Politics and Uneven Capitalist Development
The Maritime Challenge to the Study of Canadian Political Economy

Students of Canadian political economy have tended largely to overlook the Maritimes in their accounts of "national" economic and political development. It seems fair to say that the story of the region's rise and decline has been assumed to be of even less theoretical significance in the understanding of Canadian development than the region's plight is felt to be of national concern or importance. Thus it was probably with some surprise that most scholars of "national" focus received the presentation at the 1979 meeting of the Canadian Political Science Association, of Sacouman's paper arguing for the centrality of the Maritimes in the examination and explication of Canadian development as a whole. That paper (or the version of it published in SPE 6) was also probably the first introduction for many to the growing volume of work since 1971 on what happened to turn the once-prosperous Maritime provinces into one of the permanently depressed backwaters of the Canadian economy; certainly few reviews of the Maritime literature had been written by 1979, though some interpretive examinations of the Maritime literature have been published since then. It is a primary contention of both Sacouman's paper and this one that the Maritime experience and literature is important theoretically for the understanding of the larger Canadian experience, as well as being of value to Maritimers. The "new literature" on the Maritimes is a challenge
at several levels to our understanding of Canadian political economy.

The present author, however, disagrees with Sacouman's views on how Maritime underdevelopment should be understood, and thus on exactly what the "message" of the new literature is, and how Maritime history challenges the themes of Canadian political economy. This disagreement revolves around the role politics should be ascribed in the process of uneven capitalist development that produced both the Maritimes and Canada after 1867.

The conventional "wisdom" — which the whole of post-1971 literature has undermined — was that the Maritimes should be seen fundamentally as having been "left behind" by Progress after the mid-1800s — that the decline of the Maritimes is a case of retarded, if not arrested, development, with the region figuring as a kind of living fossil of the nineteenth century. The traditional liberal orthodoxy is that the Maritime economy was doomed to stagnation and decline quite apart from Confederation, and that the geographically "remote" (from Toronto, presumably), and socially "backward" Maritimes slipped from an anomalous "Golden Age" into a stable and chronic state of stagnation, depopulation and conservative quiescence corresponding to its natural potential. The prosperity of the pre-Confederation period was a part of "the old world of wind-borne commerce, low tariff, foreign trade and local freedoms," and was fated to collapse before the forces of modernization in the forms of the iron ship and iron horse. According to this perspective, the failure of Maritime shipbuilders and owners to adopt iron and steam marine technology was (in some unexplained way) inevitable, and combined with the decline in the prosperity of the staples trades in fish and timber, accounts for the Maritimes' slide into perpetual depression. The assumption is that a decline of Maritime staples — "wood, wind and water" — left an economic vacuum which, given the uncompetitiveness of Maritime manufacturing (dictated by geography, the lack of metropolitan structure, and insufficient capital), could not and cannot be filled.

There is probably more than coincidence in the fact that this orthodox academic perspective crystallized in the 1920s and 1930s — often through research conducted for the federal government — since it was in this period that intense political demands for remedial federal action to counter the alleged ill-effects of "national" policies were being made by Maritimers. This perspective — which absolves national policy and the federal government of responsibility — flies in the face of the "gut instincts" of most Maritimers, for the notion that Maritime development has been systematically blocked and
thwarted in favour of the development of central Canada has persisted in spite of all the official wisdom that "fate, geography and technology" were to blame. A somewhat refined but deeply held hinterland-metropolis model of domination is a central facet of Maritime political culture, a belief incorporated in the very marrow of people’s understanding of their situation.

It is in this light that the first pieces of the "new literature" and of radical Maritime political economy — Bruce Archibald’s Master’s thesis of 1971 and his contribution to La Pierre’s Essays on the Left — should be viewed. Archibald has been the only author to try to apply directly the original formulation of Andre Gunder Frank’s "development of underdevelopment" model to Canada, using a model of internal colonialism to reinterpret radically the official orthodox history of a failure to industrialize. This attempt accepted the orthodox focus on staples and a failure to industrialize, and for this reason, had a very short life indeed: even as it was published, its "fact situation" — like that of the conventional wisdom it sought to explode — was being shown to be wrong.

The central figure of the real overthrow of orthodoxy that occurred in 1971 was not Archibald, but T.W. Acheson. In his doctoral thesis and subsequent article in Acadiensis, Acheson demonstrated that in fact a rapid and successful industrialization of the Maritimes had occurred. At the time, this discovery of a Maritime transition from "wood, wind and water" to an economy with an industrial base proportionally bigger than that of central Canada revolutionized post-Confederation Maritime historiography. With it occurred a shift from a focus on the decline of ships and staples to the new one on the rise and decline of Maritime industry. A new central question arose: Why had the Maritimes become de-industrialized by the early 1920s? In addition, as Sacouman notes, Acheson supplied the outlines of an answer: that a concentration and centralization of capital in Montreal had produced a pattern of destruction and "branch planting" of Maritime manufacturing which led to the de-industrialization of the region. It is this problematic that has shaped the new political economy of the Maritimes, including the stream to which Sacouman belongs and to which he has rightly drawn attention.

