

Regionalism, Politics and Canadian Unity in the Age of a Global Economy

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Regionalism, Politics and Canadian Unity in the Age of a Global Economy

CANADA IS A COUNTRY OF REGIONS existing in a global economy. Atlantic Canada, Western Canada, Quebec, Ontario, the North: each constitutes a distinct variable in the national equation. We even talk of sub-regions, that is regions within regions, such as the Acadian Peninsula of New Brunswick and Pictou County of Nova Scotia. At the same time, the world is rushing headlong towards a single economy predicated on the ideology of free trade and its concomitants, privatization and deregulation. Indeed, I often wonder what holds Canada together, what keeps it from fracturing along linguistic, economic and geographic lines, and increasingly, what will keep Canada from altogether succumbing to the voracious appetite of the global economy. There is no single counterweight to the forces of regionalism and globalization. Rather there is a series of counterweights, or a continuum if you will: the specificity of the federal dollar marks one endpoint, the vagueness of patriotism the other.

Four recent books explore, to varying degrees, the twin themes of regionalism and unity. The political journalist Jeffrey Simpson argues that patronage need not be a matter of appointing cronies, hacks and bagmen, but that if used judiciously patronage can serve a greater national purpose, the bridging of linguistic, cultural and regional differences. For his part, political scientist Herman Bakvis demonstrates that reports on the death of the regional minister have been greatly exaggerated. In the interest of national unity, prime ministers still rely on ministers who will represent regional interests in cabinet. The regional development specialist Donald Savoie summarizes, with fantastic attention to detail, Ottawa's efforts to foster national unity through regional economic development. And finally, Senator Heath Macquarrie's wonderful memoirs reveal, among other things, a prime minister who has presided over the neo-conservative transformation not only of his own party but also of his country. Read together these four authors offer a eulogy of sorts: a eulogy to a nation that for 125-odd years has beaten the odds, that has at once survived and prospered despite both internal and external pressures. In the brave new world of efficiency and competitiveness, the counterweights of patronage, regional ministers and regional development policies are doomed.

Confederation represented not the logical expression of an emerging nationalism, but a masterful example of political expediency. Nowhere is this more evident than in the relationship between Sir John A. Macdonald and Joseph Howe, journalist, politician and leading voice of Nova Scotia's anti-Confederate movement. Between 1866 and 1868 Howe resisted Confederation, inveighing against what he saw as the tragic loss of Nova Scotia's sovereignty. Macdonald, that consummate politician and wily tactician, simply waited for Howe to exhaust

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himself and accept the inevitability of Confederation, at which point he dipped into the federal treasury for financial compensation to Nova Scotia, appointed Howe to his cabinet and granted him significant powers over the dispensation of patronage. Lo and behold, the Conservative Party was competitive in Nova Scotia within a decade. "Patronage", writes Jeffrey Simpson, "was crucial to [Macdonald's] long game in Nova Scotia. It was always central to his conception of power, party-building and, ultimately, nation-building" (p. 76). In other words, patronage can serve a higher, more noble purpose than the rewarding of friends and the awarding of contracts to generous corporate donors.

In *Spoils of Power, The Politics of Patronage* (Toronto, Collins, 1988) the peripatetic Simpson travels from Newfoundland to British Columbia, from the corridors of power to the chambers of the judiciary, and from the struggles for responsible government to the tribulations of Brian Mulroney. At each destination he discovers skeletons in the closet of just about every politician. Macdonald's dirty dealings in the Pacific Scandal and Trudeau's bevy of pay-offs to party re-treads in 1984 come to mind. By the end of the book, greased palms, kickback schemes and influence-peddling have become a leitmotif in Canadian political culture. Indeed, patronage is now a social metaphor for much that is wrong with society: the triumph of mediocrity, the vindication of avarice and the overall cheapening of the political process. Yet, at the same time, Simpson unearths the too often neglected integrative role that patronage played, and continues to play, in our historical development. If used judiciously patronage can serve an important purpose: the integration of Canada's disparate regions and heterogeneous population. To quote Simpson: "Patronage, by offering benefits to people in all regions, has helped to steer Canada away from parties based on race, religion or region, which would have led to unstable coalition governments. Patronage, whatever its costs, has done its bit for national integration and political stability" (p. 16).

