

Canadian Regionalism: The Atlantic Development Board

C.S. Mackaay

Canadian Regionalism: The Atlantic Development Board,

a case study

by

Carole Mackaay, B.A.

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Mackaay, Carole Susan

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Department of Economics and Political Science,
Master of Arts.

Abstract

Since Confederation, regionalism has been a prominent factor in Canadian politics. Regional cleavages have been exacerbated by the existence of economic disparities among the regions of Canada.

To help alleviate regional economic disparities in the Maritimes, the federal government established the Atlantic Development Board. The Board failed to achieve its objectives due to the reluctance of the political élite to accept comprehensive planning and due to the administrative aspects of the organization which tipped the balance of influence in favour of Ottawa away from the region. Over-centralization vis-à-vis the region alienated the inhabitants from becoming involved in their own economic rejuvenation.

The Department of Regional Economic Expansion is a further attempt by the federal government to lessen regional economic disparities. In order to succeed, the department must generate participation among the region. It must do this through decentralization whereby regional authorities would have more power to initiate and implement their own priorities.

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PREFACE

Work on this paper has led me to a variety of individuals who have contributed generously when information or criticism was sought. I have had the pleasure of meeting some of the political actors, senior civil servants and academics concerned with the issues raised in this essay; to all of them (I shall not name any of them) I am grateful that they tolerated correspondence, phone calls, interviews and that they were so frank and generous in answering my probing.

I wish to acknowledge the Canadian Council of Resource Ministers for stimulating my interest in what proved to be a highly worthwhile exercise and for providing me with research facilities in the form of valuable literature.

Finally, I would like to thank my supervisor, Professor Michael Stein for his criticisms and encouragement.

CHAPTER ONE

INTRODUCTION: APPROACH AND ORGANIZING CONCEPTS

If you give a man a fish,
he will have a single meal.
If you teach him how to fish,
he will eat all his life.

Kuan-tsu

Regional cleavages define one dimension of Canadian experience which is constantly present. Since Confederation, Canadian leaders have attempted to create a Canadian political nationality which would attach the population to the nation as a whole as opposed to subnational units such as, the Maritimes, Quebec, Ontario, the Prairies and British Columbia. The size of the country and the resulting differences in climate and ecology have frustrated these attempts. At the same time, these subnational units have proceeded at different rates of growth with the result that per capita income varies significantly among them. For example, in the Atlantic provinces the average per capita income is only 68% of the national average.

Government of today has become committed to alleviation of economic disparities among these five units in the belief that equality of condition is a necessary element for building a common identity and creating national unity.

This proposition holds for all systems but it is more difficult to achieve in a federal system. By this last term is meant any system with two levels of government: a government of the federation as a whole and a set of governments of the member units, in which both levels of government extend over a common territory and people and each has the authority to make some decisions independently of the other.

In Canada, the B.N.A. Act provides us with section 91 which represents the exclusively federal powers and section 92 which represents the exclusively provincial powers. Judicial interpretation has blurred this division in some instances but the general rule prevails.

Provincial jurisdiction is exclusive for municipal institutions; local works and undertakings; property and civil rights; all matters of a purely local or private nature. Planning the provincial economy falls within the sphere of provincial authorities.

However, to alleviate regional economic disparities involves extensive planning of provincial economies and requires vast expenditures and investment. In Canada, only the national government has the information and trained personnel as well as the means to undertake such activities.

The problem is further complicated by the need in a federal system to clearly delineate the boundaries of each of the governments,

federal and provincial. In Canada, these boundaries were established at Confederation on other than economic criteria and over the years have become emotionally charged lines of vested political interests. For these reasons, existing political boundaries may impinge upon the complete solution of economic problems. In other words, an economic problem may not always terminate at a political boundary. Hodgetts puts the point succinctly:

Traditional political units are proving increasingly unsatisfactory in meeting demands of urbanization, industrialization and secularization. The functional responsibilities have spilled out over political boundaries while authority to perform the function remains legally chained to the traditional units of administration. And so, as functional responsibilities grow in number and expand in scope, the financial, technical, and manpower resources required for adequate performance need to be pooled across political boundaries. ¹

For example, from the point of view of a regional economic planner, it would be sensible to group together the Maritimes and eastern Quebec, ignoring political boundaries. This notion is impracticable for it conflicts with the traditionalism which inevitably accompanies vested interests.

In Canada, regional cleavages divide not only federal and provincial governments but alienate provincial governments from each other, sometimes advertently, sometimes inadvertently. An example of the former was seen when the Atlantic Development Board, the first agency to be given jurisdiction beyond single provincial boundaries,

1. J.E. Hodgetts, 'Regional Interests and Policy in a Federal Structure', Canadian Journal of Economics and Political Science, Vol. XXXII (February 1966), page 10.

was being established. A member of Parliament from Quebec requested that in addition to servicing the Maritimes, the Board's activities should also extend to eastern Quebec. The issue was contested and rejected for parochial reasons.

An example of inadvertent competition between provinces is evidenced in such exclusively provincial spheres as inspection and licensing. Because each of the Atlantic provinces has its own inspection policies, the marketing of agricultural produce and live-stock for the region is chaotic where it could be much simplified if uniform standards could be agreed upon. (Prince Edward Island produces much of the dairy products for the region; but different standards make marketing extremely complex.) What has been missing is administrative machinery to achieve the coordination necessary.

Similarly, each of the Maritimes has different loading standards for its trucks. This creates unnecessary confusion and expense. It is felt that before any more federal money is given for highway construction in the Atlantic region, the provinces concerned will have to agree on standardized licensing and loading procedures.

Finally, implementation of policies to reduce economic disparities is hindered by the administrative organization of governments both at the federal and provincial levels. At present, departments of government are single function monoliths. There is a Department of Fisheries, Agriculture, Forestry, Energy, Mines and Resources, etc.

This type of single function organization is reproduced at the provincial level. What is required in regional planning is a multi-function approach to administration. The Atlantic Development Board, the first example of this type, was involved in fisheries, forestry, energy, etc. To do its work it had to pool information from each of the traditional departments and integrate the information in relation to the region. Thus, its competence overlapped with many departments at the federal level. At the provincial level each of the premiers designated an official who would channel the information from departments in the province and then relay it to the Board. This was an ad hoc arrangement to fill a need that had gone unnoticed for so long. Thus, part of the effect of the Board was to reorient the traditional administrative structures in the country.

The Atlantic Development Board (ADB) was authorized "to prepare a general plan in consultation with the Economic Council of Canada for the promotion of the economic growth of the Atlantic region of Canada". Its jurisdiction which exceeded a single provincial competence made it adverse to the traditional provincial unit; its limited size to monolithic bureaucracy; its planning function to single purpose structures. Its focus was on change and it was oriented to an economic region rather than a political province, although the exclusion of eastern Quebec was based on a non-economic rationale.

The Board was concerned with regional economic planning and development. In this essay we shall assess its operations.

Chapter I will delve into the literature concerning the concepts of 'region', 'planning', and 'development'. Chapter II will introduce the Board and define its operations. An account of the Department of Regional Economic Expansion in relation to the ADB will be presented in Chapter III. Chapter IV will evaluate the ADB and discuss the potential of the Department of Regional Economic Expansion. The concluding chapter will attempt to place the problem of regional economic development within a perspective of current trends in the Canadian federal structure.

REGION

There are many types of region defined by different criteria: geographic, economic, administrative or political. The latter two, discussed earlier, involve areas bounded by politically constituted borders. The authors of a report to the United Nations distinguish regions according to the following characteristics:

- a) single purpose or limited purpose region;
- b) frontier region;
- c) depressed region;
- d) metropolitan region and hinterland;
- e) economic region or political jurisdiction established under a nation-wide plan of regionalization. ²

2. Design for a Worldwide Study of Regional Development: a Report to the United Nations on a Proposed Research Training Program (Washington, D.C.: Resources for the Future, distributed by The Johns Hopkins Press, Baltimore, Md., 1966), pp. 3-4.

The first two delineate a region according to geographic criteria; the third according to economic; the fourth to administrative and the fifth according to political criteria.

The Atlantic region might be considered under some combination of the above but it is primarily a depressed region in terms of economic indicators. Thus, the focus of this essay is the economic region.

However, within the broad category of economic region further classifications exist. Many studies devoted to the question of defining economic regions conclude that no unique definition satisfies all requirements; instead the appropriate definition will depend upon the purpose of the analysis and the objectives of the policy. Economic regions can be determined by their geographic characteristics. The distinction is made between single feature and multiple feature regions. The former have been defined as homogeneous with reference to one or many factors, e.g. a river basin study.

Multiple feature systems are defined to include not only geographical features but also economic criteria. Brewis and Paquet define such a system as follows: an integrated system of relationships between economic elements woven around a growth pole.³ The concept involves more than a single purpose region and includes examination of flows of goods, money or information to and from markets. The emphasis gradually shifts to examination of the best markets and the most efficient coordination of activities around the markets. The work of the ADB planning division is directed to an analysis of this type for the Atlantic region.

3. T.N. Brewis and Gilles Paquet, 'Regional Development and Planning in Canada', Canadian Public Administration, Vol. XI, Summer 1968.

Kruegar in defining a multiple feature region stresses the common political and social culture among the population which establishes the boundary of a region. "A region is a subnational economy which constitutes a significant portion of a national unit with recognized common identity." ⁴ An example of this is the Atlantic region where a common history and economic fate unite the four Atlantic provinces. In this instance the political boundaries are coincident with and reinforce the economic region.

The Economic Council of Canada presents a general definition which we will adopt. "An economic region is a geographic area that is essentially homogeneous in respect of one or more important attributes. Among these may be included physical features and resources, structures of economic activity, market size, economic performance, administrative jurisdiction and social and cultural features." ⁵

PLANS AND PLANNING

Planning for a region has an economic and political component. The latter deals with the authority to plan as well as the normative issue of how to plan in a democracy. The former is concerned with the efficient rationalization of economic factors. For example, the ADB planning division examines the capacity of a region to create jobs in

4. R. Kruegar, F. Sargent, A. deVos, N. Pearson, Regional and Resource Planning (Toronto: Holt, Rinehart and Winston, 1963).

5. Economic Council of Canada, Second Annual Review (Ottawa: Queen's Printer, December 1965), page 98.

terms of a) what it is physically possible to produce given the resources; b) what it is economically feasible to produce given the competitive structure of particular industries; c) what is socially or politically possible given the constraints on social and economic change.

- Economic Component

According to Brewis and Paquet, a planning process might be most usefully analyzed by a technique suggested by Malinvaud and which consists in asking six questions:

1. What message flows from planner to plannee?
2. What response comes from plannee to planner?
3. What is the merit criterion of the plannee?
4. What is the merit criterion of the planner?
5. How does the exchange of messages start?
6. When does this process of exchange stop?

In the best of all worlds plan implementation would be well integrated with plan formulation.⁶

ADB officials view planning in essentially the same way. Planning is a continuing and circular process. It has its origin in the reality of current economic conditions. It is the formulation of a set of hypotheses about what action might influence the course of development of the economy toward given goals.

6. Brewis and Paquet, op.cit., page 129.

An economic plan is an internally consistent and integrated system of policy and project proposals arranged in order of priority and scheduled over a period of time. The hypothesis is tested during implementation and revised in the light of current experience and changing needs. Thus, the circularity and continuity of process.

Benjamin Higgins, in discussing the economic component of planning stresses that regional planning involves testing the consistency of regional plans with each other and with the national plan. Ideally, an aggregation of regional plans would add up to an overall allocation of land, labour and capital for the economy which would be identical with the allocation required by the national plan.

A regional plan, continues Higgins, should begin with surveys of natural and human resources, for example, input-output matrix, linear programming to assure consistency, incremental capital output ratios and incremental capital employment ratios applied to budgets, industrial complex analysis and cost benefit analysis for assigning priorities.⁷

The ADB has had specific competence in only one region, and though they would probably agree with Higgins, have not placed priority on national-regional plan integration.

L.O. Gertler defines the regional planning process as a succession of responses to a succession of challenges which occur in

7. B. Higgins, 'The Concept of Regional Planning', Canadian Public Administration, Vol. IX (June, 1966).

four phases:

Phase 1: A strategy for growth - a strategy for working out the direction, sequence and extent of development.

Phase 2: Protection of the land.

Phase 3: Towards optimum resource use and planning.

Phase 4: Integration with broader levels of planning.⁸

This definition combines elements both of Brewis and Higgins.

- Political Component

Higgins notes that regional planning is a plan for a region as a separate economy. It has some authority which has regulatory and... fiscal powers for the geographic unit. The establishment of the planning division and the Development fund gives the ADB some authority in these areas.

Eric Beecroft holds that budgetmaking is possibly the most crucial exercise, the indispensable catalytic operation to make regional planning successful. He writes:

There has been little communication so far between, on the one hand, those who manage the processes of financial planning and financial decision-making and, on the other hand, those who are developing regional science. If we are interested in action oriented regional analysis, the process of budget making is a vital matter requiring study and experimental effort.⁹

Finally, H.E. English identifies five stages in the democratic planning process:

8. L.O. Gertler, 'Regional Planning and Development', Resources for Tomorrow (Ottawa: Queen's Printer, 1961), page 396.

9. Eric Beecroft, 'Financial Planning in Regional Development', Canadian Public Administration, Vol. IX (June 1966), page 194.

- a) the choice of broad national objectives and priorities among them.
- b) the gathering of information.
- c) consultation between government and various groups in the economy.
- d) a setting up of plans - specific targets or coordinated policy programs.
- e) attempts to achieve planned objectives through a spread of information governing public decisions and through public policy changes.¹⁰

The ADB is not unconcerned with democratic planning. It has maintained it is preparing a plan for all those who have decision-making responsibility for economic policy in the region. Plans must be jointly formulated with federal and provincial governments and coordinated with plans of the private sector.

DEVELOPMENT

The theory of economic development has evolved mainly on the basis of a consideration of national economies. Current popular usage classifies countries according to whether they are in the mature stage of economic development, beyond take-off stage, sooner or later to reach take-off stage, or still traditional societies. Little is known about the factors involved in local economic growth, that is, growth at the subnational level.¹¹

APEC defines an economic development program as a formal effort, either public or private, that is designed to encourage the economic growth of the area.

10. H.E. English, 'The Nature of Democratic Planning', Canadian Public Administration, Vol. VIII (June 1965), page 129.

11. Atlantic Provinces Economic Council, 'Local Initiative and Area Development Administration in the United States', Pamphlet, No. 6, Fredericton, 1963.

The chief objective of development programs of all types is industrial development. Efforts are devoted toward attracting industry to bolster local payrolls, to diversify the local economy and to increase the municipal tax base. The largest part of expenditures in these programs is devoted to promotional activities. Expenditures for real estate acquisition and improvement, planning and plant financing rank next in importance after promotion.¹²

Higgins maintains that economic development means eliminating the lagging sectors and taking full advantage of the leading sectors or growing points; maximizing the spread effect ¹³ of growth where it occurs and overcoming the tendency of productivity of leading and lagging sectors to pull further apart.¹⁴ This has been one of the goals of the ADB.

REGIONAL ECONOMIC PLANNING AND DEVELOPMENT

It is in the interrelationship of these concepts that the regional development process lies. Brewis and Paquet posit that the region is the spatial dimension of interaction between planning and development. Although it is preferable to define an economic region in terms of the criteria mentioned earlier, often, for political, administrative, or financial reasons a region cannot be so delineated. In such instances, the scope of the plan has the effect of delimiting the region. Planning then defines the region and molds development.

12. Atlantic Provinces Economic Council, op.cit., page 13.

13. Certain industries have the capacity to attract other industry and generate growth in additional sectors of the economy. This is called a spread effect.

14. Higgins, op. cit., page 172.

Higgins tries to show the interrelationship of these concepts in the following:

An economic development plan must be defined in terms of inter-sectoral and so inter-regional relations. In short, economic development is concerned with inter-spatial relationships and urban-rural relations.¹⁵

In this essay, by regional economic planning and development is meant those policies and activities which are promoted to foster self-sustaining industry and per capita growth in the four Atlantic provinces of Canada. The authors of the report to the United Nations find that after examination of the nature of major regional development efforts around the world, certain common objectives are shared by all, with the differences appearing largely in the priorities accorded to each and the context within which these objectives are to be achieved.

Regional development efforts are attempts to forge new linkages. The possible objectives are tabulated:

- a) an increase in national production, income and employment;
- b) evolution of an improved pattern of rural and urban human settlement and productive activities;
- c) differential improvement in a region's levels of living compared to the rest of the nation so as to promote equalization of income and opportunity;
- d) integration of a region into the national culture or inversely, regional development efforts are undertaken to maintain the cultural identity of the region or various regions within the nation.

15. Higgins, op.cit., page 172.

- e) Advancing the social development of the region;
- f) Evolving an improved organizational and administrative form for carrying out economic and social development objectives.¹⁶

The tools whereby these linkages are formed are the establishment or encouragement of directly productive job-creating and income-increasing investment flows, infrastructure investment flows which look toward the development of natural resources, the improvement of human resources and the extension of the transportation and communication links as well as essential social and economic overhead and the encouragement of migration when this is essential to the achievement of some reasonable relationship between population and productive opportunities and when the movements of population are not by themselves adequately equilibrating.¹⁷

- An Approach to regional economic development

This approach is predicated on the assumption that the environment within which any regional development program is undertaken is the determining factor of the results produced. The framework of law, the nature of indigenous political institutions, the structure of governmental activities and the quality and character of administrative practices constitute important elements of this environment. To foster regional economic development involves the ability to work within or to modify these political and administrative elements.

16. Resources for the Future, op.cit., page 12.

17. Ibid., page 22.

- Framework of law

The legal framework establishes the structure of government and the relationship among governmental institutions. It defines the power of each level of government, their interrelationships and the authority of governmental agencies. It provides the ground rules or the policies which govern public decision-making, including investment decisions of all kinds. The general purpose of studies of the framework of law in the context of a regional development program should be to understand the relationship between the pattern of law and regional advancement. This should lead to a better appreciation of how the development program can best be fitted into the legal framework and alternatively, how the law might be adjusted to foster regional growth.

In a federal state, it is vital to understand what power the national government may exercise in the conduct of the regional program and to what extent the regional effort must be a cooperative effort between the national government and the states, provinces or republics within which the region lies or which the region transcends.

Laws may not be consistent with one another and existing law may preclude initiation of desirable programs. What the law specifies in this regard is basic to an appreciation of changes required.

Special attention should be given to the law which authorizes the regional development program. The purpose of this examination would be to assess the adequacy of the legal foundation for the regional development effort. Does it provide sufficient authority to conduct the

range of development programs that merit consideration? Does it fix responsibility at a level that will permit prompt and decisive action? Responses to these questions involve not only the application of legal expertise but, in addition, require the assessment of public administration specialists and economic development specialists.

- Political Institutions

The decision to embark on a regional development activity must of necessity be a political one because national aspirations and goals are established through political processes. Implicit in this conception is the recognition that whatever form of government a nation may have, the sources of political power and influence must support the regional development effort. Accordingly, the objectives and goals of a regional program are formulated through the political process. A political decision must determine, for example, whether the purpose of the regional development program is primarily to meet certain social objectives such as income equalization or whether the program is designed to add materially to the nation's productive capacity and is therefore primarily economic - social increments being incidental. Similarly, only the political leaders can direct the allocation of the national and subnational resources necessary for the execution of the programs.

It is the political leadership which must display a willingness to consider quite novel proposals. Unlike grants-in-aid or accelerated depreciation allowances, regional economic development policies are not yet part of the conventional wisdom and have yet to be fully accepted by

governments. Only dynamic leadership can overcome the inertia which comes with traditional approaches to economic development. In addition, in a federal structure, the task of implementing regional economic development policies is difficult for reasons discussed earlier. Leadership must recognize and accept the probable necessity for a re-adjustment of the machinery of government, most of which is designed for non-development purposes and in no instance for development through a regional mechanism.

Thus, a program of regional development is considerably more than a technical exercise. It requires a high level of technical and administrative competence, but the system of organization and administration must be so fitted into the political structure as to be conducive to political aspirations and objectives. The corollary of this idea is that there must be a channel of communication between those who conduct the program and the sources of power. In this way the administrators of the program are sensitive to political objectives and the political leadership is cognizant of the full implications of technical findings for the size and nature of the program. A hiatus between the sources of political power and those administering the regional development program is likely to spell failure.

The effectiveness of the regional development program will be determined in large part by the attitudes and participation of the vast number of people who are affected by it. What have been the channels of communication between the people and the administrators of the regional

development effort? The regional development program cannot be fully effective unless there is strong indigenous support within the community.

- The Pattern of organization

In most countries of the world a pattern of organization has tended to evolve which may be characterized as functional. Usually there is a ministry of agriculture, a ministry of mining, a ministry concerned with power development, a ministry of transport and so on. A regional development effort is of course concerned with all of these functions and many more. As a consequence, practically every regional development has involved the establishment of special arrangements cutting across the traditional patterns. Sometimes this involves the creation of a new regional authority with broad powers; in other cases it involves new tasks given to existing units or new forms of interagency cooperation. Often sharp conflicts develop between traditional organizations and the new regional development organization or cooperative grouping. In a number of instances the old line organizations with political support, deeply rooted throughout the country, have gradually been able to undermine the authority of the regional organization and eventually assume its responsibilities. It is also important to recognize that even though a large measure of authority and responsibility is assigned to a regional development agency, it is almost never possible to give total responsibility to such an agency. Invariably there needs to be developed a system of relationships with other governmental entities responsible for programs which bear upon regional development. Thus, the structure of organization for regional development poses an unusually perplexing set of problems.

Closely related to the problem of unnecessarily complicated administrative processes is the difficulty created by an entrenched civil service. This is more true of some developing countries. Special attention should be given to the influence of the civil service system on the conduct of the regional development program. Is it responsive to public opinion? Does it inhibit innovation and change?¹⁸

The analysis of the ADB will focus on the operative environment of the Board. The Acts establishing the Board will be studied under the legal framework. The channels of communication, cooperation, coordination and conflict which existed between the Board and the political leadership, existing federal and provincial departments of government and private organizations will be explored. Finally, the reciprocal effect of the environment on the Board's policies and programs will be assessed.

- The Canadian Environment

The Canadian environment was not really prepared for the ADB at the time the Board was created. Canada's multiple internal boundaries lacked any obvious economic rationale and she had been slow in developing growth policies to reduce economic disparities. To quote Brewis and Paquet:

There are no government-backed national objectives into which regional growth development objectives would be fitted; nor are there such objectives at the provincial level for sub-provincial areas. In short, we are faced in Canada with regional boundaries rarely determined by economic development objectives.¹⁹

18. The approach which has been outlined is suggested in the Resources for the Future publication already cited.

19. Brewis and Paquet, op. cit., page 135.

What we had in Canada was a combination of miscellaneous goals defined by a number of agencies informally working in a somewhat complementary way but with an almost non-existent unifying and overall direction.

There was information gathering, much of it only tenuously related to specific action, but there was little or no indication of how the system was supposed to work, how one region was related to another in the national context or what should be the timing of specific steps. Issues were discussed and reasonable projects were studied and approved, but all this activity occurred in a very unintegrated way.

The lack of integration between elaboration of regional policies and the broader framework of the larger units explained and illustrated the extent of the chaos on regional issues. With little to guide the elaboration of sound regional policy based on national priorities, freedom was left to many agencies to pursue contradictory policies. For example, the effect of the ^{Area Development Agency} program was to give incentives to industry with the least chance of growth. The criterion adopted by ADA for granting aid precluded growth centres. On the other hand, ADB objectives were to phase out unprofitable industries by concentrating on promoting growth centres. These policies coexisted from the time the ADB was established until 1969, when the Department of Economic Expansion revised the ADA program hitherto under the Department of Industry.

In 1961, Gertler, from a study of provincial legislation and the few appraisals available, and from correspondence and discussion with

planners in every province, observed the following:

- a) the planning function covers the urban central region in only a few areas of the country, the lower mainland region of British Columbia and the planning districts of Alberta.
- b) In all provinces, with the exception of Alberta and Newfoundland and in a qualified way Manitoba and Quebec, the regional planning bodies that can be established are advisory.
- c) In most areas, provincial financial support for joint or regional planning agencies, while often substantial, is not provided on a regular basis.²⁰

Hugh Whalen, writing four years later, noted that in Canada there has always been a lack of coherence in federal policy with respect to the major economic regions, due in part to inter-provincial competition, the inevitability of compromise solutions procured by the need for federal-provincial agreement on outstanding issues, and the continuing frustration and lack of decisiveness in the face of centrifugal forces. The pattern of regional demand articulation and the resolution of inter-regional conflicts is a major element in Canadian politics and is institutionalized in executive processes through such conventions as provincial representation in the federal cabinet.²¹ In fact, conditions had not changed.

20. Gertler, op.cit., page 402.

21. Abraham Rotstein, ed., The Prospect of Change (Toronto: McGraw Hill, 1966), page 143.

CHAPTER TWO

THE ATLANTIC DEVELOPMENT BOARD

Would you barter the rights that your fathers have won,
No, let them descend from father to son,
For a few thousand dollars Canadian gold,
Don't let it be said that our birthright was sold.

Nova Scotia's face turns to Britain
Her back to the Gulf;
Come near at your peril
Canadian wolf.¹

Background of the Economic Problem in the Atlantic Region

During the last century the Maritimes were an integral part of the old British commercial system. In 1867, the Maritime economy was a highly integrated one, based on forestry and fisheries products for sale on world markets. By mid-nineteenth century, Nova Scotia was one of the world's great commercial powers holding fourth place in registered tonnage of shipping. All other activity was geared to support these leading industries. A continued equilibrium depended on their stability.

Shortly after the middle of the nineteenth century, a combination of circumstances began to undermine and finally destroy the basis of prosperity. The best and most accessible timber resources became depleted. The commercial privileges contained in colonial preference and the Navigation laws were repealed. Finally, the steamship had begun to displace the wooden sailing ship in ocean transport.²

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1. G.A. Rawlyk, "Nova Scotia's Regional Protest, 1867-1967", Queen's Quarterly, Vol. LXXV, No. 1, page 106.
 2. A.C. Parks, "The Atlantic Provinces of Canada", in T. Wilson, ed., Papers on Regional Development (London: Basil Blackwell, 1965), page 77.

The political events which culminated in 1867 in Confederation together with the railway influenced a new approach to economic development in the Maritimes. It was hoped that the railway might open new markets in central Canada for coal, fish and manufactured goods and draw the commerce of the interior to Maritime ports. Thus, the Maritimes began to turn from overseas markets to the continent behind them as a basis for prosperity.

But the economy of the Maritimes proved to be competitive with and not complementary to that of central Canada. At the same time the hope of drawing substantial central traffic to Maritime ports did not materialize. Railways were constructed linking the Maritime ports of Halifax and St. John with central Canada but the higher cost of railway over water transport resulted in Canadian traffic being drawn to St. Lawrence and American ports. The Maritime provinces, then, their old economic base gone, failed to respond to new policies of transcontinentalism and entered a period of virtual stagnation which has persisted in varying degrees to the present day.

R.D. Howland, writing for the Commission on Canada's Economic Prospects, describes the situation in this way:

It may be said that much of the difficulty of the Maritime region stems from the fact that the economy reached a relatively mature stage of development on the basis of one set of circumstances and was required to adjust to another set. In many instances prior development added difficulties to the type of development which the new circumstances required and resources were less adequate for those circumstances. The difficulties of the region were aggravated by the necessity of adjusting to new fiscal and commercial policies which in themselves tended to impinge on certain important economic activities of the region and which coincided in time with the former difficulties.³

3. R.D. Howland, Some Regional Aspects of Canada's Economic Development (Ottawa: Queen's Printer, 1957), page 187.

The condition persists. In a submission to the Special Committee on Science Policy of the Senate of Canada, the ADB freely admits its limitations. For most of a century, the performance of the Atlantic regional economy has compared unfavourably with that of the rest of Canada. With the exception of the two wartime periods, the region has experienced slower economic growth, endured higher unemployment, and has seen a steady loss of much of its natural increase in population to other regions. Although a complete and definitive explanation of this phenomenon still appears elusive, certain causes can be identified. Some of the more important ones are: the location of the region which, in many respects, is peripheral to the Canadian economic heartland; the small size and the widely dispersed settlement pattern of its population; inadequate labor force skills, both in management and in production; lower proportion of the population in the active work force; higher unemployment with greater seasonal employment swings; lower productivity due to deficiencies in education, natural resources, and public services; insufficient capital, either for infrastructure or for directly productive enterprises; and effect on the region of national economic and trade policies.

In the past decade (1958 - 1967), the region averaged 10.2 per cent of the national population and 8.6 per cent of the national labor force. Unemployment in the region averaged 9.3 per cent of the regional labor force, as compared to the corresponding national figure of 5.4 per cent. Income per person in the region averaged 68.8 per cent of that in the country as a whole.

The above indicate some aspects of the region's economic problem. However, regardless of the relative importance of specific causes of the region's state of economic underdevelopment and inadequate income opportunities for its population, two important facts stand out: a) the economic malaise is evident in the region as a whole and to some degree, in virtually every economic sector; and b) despite all the efforts to deal with the problem to date, there is as yet no significant and convincing evidence of a breakthrough. The facts strongly convey the conviction that what is at work in the region is a veritable system of economic retardation in which all the elements of cause and effect interact in mutual reinforcement. This renders partial and remedial measures largely ineffective and useless.⁴

Origins of the Atlantic Development Board

Various authors stress particular factors but all point to the chronic condition of unemployment and under-employment. Each group which has been authorized to study the area and make recommendations has stressed different solutions. There have been many such groups. Conservative M.P. Carter, speaking in the House of Commons on February 26, 1962, notes:

... no less than fourteen royal commissions have been set up at various times to study different aspects of the problems connected with the economy of the Atlantic provinces ... out of the recommendations have come such legislative terms as trade subsidies, freight rate assistance, coal subventions, equalization grants and the establishment of the Industrial Development Bank, special grants, increased subsidies and subventions for coal, small loans to business and other fiscal measures such as deferred depreciation.⁵

4. The foregoing has been extracted from a submission by the Atlantic Development Board to the Special Committee on Science Policy, February 1969, pp. 2 - 3.

5. House of Commons Debates, November 5, 1962, page 1271.

Certain studies stand out as significant in the development of the ADB.

- Howland Report

Howland emphasized the high incidence of marginal activities in the Atlantic provinces. These reflected the slow rate of investment and an adjustment to continued economic stagnation and accounted for the inevitable rise of poverty so that there is a self-perpetuating misuse of manpower and land. Transportation and other aids have not been adequate to counteract factors leading to separation of the region from its traditional markets and to a continuing process of economic isolation. The cure of the problem must be expected to come from further resource development and creation of conditions which will attract capital. It is thus important to relate improvements in transportation or other public services such as power to this purpose.

The financial position of the governments of the Atlantic provinces precludes their undertaking the heavy investments which must be contemplated in carrying out the necessary resource exploration and providing the additional services required.⁶

- The Gordon Commission

Based on the above study by Howland, the Commissioners of the Royal Commission on Canada's Economic Prospects recommended that the Atlantic provinces make expenditures to develop basic public facilities, i.e. transportation and power (infrastructure). They expressed the opinion that a better knowledge of resources of the region and better land use

6. Howland, op.cit., pp. 6 - 7.

were needed. Significantly, the Commissioners felt that it was desirable to fit the various measures into a comprehensive economic framework to achieve a fuller and more efficient use of resources. In pursuing these objectives it might be desirable for parts of the labour force to switch occupations and relocate, not only within the region but also, outside, if necessary. This reference to out-migration triggered a barrage of criticism and certain major suggestions of the commission were ignored. Among those was one that federal funds be provided to assist in the economic development of the Atlantic provinces and that these be supervised by an appropriate federal agency (Capital Projects Commission), in accordance with an overall plan to strengthen as much as possible the basic economic structure of the region.⁷

- Cairncross Report

In the summer of 1960 A.K. Cairncross was imported from Scotland to study and make recommendations on the economic development of the Atlantic provinces.

His report, which he submitted after 5 weeks travel through the Maritimes, became a cornerstone of future economic development efforts. His focus was on fiscal policy and incentives to industry. But, he stressed as had others earlier, the poor climate which existed for investment and the lack of education facilities.

- Atlantic Provinces Economic Council

The Atlantic Provinces Economic Council is a non-profit, non-

7. See T.N. Brewis, Regional Economic Policies in Canada (Toronto: Macmillan Co. of Canada Ltd., 1969), page 174. Such a fund was not voted until the Liberals assumed power in 1963.

political organization formed in 1954 to promote and encourage the economic and social development of the whole Atlantic region.

In a submission to the Atlantic premiers conference of 1961, APEC noted that federal assistance was concentrated largely on items which maintain incomes but do little or nothing to increase productivity. They claimed that income maintenance policies should be supplemented by capital creating policies. Then followed two recommendations:

- 1) the establishment by the Government of Canada of a capital fund for the Atlantic provinces to which provincial governments may apply for grants to assist in economic development by means of "cornerstone" industries, industrial estates or similar measures to encourage the location of industry, together with an appropriate agency to administer the policy.
- 2) the establishment by the Government of Canada of an agency to expand public investment in the region similar to a Capital Projects Commission. This agency would examine and report upon the feasibility of basic public facilities needed to encourage economic development in the Atlantic provinces. At present, a number of such projects clearly need the objective independent study that such a body would provide.⁸

In July 1962, APEC recommended to the Atlantic Premiers that, in view of the fact that rapid expansion of public and private investment would require considerable forethought, planning functions should be included in the above to establish the framework for channelling aid to the Atlantic provinces.

APEC also had important linkages to the people of the region. Through the provincial presses, notably, the Fredericton Gleaner and the Atlantic Advocate, they mobilized local M.P.'s as well as the people to an awareness of the depressed nature of their region compared to the rest

8. Atlantic Provinces Economic Council, Submission to Atlantic Premiers Conference, Halifax, 1965, page 13.

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of the nation. They published statistics which had hitherto been available only through official governmental sources in unedited form.

Personality

The groundwork had been completed; all that was needed was a catalyst to translate thought into action. The catalyst materialized in the unexpected intervention of John Diefenbaker. Influenced by the conviction of his close friend, Brigadier General Wardell, editor of the Fredericton Gleaner and the Atlantic Advocate, the Prime Minister agreed to back the Atlantic provinces in their demands for parity with the rest of Canada. He appointed as his spokesman, the Honourable Hugh Jon Flemming, minister of National Revenue and Forestry and senior minister from the Atlantic provinces, to lead the debate in the House. Until its transformation in 1969, the ADB was always responsible to the senior minister from the Atlantic provinces regardless of the minister's portfolio.

ATLANTIC DEVELOPMENT BOARD ACT, 1962

In the Throne speech of 1962, the government expressed its intention to establish a development board to advise on measures and projects that would promote the economic development of Canada's Atlantic region. A resolution to that effect was introduced in the Commons on December 4th and was given its first reading. It read as follows:

That it is expedient to introduce a measure to establish an Atlantic Development Board and to define the duties thereof, to provide for the appointment of the chairman and other members of the board and for the payment of certain expenses of the members thereof, to provide for an appointment of an executive director of the

board and for the payment of his remuneration, to provide further that the board may engage the services of such advisors and staff as may be necessary to enable it to carry out its duties and to provide further for other related and incidental matters.⁹

In introducing the bill, Mr. Fleming envisaged the ADB as an arm of the federal government to be consulted by the provincial governments and by industry in general with a view to rendering real assistance in every sector of the development of the region. He hoped to consider the Atlantic provinces as far as possible as a unit.¹⁰

Further, "the board shall assist and encourage new resource exploration and development and the location of cornerstone plants, the development of primary resource industry or secondary industry related industrially or economically to the primary industry ... "

During the debate certain criticisms were levelled which were later to prove founded. Mr. Douglas (N.D.P., Burnaby-Coquitlam) noted the potential difficulties of coordination:

We are now going to have four planning groups. We are going to have the National Economic Development Board, the ADB, an enlarged National Productivity Council, and an industrial manpower adjustment council, all four of them with terms of reference which are overlapping, all of them responsible to a different minister and none of them tied to the government.¹¹

The Act to provide for the establishment of an Atlantic Development

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9. Debates of the House of Commons, December 4, 1962, pp. 2286-87.
 10. Debates of the House of Commons, December 4, 1962, page 2291.
 11. Debates of the House of Commons, December 6, 1962, page 2392.

Board cited as the Atlantic Development Board Act received royal assent on December 20, 1962.

Under its provisions the "Atlantic region" comprised the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. (In the debate on the bill, there was a suggestion by a member from Quebec that eastern Quebec be included as its economic problems were similar to that of the region. This was not pursued because Maritimers refused the intrusion of "foreigners". This parochialism would manifest itself in other instances and was to be one of the factors inhibiting a thoroughly "regional" approach to economic development.)

The Atlantic Development Board, 1963

The ADB never functioned under the provisions of the 1962 Act. General elections were called and held in the spring of 1963. The speech from the Throne was prepared by the Rt. Hon. Lester Pearson with provisions for immediate amendment to the ADB Act.

The new helmsman, the Honourable Jack Pickersgill, Secretary of State and later Minister of Transport announced that the Board's members would be increased from 5 to 11; an ADB fund of \$100 million would be created for financing or assisting to finance programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financial arrangements were not available; that the Board's life would end on January 24, 1969.

(The planned death of the Board was hotly contested and finally this clause was deleted.) ¹²

12. It is purely a coincidence that the Board's activities did, in fact, terminate early in 1969.

The debate which ensued was highly partisan. On increasing the membership of the Board Mr. Coates (P.C., Cumberland Colchester North) remarked:

... the Liberal government of today have informed the people of the Atlantic area that they are going to provide them with the most expensive funeral the Atlantic provinces have ever seen. They have informed us that they are going to provide six Grit pallbearers to go with it ... 13

Fleming summed up the Conservative position by declaring the increased composition to be a political gimmick to outvote the five Conservatives appointed by the previous government and that the Liberals were lengthening the Board, not strengthening it.

The Liberals maintained that the Board should be more representative. "There is no one from the fishery industry; there is no one from the great timber industry which is the largest of all industries of the Atlantic provinces; there is not a coal miner or anyone representing the mining interests, and there is no one representing agriculture."¹⁴

However, the Conservative charge was not unfounded. Appendixed ¹⁵ is a list of all ADB members from 1963 to the present. Of the twenty-one members, the first five represent Conservative appointments. These men were either avowed Conservatives, heads of large business concerns, members of "establishment families" or some combination of the above characteristics.

