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Reviews / Revues

Dependency, Underdevelopment, and the Economic History of the Atlantic Provinces

THE RELATIVELY WEAK ECONOMIC PERFORMANCE OF Canada's Atlantic provinces is a well-trodden scholarly terrain. It has also become a scene of some confusion, occupied as it is by scholars of different disciplines and differing ideological persuasions. The symptoms of regional disparity are readily visible: they include low per capita incomes, chronically high unemployment, relatively low levels of manufacturing output, and dependence on federal transfer payments. But even the description of regional disparity is no longer simple, and students of regionalism confront an array of terms — regional disparity, dependency, underdevelopment, uneven capitalist development, de-industrialization — which are variously applied to the regional malaise. It has proved difficult to establish even a modest consensus about the origins of regional economic weakness in the Atlantic provinces. In the 1960s and 1970s historians did considerable damage to the old staples approach which stressed the obsolescence of industries based on "wood, wind and water", but it was easier to criticize the old framework than to build a new one. Upon this rocky ground have stepped those who assert the value of dependency theory in explaining regional underdevelopment. The dependency approach is more common among sociologists than among historians, but in the study of regionalism disciplines often meet in complementary ways, and the dependency approach merits very serious consideration by historians.

In the 1970s many Canadian scholars began to read the Latin American dependency theorists, and they often began with Andre Gunder Frank.[1] It is not surprising that Frank should have attracted attention, since he served as the link between Latin American scholarship and the English-speaking world, and he stated a new paradigm with such dogmatic force that it could not be ignored. Frank began by attacking those scholars who argued that "traditional" or feudal societies must shed political, social and cultural obstacles to development before they could "modernize", and that development must occur through the diffusion of technology, capital and other modernizing essentials from developed to underdeveloped countries. Frank shredded the modernization perspective, exposing its theoretical and empirical flaws. He asserted that the obstacles to development lay not within the underdeveloped countries at all, but within the international economic system. Latin American countries did not suffer from feudal or pre-capitalist constraints; it was their incorporation into the capitalist

1 Andre Gunder Frank's books include *Capitalism and Underdevelopment in Latin America* (New York, 1967); *Latin America: Underdevelopment or Revolution* (New York, 1969); *Lumpenbourgeoisie - Lumpendevelopment: Dependence, Class and Politics in Latin America* (New York, 1972); *Dependent Accumulation and Underdevelopment* (London, 1978); *World Accumulation 1492 - 1789* (New York, 1978); *Crisis in the Third World* (New York, 1981).

world which had hindered development. The diffusion of capitalism led to a process of underdevelopment, in which capitalist metropolis expropriated the economic surplus of satellite countries: "it is this exploitative relation which in chain-like fashion extends the capitalist link between the capitalist world and national metropoles to the regional centres (part of whose surplus they appropriate), and from these to local centres". The metropolis "sucks capital out of the periphery" and dominates the periphery at all levels.[2] Development and underdevelopment were not, therefore, at opposite ends of an evolutionary process; they were two sides of the same coin, part of the same historical process.

Frank was not the most important theorist of dependency, nor even the pioneer of the approach. In fact, dependency was never a single theory of development and underdevelopment. It is difficult to arrive at a single definition to encompass the varying uses of the term "dependency", although many would agree with the definition of the Brazilian social scientist Dos Santos: "By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected".[3] The dependency concept was used by nationalists, social democrats, neo-Marxists, and defenders of state capitalism in Brazil and elsewhere. Frank's formulation was quickly attacked and rejected even by other *dependentistas*. Despite an intellectual debt to such neo-Marxist scholars as Paul Baran, Frank and other dependency writers had departed from Marxist analysis in certain critical ways, and it is no surprise that Marxists offered the most penetrating critiques of early dependency approaches. Frank, for instance, had failed to define capitalism as a mode of production in the Marxist sense, but had equated capitalism with profit-motivated production for a substantial market.[4] He defined both feudalism and capitalism as social systems with particular forms of economic exchange and distribution, and this emphasis on exchange relationships distracted his attention from the more basic relationships which occurred within the sphere of production. It followed that his conception of the transition from feudalism to capitalism was weak or non-existent. His emphasis on a chain-like appropriation of surplus led to a simplistic notion that development in one area must occur at the expense of development in other areas. This argument flew in the face of evidence that

2 Frank, *Capitalism and Underdevelopment*, pp. 7-8; *Latin America: Underdevelopment or Revolution*, pp. 227-8.

3 Theotonio Dos Santos, "The Structure of Dependence", *American Economic Review*, LX (May 1970), p. 231.

4 The mode of production refers to the total combination of forces and social relations of production which constitutes the economic structure of a productive system. Capitalism is a mode of production. Although not used in a single sense by Marx, the concept is rooted in statements in the Preface to *A Contribution to the Critique of Political Economy*. The relevant literature is vast, but a significant contribution by a Canadian is Gerald A. Cohen, *Karl Marx's Theory of History: A Defence* (Oxford, 1978).

capitalist development could and did occur in peripheral regions. And as more than one Marxist critic pointed out, Frank's emphasis on the transfer of economic surplus as the cause of underdevelopment ignored the likelihood that such transfers were merely a symptom of more basic relationships stemming from the coexistence of different modes of production in peripheral countries or regions.[5]

Faced with these and other frontal assaults, dependency approaches became even more varied. Some students of economic development rejected the term altogether, while many others sought to incorporate the concept into existing Marxist and non-Marxist frameworks. Frank went on to study both the historical and contemporary dimensions of capital accumulation on a global scale. One of the problems in early dependency writing was the over-simplified distinction between a non-dependent centre and dependent peripheries. The "world systems" approaches of Frank, Immanuel Wallerstein and others sought to avoid this problem by taking the capitalist world economy as one integrated system covering the globe, and analyzing the relations of power, exchange and accumulation within the system. Evolving in a very different direction was the Marxist analysis of productive systems and of the "articulation" of different modes of production within social formations. This approach avoids some of the problems in dependency writing by focussing upon the relationships between pre-capitalist and capitalist production within regions formerly defined as "dependent". Many other approaches followed in the wake of the dependency theory of the 1960s, and if there ever was a "dependency school" at all, it had dissolved by the late 1970s.

