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The Brief Rise and Early Decline of Regional Development

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and of their decision-making processes. Similarly, although Forbes provides some invaluable data on the Maritime economy, this is done in an essentially descriptive kind of way and is meant to provide the context for a story which is told in primarily political terms.

However important the political account may be, it represents only part of the evidence and we need as well the kinds of insights that can be offered by the economic historian. To what extent, for example, were events finally determined by those like the Kemps, the Flavelles and National Trust, who do appear in this account from time to time? Is it possible that the political events which created the Maritime Rights Movement were of little long-run significance? Equally, the historian of ideas has much to offer to our understanding of Canadian regionalism, and Ernie Forbes' conclusion that Maritime protest declined because people had lost confidence in their own slogans points to the need for further work along those lines. In any case, this study provides an excellent foundation for those who will undertake further analysis of the Maritime region in the early twentieth century; and I hope it will stimulate other scholars, and of course Forbes himself, to move in that direction.

PETER OLIVER

The Brief Rise And Early Decline Of Regional Development

In the 1960s Canadians still enjoyed the widespread happy belief, born in the 1940s and reaching its peak of credibility in the first half of the 50s, that the world was right for Canada; we saw ourselves flourishing in the good earth of social content and political stability with a unique northern vigour for fertilizer; the predominant assumption — of outsiders quite as much as of Canadians themselves — was that under wise management from Ottawa the Canadian economy would enjoy diversification and growth second to few if any others. In this environment, problems were seen essentially as exceptions. Even the strongest economic growth could not, of course, be uniform. But while there were declining areas and slow-growth regions, in the conventional wisdom of the Ottawa of 1950 this did not call for regional policies. The need for a little oil at squeaky points was accepted as a political necessity; some under-utilized wharves and trains and ferries and the like were a small price to pay for sticking to sound policies to expand the gross national product. For the most part, people in slow-growth regions could surely be expected to appreciate the blessing of having opportunities to move to elsewhere in Canada. Mobility as the price of economic efficiency appealed to the puritanical streak in Ottawa mandarins.

As more people began to take prosperity, actual or at least attainable, for granted, mandarin views became, by the later 1950s, politically unacceptable. Regional discontents coalesced. In the 1960s it became the emerging political

wisdom that a strong national economy had to be buttressed by special development policies for its weaker parts. The Ottawa bureaucracy for the most part never liked that shift, but it gained enough backing elsewhere to produce, from the mid-60s, some notable ventures in regional policy. As so often, however, the wisdom became even partly conventional only when the presuppositions from which it was derived were becoming inapplicable. The national economy was ceasing to be strong. Quite early in the 70s, consequently, the regional development ventures took on the character of running faster and faster in order to stay about where we were.

That regional policy has not produced the hoped-for improvements is not grounds for any sweeping condemnation of it as ill-conceived; the alternative in the 1970s would probably have been a period of major deterioration in Atlantic Canada. But might-have-beens are not strong arguments in politics. The perceived results of regional policy are disappointing, to say the least. While many of the same things are still said, in the Maritimes at least, they increasingly have the tone of ritual responses. Regional development as a national concern has faded because other economic problems have become greatly more troublesome. We must sadly recognize that the development thrust has run into the sands and at this point nothing to replace it is in prospect. Once again, we have a policy vacuum.

It is easy to understand how we got where we are, but we must avoid the trap of treating what is understandable as unavoidable. The adverse forces were strong but they could have been dealt with more effectively and the outcomes could have been different. The failure was not star-dictated; it was intellectual. The sad fact is that, despite the obvious strength of regional concerns in a country as large and thinly populated and diverse as Canada, regional policies have been allowed to be the most unclear of public issues. It is a paradox that while we have worried more than almost any country about a national identity, our intellectuals have had little to offer on distinctively Canadian issues. The universities have done, with liberal help from immigrant scholars, our small-scale best in the academic disciplines of the rest of the western world. With few notable exceptions, the academic community has not for the past generation provided much in stimulation or guidance to the public-policy community, to the politicians and officials and businessmen and labour leaders and the rest, struggling with the Canadian problem. It is not entirely the fault of Ottawa that quite a lot of our policy troubles have been accentuated by seeing ourselves as more like other western countries than reality requires. The four books that are the subject of this review illustrate this point all too clearly.

The most important is the one that deals with a relatively small topic. David Alexander's *The Decay of Trade* (St. John's, Institute of Social and Economic Research, Memorial University, 1977), an economic history of the Newfoundland saltfish trade over the thirty years from 1935, is a careful description grounded on detailed research, illuminated by perceptive analysis and enlivened

by shrewd comment. It is, in other words, the kind of study that is too rare. Its broader significance is that it documents by example the irrelevance and worse of most of the assumptions and attitudes not only of academic discussion but of governmental consideration at both federal and provincial levels.