Although this formulation of the central problem is common to the leading authors of all schools of Maritime political economy — that is, there is agreement on the need to explain the process of consolidation and centralization of productive industry in Canada which left the Maritimes "out in the cold" — there is no agreement on
Acheson's original explanation was as disappointing as his documentation of the Maritime transition to an industrializing economy was exciting. Although it brought up a number of important facts, his explanation fell back on the most worn-out of orthodox explanations: geography and a pervasive but mysterious "entrepreneurial failure." Acheson's more-recent work, however, and that of E.R. Forbes, have laid the blame on the superior political strength of central Canadian business interests over federal policy as the key both to how the Maritimes was de-industrialized and to how central Canada attained a virtual monopoly over secondary manufacturing. The trend of most Marxist work (including Sacouman's), on the other hand, has been to assume that the process of centralization and concentration of capital is self-explanatory as a law of capitalist development.

Both of these explanations are unsatisfying. Although it may be agreed that politics is an important ingredient in the explanation of the rise and fall of Maritime industry, Forbes's and Acheson's explanation does not reflect a very deep or critical penetration of the dynamics of capitalist development that provided the framework and issues of political struggle, and it contains a tendency to romanticize the process as one where "our" ("good") Maritime capitalists were beaten by the ("bad") ones from central Canada. This fairer-deal-within-Confederation school, as Sacouman correctly labels it, somehow hopes for the "fulfilment" of the "promises" of Confederation by the people who have inherited the benefits of that pattern of national development which lies at the root of the plight of the Maritimes; it is an exhortation to justice that expresses thinking more wishful than critical.

On the other hand, explaining Maritime de-industrialization by invoking a law of capitalist development is at best somewhat opaque. The argument that Maritime de-industrialization should not be seen as merely the conspiracy of Montreal and Toronto capitalists, but as something rooted in the dynamic of capitalist development itself, is sound and essential. However the neglect or downplaying of political factors means a certain uncritical acceptance of the particular social and political framework — the "Canada" — in which the Maritimes existed during 1880-1930, and the adoption of an (unargued) assumption that Maritime economy and industry must have been intrinsically and fatally flawed in relation to those of central Canada. This article, by contrast, argues for the need to examine the role of the Canadian state, the balance of social forces, and Con-
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federation itself, as elements in an explanation of how uneven capitalist development worked itself out in the Maritimes.

The basis of the author's disagreement with Sacouman's position concerns the importance of politics and state policy in determining the course of the capitalist development of society. There is little doubt that the ruin of the Maritime economy can be traced to the process of financial and industrial consolidation within British North America. No dispute is made with the observation that consolidation and the formation of monopoly capitalism were general phenomena of late nineteenth- and early twentieth-century capitalism, or with the contention that its causes were rooted in the pressures, problems and crises intrinsic to ongoing capitalist development itself. The question posed here concerns whether or not the specific circumstances and outcomes of consolidation within British North America were determined by strictly "economic" processes independently of the formation of the Dominion of Canada and the subsequent political battles over the shape of its capitalist development. This article argues that they were not.

Although considerable work has been done and our picture of the development of the Maritime and Canadian economies is much better than it was fifteen years ago, research into the rise and fall of Maritime industry is really only getting underway in earnest. The proper framework of explanation within which to work is very much in dispute. In this article, an argument is made for considering politics as an important element in a Marxist explanation of the uneven development that has left the Maritimes in a state of relative underdevelopment within Canada.

The paper proceeds in three sections. The first briefly discusses the general question of how capitalist development should be understood. The second explores the Maritime case and the literature on Maritime underdevelopment. The third examines the lessons for the study of Canadian development which the study of the Maritimes provides.

Politics and Capitalist Development in the Marxist Tradition

Since the disagreement with Sacouman in this article is over whether or not identification of a process of concentration and centralization of capital carries with it an explanation of the mechanics of Maritime underdevelopment, a preliminary question to be addressed is how the "laws of motion" that Marx lays out in *Capital* should be understood in relation to the history and development of actual capitalist societies. In this section an attempt is made to articulate
very briefly a position that guides the rest of the article.

There is a (perhaps extreme) strain of Marxist thinking that tends to see the "laws of motion" of *Capital* as the "natural" developmental laws of capitalist society in the same way as Newton's "laws of motion" were thought to govern the physical universe in the nineteenth century, or Darwin's theory of evolution was thought to describe the process of evolution of life on earth. I would argue that Marx did not intend that they should be so understood and that, in any event, such a view represents a distortion of social reality which drains Marxism of its real insights and value as a tool of social analysis. As Murdock and Golding have argued in relation to cultural production, we should not attempt to see in Marx an "economic determinist who saw people's ideas and actions as totally conditioned by economic forces beyond their control," but should instead realize that Marx "uses the notion of determinism and conditioning not in the narrow sense but in the much looser sense of setting limits, exerting pressures and closing off options."21

The perspective taken in this article is that it is best not to picture capitalist society as an evolving natural system. "Capitalism" does not produce itself; rather it is the creation of continuing human artefact through social struggle. Capitalism can best be seen as an ongoing, multi-generational, social endeavour of a particular class. Capitalist development can be thought of as the product of that class's efforts to proceed with its social "project" (private capital accumulation) in the face of the resistance and efforts of other classes (both pre-capitalist and those created in the process of capitalist development) to proceed with their agendas for social development.