This perilously brief summary is necessary in order to make a few points about Canadian dependency writing and its uses in understanding Atlantic Canada. First, trends in dependency writing in Canada are in some respects similar to those elsewhere. The same problems of logic and evidence which bedeviled early dependency writing about Latin America reappeared in Canada. By the 1980s there was no single dependency approach, and some of its former advocates appeared to be dropping the approach altogether. The result is not so much a

5 Useful surveys of dependency theory and subsequent development theory include Ronald H. Chilcote, *Theories of Development and Underdevelopment* (Boulder, 1984); Magnus Blomstrom and Bjorn Hettne, *Development Theory in Transition* (London, 1984); Ronaldo Munck, *Politics and Dependency in the Third World: the Case of Latin America* (London, 1984); Ronald H. Chilcote and Dale L. Johnson, *Theories of Development: Mode of Production or Dependency?* (London, 1983). For the Marxist critiques of dependency see Ernesto Laclau, "Feudalism and Capitalism in Latin America", *New Left Review*, no. 67 (May-June 1971), pp. 19-38; Robert Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism", *New Left Review*, no. 104 (July-August 1977), pp. 25-92; John G. Taylor, *From Modernization to Modes of Production; A Critique of the Sociologies of Development and Underdevelopment* (New York, 1979); Geoffrey Kay, *Development and Underdevelopment; A Marxist Analysis* (London, 1975); Ronald H. Chilcote, *Dependency and Marxism; Toward a Resolution of the Debate* (Boulder, 1982); Anthony Brewer, *Marxist Theories of Imperialism* (London, 1980).

theoretical vacuum as a confusion of approaches, whose relevance to the history of economic development (or underdevelopment) is often unclear. This is not, perhaps, an unhealthy impasse. Indeed the Canadian *dependentistas* demonstrate how far Canadian scholarship has shed the parochialism which is often unfairly attributed to Canadian university intellectuals. Canadian sociologists in particular must be given the credit for bringing these trends in international scholarship to our attention, and for testing the dependency approach in the study of Canadian regionalism.

Wallace Clement, for example, has moved from a rather uncritical acceptance of dependency theory to studies of particular regional resource industries, and in these studies dependency has very limited applications. In 1978 Clement was quoting Andre Gunder Frank and the Chilean economist Osvaldo Sunkel, and offering Frank's model almost as though it were a firm conclusion in the Canadian regional context: "A region can only be underdeveloped if it is tied to an external economy that is responsible for the underdevelopment.... The overdevelopment of one region depends on the underdevelopment of another".[6] Alas, the links in Frank's chain of exploitation were missing, and Clement did not pursue very far the evidence from the Maritimes which might have supported this sweeping assertion of dependency. Clement did show that the Canadian economic elite was disproportionately central Canadian by birth and residence, but this was hardly very surprising, and it was not clear how the existence of a central Canadian comprador bourgeoisie made "overdevelopment" in central Canada responsible for "underdevelopment" in the Maritimes. As Clement himself knew, to turn the dependency models "into a theory of international and regional capitalism will require a great deal more empirical work".[7]

It was hardly Clement's fault if the empirical work remained to be done, but his articles, and the earlier use of dependency theory by Bruce Archibald, raised as many questions as they answered.[8] And there remained an unresolved ambiguity about the word "underdevelopment", just as there had been in earlier dependency writing outside Canada. Did development mean capitalist development, or some idealized condition in which all exploitation was absent? For Clement, it seemed, development meant the absence of precisely those inequalities endemic to capitalism: "only when all those on site who participate in the development share equally in the surplus produced can it [the region] be

6 Wallace Clement, "A Political Economy of Regionalism in Canada", in Daniel Glenday, Hubert Guindon and Allan Turowetz, *Modernization and the Canadian State* (Toronto, 1978), pp. 99-100.

7 *Ibid.*, p.93.

8 Bruce Archibald, "Atlantic Regional Underdevelopment and Socialism", in Laurier LaPierre, ed., *Essays on the Left; Essays in Honour of T.C. Douglas* (Toronto, 1971), pp. 103-20; "The Development of Underdevelopment in the Atlantic Provinces" (M.A. thesis, Dalhousie University, 1971).

truly developed".[9] Yet, if we accept this, then development cannot mean capitalist development, and it follows that the United States is not a developed country.

Even as the article cited above appeared, Clement was becoming interested in the boom and collapse of a regional industry, the fisheries. In the study which came from this work, *The Struggle to Organize; Resistance in Canada's Fishery* (Toronto, McClelland and Stewart, 1986) Clement avoids problems in the application of a dependency model, not by rejecting the model outright, but by subsuming the concept of dependency within the social relations of production in the fishery. Thus he perceives a "chain of dependence" which links fishers, processors, giant food conglomerates, and banks (p. 53), but the chain of dependence is not the independent variable in his analysis. Dependence is instead a reflection of the more basic class dynamics within the industry: "Power relations themselves are based on class relations, and class relations underlie the organizational formation of the fishery" (p. 55). Clement does not tackle directly the issue of retarded capitalist development in particular regions. His book is an effort to understand the formation and behaviour of workers' organizations, and beyond that "the forces at work in Canada's class formation" (p. 7). Nevertheless, the book is an example of post-dependency approaches to the subject of regional development, and it contains clear implications for the study of regional economic development. Clement's study, and Peter Sinclair's analysis of the fisheries in northwest Newfoundland, remind us that small-scale capitalist producers and domestic commodity producers survive within the region, sometimes persisting and sometimes disappearing because of their interaction with such extra-regional forces as the large corporation or the state.[10] These studies suggest that a simple dichotomy of developed core and underdeveloped periphery is untenable. The "disarray" and "crisis" in this regional industry cannot be understood in terms of inter-regional relationships of power and dependency, nor as a result of *underdevelopment* in the periphery, but as part of the particular nature of capitalist *development* in a major regional industry.

Valuable as studies of single industries may be, it remains difficult to draw conclusions about the region as a whole from such studies. One of the more interesting attempts to integrate dependency theory with specific case studies was Ralph Matthews' *The Creation of Regional Dependency* (Toronto, University of Toronto Press, 1983). Matthews had already completed valuable empirical studies of resettlement in Newfoundland, of Smallwood's development policies, and of development policies in Nova Scotia.[11] In *The Creation of*

9 Clement, "A Political Economy of Regionalism", p. 99.

10 Peter R. Sinclair, *From Traps to Draggers: Domestic Commodity Production in Northwest Newfoundland, 1850-1982* (St. John's, 1985).

11 Ralph Matthews, *"There's No Better Place Than Here": Social Change in Three Newfoundland Communities* (Toronto, 1976); *An Examination of Development and Dependency in Nova*

Regional Dependency he made a bold effort to synthesize this work with dependency theory, and in so doing "to contribute to the development of a distinctive Canadian sociology" (p. 4). As the opening pages of the book make clear, the focus is not merely dependency but regional disparity and underdevelopment, and the causes of these phenomena. The subject is not simply responses to underdevelopment, but the process by which underdevelopment originates in the relations of dependency between regions. At the outset Matthews states a classic Frankian dependency approach: "Most societies are not naturally underdeveloped; they are made underdeveloped through their contact with the more developed ones. The same is true of underdeveloped regions within developed countries. Contacts with the more developed regions make them dependent and dependency leads almost invariably to underdevelopment" (p. 4).