It will surprise many people that, if there are heroes in Mr. Alexander's account, they are men who tried hard, intelligently and with considerable risk-taking, to sell Newfoundland salt fish, particularly in Europe. They failed to save the industry for two main reasons. First, Canadian economic and trade policies were oriented to quite different objectives and gave no support either in general or in particular. Mr. Alexander says bitterly: "Newfoundland's saltfish trade was both an oddity and a rather distasteful ancient relative within the glossy modernity of branch-plant Canada" (p. viii). Second, other countries did not have such inhibitions. There was a market for salt fish, but it was for an improving product; the quality of Newfoundland fish deteriorated badly relative to that of competitors. A stew of social, political and organizational problems stultified efforts to overcome the defective grading and defective curing that made sales organization as such ineffective. This part of the failure must be attributed as much to Newfoundland politics as to federal misconception and indifference. The result was that, in a situation that called for sophisticating marketing, improving quality and expanding output of all fish products, actual policy was a half-hearted effort to substitute frozen for cured fish production. In practice the frozen sector was mishandled while the saltfish trade was discarded, and a major resource was forfeited to fishing fleets from distant countries. How good a job will now be made of the recovery has to be seen, but this book certainly does not leave one with any great confidence in either political or bureaucratic leadership at either the federal or the provincial level.

In sharp contrast to *The Decay of Trade* is the other short book of the four under review. Paul Phillips' *Regional Disparities* (Toronto, James Lorimer and Company, 1978) is aimed at a large audience. So, at least, its manner would indicate. Its style lacks the clarity to serve the objective. The outcome is in large part turgid denunciation on the theme that the have-not regions are an economic hinterland exploited by Ontario, "which has so much", and particularly by big non-Canadian corporations. There are considerable elements of truth in the arguments, but their thrust seems to me essentially fraudulent. Phrases such as "the iron law of uneven development in capitalist economics" (p. 87) not only appeal to prejudice through a sweeping condemnation; they imply the possibility of far greater improvement than the author is prepared to specify. The real Mr. Phillips is not simple-minded. On the contrary, he at many points betrays understanding of the realities of industrial economics. One can imagine him, for example, as economic advisor to a nationalized steel industry doing a good job of explaining why investment in new equipment had to be made in southern Ontario and not in Cape Breton. But when in this book he comes to deal briefly with solutions, all he has to offer is "the restructuring of the Canadian economy

to bring the disparate regions into an integrated economic unit" (p. 128). There has to be a national industrial strategy, a national program of research and development for technology appropriate to Canada, and Canadian entrepreneurship. To all of which one can say, in principle, "Amen"; but no one should pretend that anything specific to the particular difficulties of the Atlantic region has thereby been said.

Mr. Phillips writes from Manitoba. The third of our books, *Initiative and Response: The Adaptation of Canadian Federalism to Regional Economic Development* (Montreal, McGill-Queen's University Press, 1977) by Anthony G.S. Careless, is very much the product of Ontario. It should be an important study. It attempts to analyse in some detail the late 1960s efforts to formulate policies to lessen regional disparities; and it seeks to assess their impact on the institutions and inter-government relations of federalism. While Mr. Careless is to be admired for his ambition and there is much of interest in the result, the book is spoiled by two major faults. Mr. Careless seems unaware of the dangerousness of the little knowledge gained by bureaucratic exposure in an Ontario government department while he was a graduate student. He writes about the details of government process with a confidence that is unsupported by understanding of either the federal government or the other provinces. He therefore does not recognize the limitations of his sources and is prone to repeat partial description and comment as if it were the outcome of comprehensive fact-finding. Consequently, although he himself claims the detail as the distinction of his book, he has got a lot of it wrong.

More serious, however, is the Ontario orientation to the federal role and the structure of confederation. Mr. Careless's concept of regional development seems to be, basically, that the federal authority should leave the provinces with plenty of room to do their thing. Consequently, although he is sympathetic to lessening regional disparities as an objective, he is unsympathetic to most of the instruments by which the federal government and the weaker provinces can in fact make any concentrated attack on disparities. The cost-shared programs which had been developed by the mid-60s in such matters as manpower training were much liked by the specialist bureaucrats at Ottawa and in the richer provinces, but they meant that, under the program supposedly designed specially to train the unemployed, the federal government was spending $177 per unemployed person in Ontario and $34 in the Atlantic provinces. The federal initiatives of the later 60s, which are Mr. Careless's topic, were designed to tilt federal action away from such the-more-you-have-the-more-you-get situations. The book has no difficulty in demonstrating that officials of both the richer provinces and, to a large extent, Ottawa, were unhappy with such a transformation, though their political leaders at both levels tended to be wiser. What it regrettably does not do with clarity is to analyse the federal initiatives in terms of objective, method, alternative and effect. We are left with the general impression that much has changed and we are not very happy about it and we

don't now know where we are going; which is in part true, but does not get us anywhere with regional development, particularly since the author has little to say about alternatives except perhaps by implication that we might have stayed how we were.