To picture capitalism as a "project" or endeavour certainly has its problems. This approach begs the question of the origin of the "project" and it risks creating an overemphasis on the degree to which participants in the social struggle are aware of where their actions are leading them and of what they must do "objectively" (analytically) if they are to secure their "interests." However, it also has its strengths. The notion of a "project" carries the connotation that there are requirements, constraints and objectives that must be met for the endeavour to succeed. It emphasizes that there is no "natural history" of capitalism, that it is the product of a social undertaking. The metaphor embodies the Marxist insight that people are the agents (subjects) of their own social self-creation (history), divided in their interests and wills, and constrained both by the nature of their enterprise and their own and others' exertions.

With respect to the "laws of motion" of *Capital*, this point of
view sees them not as the "natural laws" of the development of the concrete capitalist social system, but as the internal and deductive "logic" of capital accumulation within Marx's model of capitalism (the "capitalist mode of production"). Marx's great accomplishment is the fact that this abstract model of the essential features of capitalism allows us so much insight into the tendencies, forces and developmental path of capitalism. However, it is not possible to reduce society and history to the mere concrete "expression" of that model. The laws do not describe the path that society had to (or will) necessarily take, only that which was (or is) necessary if capitalist development was (or is) able to continue. Furthermore, the laws do not indicate how a capitalist social formation undergoes the changes necessary for continued capitalist development, only why continued capitalist development requires such changes in order to continue. As an explanation of capitalist development, the "laws of motion" provide more insight into why a particular path of social development unfolded, than into the mechanics of how it came about. An understanding of the mechanics of the capitalist development of a particular social formation requires a detailed knowledge of the specific social struggles that produced it.

To use the words "social struggle" is to speak of "the political" and to use the concepts of "social conflict" and "social power" that go with it. An understanding of capitalist development that puts its explanatory focus on "class conflict" and "class struggle" is then a "political" one. If one accepts the model of capitalist development outlined above, one would tend to see the "motion" of capitalist development as the result of the ability of the bourgeoisie to impose social change necessary for the expanded reproduction of capital, and to impose the costs of that change on other classes and on each other (or what amounts to the same thing, the failure on the part of other classes and class fractions to be as successful in imposing their agenda for social change). It is possible that in some cases domination is so complete that neither fractions of the bourgeoisie nor subordinate classes resist, giving the appearance that capitalist development is a mere "unfolding" of an economic process, but this would seem to be an exception to the norm and itself in need of explanation.

If a case has been made for picturing capitalist development as a political process, the role of partisan party politics and efforts to influence state policy are at least open to examination as practical factors in shaping the particular course of capitalist development in a social formation. Of course, the extent to which intra- and inter-
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class conflicts achieve expression in partisan battles — as problems for the state to manage — undoubtedly varies with the historical period and with such factors as the relative strength of conflicting groups and norms of state involvement in the economy. To the degree that it is part of the larger tableau of conflicts between classes and class fractions over the way society will operate and who will benefit and bear the costs of it operating in a particular fashion, formal political activity should be seen as an important influence on the development process.

The Case of Maritime Underdevelopment

In this section a case is made for the serious consideration of a class analysis that posits the importance of formal politics and state policy as important factors in the explanation of Maritime economic development. The central question remains the one that has animated scholars since the publication of T.W. Acheson's major paper, namely the explanation of the industrialization and de-industrialization of the region within the new dominion economy. Such an effort must be directed at "unpacking" the process of the rise and decline of mass consumer industry in the region in all its "richness," and it is argued here that neither the liberals' efforts nor the bulk of Marxist work has gone about this adequately.

The two major foci of concern are Confederation itself and the set of federal state actions frequently grouped together under the rubric of the "National Policy." Confederation must be seen as a political event of the first importance — as the basic, but usually downplayed, context within which explanations must be set. If Confederation and all that goes with it are taken for granted as givens, some of the most central elements of the social, political and economic circumstances of post-1860 Maritime development disappear from consideration. For, once pulled into Confederation, the Maritime region was absorbed into the new and alien continental economy of the new British North American dominion, and into the political framework of a country dominated by the Canadas and the particular problems and priorities of the Canadian bourgeoisie. Under alternative constitutional arrangements — whether continued separate colonial existence, Maritime Union, or economic association with the United States — the developmental problems and opportunities open to Maritimers would have been quite different from those that faced the people of the region in Confederation. The options for Maritime development were narrowed and channelled by the political
fact of Maritime absorption by the Canadas, and if that ill-fated union and its effects are omitted from serious consideration, any analysis of the development of the Maritimes is stillborn.