Matthews' case studies were valuable for the evidence they offered about the social consequences of myopic state planning. His studies also demonstrated that government's development policies were often part of the problem being addressed rather than part of the solution. Smallwood's development efforts, for instance, gave the province not only specific benefits but also "a *legacy of underdevelopment*" (p. 179). Matthews had certainly said something about the entrenching of regional disparities. But his attempt to integrate his empirical work with dependency theory was neither very consistent nor very successful. If this is so, it is perhaps the fault of the dependency theory which he was seeking to apply. The simple formulation of dependency cited above, for instance, may be mere question-begging circularity. The statement says that underdeveloped regions become dependent on more developed regions and this causes them to be underdeveloped. The statement says nothing about the initial conditions of underdevelopment in particular regions. It becomes difficult, if not impossible, to test the proposition against evidence, since any evidence of poverty within an underdeveloped region would then be proof of dependence.

Matthews was aware that such problems were associated with the Frankian dependency model. He knew that "as long as dependency theory concentrated primarily on processes of capital exchange" it had little to offer as a framework for analyzing regional disparities (p. 71). He knew also that the evidence about "capital exchange" between regions in Canada presented a difficulty for the dependency theorist. On the one hand there was "historical data documenting the movement of wealth from Canada's easternmost provinces in the period from 1890 to 1920" (p. 75). On the other hand there was plenty of evidence that central Canadian investors were moving into the Maritimes in the same period, purchasing industrial and other assets, and so moving capital into the region. How could dependency facilitate underdevelopment if it was also facilitating capitalist development? To resolve this problem Matthews cited the Brazilian

Scotia (Regional and Urban Studies Centre, Dalhousie University, Halifax, 1981); "The Smallwood Legacy: The Development of Underdevelopment in Newfoundland, 1949-1972", *Journal of Canadian Studies*, 13 (1979), pp. 89-108.

social scientist F.H. Cardoso, who answered precisely this dilemma by arguing that in specific situations dependency and development could co-exist.[12] Cardoso evolved the idea of "associated-dependent development", which held that "the interests of the foreign corporations" can become "compatible with the internal prosperity of the dependent countries" and can lead to "fairly rapid economic growth in at least some crucial sectors of the dependent country" (p. 73). Matthews argued that these ideas are "particularly relevant to an analysis of regionalism in Canadian society" (p. 74).

There are several problems with all of this. First, Cardoso's emphasis on dependent development could easily render the "dependency" concept superfluous. If dependent countries may experience development as well as underdevelopment, what is the use of dependency as an explanatory variable? We should still need to know what were the causes of capitalist development in some regions and of underdevelopment in other regions. Furthermore, Matthews appears to have shifted his ground in order to accommodate Cardoso. Where at the outset his dependent variables are clearly underdevelopment and regional disparity, now he seeks to explain "dependent development" in hinterland regions, not underdevelopment. Dependent development is a situation in which "economic growth is highly constrained and determined by decisions made outside the region" (p. 74). This is very different from the conditions of underdevelopment and disparity which one hopes dependency theory might help to explain.

There are other problems associated with Cardoso's approach which Matthews appears to have missed. Despite Cardoso's interest in the social structure of Brazil and the development of a Brazilian bourgeoisie, he was still preoccupied with the relationship between internal and external forces, and with relationships of exchange rather than production. Matthews shares the same preoccupation, and the result is a regional reformism which emphasizes external domination and external policies by which peripheral regions are "doomed" to underdevelopment (p. 117). Unfortunately Matthews also wishes to incorporate Marxist analyses of class and production, but Marxism is all too transparently recruited into the service of autonomist regionalism. "Dependency theory is built on the Marxist argument that capitalism can survive only through the exploitation and subjugation of other *areas* [my emphasis]" (p. 87). In the first stage of dependency analysis, says Matthews, the focus is "primarily on the nature of economic exchange" whereby underdeveloped regions are "drained of their resources and wealth", and this is also, apparently, "Marxist analysis". The stage of dependency analysis which deals with "social structures" and "the nature of social class" is apparently "beyond traditional Marxist analysis" (p. 87). This is a misreading of both dependency theory and its connection to Marxist approaches.

12 Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley, 1979).

Matthews, like many other dependency writers, shifts his focus from the relations between social classes to the relations between regions, without being able to link the two sets of relationships. Dependency did not offer him a theory capable of relating these two sets of relationships into a coherent explanation for regional development. Instead, dependency paid lip service to class analysis in the context of "a normative stand against external exploitation" (p. 76). It is no surprise that Matthews quotes Osvaldo Sunkel, who made clear that his purpose was "the assertion of the national interest of our countries": "The aim is greater autonomy, in order to achieve development without *dependencia* and without marginalization".[13] Matthews' solutions to regional underdevelopment within Canada are very like Sunkel's quest for autonomy: "Presumably a more equitable distribution of economic power and industry in the country would be necessary as well as a reduction in the chains of dependency which link local entrepreneurs to investment capital outside the regions" (p. 76). More appropriate development policies might help the peripheral society to "move from economic dependency to self-sufficiency" (p. 193).

Matthews had offered a bold synthesis of dependency approaches and he had challenged others to apply the model. He knew that the validity of the model depended upon "an application of the theory in an empirical investigation of at least one region of the country" (p. 88). It is hardly Matthews' fault if the empirical studies have been slow to appear. For this failure Canadian sociology has recently earned a severe chastising, not from a historian, but from a sociologist. J.D. House's critique appears in *Regionalism in Canada* (Toronto, Irwin Publishing, 1986), a collection of essays edited by Robert J. Brym. House contends that in analyzing relations between the state and social class, especially in the regions, Canadian sociology and political economy have slipped into "a kind of mental laziness", using neo-Marxist concepts "to bludgeon their empirical material", and offering "pseudo-explanation" which lacks "the discipline of careful empirical investigation" (p. 183). House was perhaps unduly harsh, but he might well have discovered ammunition in the fate of dependency theory in this same collection of essays. In the opening essay Brym reviews dependency theory and offers some evidence about regional economic disparity, but elsewhere in the book dependency models are scarcely applied at all. In his conclusion to the book Ralph Matthews must repeat his earlier appeal that scholars "move beyond programmatic statements and theoretical critiques" and provide "detailed empirical knowledge" of the links between dependency and regionalism (p. 205). By 1986, it seems, we were still awaiting the grand synthesis of dependency theory and empirical evidence.

Where the dependency theorist does apply his model to historical evidence,

13 Osvaldo Sunkel, "Big Business and 'Dependencia'", *Foreign Affairs*, 50 (April 1972), cited in Chilcote, *Theories of Development and Underdevelopment*, p. 30. David Alexander also quoted Sunkel in "Development and Dependence in Newfoundland, 1880-1970", *Atlantic Canada and Confederation; Essays in Canadian Political Economy* (Toronto, 1983), p. 24.

the results are often unimpressive. Robert Brym presents evidence on per capita incomes by region up to 1979 and on net provincial exchange of manufactured goods in 1967. The data, he says, "do seem to support in broad terms some of the major contentions of dependency theory" (p. 14). Unfortunately there is a simple logical problem here: the data presented merely prove that regional disparities exist, which we knew already. The data are not presented as part of "an explanation of regional economic disparities" (p. 7), which is what dependency theory purports to offer. Insofar as an historical argument about the conditions of disparity is being presented, the argument is tautological: dependency is a cause of regional disparities in manufacturing output and income levels; these same disparities prove that dependency is the cause.

