

**The continentalization paradigm of Canadian economic development:
with special reference to economic growth in the Maritimes.**

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“Globalization” is nothing other than what Harold Innis, in 1930, called “the spread of the price system”, and Harry Johnson, in 1960, called “the international spread of industrialization”.

(1) The contextual forces of history

(1a) Canada continentalized

The forces of history have formed Canada into a regionalized confederation with stronger economic ties to the rest of the continent than to itself. Forty percent of Canada’s Gross Domestic Product is tied to external trade, and only twenty percent is tied to interprovincial trade. All the provinces, except Prince Edward Island, trade more with the rest of the world than with other provinces. Exports and imports, taken together, are over 80% of Canada’s Gross Domestic Product, and over 80% of trade is with the rest of North America. Ontario and Quebec have 90% of their trade with the United States.

The forces of continentalization in Canada have been operative over its entire history across the whole of the nation. Their strength has derived from their distinctive but equally strong regional impacts. Working in different ways in different provinces at different times, they have mutually validated their outcomes.

A proposed Cascadia on the west coast is validated by a proposed Atlantica on the East coast. Neither proposition is substantially new. The West Coast, though initially globalized from Spain and Russia, was continentalized in the 1850s by the northward movement of an American mining frontier. A petition was sent to Washington to have the colony annexed to the United States. Nova Scotia was settled twice from New England: once following the Expulsion, and again following the American Revolution. Boston is the Maritimes natural metropolis. The United States Free Homestead system moved north with the continental settlement frontier onto the Canadian Prairies in the late nineteenth century. A decade after the formal adoption of the system in Canada, there was a plot to separate Manitoba from Canada, and to seek its annexation to the United States. Southern Ontario was settled during the post Revolutionary northward movement of the continental frontier. Governor Simcoe modeled Upper Canada on Virginia and Massachusetts. In 1849, the elite of Montreal issued their Annexation Manifesto, and in 1893, Laurier was confronted with a Continental Union League, centered on the person of Goldwin Smith, who argued and lobbied for annexation to the United States. In that same period, Maritimers, disappointed with Confederation and the National Policy, flirted with the idea of a formal political connection with New England. While each of the formal proposals for continental union failed to extract

Canada from the British Empire, taken together they indicate the relentless informal movement of history.

The historical lines of continentalization filled in and darkened over time. Following Magellan's circum-navigation of the globe by a century, France and England planted colonies in America, and Acadians traded furs for dry goods and produce with New Englanders. French Europe survived in its plantations on the St. Lawrence River, but Loyalists came north with land tenure institutions born in America, and with a different mentality. Immigrants came from Britain, but continental ways of settlement came north. Trade and money moved north and south. The pound moved south to New York and back to Britain. Banking institutions and monetary policy, and the dollar moved north to Canada and stayed. Eventually francophone Canada formally abandoned its European land tenure system for one matured in America.

Over the turn of the twentieth century, British investment in railways, and migration from Eastern Europe seemed to bias the globalization of Canada against continental solidarity. The Wheat Economy mimicked France's passage from Europe, and seemed to be reestablishing the unity of the old fur trade out of Montreal. But even as the New Imperialism challenged continental integrity, two new frontiers, in mining and forestry, and in manufacturing moved north. The connection to Europe in the last half of the nineteenth century was different from that in the sixteenth century, at the very least because in the nineteenth century the Maritimes and francophone Quebec were economically delinked from that global advance.

(1b) Continentalization: a structural element in globalization

The broad historical context of these domestic American events is well known. In the fifteenth and sixteenth centuries, at the dawning of the Age of Sail, when transnational expansion of economic activity first became global, the agents of advance were the nation states of Europe. They were the winners as Europe reduced its reliance on the city states of Italy and of the Hanse, and on the loose imperial relationships that characterized the preceding age of feudalism. They were the agents of plantation when New France, New England, new Holland, New Sweden, and new Spain came into existence in America. In the nineteenth and twentieth centuries, the Age of Sail gave way to the Railway Epoch, then to the Period of the Internal Combustion Engine and the Electric Dynamo, and finally to jet propulsion and computers in the time of Telematics. In consequence the small nation states of sixteenth century Europe lost out to the transcontinental states of the nineteenth century, and the transcontinental states yielded to a triad of continental unities in the twentieth century: the European Economic community, the West Pacific rim, and North America. At the end of the twentieth century, continentalization was the emerging formal tendency in the relentless process of economic globalization.