It is important to begin our examination with the fact that in the mid-1860s the three Maritime colonies of New Brunswick, Nova Scotia and Prince Edward Island were prosperous and for the most part neither economically nor politically connected with the continental and crisis-ridden colony of Canada. These three colonies, well situated for their part in world trade, possessed between them a world-girdling merchant marine, lucrative staples trades, a healthy agricultural sector, a large ship manufacturing industry (mainly oriented towards the world shipping market) and, like the Canadas, the beginnings of a secondary manufacturing sector producing consumer goods for the local domestic market. Although the dismantling of the British mercantile system and the loss of free access to American markets posed problems for Maritime staples trades and for shipbuilding and shipping, the Maritimes were not in the same position of fiscal crisis or ethno-political deadlock as the Canadas. We do not know enough about the relative strength and potential of Maritime and Canadian manufacturing for their respective domestic markets, though one author argues that industry in New Brunswick was retarded by the refusal of major merchants who dominated the economy and political landscape either to invest in it, or to allow the erection of, tariff barriers to the importation of commodities — especially the iron and other fittings necessary for ship-building and for the move to iron-hulled, steam-propelled ships — that would have fostered domestic production and heavier industry.23 We also know relatively little (and need to know far more) about the state of class conflict and its impact on the possibilities of expanded capital accumulation, and about the strength and developmental role of the Maritime colonial states.

What we do know something about is Confederation itself and what the battle between pro- and anti-Confederates centred upon. In the Maritimes, the Confederation question crystallized around rival strategies of economic development — a fact at variance with the orthodox and demeaning explanations of a fight between "wise" and farsighted Confederates,24 and opponents expressing a "perverse" and "peculiar" sense of merely local identity organized by backward merchants and led by "petty" and "misguided" politicians.25 D.A. Muise and Brian Tennyson writing on Nova Scotia, and Alfred Bailey writing on New Brunswick, have shown that the political divisions in these two provinces reflected divisions of economic interest
and support for alternative paths of economic development for the Maritime colonies. This argument occurred at a crucial time for Maritime development, when it was generally recognized that political decisions would have to be made concerning which economic options would be taken and where state investment would be directed (railways, etc.).

The pro-Confederates essentially accepted a bright and rosy picture of the possibilities of Confederation. Their heads filled with dreams of being the New England of British North America; they readily accepted Canadian promises that the Maritime ports would replace American ones as the Canadian entrepôts; and they engaged in a lot of wishful thinking about the stimulus that would be given to Maritime manufacturing by western expansion and the larger Canadian market — all of which would follow on the construction of the Intercolonial Railway (ICR). Anti-Confederates were less duped by such promises, and instead feared the loss of their political power and control over development to the Canadians, the competition of Canadian business, and the effect of unification upon their sea-going economy.

The pro-Confederates failed to win the support of their domestic political systems but went ahead to come to terms with the Canadians — a measure of the extent to which they were conned into taking what was clearly a fool's bet when it was offered to them. Why the pro-Confederates failed to see that the highly centralized new dominion created by the British North America Act would be a creature of Canadian capital rather than capital in all of British North America, and why they accepted vague promises of participation through national entrepôts and as a manufacturing centre in such a situation, need explanation. The pro-Confederates lost their domestic struggles and the Confederation settlement was imposed on New Brunswick and Nova Scotia by London in order to solve, not Maritime problems, but Britain's political and economic crises in the Canadas. Faced with huge Canadian debts incurred by Britain for public works, the British agreed with the Canadian scheme of consolidating the financial and economic potential of all of British North America into one new colony, and of solving simultaneously the political deadlock of the legislative union of Canada East and Canada West within the structure of the new Dominion. For the Maritimes the process was annexation or political conquest, not a free federation in some glorious National Dream. It may be hard to imagine another outcome, but such a constitutional coup d'etat was not only manifestly political, but a concrete expression of the
fact that political domination of the Maritimes had decisive effects on the Maritimes. For from Confederation onwards, Maritime capital and class struggles took subordinate positions within a new state structure, one which established a new economic and political environment in which Maritime development would be worked out.

With respect to this point, Leo Panitch has argued that the modern Canadian-American relationship should be seen as one in which "To a significant extent, in Canada at least, the balance of social forces takes place within the domestic hegemony of American capital in the host society. . . . foreign capital is legally and socially in place in Canada as a hegemonic class force. . . ." If such is the case between two formally sovereign states, one may say with respect to the situation after the annexation of the Maritimes to the Canadas — and this was increasingly the case as the national economy was consolidated — Canadian (i.e., "foreign") capital became a legally, politically, economically and socially hegemonic class force in the Maritimes.

Moreover, because the union was within a single sovereign state (and a highly centralized one with respect to economic development), the political power of central (and western) Canadian subordinate classes could also be mobilized against Maritime interests. Once we cease to think of English Canada as a single "national" entity, it becomes obvious that with respect to "regional" development, the interests of the working classes in the Maritimes and Ontario may well be in conflict. Given this possibility, one can expect that the way in which political and economic power is distributed within and among "regional" social formations might very well be of decisive importance in shaping "regional development" in Canada. The state in British North America had a large role in propelling development long before such a role became universal with the arrival of the monopoly-capitalism phase. It has long struck this author as a masterful bit of confused thinking to accept that reality on the one hand, and on the other to ignore its regional implications, given the regional distribution of economic interests and power within and between classes. (Interestingly, this tendency is itself unevenly developed in a regional sense; intra- and inter-class conflicts between western Canada and central Canada are acknowledged, but between the Maritimes and central Canada, their existence is denied. A serious and complete class analysis of these realities is one of the areas of research essential to an understanding of the full and continuing story of the Maritimes within Canada).