There is, of course, plenty of evidence to suggest that uneven development is a structural characteristic of the Canadian economy in the 20th century. But the historical explanation for this characteristic cannot rest upon evidence from the last half of the 20th century alone, or we run the risk of analyzing symptoms rather than causes. Historical explanation must also rest upon analysis of the evolution of regional economies in a longer time frame and upon evidence from the 19th as well as the 20th centuries. Dependency theorists are aware of this, and they do cite evidence to show that the economy of central Canada, as it developed between the 1880s and 1920s, influenced the economy of the Maritime provinces in adverse ways. In an article in *Studies in Political Economy* James Sacouman concludes that "analyses of capital accumulation in industrial areas of the region have demonstrated the role of the centralization and concentration of capital in the de-industrialization of the Maritimes during the early 20th century".[14] Michael Clow quotes John F. Baker: "the concentration and centralization of both financial and productive units of capital in Montreal and Toronto, and the concomitant transition from individual competitive capitalism to monopoly capitalism, conditioned the concurrent underdevelopment of Atlantic Canada and the development of Central Canada".[15]

Once again historians are likely to put in a caveat as they read this. We know that industrial capital was undergoing consolidation and concentration in central Canada between the 1890s and the 1920s, and this trend is not in dispute. The problem is that, if offered as historical explanation for underdevelopment in the Maritimes, the above statements appear to repeat the old "development of underdevelopment" formula and its question-begging tautology. Remember that industrialization in central Canada was further advanced in important

14 R. James Sacouman, "The 'Peripheral' Maritimes and Canada-Wide Marxist Political Economy", *Studies in Political Economy*, no. 6 (Autumn 1981), pp. 139-40.

15 Michael Clow, "Politics and Uneven Capitalist Development", *Studies in Political Economy*, no. 14 (Summer 1984), p. 129, citing John F. Baker, "The Underdevelopment of Atlantic Canada, 1867-1920: A Study of the development of Capitalism" (M.A. thesis, McMaster University, 1977).

respects than industrialization in the Maritimes when the two regions were joined in a political and commercial union. The growth of industrial capitalism in central Canada was a complex process which proceeded to a large extent independently of inputs drawn from the Maritimes. To the extent that this was so, the concentration and centralization of financial and industrial capital in central Canada did not cause or "condition" the relative absence of financial and industrial capital in the Maritimes. The centralization of capital in one region, in this case central Canada, means *ipso facto* the relative absence of capital in the other region. It remains to be explained why small and large units of capital were concentrated spatially in central Canada rather than in the Maritimes.

Historians have written about capital markets in this period, but their evidence does not fit well with the notion of a reciprocal process of development in one region and underdevelopment in another. We simply do not have a satisfactory measure of the net flow of capital between regions. Nor has it been proved that there was a net flow of capital out of the Maritimes which was so large as to induce structural underdevelopment or de-industrialization. We know from the work of T.W. Acheson, Larry McCann and others that there was substantial investment by central Canadian business in the Maritimes.[16] It is not clear that this investment was a cause of underdevelopment, unless the growth of branch plants is itself underdevelopment. Of course, central Canadian firms shut down many branch plants in the Maritimes, but local owners were also liquidating local industrial assets, and nobody has proved that regional capitalists, had they retained greater control, would have behaved differently from central Canadian capitalists. Indeed, as Larry McCann points out, "When the economy of the Maritimes went into serious decline in the 1920s, forcing a net loss of about 1,100 businesses, branch businesses managed to hold firm, and in so doing gained a greater share of all business activities".[17] Although central Canadian capital facilitated underdevelopment by taking savings from the region, it also facilitated capitalist development by putting capital into the region.

Integration of the Maritimes into the national capital market was very largely the work of financial institutions and investors within the region. As James Frost has shown, the largest banking institution in the region, the Bank of Nova Scotia, had no special hostility to industrial investments and it supported

16 Christopher Armstrong, "Making a Market: Selling Securities in Atlantic Canada before World War I", *Canadian Journal of Economics*, XIII, 3 (Autumn 1980), pp. 438-54; Neil Quigley, "Bank Credit and the Structure of the Canadian Space Economy, 1890-1935" (Ph.D. thesis, University of Toronto, 1986); James D. Frost, "The 'Nationalization' of the Bank of Nova Scotia, 1880-1910", *Acadiensis*, XII, 1 (Autumn 1982), pp. 3-38; T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910", *Acadiensis*, I, 2 (Spring 1972), pp. 3-28; L.D. McCann, "Metropolitanism and Branch Businesses in the Maritimes, 1881-1931", in P.A. Buckner and David Frank, eds., *Atlantic Canada After Confederation* (Fredericton, 1985), pp. 202-15.

17 McCann, "Metropolitanism and Branch Businesses", p. 203.

industrial enterprises in the region. Frost, whose important article has been reprinted in David Frank's *Industrialization and Underdevelopment in the Maritimes, 1880-1930* (Toronto, Garamond Press, 1985), also argued that from the late 1890s "enormous sums of money were drained away from the region", even before the bank had become a national institution and while its Directors were still Maritimers (p. 28). Integration of the region into the national capital market was also the work of such local institutions as Royal Securities of Halifax, F.B. McCurdy and Company of Halifax and Saint John, and other brokers. These agencies directed savings not only to central Canada but also to industries within the Maritimes as well as towards western Canada, the United States, and Latin America. The notion that the concentration of financial and industrial capital in Toronto and Montreal "conditioned" or caused the relative absence of such concentration in the Maritimes is either *tautologous* or it is misleading. It attributes to Toronto and Montreal capitalists a degree of power and domination over the mobilization and direction of savings in the Maritimes which they did not possess, and it distracts attention from the development of financial capital in the Maritimes. It would be as reasonable to argue that Maritime capital de-industrialized the region, as it is to argue that the concentration of capital in central Canada de-industrialized the region. Neither proposition is very helpful. If Maritimers engineered the dispersion of their own savings, and so contributed to de-industrialization, then something was occurring within the region, as well as beyond, to produce this result. Even when capital did flow from the region, this was not an obstacle to investment within the region, and there was no shortage of money for investment in the Maritimes. The cost of capital, as suggested by interest rates on bank loans, was much lower in Halifax than in Montreal in the late 1880s and early 1890s.[18] In the first decade of the 20th century the Halifax and Montreal rates converged, but one economic study of capital markets in this period argues strongly that the rise in the Halifax lending rate was not a consequence of inter-regional capital flows, but the result of a decline in the quality of loan applications.[19] Once again the evidence points to some unexplored internal conditions of underdevelopment within the region. Dependency theory, by its emphasis on the centripetal forces of central Canadian capital, distracts attention from those prior conditions of underdevelopment.