There have been, however, two tendencies in the process of globalization: integration and disintegration or "glocalization". As the global economy restructures itself there are winners and losers. Unities that characterized one era have disintegrated in another. Centers and regions have been "linked" and "delinked" to

and from the economic frontier. Wholes and constituent parts have formed and reformed. In Canada, formation and reformation have been related to the historical forces of imperialism, nationalism, continentalism, and regionalism.

The question of Maritimes economic growth becomes, then, to what extent, if any, and in what way has the Maritimes been reconfigured and delinked or relinked in the distant and immediate past? That is, what is the place of the Maritimes in the new “grand narrative” of globalization?

(2) The context: Canadian economic historiography

Existing paradigms of Canadian economic development go some distance in answering this question. Writing at mid twentieth century, Harold Innis and his colleagues, and Vernon Fowke, no so alone as one might think, elaborated details of the globalization process in Canada. [This was before Economic History blinkered itself with the categories of Neoclassical theory and the short run concepts of Macroeconomics, and then set out on a path of quantitatively implemented self deconstruction.]

(2a) Europe, imperialism, and the Staple Theory

Innis and Mackintosh knew they described only a moment in Canadian history: the moment of the New Imperialism and the formation of transcontinental nation states. Mackintosh searched Canadian history for the kind of staple development that had characterized Virginia and the West Indies in the seventeenth century (Mackintosh, 1923). He found it associated with the late nineteenth century “last hurrah” of the British Empire on the Canadian Prairies. Innis was quick to point out that What Mackintosh had found was only one of several moments in Canadian history, but his own accounts did not stress this insight. [See “The Teaching of Economic History in Canada” in *Essays in Canadian Economic History*, p. 12. Innis’s contribution can be called the Staple Theory of Canadian Economic Development. Fowke’s (1943) contribution can be called the Distinctive Regional Economies Hypothesis. Neither historian used these labels, however, and filling in qualifications and details is necessary when attributing them to the two. Further, attributing Innis’s “theory” to S.A. Saunders (1984), or Fowke’s hypothesis to Bartlett Brebner (1927, 1937), A.H. Clark(1959, 1968), J. Gwyn (1998), G. Wynn(1987), and Margaret Conrad (1988, 1995) is “heroic”, but that attribution provides the basis for a viable historical construction of the current position of the Maritimes.]

Distracted by the conditions of his time, Harold Innis frequently wrote explications of very long run economic factors integrating Canada, and that is how he has been read, because that was the part of his work that best fitted into the information environment of a generation preoccupied with the emergence of Canada from the British Empire, and with a massive economic depression. But Innis’s work went beyond that. He sketched equal important disintegrating factors. His third book, *The Fur Trade in Canada*, (1930), was followed, ten years later, by *The Cod Fisheries: the History of an International Economy* (1940), and that was followed, yet later, by “Imperfect Regional Competition and Political Institutions on the Atlantic Seaboard” (1942) and by “Decentralization and Democracy” (1943). Had he not obsessed on the

role of communication technology and information environments in the processes of globalization - the rise and fall of empires - his legacy would have been a more balanced picture.