How did Confederation change the situation in which Maritime
economic, social and political development would unfold? Without more research, an answer remains very tentative. However, as just argued, one answer is that the imposition of a new state structure and subordination within another society’s political system meant subordination to another society’s developmental priorities and imperatives. Another answer must be more clearly “economic,” focusing on the quite new situation of pressures and opportunities that emerged from the gradual consolidation of a national economy for Maritime capitalists, their workers, and other members of subordinate classes. The Maritimes had a sea-going economy in 1860 and while we do not know how it would have fared in the depression of the 1870s, 1880s and 1890s, it is not a foregone conclusion that an independent Maritimes would have suffered ruin. Confederation clearly led not only to competition between Maritime and Canadian manufacturers and to the financial presence of the Canadians, but it also had a profound effect on the whole orientation of the sea-going Maritime economy — one that could have been positive, but in the long run was not.

In the wake of the onset of the commercial crisis in 1873, Canadian capital and the Canadian state turned toward a policy of import-substitution industrialization (ISI) as part of a strategy for investment and economic expansion, the culmination of which was the National Policy tariff. Maritime entrepreneurs enthusiastically joined the ISI bandwagon and the rate of Maritime industrialization rose dramatically — and with it Maritime commitment to the strategy of ISI in British North America as a whole. Studies have shown that this new pattern of investment required a relative shift of investment away from the sea-going (shipbuilding and world shipping) economy and particularly from the large-scale investment in iron and steam ships that was needed to maintain our place in world shipping. This also meant foregoing the industrialization that could have occurred on the basis of that heavy industry, rather than substitution for imports. Our deep-sea fleet deteriorated and Maritime capitalists invested their fortunes in consumer industries aimed at the natural market.

The abandonment by Maritime capital of the sea-going economy (which had long been the economic base of the region) and investment in ISI is only explicable in terms of the new economic situation created by Confederation and the National Policy. Its consequences were far-reaching, making the Maritime economy depend on success in competition with Montreal and Toronto manufacturers. Unlike the Maritimes, as Alexander points out, “the equally ‘woody
and windy' Scandinavians managed to pass, at great profit, into the vulgar world of oil-fired turbines” and to develop a manufacturing sector. It is hard to estimate the alternative possibilities, but as just noted, ISI tied Maritime fortunes to success in the manufacturing market of a state they did not control and, as Acheson points out, to a distribution system controlled by Montreal interests — that is, Maritimers' chief competitors. It was the concentration and centralization of the new ISI manufacturing sector that produced the virtual ruin in which Maritimes still find themselves.

This brings us to the central question of current Maritime studies: the explanation of that specific process of concentration and centralization of Maritime industry and its dismantlement. One study whose framework of explanation attempts to point out the central role that politics and state policy probably played in the process of the concentration of capital in Canada is an unpublished thesis by John F. Baker. As an initial approach to the “gross” role of politics in the underdevelopment of the Maritimes, it is suggestive of a line of inquiry, although it has serious problems of its own to which I will refer after a summary of its argument.

Baker's central argument is similar to that of David Frank in his study of the Cape Breton Steel operations of the British Empire Steel Corporation (BESCO). He argues “that the concentration and centralization of both financial and productive units of capital in Montreal and Toronto, and the concomitant transition from individual competitive capitalism to monopoly capitalism, conditioned the concurrent underdevelopment of Atlantic Canada and the development of Central Canada.” This framework is not incompatible with the one proposed by Sacouman, but Baker gives greater recognition to political and state-policy factors in the particular regional pattern that the concentration of capital took in Canada.

Baker’s analysis begins with the recognition of the central Canadian impulse behind the whole Confederation scheme and notes the support for it by a fraction of Maritime capital based on the “promises” made to them:

There is little doubt that Confederation, on the one hand, was a strategy adopted by the commercial-financial fraction of the Central Canadian capitalist class to maintain and increase the flow of British capital into Canada to finance the development of its infrastructure and ultimately, via railway construction and stimulated trade, to increase their own personal fortunes. . . . Confederation was also, however, a strategy adopted by the commercial-financial and industrial fraction of the capitalist class of Central Canada and a “part” of the ruling class of Atlantic Canada to consolidate a trans-continental market.
The central goal of the proposed new British North American dominion with respect to the intentions of the Canadians toward the Maritimes, Baker argues, was as unambiguous as its plans for western expansion:

The chief economic aim of the Canadian federal state was to extend the market for central Canadian products into Atlantic Canada; the imperialist chain forged between the regions was characterized by the export of commodities to Atlantic Canada, and as we shall later see, the draining off of capital from that region.41

Baker argues that this fact was widely recognized and spurred the opposition to Confederation,42 and that the imposition of the new dominion had rather immediate effects: "the tariff structure helped to extend and reproduce a market for Central Canadian products" even before the ICR was completed, and by 1876 "the balance of trade was heavily in favour of Central Canada and Atlantic Canada... was increasingly becoming an important market for the secondary manufacturing commodities of Central Canada."43 As well, the promises of Confederation were not long in disappearing, especially the very important one that the ICR and Maritime ports would replace the Grand Trunk and American ports as the entrepôts to Canada. Like Forbes,44 Baker argues that "this situation was a consequence of the transportation policies adopted by the federal government," which in turn followed from the close interpenetration of the federal cabinet and Grand Trunk interests.45

Like Sacouman,46 Baker points out the problems presented by the Maritime case for Naylor's thesis of an inherent opposition of commercial and industrial capital: firstly, in the fact that "large amounts of merchant's capital [were] transformed into productive capital" in the Maritimes and central Canada in order to combat the effects of the 1873-1896 world depression; and secondly, in the fact of the resulting fusion of "productive and financial capital."47 Baker agrees with the now widely held belief that the National Policy had as a primary objective the promotion of indigenous ISI and the employment of commercial capital lying idle as the result of the world-wide glut of staples.