The Liberal appointments which were being contested during the debate are the six subsequent ones on the list. Of the six, two were

13. Debates of the House of Commons, May 22, 1963, page.162.

14. Debates of the House of Commons, June 18, 1963, page 1316.

15. See Appendix 1,

avowed Liberals including the chairman; one was head of the Maritime trade unions. Most of the new members were either prominent businessmen or members of "establishment" families.

All the Conservative appointments were allowed to serve their terms and some were even reappointed. The only one to be eased out was the former chairman, Brigadier Wardell, who was proving an embarrassment to the government.

What is more interesting is that the Liberal appointees after 1965 were clearly avowed Liberals in much greater proportion; of the ten members in this group, eight were Liberals. Yet opposition M.P.'s did not raise this issue in the House.

Therefore, from a democratic point of view, the Board was not representative of the region. The vast majority of members were wealthy businessmen who supported one or the other major political party. No academics were ever appointed and only one person from labour was included.

However, the combination worked well together. Amongst the men there was a strong identity of interest and similarity of approach to problems. They were men of action who evaluated projects through the eyes of business and pushed for their completion.

The Atlantic Development Fund

The 1962 Act contained no provision for a fund. The Board was solely advisory and it was expected that whatever worthy recommendations would be made by the Board could be executed by existing agencies and departments of government.

The Liberals, following recommendations of the Gordon Commission

changed the nature of the board. In the election which had just passed, faced with the Conservative fact of the Board, Liberals, too, had to demonstrate their commitment to the chronically depressed region. The fund of \$100 million, later increased to \$150 million in 1966 was fulfilment of an election promise and evidence of a desire to change the situation as it existed in the Maritimes.

The issue became highly controversial, with fears voiced on all sides. There was fear that a fund would never be adequate as well as fear that a fund would give too much power to the ADB, e.g.

The ADB is just what its name implies. It is an agency concerned solely with the Development of the Atlantic provinces. It has no funds to spend. It is no super government, no intercessor between federal and provincial administrators, no buffer between Ottawa and the just demands of the region ...¹⁶

Neither of these fears were ever justified. The crucial feature of the fund was that it put the Board closely under the thumb of the Treasury Board and thus lessened its autonomy.¹⁷

Mechanics of the Fund

The Atlantic Development Fund was established as a special account in the Consolidated Revenue Fund. To it would be credited payments made by the federal Minister of Finance on the recommendation of the minister designated for purposes of the ADB Act. Disbursements by the Board on "such projects and programs that have been approved by the Governor in Council" would be charged to the fund.¹⁸

16. Debates of the House of Commons, May 22, 1963, page 163.

17. Discussion will follow in Chapter IV as to whether the fund was beneficial to regional development.

18. The Governor-in-Council has the final word on expenditures. But usually authority is delegated to the Treasury Board, a committee of the cabinet. However, a minister can appeal over the head of the Treasury to the cabinet. For effect of Treasury Board see p. 51 below.

Thus, cabinet approval is required for all programs and projects to be supported from the fund and the ADB remains advisory in that sense. The Board has no authority to make expenditures, even from the fund, without prior Treasury Board approval.

Planning function under the Act, 1963

Having created a fund, it then became necessary to create a framework in which it could be disbursed. The Department of Finance was not happy with an arrangement whereby large sums would be spent without a clear sense of direction and recognition of the way in which the various projects would be interrelated.

Thus, the amended Act authorized the Board to "Prepare in consultation with the Economic Council of Canada an overall coordinated plan for the promotion of the economic growth of the Atlantic region".¹⁹ To this end a planning division was established, but not until June 1965.

The opinion of officials on the Board has been that the development of the Atlantic region calls for quite basic changes in the economy, not merely for minor adjustments, and without some plan of overall development, it is difficult to make informed decisions regarding priorities or to ensure a desired integration of different projects. Increasing emphasis has been placed on this aspect of the Board's work. The input-output table examines the interrelationships between various projects in the region; it represents the type of work to which the planning division has devoted most of its time.²⁰

19. Frank Walton, "Atlantic Development: An Appraisal", Business Quarterly, Summer 1968, page 62.

20. Brewis, op.cit., page 179.

Legal framework - a short conclusion

As Walton has pointed out, no arbitrary constraints were imposed on the Board by its terms of reference; the Board was left to decide upon the scope of its researches and upon the manner in which such researches should be pursued. The Board was given a clear field and substantial freedom to explore it. Thus the planning division had the leeway to plan for basic changes in the structure of the economy. They were not successful, for reasons which will be discussed shortly.

The Board also had the advantage of a frame of reference of the Atlantic provinces, a regional level broader than the level imposed on each provincial government by the B.N.A. Act. Imaginative and flexible pursuit of its planning responsibilities within this wider framework offered the promise of a more sensible overall approach to the problems of a major economic region than had hitherto been possible under a division of provincial responsibilities among the four separate units, each responsible for only part of the whole area.²¹

Administrative characteristics

Both Acts establishing the ADB are appended.²² Certain features of the board distinguish it from other boards established by the government and bear special mention.²³ Firstly, the ADB was directly responsible to a cabinet minister. The more usual situation is for a board to deal with a cabinet minister via a deputy minister. The decision to by-pass the intermediary in the case of the ADB gave the Board a greater sense of

21. Walton, op.cit., page 64.

22. See Appendix 2, 3 and 4.

23. See Organization Chart, Appendix 5.

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22. See Appendix 2, 3 and 4.

23. See Organization Chart, Appendix 5.

independence and prestige.

The Board members have been discussed in another context. All are private citizens from the Atlantic provinces. They represent the economic elite of the region. This is one of the few examples in Canadian administrative practice where the government was in direct contact with the population (apart from the constitutional mechanism of elected representatives who constitute the House of Commons).

The Board members worked part time and received no pay. This did not seriously hinder the functioning of the Board. The men met frequently in the course of their responsibilities and in their capacity as captains of industry. They could then discuss ADB business informally. The fact that they received no remuneration for their services suggests that membership on the Board was a considerable mark of prestige.

The 11 Board members who sat at one time were aided in their function by a small staff of advisors based in Ottawa. After June 1965, the staff was divided into two divisions, planning and programming. These men were not appointed by the Public Service Commission. However, their terms and conditions of employment are roughly parallel to those of the Commission. They are appointed by the executive director of the ADB. Theoretically, they are not responsible to him but to the members of the Board based in the region. In reality, the advisors are under the aegis of the executive director.

The executive director is the vital link between government and region. He is a paid federal government appointee. The Board speaks to the cabinet and the government through its executive director. In turn, the staff communicates to the Board through the executive director. And the executive director, like the staff, acts in close liaison with Board members. The role of the executive director is an ambiguous one and, moreover, unique to Canadian administrative practices. The ill-defined role of the executive director did not prove conducive to efficiency.

Furthermore, productivity is only ascertained when the minister, the executive director and the chairman of the Board are compatible. Under the first minister this was the case. All were men of action, intensely committed to the efficient disbursement of the Atlantic Development Fund.

The only unbalancing effect of this relationship is that the executive director is also charged with coordinating his staff. There is evidence ²⁴ that the executive director was not committed to the necessity of planning. This had the effect of creating an internal division within the staff; thus, instead of coordinating the planning and programming divisions, the result was to drive them apart.

However, given the ambiguity of his role, one can hypothesize that had the executive director assumed a neutral or positive position on the planning issue, his relations with a minister opposed to comprehensive planning ²⁵ would have been impaired, with the result that the

24. See, for example, page 47, footnote 30.

25. The role of minister will be discussed shortly.

Board's programs might have been supported only indifferently before the government.

In September 1967, the Minister of Transport resigned from active politics to assume the presidency of the Canadian Transport Commission. Responsibility for the ADB passed to Hon. Allan MacEachen, then Minister of Health and Welfare. At that time, the minister was also House leader and one of the two Liberal M.P.'s from Nova Scotia.

Officials of the Board have stated that the shift coincided with a general slowdown in the Board's activities. Many hypotheses can be put forth to account for the slowdown.

Firstly, the Minister was preoccupied by his obligations to his department, the House and his constituency.

Secondly, shortly after the Minister was appointed to the Board, Canadian politics entered a period of transition. The Prime Minister announced his forthcoming resignation and called a leadership convention. During this period so many cabinet ministers sought the leadership that government ground to a halt and only routine business was concluded. Furthermore, Mr. MacEachen was one of those seeking the leadership.

Thirdly, the ADB was suffering from internal malaise due to factors discussed above.

However, an effective relationship between the executive director and the minister might have overcome the tendency to inertia produced by all of the above. This relationship could have developed either through personal compatibility or through institutionalized channels of action. There is little evidence of personal compatibility between the men in question and the role of the executive director was particularly conducive to inaction because of its ambiguity.

On the surface it would appear that the balance of influence rests with the region; the Board members originate in and inhabit the region and the executive director and the staff are responsible to the Board. In fact, however, the balance of influence rests not with the region but with government.

That the region is not the main focus is a constant criticism of Atlantic M.P.'s and the Atlantic press:

... move the offices and activities of the Atlantic Development Board from Ottawa to Halifax ... It would bring from 50 to 100 jobs ... into the immediate Atlantic area, as well as centralizing the Board's activities in the region with whose problems it is concerned. It would also place the offices in a halfway position, with respect to Ottawa and extremities like Newfoundland. In short it would be brought closer to home; and this is certainly a proposal that the federal government should not only consider but should act on without delay.²⁶

For a number of reasons, however, Ottawa as the centre of activity is preferable. Firstly, the advisory staff are more dependent for their research on information and services which must be obtained from other federal agencies and departments rather than from provincial bureaucracies which are relatively underdeveloped. Secondly, in a conflict situation between the government and the board (which has never formally arisen) the sympathies of the executive director tend to be with the government, and proximity to the government is an asset. Most significantly, the cabinet minister, the executive director, the advisory staff and the Treasury Board, which is the final authority on expenditures, are all located away from the region in the federal capital. This has the effect of undermining the region as the centre of influence.

26. St. John's Evening Telegram, editorial, October 30, 1968.

However, if the eleven men who served as Board members were either more representative of the region, or had established effective links with the region, alienation of the region from the centre of power might have been overcome. The complaints attest to the fact that the Board failed to communicate a sense of participation or involvement amongst the population. Thus, the effect of Board members chosen from the region was totally neutralized. At any rate, there was never any countervailing force against the centralizing tendencies of the federal government and the region was quick to perceive this.

Pattern of Interaction

The legal and administrative terms of the Board gave it the potential to become a dynamic experiment in inter-governmental and inter-agency cooperation. Walton summarizes the opportunity succinctly. The Board was free to secure cooperation and assistance from the provincial governments and other regional interests. These regional spokesmen could be expected to have some knowledge and understanding of regional economic difficulties from their long direct experience. The Board could hope that its role as federal advisor would place it in a position to exert some leadership in studying regional problems and devising solutions in a broad comprehensive context. The Board might even assist in achieving greater cooperation and consistency among the various development efforts at the provincial level.

Although the opportunity existed, the task was not without obstacles. The fact that the Board was being superimposed on existing structures charged with similar functions made the task of coordination

difficult, and even opened the way to potential conflict. There were a multitude of provincial bodies which prior to the federal effort had attempted to proceed on their own; e.g. APEC, Industrial Estates, Industrial Development Bank and the loan boards which existed in each of the provinces. In addition, there were federal agencies involved to different degrees in Atlantic development. Industry had the ADA incentives program; forestry had set up ARDA. Manpower and Immigration, Fisheries, Agriculture, Energy Mines and Resources, Transport and Finance - all had attempted in some way to help the region.

In addition, the political culture of the people had made them suspicious of outsiders while at the same time fiercely competitive among themselves. For example, in Parliament, when the Board was being established and the minister designated, the choice of Pickersgill was challenged for no other reason than that he was not native born. Thus, the Board's activities, although welcomed, were fraught with difficulties from the beginning. On the other hand, no new structure ever avoids conflict and this is one of the problems - perhaps the most basic - with which it must come to terms at the outset.²⁷

Channels of communication

Formal channels of cooperation were laid down in both parliamentary Acts. The 1962 version stated, "the Board shall, to the greatest possible extent consistent with the performance of its duties under this Act,

27. The provincial governments used the Board as a scapegoat for their ills. They made demands on it that it could not meet. For example, the federal government precluded the Board from giving grants to universities. Difficulties that arose between the Board and other federal agencies will be the topic of Chapter III.

cooperate with the National Economic Development Board, the National Productivity Council and all departments, branches and other agencies of the Government of Canada having duties related to, or having aims or objects related to those of the Board."

The 1963 Act repeated this clause but replaced "National Productivity Council" with "Economic Council of Canada". No methods of cooperation were detailed but certain members of the Board, notably the chairman, served concurrently on the Economic Council.

By virtue of their objectives the Board could only function with the cooperation of provincial governments. In fact, the Board usually allowed the provinces to initiate requests for specific projects before taking action. Regardless, the lines of communication between the Board and the provinces were formalized in exchanges of letters that took place at all stages of various projects; every project had to undergo scrutiny of the provinces. When the Board built a project, there had to be an agreement whereby the provinces took it over. Where the provinces did the construction, there had to be agreement in every case on the terms of cooperation.

The issue of conflict, conflict resolution, cooperation and coordination is raised here to be discussed more fully in assessing the Board. Suffice it to say at this juncture that the Board was charged both formally, through its Acts, and informally, through the nature of work it had to undertake, to cooperate with existing structures. Insofar as it failed to come to terms with its environment, it would fail to achieve its other objectives.

Operations of the Board

From its inception, the ADB staff consisted of a program division, and after July, 1965 of a planning section as well. Elsewhere it will be argued that planning should have preceded or at least have been contemporaneous with programming.²⁸ At present, let us turn to the methods of operations.

- Planning

When the planning division was instituted it was faced with the need for an approach to growth. In contradistinction to the macro economic model of the Economic Council of Canada, which focuses on the relationship between highly aggregate correlations in the economy, e.g. total consumption, total investment, savings and expenditure, the ADB chose a more specific approach. Firstly, they set out to identify those economic sectors which are most directly related to the process of economic growth. They suggested the following classification:

a) Human Resources

- i education
- ii training and skill formation
- iii research training
- iv utilization of human resources

b) Resource based Industries (including related processing)

- i agriculture
- ii forestry
- iii mining
- iv fishing

c) Secondary manufacturing

28. See Chapter IV.

d) Service Industries of a Key Nature

- i tourism
- ii defense installations and other federal government services
- iii other

e) Infrastructure relevant to Economic Growth

- i power
- ii transportation
- iii local services related to economic development
- iv research facilities
- v water

The various sectors of economic activity outlined above are interdependent - development in one influences and reacts upon development in another sector. To show these relationships and to assure consistency in analysis, the Board chose the tool of an input-output table.²⁹ This analysis, by showing a series of inter-industry relationships and the movement of many categories of goods in and out of the region was meant to trace the probable effects of private development or public investment in specific lines and therefore, serve as a basis for an overall plan for the region. However, this whole process involves extensive data collection and is extremely arduous and time-consuming. During the life of the present Board, no plan was ever prepared and it is only recently that even an input-output table has been available. Thus, the Board never realized its planning functions, although it left an extensive collection of data and sector studies to serve as groundwork for a future plan.

- Programming

Since the planning division did not start its work until two

29. The input-output table reveals induced changes in the economy which flow from changes in various industries.

years after the Board had been underway, it was not possible to await the emergence of a complete integrated plan, and certain officials of the ADB maintain that it was not even necessary. Enough was known of the resources of the region and of at least the broad outlines of the most promising avenues for further development to permit the Board to launch certain projects and programs. Earlier studies and recommendations had unanimously pointed out that the economy of the Atlantic region was based on the development and processing of local resources. There was reason to believe that resource-based industries would continue to be significant. However, in order for such industries to expand their use of resources, the infrastructure of areas had to be improved. Thus, the first studies of the Board were designed to make good the most immediate deficiencies in the infrastructure. A case in point is hydro-electric power.³⁰

It is generally agreed that the availability of adequate amounts of reasonably priced power is an important factor in the development of industry, particularly of power-intensive industries such as pulp and paper, mining and mineral processing.

In both Newfoundland and New Brunswick, comprehensive assessments of future power load demands and of the most favourable sources of supply were already underway at the time the Board was established. The power commissions of the provinces concerned presented briefs to the Atlantic Development Board on the basis of these surveys, requesting major capital assistance. After reviewing these briefs, and the related

30. E.P. Weeks, An Address to the Conference on Regional Development and Economic Change, February 15, 1965, Toronto, page 10.

studies and investigations, in the light of their own knowledge of the regional economy, members of the Board recommended to the federal government that assistance be given from the Atlantic Development Fund to launch two major hydro-electric projects - the Mactaquac on the St. John River in New Brunswick, with an installed capacity of 600,000 KW; and the Bay d'Espoir in southern Newfoundland, with an ultimate capacity of some 400,000 KW. The Board's grant in each case was \$20 million, or a total of \$40 million out of a combined investment for the two projects of about \$170 million. The Board explained the effects:

... the projects went ahead sooner and on a larger scale than would have been possible without Board assistance. Power in larger blocs becomes available to stimulate industry and the long term costs of power are reduced because of the bigger developments, the smaller capital obligations of the respective power commissions, and the more favourable rates of interest at which they have been able to obtain funds. In effect, larger volumes of power are available for industry sooner and at significantly lower costs than would have been possible without participation by the Board.³¹

Other infrastructure expenditures included subventions towards highway development; water supply related to the requirements of fish and vegetable processing plants; industrial parks and research laboratories.

The contribution toward highway development was seen as a start towards the achievement of all weather standards on certain trunk highways not covered by the Trans-Canada highway program. The provincial governments also contributed to the cost of the work.

Concern with water supply was related to lack of pure fresh water. Pollution problems entailed further expenditures.

31. E.P. Weeks, op.cit., page 12.

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31. E.P. Weeks, op.cit., page 12.

Assistance given to industrial parks reflects the view that to promote industry in the Atlantic region it is desirable that certain centres be in a position to offer serviced land ³² at reasonable prices.

In the matter of research, efforts have been made by the Board to improve the facilities for applied research, making them available to smaller industries, in particular. As an aspect of this program various laboratories have been created and expanded. A complete table of expenditures is appended.³³

In spite of the optimism that argued that expenditures could proceed without a plan, in the absence of such a plan it was difficult to determine the merits of individual projects. Brewis points out that not enough was known about growth paths and the relationship of one project to the next. To a degree it is possible to tie certain social capital expenditures to the needs of specific industries, as in the case of water supply and the needs of the fish-processing plants but when sectors such as transportation are involved, it is essential to have some ideas of projected population distribution and industrial location. Comprehensive regional economic planning is necessary; there is no point, for example, in improving roads to communities which seem destined to disappear or in assisting industries which have become obsolete. Recognition of this may explain why the Board's transportation improvement program has consisted mainly of small contributions towards the cost of bringing provincial truck highways up to all season, all freight standards rather than of measures designed to modify the routes themselves.³⁴

32. By serviced land is meant land that is provided with water, power, communication and sometimes features rest areas and playing fields.

33. See Appendix 6.

34. Brewis, op.cit., page 183.

- Pattern of Expenditures

All funds were disbursed on projects that form part of the infrastructure of the region. There are many reasons for this; some of these were discussed at the outset of this chapter; some have just been referred to, i.e. in the absence of specific information which might have prompted formulation of specific goals, expenditures had to be confined to the general physical environment. There are at least two other factors involved.

Firstly, besides infrastructure expenditures the ADB might have been able to rationalize direct aid to industry in that this, too, would contribute to the growth of the region. However, they were barred from this field by virtue of other programs which were authorized to do precisely this. Similarly, grants to educational institutions could have been justified either within the infrastructure category or as a special factor contributing to long term growth. But education falls within the sensitive area of exclusively provincial jurisdiction. Thus, the Board was precluded from this domain. Therefore, the focus of activities was molded by negative criteria.

Secondly, the effect of the Treasury Board on the works of the ADB deserves mention although the precise influence is difficult to verify. Every programme which the Board proposed had to have the approval of the Treasury Board. In fact, the Treasury Board vetoed only 8 out of 133 proposals, which over six years is hardly significant. But officials of the Board constantly mention the Treasury Board as an agency of frustration. Similar feelings were voiced by Progressive Conservative M.P. (Egmont) Macdonald recently in the House of Commons: "There was always a

fair amount of pull and tug between what the ADB was set up to do and what it actually did in terms of the kind of control that the Treasury Board exercised over it ..."³⁵

This could only be accounted for under the principle of anticipated reaction. Knowing that the Treasury Board favoured certain types of expenditure, i.e. infrastructure, the proposals that were presented were justified in infrastructure terms.^{35a} If they could not fall into this category, they were not even suggested. Because the Board anticipated the reaction of the Treasury, the latter influenced the pattern of expenditures of the ADB. The direct effect may have been one of psychological constraint inhibiting the Board from developing new approaches to economic development.

This hypothesis must be modified. Approval of a proposal by the Treasury Board was due partly to its contents; the commitment of the cabinet minister responsible for the Board influenced the outcome as well. A discussion of the role of the minister vis-à-vis the Board follows shortly.

However, within the broad infrastructure category, priorities were established between provinces and economic sectors within each province. The Board attempted to ensure that the merits and demerits of particular projects were given due weight from an economic point of view, although this was not always strictly possible. For example, it was decided that the provision of a deep-water harbour in one province should not be made the justification for building a second or third one in the other provinces.

However, equity, not economics, was the prime factor motivating the Board to become involved with water supplies for fish processing plants.

35. Debates of the House of Commons, March 20, 1969, page 6910.

35a. Its members believe on policy grounds that initial expenditure on infrastructure is most conducive to long-term development.

In 1965, with the introduction of new regulations under the Fisheries Inspection Act, requiring a higher standard of purity for water used to process fish for exports, many plants in the region were faced with a serious situation, due to the inadequacy of supply of suitable water. Failure to comply with the new regulations could have meant closure of the plants. These plants were located in areas where fishing is the only source of income for communities. Thus, from 1965-1968, the Board agreed to recommend that the government finance the cost of improving facilities. Over this time period expenditures totalled approximately \$15 million. On purely economic efficiency criteria the Board might have allowed many of these plants to disappear, but the unemployment and dislocation of peoples would have been so great that this was neither feasible nor desirable.

- Politics

Politics, too, have played a role in determining priorities. Although the orientation of the Board is to the region as a whole, payments are made to each of the individual provinces. Since the four Atlantic provinces have varying needs it is considered essential to tailor aid according to individual circumstances, but at the same time the Board has had to avoid appearing to favour one province more than another. Subsequently, a rough formula has been adopted for the allocation of aid between individual provinces. This is particularly evident in the highway agreements between the ADB and the provinces, where expenditures are divided 3:3:3:1. The first highway agreement in 1964 involved an ADB commitment of \$10 million: \$1 million to Prince Edward Island and \$3 million to each of New Brunswick; Nova Scotia; and Newfoundland. In

1965-66, Parliament voted to the Board an additional \$30 million separate from the Fund. This second agreement was allocated on the basis of \$3 million to P.E.I. and \$9 million to each of the others. Under the third agreement P.E.I. is receiving \$2.5 million with \$7.5 million going to each of the others.³⁶

This third agreement is interesting for other reasons, also political. This agreement was signed prior to a provincial election in New Brunswick. Incumbent Liberal premier Robichaud, was seeking re-election. His Conservative opponent seemed a formidable adversary, and a hard campaign was underway. The premier felt himself pressed to make some gesture to win the electorate, but the provincial coffers could not foot the bill. Pressures were then put on federal counterparts for aid. Shortly, thereafter, the third agreement was signed. Premier Robichaud was returned to office.^{36a}

In general, the Board has been politically neutral, despite fears to the contrary voiced in Parliament when the Liberals changed the composition of the Board in 1963. Although the Board members were usually committed to the Liberal party, remarkably little partisanship can be discerned in the pattern of expenditures. During the life of the Board two of the provinces have had Conservative governments; and two have been Liberal throughout. Yet there is no discrimination in favour of the provinces on this basis. Nor did projects favour political constituencies. The scope of the programs tended to transcend individual constituency boundaries and were of a regional nature.

36. Atlantic Development Board, Annual Report (Ottawa: Queen's Printer), 1963-64, 1964-65, 1965-66, 1966-67, 1967-68.

36a. From a confidential source.

However, part of the attraction of having a fund is its vote potential. Confidential sources have admitted that the more projects that could be put into operation, the more votes for the Liberals could be anticipated during the elections. Yet the necessity of the activities which the Board performed was acknowledged by all political parties. As a result, the Board has never been used as a political football in election campaigns.

- Role of the Minister

A minister can determine the development of an agency under his control through his policy-making function. In the case of the ADB, if a minister had an explicit conception of what the Board ought to be like, he could implement this, firstly, through the executive director on whom he could exert considerable influence and secondly by supporting or not supporting the Board's programs before the government.

In the absence of a particular image by the minister, the Board would tend to proceed on its own in the direction in which it had been launched. Indifference of the responsible minister could hamstring approval of specific programs with the result of a general decline in impetus and a possible lowering of morale.

The failure of the planning division to produce a comprehensive plan can be attributed to certain conceptions of planning held by Mr. Pickersgill. Confidential sources have suggested that the minister viewed planning in a limited, ad hoc way. Plans were necessary to disburse funds efficiently, but problems should be coped with as they arose. In the eyes of the minister, the Board was to be a "gap-filler". It was to prevent the widening of disparities between the Atlantic region and the rest of Canada. The method he advocated, namely, piecemeal planning, is one in which Canadian government has had 100 years of prior experience.

It has been suggested that the cabinet inserted a comprehensive planning clause in the amended Act. However, by giving control of such an Act to the minister, the efficacy of the clause was happily mitigated. Thus, the government did not institute a planning division until two years after the act authorizing the Board to prepare such a plan was passed. The excuse for waiting two years was that the Economic Council of Canada had just been created (in preparing the plan the Board had to consult with the Council). It was necessary to see what type of guidelines would be outlined before a regional planning division could be established.

However, Mr. Pickersgill's enthusiasm for ADB programs is unquestioned. Frequently he defended the proposals in person before the Treasury Board and there is evidence that, in the event of a refusal, he took the matter several times directly to the Cabinet. He was an extremely influential minister and in the words of one source, "enjoyed the ear of the Prime Minister". For example, when the original power appropriations discussed earlier were presented to the Treasury, they were refused. It was felt that the sums requested were too large and there was insufficient precedent to justify the expenditure. The minister took the request to Cabinet and the funds were subsequently voted.

Officials of the Board interviewed are unanimous in stressing Pickersgill's commitment to the type of Board he envisaged. There is widespread feeling that whatever success the Board enjoyed could not have been possible under other ministers.

If one follows the history of the Board, there seems to be substantiation for this observation. Confidential sources have revealed that MacEachen

had no particular perception of the Board. Although he was not adverse to comprehensive planning, he preferred to follow the precedent of limited planning and infrastructure expenditures. He saw no reason to defend Board submissions in person before the Treasury or to contest a Treasury decision before the cabinet.

In conclusion, a minister can wield significant policy-making influence on the activities of the bureaucracy if he is so inclined. One can hypothesize that Mr. Pickersgill's opposition to comprehensive planning was not inconsistent with his definite views on how the Board should evolve. Had he been more sympathetic to planning he would have been forced to delegate much of his power to the bureaucracy, with the result that he would have been less able to implement his own notions.

Conclusion

During the last four years, the Board has spent an average of more than \$30 million a year on development projects exclusive of expenditures on studies and research. On March 31, 1969, when the Board was officially terminated, approximately \$135 million had been spent. This is \$5 million more than the combined total of ADA, ARDA, and FRED programs in the entire country. While these latter have spent \$25.4 million in the Atlantic provinces, the ADB has spent \$135 million.

The planning division cannot point to such concrete results, but their contribution in producing knowledge of the region is significant. Planning officials have suggested that by July, 1967 the ADB had begun to integrate information that could constitute the basis for a plan.

Enough was known about the economy of the region to begin preliminary

talks with the provinces. However, circumstances prevented the talks from taking place.³⁷

By spring of 1968 a new federal administration was in office and a more rational approach was being outlined to combat regional disparities. This meant that the ADB would cease to function in its present form and would be integrated into a new department of regional economic development.

The Order-in-Council of July 12 announced the government's intention to reorganize its structure. At this time the Board was advised to cease work on a plan and to devote the remainder of its time to preparing sector studies to be published in the form of factual background information of the Atlantic region. By late spring, 1969, eight of these had been published - on forestry, agriculture, fisheries, minerals, manufacturing, tourism, water and education.

37. Some of these have been described in this Chapter. They include: a new minister, elections, indifference of the executive director and former minister, internal malaise, etc.

CHAPTER THREE

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

If the under-development of the Atlantic Provinces is not corrected - not by charity or subsidies but by helping them become areas of economic growth - then the unity of the country is almost as surely destroyed as it would be by the French-English confrontation.

Prime Minister, P.E. Trudeau

Overview

The Department of Regional Economic Expansion which took over the functions of the ADB on March 31, 1969 is described by Minister Jean Marchand as the third phase of regional development in Canada.¹

After Confederation the emphasis of federal policy was on national economic development. There was an underlying assumption that the development of a unified market economy held together by regional specialization and east-west trade would almost automatically result in all regions sharing as much as possible in the growth and prosperity of the Canadian economy.

Subsequent events culminating in the Great Depression in the 1930's shattered this assumption by exposing the fiscal weaknesses of the poorer provinces. The Rowell-Sirois Commission formulated the concept that the Canadian fiscal system should make it possible for every province to provide for its people services of average Canadian standards without the necessity of imposing heavier than average tax burdens.

This concept has been implemented since the war through the fiscal

1. The following is extracted from an address by the Honourable Jean Marchand to the Annual Conference of the Atlantic Provinces Economic Council, Halifax, October 29, 1968.

equalization arrangements. These arrangements could not and did not root out the causes of the disparities, but they prevented the gaps from widening in some cases. Over twelve years to March 31, 1969, equalization payments to the four Atlantic provinces amounted to slightly over a billion dollars.

The fiscal equalization was phase one in the evolution of regional policy. During the economic boom which followed World War II, the idea became current that the equalization system restored an environment in which economic policy could again concentrate on the overall national growth; provided there was fiscal equalization, the federal government need not worry too directly about regions as such.

The recession beginning in 1957 destroyed this idea and led to phase two in regional policy. The main characteristic of this era was an increasing awareness of the long term persistence of regional imbalances and their serious economic, social and political implications. The responses were many and varied. The federal government established a variety of programs and agencies aimed at specific aspects of the problem of regional disparities. Such programs included the Area Development Agency (ADA); ADB; Agricultural Rural Development Act (ARDA); Fund for Rural Economic Development (FRED); the Department of Manpower and Immigration and the Cape Breton Development Corporation. At the provincial level, Nova Scotia created Industrial Estates Limited and Voluntary Economic Planning. New Brunswick boasted New Brunswick Development Corporation. In Prince Edward Island, Economic Improvement Corporation and Industrial Enterprises came into being.

The agencies at the federal level had similar purposes but unrelated machinery; for example, each reported to different ministers. It gradually

became evident that this set up was not producing "the most effective mix of policies to achieve improved regional balance".² Therefore, the federal government has created a new department with comprehensive responsibility for planning and coordinating action in regional development.

This is the history of the Department as outlined by the minister. To understand the philosophy behind it and its methods of rationalizing these existing programs, a discussion of ADA and ARDA in relation to the ADB will follow. These three programs in so far as they pertained to the Atlantic region were intimately linked. Despite this fact, there was no coordination among them. We turn to an illustration of this phenomenon.

THE CONCEPT OF REGION

Introduction

As was suggested in Chapter I, how a program defines an economic region is crucial for the type of planning that will emerge and the type of growth that will be stressed. These three concepts are closely inter-related. In this section it will be shown that ADA, ARDA and ADB each defined "economic region" differently; as a result they did not have the same views on what planning should be and on the priorities within a plan. In the Atlantic provinces, the lack of unanimity and accommodation prevented each program from realizing its full potential.

- ARDA

ARDA is the earliest of the three programs. It was given royal assent on June 21, 1961. From 1961 to 1964 it was administered by the

2. See Annual Report of the Economic Council of Canada, 1964-65, 1965-66.

Department of Agriculture. At this time it became part of the Rural Development Branch of the Department of Forestry and Rural Development.

ARDA's concept of region shifted three times during the course of the program. Each re-orientation stressed a broader field of relevance, with the last phase representing an all-encompassing view of region.

The initiators of the ARDA program were primarily concerned with the widespread distress among small-scale farmers. The poor quality of land and the technological revolution in farming which required heavy expenditures on machinery which the farmers could not meet led to poor farming practices and a psychological resistance to change among the farmers. Chronic poverty contributed to inertia, apathy and immobility; in areas where poverty was most concentrated, social problems and inadequate services also resulted and exacerbated the situation. A senate committee³ recommended that remedial policies take three forms: the creation of an economic climate to facilitate and improve off-farm income and employment, better land use and more efficient production on farms remaining in agriculture.

The concern of the committee with inappropriate land use and the poverty that resulted led it to an involvement with the related question of rural development, a term broadly defined as "the organized consideration and programming of required resource adjustments in rural areas of Canada".⁴ The sequel to the Senate inquiry was the creation of a program for rural development.

3. Special Committee on Land Use in Canada.

4. Brewis, Regional Economic Policies in Canada, page 103.

The first set of ARDA agreements focused on land improvement that would augment farm incomes. The authorities ⁵ involved in carving out the jurisdictions were geographers and soil scientists who were disposed to attach considerable weight to the study of the physical environment as a key to the type of development that should take place. Their emphasis on the physical properties of land signified a narrow definition of the term "region". Region was posited to maximize short term improvements over long term growth. Brewis puts the point:

... if an area was not worth developing, then projects of land drainage or the cultivation of new crops had little to recommend them even if they did add to farm incomes. Such projects might delay still further a desirable out-migration from the area or inhibit reorientation of labour towards other types of employment.⁶

In 1965 a second phase could be discerned in ARDA opinion. The emphasis began to move from concentration on land improvements to the development of human resources in rural areas. It was felt that farmers with a capacity for management skill should be assisted where necessary to become highly efficient and productive. Those who lacked the capacity should be given the opportunity to engage in other productive work in their area. If such work were not available, they should either be assisted to acquire new skills and relocate elsewhere or if in older age groups, be guaranteed a minimum income.

This shift marks a much more complex view of an "economic region". Unlike the previous phase, the interrelationship of multiple factors is being considered. Clearly, the alternatives between short and long term growth are now being weighed. By acknowledging the possibility of out-

5. These were joint federal-provincial groups with the initiative usually coming from the provinces.

6. Brewis, op.cit., page 127.

migration, the governments show an unwillingness to perpetuate the need for subsidies based on welfare indefinitely.

The third set of ARDA agreements mark an even more expanded view of the term "region". These were extremely comprehensive, covering research, land use and farm adjustment. Authorities took the position that the difficulties facing many rural communities and individual farmers were not just technical. They included social problems, lack of education and limited labour mobility. This involved the ARDA people in so many areas under other jurisdictions that conflict and lack of coordination were inevitable. Brewis cites an example:

... the unsuitability of certain land for farming may suggest the desirability for converting it to forestry and finding alternative employment for those engaged in farming it. This raises the question of providing training for new employment either locally or elsewhere and if elsewhere of assisting in the costs of moving where this appears necessary. These measures, in turn, have implications for others. Training in alternative employment may require a preliminary improvement in general education as well as vocational skills and entail the construction or expansion of schools. Improvements in education may depend upon a school consolidation program, the success of which may depend on improvement in road access. To create new employment opportunities locally, incentives may be needed to attract new industry to the area and additional expenditures on various forms of social capital such as roads, power and water supply may be required. The financial incapacity of many impoverished local authorities in rural areas to undertake such improvements may suggest the need for some organization of local government powers.⁷

In conclusion, although this broadened conception takes cognizance of the factors involved, implementation proved impossible because the breadth of the program was beyond the jurisdiction of any administrative department. For the administrative structure of the

7. Brewis, op.cit., page 113.

federal government militates against unified action. Action required the cooperation of other departments of government which was not always forthcoming. For example: after studying the problems of a rural area in Nova Scotia, ARDA reached the conclusion that the basic problem was an inefficient and declining industrial sector. Without improvements in this sector, action to improve productivity in agriculture, fisheries, forestry would only aggravate the problems of low income and underemployment. One option was to offer incentives to industry but this was the sphere of the Department of Industry which declined to transfer authority to the ARDA program or to aid the area itself.⁸ Finally, at all times, the ARDA program was limited to rural areas with the result that regional development could only be promoted on a piecemeal basis. The Act permitted broad reorientation within rural areas but precluded, for example, the conversion of hitherto rural areas into industrial or urban centres when the situation warranted it.

- ADA

The Area Development Agency was created under the Department of Industry in June 1963 to administer grants and incentives to secondary industry in areas which qualified under the Act. Grounds for qualification were chronically high levels of unemployment and slow rates of growth. The federal government laid down four general guidelines for designating areas:

1. Unemployment is severe;
2. Large and persistent decline in the number of people employed;

8. Brewis, op.cit., page 128; also disclosed by officials of ADB.

3. Unemployment is substantially above the national average and the rate of increase in employment is slower than the national average;
4. Unemployment is reflected in income levels below the national average.

These guidelines were formalized in the 1965 amendments to the program in a complex formula:

Canada Manpower centres^{9a} would qualify if: (I) they had an unemployment rate for the most recent five years of at least twice the national average (originally the period was eight years), or of one and a half times the national average provided the rate of employment growth was less than half the national average and the average family income was less than the national average; (II) if employment had declined at an annual rate of more than 10%, again over the most recent five years; (III) if either average family incomes were below a certain figure or 40% were below a still lower figure. (IV) County or census divisions would also fall within the provisions where family incomes were below a certain minimum if they were contiguous to areas that had already been designated and taken together with those areas constituted "economic regions or districts". (V) A group of Manpower Centres would qualify if they were traditionally recognized as forming a distinct geographic and economic unit and satisfied the criteria, considered as a whole. (VI) Manpower centres which had been designated in September 1963 would continue to qualify if the average unemployment ratio in the area relative to the national average had not decreased in the past year from its average over the five preceding.⁹

The six "objective" standards mentioned suggested a certainty about the process which is, in fact, lacking. For example, labour force

9. Brewis, op.cit., page 140. (The 1965 formula increased the numbers of designated areas over the 1963 figure which proved inadequate from the beginning.)