Unquestionably aware of the regionalized nature of Canada, Innis was not aware of one important factor in regionalization, and it showed in his treatment of the Maritimes. The Maritimes, as such, hardly attracted his attention, even in *The Cod Fisheries* (1940), which was a study of an international economy extending from the West Country through Newfoundland to New England. Had he looked directly at Nova Scotia, agriculture might have caught his attention, but agriculture was not the focus of any of his studies. He watched the railroad shape a transcontinental economy, to which Western agriculture was an appendage studied by W.A. Mackintosh (1934, 1936). He saw the fur trade as a precursor of transcontinental development with agriculture in New France relegated to the position of a backward linkage. From his point of view, the Maritimes was detached from the rest of Canada, part of a relatively declining North Atlantic economy, a vestige of the Age of Sail. With respect to the region's detachment from the rest of Canada, he was right. The region would have been left out of the transcontinentalization phase of globalization had it not been linked politically at Confederation. [This "snap shot" depiction of Innis's and Mackintosh's accounts is hard to perceive in the rubble of subsequent revisions of their positions. During the early years of the Cold War, M.H. Watkins (1963) packaged the Staple Theory in A.O. Hirschman's paradigm of Third World development. In the information environment of the Viet Nam War, he repackaged it in a Western Marxist Theory of the Staple Trap (1989). W.A. Mackintosh, after he had become a Keynesian, recast his historical account in the short run categories of macroeconomic theory (Watkins, 1989, p. 19.). With the decline of Keynesianism and the rise of formalism in Economics, Richard Caves (1971) produced a Neoclassical version of the Staple Theory that Chambers and Gordon (1966) had already attacked and Urquhart (1986) subsequently defended.] What Innis failed to see was the substantial role of agriculture in Maritimes development, both relating it to and distinguishing it from other regions in Canada.

(2b) Continentalizing the paradigm

The staple export paradigm associated with Innis and Mackintosh disposed viewers toward unwarranted assumptions about the about the roles of agriculture, commerce, and manufacturing in Canadian economic development; assumptions that were the subject of a question prompted by O.J. Firestone (1958), and raised by Ken Buckley (1958). "How much investment took place, in what sectors and regions, and what interconnections were involved?" The question challenged the extension of the Imperialist-staples view of late nineteenth century Canada to the whole range of Canadian history, but it suggested nothing to replace that view.

According to Adam Smith economic development was a passage through a sequence of stages: a gathering stage, an agricultural stage, a commercial stage, and a manufacturing stage; in that order. This was the "natural order" of development which, according to Smith, was exemplified in the more rapid growth of Britain's American colonies. [When Harold Innis looked back to the very long run factors integrating the

Canadian economy he saw a different sequence of stages. He saw commercial stage activities in Britain associated with gathering stage activities in Canada. Commerce preceded agriculture and manufacturing, in Innis's sequence, the latter then appearing as forward and backward linkages from staple exports. Of course he did not use these terms, but his revision of Smith was explicit, and its intent cannot be doubted (Innis, 1956, "Significant Factors in Canadian Economic Development", pp. 201-202.). Dependency Theorists in of the 1970s, relying on Innis's basic assertion, constructed a paradigm in which Canada was permanently dependent on staple exports (Watkins, 1977), and the Maritimes was permanently, if unfortunately, dependent on Canada (Sager, 1987) in an initial Bastard-Smithian stage.]

Buckley's question was open to the Smithian perception. It liberated agriculture and manufacturing from a presumed dependence on staple exports. It opened the door to fresh questions about the relative strengths and weaknesses of agriculture and manufacturing in different parts of Canada. But Buckley was interested in measuring something suggested by someone else. In the first instance, the Smithian view, perhaps unwittingly, was introduced into Canadian economic historiography by Buckley's colleague at the University of Saskatchewan, Vernon Fowke.

Fowke had returned to questions asked by Innis and Mackintosh: how had Canadian economic development differed from that of the United States? Could the Frontier Thesis of Frederick Jackson Turner be used to explain Canadian development? Mackintosh answered, yes, but not until 1896 on the Prairies. Innis answered, yes, but only if one considers a gathering stage frontier, rather than an agricultural frontier. Fowke answered, no, because the agricultural frontier in Canada was not homogeneous and continuous, as Jackson had depicted the American frontier. Rather, it was recurring, heterogeneous, and interrupted by periods and regions dominated by resource gathering frontiers.

This was as far as Fowke took the matter. Once the Fowkean paradigm is perceived, however, other, Smithian, entailments of Canada's interrupted agricultural frontier become evident.

(2c) Agriculture, economic development, and continental integration

Adam Smith's assertion that the institutions of land tenure in the British colonies were the source of their greater success (1986, Book III, *passim*, but pp. 482-484) draws attention to the consequences for economic growth of the institutional differentiation of the Canadian agricultural frontier. Agriculture was important. Most of the population in the Canada, and indeed, in colonial Maritimes, were engaged in agriculture. It was the institutionalization of agriculture, then, that set paths and rates of growth, driving Canada's different regional economies forward in distinctive ways. Further, these distinctive agricultural frontiers, except before 1854 in francophone Quebec, and only with qualifications in British Columbia, were northern extensions of the American continental frontier. Agriculture in Canada cannot be understood apart from the historical forces of continental integration.