Baker argues that the level and scale of Maritime manufacturing "presupposed the relatively large market of Central Canada" (i.e., the national market),48 not because the domestic market of the Maritimes was too small to support industrial growth, but because of "a conscious decision on the part of industrial promoters given the reality (or perhaps the prospect?) of the transcontinental railway

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and the protective tariff." 49 As Baker notes, however, this meant that the size of Maritime manufacturing capacity "was far in excess of the consumptive power of local markets" in the region; 50 Maritime manufacturing was thus dependent on its access to the national market and vulnerable to any impediments to its ability to compete with firms in Montreal and Toronto. Like most other authors, for Baker it is clear that in the cut-throat competition in the over-expanded national manufacturing sector after 1890, Maritime firms were driven out of business or taken-over ("branchplanted") by central Canadian firms. However, unlike Sacouman, Baker puts the blame, not on natural weakness intrinsic to Maritime firms or on "natural" shortages of capital, but on the "national" banking system created by dominion legislation which centralized the capital market: 51

The cause of the decline of manufacturing in Atlantic Canada was two-fold. First, the de-industrialization of the region was a function of the extension of the Central Canadian market into the region and the consequent cut-throat competition, and destruction of indigenous Atlantic industry. In this case the importance of the access of Atlantic industry to external accumulations of capital, given a national market and chronic overproduction, is evident. Second, the relatively high cost of, and limited access to accumulations of capital by Atlantic entrepreneurs inhibited the emergence of new units of productive capital. Both these factors — the destruction of indigenous industry and forces counter-acting the development of new productive units of capital — have their roots, in part, in the institutionalization of the branch banking system in Atlantic Canada and the subsequent draining off of capital from the region and the transfer of control of banking in Atlantic Canada to Montreal and Toronto. 52

Baker believes that a centralized branch-banking system suited the strategy of economic development favoured by Ottawa and made possible the relatively capital-intensive development promoted by Montreal and Toronto interests. 53 However this centralization of the banking system had strong negative effects on Maritime capital because

the alienation of control of the local capital accumulations of the community, and the flow of capital from one community to another and from one region to another . . . operated, in conjecture, to limit access of the Atlantic entrepreneurs to local capital accumulations. . . . [in] the form of loan refusals and interest rates. 54

Baker noted the vast increase in strength that this "national" system gave to Maritime manufacturers' competitors in Montreal and Toronto, and concluded that "The result was the destruction and
decline of Maritime industry and the corresponding centralization of control of productive capital in Montreal and Toronto. This process can only be viewed as "neutral" and "apolitical" if the developmental priorities and state support of central Canadian capital's interests are viewed, along with Confederation itself, as being as natural and inevitable as night and day.

As noted, Baker's analysis is certainly not without flaws, but these flaws tend to accentuate, not diminish, the importance of politics in the analysis of Maritime development. First, Baker's is a one-class analysis and a simplified one at that. It assigns no significance to the actions and influence of the subordinate classes in the political-economic circumstances of ISI in the Maritimes or Canada. Second, Baker assumes a simple regional division of the bourgeoisie, which lends itself to the "fairer-deal" school of thought, diminishing the role of Maritime capital in the process of de-industrialization. (Fear of the influence of this "fairer-deal" school may itself explain the reluctance of Sacouman and others to consider in their work the possible influence of the political circumstances of Maritime de-industrialization.) It seems apparent from some recent work that not all Maritime capitalists suffered personal losses in the process of "branchplanting" and that many of the leading ones sought accumulation wherever it was to be found in Canada or abroad. Many Maritime capitalists, it seems, were quite willing to "sell-out" or take part in consolidation to their own profit and at the expense of Maritime development. Baker's analysis tends to engage in a certain amount of wishful thinking in portraying Maritime capitalists as the national bourgeoisie of the region. As much as it may suit Forbes and Acheson to do so, there is no a priori reason to assume that Maritime capitalists saw themselves as a national bourgeoisie of the Maritimes. The political involvement of Maritime capitalists who participated in the consolidation movement centred in Montreal, and their role in controlling federal politics in the region, have not yet been closely examined and yet could well represent an important internal political factor in the consolidation of regional industry in the hands of outsiders.

There is also a need to explore the reasons for the apparent failure of Maritime capitalists, and of the provincial state structures, to mobilize effectively to resist at least the worst effects of de-industrialization or to formulate effective development strategies. After all, the Maritime Rights Movement, chronicled by Forbes between 1919 and 1927, only came after the horse was long out of the barn, and was triggered only by the coup de grace of the freight-rate
battles after World War I. The question is: Why did it not start earlier and why was it not more effective? An adequate analysis of Maritime de-industrialization will have to look, not just at the politics in Ottawa, but also at politics in the Maritimes as an element of Maritime ruin.