9a. Centres corresponded to local office areas of the National Employment Service. The keynote of federal policy was objectivity in designation criteria. See Brewis and Paquet. op.cit., p. 145.

estimates for some of the designated areas where there is substantial migration are especially unreliable and the registration of people seeking work has long been recognized as an inadequate guide to unemployment. Information on income levels also tends to be unreliable since it is often taken from census figures which are only infrequently up to date. Finally, with a little juggling of the criteria involved and the adoption of different but equally valid techniques of statistical calculation, one could present a kaleidoscope of different pictures of which areas should be included and which eliminated. It would change the picture, for example, if the number of years in computing the averages were altered or if the rapidity and direction of change in employment were considered, or if, in some cases, modal or median incomes were selected as a criterion for designation rather than the arithmetic mean.¹⁰

Not only is this method of deriving an economic region invalid on its own terms, it is totally inadequate for the pursuit of long term growth. No consideration is given to whether there are adequate infrastructure facilities or resources, human and natural to make it economic to promote an area. No investigation is made to what is desirable in terms of long term goals of development. As A.C. Parks commented, the criteria are all negative. "They fail to take into account the capacity of an area for viable development. None contain population content over 27,000."¹¹

Fundamental to the whole matter of selecting formulae for designation is the difference of opinion concerning policy and the emphasis to be

10. Brewis, op.cit., page 141.

11. A.C. Parks, "The Atlantic Provinces of Canada" in Wilson, ed., Papers on Regional Development (Oxford: Basil Blackwell, 1965), page 84.

given to various objectives. Should aid be seen as part of a campaign to reduce extreme poverty and unemployment? Or should aid be available to others whose needs are less extreme but whose potential for development is greater? To opt for the former is to emphasize welfare policies; to opt for the latter is to prefer development programs.

ADA's designated areas based on criteria of high unemployment reflect a greater concern with welfare. On one occasion the minister of Industry stated: "... the designated area program is limited to being a program related to unemployment". It is the relief of unemployment, not economic development, which is the main concern. This preoccupation with unemployment is criticized by those who feel that regional prosperity calls for major changes in the structure of the economy. They consider unemployment to be only the symptom and not the cause of malaise.

A.C. Parks is one of these:

The whole Atlantic region should be designated as an area of special assistance so that entrepreneurs can be free to select the locations where their own growth prospects will be the greatest. A small number of large centres should be selected as growth centres. These should become centres of industrial concentration and self generating growth ... Not only would this approach tend to encourage maximum total growth and attract labour from declining areas, but would encourage considerable ancillary and feeder development in outlying areas.¹²

In conclusion, the ADA program defined region in a mechanistic way which mitigated the possibilities of considering the prospects of long term growth. Although the program responded to criticism by enlarging the areas that were designated, their approach to "region" remained unchanged throughout the program, with the result that economic development policies tended to be minimized in favour of shorter term relief programs.

12. Parks, op.cit., page 87.

- ADB

ADB's concept of region was very broad. It included the four Atlantic provinces and was neither restricted by rural areas or by areas carved out by statistical gymnastics. However, the ADB was the most recent of the three programs. As mentioned in Chapter II it was inhibited by existing programs in the Atlantic provinces. It could not give aid to industry and it was precluded from rural areas. An example of incompatibility leading to inaction is cited in an editorial of the Fredericton Gleaner on December 24, 1968: K.C. Irving, leading industrialist of New Brunswick had announced intentions to construct multi-million dollar facilities in the Bay of Fundy off Mispic Point if the plan were supported by the ADB. Mr. Irving requested four and a half million dollars from the ADB to assist in construction. The ADB publicly approved the proposal. However, question arose as to whether the ADA staff should not deal with the matter and the project was transferred to them. They did not find the expenditure justified and the project was not undertaken. There was no discussion with the ADB and no attempt to coordinate differing views of the relative merits of the project.¹³

Conclusion

It was the ADA program which was the odd man out in defining

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13. It is difficult to understand the transfer to ADA as the request was not for a secondary manufacturing or processing industry. Facilities requested were said to expand the New Brunswick oil refinery business and stimulate shipbuilding and ship repair work. However, it appears the ADB turned the project over to the ADA program in anticipation of the functions of the new Department which by December were becoming crystallized. The Incentives Division of the new Department would be taking over the ADA program but would also include this type of expenditure which was closely related to secondary manufacturing and processing. But when the request was turned over to ADA, the narrow and rigid criteria for allocating grants precluded the Irving project from being a beneficiary. There was no discussion between ADA and ADB on their differing opinions, for no other reason than there was no established machinery for coordination nor any precedent for such consultation.

"economic region". ADB and ARDA after 1965 were not incompatible but neither is there evidence of coordination between them. As the definition of "region" was largely responsible for the type of growth that was envisaged, one significant feature of the Department of Economic Expansion will be their definition of the same term.

CONCEPT OF PLANNING

Introduction

As discussed in Chapter I, in Canada there has been no comprehensive regional economic planning by any organization or department of the federal government. The emphasis has been on programming and implementation of projects without much consideration of long term goals. There has been scant attention to intensive research which is required by long term planners. Only the ADB planning division has attempted this in any systematic fashion.

Depending on their attitudes to planning, ARDA, ADA, and the ADB have stressed different types of projects to solve the immediate problems with which they were confronted. The form of aid each supported, for example, grants to industry, infrastructure or self-improvement programs, reflected their respective views of growth. Furthermore, the types of consultation which each envisaged between governments, departments and local groups were also indicative of the scope of planning which they foresaw.

- ARDA

Earlier ARDA development plans focused on areas where poverty was concentrated and extreme rather than on those where the potential for development existed. The goal was alleviation of crises as they arose.

Later plans suggested a change in attitude. But long term development plans were still not possible because of certain features of the agreements. For example, implementation requiring joint federal-provincial discussions and agreements was stressed over research. Difficulties arose as it proved hard to find qualified provincial staffs. "The exceptionally low levels of education prevailing in some of the poorest, most remote areas create community problems for which special skills are needed and in some cases a scattered population may lack leaders with whom effective liaison can be made."¹⁴

As the need for a more systematic approach to rural poverty began to emerge the inadequacy of the type of research which had been undertaken became evident. But only slowly did the orientation shift from research on land use, water supply or soil capability to broader topics such as studies of administration or factors that inhibit change and mobility in certain communities. When the shift was completed, efforts were scattered over a wide variety of topics. Thus, little foundation was provided for organized development.

ARDA's strength lay in the promotion of federal-provincial cooperation and in the belief that local populations must be involved in solving their own economic problems. This "grass roots" approach to implementation showed an understanding of the essentials of long term growth.

- ADA

The rationale of ADA is promoting jobs in industry in areas where there is high unemployment. If unemployment is alleviated, other economic ills will cure themselves.

¹⁴. Brewis, op.cit., page 122.

The ADA policy arises from a restrictive interpretation of the Department of Industry Act which authorized the minister:

1. To undertake research and make investigations respecting the means of increasing employment and income in designated areas.
2. To prepare and carry out programs and projects to improve the economic development of designated areas which could not suitably be undertaken by other departments, branches or agencies of the government.

Furthermore, the ADA minister could authorize (with approval of the cabinet) and direct departments, branches and agencies of the Government of Canada to take special measures to facilitate the economic development of any designated areas or the adjustment of individuals in that area. However, no steps were ever taken in this direction.

ADA had no research activities, not even studies on inter-industry relationships. No effort was made to analyze the causes of distress or to provide assistance within the framework of some coherent program of development worked out in conjunction with provincial governments.¹⁵ Thus the ADA program cannot be considered a planning agency in any sense.

In spite of official references to cooperation with other federal departments and branches such as Manpower and ARDA, there is little to suggest a common purpose. ARDA, for example, cannot proceed effectively with rural plans under FRED without support of ADA and the Department of Industry but ADA had no inclination either to hand over responsibilities for industrial development areas to ARDA¹⁶ or to participate in planning

15. ADA is a federal program only. Areas are designated without provincial consultation and incentives are administered by federal authorities only.

16. See page 64.

itself.¹⁷

- ADB

As was seen in Chapter II the ADB view of planning was comprehensive but it was unable to formulate an overall plan for the Atlantic region. Brewis suggests that this failure explains the insistence on investment in the infrastructure. The choice between alternative programs was largely avoided by concentrating on social overhead capital. This obviated a commitment on the part of the ADB as to the future path of development.

Although ADB does not require formal cooperation with the provinces, little headway could be made without it and like ARDA it operates in conjunction with the provincial governments. The ADB has good working relationships with other departments of government, e.g. fisheries and agriculture. However, its failure to coordinate itself with ARDA and ADA in the Atlantic region has inhibited its decisiveness and rendered it less effective.¹⁸

Conclusion

The new Department of Regional Economic Expansion in absorbing these three programs will have to decide on the relative weight of research, the types of programs and the extent of consultation which they will follow. They will choose from the three programs. Their decision will determine the role of planning which will be followed.

An additional factor which is crucial is the commitment of the political leadership to development policy. For it is the minister in conjunction with the cabinet who determines the broad outlines of policy.

17. Brewis, op.cit., page 121.

18. See Chapter IV, p. 93 on the failure to coordinate federal programs.

The multiplicity of ministers involved in the management of the three programs is indicative of the opportunity for inconsistent policies. Coordination is necessary but there must be coordination under a strong minister imbued with a conception of his department.

THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

Introduction

As early as 1962, opposition members in Parliament pointed to the possible lack of coordination in existing programs,¹⁹ and some members even suggested that a new department of government be created to take charge of comprehensive regional development. Mr. Carter, P.C. (Burin-Burgeo) envisaged such a department as early as February 26, 1962:

To achieve greater uniformity of economic development over Canada, national policy must be applied regionally instead of nationally. The national policy would set up the national goals for public and private sectors of our economy and then that policy would be applied in terms of our regional goals for different economic areas ... To implement this policy it would be necessary to set up ... a new department of government, namely a minister of regional development and rehabilitation.

A regional authority would also be set up to cooperate with industry, labour and provincial and federal agencies to coordinate the efforts of all concerned so that the regional efforts can be integrated into the economy as a whole ...²⁰

This scheme foreshadowed the later department. It advocated regional economic units working in conjunction with a decisive federal authority.

Nothing was done in this direction until July 12, 1968 when an order-in-council was passed by the recently elected Trudeau government to

19. See as an example quote by Douglas, Chapter II, page 31.

20. Debates of the House of Commons, February 26, 1962, pp. 1271-72.

Interpretation of the Act ²⁴

- Region

The Department's conception of "region" is embodied in the provisions on special areas.²⁵ "The Governor-in-Council may ... designate as a special area ... any area which requires (it) by reason of the exceptional inadequacy of opportunities for productive employment ..." There is nothing in the act limiting these areas and the debate on the bill did not touch on this aspect.

A criticism that might have been voiced is that these special areas will be too narrowly defined on criteria of high unemployment. However, Minister Marchand in the address referred to at the beginning of this chapter stressed that this would not be the case.

Broad national policies for employment are not enough - and it is not sufficient just to add to them a variety of area plans and agencies ... There has to be a comprehensive structuring of government action to regional needs.²⁶

- Planning

If one looks to planning provisions in the Act as an indicator of the concept of region the evidence is inconclusive.

... we are not going to waste our resources on the bits and patches kind of remedies nor are we going to put off action in the name of vague long term plans ... I propose to choose fifteen years as the reasonable time horizon for which we should do our planning.²⁷

During the debate on the bill Mr. Edward J. Broadbent, N.D.P. (Oshawa-Whitby) questioned the commitment of the government to planning.

24. The part of the Act respecting the Organization of the Government of Canada pertaining to creation of the Department of Regional Economic Expansion is appended. The rest of the Act dealt with other departmental reorganization.

25. See Appendix 7.

26. Marchand, op.cit., page 4.

27. Ibid., page 4.

the effect that a government reorganization was taking place and that a department of regional economic development would be created. Nine months later the bill received royal assent.

The Press

During the fall of 1968, little was made public on the forthcoming departmental reorganization. This led to speculation particularly in the Atlantic region where the new department would be most heavily committed. The Atlantic press was not enthusiastic. They feared that the absorption of the ADB into the federal bureaucracy would muffle Atlantic opinion in an impersonal monolith:

- For example, The St. John Telegraph commented:

The job gap and the opportunity gap and the income gap remain unchanged and the poverty trap holds as many victims as ever ... Coupled with this, the impending loss of our own regional voice and agency, the ADB soon to be submerged as a mere desk in a collection of such desks within a new federal department of regional development hardly seems like an onward step.²¹

- The Moncton Daily Times editorialized:

The ADB is going to be abolished soon, amalgamated with everything else in a master plan to foster regional growth ... the elimination of regional disparities is not going to get very far.²²

- The Halifax Chronicle Herald warned:

There are grave risks involved in the distinct possibility that the Trudeau administration will bury the ADB in Ottawa's bureaucratic establishment and thus rob it of the effectiveness it has possessed as a result of its semi-independent status.²³

21. St. John Telegraph, December 18, 1968.

22. Moncton Daily Times, December 30, 1968.

23. Halifax Chronicle Herald, November 28, 1968.

What is needed is the establishment of a national plan which sets down national objectives and priorities. The government has not established such objectives into which regional growth and development programs can be fitted ... The result of this will be the continuation of programs frequently with conflicting goals arrived at by a number of competing agencies. There will be little or no indication of how the system is supposed to work, how one region is related to another in the national context or what should be the timing of specific steps. The only difference from the past will be that this will now go on within one department instead of many.²⁸

- Programming

To assess the relative influence of planning versus programming the minister's attitude on projects can be examined. The Act provides for plans for "economic expansion". What constitutes economic expansion?

It is in this spirit that we will do our planning; planning to attract new industries; to stimulate and aid modernization and expansion of existing industries; to find customers outside the region; to stimulate transportation for the aid of marketing; to improve productivity and earning by rationalizing in the primary sectors of the economy; to provide all the infrastructure of utilities and services that is essential to healthy industrial growth, the kind of growth that is reproductive in the sense that one thing leads to another, that is true economic expansion.²⁹

The minister's stress on industrial improvement was evident in his remarks during the introduction of the bill. "The department will give priority to industrial development projects intended for growth centres." Secondary importance is attached to infrastructure expenditures. The reaction of the Financial Times was cautious:

Clearly, the main element in the government's new approach to regional development is a more business-like use of development incentives. Mr. Marchand is asking for a broadened incentives act and wide discretion over what industries will be eligible for assistance.

28. Debates of the House of Commons, March 20, 1969, page 6900.

29. Marchand, op.cit., page 7.

But in almost the same breath, Mr. Marchand and his officials have been emphasizing the importance of planning. To allow grants and specific development projects to be undertaken before planning is well under way would be once again putting the cart before the horse.³⁰

The Fredericton Daily Gleaner was less reserved:

The new legislation seems to be overly concerned with subsidies to industries. Far more important is getting the infrastructure right ... If the infrastructure is provided, industry can do without subsidies ...³¹

The debate in the House did not deal with the types of programs envisaged, as the minister emphasized that specific measures would be introduced after the creation of the department and could be discussed then.

- Research

As mentioned earlier, research and planning are closely connected. The provisions in the Act which suggest the importance of research are those dealing with the Atlantic Development Council which replaces the Atlantic Development Board. The function of the Council is "to advise the minister, in respect of the Atlantic region, on matters to which the duties, powers, and functions of the minister extend and to give consideration to and make reports and recommendations to the minister".

Much debate centred around the Atlantic Development Council (ADC). Atlantic M.P.'s argued that an advisory council could not adequately represent the Atlantic region. Mr. Gendron (Liberal, Rivière-du-Loup): "We are afraid the bureaucracy will run the show rather than private citizens of the Atlantic area who could give the necessary instructions and do the necessary work."³²

30. Financial Times, March 3, 1969.

31. Fredericton Daily Gleaner, February 18, 1969. (The Gleaner's view may reflect the former interests of editor Wardell who as first chairman of the ADB was heavily committed to infrastructure development.)

32. Debates of the House of Commons, March 20, 1969, page 6919.

Mr. Macdonald (P.C., Egmont): "If there were certain weaknesses of the ADB, it may have been that it was not an agency which formed a bridge between what the provinces were devising and the initiatives that were open to the federal government. But now the bridge is being eliminated to the point where it will carry no meaningful traffic".³³

- Coordination and Consultation

This crucial aspect of the bill received much attention during the debate. Mr. Marchand outlined his views in his October address:

The new department is not coming into existence to make commandments of regional development devised in Ottawa for the better management of your affairs. The new department is coming into existence to do a better job for the part of your affairs that are federal; it is coming into existence to make the necessary federal inputs to a development process that takes place here, that in a governmental sense is inherently federal-provincial, a joint process.³⁴

This philosophy is embodied in the Act in sections 25 and 26. "The minister shall in cooperation with other departments, branches and agencies of the Government of Canada formulate plans ..." "The minister shall make provision for appropriate cooperation with the provinces in which special areas are located ..." "The minister must enter into agreement with the province to implement such a plan ..."

The Financial Times was optimistic about the likelihood of local participation: "The emphasis in the new approach must be planning nationally, regionally and locally. The first two will be initiated in Ottawa but local governments and organizations will be expected to take a greater hand in planning than before".³⁵

33. Debates of the House of Commons, March 24, 1969, page 7041.

34. Marchand, op.cit., page 6.

35. The Financial Times, March 3, 1969.

Opposition members pointed out that although the Act required cooperation and consultation, no means of how this would be carried out were stated.

- Role of the Minister

The most controversial feature of the bill revolved around the broad powers being given the Minister of Regional Economic Expansion. Not since C.D. Howe had parliament known a super minister. By virtue of the scope of the department, the minister would be involved in all other departments of government. Mr. Broadbent noted:

... the officials of these departments and agencies would not look too kindly on officers of the Department of Regional Economic Expansion telling them what they should or should not be doing; nor would the ministers of these departments be too happy to be told by the Minister of Regional Economic Expansion what their policies should be in areas of their own responsibility.³⁶

He pointed out that irritation could be reduced through consultation both at the ministerial and departmental levels and through delaying techniques of referring controversial issues to committees but that in the end there must be a decision. Disagreements could be resolved by the Prime Minister or an understanding of the cabinet. But government decisions affecting regional economic development are so numerous and the possibility of conflict on specific programs so numerous that cabinet or even cabinet committees would be heavily burdened with the task of acting as arbiter rather than going on with the job of formulating policies.³⁷

Despite the criticisms, the debate also conveyed the opinion that there was a need for a strong minister with discretionary power to solve

36. Broadbent, op.cit., page 6900.

37. Ibid.

the problem of regional disparities. The Financial Times reflected this view: "Mr. Marchand should not be allowed to become a czar beyond the reach of parliament. But a strong central authority is also badly needed and he should be allowed enough power to do a proper job".³⁸

Mr. Marchand's replies pointed out that he was prohibited from acting unilaterally by virtue of the clauses requiring consultation and implementation by joint agreement. Furthermore, he stressed that he himself could not act without "the approval of the governor-in-council".³⁹

- The Organization

One additional facet of the department will be discussed before conclusions are attempted. This is the administrative set up of the department which is appendix⁴⁰. In Chapter I it was suggested that what is required in regional planning is a multi-function approach to administration (see pp. 4-5). However, the new department is organized on traditional lines. The minister and deputy minister stand at the head. The department is subdivided into six divisions headed by middle men of power, the assistant deputy ministers (ADM).

The aim is to direct the flow from planning to programming to implementation, etc. The planning division is charged with the identification of problems and the formulation of solutions in a general form. The programming division will operationalize the general solution posited by the planners. Implementation will be responsible for administering the programs devised. Because of the high priority on industrial incentives there is a special incentives division.

38. Financial Times, February 24, 1969.

39. See Chapter IV, p. 96 for evaluation.

40. See Appendix 8.

The effect of this organization is to integrate the earlier programs. For example, the Planning division includes ARDA, ADA, and ADB planners. Therefore, prior to advocating solutions this group must work out a consistent policy.

However, the department is basically a single purpose structure. There is no organizational provision for liaison with other departments involved in similar and related fields. Furthermore, the monolithic nature of the department may create a "watertight department" with little access to others. One is left with the impression that if a creative approach to regional economic development does emerge it will be due to the dynamism of a particular minister rather than the inherent structure of the organization.

Conclusion

The address of Mr. Marchand, the act creating the department, the debate on the bill, the organization chart are all necessary to understand the approach to regional economic development being taken in 1969, but they are not sufficient to predict the course that the department will follow. This may be possible to do after the organization has been underway for about a year. At present, only trends can be identified.

There is strong indication that the keynote program is incentives to industry. But unlike the ADA program this is not being done in isolation. Expenditures on infrastructure are planned and these two

programs are being rationalized. The department inherits from ARDA the stress on joint federal-provincial cooperation and implementation of policies. Also, ARDA's internal administration of closely knit planning, programming and implementation is being emulated. However, few ARDA people are involved in the department and therefore, the concept may change. What is difficult to determine is the relative strength of each of these features in the whole set up.

Finally, the most important single influence will be the leadership qualities of Mr. Marchand. His commitment and that of the Prime Minister to a comprehensive solution of regional disparities will provide the guidelines of policy.

CHAPTER FOUR

EVALUATION AND ASSESSMENT

Everybody speaks of planning,
Foolish is the one who reckons on it,
Nothing is as common as the name,
Nothing is as rare as the thing.

Mr. Gendron, 1969.

Introduction

This chapter will assess the ADB and the Department of Regional Economic Expansion for their ability to promote regional economic development in the Atlantic provinces. The analysis will follow the "approach" outlined in Chapter I, that is, the administrative, political and legal relationships which result from the interaction of the organizations and the environment will form the relevant dimensions.

These categories overlap so that it is possible, for example, to consider the composition of the Board under "administrative" and "political" headings. As far as possible, the administrative features will include the institutional arrangements other than the Acts. The political aspect will encompass the role of the political élite and the communication function of the agencies. The legal dimension will cover the constitution and the legislation creating the ADB and the Department.

The most significant of the categories is the "political". An examination of the administrative arrangements may reveal the built-in limitations of an agency but it is the political élite which can either

overcome or succumb to the systemic deficiencies. Dynamic and intuitive commitment to the goals of regional economic development by a minister is sufficient to allow for the necessary administrative adjustments.

Legislation signifies the formal decision of the government to establish an institution. It contains only general guidelines to assist the minister concerned and to define the parameters of his duties. However, it is the minister's interpretation which determines the degree and quality of action. For example, the Department of Industry Act establishing the ADA program granted broad powers to the minister. However, the Hon. C.M. Drury, the first minister of Industry, interpreted the Act in such a way as to undermine the ADA program's usefulness.¹

ADMINISTRATION

Atlantic Development Board

The ADB did not succeed in alleviating regional economic disparities between the Atlantic provinces and the rest of Canada. At best, it prevented the gaps from widening. In a press release admission of partial defeat was expressed by J.A. Likely, vice-chairman, ADB:

We experienced difficulty in assembling the highly qualified staff we needed; frequent consultations with the provinces did not proceed as rapidly as we had hoped; we underestimated the sheer immensity of what was involved in attempting to devise an economic plan for an area as large, as variegated and as problem ridden as the Atlantic provinces; and we probably should have started sooner than we did ...²

Some of Mr. Likely's criticisms refer to internal difficulties within the ADB. As mentioned in Chapter II, the ADB was divided into

1. See Chapter III for discussion on designated areas.

2. J.A. Likely, News Release, March 17, 1969, Ottawa.

planning and programming divisions. Optimal achievement was predicated upon close interaction between the two sections. In fact, quite the contrary existed; there was a hiatus within the staff.

Several factors can be identified. Firstly, the planning division was not created until 1965. Had its members been able to begin work in 1963, the situation might have been different; for their work would have been of some relevance to the programming division. In the initial stages the planners could have attended to data collection and the programmers might have undertaken the most urgent projects. By the time the first projects were being completed the planning division would have had sufficient knowledge of the Atlantic economy to have outlined pivotal growth points. Such a framework could have been used to guide less obvious expenditures. For example, the first five industrial parks could be built in the absence of a comprehensive plan of the region. But, in order to justify the subsequent five, information is needed on future trends in development. In other words, to proceed without a plan is feasible only during the initial phases of operation.

From the outset, the planning staff was inadequate to meet the demands of the task assigned it. In the ADB Annual Report of 1966, it was indicated that about eighteen people were involved in such work. By 1969, this had increased to about twenty-eight. Officials have argued that if the planning staff had been as large from the beginning, a plan might have been produced. Thus, the planning division was too small and came too late to serve the requirements of the programming division.

Secondly, as discussed in Chapter II, the Board members, the minister and the executive director were skeptical of the necessity of long-term planning. Thus, even when the planning division was instituted, its members were regarded as "second class citizens" within the organization. They never became integrated into the activities of the Board with the result that they did not advance the goals of regional economic development to the extent that was possible.

Failure to produce an overall plan, which we have seen was less the fault of the planning division than of the administrative circumstances surrounding the planning division, placed a time limitation on the Board's usefulness. Brewis stresses how failure to produce a plan or willingness to proceed without one leads to evaluation project by project. Funds then tend to be dissipated either in too many unrelated projects of minor importance; or, as may be the case with the ADB, in a few unduly large ones.³ Elsewhere, Brewis has stated:

The planning operations of the ADB will continue to constitute little more than a sort of appendix to its main function of distributing funds for what appear to be desirable ends. Such an arrangement leaves a great deal to be desired; it opens the door to conflicts of objectives and to pressures to undertake assorted ad hoc projects.⁴

In conclusion, the internal organization of the ADB prevented it from achieving its objectives. The hiatus within the staff was a major factor in preventing a plan from being produced. There was little encouragement to the staff or feedback on the urgency of establishing such a document. Failure to establish a plan led to the final demise

3. Brewis, op.cit., page 188.

4. Ibid., page 204.

of the Board, which outlived its usefulness once the most urgent expenditures had been made. Without a plan, the Board could proceed no further. To provide for programming in the absence of a plan is to put "the cart before the horse".

Department of Regional Economic Expansion

At present, it is not known how the organization of the Department of Regional Economic Expansion will evolve. Some improvements have been made on the ADB's organization. For example, there is evidence that more comprehensive planning will take place.

The Atlantic Development Council which replaces the Atlantic Development Board may differ from its predecessor in its approach. The new chairman, former head of the Department of Economics and Political Science at the University of New Brunswick, is the first academic to serve. Professor Smith has been quoted in the Toronto Globe and Mail as being in favour of regional development strategy. "Once you have this, any proposal or program can be related to that strategy. Until this can be done you have no real coherence".⁵ But the Atlantic Development Council is only advisory and its exact influence within the department has yet to be charted.

As mentioned in Chapter I, regional economic development requires a shift from a single purpose to a multi-function approach to administration. "The traditional portfolios do not provide the right mix of function or of appropriate jurisdiction for dealing with the new combination of skills and authority required by regionalism".⁶ There is no

5. Toronto Globe and Mail, April 1, 1969.

6. J.E. Hodgetts, op.cit., page 8.

assurance that the necessary approach to regional economic development will be devised within the limits of the new department.

With the exception of the Atlantic Development Council, the department is organized on traditional lines. Activities are streamlined for efficient output rather than efficient communication with regional authorities to promote social adjustment. In the long run this type of stress affects the approach which is taken to planning.

Government bureaucracy is organized on the corporate model which reflects the power of the dominant élite in Canada. There is a motto which describes the relationship. 'Whatever is good for business is good for the Government of Canada'. The ideal type is I.B.M. The only limitation in this aphorism is that success is only guaranteed insofar as the goals of the government and those of I.B.M. are analogous. In certain government departments, i.e. the Department of Finance, this is more or less the case.

However, when the objectives of a department enter the realm of social adjustment or human resources, the rationale of simulating I.B.M. is less justified. Something more or something else is needed. An examination of the new department leaves one searching for the seeds of change that will cope with the human problem.^{6a} Thus, one sees the main focus of the department as being the administration of incentives, a traditional businesslike solution with which government is most familiar.

In conclusion, the organization ⁷ of the department may facilitate the coordination of programs and produce consistent plans and projects administered efficiently; if so, it will justify its inception and

6a. The slot allotted for director of Human and Social Analysis does not solve the problem because his impact in the large department is likely to be marginal.

7. See Chapter III, pp. 80-81 on organization of the department.

continued existence. However, it is unlikely that the department will be in the vanguard of significant social change, given its present structure. Given adequate political leadership it may keep pace with the times, but it is only under exceptional leadership that it may attain the heights to which it might aspire.

POLITICAL

Introduction

The internal organization just discussed is the creature of the political élite. The type of organization which evolves under a political leader reflects the degree of his commitment and is at the same time a manifestation of the quality of this commitment to the goals of the organization.

- ADB

An analysis of the ADB leads to the conclusion that there was no commitment on the part of either the governments of the day or the responsible ministers to implement far-reaching regional economic policy.

Failure to establish a planning division until two years after the law authorizing the Board to develop an overall plan for the region was passed constitutes evidence of the minister's indifference to long term planning. Furthermore, when the division was finally instituted, its members were hampered by insufficient personnel and general unawareness of the usefulness of their work. Thus, if blame is to be fixed, it falls not on the Board but on the government of Canada for its appointment of ministers whose prejudices were known in government circles.

The operation of the Board's activities reflect the minister's predisposition to short term, ad hoc planning. Brewis has pointed out with justification that had there been a strong and widespread desire among politicians (federal and provincial) to see an integrated development plan for the Atlantic provinces, it is hard to believe that there would not have been greater progress.

It is not a plan for the entire region that interests provincial premiers so much as the sums that will be made available for their own political jurisdiction. The operations of the ADB reflect this attitude. There has been no disposition on the part of members to make the provision of funds conditional upon the formulation of an agreed plan, and in the absence of such a condition, it is most unlikely that the present dichotomy between expenditures and plans will be closed.⁸

The short term nature of the goals of the Board can be interpreted from speeches Pickersgill has made in Halifax and in the Commons: "The purpose of the Board is to create conditions to render itself obsolete... it is our view that the Board should not do anything it can get anybody else to do."⁹

"It is contemplated that the Board would as far as possible employ existing agencies to carry out the work, even the work of spending the money in the fund, in order to avoid needless expenditure in building up a department of government."¹⁰ In other words, the Board's function was that of an "Atlantic lobby".

The consequences of this skeptical and conservative approach to regional development was that the political élite never performed its communication function with the region. Without the involvement of the

8. Brewis, op.cit., page 204.

9. Address by Hon. J.W. Pickersgill to Atlantic Development Board at its meeting held at Halifax, August 6, 1963, page 4.

10. Debates of the House of Commons, June 17, 1963, page 1269.

region in joint formulation and implementation of policy, the Board could not alleviate regional economic disparities and finally could no longer justify its own existence.

Failure to establish communication links can be attributed to the centralizing tendencies inherent in the Board. As seen in Chapter II despite the theoretical argument that the balance of influence rested in the region, in practice, the centripetal outweighed the centrifugal forces.

Many factors contributed but the most significant was Treasury Board control on expenditures. Confidential sources have indicated that both ministers charged with responsibility for the ADB were in accord about the necessity of Treasury Board supervision. Clearly, there was no desire on the part of the government to create an independent counter-vailing force.

Some have even argued that the creation of the Fund, which gave the Treasury Board control of the ADB, deflected the energies of the Board to the administration of funds from what might have been the more useful role of studying the economy and advising the minister.¹¹ The fund served the double purpose of centralizing the Board and denigrating the planning division, for once a fund was available, pressures mitigated against working on long term plans and demanded immediate expenditures. This placed the program division in the forefront.

It is perhaps machiavellian to suggest that the government provided the fund expressly to maximize its own power. However, due to the centralizing tendencies, the Board never attained credibility as even an "Atlantic lobby".

11. See Frank T. Walton, op.cit.

Communication links were not established due to the power relationships among the different elements of the ADB. The Board members, the executive director and the staff conducted the regional development effort. However, in terms of final authority to implement programs these were only "middle men of power". The real source of power rested with the Treasury Board or the cabinet if a minister chose to appeal a Treasury Board decision. Communication between the "middle men" and the Treasury was not always predictable. The uncertainty which this created weakened the channels of communication between those who conducted the program and the sources of power.¹² Thus, through its dominant power position, the Treasury Board exercised a centralizing role.

One can postulate that because the ADB was not a regional body it lacked the confidence of the region. Therefore, it was unable to coordinate itself with provincial agencies charged with similar functions whose trust it needed. APEC criticizes the ADB and describes the chaotic situation in Nova Scotia.

While the ADB as an agency of the government of Canada has been assigned a planning responsibility for the whole Atlantic region, the Voluntary Economic Planning Board, as an agency of the Government of Nova Scotia has a responsibility to prepare and present a plan for the economic development of a Province. The Eastern Nova Scotia ARDA task force was a group representative of both federal and provincial jurisdictions, with the task of preparing a comprehensive development program for the eastern half of Nova Scotia. It can thus be seen that without close coordination, a situation is conceivable where Nova Scotia might be confronted with three development plans - an ADB plan considering Nova Scotia as part of the Atlantic region and VEP plan for the whole province and an ARDA plan for the eastern half of the province.¹³

¹². This argument is phrased in terms of 'approach' in Chapter I.

¹³. Atlantic Provinces Economic Council, The Atlantic Economy First Annual Review, October 1967, page 64.

Elsewhere APEC remarks: "we are unable to locate any indication that such coordination has been achieved ..."¹⁴

Had the Board been a genuine regional spokesman it might have coordinated with other regional bodies as a method of building a counter force to the Treasury Board and Federal minister needed to give it credibility and influence. However, it did not take the opportunity; failure to integrate rendered it even more impotent.

The Board, however, also failed to coordinate federal programs. This requires an explanation. Firstly, one can postulate from the discussion in Chapter III that it was an impossible task. Each federal agency had a different minister, each of whom was supreme in his own department, each of whom defined 'region', 'planning' and the goals and priorities of regional economic development differently. There was no foundation on which to build an integrated design nor was there evidence of much desire.

Secondly, one can hypothesize that although the ADB was not an effective regional body, neither was it a very influential federal agency. Its unorthodox organization and its internal malaise made it "neither fish nor fowl". Therefore, it lacked the power, the influence and the incentives to coordinate federal programs.

Conclusion

In sum, the federal political élite of 1962-1968 did not manifest more than a superficial commitment to comprehensive regional economic planning necessary to alleviate regional economic disparities. Creative leadership sponsoring dynamic organization to formulate and implement

¹⁴. Atlantic Provinces Economic Council, op.cit., page 63 & page 13.

regional development policy was lacking. Brewis has stated: "... to foster economic growth and the development of the Atlantic region, clearly articulated lines of action over a broad front and agreement with the provinces on both ends and means is required."¹⁵

The Board failed to integrate the needs and articulate the demands of the region. Nor did it support, advocate or provide any other structure which might have fulfilled this function. ADB leaders exhibited little sensitivity to the need for coordination and communication.

- Department of Regional Economic Expansion

The commitment of the Trudeau administration to regional economic development was voiced frequently during the 1968 election campaign. In his address in Halifax, Mr. Marchand reiterated the high priority which government was placing on it:

There are four great objectives of government policy. One, of course, is world peace and we cannot have much to do with that. The other three are, in simple words, a just society, a prosperous economy, a united Canada. To all of these regional development is essential.

We will not make a united Canada a reality unless we can remove large disparities between the conditions of life in different regions and areas.

We will not have a just society unless the opportunities to participate in social and economic progress are a reality for all Canadians, irrespective of the area in which they live.¹⁶

Although the intention of the government seems sincere, certain questions can be raised. The first concerns the ability of the department to coordinate its own activities. If the federal agencies failed to coordinate prior to the department's establishment, can the new department effect coordination within itself? This was the question raised by M.P. Edward Broadbent in the Commons.¹⁷

15. Brewis, op.cit., page 192.

16. Address by the Honourable Jean Marchand to the Atlantic Provinces Economic Council, Halifax, October 29, 1968, page 3.

17. Quoted in Chapter III, page 76.

It has been suggested that the former failed because they had no foundation on which to build a viable relationship. In creating this foundation, the new department may experience periods of tension, but inconsistencies will probably be eliminated. The pressures to produce will outweigh the tendency to stalemate and stagnation. Therefore, this obstacle may be overcome.

The second and more important question is whether the federal department can establish effective regional linkages. Fears that this would be impossible were raised by the Atlantic press¹⁸ and opposition leader Stanfield in the House of Commons.

To restate the problem: Can a centralized bureaucratic structure establish communication with the region? The consequences of a centralized bureaucracy which lacks a countervailing force have been discussed in relation to the ADB. Lack of participation alienates the population who are affected by the regional development effort. This may be accompanied by distrust. In time, the program is rendered ineffective.

One reason why this occurs is that a central body fails to create an intermediary structure capable of involving the people in implementation of solutions. Such a structure would act as a link between the population and the federal authority. For example, the provincial civil services could constitute this type of body. Yet under an omnipotent centralized machine their opportunity to acquire the necessary capabilities to implement future development programs may be limited.

An examination of the administrative provisions reveals that only the Atlantic Development Council is capable of serving as a regional linkage. However, its role is merely advisory and its power vis-à-vis the department does not appear very great.

18. See Chapter III, page 74.

Thus, despite the verbal assurances of the minister that communication via joint federal-provincial formulation is the keynote of the department, there is little to guarantee that communication will be established in the absence of a regional institution to serve as a buffer.

In parliament, the opposition feared that the minister of regional economic expansion would become a "super" minister. If this is so, here is another instance of the centralizing tendency; for a powerful minister may further inhibit the development of a regional counterforce.

There is no doubt that Marchand enjoys much power. His strength stems from the high priority his department is given by the administration and it is compounded by a close personal relationship with the Prime Minister. However, in the absence of these factors there is no reason to believe a minister of the Department of Regional Economic Expansion would supercede his peers in policy formulation.

Given the formidable nature of the task of regional development in 1969, the minister must have a wide margin of discretionary power. For example, the budget of the department is \$192 million. As with the ADB there will be pressure to disburse these funds regardless of the availability of an appropriate framework. Only a powerful minister can sustain such pressures.

Secondly, due to the traditional features of the organization which the minister has been chosen to head, Mr. Marchand has been charged with pacing the course of social change. As we have seen there is little in the administration of the department to guarantee initiative in the absence of an exceptional leader. The political élite has placed a high premium on outstanding individuals. Marchand may be such a man.

In conclusion, the government has in effect created a "super" minister for such time as the priorities of regional development remain high. In addition they have established a relatively traditional organization with strong centralizing features as the vehicle of transforming regional policy. The apparent paradox has the effect of rendering the political élite's commitment to comprehensive regional economic development provisional - provisional on the outcome of the present effort.