New Brunswick offers telling examples of both the egregious abuse, and prescient use, of patronage. The 1980 trial of Conservative fundraiser Francis Atkinson revealed a party financing scheme as corrupt as it was unsophisticated: "In Atkinson's files lay memoranda, letters, notes, bank accounts, cheques, telephone messages — in short the whole documentary record of what is known as tollgating: the return to the party in power of a fixed percentage of contracts awarded by the government" (p. 186). Indeed, the Atkinson affair offends even the most cynical political veteran. Nonetheless, Premier Frank McKenna is not speaking out of both sides of his mouth when he simultaneously condemns the abuse of power and condones patronage as "a way of life in New Brunswick" (p. 194). Rather, he rightly recognizes that if used wisely and honestly patronage can bridge the gulf between New Brunswick's French and English communities, that an appointment can advance the cause of marginalized groups and encourage participation in the political process.

Hindsight, however, reveals just how premature some of Simpson's observations were. For example, he claims that in Ontario David Peterson and his

top adviser, Gordon Ashworth, used the premier's powers of appointment with "subtlety and finesse" (p. 220). The 1989 Patricia Starr scandal which rocked the otherwise sanguine Ontario Liberals can be called many things, but subtle is not one of them.¹ As for finesse, Ashworth resigned when he found himself in a political compromise of picayune proportions: he had accepted a free refrigerator from, and had his house painted by, a company seeking government business. Likewise, Simpson observes that as one moves from east to west the abuse of patronage markedly decreases. To be fair, however, no one could have predicted the depths to which Bill Vander Zalm and his Social Credit government would sink. Nonetheless, *Spoils of Power* is exceptionally well-written, intelligent and thoughtful. Simpson is neither jaded nor naive. While abhorring the blatant abuse of a government's prerogative, he contends that patronage can play a constructive role in a country as diverse as Canada.

Herman Bakvis' examination of the regional minister in the federal cabinet is also rooted in an appreciation for the challenges posed by Canada's diversity, a diversity so profound that the federal government cannot even impose a cigarette tax without ruffling regional feathers. In an effort to curb the illegal yet lucrative re-entry of Canadian cigarettes into Canada the federal cabinet introduced, on 12 February 1992, a \$1-per-pack export tax. By narrowing the price differential between cigarettes destined for the Canadian market and cigarettes destined for the U.S. market — cigarettes not subject to federal and provincial taxes — the government hoped to dissuade both cross-border shoppers and large-scale smugglers. The law, however, contained one curious loophole: Newfoundland fishermen would be exempt from the new tax. Some fishermen, it seems, were in the practice of taking cases of Canadian-made cigarettes outside of Canada's territorial waters at which point the voyage ranks as foreign, and the cigarettes are thus exempted from Canadian taxes, taxes which account for two-thirds of the price of a pack of cigarettes. Upon returning to port the fishermen sold their cigarettes at a significantly lower price than the corner store but at a significantly higher price than they originally paid. And this is why, in order to guarantee the comparative advantage of his constituents, John Crosbie secured an exemption from the new \$1-per-pack export tax. When asked to explain the loophole, an aide to one inner cabinet minister stated quite unequivocally: "It was one of those political things, you know, regional interests to protect".² Indeed, every prime minister from Sir John A. Macdonald to Brian Mulroney has appreciated the importance of giving regional representatives a seat at the cabinet table.

In his new book, *Regional Ministers, Power and Influence in the Canadian Cabinet* (Toronto, University of Toronto Press, 1992) Herman Bakvis explores the role of the regional minister, its nuances, caveats and constants, from 1867 to the

1 Dubbed Pattigate by the media, the scandal revealed that Patricia Starr had funnelled charity funds from the Toronto section of the National Council of Jewish Women to the coffers of various provincial and federal politicians. Under the federal Income Tax Act it is illegal for charities to make political donations.