This is not to say that these agricultural frontiers were carbon copies of the American frontier, projected north at different stages in its evolution. As in the Maritimes, northern extensions of the continental frontier were everywhere modified

by geography and by the political exigencies of the Second and Third British Empires.

(2c) Implications for Maritimes economic growth

In the Maritimes the bastardization of New England tenure institutions by the demands of Imperialism (Harvey, 1933; McNabb, 1988; Reid, 1991; Wynn, 1987a, 1987b), and the relative scarcity of arable land (Gerriets, 2002) set a pace and structure of growth that required the region to link with other regions of the continent to keep up, if laggingly, with global economic advance. In other parts of Canada the continentalizing advance of agriculture was less diluted by imperialism and enjoyed a more promising geography. Accordingly, the most prosperous regions of the confederacy were linked early to the general North American continental advance. In the late twentieth century continental linkages were taken to new levels at different rates in different regions. Cascadia and Atlantica are imaginings rooted in the realization that both coastal regions need further linking with the general continental advance if they are not to be left behind. [It is hardly surprising that in this construction of the history of the Maritimes the region finds its natural metropolis in New England, and its linkage to the global economy lying in that direction. But, after all, the Staple Theory was developed with a focus on other regions of Canada, and did not take into account the role of agriculture anywhere except on the Prairies. While this might have been evident from the nature of the theory, full realization took some consideration.

First came E.R. Forbes realization that S.A. Saunder's account of Maritime development was flawed (Forbes, 1978). This realization entailed an attempt to show that Confederation had not been an unmixed blessing for the region. This, in turn, was followed by some attempts to show that the theory of the staple trap, rather than a staple theory was the appropriate paradigm, until R.S. Sager's (1987) assertion that even the staple trap view was historically insupportable. Finally, Jullian Gwynn (1998), Margaret Conrad (1988, 1991), and Marilyn Gerriets (2002) turned to the independent role of agriculture in Maritime economic development.]

(3) Continental and regional perspectives on the past

(3a) The Prairies

Before late twentieth century development of oil, gas, potash, and uranium deposits, agriculture was the basis of economic development in the Prairie region of Canada. Prairie agriculture appeared in the context of transcontinental railways and the export of a narrow range of crops. It fitted well into the staple paradigm, and could be seen as an element in the surge of globalization associated with the New Imperialism of late nineteenth century Europe. After all, despite its origins in the migration of technique, land tenure institutions, and, indeed, even some settlers, from the United States, Prairie agriculture grew on the emigration of capital and of considerable population from Europe. Still, the nature of Prairie agricultural development is not clear.

A strong case for Prairie agriculture as an independent economic force in Canadian development cannot be made (Chambers and Gordon (1966), Buckley (1958), and Fowke (1943, 1946)). The case is undermined by heavy government subsidization of

transportation in the wheat economy, both in the initial stages of development and subsequently. It is undermined by government supports in the marketing of western wheat and feed grains. The railroads that opened the Prairies were economic failures. There were farm failures. As early as 1913, provincial governments in the west found it necessary to declare moratoria on, or to subsidize, farm debt. Because the Prairies emerged from their early development as a have-not region receiving large intergovernmental financial transfers, it seems fair to say that political integration in Canada was the substance of the western wheat economy, rather than that the western wheat economy was the substance of political integration. This is the important point underlying John Dales's (1966, p. 150) comments about "much short term and long term harm" being done by government interference in the West. After the West was tied into the Chicago petroleum products market, and the potash market was continentalized, Alberta and to some extent Saskatchewan became independent generators of economic growth in Canada. But, Western agriculture, if not profitable, was a least viable. The political transcontinentalization of Canada in the late nineteenth century was given economic substance by a northern movement of the continental frontier.