LEGAL

- Constitution

In Chapter I it was stated that to understand the constraints on regional policy formulation an examination of the Constitution and of the laws authorizing the development effort was essential. The Constitution divides powers between the federal and provincial governments; as a result neither level of government has complete jurisdiction over all of the elements that constitute the regional planning process. Thus, a federal agency like the ADB is prevented from acting unilaterally in the Atlantic region.

- ADB

From the foregoing, therefore, it is not surprising that the ADB Acts did not authorize the Board to implement regional development policy with any vigour. It provided only that the ADB "could with the approval of the Governor-in-Council enter into agreements with the government of any province comprised in the Atlantic region respecting the use of the Fund in financing or assisting in financing the undertaking and carrying out of particular programs or projects ..."

Unlike the ARDA Act which envisaged 'grass roots' participation of the region in joint federal-provincial formulation and implementation, the ADB Act either took this for granted or ignored the necessity altogether. Failure to require 'grass roots' participation deterred the Board from establishing effective communication linkages with the region.

The ADB Act received Royal Assent after ADA and ARDA were already in existence. As we have seen, the ADB law was inconsistent with these others on the definition of "region", "planning" and the relative importance of joint implementation. In the long run this affected the ADB's ability to coordinate with the other programs whose priorities were different, and finally rendered the ADB ineffectual.

The ADB Acts did not grant sufficient authority to the Board to conduct the range of development programs that merited consideration. Firstly, the Board was not the final authority on expenditures. Secondly, the internal split in the staff of the Board weakened the authority of the Board to cope with the entire range of desirable programs. Thirdly, failure to establish the planning division until 1965 prevented the full range of programs from even being available. There was nothing in the Acts making the creation of the planning division mandatory.

Finally, the ADB Act did not fix responsibility at a level that would permit prompt and decisive action. This arose because the Treasury Board controlled all expenditures. The need to prepare submissions, defend them and await their approval slowed the pace of action. Uncertainty as to whether expenditures would meet the requirements of the Treasury Board inhibited decisiveness and weakened the credibility of the ADB as an effective regional spokesman.

In conclusion, the ADB Acts, like the administration and the political leadership of the Board, did not accelerate the process of regional economic development.

- Department of Regional Economic Expansion

The Act creating the Department of Regional Economic Expansion avoids many of the pitfalls of the ADB Acts.

Stress has been laid on the department's ability to implement regional policy. The legislation is patterned on the ARDA legislation in this respect. Section 27 (3) (c) states that "an agreement (joint) may provide that Canada and a province may procure the incorporation of one or more agencies or other bodies to be jointly controlled by Canada and the province for the purpose of undertaking or implementing programs or projects to which the agreement relates or any part of such programs or projects." There seems to be recognition of the need to establish communication links with the region. The Atlantic Development Council "must reflect the structure of the Atlantic region". Thus the legislation is more explicit than the ADB Acts in providing for joint consultation and negotiation.

The rationale for creating the department was to eliminate inconsistencies in the existing programs. Its organizational structure is directed to this end. However, whether it can coordinate with provincial agencies like Voluntary Economic Planning will depend on its credibility as a regional authority in addition to being a federal one.

The Act does provide sufficient authority to conduct the regional development effort. The discretionary power of the minister is broad and there is evidence that the first minister of the Department is committed

to the goals of regional economic development and capable of executing his views.

The split in the ADB which resulted from Treasury Board control of each expenditure is not likely to recur in the Department, due to the administrative arrangement within the Department which gives equal weight to the three divisions.¹⁹ But due to the traditional organization of the Department, the budget is determined in much the same way as that of other government departments.²⁰ The legislation does not seem to recognize that the nature of regional economic development may require special budgeting provisions. For example, in 1962 an M.P. suggested that regional policy may involve a new kind of budgeting procedure "with the department presenting an overall budget not for one year but for a period of say, three or even five years, with interim budgets brought in for essential adjustments."²¹

Eric Beecroft has also suggested that budget-making for regional development is a procedure yet to be learned and systematized. He would delegate the job to a regional council of those who have to live with the problem. To quote Beecroft:

Budget making is a crucial exercise in our efforts to educate ourselves for regional development and regional government. The same regional council that proposes programs of physical development and land use should also be responsible for preparing the regional budget. There is nothing like a responsibility for financial planning to curb unrealistic physical planning. And there is nothing like responsibility for physical planning to give financial management the clear and positive concept of its goal that good government

19. Planning, Programming and Implementation. See Chapter III, pp. 80-81.

20. The yearly estimates will be discussed in an Estimates Committee and then they will be submitted to the Treasury Board for approval. The latter will approve the total estimates in contrast to the ADB where they approved each expenditure.

21. Debates of the House of Commons, February 26, 1962, page 1271. This proposal never adopted would go far in orienting the governments towards longer term planning.

requires.²²

To fit Beecroft's proposal into Canadian government context would mean that the Department of Regional Economic Expansion should prepare its budget in consultation with regional representatives, or if competent regional spokesmen are unavailable, the department should make efforts to create capable regional structures which could then assume this function. If such a proposal were ever adopted the federal budget would finally come to be formulated with provincial priorities in the forefront.

In conclusion, the legislation establishing the department seems better designed to cope with the problems at hand than previous legislation. The only danger results from the traditional approach taken to the department's organization. This may produce an overly centralized body unchecked by any regional authority.²³

Conclusion

What is at work in the Atlantic region is a veritable complex of economic retardation in which all the elements of cause and effect are interacting in mutual reinforcement, rendering partial or piecemeal measures largely ineffective. To break the cycle of poverty begetting poverty, there must be a broad emphasis on the creation of new employment opportunities coupled with measures to encourage related social adjustment.

The ADB focused more on creating job opportunities than on fundamental restructuring of the Atlantic economy with the affiliated

22. Beecroft, op.cit., page 196.

23. A discussion of methods to create stronger regional authority follows in Chapter V.

task of social adjustment. By defaulting on an overall comprehensive plan the Board failed to carve out pivotal points around which growth might be centered and concentrated on areas of acute distress. The desirable course would be to attack on both fronts simultaneously.

This is the challenge facing the Department of Regional Economic Expansion. They must avoid getting impaled on either horn of the dilemma; otherwise, they will be damned no matter what they do. Marchand shows he has recognized this when he says, "We are not talking about industrial investment alone but about a whole process of development - about education, about investments in social capital, about sewers and drains and utilities, about local leadership and everything else. It is only if all this works together with new investments that we will get the full permanent changes we are looking for."²⁴

What remains for the federal government is to undertake, in cooperation with the provinces, comprehensive and concerted programs to accomplish the twin goals of regional development and the eradication of poverty.

24. Atlantic Development Board, Submission to the Senate Committee on Poverty, Ottawa, May 7, 1969, page 4.

CHAPTER FIVE

C O N C L U S I O N S

A great democracy must either
sacrifice self government to unity
or preserve it by federalism.

Lord Acton

Introduction

The central issue of this essay is the need for comprehensive planning to alleviate regional economic disparities within the context of a relatively decentralized federalism. The interactive nature of regional development and all dimensions of the regional economy mitigates against "postage stamp" or ad hoc planning strategy. How comprehensive should planning be? This raises the crucial issue of defining the boundaries of a region. These boundaries cannot be determined, however, until the policy objectives are made explicit. For the definition of an economic region is dependent on the purpose for its delimitation.

We have seen, for example, that provincial boundaries do not always coincide with economic regions. In dealing with certain kinds of resources (e.g. water systems) the natural economic regions may encompass parts of several provinces. In dealing with certain kinds of programs (e.g. manpower training and employment placement or the development of transportation systems) the appropriate region may also cut across provincial boundaries. In other cases (e.g. local resource development projects and local unemployment problems) the appropriate

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jurisdiction may be something smaller than the province but larger than existing local government units.

Given that the shape of an economic region may vary under different circumstances; and given, also, the federal, multi-cultural and segmented character of the Canadian nation, the problem becomes that of determining the form of federalism that is optimal for adjusting to the diverging requirements of regional economic development.

It is our thesis that the scope and degree of economic planning must be jointly decided by the jurisdictions who are afflicted with poverty and affected by the plan. This will demand greater decentralization on the part of the central authorities than has been evident up to the present.

Planning

Throughout this essay the reticence of Canadian governments to commit themselves to undertake economic planning on the scale that might alleviate economic ills in the Atlantic region has been remarkable. Prior to the ADB there was no agency or department of government that dared speak of "an overall coordinated plan". The ADB, itself, balked at the implications of its mandate and even the Department of Regional Economic Expansion speaks only of planning for "special areas".

It is difficult to account for the unwillingness of government to regard economic planning as a positive necessity. However, gradually, this attitude has been changing and Canadian government may yet consider the notion with the same equanimity as public authorities in western Europe have been doing since the Marshall Plan.

H.E. English has attempted to identify a number of factors which are contributing to the erosion of many of our fears. The process, however, is a slow one. The League of Social Reconstruction, founded in 1931, acknowledged the imperfections in the market system. They observed that a few large firms dominate each of the principal industries, and that these are not subject to the impersonal forces of the market. The only competition which takes place is that between giants of industry endeavouring to maintain or improve their relative market shares.

Faith in the 'invisible hand' was further undermined by Lord Keynes who cast doubt on the ability of private firms to assess future prospects accurately enough to ensure that the aggregate effect of their investment decisions would generate just enough expenditure to employ all those who were willing and able to work; sometimes aggregate effect creates inflationary pressure, sometimes investment intentions are inadequate. Although socialists concluded from these observations that public intervention into the economy might be justified, Keynes only went so far as to advocate fiscal and monetary tools. Canadian governments have also adopted these as techniques of coping with economic ills. It is only in 1970, that economic planning may come to be regarded as a useful complement to fiscal and monetary policy.

However, any significant impetus to economic planning did not occur until after World War II. In Canada, some felt that planning for

peace was a natural extension of planning for war. In 1944, F.R. Scott wrote: "During the war we have learned new techniques in the handling of our public finances, our manpower and resources; we have prepared the public mind for the idea of planning on a national scale."

The forces of change gathered additional momentum in the late 1950's and 1960's. Political leaders in Canada marvelled at the rapid rate of growth in western Europe and concluded that it was due, in part, to forms of public planning. Conversely, the weakness of Canadian and American performance could be attributed to the failure to coordinate economic policy which might have been avoided if planning machinery existed.

A final factor which English posits for the rising acceptance of economic planning are the post-war improvements in the techniques of economic and the natural sciences. Better tools are being developed for the study of the structure of the economy and for economic forecasting. For example, input-output analysis enables economists to trace the indirect effects of economic factors in the economy and the techniques of econometrics have advanced the methods of forecasting. Applied science has contributed the electronic computer and thus, the rapid processing of masses of economic data is possible.¹

In discussing the establishment of the Department of Regional Economic Expansion we have seen that the failure of fiscal and monetary policy to cope with regional disparities in the Atlantic provinces led to the appointment of the Gordon Commission. The Commission recommended

1. H.E. English, op.cit., pp. 126-128.

the creation of a Capital Projects Commission; little was done to implement the recommendation until 1962-1963 when the Atlantic Development Board was established. Although the idea of the ADB was novel in some respects, the commitment of the political élite to comprehensive planning was virtually non-existent. As a "gap-filler", the Board failed to come to terms with the underlying causes of the economic problems of the region. This gave rise to a demand for a new approach to solve the problem.

It so happened that a fresh outlook was needed not only in regional economics but in all branches of government endeavour. Responding to this need, Conservatives and Liberals held leadership conventions to acquire candidates with new images. A federal election followed soon after these conventions. The victorious Trudeau administration had offered no panaceas to cure the nation's ills during the election campaign - a marked departure from previous strategies - and yet Trudeau interpreted his majority as a mandate for social change.

The Department of Regional Economic Expansion may be one manifestation of the administration's pledge. If so, measures must be instituted which have not been common to the present. This would put comprehensive economic planning in the forefront; for fiscal and monetary policy as well as ad hoc planning are standard government techniques.

However, precedent dies slowly in Canada and it is more likely that the department will attempt to mingle the new with the old. The stress on incentives will continue to be used and crises will no doubt arise which will require ad hoc responses. But

there are also strong indicators that the need for a framework which would detail priorities is clearly acknowledged by those who are in command of the new department.

Decentralization

On the surface, it might appear that the operation of the economy might be most efficiently directed by a strong central authority. However, the federal nature of our country renders this neither possible nor desirable. On the other hand, provincial authority unchecked by sufficient central power would hamstring the cause of a dynamic economy as much as overcentralization.

We have seen that ADE failed to establish communication links with the Atlantic region. This was attributed to the Board's composition which was not representative of the region as well as to other centralizing features inherent in the Board's structure which made Ottawa rather than the Maritimes the centre of influence. The Department of Regional Economic Expansion also contains the seeds of overcentralization by virtue of its size and the traditional aspects of its organization. Thus, the problem in Canada, at present, stems from overcentralization rather than from provincial autonomy unchecked by central authority.

What is required in Canadian federalism is a strong central authority countervailed by an equally potent regional authority. Trudeau has written, "regional fidelities may prove to be the main bulwark of democracy against a central government's New Despotism, its Laws and Orders or its 'parliamentary bureaucracy'. For there are physical limits to the control which may be exercised over the central

bureaucracy by the people's representatives and the judiciary..."²

Trudeau stresses the importance of establishing "buffer zones of joint sovereignty and cooperative zones of joint administration". "The establishment of such areas of confidence is very important; for when the parties stand as equals at negotiations, the results are invariably better and fairer."³ Regional development would then proceed at a faster pace as both jurisdictions work to solve mutual problems with greater regard and understanding of each other's limitations.

The next question which arises concerns the creation of regional authority. In this context we will examine the notion of Maritime Union, the possibilities of stronger provincial bureaucracies, and a proposal by Eric Beecroft.

- Maritime Union

A study of the feasibility of Maritime Union is currently underway. Submissions are being received and public hearings held. The results will not be known for some time. The study attracted publicity after the APEC brief unequivocally advocated political union of New Brunswick, Prince Edward Island and Nova Scotia.

Maritime Union is one alternative to a dominant federal authority; for a united Atlantic voice might receive greater attention in the councils of the nation. However, political union cannot create a harmony among provinces; it can merely reflect the existence of one which is already present.

2. Pierre Elliott Trudeau, Federalism and the French Canadians (Toronto: MacMillan Co. of Canada, 1968), p. 133.

3. Ibid., p. 141.

Although the Atlantic provinces have much in common, notably, a similar economic structure, they are divided by intense parochial loyalties. This is manifested in fierce competition among the provincial governments to attract industries and in demands for parity from federal agencies. For example, if a deep water port is being subsidized in Halifax, much pressure is exerted by the other Atlantic provinces to receive subventions for similar harbours in their ports - whether or not this would be economically justifiable.

On the other hand, Maritime provinces do cooperate closely in many fields of endeavour. For example, there is only one medical school and one school for the deaf; each of the provinces contribute to the cost of their support. In the same way, if medicare is instituted, there will probably be only one data processing centre in the region.

These are the sorts of linkages and ties which may lead to political union. It is even possible that political union might accelerate economic integration among the Atlantic provinces.

Whether political union is necessary to promote economic linkages has not been determined. It is fairly certain, however, that greater rationalization toward a single Atlantic economy would increase the rate of productivity of the region. For example, standardization of licensing and loading requirements among the provinces would lower the costs of the trucking industry with the result that the railways would face a strong competitor.

- Provincial Bureaucracy

A second method of creating credible regional authority is to

build up provincial capabilities in public administration. Competent provincial bureaucracies could provide local leadership in the region and countervail the influence of the central bureaucracy.

Such potential exists in the Maritime provinces. For there are more people employed in public administration per capita than in the other provinces in Canada. The APEC brief to the Maritime Union Study pointed out that the three Maritime governments had 24, 106 employees in departmental services for a population of 1, 186, 000. This represented a ratio of one employee for 61.6 members of the population. The average in Canada is one employee for 106.1 people.

In fact, the rationalization of the civil services is the chief factor which appears to have led APEC to support Maritime Union.

The Toronto Globe and Mail publicized parts of the brief:

(the brief) ... points to administrative duplication in the Maritimes and said productivity of the bureaucratic provincial administrations is lower than the national average. The creation of a single administrative, judicial and economic framework would increase both the quantity and quality of government services in the region.⁴

Thus, there is a need for more efficient provincial bureaucracy. If properly equipped, these administrations could serve as the foundations for greater regional involvement in federal and provincial development policy. To shore up provincial bureaucracy is the most administratively feasible method of building countervailing authority. It does not require the inception of new structures merely the upgrading of present ones.

4. Toronto Globe and Mail, April 8, 1969. (If the Maritime provinces followed the Canadian ratio, fewer civil servants would be needed saving \$38 million in salaries or more than 40 per cent of the estimated present total of \$90.2 million.)

- Regional Councils

Eric Beecroft has made a more radical proposal which at present, shows no indication of being adopted but which deserves mention. He begins with the premise that new methods of communication between federal government and the regions of Canada have to be devised. He notes the preeminent power position of the central government vis-à-vis the regions and posits that the best means of achieving and sustaining a workable provincial autonomy may be by shifting the centre of gravity to efficient regional centres and developing strong regional programs under the aegis of the provinces.

The federal involvement would be expressed in: a) aiding and strengthening provincial-municipal programs based on provincial-municipal priorities, and b) through tri-level negotiations at the provincial or regional centres.

Beecroft advocates regional centres patterned on the recommendations of the Michener Commission.⁵ A regional council composed of members of the elected councils of local governments of an area would have their headquarters and secretariat in a regional centre. The same centre would house the regular offices of the provincial departments dealing with all matters requiring regional programs. Thus, the province could assure coordination of departmental programs in each region.

Beecroft maintains that this type of centre would facilitate provincial decentralization, municipal cooperation and provincial-municipal negotiation. It would also provide a place for the federal government

5. Manitoba Report on Local Government Organization & Finance
(Winnipeg: Queen's Printer, 1964).

to establish liaison with regional development, to observe where necessary and to negotiate when provinces and municipalities wish to take advantage of a federal program. Furthermore, such centres would replace the frustrating, expensive and delaying rounds of separate meetings in Ottawa and the provincial capitals.

Such a proposal is radical because if adopted, regional authority would be institutionalized and could hardly be ignored with impunity.⁶ On the surface, the proposal has much to recommend it but it would be difficult to implement given the present administrative arrangements in Canada.

Conclusion

Trudeau's conception of federalism is one that recognizes the pluralism of Canadian society. He has written:

Since regionalisms do exist in Canada, such feelings should be exploited to further the cause of democracy; each community might enter into a state of healthy competition with the others in order to have better 'self-government' and thus, the whole Canadian system of government would be improved by creative tensions between the central, the provincial and even the municipal administrations.⁷

Economic planners as well as constitutional experts must operate within the context of their environment. Thus, in Canada, regional economic planning will only alleviate regional disparities if the pluralistic nature of the country is given due consideration; this will require planners to design policy in communication with the diverse jurisdictions and populations which may be affected by it.

6. Eric Beecroft, op.cit.

7. Trudeau, op.cit., page 147.

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APPENDIX 1

Members of the Atlantic Development Board, 1963-69

<u>Name</u>	<u>Address</u>	<u>Date of Initial Appointment</u>	<u>Expiration Date</u>	<u>Political Party, if known</u>
1. Brigadier Michael Wardell (Chairman, Jan. 24, 1963-Aug. 2, 1963; Vice Chairman, Aug. 6, 1963-Jan. 24, 1965)	Fredericton, N.B.	Jan. 24, 1963	Jan. 24, 1965	C
2. Frank H. Sobey (Vice-Chairman, Feb. 2, 1963-Aug. 6, 1963)	Stellarton, N.S.	Jan. 24, 1963	Jan. 24, 1967	?
3. Melvin J. McQuaid, Q.C.	Souris, P.E.I.	Jan. 24, 1963	Dec. 15, 1965	C
4. Donat Lalonde	Moncton, N.B.	Jan. 24, 1963	Sept. 12, 1963	?
5. Fred W. Ayre	St. John's, Nfld.	Jan. 24, 1963	Jan. 24, 1967	?
6. Ian M. MacKeigan, Q.C. (Chairman, Aug. 2, 1963-Jan. 24, 1969)	Halifax, N.S.	Aug. 2, 1963	Jan. 24, 1969	L
7. Albert M. Martin (Vice-Chairman, Apr. 6, 1965-Jan. 24, 1969)	Corner Brook, Nfld.	Aug. 2, 1963	Jan. 24, 1969	?
8. Robert C. Eddy	Bathurst, N.B.	Aug. 2, 1963	Jan. 24, 1969	?

APPENDIX 1
(Cont'd)

<u>Name</u>	<u>Address</u>	<u>Date of Initial Appointment</u>	<u>Expiration Date</u>	<u>Political Party, if known</u>
9. Carl F. Burke	Charlottetown, P.E.I.	Aug. 2, 1963	Jan. 24, 1968	?
10. Captain Maxwell Burry	Glovertown, Nfld.	Aug. 2, 1963	Jan. 24, 1968	L
11. Stephen A. Dolhanty	Glance Bay, N.S.	Aug. 2, 1963	Jan. 24, 1968	? (labour)
12. Armand H. Cormier	Moncton, N.B.	Sept. 12, 1963	Jan. 24, 1967	?
13. Dr. Stephen Weyman	Saint John, N.B.	Jan. 24, 1965	Oct. 14, 1966	L
14. Neil R. MacLeod, Q.C.	Summerside, P.E.I.	Jan. 7, 1966	Jan. 6, 1969	L
15. Joseph A. Likely (Vice-Chairman, Feb. 7, 1969-March 31, 1969)	Saint John, N.B.	Jan. 31, 1967	Mar. 31, 1969	?
16. Simon L. Bujold	Moncton, N.B.	Jan. 31, 1967	Mar. 31, 1969	L
17. C. Arnold Patterson	Dartmouth, N.S.	Jan. 31, 1967	Mar. 31, 1969	L
18. Calvert C. Pratt	St. John's, Nfld.	Jan. 31, 1967	Mar. 31, 1969	L
19. Maurice J. Quinlan	St. John's, Nfld.	Feb. 15, 1968	Mar. 31, 1969	L
20. Michael S. Schurman	Summerside, P.E.I.	Feb. 15, 1968	Mar. 31, 1969	L
21. Harry H. Smofsky	Bridgetown, N.S.	Feb. 15, 1968	Mar. 31, 1969	L

APPENDIX 2

The Atlantic Development Board Act, 1962

11 ELIZABETH II

Chap. 10

An Act to provide for the establishment of an
Atlantic Development Board.

(Assented to 20th December, 1962)

Her Majesty, by and with the advice and consent
of the Senate and House of Commons of Canada,
enacts as follows:

SHORT TITLE

Short Title

1. This Act may be cited as the Atlantic Development Board Act.

INTERPRETATION

Definitions

"Atlantic Region"

- (a) "Atlantic region" means the region comprising the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

"Board"

- (b) "Board" means the Atlantic Development Board established by section 3; and

"Minister"

- (c) "Minister" means such member of the Queen's Privy Council for Canada as may from time to time be designated by the Governor in Council to act as the Minister for the purposes of this Act.

ATLANTIC DEVELOPMENT BOARD

Board established

3. A corporation is hereby established to be known as the Atlantic Development Board, consisting of five members to be appointed by the Governor in Council as provided in section 4.

Appointment of members

4. (1) Each of the members of the Board shall be appointed to hold office for a term of five years, except that of those first appointed one shall be appointed for a term of three years and two shall be appointed for a term of four years.

Chairman

- (2) One of the members of the Board shall be appointed to be the chairman thereof.

Eligibility for reappointment

- (3) A retiring chairman or other member of the Board is eligible for reappointment to the Board in the same or another capacity.

Travelling and living expenses

5. (1) The members of the Board shall serve without remuneration, but are entitled to be paid reasonable travelling and living expenses while absent from their ordinary place of residence in the course of their duties under this Act.

Honorarium to Chairman

Notwithstanding subsection (1), the chairman of the Board may be paid such amount per annum as an honorarium as may be approved by the Governor in Council.

Quorum

6. Three members constitute a quorum of the Board.

Vacancy

7. A vacancy in the membership of the Board does not impair the right of the remainder to act.

Absence, etc. of chairman

8. The Board may designate one of its members to be vice-chairman of the Board, who shall, in the event of the absence or incapacity of the chairman or if the office of chairman is vacant, act as chairman.

OBJECTS AND POWERS

Objects and powers

9. (1) The objects of the Board are to inquire into and report to the Minister upon measures and projects for fostering the economic growth and development of the Atlantic region in Canada, and, without limiting the generality of the foregoing, the Board may, in furtherance of its objects:

- (a) prepare on a systematic and comprehensive basis, and revise as required in the light of changing circumstances, an assessment of factors relevant to economic growth in the Atlantic region;
- (b) keep under constant review appropriate methods of furthering the sound economic development of the Atlantic region, whether such methods involve new measures and projects or the removal or mitigation of existing factors that may be considered to inhibit such development;
- (c) with respect to particular measures or projects that may be referred to it by the Minister, inquire into, assess and report to the Minister upon the feasibility of such measures or projects and the effect thereof in relation to the economy of the Atlantic region, and make recommendations to the Minister with respect to any such measures or projects that in the opinion of the Board would significantly contribute to the growth and development of the economy of the Atlantic region; and
- (d) consider and report to the Minister upon any other matters that in the opinion of the Board may usefully be considered by it having regard to the need for a continuing sound economic development of the Atlantic region.

Duty of cooperation

- (2) The Board shall, to the greatest possible extent consistent with the performance of its duties under this Act, cooperate with the National Economic Development Board, the National Productivity Council and all departments, branches and other agencies of the Government of Canada having duties related to, or having aims or objects related to those of the Board.

ORGANIZATION

Meetings

10. The Board shall meet at such times and places as it deems necessary but shall meet at least once a year in the City of Ottawa.

Executive Director

11. (1) The Governor in Council may appoint an Executive Director of the Board, who shall hold office during pleasure and shall be paid such salary and expenses as are fixed by the Governor in Council.

Direction of work and staff

- (2) The Executive Director is the chief executive officer of the Board and has supervision over and direction of the work and staff of the Board.

By-laws

12. (1) The Board may, subject to the approval of the Governor in Council, make by-laws for the regulation of its proceedings and generally for the conduct of its activities, including the establishment of advisory and other committees of the Board.

Advisory committees

- (2) Any by-law made pursuant to subsection (1) establishing an advisory committee of the Board may provide for the membership thereon of persons other than members of the Board, in addition to members of the Board.

Appointment of Staff

13. (1) The Board may
- (a) appoint such officers and employees as are necessary for the proper conduct of the work of the Board; and
 - (b) prescribe the duties of such officers and employees and, subject to the approval of the Treasury Board, prescribe the conditions of their employment.

Salaries and expenses
of staff

- (2) The officers and employees of the Board appointed as provided in subsection (1) shall be paid such salaries and expenses as are fixed by the Board with the approval of the Treasury Board.

Technical and
special advisors

14. The Board may engage on a temporary basis or for any period of not more than two years the services of persons having technical or specialized knowledge of any matter relating to the work of the Board, to advise and assist the Board in the performance of its duties under this Act, and with the approval of the Treasury Board may fix and pay the remuneration of such persons.

Superannuation

15. (1) The Executive Director and the officers and employees of the Board appointed as provided by subsection (1) of section 13 shall be deemed to be employed in the Public Service for the purposes of the Public Service Superannuation Act, and the Board shall be deemed to be a Public Service corporation for the purposes of section 23 of that Act.

Application of Government
Employees Compensation
Act

- (2) The Government Employees Compensation Act applies to the Executive Director and the officers and employees of the Board appointed as provided in subsection (1) of section 13 and, for the purposes of that Act, such persons shall be deemed to be employees in the service of Her Majesty.

Not agent of
Her Majesty

16. The Board is not an agent of Her Majesty and, except as provided in Section 15, the members, Executive Director and staff of the Board are not part of the public service.

FINANCIAL

Appropriation

17. All amounts required for the payment of salaries and other expenses under this Act including expenses of administration shall be paid out of moneys appropriated by Parliament for the purpose.

AUDIT

Audit

18. The accounts and financial transactions of the Board shall be audited annually by the Auditor General, and a report of the audit shall be made to the Board and the Minister.

REPORT TO PARLIAMENT

Annual report
to be made

19. The chairman of the Board shall, within three months after the termination of each fiscal year, transmit to the Minister a statement relating to the activities of the Board for that fiscal year, including the financial statements of the Board and the Auditor General's report thereon, and the Minister shall cause such statement to be laid before Parliament within fifteen days after the receipt thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

APPENDIX 3

12 ELIZABETH II

Chap. 5

An Act to amend the Atlantic Development Board Act

(Assented to 31st July, 1963)

1962-63, c. 10

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Section 2 of the Atlantic Development Board Act is amended by striking out the word "and" at the end of paragraph (b) thereof and by adding thereto, immediately after paragraph (b) thereof, the following paragraph:

"Fund"

"ba) "Fund" means the Atlantic Development Fund established by section 16; and"

2. (1) Sections 3 and 4 of the said Act are repealed and the following substituted therefor:

Board established

- "3. (1) A corporation is hereby established to be known as the Atlantic Development Board, consisting of eleven members to be appointed by the Governor in Council as provided in section 4.

Constitution of membership

- (2) The membership of the Board shall be constituted in such a manner as to reflect the economic structure of the Atlantic region.

Appointment of members

4. (1) Each of the members of the Board shall be appointed to hold office for a term of three years, except that of those first appointed four shall be appointed for a term of one year and four shall be appointed for a term of two years.

Chairman

- (2) The Governor in Council shall designate one of the members to serve as chairman of the Board during pleasure.

Eligibility for
reappointment

- (3) A person who has served two consecutive terms as a member of the Board is not, during the twelve month period following the completion of his second term, eligible for reappointment."
- (4) A person who, at the coming into force of this Act, held office under the Atlantic Development Board Act as a member of the Atlantic Development Board shall be deemed to have been appointed as a member of the Board under this Act
- (a) in the case of the person who at the coming into force of this Act held the office of chairman of the Board, for a term of two years, and
- (b) in any other case, for a term of one year.
- (5) The term of each of the persons first appointment to the Atlantic Development Board after the coming into force of this Act and the term of each of the persons referred to in subsection (2) shall be calculated as if such term had commenced on the 24th day of January, 1963.

3. Section 6 of the said Act is repealed and the following substituted therefor:

Quorum

- "6. A majority of the members constitutes a quorum of the Board."

4. The said Act is further amended by adding thereto, immediately after section 8 thereof, the following section:

Board agent of
Her Majesty

- "8A. (1) The Board, is for all purposes of this Act, an agent of Her Majesty, and its powers under this Act may be exercised only as an agent of Her Majesty.

Contracts

- (2) Subject to the approval of the Governor in Council, the Board may, on behalf of her Majesty, enter into contracts in the name of Her Majesty or in the name of the Board.

Property

- (3) Property acquired by the Board is the property of Her Majesty and title there- to may be vested in the name of Her Majesty or in the name of the Board.

Proceedings

- (4) Actions, suits or other legal proceedings in respect of any right or obligation acquired or incurred by the Board on behalf of Her Majesty, whether in its name or in the name of Her Majesty, may be brought or taken by or against the Board in the name of the Board in any court that would have jurisdiction if the Board were not an agent of Her Majesty."

5. Section 9 of the said Act is repealed and the following substituted therefor:

Objects and powers

- "9. (1) The objects of the Board are to inquire into and report to the Minister upon programs and projects for fostering the economic growth and development of the Atlantic region of Canada, and to consider, report and make recommendations to the Minister concerning programs and projects not involving the use of the Fund and programs and projects involving the use of the Fund; and without limiting the generality of the foregoing, the Board may, in furtherance of its objects,

- (a) prepare, in consultation with the Economic Council of Canada, an overall co-ordinated plan for the promotion of the economic growth of the Atlantic region;
- (b) keep under constant review appropriate methods of furthering the sound economic development of the Atlantic region, whether such methods involve new programs and projects or the removal or mitigation of existing factors that may be considered to inhibit such development;
- (c) with respect to particular programs or projects that may be referred to it by the Minister or that the Board may on its own initiative investigate, inquire into, assess and report to the Minister upon the feasibility of such programs or projects and the effect thereof in relation to the economy of the Atlantic region, and make recommendations to the Minister with respect to any such programs or projects that, in the opinion of the Board, will contribute to the growth and development of the economy of the Atlantic region; and
- (d) with the approval of the Governor in Council, enter into agreements with
 - (i) the government of any province comprised in the Atlantic region or the appropriate agency thereof, or
 - (ii) any other person,

respecting the use of the Fund in financing or assisting in financing the undertaking and the carrying out of particular programs or projects described in subsection (1) of section 16.

Duty of co-operation

- (2) The Board shall, to the greatest possible extent consistent with the performance of its duties under this Act, consult and co-operate with the Economic Council of Canada and all departments, branches and other agencies of the Government of Canada having duties related to, or having aims or objects related to those of the Board."

6. Section 16 of the said Act is repealed and the following heading and section substituted therefor:

"ATLANTIC DEVELOPMENT FUND

Payments out of
Consolidated
Revenue Fund

16. (1) Subject to subsection 4, the Minister of Finance may, on the recommendation of the Minister, pay to the Board out of the Consolidated Revenue Fund such amounts as are from time to time required by the Board for the purpose of financing or assisting in financing the undertaking and the carrying out of programs and projects that, in the opinion of the Board, will contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available.

Atlantic Development
Fund established

- (2) There shall be a special account in the Consolidated Revenue Fund to be known as the Atlantic Development Fund, to which shall be credited all amounts paid by the Minister of Finance to the Board under subsection (1) and to which shall be charged all payments in respect of programs or projects described in that subsection.

Approval of programs
or projects

- (3) No payments may be made by the Minister of Finance to the Board under sub-section (1) except in respect of a program or project described in that sub-section that has been approved by the Governor in Council.

Total of amounts
that may be paid

- (4) The total of all amounts that may be paid by the Minister of Finance to the Board under subsection (1) and credited to the Atlantic Development Fund is one hundred million dollars."

7. Section 17 of the said Act is repealed and the following substituted therefor:

Appropriations

- "17. All expenditures under this Act including amounts required for the payment of salaries, technical and economic surveys and other expenses including expenses of administration, except any amount described in sub-section (1) of section 16, shall be paid out of moneys appropriated by Parliament therefor."

Coming into force

8. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

APPENDIX 4

14-15 ELIZABETH II

Chap. 31

An Act to amend the Atlantic Development Board Act

(Assented to 11 July, 1966)

1962-63, c. 10;
1963, c. 5

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1963, c. 5, s. 4

1. Subsection (2) of section 8A of the Atlantic Development Board Act is repealed and the following substituted therefor:

Contracts

- "(2) The Board may, on behalf of Her Majesty, enter into contracts in the name of Her Majesty or in the name of the Board."

1963, c. 5, s. 5

2. Paragraph (d) of subsection (1) of section 9 of the said Act is repealed and the following substituted therefor:

- "(d) enter into agreements with the government of any province comprised in the Atlantic region or the appropriate agency thereof, subject to approval thereof by the Governor in Council, or enter into agreements with any other person, providing for
 - (i) the undertaking by the Board of any programs or projects that, in the opinion of the Board, will contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available,

- (ii) the joint undertaking by the Board and the province or agency thereof or person of programs or projects described in subparagraph (i), or
- (iii) the payment by the Board to the province or agency thereof or person of contributions in respect of the cost of programs or projects described in subparagraph (i)."

3. The said Act is further amended by adding thereto, immediately after section 9 thereof, the following section:

Provision to be included
in agreements

- "9A. An agreement entered into pursuant to paragraph (d) of subsection (1) of section 9 shall, where appropriate, specify the respective proportions of the revenues from any program or project to which the agreement relates that are to be paid to the Board and the province or agency thereof or person."

1963, c. 5, s. 6

4. (1) Section 16 of the said Act is repealed and the following substituted therefor:

Atlantic Development
Fund established

- "16. (1) There shall be a special account in the Consolidated Revenue Fund to be known as the Atlantic Development Fund.

Credits and charges to
Fund

- (2) There shall be credited to the Fund, in addition to the amounts credited thereto pursuant to subsection (1) of section 16A, all revenues of the Board under agreements entered into pursuant to paragraph (d) of subsection (1) of section 9 and there shall be paid out of the Consolidated Revenue Fund and charged to the Fund all expenditures under agreements entered into pursuant to paragraph (d) of subsection (1) of section 9.

Limitation

- (3) No payment shall be made out of the Consolidated Revenue Fund under this section in excess of the amount of the balance to the credit of the Fund.

Payment out of
Consolidated Revenue
Fund

- 16A. (1) Subject to subsection (2), the Minister of Finance may, on the recommendation of the Minister, credit to the Fund out of the Consolidated Revenue Fund such amounts not exceeding in the aggregate one hundred and fifty million dollars as are from time to time required by the Board under agreements entered into pursuant to paragraph (d) of subsection (1) of section 9.
- (2) No amount may be credited by the Minister of Finance to the Fund under subsection (1) in respect of programs or projects described in an agreement entered into under paragraph (d) of subsection (1) of section 9 with a province or agency thereof, unless the agreement has been approved by the Governor in Council."

Approval of
agreements

- (3) For the purpose of section 16A of the said Act as enacted by this section, all amounts credited or charged to the Atlantic Development Fund pursuant to section 16 of the said Act before the coming into force of this Act shall be deemed to have been credited or charged, as the case may be, to the Atlantic Development Fund pursuant to sections 16 and 16A of the said Act as enacted by this section.

APPENDIX 6

ATLANTIC DEVELOPMENT BOARD

Commitments and Expenditures to March 31, 1969

	<u>Committed</u>	<u>Paid</u>
Nova Scotia	\$ 59,141,682	\$ 39,630,136
New Brunswick	54,892,716	44,609,511
Newfoundland	60,767,251	48,556,663
Prince Edward Island	12,566,756	9,894,731
Projects of a Regional Nature	<u>2,159,148</u>	<u>203,005</u>
TOTAL	\$189,527,553	\$142,894,046
Trunk Highway Programs	\$ 68,175,000	\$ 59,397,834
Power Developments	56,212,800	52,699,205
Industrial Water Systems	26,959,521	13,391,041
University and Applied Research Facilities	12,361,279	4,051,636
Industrial Parks	9,796,327	6,168,866
Miscellaneous	<u>16,022,626</u>	<u>7,185,464</u>
TOTAL	\$189,527,553	\$142,894,046

APPENDIX 7

Bill C-173

First Session, Twenty-Eighth Parliament, 17-18 Elizabeth II, 1968-69.