2 *The Globe and Mail*, 22 May 1992, p. A6. The federal government has since dropped the \$1-per-pack export tax altogether.

present. Both Macdonald and Laurier relied on strong regional representation in their various cabinets: Joseph Howe of Nova Scotia, George-Etienne Cartier and Hector-Louis Langevin of Quebec, and Clifford Sifton of everywhere west of Ontario, all enjoyed tremendous power over patronage, and influence in the making of regional policy. Yet, and this was their strength, “regional ministers of the period tended to be lukewarm in pressing provincial or broader regional interests. Instead, their focus tended to be a combination of local and national issues” (p. 37). This became all but impossible during Robert Borden’s tenure as prime minister. The Naval Bill, conscription crisis and the nascent Progressive movement precluded any combination of local and national issues. It took the tremendous negotiating skills of a Mackenzie King to eventually fashion a federal cabinet with strong regional representation: Ernest Lapointe established himself as a Quebec lieutenant of remarkable dexterity and longevity whilst Charles Dunning, Robert Forke and T.A. Crerar represented the West. From 1935 onwards, Jimmy Gardiner and C.D. Howe emerged as regional kingpins of unprecedented and, for that matter, unsurpassed proportions. Despite King’s ability to create an atmosphere of collegiality around the cabinet table, the Maritimes were effectively marginalized. J.L. Ilesley, J.L. Ralston, and Angus L. Macdonald were never able to match Howe’s clout.

Louis St. Laurent, John Diefenbaker and Lester Pearson presided over the transformation of the regional minister. Against the backdrop of a burgeoning bureaucracy and the advent of new forms of political mobilization — that is, mass communication and sophisticated polling techniques — the power and influence of the regional minister steadily waned. Prime ministers continued to name regional representatives to the cabinet, but these ministers lacked the means to pursue regional ends. The mandarins — Jack Granatstein’s “Ottawa Men” — usurped powers formerly wielded by the minister, while television offered the prime minister greater visibility and the opportunity to communicate more directly with Canadians. Moreover, the locus of decision-making was shifting away from the cabinet table to federal-provincial conferences.

Pierre Trudeau’s meteoric rise to the top precipitated a further decline in the role of the regional minister. An individual of profound intellectual strength, Trudeau sought to rationalize the decision-making process so that decisions would be premised on economic facts and national considerations rather than political and partisan emotions. At the same time, Trudeau recognized the fact of regionalism and thus established four regional desks in the PMO and created the Department of Regional Economic Expansion. The Liberals’ poor showing in the 1972 election forced Trudeau to reassess the thorny question of regionalism. To this end, he abolished the regional desks and appointed 10 regional ministers, giving them increased authority over patronage and political matters.

By the 1980s, the regional minister had returned. The term region, however, needs qualification: ministers increasingly concerned themselves not with, say, Atlantic Canada, but with their province and, even more precisely, their constituency. Bakvis very effectively reveals the extent to which Romeo LeBlanc, Allan MacEachen, Donald Jamieson and Lloyd Axworthy funnelled federal money

into their constituencies in an effort to increase their visibility and better their chances of re-election. Indeed, Bakvis devotes two exceptionally insightful chapters to Axworthy and his almost unbelievable ability to mobilize the resources of his portfolio for the protection of his precarious hold on Winnipeg-Fort Garry. Bakvis writes, “despite seeing himself as western lieutenant, Axworthy was a regional minister in a very narrow sense: his accomplishments, significant to be sure, accrued primarily to a few square miles of downtown Winnipeg” (p. 236).³

His initial reluctance notwithstanding, Brian Mulroney developed a cabinet of regional ministers two years into his mandate. He disbanded the Provincial Advisory Committees and appointed ten regional ministers giving them power over patronage. He terminated the Department of Regional Industrial Expansion, and created regional development agencies, most notably the Atlantic Canada Opportunities Agency. He formally designated a Quebec lieutenant — although he undoubtedly came to regret his choice of Lucien Bouchard. And, through sheer force of personality, John Crosbie emerged as a fierce advocate of Newfoundland’s interests. Crosbie embodies the regional minister of Trudeau’s cabinet, but his perspective extends beyond his constituency to include everything from the \$1-per-pack export tax on cigarettes to the billion-dollar Hibernia mega-project. Crosbie also made his weight felt in the Canada-France fisheries treaty, normally the domain of External Affairs. “In many ways”, concludes Bakvis, “the Mulroney cabinet is testimony to the continuity and durability of the regional minister system in Canadian political life; and in certain respects it represents a return to the less troubled Mackenzie King period: that is, a limited number of major figures dominate large regions and operate within a system in which a premium is placed on brokerage-based connections and transactions” (p. 275).