(3b) Francophone Lower Canada

Agriculture provided the economic basis for the survival of francophone Quebec. Initially seigneurial agriculture had a degree of dependence on the fur trade. As a market for excess produce and labor the fur trade supplied agriculture with specie for its associated marginal commercial activities and for initial investment as settlement expanded. At the time of the Conquest, however, only 4% of the colony's population was engaged in the fur trade. [Eccles (1979) criticism of Innis on this point is well founded.] More to the point, however, agriculture in francophone Quebec was not export oriented. According to Paquet and Wallot (1969), in the first decades of the nineteenth century francophone Quebec was barely market oriented in any sense. The fur trade's passing off to Hudson Bay had no effect on agriculture in Quebec. The timber trade of the early nineteenth century had only a marginal effect. In francophone Quebec the substance of economic activity was largely independent of those primary product exports that were important in the integration of the Canadian economy. Agriculture was the substance of the economy, but francophone agriculture was not part of the sweep of the continental agricultural frontier. Not until the late nineteenth and early twentieth centuries did Quebec's reliance on the export of forest products, aluminum, asbestos, and electricity continentalize its francophone economy.

(3c) Upper Canada

Following the American Revolution, Upper Canada became a politically alienated extension of the United States agricultural frontier. In the initial stages of settlement there were exports of timber, potash, wheat, and flour. They were a consequence not a cause of agricultural expansion. As a possible source of capital for expansion, using a very generous base for the estimate, wheat and flour exports fell from about 50% of all possible sources in 1806, to 20% of the total in 1851. [For conflicting discussion about this point see Norrie, Oworm and Emery (2002, pp. 106-121), McCalla (1978,

1993), Acheson, T.W. (1969), Neill, R. "Upper Canada from the Constitution Act of 1891 to the Reciprocity Treaty of 1854". URL http://www.upei.ca/~rneill/canechist/12_appendix.html] As both Fowke (1957, pp 2-4) and McCalla (1978, 1992) have pointed out, wheat exports to Britain were important, but they were not the substance of economic development in Upper Canada. Indeed, according to Jones (1946), Upper Canada and Canada West were more closely linked in a number of ways with the continental agricultural market supplying New York, Washington, Philadelphia, and Pittsburgh.

(3d) The Maritimes

Following the American Revolution, during the early policy indecision of the Second

British Empire, the Maritimes flourished. It was to replace New England in the North Atlantic Trade. It had position. It had timber and ship building capacity. It had commercial enterprise. It did not have a strong agricultural base, and it did not have a future. The Second British Empire eventually decided in favor of free trade, rendering the Maritimes redundant. The structure of North Atlantic trade shifted with the advent of the sugar beet, of processes to refine deposits of mineral oil, of the iron steam ship, of the end of slavery, and with the replacement of imported textiles and silk with North American cotton and cotton goods. Perhaps, most importantly, the Maritimes did not have a direct connection with the great central plain of North America. Halifax played Boston to Montreal's New York. New England and the Maritimes experienced relative decline together as the New York Central and the Grand Trunk railways stretched west from ports in other jurisdictions towards the receding continental frontier.

(4) The judgement of history

(4a) Displacement of the Staple Thesis

The Staple Theory is not verified by the substance of Canadian economic development. Some version of a staple export theory may be verified by the development in some parts of Canada over their entire histories. Certainly the development of Newfoundland and British Columbia, and much of development in the Maritimes supports a staple export theory. If qualified by an admission that its fundamental force was political, not economic, a staple export theory is supported by transcontinental elements in the development of all of Canada in the period of the wheat economy in the West. But a staple theory is not verified by the economic development of all of Canada over all of its history. Certainly, a staple theory that assumes Canada to be homogeneous and linked to Europe by staple exports falls far short of explanation. Continentalism and balanced growth trump imperialism and staple export dependent growth in different regions at different times, and in all of Canada at the present time.

Some version of a staple theory has an assured place in Canadian historiography. The process by which Europe was globalized to what is now Canada was assisted by the exploitation of primary products for export. A substantial element in the

continentalization and regionalization of Canada has been and is associated with primary product exports. Still, the process by which land tenure institutions, banking institutions and currency, federal government institutions, and subordination of Parliament to a bill of rights, farming and manufacturing techniques, subsidiaries of multi national corporations, and a host of other practices and institutions have migrated north from the original British colonies and the United States cannot be explained in the context of the staple theory associated with Mackintosh and Innis's explanation of the globalization of the price system of economic organization to Canada.