An Act respecting the organization of the Government of Canada and matters related or incidental thereto.

(As passed by the House of Commons 24th March 1969)

PART IV

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

Interpretation

Definitions

20. In this Part,

"Atlantic region"

(a) "Atlantic region" means the region comprising the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

"Council"

(b) "Council" means the Atlantic Development Council established by section 29;

"Minister"

(c) "Minister" means the Minister of Regional Economic Expansion; and

"Special area"

(d) "special area" means an area that is a special area by virtue of an order made by the Governor in Council pursuant to section 24.

Department Constituted

Department established

21. (1) There shall be a department of the Government of Canada called the Department of Regional Economic Expansion over which the Minister of Regional Economic Expansion appointed by commission under the Great Seal of Canada shall preside.

Minister

- (2) The Minister holds office during pleasure and has the management and direction of the Department of Regional Economic Expansion.

Deputy Minister

22. The Governor in Council may appoint an officer called the Deputy Minister of Regional Economic Expansion to be the deputy head of the Department of Regional Economic Expansion and to hold office during pleasure.

Duties, Powers and Functions
of the Minister

Duties of Minister

23. The duties, powers and functions of the Minister extend to and include
- (a) all matters over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, branch or agency of the Government of Canada, relating to economic expansion and social adjustment in areas requiring special measures to improve opportunities for productive employment and access to those opportunities; and
 - (b) such other matters over which the Parliament of Canada has jurisdiction relating to economic expansion and social adjustment as are by law assigned to the Minister.

Special Areas

Designation of
special areas

24. The Governor in Council, after consultation with the government of any province, may by order designate as a special area, for the period set out in the order, any area in that

province that is determined to require, by reason of the exceptional inadequacy of opportunities for productive employment of the people of that area or of the region of which that area is a part, special measures to facilitate economic expansion and social adjustment.

Plans for economic expansion

25. (1) In exercising his powers and carrying out his duties and functions under section 23, the Minister shall
- (a) in co-operation with other departments, branches and agencies of the Government of Canada, formulate plans for the economic expansion and social adjustment of special areas; and
 - (b) with the approval of the Governor in Council, provide for co-ordination in the implementation of those plans by departments, branches and agencies of the Government of Canada and carry out such parts of those plans as cannot suitably be undertaken by such other departments, branches and agencies.

Co-operation and participation

- (2) In formulating and carrying out plans under subsection (1), the Minister shall make provision for appropriate co-operation with the provinces in which special areas are located and for the participation of persons, voluntary groups, agencies and bodies in those special areas.

General agreements with provinces

26. (1) The Minister may, in co-operation with any province, formulate a plan of economic expansion and social adjustment in a special area and, with the approval of the Governor in Council and subject to the regulations, enter into an agreement with that province for the joint carrying out of such plan.

Prior approval
of plan

- (2) Notwithstanding subsection (1), detailed negotiation of any draft agreement under this section shall not be undertaken by or on behalf of the Minister unless the plan to which the draft agreement relates has first been approved by the Governor in Council.

Provisions to be included
in agreements

- (3) An agreement entered into pursuant to this section may be entered into with one or more provinces in respect of one or more special areas and
- (a) shall provide for the use, where appropriate, of the services and facilities of other departments, branches and agencies of the Government of Canada;
 - (b) may provide for the payment to a province of contributions in respect of the costs of the programs and projects to which the agreement relates that are to be undertaken by the government of the province or any agency thereof or any of those programs or projects; and
 - (c) may provide that Canada and a province may procure the incorporation of one or more agencies or other bodies, to be jointly controlled by Canada and the province, for the purpose of undertaking or implementing programs or projects to which the agreement relates or any part of such programs or projects.

Agreements with
provinces in respect of
works or facilities

27. (1) The Minister may, with the approval of the Governor in Council and subject to the regulations, enter into an agreement with any province providing for the payment by Canada to the province of a grant or loan in respect of a part of the capital cost of establishing, expanding or modernizing any work or facility for the economic expansion of a special area.

Limitation

- (2) No agreement shall be entered into pursuant to subsection (1) unless the Minister is satisfied that the establishment, expansion or modernization of the work or facility is essential to the successful implementation of a plan undertaken pursuant to section 25 or 26 and that assistance is required to enable the work or facility to be established, expanded or modernized.

Agreements in
respect of commercial
undertakings

28. (1) Where the Minister is satisfied that the establishment, expansion or modernization of any commercial undertaking in a special area is essential to the successful implementation of a plan undertaken pursuant to section 25 or 26 and that special assistance is required to enable the undertaking to be established, expanded or modernized, the Minister may, with the approval of the Governor in Council and subject to the regulations, enter into an agreement with the person carrying on or proposing to carry on the commercial undertaking in the special area providing for
- (a) the guarantee, by Canada, of payment of the principal or interest of any loan required to be obtained by that person to enable him to establish, expand or modernize the undertaking;
 - (b) the payment by Canada of a grant or loan in respect of a part of the capital cost of establishing, expanding or modernizing the undertaking; or
 - (c) the payment by Canada of a grant in respect of such part of the costs of bringing into commercial production and operating the new, expanded or modernized undertaking

that are incurred within a period not exceeding three years from the date the new, expanded or modernized undertaking is first brought into operation as, in the opinion of the Minister, is attributable to factors associated with the location of the undertaking in the special area.

Limitation on special assistance

- (2) An agreement described in subsection (1) shall not provide for special assistance in any amount greater than the amount, as determined by the Minister, that is required to enable the person carrying on or proposing to carry on the commercial undertaking to which the agreement relates to establish, expand or modernize the undertaking in the special area.

Atlantic Development Council

Council established

29. There shall be a council to be called the Atlantic Development Council consisting of not more than eleven members to be appointed by the Governor in Council as provided in section 32.

Constitution of membership

30. The membership of the Council shall be constituted, after consultation with the governments of the provinces of the Atlantic region and such other persons or organizations as the Minister considers appropriate, in such a manner as to reflect the economic structure of the Atlantic region.

Function of Council

31. It is the function of the Council to advise the Minister, in respect of the Atlantic region, on matters to which the duties, powers and functions of the Minister extend and, in particular, to give consideration to, and make reports and recommendations to the Minister on,

- (a) plans, programs and proposals for fostering the economic expansion and social adjustment of the Atlantic region;
- (b) the feasibility of particular programs and projects and the contribution those programs and projects will make to the economic expansion and social adjustment of the Atlantic region; and
- (c) such other matters, relating to the duties and functions of the Minister under this Part in respect of the Atlantic region, as the Minister may refer to the Council for its consideration.

Appointment
of members

32. The members of the Council shall be appointed to hold office during pleasure for such term, not exceeding three years, as will ensure as far as possible the expiration in any one year of the terms of appointment of fewer than half of the members so appointed.

Chairman and
Vice-Chairman

33. (1) The Governor in Council shall designate one of the members to be Chairman of the Council and one of the members to be Vice-Chairman of the Council, during pleasure.

Absence, etc.,
of Chairman

- (2) In the event of the absence or incapacity of the Chairman of the Council or if the office of Chairman is vacant, the Vice-Chairman has and may exercise and perform all the duties and functions of Chairman.

Eligibility for
re-appointment

34. A retiring member of the Council is eligible for reappointment to the Council.

Honorarium and
travelling and
other expenses

35. The members of the Council shall serve without remuneration but
- (a) the Chairman and Vice-Chairman may each be paid such amount per annum as an honorarium as may be approved by the Governor in Council; and
 - (b) each member of the Council is entitled to be paid reasonable travelling and other expenses incurred by him while absent from his ordinary place of residence in the course of his duties under this Part.

Meetings

36. The Council shall meet at least twice a year at such place in the Atlantic region as the Council considers appropriate or in the City of Ottawa, and may meet at such other times as it deems necessary.

Procedure

37. The Council may make rules for the regulation of its proceedings and the conduct of its activities.

Staff

38. The Minister shall provide the Council with an officer to be secretary of the Council and, with the approval of the Treasury Board, such other assistance as the Council may require.

GeneralRegulations

39. The Governor in Council may make regulations
- (a) respecting the factors relating to inadequacy of opportunities for productive employment to be taken into account in determining whether an area or the region of which an area is a part requires special measures to facilitate economic expansion and social adjustment;

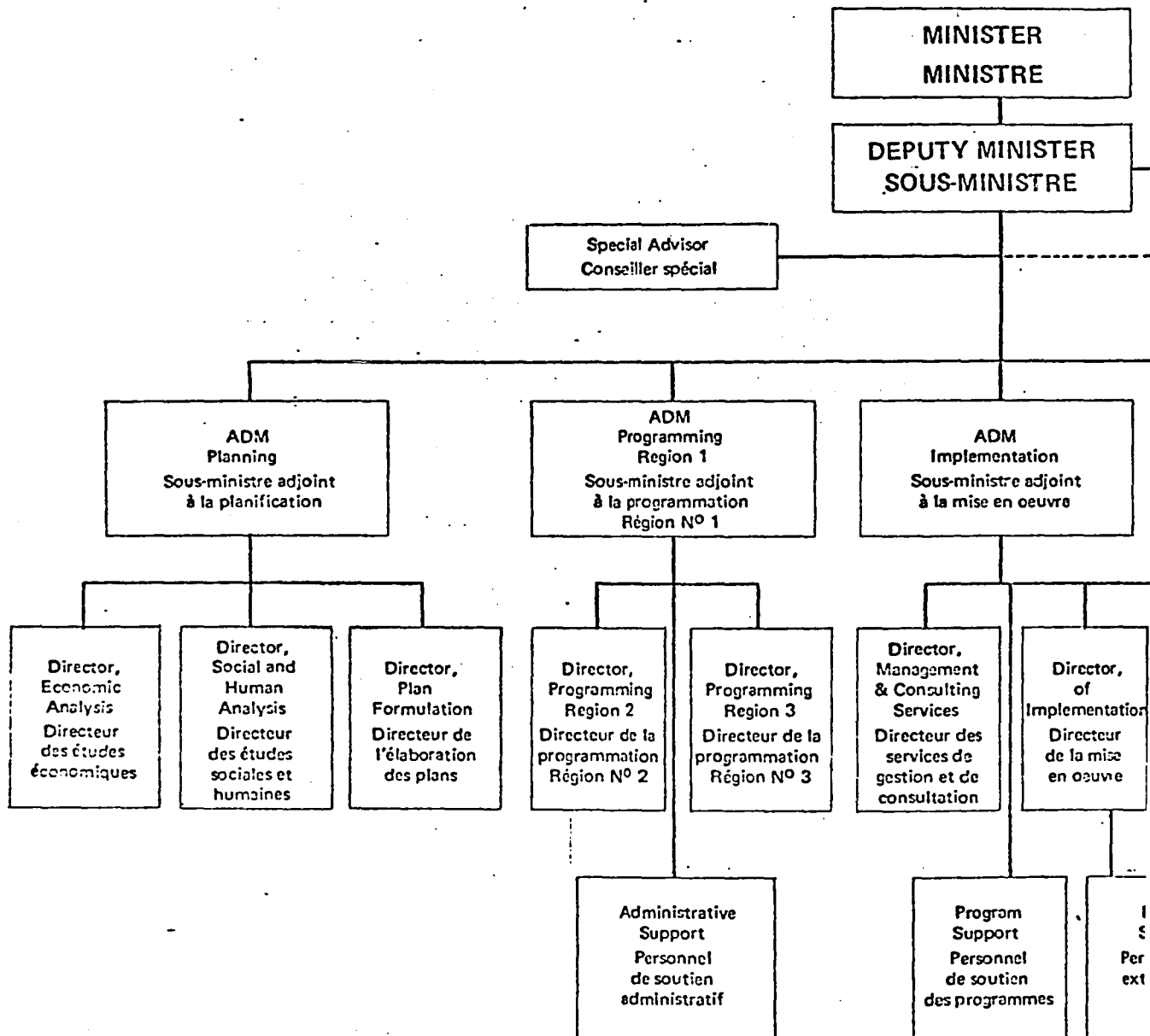
- (b) defining, for the purposes of this Part, the expressions "work or facility for the economic expansion of a special area" and "commercial undertaking";
- (c) respecting the factors to be taken into account in determining the form and extent of any special assistance that may be provided in respect of any commercial undertaking pursuant to section 28; and
- (d) generally for carrying out the purposes and provisions of this Part.

Annual report

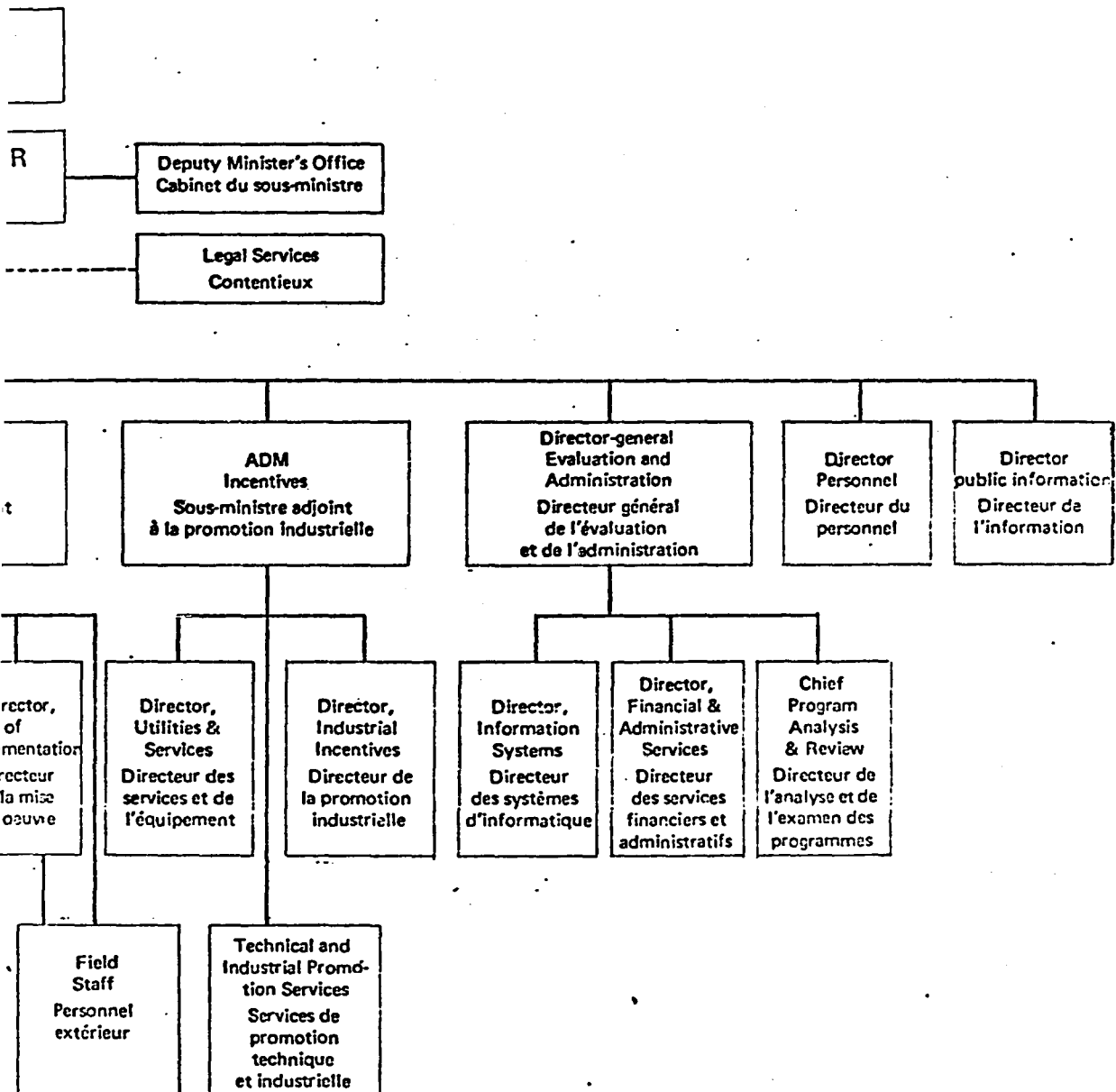
40. The Minister shall, on or before the 31st day of January next following the end of each fiscal year or, if Parliament is not then sitting, on any of the first five days next thereafter that Parliament is sitting, submit to Parliament a report showing the operations of the Department of Regional Economic Expansion for that fiscal year.

APPENDIX 8

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION – MINISTÈRE



STÈRE DE L'EXPANSION ÉCONOMIQUE RÉGIONALE



APPENDIX 9

ATLANTIC PROVINCES ECONOMIC MAP

ATLANTIC PROVINCES RESOURCES AND ECONOMIC

produced at the request of
THE ATLANTIC PROVINCES ECONOMIC C

Compiled by J. W. Maxwell, N. J. Sagar and D.

POPULATED PLACES, 1961

SELECTED CENTRE OF LESS THAN 1,000
SELECTED CENTRE OF 1,000 - 4,999

5,000 - 19,999

20,000 and over

The names of ports out of which fishing vessels of 100 tons or more
gross tonnage operate are in blue lettering. Lunenburg

TRANSPORTATION, 1965

ROADS PAVED UNPAVED UNDER CONSTRUCTION

PRINCIPAL

SELECTED SECONDARY

RAILROAD

FERRY ROUTE

AIRPORTS

COMMERCIAL

MILITARY

Land

Water

Land & Water

Note: Licensed commercial airports and all military airports are
named.

PARKS AND WILDLIFE AREAS, 1965

NATIONAL OR PROVINCIAL PARK

NATIONAL HISTORIC SITE

GAME SANCTUARY

WILDERNESS AREA

ELECTRICAL ENERGY, 1965

PRINCIPAL GENERATING STATIONS

INSTALLED CAPACITY

HYDRO

THERMAL

1,500 - 4,999 kw

5,000 - 9,999 kw

10,000 - 19,999 kw

20,000 - 49,999 kw

50,000 kw. and over

UNDER CONSTRUCTION

SUB-STATION

The rated capacity of plants of 50,000 kw. or more is shown as
a figure entered in a bar of standard length adjacent to the sta-
tion. The coloured portion of the bar represents actual production
in 1964 as a percentage of the annual potential production at full
capacity. When there is no colour in a bar production figures were
not available.

Capacity increases announced for 1965 are included.

MAIN TRANSMISSION LINES

EXISTING

UNDER CONSTRUCTION

UNDEVELOPED WATER-POWER SITES, 1965

3,000 - 9,999 kw

10,000 - 19,999 kw

20,000 kw. and over

50,000 kw. and over

TIDAL

MINERAL RESOURCES

AND PROCESSING PLANTS, 1965

IRON AND STEEL

MINE

Iron ore, direct shipping

Iron ore, concentrated

Iron ore, by-product (pyrite)

Annual capacity

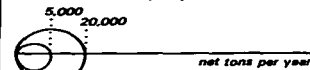
PLANT

Iron and steel rolling mill

Iron and steel furnace plant

Blast furnace plant

The annual capacity of an iron and steel plant is shown in
circles, the area of which is proportional to capacity according
to the scale below. Figures were not available for the rolling mill
Trouton and Sydney.



Note: The Wabana iron ore mine closed in June, 1965.

NON-FERROUS METALS

MINE

Lead (Pb)

Zinc (Zn)

Copper (Cu)

Gold (Au)

Silver (Ag)

Tin (Sn)

Mine under development

OCCURRENCE OF POTENTIAL IMPORTANCE

Copper (Cu)

Zinc (Zn)

Molybdenum (Mo)

Nickel (Ni)

Antimony (Sb)

Manganese (Mn)

Uranium (U)

Niobium (Nb)

Beryllium (Be)

EXAMPLES OF SYMBOLS

One lead-zinc-copper mine, gold and silver

also produced

One lead-zinc mine under development

Copper-molybdenum prospect with some

silver and gold

Lead-zinc smelter under development

* Coast of Labrador only

SELECTED URBAN CHARACTERISTICS

NEWCASTLE

1 5,236

Diversified Service

SUMMERSIDE

2 8,611

Diversified Service

ST. JOHN'S

3 90,638

Diversified Service

NEW GLASGOW - STELLARTON AREA

4 N.G. 22,408

Diversified Service

SAINT JOHN'S

5 95,563

Diversified Service

SPRINGHILL

6 8,836

BATHURST

10 8,444

Manufacturing and Trade

MONCTON

11 55,768

Transportation and Trade

HALIFAX-DARTMOUTH

12 H. 183,946

Government and Military

EDMUNDSTON

13 12,791

Manufacturing

AMHERST

14 10,789

Manufacturing

CHARLOTTETOWN

15 18,318

NORTH SYDNEY - SYDNEY MINES

19 17,779

Transportation and Mining

CHATHAM

20 7,190

Government and Military

WINDSOR-GRAND FALLS

21 12,111

Manufacturing

DALHOUSIE

22 5,725

Trans., Gov't. and Military

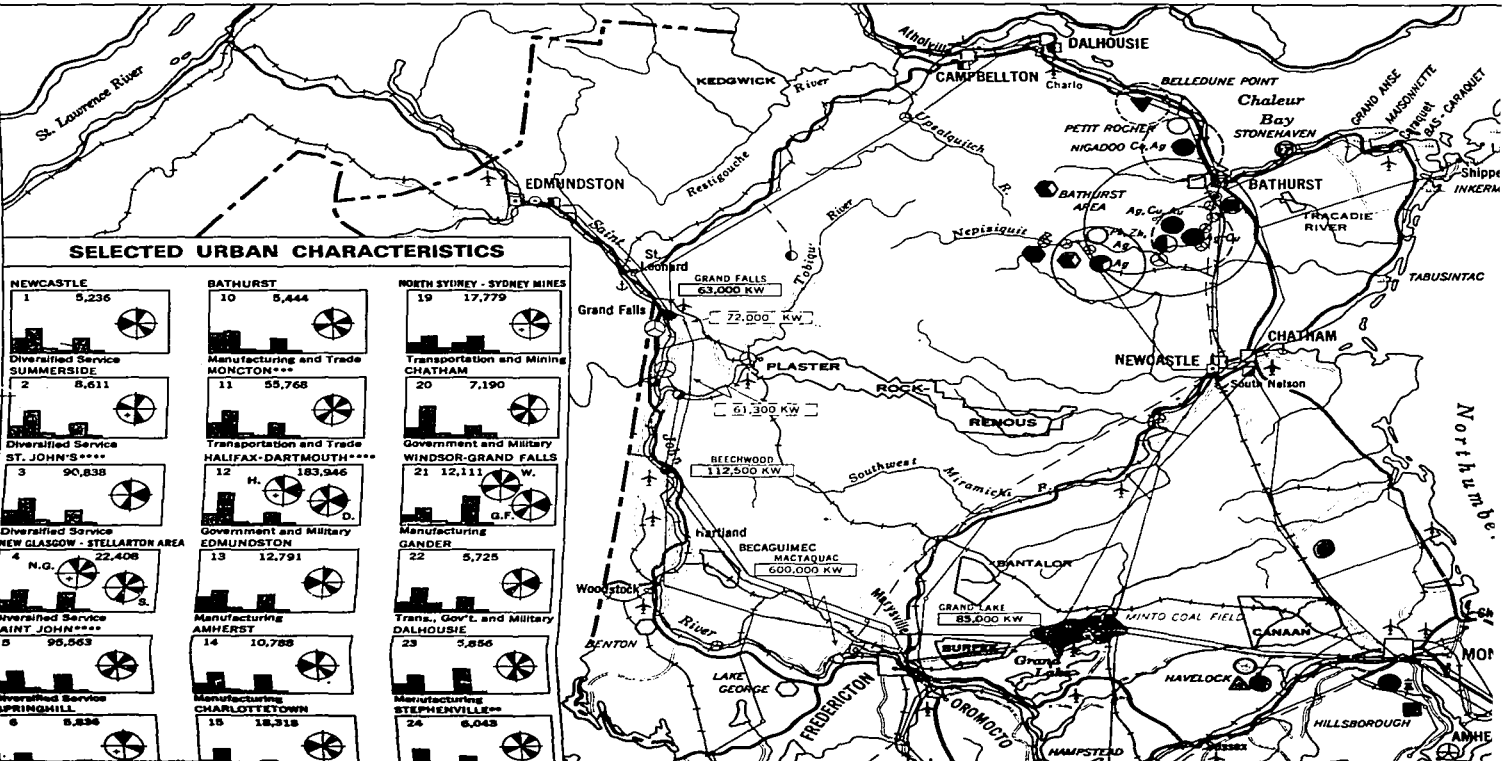
STEPHENSVILLE

23 5,856

Manufacturing

ORONOCTO

24 6,043



PROVINCES CONOMIC ACTIVITY

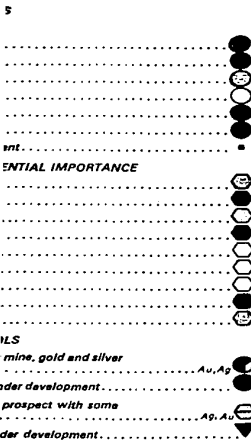
at the request of
PROVINCES ECONOMIC COUNCIL

well, N. J. Sagar and D. K. Redpath

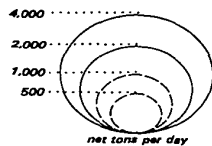
an iron and steel plant is shown by a
is proportional to capacity according to
were not available for the rolling mills at

1,000,000
tons per year

we mine closed in June, 1966.



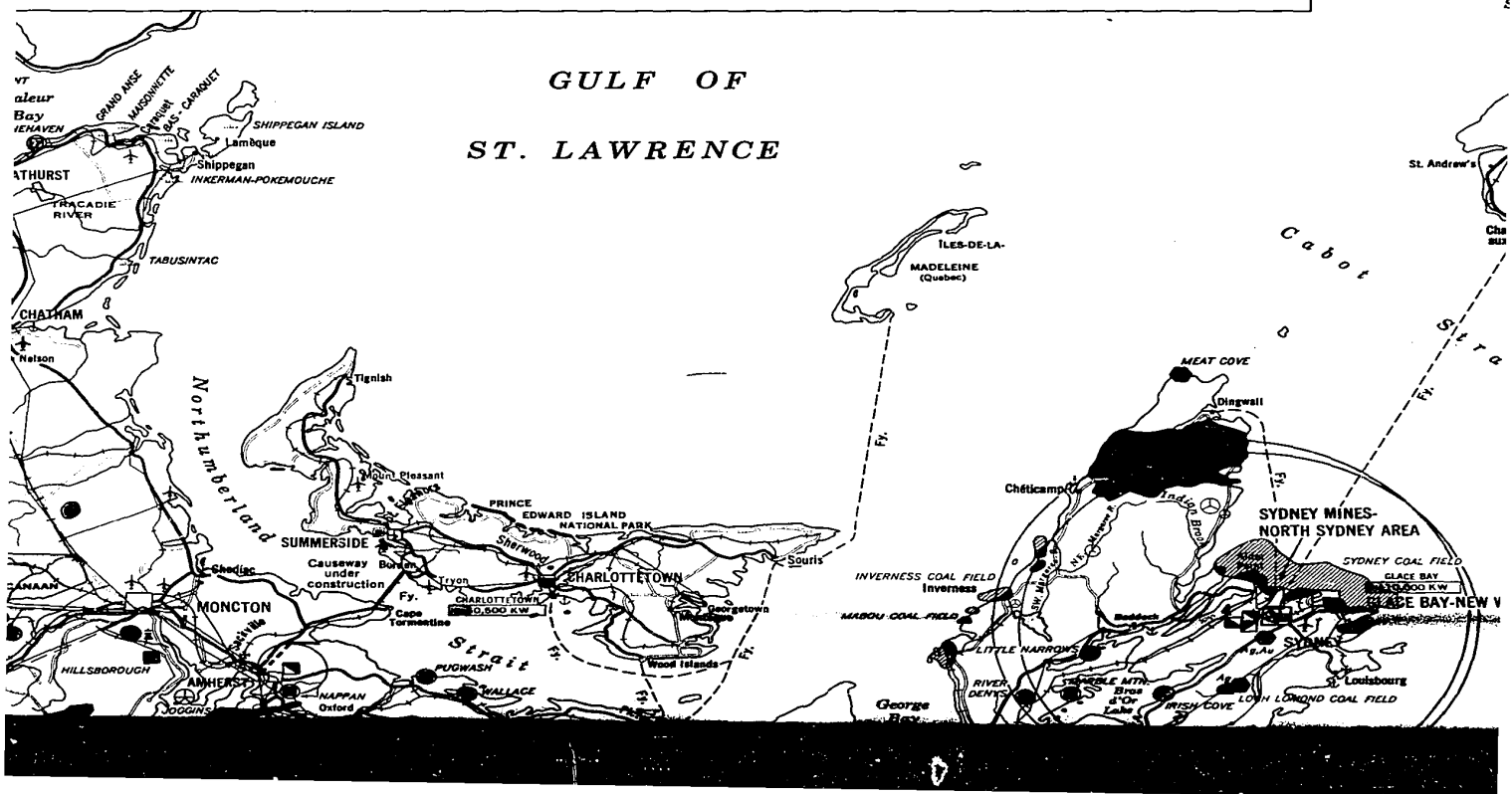
The capacity of non-ferrous
mine-sites, ore mills and non-
ferrous smelters is shown by a
circle, the area of which is
proportional to capacity ac-
cording to the adjacent scale.
A broken circle signifies that
a property is under develop-
ment.

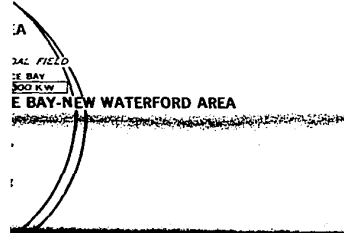
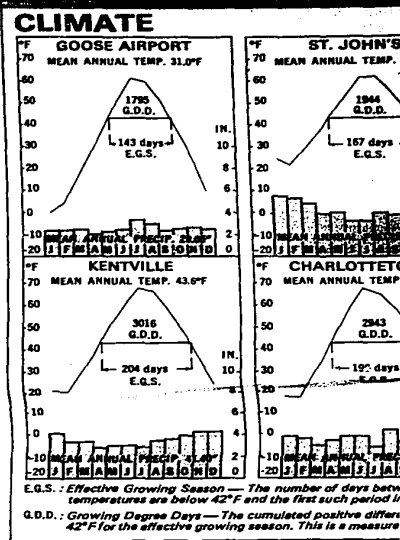
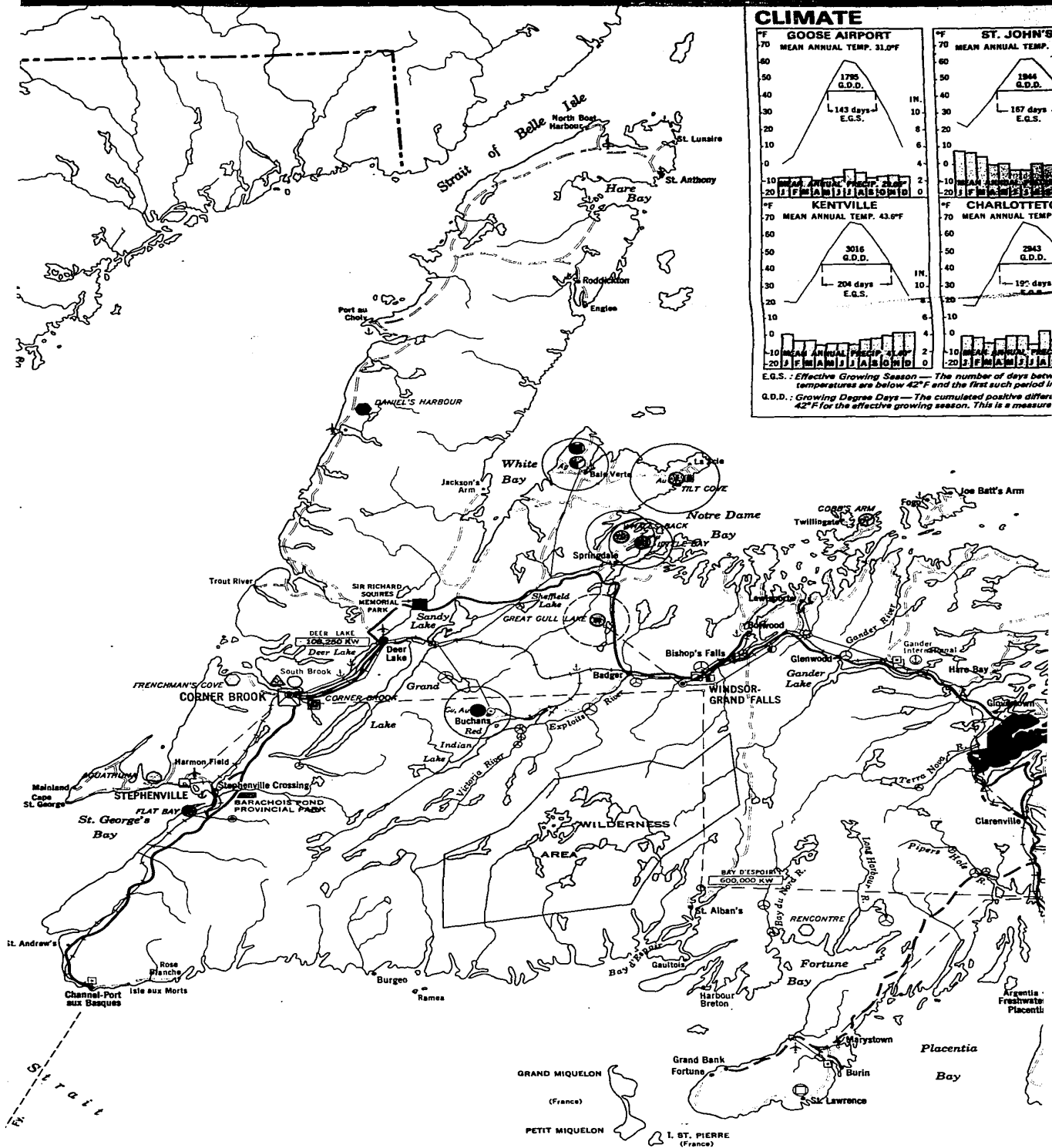


SOURCES

ATLANTIC PROVINCES ECONOMIC COUNCIL (A.P.E.C.),
FREDERICTON
CANADA, DOMINION BUREAU OF STATISTICS (D.B.S.)
CANADA, DEPARTMENT OF ENERGY, MINES AND RESOURCES
(E.M.R.):
GEOLOGICAL SURVEY OF CANADA
WATER RESOURCES BRANCH
MINERAL RESOURCES DIVISION
CANADA, DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN
DEVELOPMENT:
NATIONAL PARKS BRANCH
CANADA, DEPARTMENT OF TRANSPORT
NEW BRUNSWICK, DEPARTMENT OF LANDS AND MINES
NEWFOUNDLAND, DEPARTMENT OF MINES, AGRICULTURE
AND RESOURCES
NOVA SCOTIA, DEPARTMENT OF MINES

GULF OF ST. LAWRENCE



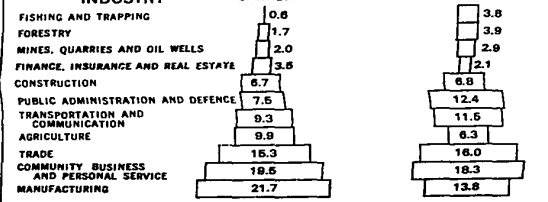


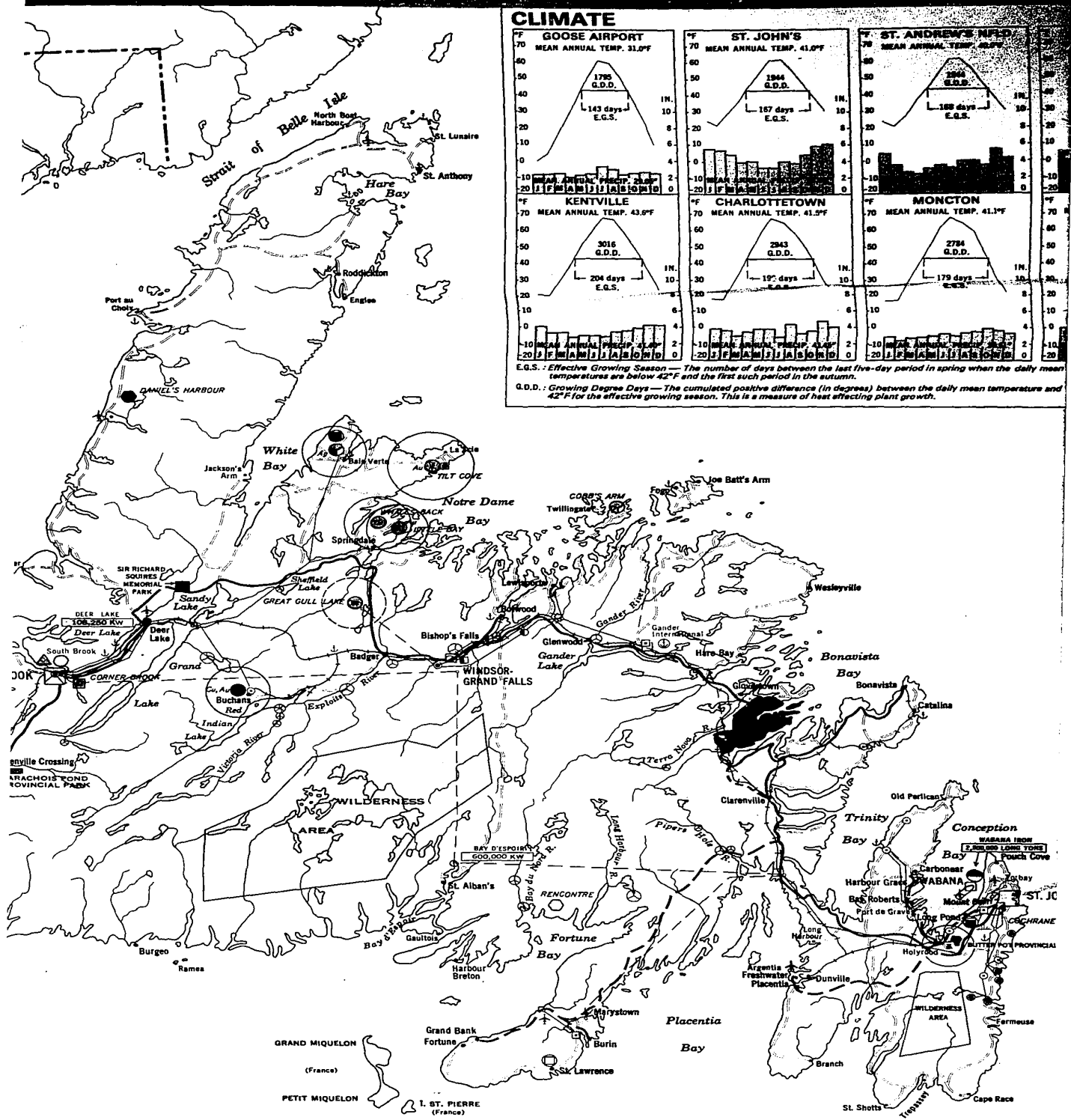
THE ECONOMY

SELECTED CHARACTERISTICS

Sources: D.B.S., Census of Canada, 1961
 D.B.S., Survey of Production, 1962
 E.M.R., Mineral Resources Division
 Provincial Travel Bureau
 D.B.S., Industry Division
 D.B.S., Farm Cash Receipts, 1964
 D.B.S., Canadian Forestry Statistics, 1962

LABOUR FORCE BY INDUSTRY, 1961





THE ECONOMY

SELECTED CHARACTERISTICS

Sources: D.B.S., Census of Canada, 1961
D.B.S., Survey of Production, 1962
E.M.R., Mineral Resources Division
Provincial Travel Bureaus
D.B.S., Industry Division
D.B.S., Farm Cash Receipts, 1964
D.B.S., Canadian Forestry Statistics, 1962

LABOUR FORCE BY INDUSTRY, 1961

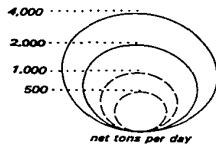
INDUSTRY	CANADA	ATLANTIC PROVINCES	NEWFOUNDLAND	PRINCE EDWARD IS.
FISHING AND TRAPPING	0.6	3.8	7.5	6.1
FORESTRY	1.7	3.9	6.1	0.4
MINES, QUARRIES AND OIL WELLS	2.0	2.9	3.8	0.0
FINANCE, INSURANCE AND REAL ESTATE	3.5	2.1	11.3	1.7
CONSTRUCTION	6.7	6.8	8.5	6.5
PUBLIC ADMINISTRATION AND DEFENCE	7.5	12.4	11.2	8.7
TRANSPORTATION AND COMMUNICATION	9.3	11.5	13.5	8.2
AGRICULTURE	9.9	6.3	1.6	26.9
TRADE	15.3	16.0	16.9	14.0
COMMUNITY BUSINESS AND PERSONAL SERVICE	18.5	18.3	16.8	16.6
MANUFACTURING	21.7	13.8	10.8	6.8

PROVINCES ECONOMIC ACTIVITY

COUNCIL

path

The capacity of non-ferrous mine-sites, ore mills and non-ferrous smelters is shown by a circle, the area of which is proportional to capacity according to the adjacent scale. A broken circle signifies that a property is under development.