Such weaknesses are the more understandable in the context of the fourth book. Mr. Lithwick's compendium, *Regional Economic Policy: The Canadian Experience* (Toronto, McGraw Hill Ryerson, 1978), is a well-chosen source book which does as much for students as the 1977 state of the literature permitted. Since the 26 items are considerably varied in purpose and manner, it can be misleading to give some special mention. But one has to say that the three taken from the Economic Council of Canada are not of the quality that could be expected from the Council's resources, while the authors whose contributions are significant include J.F. Graham, R.L. McAllister and P.W. Fox. The main point, however, is the inadequacy of the material as a whole. It reflects, as the editor says, the absence of rigorous thinking about regional policy in Canada. Not the least of the difficulties is the frequent identification of region with provincial boundaries; but even if we did not have the jurisdictional problem as to how to do things, there is little analytical base for any widely accepted view as to what we could do to lessen disparities. In particular, as Mr. Lithwick also suggests, both economists and policy-makers have done too little to penetrate the vast diversities of regions and provinces or to diagnose how our regions work and how they respond to various stimuli.

From a Maritime viewpoint, what is especially unsatisfactory in much of the literature reviewed here is the frequent confusion of regional policy and regional development. It is fine to insist that in Canada national policy is viable only if it is built with sensitivity to regional issues. But southern Ontario, the lower mainland of B.C., and so on are just as much regions in this sense as, and indeed more influentially than, the poorer regions. The last thing that should attract the Maritimes is the bandwagon of regionalism if it means reducing the capacity of the federal government to use the only levers that can offset the tendencies militating against Maritime industry.

The weakness of regional development analysis and the confusion with regionalism are accentuated because the first tends to be the exclusive concern of economists and the second of political scientists. Both disciplines are represented in Mr. Lithwick's selection, but for the most part they stand in their own territories and are no help to each other. Significantly, it is an economist of the previous generation — Vincent Bladen, represented by a short piece written 44 years ago — who offers the clearest base for regional development policy. The gross national product is not the only objective, divorced from its distribution: "Even in a unitary state I doubt whether the size of the aggregate income should be considered entirely apart from its regional distribution, still less in a federal state" (p. 185). He points to the unpaid social costs of people moving and to the unpayable costs of the break-up of communities, and then to the

additional significance of federalism, which "implies a guarantee of her [Nova Scotia's] right to continue as a community" (p. 186). Too little attention has been paid (this was in 1935) to the reconciliation of provincial interests in order "to achieve some rough equality in standard of living as between the provinces" (p. 187). A concluding comment that "inequality is always on the defensive" (p. 187) deserves to stand as sufficient dismissal of some of the elaborate nonsense of contemporary economics.

When regional development was politically popular the cause was briefly taken up not only by some over-enthusiastic entrepreneurs but even by economists prepared to argue that it was in fact the path to maximizing total Canadian income. In the Maritimes we would do well now to rely more on the perception of Bladen and the direct case for reasonable efforts to avoid the dissipation of communities. We can be developers without being seduced through dreams of marvellously high growth rates, of new bonanzas round the corner. Some at least of our regional priorities are surely now clear. We have to be enterprising and efficient in the marketing and producing for which we do have the resources; in other words, not repeat the errors so clear in the salt fish story. We have to ensure that the federal government redresses the structural imbalance of the economy by tilting the movement of capital firmly and steadily in our direction. As a region we have to learn to work in alliance instead of permitting provincial governments to paddle their own canoes so blindly and so competitively as they continue to do.

Such priorities are clear but to get them accepted and acted on is extremely difficult, which perhaps explains why there has been so much inclination to look to the economists and bureaucrats for completer theories and grander designs. Yet it is escapism, and to read the literature is to confirm that what lies that way is continuing disappointment. If we are really concerned for the relative position of the region we have to organize ourselves for case-by-case, opportunity-by-opportunity, hard-headed policy-making and creative enterprising. Perhaps the time will come when Canada has an appreciable volume of economic literature that provides insights for such work. But he would be a poor policy-maker or businessman who waited for it. Meantime the world moves and we cannot let the inadequacy of economic theory deter us from applying what wisdom we can to the tasks of improvement in the Maritime region.

TOM KENT

A Liberal Dose: Some Books About Public Men and Backroom Boys

In one of the most interesting books about Canadian politics to appear in many a day, *The Government Party: Organizing and Financing the Liberal*