I found *Regional Ministers* to be an eloquent and very detailed retelling of the obvious: prime ministers, albeit with varying degrees of success, respect Canada’s abiding regionalism when making cabinet appointments. Nevertheless, Bakvis deserves credit for collecting a great amount of information and turning it into a very readable text. Also, Bakvis casts light on some of the shortcomings inherent in the idea of the regional minister. As he notes, the cabinet table may not be the best place for regional representation in Ottawa. To be sure, it is in the best interest of regions to have a strong voice at the cabinet table but this is not always possible: the Maritimes lacked effective representation throughout the King years while the West — Winnipeg-Fort Garry notwithstanding — suffered a similar fate throughout the Trudeau years. Moreover, the regional minister system is too dependent on too many variables: personality, electoral vulnerability and the adequacy of ministerial candidates available to the prime minister. Further, Bakvis points out that regional development agencies such as ACOA become ministerial porkbarrels wherein funding allocation is predicated on political, rather than economic, arguments. All

3 For an alternative spin on the Axworthy phenomenon, see Lloyd Axworthy, “Regional Development: Innovations in the West”, in Pierre Trudeau and Tom Axworthy, eds., *Towards a Just Society: The Trudeau Years* (Toronto, 1990).

told, we require more effective regional representation in Ottawa. We also require a different approach to the problem of regional disparities.

A friend of mine wrote his undergraduate thesis on the Maritimes and the Depression. He often quipped that, while he enjoyed his research, he was having a hard time finding a cut-off date. Regional underdevelopment is as persistent and contentious a theme as any in Canada's political economy. Anyone who attempts to both explain and prescribe solutions to underdevelopment merits our congratulations, and condolences. Congratulations because regional underdevelopment is a massive, theoretically difficult subject, and condolences because regional underdevelopment seems intractable. Enter Donald Savoie, scholar, consultant, intellectual force behind ACOA and author of *Regional Economic Development, Canada's Search for Solutions, 2nd edition* (Toronto, University of Toronto Press, 1992).

Divided into three parts, *Regional Economic Development* documents the conflicting theories of regional underdevelopment, chronicles the past 30 years of government efforts to ameliorate disparities and, finally, offers an assessment of these efforts and suggests prospects for future efforts. In chapter 1, Savoie cursorily summarizes theories of regional underdevelopment. At one point he states, in cavalier fashion, that the "development approach...inspired by the study of underdeveloped countries...has fallen out of favour in Canada among both students and practitioners of regional development" (p.7). I am not persuaded by his easy dismissal of an important stream of Canadian scholarship. Moreover, I think that *Regional Economic Development* would have been a better book had Savoie been more forthright about the theoretical underpinning to his own understanding of regional disparity and development, past government policy and appropriate policies for the future. For the most part he eschews theory, though he re-opens the theoretical can of worms in the penultimate chapter wherein he proposes — but does not fully elaborate — the clinical approach. "A central feature of the clinical approach", he writes, "is that what is required in one region may not be required in another" (p. 230).

Part II traces in minute detail government forays into the world of regional economic development. Although a useful reference for researchers, it reads like the Old Testament: ARDA begat DREE, DREE begat DRIE, and DRIE begat ACOA, WD, FEDNOR and DIST. Particularly distressing is the fact that so many government efforts have been a fumble in the dark, that is, conducted on a largely hit and miss, trial and error basis. Chapter 9, "ACOA — Looking East", might have provided insight into why this was. Yet it is so self-referential it is almost post-modern: Savoie the academic analyzing the accomplishments of Savoie the regional development consultant. The resultant lack of candor and detachment is therefore not surprising. For example Savoie alludes to, but does not adequately address, ACOA's shortcomings, especially its politicization.⁴

4 Joe Ghiz once described ACOA as "a political slush fund designed to get the PC Party through the 1988 federal election". Quoted in Paul Stothart, "A Triple E Strategy For Atlantic Growth", *Policy Options/Options Politiques* (September 1991) p. 13. See also Bakvis, *Regional Ministers*, pp. 254-5.