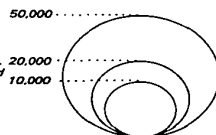


INDUSTRIAL MINERALS

Asbestos mine	●
Barite mine	●
Fluorspar mine	●
Pyrophyllite mine	●
Salt mine	●
Granite quarry	●
Sandstone quarry	●
Marble quarry	●
Gypsum quarry	●
Gypsum manufacturing plant	□
Gypsum quarry and manufacturing plant	□
Limestone quarry	□
Lime kiln	□
Limestone quarry and kiln	□
Cement plant	△
Peat bog	■

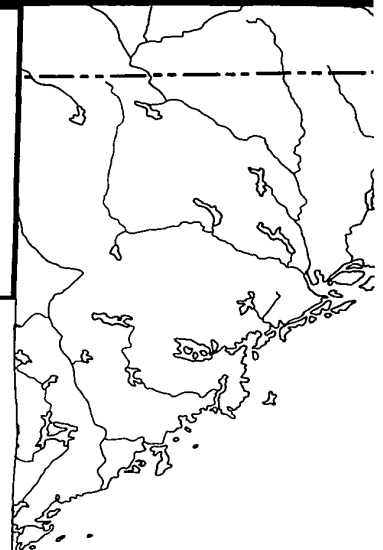
MINERAL FUELS

Coal fields: land area	■
Coal fields: submarine extension	■
Oil and natural gas field	●
Oil refinery	■



SOURCES

ATLANTIC PROVINCES ECONOMIC COUNCIL (A.P.E.C.),
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CANADA, DEPARTMENT OF TRANSPORT
NEW BRUNSWICK, DEPARTMENT OF LANDS AND MINES
NEWFOUNDLAND, DEPARTMENT OF MINES, AGRICULTURE
AND RESOURCES
NOVA SCOTIA, DEPARTMENT OF MINES

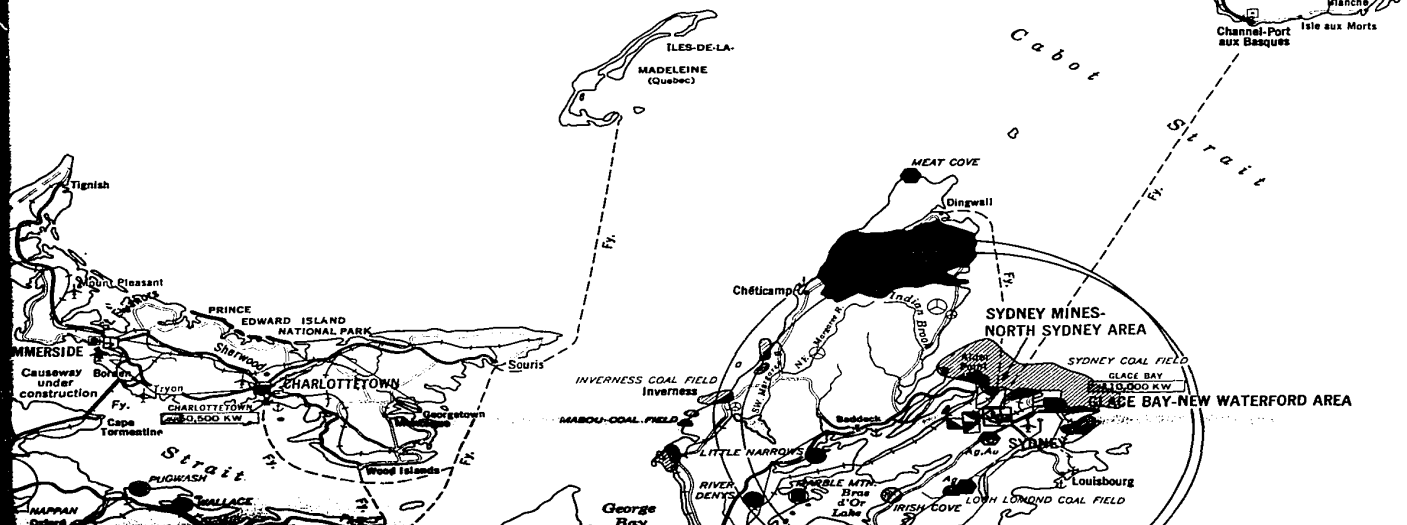


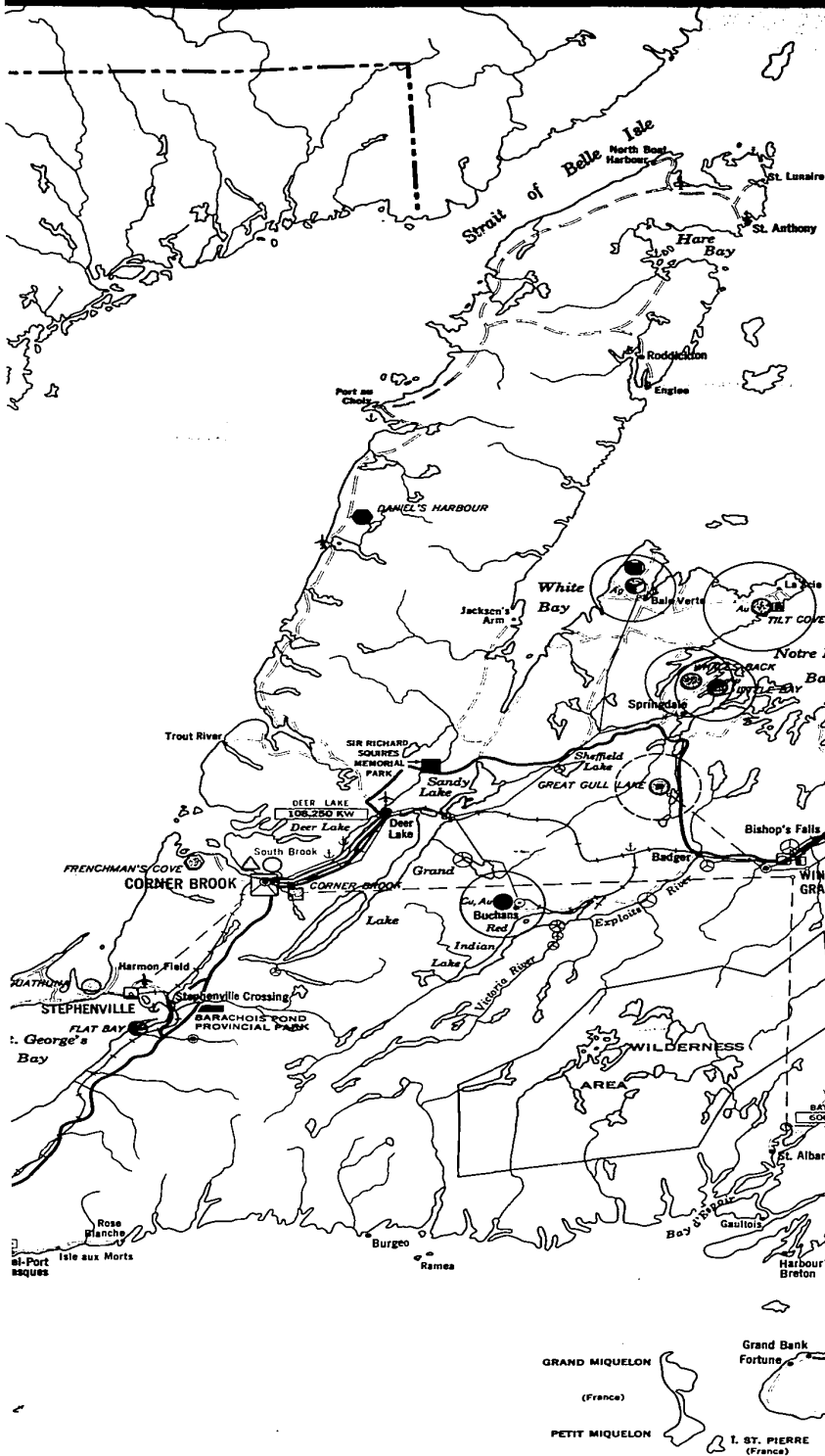
GULF OF

ST. LAWRENCE

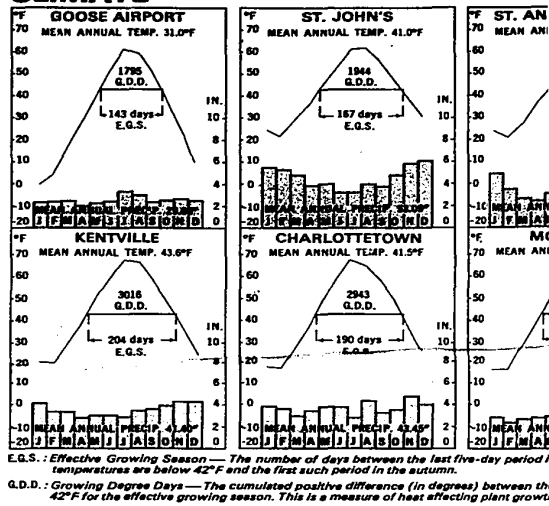
CAN ISLAND

DUCHÉ





CLIMATE

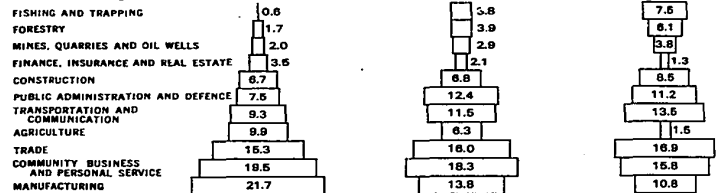


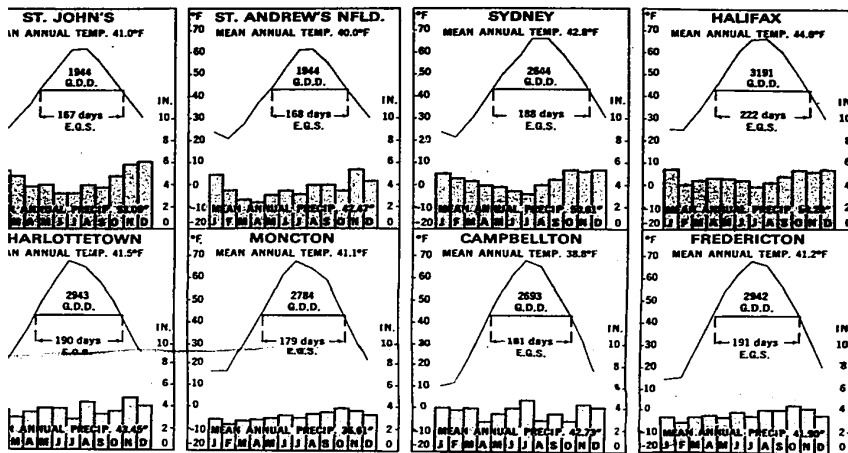
THE ECONOMY

SELECTED CHARACTERISTICS

Sources: D.B.S., Census of Canada, 1961
D.B.S., Survey of Production, 1962
E.M.R., Mineral Resources Division
Provincial Travel Bureaus
D.B.S., Industry Division
D.B.S., Farm Cash Receipts, 1964

LABOUR FORCE BY INDUSTRY, 1961

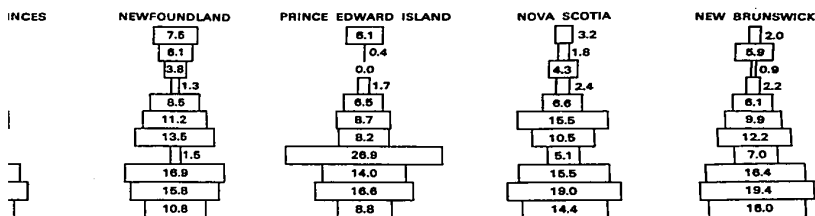
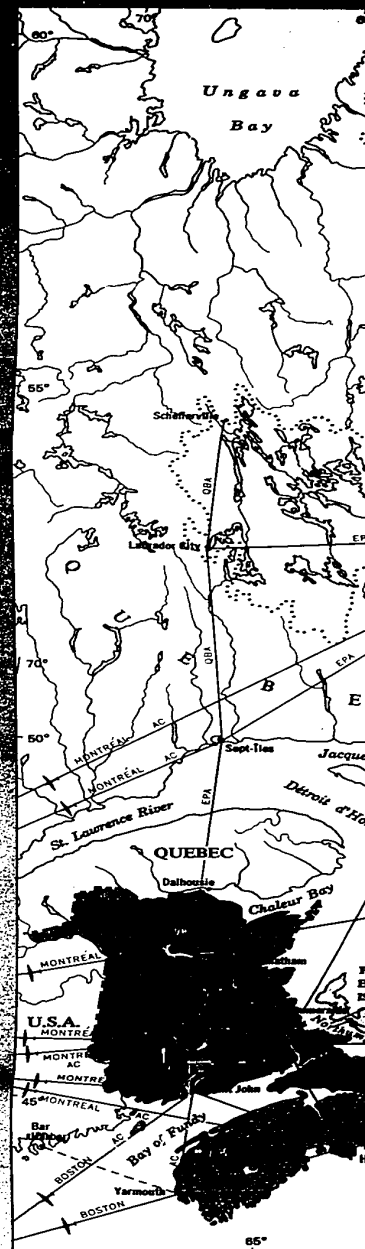


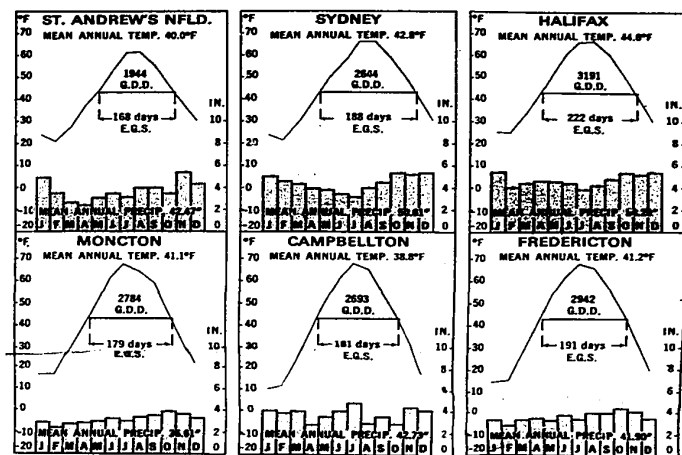


er of days between the last five-day period in spring when the daily mean it such period in the autumn.
positive difference (in degrees) between the daily mean temperature and is a measure of heat affecting plant growth.

Source: Canada, Department of Transport, Meteorological Branch

lett's Arm

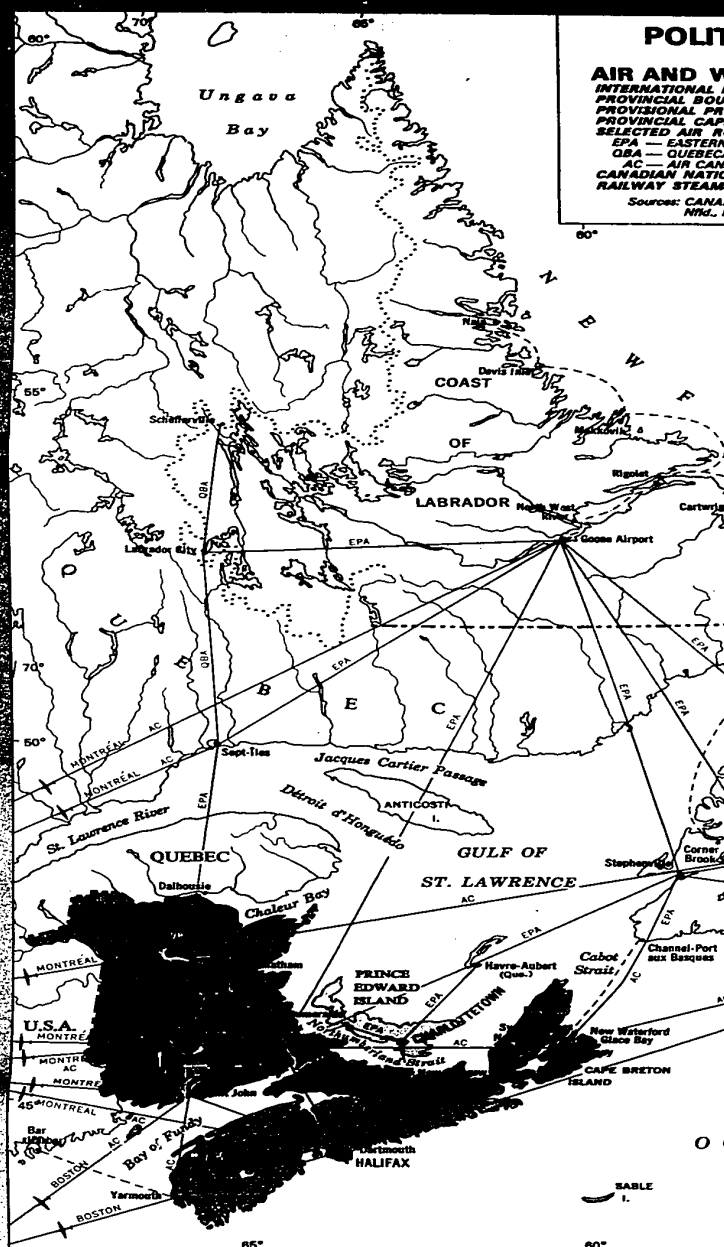
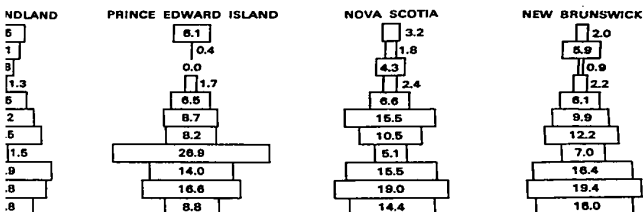
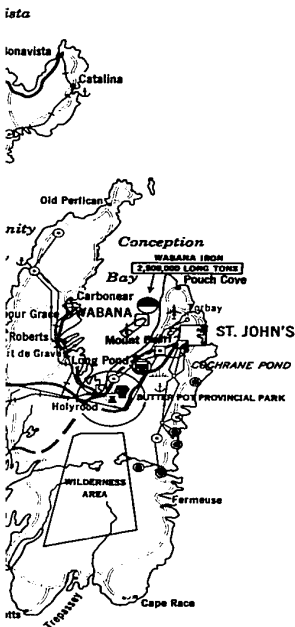




ave-day period in spring when the daily mean

es) between the daily mean temperature and ing plant growth.

Source: Canada, Department of Transport, Meteorological Branch



POLIT

AIR AND V
INTERNATIONAL
PROVINCIAL BOU
PROVINCIAL PR
SELECTED AIR R
EPA - EASTERN
QBA - QUEBEC
AC - AIR CAN
CANADIAN NATIO
RAILWAY STEAM
Sources: CANAL
NRW. I

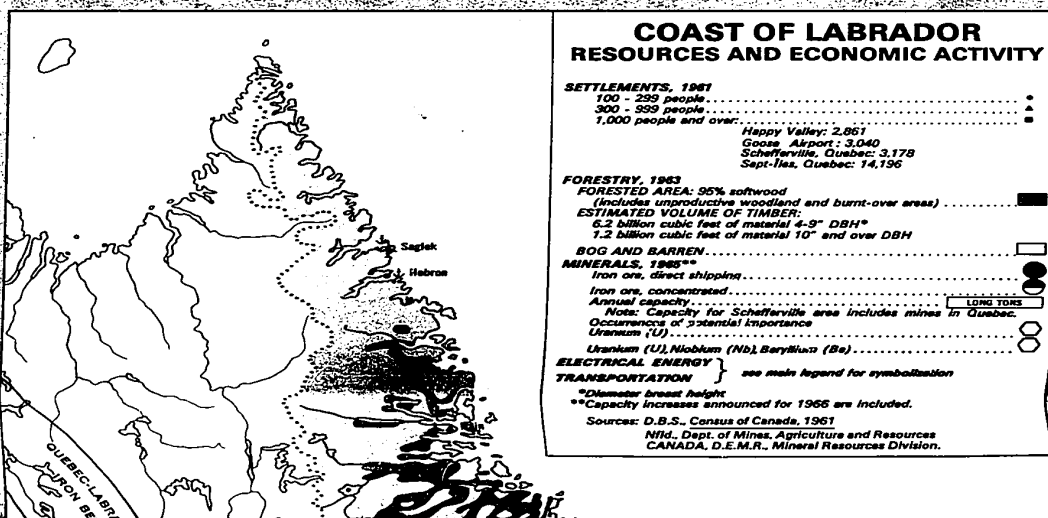
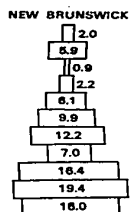
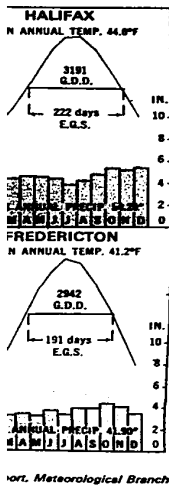
COAS RESOURCES

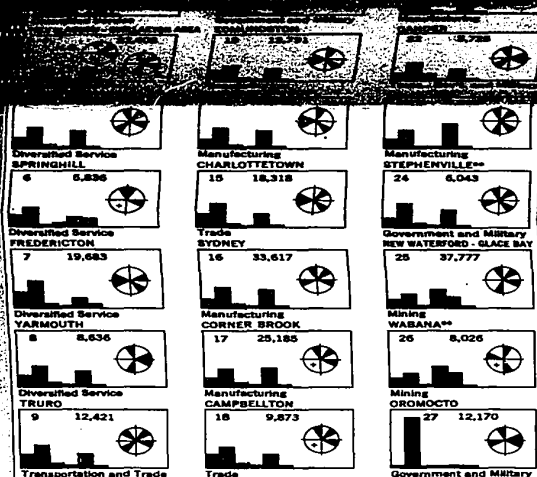
SETTLEMENTS, 1961
100 - 259 people...
300 - 559 people...
1,000 people and on

FORESTRY, 1963
FORESTED AREA: 95%
(includes unproductive)
ESTIMATED VOLUME:
6.2 billion cubic feet
1.2 billion cubic feet

BOG AND BARREN...
MINERALS, 1965**
Iron ore, direct shipp
Iron ore, concentrated
Annual capacity:
Note: Capacity for
Occurrences of potent
Uranium (U)...
Uranium (U), Nickel
ELECTRICAL ENERGY
TRANSPORTATION

*Diameter breast height
**Capacity increases ann
Sources: D.B.S. Censu
Nfld. Dept. o
CANADA, D.





LABOUR-FORCE CHARACTERISTICS, 1961 BY CITIES



OCCUPATION CATEGORIES
 A. managerial, professional and technical
 B. clerical, sales, service and recreation
 C. transportation and communication
 D. farming, logging, fishing, trapping, hunting, and mining
 E. craftsmen, production-process workers, and labourers
 F. occupation not stated

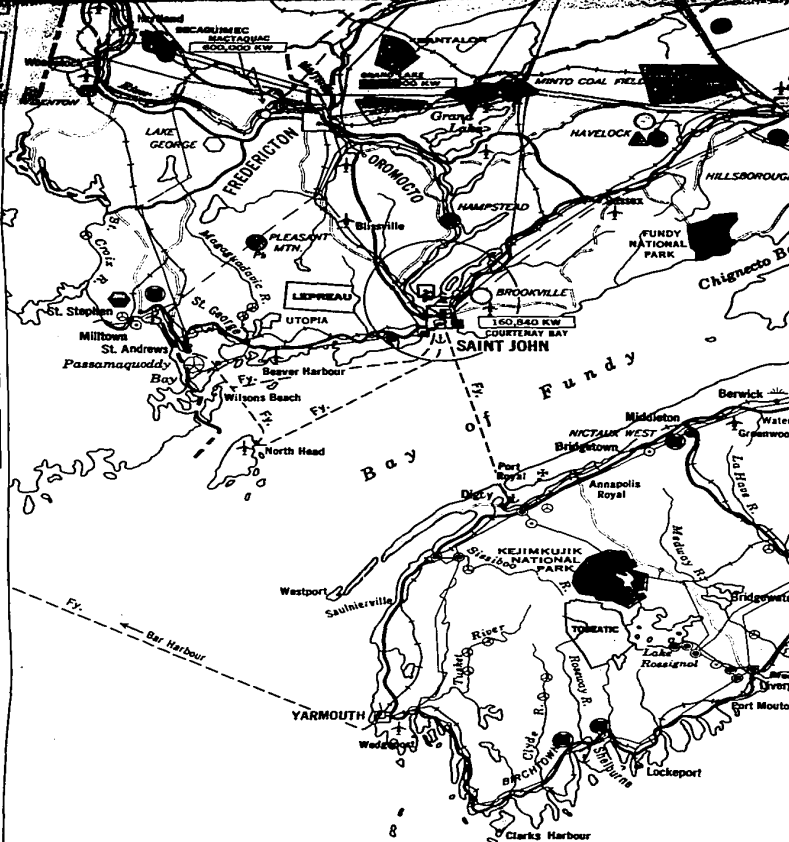
INDUSTRY SPECIALIZATION
 Cities are ranked by number from the least specialized to the most specialized; the percentage distribution of city labour force among industries is used to measure specialization.

DISTINCTIVE FUNCTION is attributed to a city when:
 Trade occupies 50% or more of city labour force
 Manufacturing 25
 Government and military 25
 Mining 15
 Transportation 15

MUNICIPAL WATER CHARACTERISTICS, 1964-65



SOURCE OF SUPPLY
 surface runoff mixed ground water treated surface water
CONSUMPTION AS % OF CAPACITY
 less than 50% 50-70% over 70%
 *Data not available
 **The closure of the United States Air Force base at Stephenville (December 1965) and of the iron ore mine at Wabana (June, 1966) will produce major changes in the industrial structure of these centres.
 ***M.U.A. - Major Urban Area
 ****M.A. - Metropolitan Area
 Sources: D.B.S., Census of Canada, 1961
 E.M.R., Mines Branch.



INHABITED AREA

CENSUS DIVISION BOUNDARIES

RURAL POPULATION, 1961

One black dot represents 500 people

URBAN CENTRES, 1961

1,000 - 4,999 people

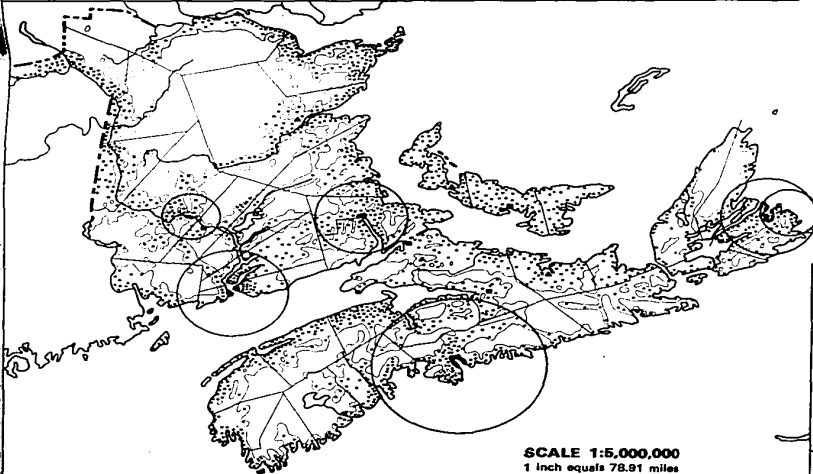
5,000 - 9,999

10,000 - 19,999

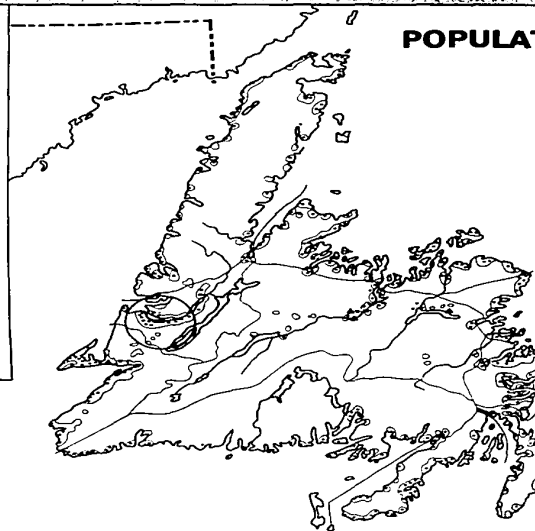
Built-up area for centres of 20,000 population and over

Population of places 20,000 and over
 The area of a circle is proportional to population

Sources: D.B.S., Census of Canada, 1961
 D.B.S., Census Division.



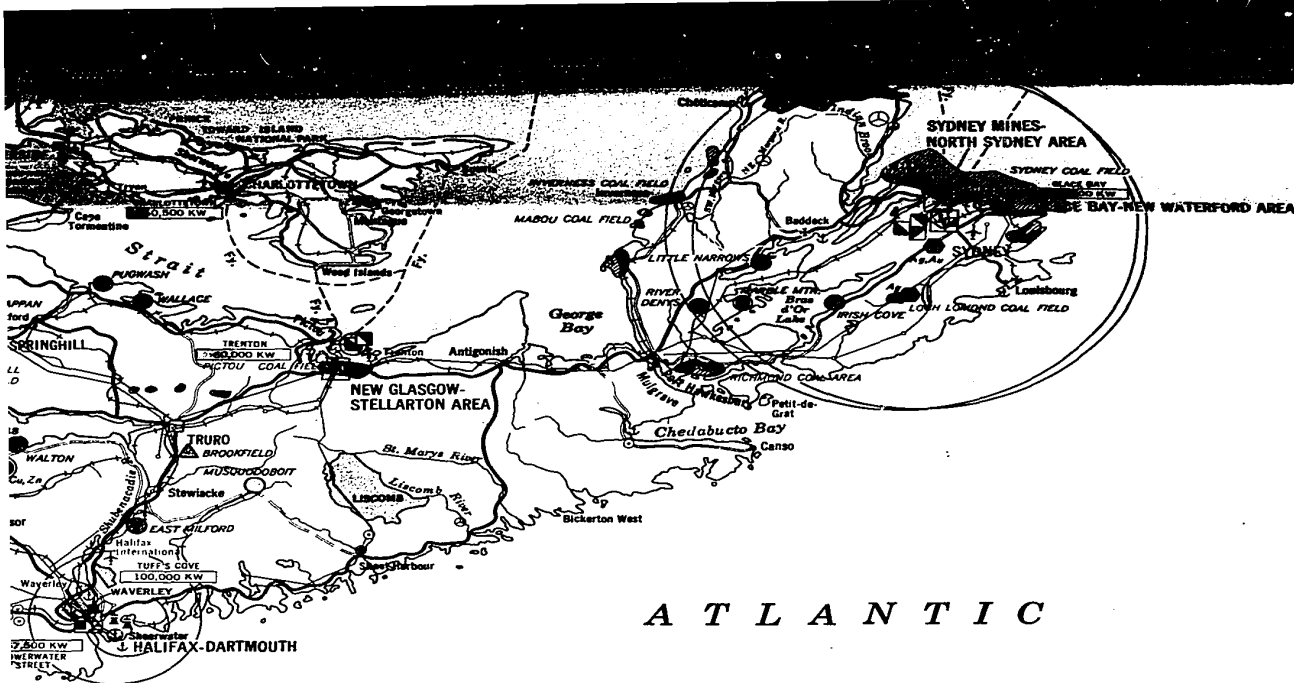
POPULA



URBAN AND RURAL POPULATION, 1961

AREA	RURAL			URBAN		
	FARM	NON-FARM	TOTAL	TOTAL	% OF TOTAL POP.	TOTAL POP.
CANADA	2,072,785	2,465,872	4,538,657	12,709,399	69.6	18,228,056
ATLANTIC PROVINCES	182,588	790,233	972,821	944,854	49.8	1,917,675
% OF CANADA	7.8	22.8	17.2	7.4		
NEWFOUNDLAND	9,077	216,756	225,833	232,020	50.7	457,853
% OF ATLANTIC PROV.	5.8	27.4	23.7	24.6		
PRINCE EDWARD ISLAND	34,514	36,206	70,720	33,908	32.4	104,628
% OF ATLANTIC PROV.	21.2	4.6	7.4	3.6		
NOVA SCOTIA	36,822	279,863	316,685	400,512	54.3	717,197
% OF ATLANTIC PROV.	34.9	35.4	35.3	42.4		
NEW BRUNSWICK	62,285	257,658	319,943	278,013	46.5	597,956
% OF ATLANTIC PROV.	38.3	32.6	33.8	25.4		

Sources: D.B.S., Census of Canada, 1961
 D.B.S., Estimated Population of Canada by Province at June 1.



ATLANTIC OCEAN

SCALE 1:1,800,000
Approximately 28 Miles to One Inch

Miles 20 0 20 40 60 80 100 Miles

NET

Value in
Millions
of Dollars

500
400
300
200

100
90
80
70
60
50
40
30
20

10
Year

USES OF COMMERCIAL FARMING, 1961

ROP FARMING

Field Crops*

Fruits and Vegetables**

Mixed Crops*—specialization by type of crop is not sufficient to qualify these farms for the above two categories...

IVESTOCK FARMING

Dairy Farming***

Livestock: Dairy Emphasis***

Cattle, Hogs and Sheep*

Mixed Livestock—specialization by species of livestock is not sufficient to qualify these farms for the above three categories.

IXED FARMING

Mixed Farming, Crop Emphasis***

Mixed Farming, Livestock Emphasis***

*70% or more of the farmers received the majority of their agricultural income from sales of the specified products.

**Over 70% of the farms qualify as livestock type with at least 50% qualifying as dairy type.

***Between 50% and 70% of the farmers received the majority of their agricultural income from sales of the specified product.

SCATTERED FARMING—Less than 10 farms in census subdivision.

ON-FARMING AREAS

10 PROCESSING PLANTS, 1965

SELECTED TYPES (Only plants of companies engaged or interested in export trade are shown)

Meat Products

Dairy Products

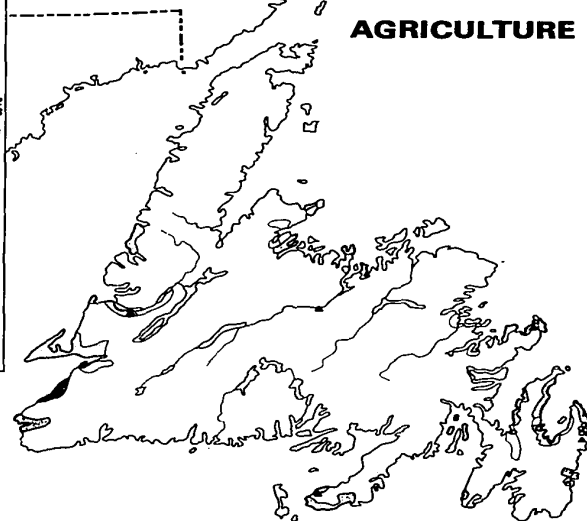
Fruit and Vegetable Products

Major Minor

ERRATA: Under "Livestock Farming," read numbered titles to numbered boxes.

Sources: A.P.E.C. CANADA, Dept. of Agriculture, Economics Branch.

