we know that the propertyless 20-year-olds in 1871 were as likely to secure land as they matured as the young had been ten, 20 or 40 years earlier?

16 The disparity in numbers may have been exaggerated by the bias of the census. Ownership of all property by any household member was attributed to the head of the household.

17 The authors cite Donald H. Akenson, *The Irish in Ontario: A Study in Rural History* (Montreal and Kingston, 1984) as an example of such work.

Darroch and Soltow use cross-sectional evidence to argue about change through time but their justification for this is not entirely convincing. Landless 20-year-olds may have been moving into cities, rather than emigrating to the United States or finding land somewhere in Ontario. All the same, this study much improves our understanding of the distribution of property and literacy in Ontario at the time of Confederation.

These recent specialized studies by Darroch and Soltow and by Gwyn have implications for the future evolution of Canadian economic history. They remind us that Canada has always had a small open economy, open not only to trade in goods and services, but also to the movement of people, capital and technology.¹⁸ The staples thesis has not been abandoned entirely by textbooks, because it helps us understand a central theme in Canadian economic history, the relationship between natural resources and the movement of capital and labour across the geography of Canada. It has declined in importance, though, as it tends to assume that the dynamic forces directing Canadian economic activity always originated in external markets. In the future a unifying theme in Canadian economic history may emerge in the questioning of this assumption — in explorations which consider the extent to which economic activity was dependent on domestic productive capacity and stimulated by local, regional, national or international markets, or by forces outside markets altogether.¹⁹

The evolution of economics and history has provided better tools and perspectives to examine the interplay of the local artisan and the prosperous farmer, the native trapper and the London-based corporation, the settler on poor land and the merchant. The scholars writing the books examined here have responded to these changes in the disciplines and constructed sound foundations for a richer and more coherent understanding of the evolution of the Canadian economy.

MARILYN GERRIETS

18 Norrie and Owsram, Marr and Paterson, and Pomfret all introduce a model of economic growth based on the concept of an aggregate production function [$Q = f(K, L)$]. While students need to realize that output depends on the quantity of capital and labour available, this approach seems ill adapted to explaining changes in an economy as open as Canada's. The model asks how fast output could grow, given the exogenously determined growth in the stocks of capital and labour. The relevant question for Canada is, what determined the rates of return to capital and labour that endogenously determined the rates at which these factors of production migrated into or out of Canada?

19 Much more care needs to be taken in determining the market orientation of production. References to subsistence agriculture are made somewhat carelessly. For example, Norrie and Owsram use the term "subsistence agriculture" with respect to the Acadians, Maritimers and French Canadians in the summary portions of relevant chapters (pp. 26, 39, 73, 94) although they also provide good discussion of the complexities of agricultural production in these regions. In discussing the Maritime economy, Norrie and Owsram describe sawmills and flour mills as linkages of the staples trades while tanneries, foundries, furniture shops and breweries are defined as producing for the domestic market (p. 89). But local settlers needed boards and flour just as much as they needed leather and beer. In 1871 the vast majority of the small firms listed in the census were likely processing local goods for local markets, but others were serving national markets and still others were exporting their output. Reducing the dominance of the staples thesis will permit more careful evaluation of the sources of the stimuli to the growth of manufacturing.