Savoie does, however, make one encouraging observation. In chapter 11 he argues that governments should seriously re-evaluate the policy of giving cash grants and tax incentives to prospective investors. Evidence suggests that such handouts are ineffective in that they do not stimulate lasting economic development.⁵ In fact, direct government assistance to investors seeking to locate in slow growth regions represents private profit at public expense. Further, there is nothing more disconcerting to watch than the business class, in pursuit of the sweetest offer, playing off sycophantic politicians against each other.⁶

Savoie's concluding section provides an assessment of government efforts and suggests options for the future. Regrettably, his conclusions are stale and uninspiring: "The importance of defining clear and realistic regional development objectives can hardly be overemphasized" (p. 240), and "Before governments look to [development] programs, they should resolve to cooperate far more than they have in the past" (p. 252), and "One issue that should not be overlooked is that of federal visibility...[the federal government] should get proper credit for its efforts" (p. 254). Savoie concludes by arguing that regional development agencies ought to be divided into two units. One unit would allocate the funds and report to Parliament. The other unit would "work at arm's length...to define regional development strategies, to ensure that governments stick to the development themes found in the strategies [and] to evaluate the performance of governments in implementing the strategies" (p. 265). Facilitating government co-operation, ensuring federal visibility and tinkering with ACOA might very well mitigate errors, overlap and animosity. But what is required is a fundamentally new approach to regional economic development, an approach premised on economic democracy, community-based development and co-operativism.

My greatest criticism of *Regional Economic Development* stems not so much from what Savoie says but from what he does not say. His approach to the Free Trade Agreement and to the emerging global economy is at best perfunctory. As governments embrace the ideology of neo-classical economics and commit themselves to privatization and deregulation we must ask ourselves: will there be the necessary tools for regional development policies? Savoie asserts, "The issue...is not *if* governments will intervene, but rather *how* they will intervene" (p. 250). I harbour neither his optimism nor his naiveté. Because as governments concede economic powers to international fora, and as the locus of power shifts from cabinet tables to corporate boardrooms, regional economic policies will prove impossible. When read against the backdrop of the enormous changes occurring in the global economy, *Regional Economic Development* is badly out of date.

But if Savoie's book is out of date, then Heath Macquarrie's memoirs offer in part a timely, if disheartening, examination of Mulroney's conservatism, or more precisely, his neo-conservatism. "Because I worry about our current sense of

5 Savoie, *Regional Economic Development*, pp. 178-85. See also, *The Globe and Mail*: "At Rope's end, defiant workers stage rebellion: Determined Cape Bretoners blockade plant in bid to stop U.S. buyer from removing machinery", 28 September 1992, p. A6.

6 For an insightful and lively discussion of this phenomenon see, Robert B. Reich, "Who Is Them?", *Harvard Business Review* (March/April 1991)

values”, Macquarrie writes, “I’ve called these candid memoirs *Red Tory Blues*” (p.ix).

In January of 1935 Prime Minister R.B. Bennett delivered a series of five radio addresses in which he appealed to the hearts and minds of Canadians: “...if you believe that in Big Business, that in capitalism, there are abuses which work hardship upon the people of this country, if you believe that the faults of capitalism have brought about injustices in our social state, if you believe that these injustices manifest themselves in lower wages and too high costs of living and unemployment,—then support my party”. At least one person, a young teenager in Victoria, Prince Edward Island, listened with “rapt attention and sympathetic vibrations...I can still hear Bennett’s sonorous cadences bursting from the de Forrest Crossley radio in our Victoria home” (pp. 1, 23). So began Heath Macquarrie’s nearly 60-year involvement with the Conservatives, the Progressive Conservatives and now, the neo-Conservatives.