(4b) Agriculture, and a Distinctive Regional Economies Hypothesis

Agriculture in the Maritimes was dominated by the land alienation and tenure arrangements of the Second British Empire. Though born in the locally controlled capitalism of New England, Maritime agriculture was institutionally denatured by the Empire's post Revolutionary fear and indecision. In addition to the deficiencies of arable land in the Maritimes, Imperial settlement policy gave agriculture a worst possible start. According to Macdonald (1939), Saunders (1984), Gwyn (1998), and others, that made all the difference.

Agriculture in francophone Quebec has its roots in the seigneurial system, that is, in seventeenth century French feudalism. Because it was feudal, New France experienced a different path and a slower rate of growth than that experienced under the embryonically capitalist institutions of New England.

Agriculture in Upper Canada was established with the attenuated feudal, embryonic capitalist institutions of New England and Virginia. Indeed, Britain's reaction to the revolution, and her desire to reward Loyalists, was the occasion of further progressive evolution of these institutions. Post Revolutionary settlement policy was different in Upper Canada. There was better land in the Eastern Townships and Upper Canada than in the Maritimes, but in addition, there were no quit rents, even in principle, and the large grants to absentee favorites of the Imperial government that plagued the Maritimes were not a problem in the Canadas.

Institutions of land tenure progressed from feudalism through attenuated feudalism to virtual capitalism as one moved from francophone Quebec through the Maritimes to anglophone Canada, and it was anglophone Canada, the Montreal-Upper Canada economy, that developed into the confederacy's industrial and financial heartland.

Prairie settlement, as Chester Martin has pointed out (1973), entailed explicit wholesale borrowing of the formally capitalistic land alienation and tenure institutions of post Civil War United States. Accordingly, Western agriculture, emerging in a fourth Canadian institutional context, exhibited yet another economic growth path, distinct from those of the Maritimes, Quebec, and Ontario.

(4c) The conclusion of history: a modified Continental Integration Thesis

Different institutions and values associated with agriculture and with common property based exports, the two occurring intermittently across the history and geography of the nation, have generated temporally and spatially differentiated growth paths in Canada. The globalization of the northern half of North America, from the seventeenth century on, has entailed a continuous restructuring and reorientation of the

economy, from which its present degree of continentalization and regionalization have emerged.

(5) The advance of technological environments

(5a) Canals and industrialization.

In the last half of the eighteenth century, based on advances in agriculture, England experienced the first Industrial Revolution. Consequent demand for bulk transport produced the Canal Era. As the Industrial Revolution globalized it produced a Canal Era in Europe, in Russia, in the United States, and in central Canada.

The Canal era affected the British North American colonies unevenly. In the Maritimes canals were projected. With the exception of St. Peter's Canal in Cape Breton, and parts of the Shubenacadie Canal, they were never built. In Newfoundland they were not even projected. In Lower Canada (Canada East) canals were built south on the trade route from Montreal to Vermont and New York, and west to the west to Upper Canada. In that regional economy there was sufficient arable land, and there were appropriate capitalistic institutions. There was access to the information environment of industrialization in England and the United States. The Welland Canal, at one end of the St. Lawrence system, was first intended to provide water power for a sawmill, a flour mill, a distillery, a potashery, a cooper shop, and a smithy. At the other end, the Chambly Canals on the Richilieu were associated with grain milling, a cotton mill, textile knitting factories, and paper mills. The Lachine Canal south of Montreal never paid for itself in traffic, but it was associated with water power exploited by the Redpath sugar refinery, the Cantin fully integrated fourteen acre ship building plant, and dozens of smaller enterprises engaged in flour milling, saw milling, coopering, woodworking, and the manufacture of nails, saws, and axes (Taylor and Baskerville, 1994, p. 219). In fact, in its institutional and technical characteristics the development of the Montreal-Canada West economy was an extension of developments in the United States. In that regional economy, alone in the remnant of British North America, an adequate foundation was put down on which to undertake industrialization. In that region, as United States "Canal Mania" penetrated the Canadian border, the Smithian stages paradigm best represents the process of economic development and growth.