AGRICULTURE



NUMBER OF FARMS, AREA & USE OF FARMLAND, 1961

AREA	NO. OF FARMS*	NO. OF COMMERCIAL FARMS**	AREA OF ALL FARM LAND (1000 ACRES)	TOTAL (1000 ACRES)	% OF FARM LAND	IMPROVED LAND				UNIMPROVED LAND	
						UNDER CROPS (1000 ACRES)	% OF IMPROV- ED LAND	PASTURE (1000 ACRES)	% OF IMPROV- ED LAND	TOTAL (1000 ACRES)	% OF FARM LAND
CANADA	480,303	353,233	172,561	107,403	59.9	62,436	68.4	10,248	9.9	68,148	40.1
ATLANTIC PROVINCES	33,391	15,041	5,445	1,832	33.6	1,216	66.4	100	27.3	3,613	64.4
N.S.	1,752	456	55	20	37.5	13	63.2	4	28.8	34	62.5
P.E.I.	7,335	4,530	960	580	60.4	391	67.5	168	29.0	381	39.6
N.B.	12,518	4,939	2,230	496	22.3	329	66.2	127	25.6	1,733	77.7
	11,786	5,116	2,200	734	33.4	483	65.7	200	27.3	1,468	64.6

*Census farm: Agricultural holding of one acre or more with annual sales of agricultural products of \$50 or more.

**Commercial farm: Census farm (except institutional farm, etc.) with annual sales of agricultural products of \$1,200 or more.

Source: D.B.S., Census of Canada, 1961

SCALE 1:5,000,000
1 inch equals 78.91 miles

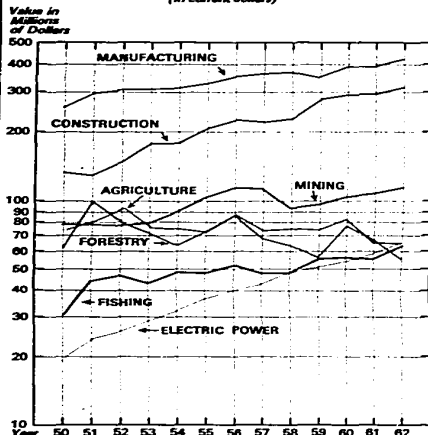
THE ECONOMY

SELECTED CHARACTERISTICS

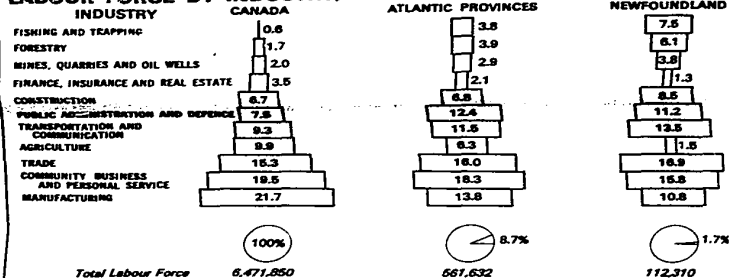
Sources: D.S.E. Census of Canada, 1961
D.B.S. Survey of Production, 1962
E.M.R. Mineral Resources Division
Provincial Travel Bureaus
D.B.S. Industry Division
D.B.S. Farm Cash Receipts, 1964
D.B.S. Canadian Forestry Statistics, 1962
D.B.S. Monthly Review of Canadian Fisheries
Statistics, December 1964

NET VALUE OF PRODUCTION, 1950-1962

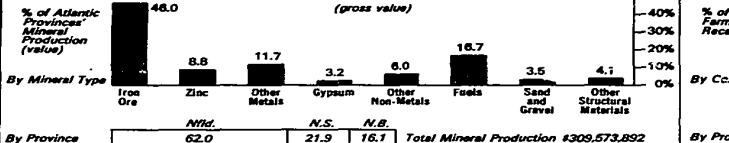
Rates of Change in Commodity-Producing Industries
in the Atlantic Provinces
(In current dollars)



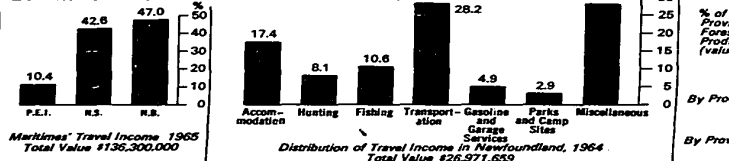
LABOUR FORCE BY INDUSTRY, 1961



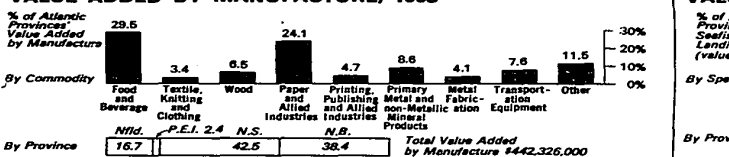
MINERAL PRODUCTION, 1964



ESTIMATED VALUE OF TRAVEL INDUSTRY



VALUE ADDED BY MANUFACTURE, 1963



AGRICULTURE

FORESTED LAND*

Percentage of softwood and hardwood by volume for forest districts	
Softwood	Hardwood
Over 90	20 or less
75 - 90	20 - 25
70 - 75	25 - 30
65 - 70	30 - 35
60 - 65	35 - 40

BOG AND BARREN

OTHER AREAS (chiefly agricultural lands)

ESTIMATED VOLUME OF TIMBER BY FOREST DISTRICTS (in hundred millions of cubic feet)

Forest district boundary:
Small material (4-9" DBH**): suitable for pulpwood
Large material (10" and over DBH): suitable for sawtimber

MAJOR SAW MILLS, 1964

PRODUCTION (in millions of board feet per year)

1.5 - 1.9 3.0 - 5.9
2.0 - 2.9 6.0 and over

PULP AND PAPER MILLS, 1964

TYPE
Pulp
Paper
Pulp and paper
Under construction

Example of symbols: Pulp mill with production of less than 100,000 tons per year

**Includes unproductive woodland and burnt-over areas

**Diameter breast height

Sources: A.P.E.C.

Nfld. Dept. of Mines, Agriculture and Resources

N.S. Dept. of Lands and Forests

N.B. Dept. of Lands and Mines

D.B.S. - Canada Yearbook, 1965

SCALE 1:5,000,000
1 inch equals 78.91 miles

TENURE OF PRODUCTIVE FOREST LAND

AREA	PROVINCIAL CROWN				FEDERAL CROWN			
	OCCUPIED	VACANT	TOTAL	% OF P.F.L.	TOTAL	% OF P.F.L.	% OF P.F.L.	
ATLANTIC PROVINCES	24,029	5,747	29,776	63.2	338	0.7	2	
LABRADOR	12,300	1,062	13,362	100.0	-	-	-	
N.F.L.D. (ISLAND)	4,324	2,868	7,192	86.5	-	-	-	
P.E.I.	-	2	2	0.4	3	0.6	-	
N.S.	747	1,425	2,172	22.5	20	0.2	1	
N.B.	8,888	390	9,278	46.1	315	2.1	1	

*Productive forest land

Source: D.B.S. - C.

USE OF FARMLAND, 1961

IMPROVED LAND			UNIMPROVED LAND	
% OF IMPROVED LAND	PASTURE ('000 ACRES)	% OF IMPROVED LAND	TOTAL ('000 ACRES)	% OF FARM LAND
68.4	10,248	9.9	69,148	40.1
68.4	100	27.3	3,813	64.4
63.2	4	26.8	34	62.5
67.5	188	29.0	381	79.4
66.2	127	25.6	1,733	77.1
65.7	200	27.3	1,466	66.6

1/ sales of agricultural products

1/ sales of agricultural products

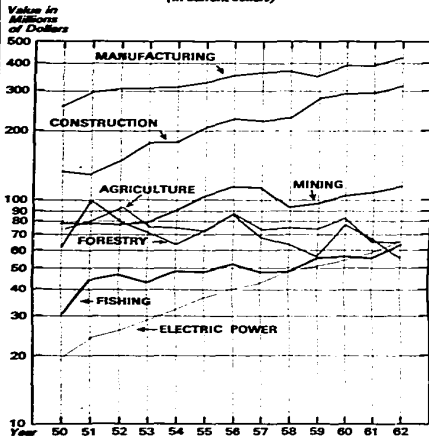
THE ECONOMY

SELECTED CHARACTERISTICS

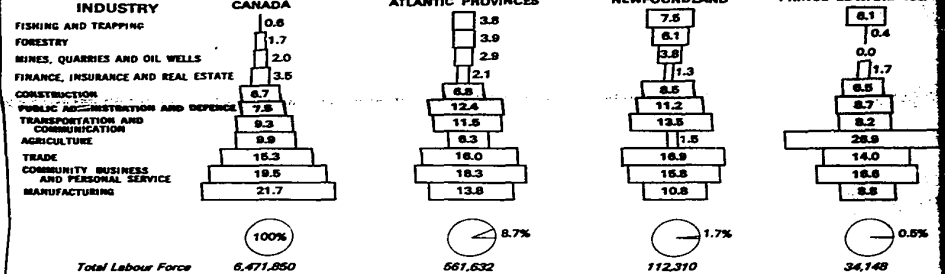
Sources: D.B.S., Census of Canada, 1961
D.B.S., Survey of Production, 1962
E.M.R., Mineral Resources Division
Provincial Travel Bureaus
D.B.S., Industry Division
D.B.S., Farm Cash Receipts, 1964
D.B.S., Canadian Forestry Statistics, 1962
D.B.S., Monthly Review of Canadian Fisheries
Statistics, December 1964

NET VALUE OF PRODUCTION, 1950-1962

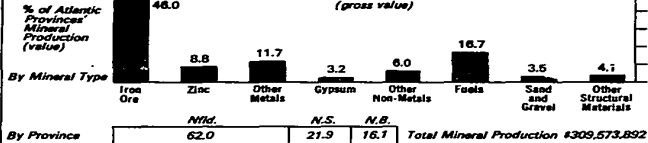
Rates of Change in Commodity-Producing Industries
in the Atlantic Provinces
(in current dollars)



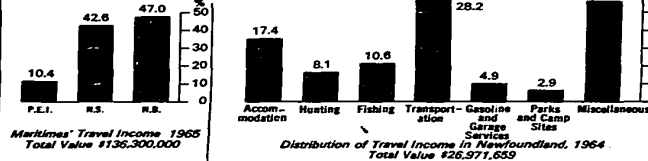
LABOUR FORCE BY INDUSTRY, 1961



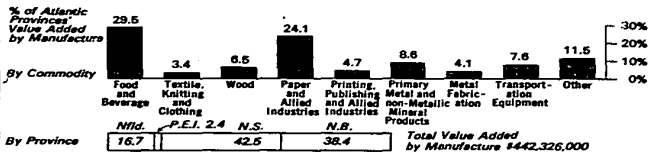
MINERAL PRODUCTION, 1964



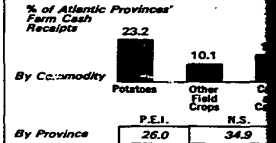
ESTIMATED VALUE OF TRAVEL INDUSTRY



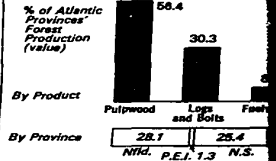
VALUE ADDED BY MANUFACTURE, 1963



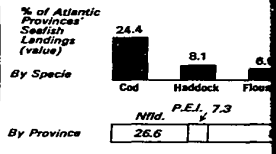
FARM CASH RECEIPTS



FOREST PRODUCTION



VALUE OF SEAFISH LAND



FORESTED LAND*
Percentage of softwood and hardwood by volume for forest districts

Softwood	Hardwood
Over 80	20 or less
75 - 80	20 - 25
70 - 75	25 - 30
65 - 70	30 - 35
60 - 65	35 - 40

BOG AND BARREN
OTHER AREAS (chiefly agricultural lands)
ESTIMATED VOLUME OF TIMBER BY FOREST DISTRICTS (in hundred millions of cubic feet)

Forest district boundary
Small material (4-9" DBH**): suitable for pulpwood
Large material (10" and over DBH): suitable for sawtimber

MAJOR SAW MILLS, 1964
PRODUCTION (in millions of board feet per year)

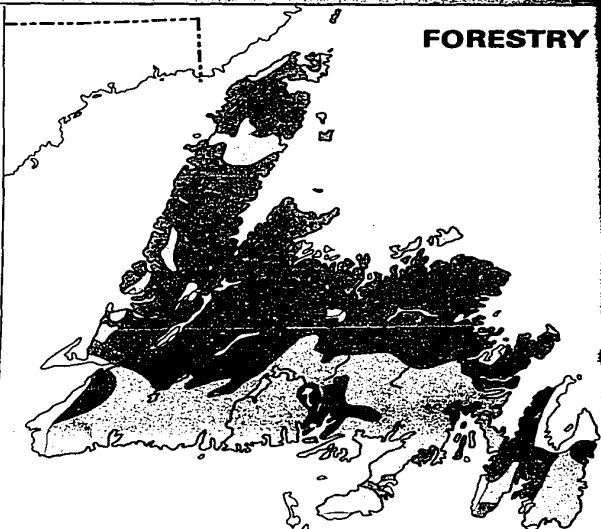
Production Range	Count
1.5 - 1.9	3.0 - 5.9
2.0 - 2.9	6.0 and over

PULP AND PAPER MILLS, 1964
TYPE

Type	Count
Pulp	Less than 100
Paper	100 - 299
Pulp and paper	300 and over

Under construction
Example of symbols: Pulp mill with production of less than 100,000 tons per year
**Includes unproductive woodland and burnt-over area
**Diameter breast height
Sources: A.P.E.C.
Nfld. Dept. of Mines, Agriculture and Resources
N.S. Dept. of Lands and Forests
N.B. Dept. of Lands and Mines
D.B.S., Canada Yearbook, 1963

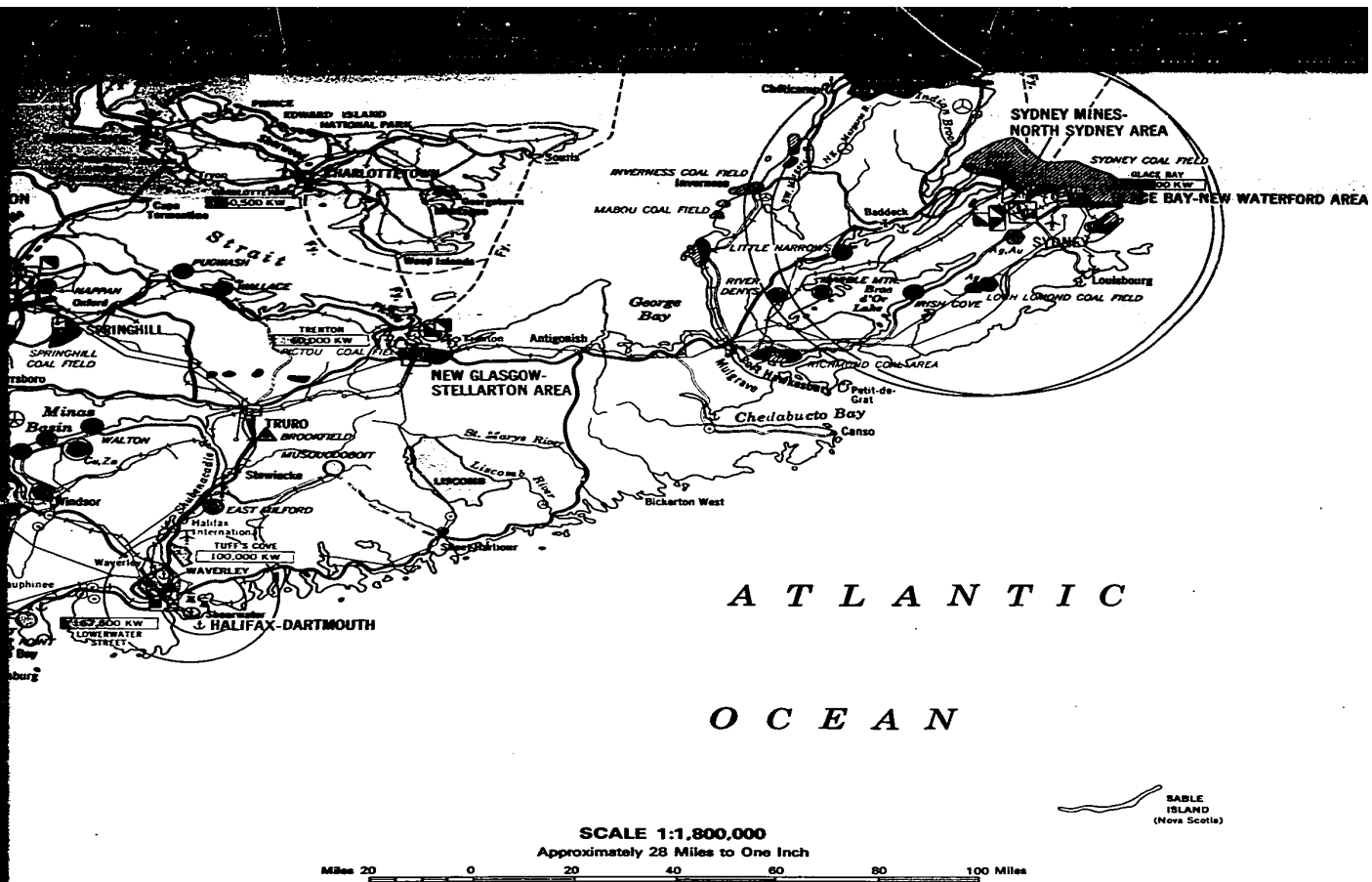
FORESTRY



TENURE OF PRODUCTIVE FOREST LAND, 1963

AREA	PROVINCIAL CROWN			FEDERAL CROWN			PRIVATELY OWNED			TOTAL PFL*
	OCCUPIED	VACANT	TOTAL	TOTAL	% OF PFL*	% OF PFL*	FARM WOODLOT	OTHER	TOTAL	
ATLANTIC PROVINCES	24,029	5,747	29,776	63.2	338	0.7	2,881	14,136	17,017	47,121
LABRADOR	12,300	1,082	13,382	100.0	-	-	-	-	-	13,382
Nfld. (ISLAND)	4,324	2,868	7,192	86.5	-	-	20	1,088	1,108	8,310
P.E.I.	-	2	2	0.4	3	0.6	287	248	535	539
N.S.	747	1,425	2,172	72.5	20	0.2	1,383	6,086	7,469	9,641
N.B.	6,858	390	7,248	46.1	315	2.1	1,231	6,864	8,095	15,398

*Productive forest land Source: D.B.S., Canadian Forestry Statistics, 1962



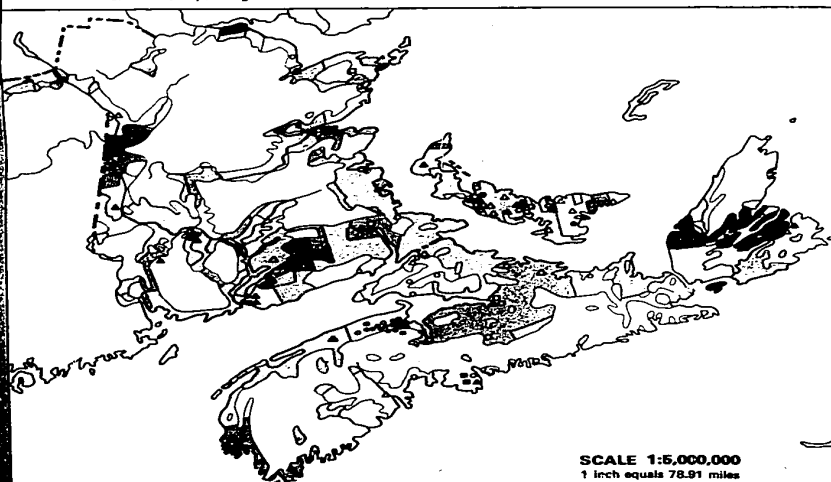
TYPES OF COMMERCIAL FARMING, 1961

- CROP FARMING**
- Field Crops*
 - Fruits and Vegetables*
 - Mixed Crops** — specialization by type of crop is not sufficient to qualify these farms for the above two categories
- LIVESTOCK FARMING**
- Dairy Farming*
 - 1. Livestock, Dairy Emphasis**
 - 2. Cattle, Hogs and Sheep*
 - 3. Mixed Livestock — specialization by species of livestock is not sufficient to qualify these farms for the above three categories
- MIXED FARMING**
- Mixed Farming, Crop Emphasis***
 - Mixed Farming, Livestock Emphasis***
 - *70% or more of the farmers received the majority of their agricultural income from sales of the specified products.
 - **Over 70% of the farms qualify as livestock type with at least 50% qualifying as dairy type.
 - ***Between 50% and 70% of the farmers received the majority of their agricultural income from sales of the specified product.
- SCATTERED FARMING** — Less than 10 farms in census subdivision
- NON-FARMING AREAS**

FOOD PROCESSING PLANTS, 1965

- SELECTED TYPES** (Only plants of companies engaged or interested in export trade are shown)
- Meat Products
 - Dairy Products
 - Fruit and Vegetable Products
- ERRATA:** Under "Livestock Farming," read numbered titles to numbered boxes.
- Source: A.P.E.C. CANADA, Dept. of Agriculture, Economics Branch.

AGRICULT



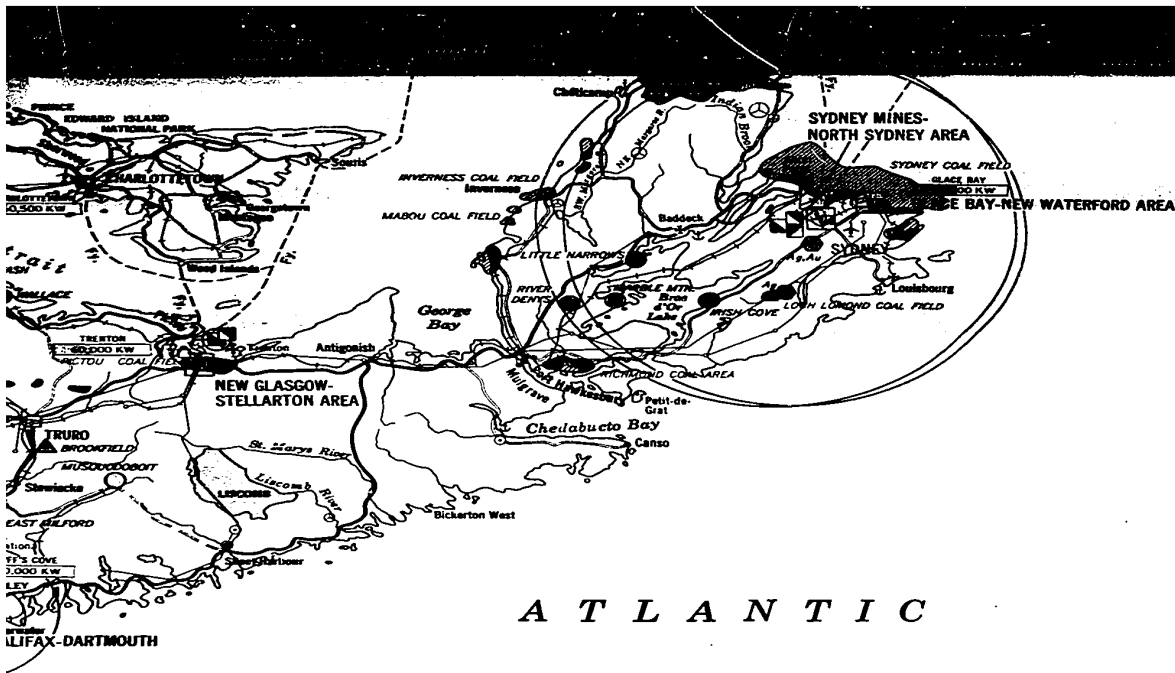
NUMBER OF FARMS, AREA & USE OF FARML

AREA	NO. OF CENSUS FARMS*	NO. OF COMMERCIAL FARMS*	AREA OF ALL FARMLAND ('000 ACRES)	TOTAL ('000 ACRES)	% OF FARM LAND	IMPROVED LAND			% C IMPROVED L
						UNDER CROPS ('000 ACRES)	% OF IMPROV-ED LAND	PASTURE ('000 ACRES)	
CANADA	480,303	353,293	172,551	103,403	59.9	62,436	60.4	10,248	9.1
ATLANTIC PROVINCES	33,391	15,041	5,445	1,832	33.6	1,216	66.4	500	27.1
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P.E.I.	7,335	4,530	960	580	60.4	391	67.5	168	29.1
N.S.	12,518	4,839	2,230	498	22.3	329	66.2	127	25.1
N.B.	11,786	5,316	2,200	734	33.4	483	65.7	200	27.1

*Census farm: Agricultural holding of one acre or more with annual sales of agricultural products of \$50 or more.

**Commercial farm: Census farm (except institutional farm, etc.) with annual sales of agricultural products of \$1,200 or more.

Source: D.B.S., Census of Canada, 1961



ATLANTIC OCEAN

SCALE 1:1,800,000
Approximately 28 Miles to One Inch

0 20 40 60 80 100 Miles

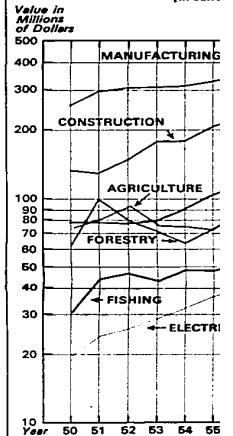
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SELECTED CH

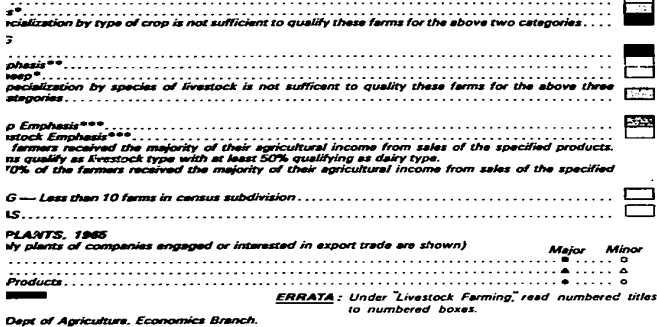
Sources: D.B.S. Census of
D.B.S. Survey of
E.M.R. Mineral Resources
Provincial Travel &
D.B.S. Industry D
D.B.S. Farm Cash
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D.B.S. Monthly R
Statistics.

NET VALUE OF PRO

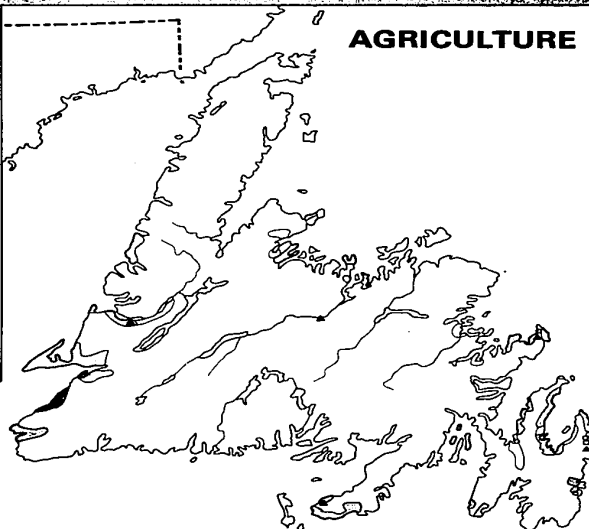
Rates of Change in Com
in the Atla
(in cum



AGRICULTURE, 1961



AGRICULTURE



FORESTED LAND*
Percentage of softwood & Hardwood
Over 80 20 or more
75 - 80 20
70 - 75 25
65 - 70 30
60 - 65 35
55 - 60 40
50 - 55 45
45 - 50 50
40 - 45 55
35 - 40 60
30 - 35 65
25 - 30 70
20 - 25 75
15 - 20 80
10 - 15 85
5 - 10 90
0 - 5 95
*Includes unproductive wet
*Diameter breast height
Sources: A.P.E.C.
Nfld., Dept. of L
N.S., Dept. of L
D.B.S., Canada

NUMBER OF FARMS, AREA & USE OF FARMLAND, 1961

AREA	NO. OF CENSUS FARMS*	NO. OF COMMERCIAL FARMS**	AREA OF ALL FARMLAND ('000 ACRES)	TOTAL ('000 ACRES)	% OF FARM LAND	IMPROVED LAND			UNIMPROVED LAND		
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1 inch equals 78.91 miles

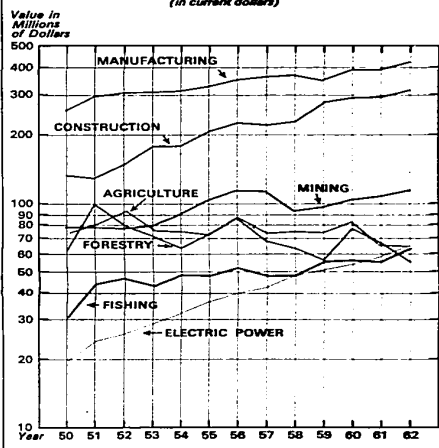
THE ECONOMY

SELECTED CHARACTERISTICS

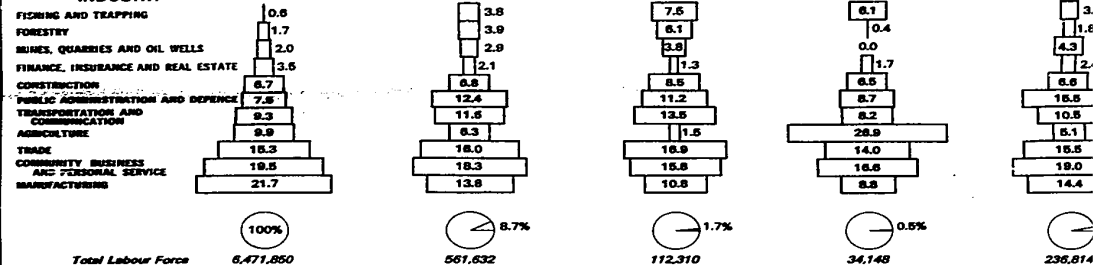
Sources: D.B.S., Census of Canada, 1961
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D.B.S., Farm Cash Receipts, 1964
D.B.S., Canadian Forestry Statistics, 1962
D.B.S., Monthly Review of Canadian Fisheries Statistics, December 1964

NET VALUE OF PRODUCTION, 1960-1962

Rates of Change in Commodity-Producing Industries in the Atlantic Provinces (in current dollars)

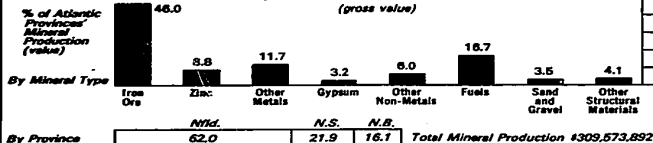


LABOUR FORCE BY INDUSTRY, 1961

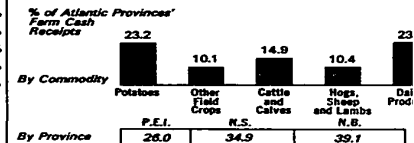


The percentage distribution of the labour force in industries is shown by the horizontal bars. No bar is shown for unclassified labour force. The pie graphs show each area's labour force as a percentage of Canada's labour force.

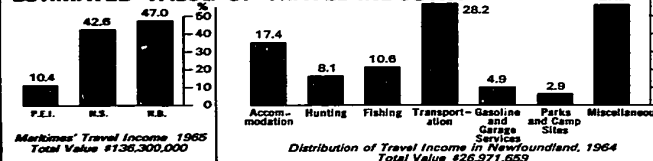
MINERAL PRODUCTION, 1964



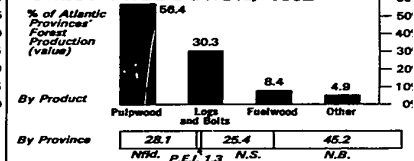
FARM CASH RECEIPTS, 1964*



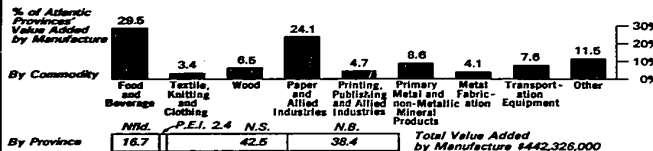
ESTIMATED VALUE OF TRAVEL INDUSTRY



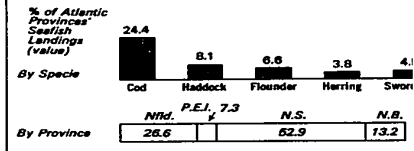
FOREST PRODUCTION, 1962



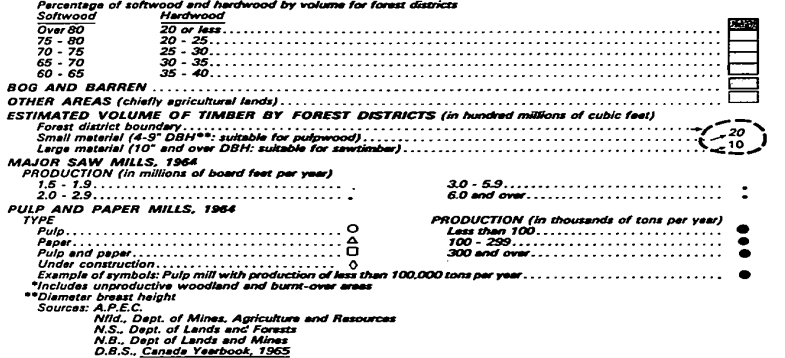
VALUE ADDED BY MANUFACTURE, 1963



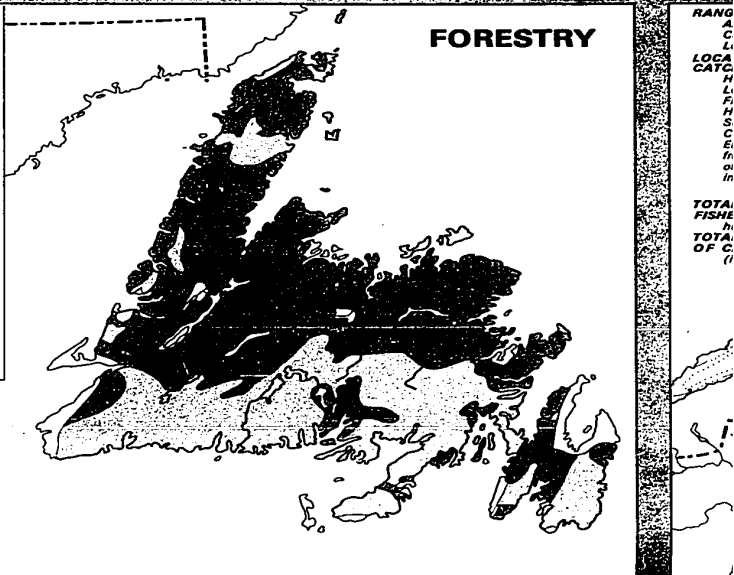
VALUE OF SEAFISH LANDINGS, 1964



FORESTED LAND*



FORESTRY



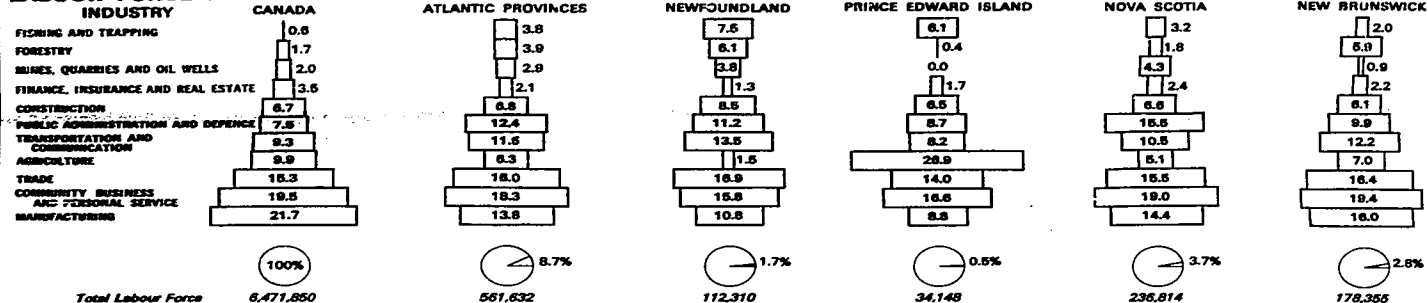
TENURE OF PRODUCTIVE FOREST LAND, 1963

AREA	PROVINCIAL CROWN			FEDERAL CROWN			PRIVATELY OWNED			TOTAL
	OCCUPIED	VACANT	TOTAL	% OF PFL*	TOTAL	% OF PFL*	FARM WOODLOT	OTHER	TOTAL	
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Nfld. (ISLAND)	4,324	2,968	7,292	86.5	-	-	20	1,088	1,108	8,310
P.E.I.	-	2	2	0.4	3	0.6	267	248	515	820
N.S.	747	1,425	2,172	22.5	20	0.2	1,963	6,888	7,000	9,861
N.B.	6,888	380	7,268	46.1	315	2.1	1,231	6,884	7,025	15,280