Dependency comprises much more than the control and extraction of a region's economic surplus, and other aspects of dependency and underdevelopment have been examined in historical contexts. One of the most useful collections, combining the work of both historians and sociologists, is Robert Brym and James Sacouman's *Underdevelopment and Social Movements in*

18 James D. Frost, "Principles of Interest: The Bank of Nova Scotia and the Industrialization of the Maritimes, 1880-1910" (M.A. thesis, Queen's University, 1978), Appendix C.

19 N. Quigley, "Interest Rates and the Structure of the Bank Credit Market: Canada 1890-1934" (unpublished paper presented to the XVI Conference on the Use of Quantitative Methods in Canadian Economic History, Hamilton, 1987).

Atlantic Canada (Toronto, New Hogtown Press, 1979). There is no want of empirical evidence here, but the focus is on the social dimensions of underdevelopment rather than on the historical roots or conditions of underdevelopment. Gene Barrett's work on labour and workers' organizations in the Nova Scotia fisheries, for instance, is a valuable study of responses to "forms of underdevelopment" in a regional industry.[20] Other chapters make little or no use of dependency theory. The socialist movements discussed by David Frank and Nolan Reilly were not responses to underdevelopment but to capitalist development within the region. James Overton's essay on neo-nationalism in Newfoundland suggests that the theoretical underpinnings of neo-nationalist ideology include dependency theory itself, which led at least one reviewer to conclude that Overton thereby incorporates a critique of the book itself.[21] The discussions of underdevelopment by Brym, Sacouman and Veltmeyer do not transcend the problems inherent in the "development of underdevelopment" model.[22] One difficulty results from the lack of consistency in defining the term "underdevelopment" (pp. 9-13, 17-32). At first sight the term appears to refer to a relatively slow transition to industrial capitalism in one region, a process facilitated by a more rapid transition in another region. Development, then, means a more rapid transition to industrial capitalism. Yet as soon as this definition appears, it evaporates. Underdevelopment, according to Veltmeyer, is the creation of an industrial reserve army of labour (p. 19). In other words, it is the creation of a capitalist labour market from which central Canada benefits. Once again the basic historical question is unanswered: why should the industrial reserve army be located in the Maritimes rather than elsewhere? But then the definition of underdevelopment broadens to include steel production in Cape Breton and the secondary sector of forest production. These are part of "the structure of underdevelopment" (p. 26), even though they are also capitalist development. From this point the definition broadens even further, until as James Bickerton has pointed out all forms of capital accumulation and labour process in the region appear to be either direct or indirect underdevelopment: "Indeed, it often appears that the mere presence of exploitation is here equated with underdevelopment".[23]

If there is confusion over the meaning of words, it may be that this results from an inadvertant stretching of terms to fit the dependency mould. The term

20 See also L. Gene Barrett, "Perspectives on Dependency and Underdevelopment in the Atlantic Region", *Canadian Review of Sociology and Anthropology*, XVII, 3 (1980), pp. 273-86 and "Capital and the State in Atlantic Canada: The Structural Context of Fishery Policy Between 1939 and 1977", in Cynthia Lamson and Arthur J. Hanson, eds., *Atlantic Fisheries and Coastal Communities* (Halifax, 1984), pp. 77-131.

21 James Bickerton, "Underdevelopment and Social Movements in Atlantic Canada: A Critique", *Studies in Political Economy*, no. 9 (Fall 1982), p. 200.

22 But see Henry Veltmeyer, "Dependency and Underdevelopment: Some Questions and Problems", *Canadian Journal of Political and Social Theory*, 2, 2 (Spring-Summer 1978), pp. 55-71.

23 Bickerton, "Underdevelopment and Social Movements", p. 196.

"de-industrialization" might with justification be applied to the Maritimes in the 1920s, and E.R. Forbes and David Frank have offered evidence of relative and absolute decline in industrial output.[24] But the term has been applied much more widely. Referring to the decades up to the 1920s, Michael Clow writes: "*a concentration and centralization of capital in Montreal had produced a pattern of destruction and 'branch planting' of Maritime manufacturing which led to the de-industrialization of the region*".[25] Unfortunately the Maritimes was not being de-industrialized in the period to which Clow refers. Between 1880 and 1910 real output in manufacturing in the Maritimes grew at an average annual rate of 2.3 percent. Between 1910 and 1939 manufacturing output grew by 1.3 percent a year. In both periods manufacturing output per capita also grew, although slowly. The 1920s was a particularly bad decade for industry in the Maritimes, but as David Alexander has shown, "In the badly depressed inter-war economy of the Maritimes, this slow growing manufacturing sector still accounted for 69 percent of total output growth, which was almost the same as in Canada".[26] The proportion of the Maritimes' labour force in manufacturing was higher in 1941 or in 1951 than it had been in 1881 or 1901.[27] What, then, is the meaning of "de-industrialization"? The misuse of this term follows not merely from an incomplete reading of secondary sources, but from the development/underdevelopment model. The central condition of historical experience in the Maritimes must be the concentration and centralization of capital in Montreal; it follows, by reductionist logic, that a destruction of manufacturing must be occurring in the Maritimes. The fact that the Maritimes was undergoing its own particular transition to industrial capitalism, and that its manufacturing sector was growing, is not simply ignored — it is denied.

In the wake of the dependency models it is necessary to specify what is on the agenda of the economic history of the region. There was, of course, a *relatively* slow transition to industrial capitalism in the Maritimes, compared to other regions and provinces, and this question remains critical. A separate question is the conditions which gave rise to the long-term structural problems of relatively low incomes and output per capita and chronically high unemployment. This is a separate question because it is a mistake to equate high incomes and low

24 E.R. Forbes, *Maritime Rights: The Maritime Rights Movement, 1919-1927, A Study in Canadian Regionalism* (Montreal, 1979); David Frank, "The Cape Breton Coal Industry and the Rise and Fall of the British Empire Steel Corporation", *Acadiensis*, VII, 1 (Autumn 1977), pp. 3-34.

25 Michael Clow, "Politics and Uneven Capitalist Development", p. 119 (emphasis is in the original).

26 David Alexander, "Economic Growth in the Atlantic Region, 1880 to 1940", *Acadiensis*, VIII, 1 (Autumn 1978), pp. 62, 68. The weakest decade was the 1920s, when real manufacturing output grew at a mere 0.3 percent a year.