The economic growth path of francophone Quebec was affected by this continental thrust at every stage, because Montreal, though the entrepot of Canada West, was politically in Canada East. There were, in addition, Imperial exigencies to which Montreal responded. In the early nineteenth century a *crise d'agriculture*, precipitated by francophone realization of the superiority of the agricultural system of the continental frontier, led to commutation of feudal tenure. Later increases in productivity were too late for "natural" Smithian development. Scots and Yankee provisioners of the Imperial army had preempted the rise of capitalistic francophone enterprise. In consequence, at the end of the nineteenth century, according to Robert Errol Bouchette (1901), there was a noted *faiblesse de la bourgeoisie francophone*; and, at the end of the twentieth century there was relatively heavy involvement of government in economic enterprise in Quebec.

(5b) The Automobile and Industrialization

Between 1890 and 1930, United States industry moved to world prominence on the basis of hydro electric power and the internal combustion engine. Manufacturing migrated from New England to the lower Great Lakes area. Across the lakes in Canada a similar development occurred. In fact, westward movement of the industrial frontier in America ignored the boundary between Canada and the United States, just as westward movement of the agricultural frontier had ignored it between 1800 and 1860, and between 1890 and 1910. Once again, as Dales (1960) and Raynauld (1962) have shown, very long run factors associated with this continental frontier differentiated the Montreal-Ontario economy (increasingly the Toronto-Ontario economy) from the economy of francophone Quebec.

Maritimes manufacturing began a prolonged relative decline in the period of the electric dynamo and the internal combustion engine. Quebec, including Montreal, experienced an increase in manufacturing activity in that period, but with emphasis on a different frontier from that of the Toronto-Ontario region. Montreal expanded in railway related activities during the last great thrust of railway imperialism, just before overexpansion and technical obsolescence drove the railways into bankruptcy. Other developments in Quebec were related to a supply of inexpensive labor migrating from relatively impoverished agricultural areas, and to expanding continental demand for natural resources. Ontario shared in the expansion of new, intra continental resource exports, but in Ontario resource related activity was secondary to capital intensive manufacturing in iron and steel, automobiles, and electrical equipment and appliances.

In general, regionalization of the Canadian economy by the different technical and institutional characteristics of the Canal Era and the Railway Epoch was compounded by developments in the Internal combustion and Electric Dynamo Period, because after 1920 a new wave of continental integration in the form of international corporations in manufacturing and commerce again fostered regionalization by strengthening north-south trade flows and inter-regional differences in industrial structure.

(6) The continentalization paradigm and Maritimes economic growth

The role of the nation state as the agent of globalization in the seventeenth century has been taken up in the twentieth by a triad of continental centers: the European Common Market, North America, and the West Pacific Rim. Canada's attempt to create a national economy on the basis of staple exports and an Imperial connection with a European nation state, has given way to an attempt to become part of a continental economy on the basis of staple exports to, and niche marketing of manufactured goods in, the United States. The twig of Canadian political economy is being bent differently

There are five relatively independent and structurally different economies in Canada. There are two common property resource exporting economies, British Columbia and Newfoundland. Both have an outward economic tendency. There are two modified common property resource exporting economies, the Prairies and the Maritimes. In these there is an agricultural base, but again, both have an outward economic tendency.

There are two economies the substance of which is a form of balanced growth: manufacturing and agriculture, but which have a significant reliance on the export of renewable and non renewable resources. These are Ontario and Quebec. In every case the outward tendency increasingly integrates these different economies with the rest of North America. The distinctiveness of each of the Canadian regional economies, to an important extent, has been a derivative of the processes of North American continentalization, which, in turn, has been a consequence of the processes of long run globalization of economic activity.

For the Maritimes this has meant turning away from a vain effort to integrate economically with a transcontinental economy that, in any case is disintegrating. It has meant turning towards a natural metropolitan center in North Eastern United States. The regionalization of Canada and its continentalization under the historical forces of twentieth century globalization have drawn the path and rate of Maritime growth into the influence of metropolitan centers to the south, and away from centers to the west.

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