Maritime Underdevelopment and Canadian Political Economy

The framework of explanation and programme of research presented above differs from that favoured by Sacouman and recommended to all Canadian political economists in his SPE article. It also presents somewhat different challenges to the literature on “national” development. In this final section, the contrasts between Sacouman’s views and those expressed in this paper are explored, particularly in the light of James Bickerton’s recent criticism of Brym and Sacouman’s Underdevelopment and Social Movements in Atlantic Canada. The purpose is to draw out both the importance and the weakness of the Maritime Marxist “social history” school to which Sacouman drew attention.

To begin with the critical thrust, the present author’s differences with the “social history” school stem from that school’s willingness to accept a framework of analysis that ignores politics as an element of decisive importance in development. The shortcomings of much of the Maritime Marxist work follow from its acceptance of a framework relying on “laws of motion” as explanation, and this leads to an imperfection in the very element Sacouman shows to be Maritime Marxist work’s greatest strength: its “detailed empirical work” on “specific highly concrete instances of regional underdevelopment, class formation and class struggle.” The flaw is in assuming that the big picture is already explained.

Rather than setting out to examine how the dynamic of bourgeois imposition and subordinate-class resistance has influenced the broad history of Maritime uneven development within Canada, the “social history” school assumes the general framework and puts its emphasis on demonstrating the existence and basis of subordinate-class resistance to capitalist exploitation. No doubt this flows from a worthy desire to refute the stereotype of Maritime conservatism, and it certainly has enriched our understanding of the complexity and unevenness of class formation, especially in the post de-industrialization period. But it has had an important negative consequence: a failure to examine the impact of subordinate-class resistance on Maritime capitalist development.

Bickerton’s critique apparently satisfies the need expressed here
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to go beyond the rediscovery and examination of subordinate-class resistance and toward assessment of the bigger picture of class conflict as a social force that shapes the development process. However, Bickerton makes some assertions with which both Sacouman and the present author would disagree, when he writes of (1) the "inherent weakness" of Maritime industry; and (2) internal social barriers to successful capitalist development in the Maritimes. If Sacouman and the social history school believe that "what social and cultural resources remain [in the Maritimes] do so primarily because of the organizational militancy of working-class and petty producer groups in the region," Bickerton suggests that the pre-existing social relations of production in Maritime agricultural and primary production militated and continued to militate against successful capitalist development. This resembles the old argument that the inadequacies of the region are responsible for its lack of development, though this argument is made in terms of Marxist categories rather than geographic isolation or "comparative advantage."

Bickerton's challenge to Maritime Marxists is, nonetheless, to try to fit the social struggles of Maritime subordinate classes into a framework — necessarily "political" in the broad sense — which will prove him wrong. To do so necessarily means pulling together intra- and inter-class conflicts within the Maritimes in a single analysis combining (1) conflicts between Maritime and Canadian capitalists; and (2) the influence of subordinate classes in alliance with Canadian capital. Such a task is far from completion. Even so the outline we already have of the political economy of the Maritimes presents clear challenges to what has been written about "national" development as a whole.

To begin with, the term "Canadian" is something of a misnomer; a Canadian political economy of genuinely transcontinental scope has yet to be written. The label "Canadian" has been an umbrella under which the political economies of the country's many regions have sheltered; Canadian political economy has remained as unevenly developed as its subject. And though Canada may, as a collection of communities, actually resemble the Austro-Hungarian Empire, our understanding of its development should not remain as fragmented. What has usually passed as "national" political economy in English Canada has tended to be written from the perspective of the imperatives of Montreal-Toronto — if not just those of Southwest Ontario. If the West has attracted some attention and produced counter-themes that have penetrated to Toronto, the Maritime experience has not been seen as one calling for changes in the inter-
pretation of national development. If nothing else, the new work on the Maritimes demands that a Canadian political economy explain the whole country and has set out to try at least to link the rise, fall and continuing agony of the Maritimes to the course of Canadian development more generally.

But the Maritime work questions the themes and controversies of "Upper Canadian" political economy more directly since it has important impacts on the central preoccupation of Canadian political economy: the whole debate around the left-nationalist problematic. This radical revival of the Innis-Creighton tradition did not speak to the issues and needs of the Maritime region, and I agree with Sacouman that the Maritime literature questions a lot which that paradigm put forward: a one-class, class analysis of the bourgeoisie; the Naylor understanding of the capitalist class and Canadian development; the Innisian understanding of primary industry; and the left-nationalist understanding of Ontario's de-industrialization.

Naylor's thesis — that Canada's lack of industrial development can be understood as the result of the fundamental opposition between a financial-commercial bourgeoisie and an industrial (national) one — takes a severe beating from the new Maritime literature. In the Maritimes, merchants switched large amounts of capital from the sea-going economy in enthusiastic support for the National Policy and ISI. In Montreal and Toronto it was the union of bank and manufacturing capital that provided the basis on which Maritimes industry was driven to the wall, "branchplanted," and eliminated. Such facts at least cast doubts on Naylor's explanatory framework.