27 Henry Veltmeyer, "The Capitalist Underdevelopment of Atlantic Canada", in Brym and Sacouman, *Underdevelopment and Social Movements*, Table 1-9, p. 29; David Alexander, "Economic Growth in the Atlantic Region", p. 53.

unemployment with a relatively large manufacturing sector (it is worth remembering that when the Maritime provinces enjoyed relative prosperity in the third quarter of the 19th century they did so in part with a relatively large service and transportation sector). It would be silly to deny that industrial capitalism as it developed in central Canada and elsewhere influenced development in the Maritimes. But to understand and define those influences, it is best to begin with the history of transformations within the regional economy which preceded Canadian influence, for these transformations set the conditions of subsequent interaction and gave rise to specific class interests which forged the connections of interdependent growth and change. This work must fall to historians, and it is our task to supply the empirical evidence against which post-dependency models may be tested.

Even as some Marxist scholars outside Canada were discarding dependency in the study of third world economic development, at least one economic historian in Canada was also discarding A.G. Frank in favour of a more orthodox Marxist approach. Steven Antler's essay on underdevelopment in Newfoundland, in the collection by Brym and Sacouman, distilled parts of an important doctoral thesis which unfortunately remains unpublished.[28] It is perhaps not surprising that a post-dependency approach should appear in Newfoundland. In this colony a relatively slow transition to industrial capitalism, as well as the other structural problems mentioned above, began in the 19th century, when the direct influence of central Canadian capital and even British capital was minimal. It was simply not possible to explain the relatively slow transition to industrial capitalism in Newfoundland by referring to the underdeveloping influences of external capital. Both Marxist and non-Marxist historians agree on one thing: the origins of Newfoundland's underdevelopment lie in the period from the middle of the 19th century to the early 20th century, and they lie in the marine sector of the economy, where a pre-capitalist mode of production persisted and the influence of external capital was minimal or indirect.[29]

Antler begins not with dependency theory, nor with exchange relations emerging from the staple base, but with Marx, with modes of production, and with a model of exploitation on a colonial frontier. The model may be summarized as follows. The capture of surplus value normally requires ownership of the means of production, the purchase of labour power as a commodity, and the existence of a social class with nothing to sell but labour power. On a colonial frontier the first and third of these conditions are not fully met; there is a plentiful supply of land, there are many independent commodity

28 Steven D. Antler, "Colonial Exploitation and Economic Stagnation in Nineteenth Century Newfoundland" (Ph.D. thesis, University of Connecticut, 1975).

29 See, for instance, Shannon Ryan, *Fish Out of Water; The Newfoundland Saltfish Trade 1814-1914* (St. John's, 1986); Rosemary Ommer, "What's Wrong With Canadian Fish?", *Journal of Canadian Studies*, XX, 3 (Fall 1985), pp. 122-42.

producers, and wage labour is relatively scarce. Given a plentiful supply of land or resources, growth may occur simply through a continued increase in the number of independent small holdings. How then does capitalism reproduce itself on such a frontier? Colonial government and/or merchant capital expropriate the small holders and restrict the ownership of land through high prices, licensing, or other methods. Merchants thus control the plentiful supply of resources, to which they apply labour supplied through immigration. In these circumstances merchants may have no need or incentive to revolutionize the means of production by introducing new technology. Merchants need only increase inputs of land and labour, so long as they are guaranteed control of output, and they will continue to appropriate the surplus. The result is an underdeveloped economy, wherein the transition to capitalism is arrested. Applying the model to Newfoundland, Antler argues that ownership of the means of production was difficult or impossible where the resource was not land but fish, a common property resource to which access was open. In the first half of the 19th century a diminishing number of British and local merchants captured control of output, not through ownership but by virtually eliminating the smallholders (the independent boat-owners and employers known as planters) through court decisions and control of imported supplies. The truck system followed: fishermen were bound to merchants by a system of debt and credit, fish became legal tender, and a cash economy virtually disappeared, at least in the fishery.[30] The mode of production was pre-capitalist, since the unit of labour was the family, using not capital but tools — small boats, nets and lines. Labour productivity declined, but technological change and productivity growth were precluded by the social structure itself. Fishermen lacked the means to apply new technology, while merchants lacked the incentive because they could continue to accumulate surplus value by adding more indebted fishermen to their books and by manipulating the prices of imported goods and supplies. The result was a fishery denied access to its own surplus, and this meant a severely under-capitalized fishery well into the 20th century. The decline of Newfoundland's bank fishery, for instance, began in the year 1890, long before the return of large European fishing fleets to the banks. The exploitation of fishermen through this system had effects well beyond the fishery. Merchants had little incentive to re-invest earnings from the fishery into manufacturing (although a small industrial sector did appear), precisely because the efficient capture of surplus value had left a weak cash economy and a domestic market too weak to sustain a large manufacturing sector. Much of Newfoundland's earnings from the fishery were therefore exported from the colony. This net outflow of capital was not the result of the concentration of capital in Canada or elsewhere. It was the result of Newfoundland's class structure and the social

30 But see also Rosemary Ommer, "'All the Fish of the Post': Resource Property Rights and Development in a Nineteenth Century Inshore Fishery", *Acadiensis*, IX, 2 (Spring 1981), pp. 107-23.

relations of production in the marine sector, which generated an economic surplus but discouraged its reinvestment in Newfoundland.

While historians, myself included, have quibbled with parts of Antler's thesis, there is no doubt that he has applied a powerful model to the history of an underdeveloped economy. In the history of the Maritimes the Marxist model exists, at least in the published literature, more often as a hypothesis than as a conclusion: "The pre-existing social relations of production in Maritime agriculture and primary production militated and continued to militate against successful capitalist development".[31] The most subtle and thorough testing of this approach can be found in the monumental thesis of Ian McKay and in papers growing from that work.[32] In studying the history of mining, McKay comes closer than any other scholar to an integration of dependency theory with Marxist analysis. For McKay, the rate and direction of capital accumulation in the Maritimes were externally conditioned, but this "dependence" was part of the transition from merchant capitalism to industrial capitalism in particular 19th century colonies. Capitalism, and even manufacturing, did appear in the Maritimes, but these industrial enclaves did not give the region a sustaining dynamic of industrial growth. This was in large part because of the "disarticulated" nature of economic development in the Maritimes, beginning in the first half of the 19th century. By this McKay means that businesses in the region were not connected to each other in the same way as firms in a more closely integrated economy, but tended to buy their equipment and other capital goods from outside, so that the "multiplier effect" of new investment was transferred from the colony back to the mother country. The regional economy in the 19th century never became more than the sum of its constitutent parts, and merchant capital left a legacy of fragmentation which retarded the development of a "class dynamic" and impaired the eventual industrialization of the region.

McKay's work is very close to the more powerful of recent post-dependency scholarship outside Canada. The passage quoted above echoes parts of the sophisticated "modes of production" analysis by Norman Long and Bryan Roberts in *Miners, Peasants and Entrepreneurs: Regional Development in the Central Highlands of Peru* (Cambridge, Cambridge University Press, 1984), a book to be recommended to all historians interested in regionalism.[33] But

31 Clow, "Politics and Uneven Capitalist Development", p. 134.

32 Ian McKay, "Industry, Work and Community in the Cumberland Coal Fields, 1848-1927" (Ph.D. thesis, Dalhousie University, 1983); "The Realm of Uncertainty: The Experience of Work in the Cumberland Coalfields, 1870-1930", *Acadiensis*, XVI, 1 (Fall 1986), pp. 3-57; "Class Politics and Regional Dependency: The Rise and Fall of the Working-Class Movement in the Coalfields of the Maritime Provinces, 1830-1930" (paper presented to the Symposium on Canadian-Welsh Labour History, Gregynog, April 1987).