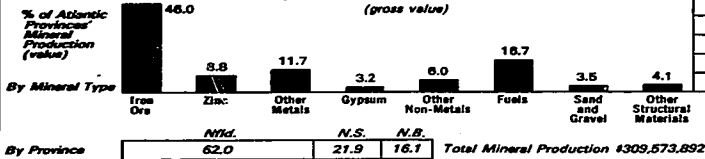
*Productive forest land

Source: D.B.S., Canadian Forestry Statistics, 1962

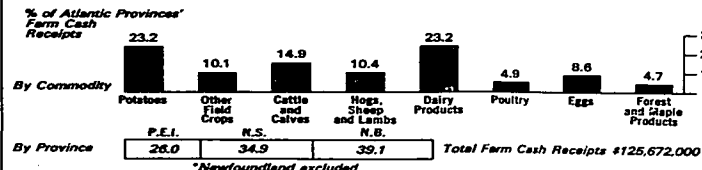
LABOUR FORCE BY INDUSTRY, 1961



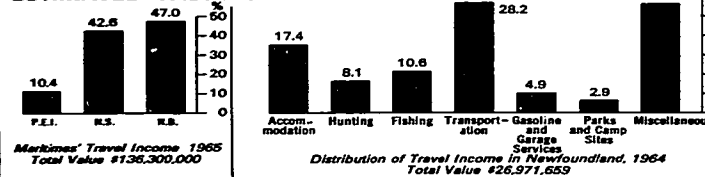
MINERAL PRODUCTION, 1964



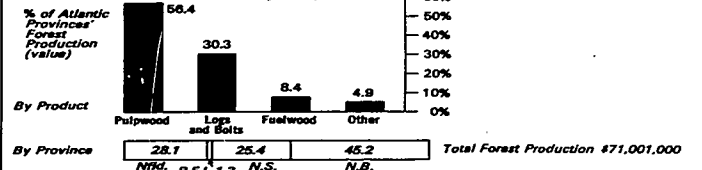
FARM CASH RECEIPTS, 1964*



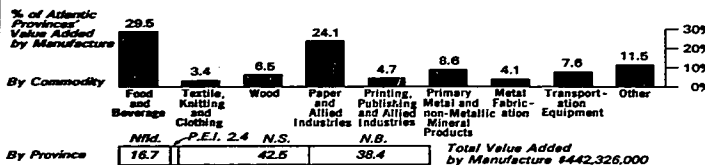
ESTIMATED VALUE OF TRAVEL INDUSTRY



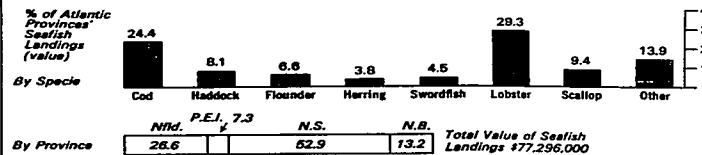
FOREST PRODUCTION, 1962



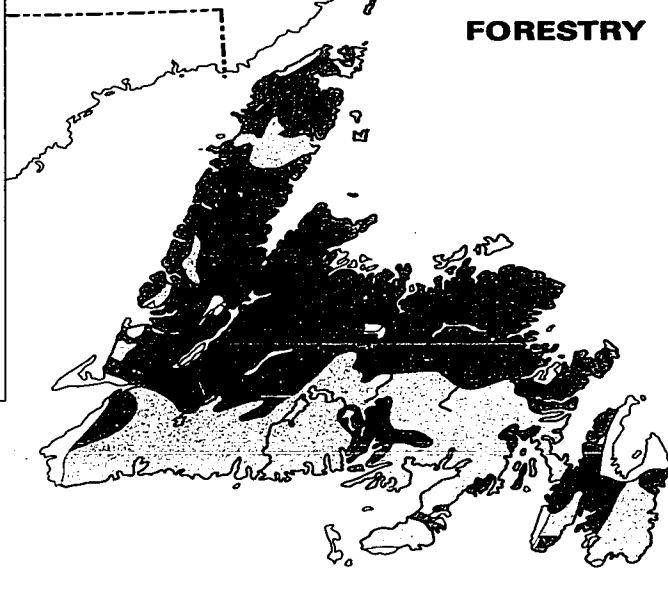
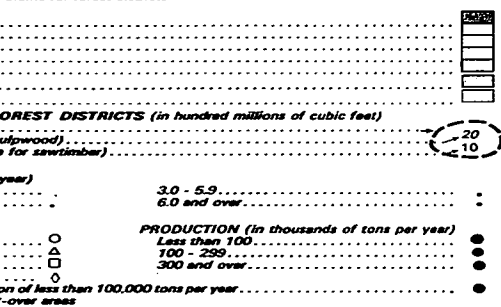
VALUE ADDED BY MANUFACTURE, 1963



VALUE OF SEAFISH LANDINGS, 1964



FOREST DISTRICTS (in hundred millions of cubic feet)



TENURE OF PRODUCTIVE FOREST LAND, 1963

AREA	PROVINCIAL CROWN				FEDERAL CROWN		PRIVATELY OWNED				TOTAL PFL*
	OCCUPIED	VACANT	TOTAL	% OF PFL*	TOTAL	% OF PFL*	FARM WOODLOT	OTHER	TOTAL	% OF PFL*	
ATLANTIC PROVINCES	24,029	5,747	29,776	63.2	338	0.7	2,861	14,136	17,017	36.1	47,131
LABRADOR	12,300	1,062	13,362	100.0	-	-	-	-	-	-	13,362
Nfld. (ISLAND)	4,324	2,888	7,212	86.5	-	-	20	1,088	1,118	13.5	8,310
P.E.I.	-	2	2	0.4	3	0.6	267	248	515	99.0	820
N.S.	747	1,425	2,172	22.5	20	0.2	1,363	6,886	7,489	77.3	9,861
N.B.	6,886	380	7,266	46.1	315	2.1	1,231	6,884	7,825	51.8	15,288

* Productive forest land

Source: D.B.S., Canadian Forestry Statistics, 1962

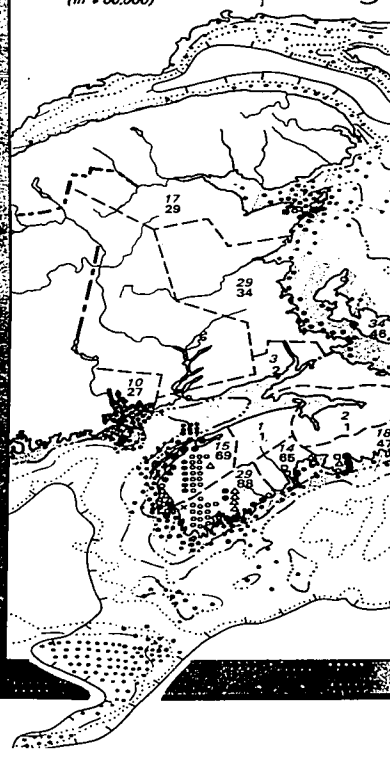
RANGE OF COMMERCIAL SPECIES

LOCATION AND WEIGHT OF COMMERCIAL CATCH, 1963 (includes Quebec catch)

by generalized fishing districts

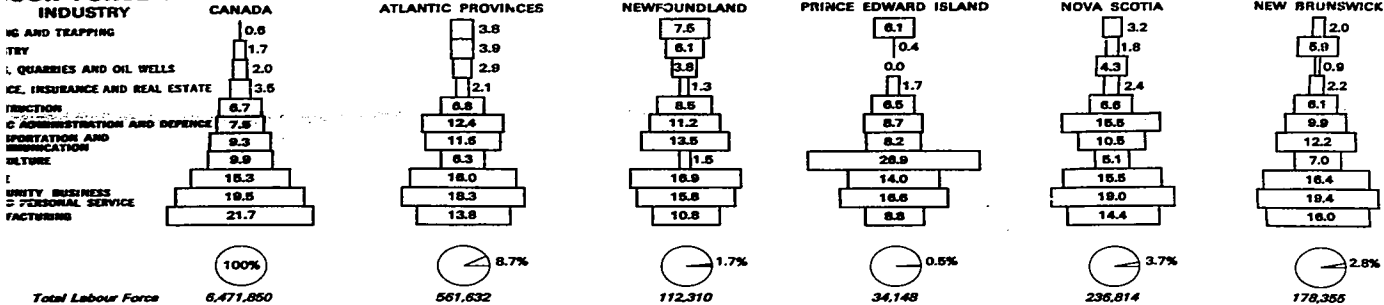
TOTAL NUMBER OF FISHERMEN, 1963 (in hundreds)

TOTAL LANDED VALUE OF CATCH, 1963 (in \$'000,000)



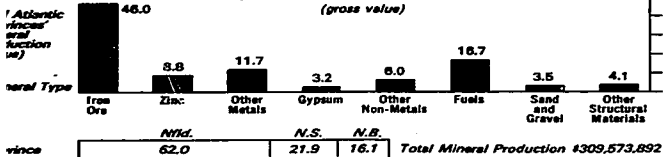
SCALE 1:5,000,000
1 inch equals 78.91 miles

OUR FORCE BY INDUSTRY, 1961

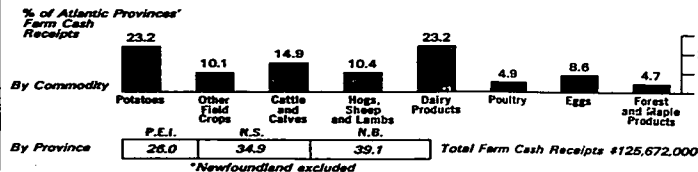


The percentage distribution of the labour force in industries is shown by the horizontal bars. No bar is shown for unclassified labour force. The pie graphs show each area's labour force as a percentage of Canada's labour force.

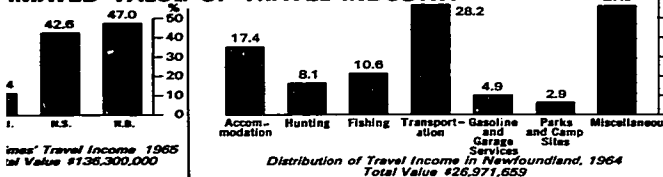
MINERAL PRODUCTION, 1964



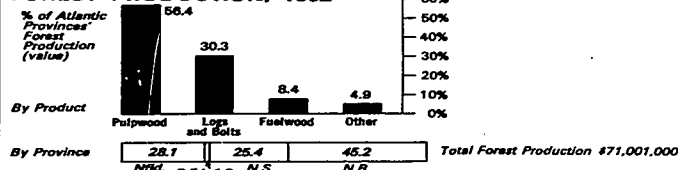
FARM CASH RECEIPTS, 1964*



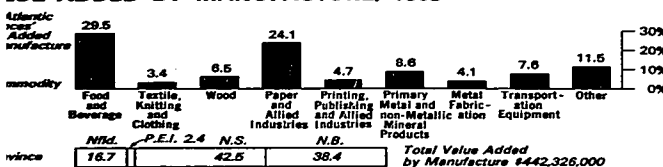
ESTIMATED VALUE OF TRAVEL INDUSTRY



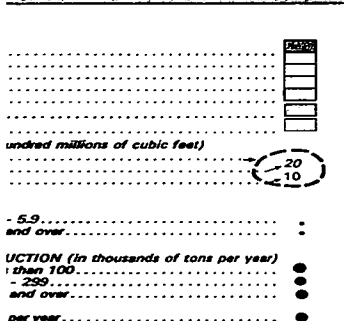
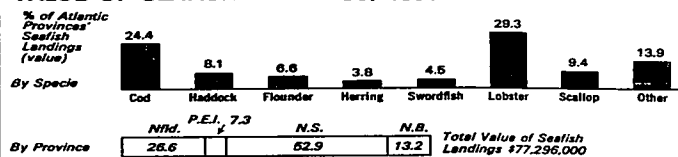
FOREST PRODUCTION, 1962



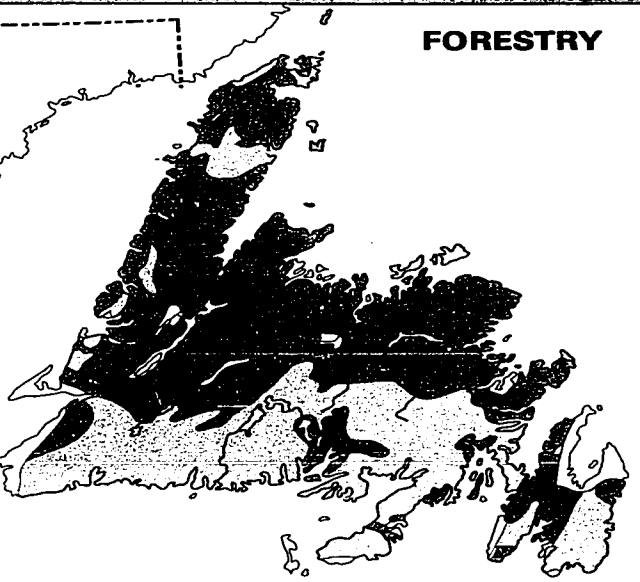
VALUE ADDED BY MANUFACTURE, 1963



VALUE OF SEAFISH LANDINGS, 1964



FORESTRY



TENURE OF PRODUCTIVE FOREST LAND, 1963

AREA	PROVINCIAL CROWN			FEDERAL CROWN		PRIVATELY OWNED			TOTAL PFL ^a
	OCCUPIED	VACANT	TOTAL	% OF PFL ^a	TOTAL	% OF PFL ^a	FARM WOODLOT	OTHER	
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N.B.	6,886	280	7,048	46.1	315	2.1	1,251	6,884	7,625

^aProductive forest land

Source: D.B.S., Canadian Forestry Statistics, 1962

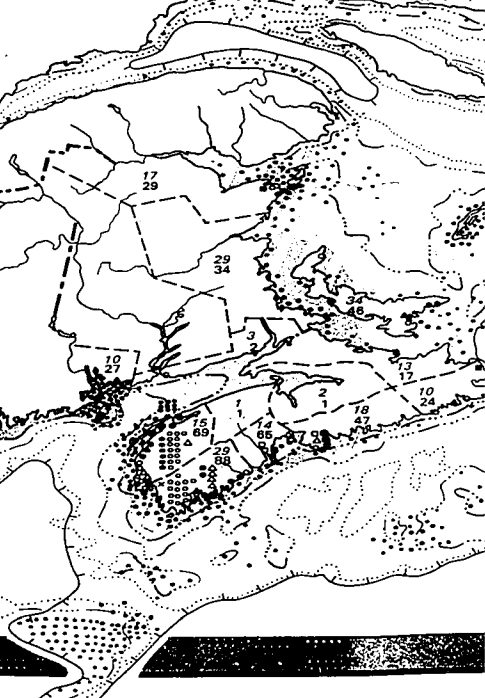
RANGE OF COMMERCIAL SPECIES

All species...
 Cod...
 Haddock...
 Flounder...
 Herring...
 Swordfish...
 Lobster...
 Scallop...
 Other...
 Each dot represents 1.5 million pounds round fish weight. These species accounted for 80% of the total catch both by weight and value in 1963.

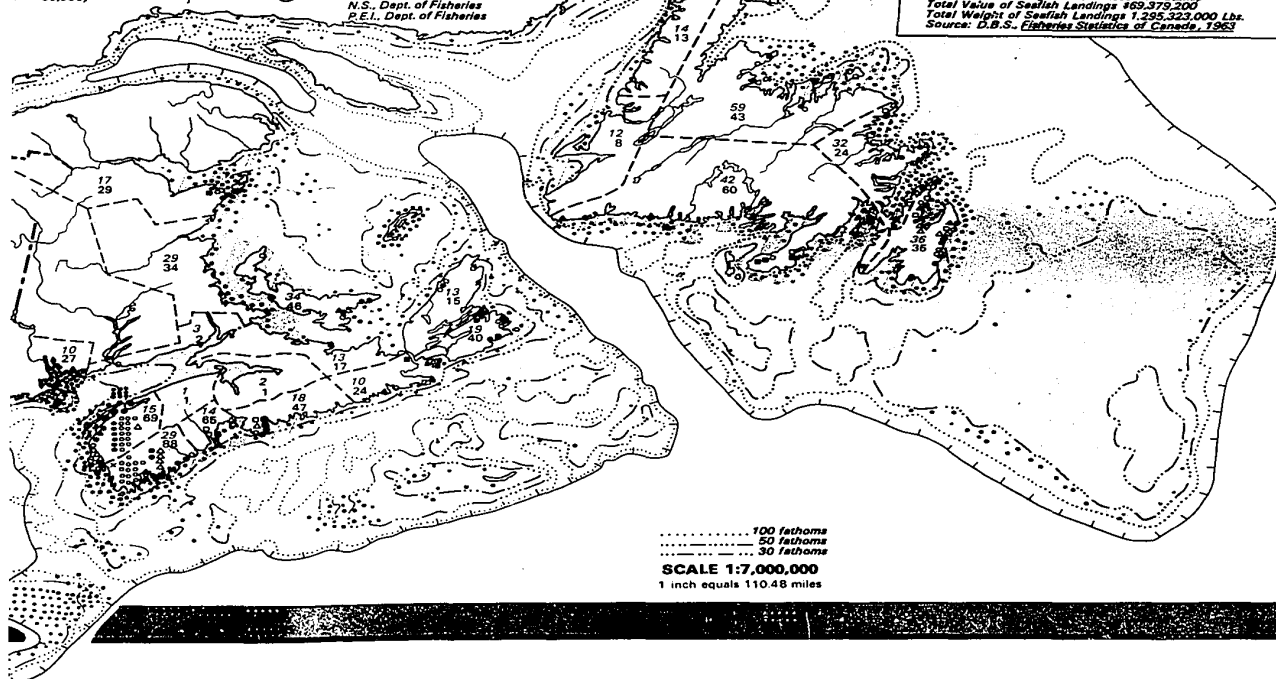
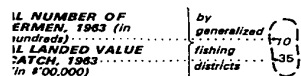
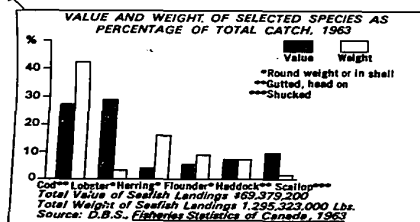
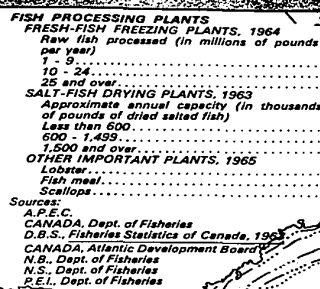
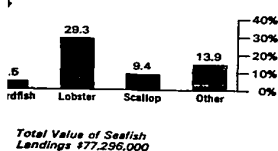
TOTAL NUMBER OF FISHERMEN, 1963 (in hundreds)
 by generalized fishing districts

FISH PRODUCTION

FRESH-FISH...
 Raw fish...
 1 - 9...
 10 - 24...
 25 and over...
 SALT-FISH...
 Approximate...
 of pounds...
 Less than...
 600 - 1,000...
 1,500 and over...
 OTHER...
 Lobster...
 Fish meal...
 Scallops...
 Sources: A.P.E.C., CANADA, D.B.S., Fish CANADA, N.S. Dept., N.S. Dept., P.E.I. Dept.



SCALE 1:5,000,000
 1 inch equals 78.91 miles



The following comments are arranged in three parts.
 First are what seem to me to be typographical errors, of more than trivial nature. (I did not give special attention to this aspect).
 Second are what I consider to be writing errors, chiefly grammar or sentence structure.
 Third are points relating to the substance of the thesis.

In almost all cases, I locate the item by page and paragraph, sometimes by line. In my system, 20/1 means Page 20, paragraph 1. The first paragraph that begins on a given page I call Paragraph 1. Where a paragraph continues from the previous page, as is of course very often the case, I identify it as Paragraph 0.

First, typographical errors.

- ✓6, fn. 2: Johns Hopkins; & and it should be Md. , not M.D.
- ✓10/2, line 4: The last word, "plan", should be omitted.
 (There are other possible corrections, but Higgins, the author cited here, writes a rather similar sentence omitting "plan".)
- ✓18/1, line 4: "must be so fitted into the political structure
as to be conducive...."
- ✓18/2, line 2: "...determined in large part ..."
- ✓20/2, line 6: The ; should be a , .
- ✓21/1, line 3: Again, the ; should be something else, either
 a : or a , ✓ .
- ✓26, last word of quotation: M.P.'s do sometimes say odd things,
 and I haven't looked it up, but I should think this should be "depreciation".
- ✓44/3, line 5: Comma after "undertake" (necessary to tie
 "to cooperate" with governing verb "charged").
- ✓57/2 : Since a specific one is meant, I should think Older-in-Council
 should be capitalized (but it doesn't mean the end of the world!)
- ✓70/1 : Close quotation at end of paragraph.
- ✓81/2, line 2: Either "There is no organizational provisionh..." or
 "There are no organizational provisions".

Bibliography:

- ✓115 : "Reid, ed. " Surely Reid's initials are known.
- ✓116 : Dupre: Areal ; Arthur Maass, ed. ; Glencoe .
- ✓117 : Both Hodgetts and Johnson : Canadian Journal of
- ✓118 : Last item: close parenthesis after dates (not earth-shaking).

Second, errors in writing.

✓ 3/0, last sentence: What the notion conflicts with is the vested interests. Why circumlocute? Moreover, in the real sense, the notion is not rendered untenable; impracticable, no doubt, but still a tenable notion.

3/1 : I won't go deeply into it, but could ADB really be called the first agency "to be given jurisdiction beyond single provincial boundaries"? The first agency of any kind? (Obviously excluding federal Departments).
Stet

✓ 4/0, first line: A member of what from Quebec? (When this same member turns up again on page 32, the context makes it clear. Not so here.)

✓ 4/1, line 8 : "...each ... has its own" (Each is singular)

✓ 7/3, first sentence: "Multiple feature systems ... include economic criteria..." It is not the systems that include the criteria, it is their description or specification.

✓ Similarly, in the third sentence, it is not "the area covered" that "includes examination of flows", but ~~xxx~~ the process of defining the area.

✓ 9/0 : a) what it is physically possible to produce
b) what it is economically feasible to produce ...

✓ 9/1, item 2 in the list: Are not "planner" and "plannee" reversed?

✓ 10/3 : Punctuation in this paragraph is very rough. Most of the semi-colons are unnecessary.

✓ 12/1 : Punctuation again. The words sound like four "stages" of development, but the punctuation makes it look like three. Should a ; separate "or underdeveloped"? (While we're here, I find "sooner or later to become more advanced" difficult to distinguish from "are developing", but that could be blamed on the source).

✓ 12/2 : Who is this Gilmore? Where does he say this?

16 : The constitution of a federal country inescapably includes a great deal of law. Still, I think it would clarify things to distinguish that law which refers to the powers of the federal and provincial governments from "the law which authorizes the regional development program", as an "important element in the environment". Clarity is not enhanced by the inclusion (page 20, paragraph 2) of "the political climate" under "the legal framework", later in the piece.
Stet

✓ 21/2 : This being the first reference to ADA, it should be fully identified at least once.

23/1 : In mid-nineteenth century, "The Maritimes" were three distinct entities. In what ~~xxx~~ sense were they "one of the world's" great commercial powers, holding fourth place"? Was it Nova Scotia alone? Or the three combined?

23, last line : This parenthetical reference to Bluenose is not illuminating to me. Is the famous Bluenose referred to as the best-known illustration of the heritage of the Maritimes in the wooden-ship business? As the class of vessel on which the pre-eminence was based?

25 : These two paragraphs should be combined into one. As they stand, the second is not coherent: it is not immediately evident that its substance is drawn from the submission referred to.

✓ 27/1, line 7: "leading to a continuing process..."

27/2 : More circumlocution. It precludes their undertaking the heavy investments. It doesn't at all preclude serious consideration. Lots of people are always giving it serious consideration. (Consideration of their capacity, that is. Sure, they provinces can't seriously consider doing it -- not for very long -- which is, what would be conveyed by saying "precludes their undertaking").

Step 30/1 : To lead what debate in the House? We learn in the next paragraph, but at this point we don't know.

✓ 31/2 : "... the development in primary resource industry ..." Sounds awkward. Is it a correct quote?

Step 35/1, and fn. 16 : Who is the speaker? And though it is made to appear as an example of "too much power to the ADB", it is in fact a refutation of the charge that too much power was given to ADB.

✓ 37/1 : Why speak of "constitutional" constraints? Why not just, "no arbitrary constraints"?

✓ 41/1, line 2 : "originate in the area"

✓ 46/1, lines 9-10-11: "...process involves the collection of extensive data which had never been accumulated..." I.e., not the "collection" had never been accumulated, but the "data".

✓ 47/2, lines 2-3: Either put a comma after "demands" or take out the comma after "supply". Either both or neither.

✓ 50/2, line 2 : same rule: either "this, too, would contribute" or "this too would contribute"

✓ 55/1 : "Powers beyond the minister's control". Was it suggested who or what these "powers" were? Was it suggested what happened to these powers when the minister began to ignore or denature the comprehensive planning clause? This is a needlessly enigmatic expression -- the more so since it would appear that, in general, most of the "powers" in this story would have opposed, not championed, such planning.

- ✓ 57/1 : I think it would help to say, "a new federal administration" or something of the sort, in order to specify just what "new administration" is meant.
- ✓ 62/2 : Given the meaning it usually bears, the expression "land reforms" is misleading here. What soil scientists do is not usually thought of as "land reform".
- ✓ 62/2 line 7 : "If such work were not available"
- ✓ 69/2, lines 5-7: "...the types of consultation ...were also indicative"
- ✓ 75 : We are rather abruptly plunged into "the Act". What Act?
- ✓ 84 : I think the first Minister of Industry should be identified more fully than simply as "Drury".
- 99/3 : As reproduced in ~~your~~ the Appendices, both the Atlantic ADB Act (as amended, 1963) and the section of the Department of Regional Economic Expansion of the Organization of Government Act of 1969 employ, in their "Constitution of membership" clauses, the identical "shall", which in statutory language means "must".
- St et
- ✓ 100/1 line 4 : What "three divisions"? On page 80, reference is made to six; the chart (Appendix 8) shows seven, two of which are, however, strictly service divisions.
- ✓ 105/2 line 9 : It is misleading to associate Keynes, in this context, with "fiscal and monetary reform". Later in the paragraph, reference is made to particular uses of fiscal and monetary policy, which of course ~~is~~ is quite correct. (My guess is that this must have been a writing error, not a more basic one).

Third, matters relating to the substance of the thesis.

2/2 and 3. There is also provision for not insignificant
stet concurrence of jurisdictions. (Cf. p. 109, Trudeau quote).

✓
The "thus" in the third paragraph stands out. In the first place, the provinces may have exclusive jurisdiction to "plan the provincial economy", but it is questionable that it follows logically from the powers listed in this paragraph (leaving aside the point this thesis makes in many places that there may be no such thing as "the provincial economy"); in the second place, the question of whether provinces do indeed have such exclusive jurisdiction over planning is surely too debatable to be formulated as glibly as this.

2/1
stet Presumably the "proposition" referred to in the first line is that equality of condition is necessary for ~~max~~ unity (not that governments have become committed to the belief). Does this "hold for all systems"? Is this a proposition based on empirical evidence, or is it a logical consequence of the definition of a "system"?

3/1
stet The ADB definitely does appear to have been a "first" in Canadian government practice. But is the nature of its uniqueness accurately conveyed by calling it the first agency (unqualified) "to be given jurisdiction beyond single provincial boundaries"?

4/2
stet This point about "federal money for highway construction" seems pretty significant. By whom is it felt? Do the rather exceptional conditions under which federal money can indeed be earmarked for highways readily allow the federal government to impose conditions over aspects which fall most clearly within provincial jurisdiction?

pp. 4-5 : The information about provincial liaison officials is useful. This issue of single-purpose vs. multi-function departments keeps coming up in the thesis, and I cannot but feel that the treatment is dogmatic and superficial. The real administrative issue is to make arrangements for effective co-ordination. Maybe the traditional departmental organization of our federal and provincial governments is the wrong way to do this; at the very least, it doubtless creates problems. But it cannot be pretended that the simple answer is to have a big department called "Planning", which will encompass virtually everything; that would just shift the co-ordination problem to another level. (See the second chapter of Simon's Administrative Behavior, cited in the bibliography). The criticism is not that the "traditional" department structure is appropriate, not that the proposed solution (though it rests rather vague: merely multi-purpose planning departments) is wrong; the criticism rather is that this complex administrative issue is repeatedly dealt with in terms of assertions. It is too central an issue for that.

stet

7/0 : "the fourth (metropolitan-hinterland) to administrative criteria". Census definitions of metropolitan regions have a heavy "administrative" factor, taking in county boundaries, etc. But many delineations of metropolitan regions depend almost entirely on economic criteria -- and the inclusion of the "hinterland" concept in the designation emphasizes this.

9/1 : If the meaning of "planning" is really important, then it would be well to stick with Brewis and Paquet long enough to be clear on what Malinvaud means. As the Malinvaud questions are phrased, they do not seem to be much concerned with "implementation"; but when it becomes clear just how broad Malinvaud's idea of "message" is, then his six questions are seen to take one through implementation as well.

10/3 : The "input-output matrix" is offered here as an example of "surveys of natural and human resources". It is hardly that. In fact, I find that Higgins (the authority here cited) proposes it as a "refinement of social accounts". And it is insufficiently precise to claim that linear programming will "assure consistency" in a plan: as Higgins has it, it is a tool to assure consistency of goals. I would argue that this is not hair-splitting, as the plan must have more in it than goals (according to the usage in this thesis).

11/1 : I think this is a misreading of Higgins (debatable) and a misuse of the words "regulatory and fiscal powers". I take Higgins to say that planning requires that there be an authority with adequate regulatory and fiscal powers over the region (a quite demanding specification) -- an authority which will at least lx listen to the planners. Secondly, I think it is an intolerable stretch of meaning to say that the existence of the planning division and the Development Fund ~~xxxx~~ gave ADB "regulatory and fiscal powers".

12/2 : Why does Gilmore insist that "development" must be "outside" of conventional lines of authority? Was he speaking of the conventional lines of authority of a particular time and place?

13/1 ✓ : Again, is APEC here talking about development in general, or about its vision of development in the Atlantic region as such?

13/3, end: This of course is more or less what Hodgetts says later: a region is defined to suit the convenience of the one defining it. A "planning region" is defined to suit the planner.

18/0, last sentence : Our machinery is probably not designed for contemporary development programs. There is a view of our history which says our national machinery was pretty explicitly designed for "economic development" as then conceived. Page 19 states part of the issue more fully.

- 25/2 The phenomenon being explained includes "slower growth, higher unemployment," and steady net out-migration. Among the listed causes of these things are: "higher unemployment with greater seasonal employment swings; lower productivity due to deficiencies...; migration;..." As phrased, effects are listed as causes of themselves. It is partly a matter of writing technique: "greater seasonal swings" do affect unemployment, and the stated deficiencies do retard productivity. But it is hardly reasonable to list migration as a cause of migration.
- 32/2 ✓ "The Speech from the Throne was delivered by the Rt. Hon. Lester Pearson." (Enough said?)
- 35/1, ✓ last sentence: "Lessened its relative autonomy" compared to what? Its a utonomy without any Fund?
- 38/1 ✓ : "In most cases, members of such boards (i.e., government advisory boards) would be government employees, hired by a civil service commission." Incorrect.
- 39/1 ✓ : The Executive Director was "a paid federal cabinet employee". This is a bit tricky. He was a Government appointee, his terms of service being fixed by the Government. It is debatable whether he should be cosidered to have been a "cabinet employee", that being a pretty rare creature. It is clear that his position was (statutorily) ambiguous -- clearer than it is to me that the Executive Director was really "responsible to the Board"; for the Board's employee-hiring power turns up in a different clause entirely from the clause setting up the position of Executive Director, who to repeat is not hired by the Board.
- 39/2 ✓ Two problems are mentioned as threatening productivity: the ill-defined role, and incompatibility. They should not be confused like this.
- 39/3 ✓ : Since the ambiguity of this position seems to be quite important, I wish some evidence were presented for the possibly meaningful statement, "The Ex. Dir. was charged with representing the staff's views to the minister". On the face of it, his charge could have been to report thus to the Board, and the difference could have been a real one.
- 41/2 ✓ : This paragraph seems to set out to say why, "from the point of view of efficiency, Ottawa as the centre of activity is preferable." Firstly, information and services are more readily available, an efficiency factor. But then, we are told the bias of the sympathies of the Ex. Dir. in a conflict situation -- which is relevant to proving that Ottawa was indeed the centre, but not to proving that Ottawa was preferable from the efficiency point of view. As to that, should the sympathies of the Ex. Dir. be entered as a factor without any evidence or support? (If the confirming evidence was confidential, it would be in order simply to say so).
- 46/1 ✓ : Is it a special virtue of input-output tables that they stet "Assure consistency"? Given the inherent definition problems,

47/0 and footnote: "It is the remainder of this paragraph (after the footnote reference) a summary of Weeks' argument? If not, what a shame, for here is a reasonably informed case for a certain kind of broad-brush, program-oriented planning, for which in fact there is a lot of support. (At least, I presume Weeks is reasonably informed; I have not seen his presentation).

49/3 : Indeed "there is no point" in carrying out programs for moribund beneficiaries. The real question is, what kind of "planning" is necessary to avoid it? Thorough planning of programs? Or "comprehensive regional planning"?

51/1 : Any suggestion as to why Treasury Board had a bias in favor of, for example, infrastructure projects? On accounting grounds? On policy grounds?

53/1 : This is a good, credible story. Did it come from a source that cannot be identified? Could circumstantial evidence show that the timing of the approval in this case was a little irregular, a little faster than usual? As it stands, this is merely an assertion, with no greater weight than the counter-assertion that nothing special was done in this case.

54/1 : Just more votes, period? More votes for the Liberals in N.B. and Newfoundland, for the P.C.'s in N.S.? Or what?

58/3 : For many, especially in the Maritimes, this assumption was shattered long before the Depression of the 1930's. And the assumption could not be said to have been shattered by the exposition of the fiscal weaknesses of the province, unequivocal as that was; it was shattered by the economic experiences of the people concerned, and the fiscal position of the provinces was just part of the same bad bag. Besides, the Royal Commission was constituted in the clear knowledge that these fiscal weaknesses evidently existed; it is, however, quite correct to say that the Commission "exposed" them in the sense of delving into them more basically than had been done.

65, top of page: Point 4, as here expresses, is rather difficult to make out. What is "Unemployment reflected in income levels"? And do the regulations stipulate that such an unemployment must be below the national average?

Going on, I suggest the reader of this thesis should be given as much of an explanation of what is here meant by a "Canada Manpower centre" (as a way of defining a depressed area) as Brewis and Paquet give their readers at page 145.
only

66/1 : "Not/ is this method of deriving an economic region invalid on its own terms..." This is substantially correct, but "in its own terms" this is merely a method of deriving a depressed area. This thesis distinguishes insistently between depressed areas and economic regions. So does Higgins, at page 164 of his cited article. ADA may perhaps be blamed for being too concerned with depressed areas, but not for invalid derivation of economic regions.

71/1, 2 : These are cogent and, I have no doubt, substantially accurate comments. Most of them, being negative (no research, no analysis), would be pretty difficult to document. But to make these useful points stand up more strongly, is there any way to substantiate the criticisms?

73/2 Surely this is the equivalent of the squaring of the circle: "autonomous regional units" and a "decisive federal authority". If indeed "this scheme foreshadowed the later department", would it be correct to conclude that presently we are going to see an attempt at autonomous regional units?

81/2 Since the point is mentioned, what is the "enormity" of the new Department? thicity
One can see where monolithix would lead to watertightness, but might not enormity lead jsut the other way, to either absorptiveness or leakiness?

86/87 : "Failure to establish a plan led to the demise" of ADB, "which outlived its usefulness..." This is a pretty grand conclusion. It is a hypothetical question, but had there been no Department of Regional Economic Expansion (DREE, which incidentally has a most unpromising connotation to Scottish people), is it all that clear that ADB would have dissolved? Its continued usefulness, of course, is another question.

87/88 : See earlier comments referring to pp. 4 and 5. The argument here is not only that the work of "traditional" departments has not been co-ordinated in a fashion that would allow "real" planning, but that it can not be so co-ordinated. Such co-ordination is supposed to be the work of "the Government", or the Cabinet. One of the associated problems, to which frequent reference is made, is that a lot of public representatives and decision-makers are not wholly convinced of the necessity or desirability of "comprehensive" planning, but if the Cabinet were, is it all that clear that they could not do it through more or less traditional departments? Or through some engine of co-ordination working along with traditional departments?
This is not a matter of whether one person thinks so or not, it is a matter of dealing with the question seriousl

88/3 : As to the "human problem", the chart of the new department shows a slot for a "Director, Human and Social Analysis". Is he doomed to futility?

90/1 : I take as valid the statements about the lack of support for "planning". Who was for it? It would take a very committed Federal minister, and a singularly well-tooled organization, to do much while the situation of opinion was as described.

The difficulties are great, ADB evidently always cleared things with provincial Premiers; but this does not count as "consulting with the region". Who else, then?

92/- : This observation about the ADB "Middle men" and the Treasury Board is valuable. It would be good to know whether Treasury Board ever refused proposals (they obviously did not refuse many, maybe not enough to tell) on grounds of inconsistency or contradiction. That is to say, did Treasury Board seem to have some implicit notions of planning criteria, albeit at the project level? It has been mentioned (p. 36) that the Department of Finance insisted on coherence and a "clear sense of direction" when reviewing proposals.

95 : This constant reiteration that there are no visible intermediary spokesmen for the region is useful in pointing to a problem. It has an aspect, however, to which this thesis makes only one passing reference, namely, is there no place in this whole process for the Member of Parliament? That's the subject for another thesis, no doubt, but one could not help but notice that he is never taken seriously in this thesis as a representative, nor is his provincial counterpart (except, as I say, once, rather slightly).

95/5 : This too is a difficult question. To be merely advisory is, probably, to be without great power. But to have a Fund to help disburse can also be crippling, it seems (p. 91) -- it can centralize an ostensibly regional organization.

✓ 100/1 : What "three Divisions"?

105/1 : This is a difficult paragraph to understand. Is it to be understood that the League for Social Reconstruction preceded the Depression? By its own account it was formed in 1931. Whether they were "among the first" to acknowledge imperfections in the market, I suppose, depends on how large is your category "first". Even in Canada, their attack was not novel.

✓ 105/2 : Given tariffs, subsidies, marketing controls, even income transfers (however feeble one may consider all these devices to be), is it entirely accurate to say that Canadian governments have adopted fiscal and monetary policy as the sole techniques of coping with economic ills?

106/3 : I do not think it can be said that "we have seen that the failure of fiscal and monetary policy to cope with regional disparities in the Atlantic provinces led to the appointment of the Gordon Commission"; while mention has been made of the Gordon Commission, and of the persistence of regional disparities in spite of the use of these instruments (not that they have all that much to do with regional disparities in any case), this is the first time the two have been connected in this thesis, as I read it. And one does wonder whether that was what led to the appointment of the Commission.

107/1, 2 : The argument seems to go like this: Trudeau interprets his majority as a mandate for change. Fiscal and monetary policy, and 'ad hoc planning', are old hat.

stet Comprehensive economic planning is not old. Therefore the mandate for change puts comprehensive economic planning in the forefront. The logic is not persuasive. It assumes that economic policy can change in only one direction, the direction of "comprehensive economic planning".

107/3 : "The stress on incentives indicates that monetary policy will be used." This does not follow either. As is pointed out in this thesis, Canada has had lots of experience with incentives -- going back to long before people talked about monetary policy.

stet 108 : There would seem to be no inescapable contradiction in Planning and Decentralization, though there are plenty of arguments that the two are not easily blended. It is therefore quite consistent to marshal Trudeau's arguments for decentralization. But it can hardly be taken for granted that any decentralized regional unit will be free of sometimes destructive parochialisms, nor that they will all see the light of Planning, or of the same kind of planning ("ad hoc" or "comprehensive"). In the passage quoted, Trudeau is not entirely concerned with making the tasks of government easier.

Finally, the language of the clauses of the Organization of Government Act establishing the Department of Regional Economic Expansion is cast almost entirely in terms of "special areas"; almost the only use of the word "region" is in connection with the already-established Atlantic Region.