Both Sacouman and the present author feel that the left-nationalists' focus on the capitalist class as the proper object of study is wrong and that the Maritime work is a beginning for a more complex and dynamic class analysis. We also agree that work on the class structures and conflicts of the primary industries should replace the Innisian perspective on these industries, whose dominance in the Canadian economy is still a major question to be addressed.

It is also the long-ignored history of Maritime de-industrialization that throws the sharpest and clearest light on the central discovery of the left-nationalists: the de-industrialization of Ontario in our own time. As the import-substitution industrialization of Ontario led to the "branchplanting" of Maritime manufacturing, and left it vulnerable to being closed down by outsiders during an economic crisis, so the ISI of Ontario produced a branch-plant sector which has absorbed much of indigenous manufacturing; now, in a long period of sustained global crisis, the "rationalization" of continen-
U.S. manufacturing appears to be putting the costs of reorganization heavily onto the Ontario component of their operations, and American branch plants north of the border are being closed just as central Canadian branch plants left the Maritimes. It is uncertain if Ontario will be left in the same state of ruin as the Maritimes, but one cannot help feeling a certain sense of irony.

What is clear is that similar questions and problems arise in understanding both Maritime and Ontario de-industrialization: What is the nature of the dynamic of class relations within and between Ontario and the U.S. (including the question of "sell-out" and "cave-in")? Why do political parties and other political organizations seem unable to mobilize resistance? How dependent is the Canadian state (both federal and provincial) and why does it not act to counter the trend? The fact that Canada and the U.S. are separate "sovereign" states creates a somewhat different situation from that between Canada and the Maritimes, but similar questions arise about the relative importance of political domination versus economic process, and the failure of effective political-economic resistance to a threat to the hypothetical "national" interest. What is more, the same methods of analysis will need to be used in studying both the Canadian and Maritime cases.

Conclusion

This article is intended as a response to Sacouman's article, "The 'Peripheral' Maritimes and Canada-Wide Marxist Political Economy," in the hope of reinforcing his argument that the story of the Maritimes is central to our understanding of Canadian political economy, while at the same time offering a critique of the shortcomings of the Marxist "labour history" work on the region — and more generally.

The argument presented here is that capitalist development should be perceived as the social project of the bourgeoisie, not a process governed by automatic capitalist "laws of motion." The perception of the importance of politics in the explanation of capitalist development leads to a critique of the failure of Marxist work on the Maritimes to pay proper attention to it, and to the presentation of an alternative framework for the explanation of Maritime underdevelopment within Canada. It emphasizes the importance of Confederation as a political event that established the state framework and political-economic environment within which Maritime development was shaped. It argues that politics and federal policies have tended at least to intensify and calcify the regional effects of capital
concentration and centralization and, using Baker's work, presents a line of inquiry suggesting what may have happened and directing attention to areas in which more research is needed. This framework links the story and plight of the Maritimes to Canadian development as a whole, and provides a beginning for the other side of the story of "western expansion's" role in the consolidation of industrial and commercial development in Montreal and Toronto.

Notes

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5. Donald Creighton, Dominion of the North (Toronto 1972), 301

6. S.A. Saunders, Economic History of the Maritime Provinces, study prepared for the Royal Commission on Dominion-Provincial Relations (Ottawa 1939), 1


9. For example, see Saunders, Economic History. (See n. 6 above.)


13. Sacouman, "The 'Peripheral' Maritimes," 137. (See n. 2 above.)


17. Sacouman, "The 'Peripheral' Maritimes," 137

18. Brym and Sacouman, Underdevelopment, 9. (See n. 16 above.)

19. Ibid., 10-1


22. Acheson, "The National Policy." (See n. 12 above.)


24. Creighton, Dominion of the North, 301. (See n. 5 above.)


28. Ibid.


30. Baker, "The Underdevelopment of Atlantic Canada," 126-36. (See n. 27 above.)


32. Glen Williams, "The National Policy Tariffs: Industrial Development through Import Substitution," *Canadian Journal of Political Science* (June 1979), 333-68

33. See, for example, David Alexander, "Economic Growth" (see n. 7 above); or David Alexander and Gerry Panting, "The Mercantile Fleet and Its Owners: Yarmouth, Nova Scotia 1840-1889," *Acadiensis* (Spring 1978).

34. Alexander, "Economic Growth," 49

35. Acheson, "The National Policy," 15

36. Baker, "The Underdevelopment of Atlantic Canada."


38. Baker, "The Underdevelopment of Atlantic Canada," 54

39. Ibid., 128-9
40. Ibid., 126-7
41. Ibid., 138
42. Ibid., 136
43. Ibid., 143
46. Sacouman, “The Peripheral Maritimes,” 139
47. Baker, “The Underdevelopment of Atlantic Canada,” 180
48. Ibid.
49. Ibid., 181
50. Ibid.
51. Ibid., 201
52. Ibid., 201-2
53. Ibid., 203
54. Ibid., 209
55. Ibid., 7
57. Ibid.
60. Ibid.
61. Bickerton, “Underdevelopment and Social Movements,” 194-5. (See n. 58 above.)