33 See Long and Roberts, *Miners, Peasants and Entrepreneurs: Regional Development in the Central Highlands of Peru* (Cambridge, 1984), pp. 67-9. For a different sectoral approach see Benjamin S. Orlove, *Alpacas, Sheep, and Men: The Wood Export Economy and Regional Society in Southern Peru* (New York, 1977).

McKay is cautious, and his initial focus is that of the labour historian interested in finding an analytical framework to explain the rise and decline of a working class movement in a regional industry. He regrets that labour historians have not yet offered a general explanation of the development of the region using the concept of class.[34] And he understands as well as anybody the limits of the same dependency theory to which he is indebted: "Dependency theorists, for their part, have never managed to explain in historical terms why it was that the unevenness of capitalist development should necessarily have operated to the disadvantage of the Maritimes".[35] Even this most diligent student of dependency concludes by appealing to historians and sociologists to return to the archives, leaving the old "mechanical model of development" behind them, to search instead for the internal structures which preceded the retarded capitalist development of the 20th century.

McKay's appeal is timely, not least because the neo-classical economic approach is also enjoying a remarkable revival. Regional historians and sociologists may not yet be aware of the extent to which Kris Inwood's work will force us to rethink the whole question of the historical conditions of underdevelopment in the Maritimes. One of the more persuasive empirical demonstrations of dependency was David Frank's essay on the fate of Nova Scotia's steel industry in the 1920s under the impact of external capital. Inwood offers an alternative explanation for the decline of Maritime steel, an explanation resting upon the marginal character of local resources and the industry's inability to take advantage of scale economies.[36] Having quietly dismissed dependency theory for its want of empirical proof, Inwood proceeds to re-open the whole question of the productivity of regional industries in the 19th century, and the possibility that relatively low per capita incomes from the regional resource industries may have inhibited long-term economic development. Inwood's assumptions are precisely defined, and his impressive empirical base is rapidly expanding. This is not a return to simple staple determinism, but a cautiously penetrating dissection of all recent approaches which can only be answered by an equally vigorous reassembly of theory and evidence.[37]

34 He notes, of course, the many essays of David Frank, which followed from "The Cape Breton Coal Miners, 1917-1926" (Ph.D. thesis, Dalhousie University, 1979); see Frank, "The Struggle for Development: Workers in Atlantic Canada in the Twentieth Century", in W.J.C. Cherwinski and Gregory S. Kealey, eds., *Canadian Labour and Working Class History* (St. John's, 1985), pp. 135-47.

35 McKay, "Class Politics and Regional Dependency", p. 47.

36 David Frank, "The Cape Breton Coal Industry", in Frank, ed., *Industrialization and Underdevelopment in the Maritimes, 1880-1930* (Toronto, 1985), pp. 55-86; Kris Inwood, "Local Control, Resources and the Nova Scotia Steel and Coal Company", Canadian Historical Association *Historical Papers* (1986), pp. 254-82.

37 Kris Inwood and John Chamard, "Regional Industrial Growth during the 1890s: The Case of the Missing Artisans", *Acadiensis*, XVI, 1 (Autumn 1986), pp. 101-18; "Economic Growth and Structural Change in Atlantic Canada, 1850-1910", in Lewis R. Fischer and Helge Nordvik, eds.,

It may be that the internal preconditions for underdevelopment in the Maritimes included resource industries of low productivity, resource industries which permitted the easy substitution of labour for capital, and relatively low per capita incomes by comparison with central Canada. It may be that these things preceded Confederation, and influenced the location of manufacturing industry after Confederation, despite the impressive growth of particular industries in the Maritimes in the 1870s and 1880s. Certainly there is evidence to suggest that such factors may have inhibited industrial growth in the Maritimes in the last half of the 19th century. At Confederation the industrial base in the Maritimes was smaller and different than that in central Canada. By comparison with Ontario, industry in the Maritimes was both smaller on a per capita basis and it was less capital intensive. Furthermore, it may be that the Maritime provinces specialized in industries having limited forward and backward linkages within the local economy. Almost half of industrial output in New Brunswick in 1870 was accounted for by sawmilling, ship materials, and shipyard output, whereas these industries accounted for only 11.5 percent of output in Ontario.[38]

Capital, Output and Labour in Canadian Manufacturing in 1870

Province	Capital invested per hands employed	Gross value of output per worker	Net value added per worker	% of total Canadian gross output
Ontario:	434	1,314	568	51.8%
New Brunswick:	326 (75%)	946 (72%)	432 (76%)	7.8%
Nova Scotia:	387 (89%)	791 (60%)	419 (74%)	5.6%
Quebec:	421 (97%)	1,157 (88%)	489 (86%)	34.8%

All figures are current dollars. Percentages in brackets are percentages of the Ontario figure. Data are from Canada, *Census*, 1871, vol. III, and Peter McClelland, "the New Brunswick Economy in the Nineteenth Century" (unpublished Ph.D. thesis, Harvard University, 1966), Table LXIX, p. 255.

Across the Broad Atlantic: Essays in Comparative Maritime History (Oslo, Norwegian University Press, forthcoming); John Chamard and Kris Inwood, "The Growth of Manufacturing: Ontario and the Maritimes Compared" (paper presented to the Atlantic Canada Studies Conference, Halifax, 1985).

38 Canada *Census*, 1871, vol. III, Table LV.

This argument is not intended to endorse either the current neo-classical revival or the earlier export-base approach of Peter McClelland. On the contrary, it is precisely at this point, in the face of such evidence, that Professor Inwood's theoretical tools may fail him. It remains an enduring and unresolved puzzle for the neo-classical economist that market adjustment mechanisms failed to reduce regional inequalities in the long run. If low productivity and low per capita incomes can be traced back to the third quarter of the 19th century, the mystery deepens. If incomes and productivity were low in the Maritimes, labour and capital should have moved to other regions and other industries, and the neo-classical economist can hardly blame state intervention and social security systems for interfering with the adjustment mechanisms more than a century ago. Given what we know of migration patterns, it is unlikely that there were massive cultural barriers to labour mobility among Maritimers. Given the fact that merchant capitalists in Halifax and Saint John bought and sold staples and shipping services in markets from London to New York and San Francisco, it is hardly likely that parochial horizons inhibited the movement of their capital or their ability to purchase extra-regional industrial stock. Besides, if it is proved that resource-based regional industries suffered from low productivity, and if this can no longer be blamed upon a weak resource base or the poor quality of fish as a generator of linkages, then what explains that low productivity?

Faced with the same evidence, the post-dependency Marxist literature on underdevelopment offers new avenues of approach and perhaps even solutions. Imported capital established enclave industries, such as shipbuilding and mining, which not only eroded but sustained forms of pre-capitalist production. Many of the more technologically sophisticated inputs into such industries were imported from Britain and elsewhere, thereby limiting local industrial development. To the extent that inputs were locally produced, they came from small craft producers whom the enclave industries thereby sustained. Merchant capital was not always a solvent of pre-capitalist production; it could instead give stability to low productivity agriculture and other non-wage subsistence sectors. It could do this in part because of the extensive practice of occupational pluralism. Lumbering and farming complemented and sustained each other as labour moved with the seasons from one economic activity to another. Farm labour contributed to the timber trade, while small cash earnings from lumbering, sawmilling, shipbuilding and other seasonal work allowed small farm units to remain viable. The shipping industry, a large part of the economy for much of the century, interacted with agriculture: to the extent that domestic demand for grain and other foodstuffs was met through imports carried in the large supply of inward tonnage, the incentive to apply new technology in agriculture was lacking. Farms remained small, compared to those in Ontario, and farmers used smaller inputs of capital and specialized in low value field crops, such as potatoes and hay, rather than wheat. Low productivity farms in turn provided cheap inputs (labour, foodstuffs, and sometimes materials) for lumbering, sawmilling, and shipbuilding. The shipping industry, itself sustained by the export trade in timber, limited opportunities for local industrial development by allowing the import of manufactured goods at low freight costs. Relatively slow capitalist development was deeply rooted in the mutually sustaining interaction of sectors, and in the relationships between capitalist and pre-capitalist modes of production.[39]

In this loosely integrated resource-based economy with its large transportation sector, merchant capital developed efficient methods of capturing economic surplus without restructuring production. Shipyards expanded in size but retained old handicraft techniques. Steam was applied to sawmilling but only in a limited way by 1850, and in 1860 only 60 of 689 sawmills in New Brunswick were using steam.[40] The truck system was the form of payment for many in lumbering and fishing, and it helped merchants to secure control of output without exercising control over production. The social relations of production in fishing guaranteed merchant profits through increments of labour and modest inputs of gear and supplies; labour productivity declined but technological change remained slow. The massive shipping industry, increasingly owned by merchants, facilitated mercantile control of prices and of savings. As in Newfoundland, an internal dynamic necessary to sustain the transformation to industrial capitalism was relatively weak. Despite the patterns of exchange and interaction between sectors, this was not a single, regionally integrated economy by the third quarter of the century, and local economic elites were not a class conscious bourgeoisie, but family firms and merchant entrepreneurs scattered through many communities and possessing differing commitments to regional and to industrial development. From these internal conditions followed the support of sections of the merchant class for a political and customs union with other colonies, and many were eager to forge the chains of regional interdepen-

39 While much of this is conjectural, there is already supporting evidence. On agriculture see Peter McClelland, "The New Brunswick Economy in the Nineteenth Century" (Ph.D. thesis, Harvard University, 1966), pp. 43-5; A.R. MacNeil, "A Reconsideration of the State of Agriculture in Eastern Nova Scotia, 1791-1861" (M.A. thesis, Queen's University, 1983); Rusty Bittermann, "Economic Stratification in a Cape Breton Agricultural Community in the Nineteenth Century: A Production/Consumption Approach" (winner of the David Alexander Essay Prize, 1985); Anthony Winson, "The Uneven Development of Canadian Agriculture: Farming in the Maritimes and Ontario", *Canadian Journal of Sociology*, X, 4 (Fall 1985), pp. 411-38. On connections between lumbering and farming see Graeme Wynn, *Timber Colony: A Historical Geography of Early Nineteenth Century New Brunswick* (Toronto, 1981). On Gross Value Added per worker in fishing and in agriculture see A.G. Green, *Regional Aspects of Canada's Economic Growth* (Toronto, 1971), Tables B-1 and C-1, pp. 85, 104. Regional fragmentation is discussed in Graeme Wynn, "The Maritimes: The Geography of Fragmentation and Underdevelopment", in L.D. McCann, ed., *Heartland and Hinterland: A Geography of Canada* (Scarborough, 1982), pp. 156-213. On merchants and tariffs see T.W. Acheson, "The Great Merchant and Economic Development in St. John, 1820-1850", *Acadiensis*, VIII, 2 (Spring 1979), pp. 3-27; T.W. Acheson, *Saint John: The Making of a Colonial Urban Community* (Toronto, 1985), chs. 3 and 10.

40 Wynn, *Timber Colony*, p. 109; McClelland, "The New Brunswick Economy", p. 131.

dence. Thus the slow transition to industrial capitalism began not only with dependency, but in the interaction of production systems in the social formation of the Maritime provinces.

These are not conclusions but suggestions, and they are hardly very original ideas, since Ian McKay and others are already working along these lines. As McKay and others have demonstrated, there are valuable lessons to be learned from models of development which have been applied elsewhere, and historians cannot afford to dismiss the theoretical work which sociologists and others bring to our attention. If the effort to apply models borrowed from Latin America and elsewhere sometimes fails, it is never so unrewarding as the gathering of data with no reference to theory at all. By guiding our reasoning from the particular to the general, theory tells us what we know. By making apparent that which it cannot explain, theory may guide us to the areas of historical experience which we must still explore.

ERIC SAGER

Volume VI of the D.C.B.: The 'last Survivor(s)' Revisited

WITH THE PUBLICATION OF VOLUME VI of the *Dictionary of Canadian Biography* (Toronto, University of Toronto Press, 1987), covering individuals who died in the 1821 to 1835 period, ten volumes have now appeared. Whether as contributors, reviewers or readers very few Canadian historians have escaped the grasp of this collective biographical project, although one must admit to meeting the occasional unrevised and unrepentant 20th century specialist who has not yet cracked its covers. Some academics have become so enamoured with the project that they faithfully serve as both contributors and reviewers of various volumes, a delightful example of self-serving impartiality. There might even be the occasional contributor who hoped his judgement that the "final result is a powerful indication that individual and collective biographical analysis remains one of the most valid instruments in the reconstruction and comprehension of the past" would remain buried in the pages of that once obscure journal *Acadiensis*.[1] With this confession out of the way I welcome the opportunity to embark upon another assessment of the *D.C.B.*, particularly since volume VI might be the last glimpse of the "last Survivor(s)" of the loyalist first generation in the Maritimes.[2] The period from 1821 to 1835 represents the final years for a good number of the loyalists who arrived in New Brunswick and

1 W.G. Godfrey, "Some Thoughts on the *D.C.B.* and Maritime Historiography", *Acadiensis*, VII, 2 (Spring 1978), p. 115.

2 I borrow this expression from Phillip Buckner's biography of Ward Chipman (p. 143).