Red Tory Blues, A Political Memoir (Toronto, University of Toronto Press, 1992) moves chronologically, from the 1930 all-candidates meeting in the Victoria Town Hall to the Canadian Senate. Along the way Macquarrie remembers the days of Bennett, Manion, Meighen, Bracken and Port Hope; he examines in poignant detail the troubled tenure of Diefenbaker and Dalton Camp’s divisive, painful struggle to depose him; he reviews the leadership of Robert Stanfield, whom he calls the best prime minister we almost had; he recalls the hapless Joe Clark years; and he studies the arrival of the boy from Baie Comeau, whom he supported in 1976, and whom he now considers to be more right-wing than Preston Manning. As well, Macquarrie recounts his numerous peregrinations to New York, the Caribbean, Europe, India, the Middle East, and what was the Soviet Union. As a political organizer, Member of Parliament, Senator and world traveller, Macquarrie knows the vicissitudes of political life, and as a master storyteller he is able to retell his experiences with wit, charm and pith. He is as at ease discussing the complex realities of the Middle East as he is discussing his relationship with Isabel Stewart, his wife of 43 years.

I very much enjoyed Macquarrie’s insights into the Diefenbaker years, an absolutely fascinating period in Canadian history. Although prone to hyperbole — “In a little over three months [Diefenbaker’s 1957] Parliament passed a spate of legislation of immense benefit to the people of Canada” (p.158) — Macquarrie offers revealing glimpses into Diefenbaker’s caucus and into his psyche. He explores his antipathy for Léon Balcer, a man who could have helped him with the Quebec question; and, he looks at the Chief’s inability to reconcile the opposing views of Howard Green and Douglas Harkness. Writes Macquarrie, “I found [Diefenbaker] vain, suspicious to the point of paranoia, and extremely difficult to converse with no matter the subject” (p.179). Macquarrie’s retelling of Dalton Camp’s successful machination to rid the party of its leader remains by far the most entertaining section of *Red Tory Blues*. It is political drama at its best. Diefenbaker’s candidacy in the subsequent leadership convention was a pathetic sight — “It was all really very sad” (p.223).

There are times, however, when *Red Tory Blues* could have benefited from more sustained analysis. I appreciate that Macquarrie was writing his memoirs and not a political treatise. But he occasionally borders on the glib. Walter Gordon's 1963 budget merits more explanation than, "In content as well as in its conception the Gordon budget was a wretched fiasco" (p.200). Likewise, his statement regarding the collapse of the Soviet Union is unbearably sententious. "The opening to capitalism and the free market is exciting. It is wonderful to have a wide range of exotic consumer goods but, if only a miniscule portion of the population can afford them, have we achieved the just society" (p.303). In point of fact, the free market is not all it's cracked up to be, certainly not for the permanent underclass. And to equate conspicuous consumption with social justice leads me to wonder, what kind of Red Tory is Macquarrie?

While Macquarrie led an interesting life, his memoirs are unsettling. *Red Tory Blues* contains an unspoken but palpable sadness: the death of the Progressive Conservative Party of Canada. The grand old party of Sir John A. Macdonald has become the Grand Old Party of Brian Mulroney:

It seems to me that the present PC government has forgotten that an essential part of Canadian nationalism has been founded on a belief that mere imitation of the American way of life was an insufficient and erroneous way of expressing our national identity. To a large degree we share a great continent with the Americans. We are like them, but we are different. John A. Macdonald knew that. So did Robert Borden. Bennett, as he said at the Charlottetown meeting in 1935, most certainly did. John Diefenbaker did not wish to subsume our way of life under Americanism. I have an uneasy feeling that our present leader Brian Mulroney has no pulse for this kind of classic Canadianism (p.347).

Even more pernicious is Mulroney's blind commitment to neo-classical economics. A nefarious ideology predicated on the power of the almighty market, neo-classical economics will ultimately transform the welfare state into a security state, a state that serves as a line of defence for the rich against the poor. In such a world, the integrative power of patronage, the unifying presence of regional ministers and regional development policies will all be for naught.

What, then, is to be done? In the new global economy where people, communities and even nation-states count for very little, fatalism is a not unexpected reaction. After all, the Fredericton Anti-Poverty Organization will never stop Exxon from polluting the world and exploiting labour. But thousands of grass-root organizations like FAPO might be able to have some effect. In other words, people must organize, resist and insist that their local, regional and national communities matter, that they deserve a clean environment, that they have a right to participate in decisions that affect their lives. A politicized citizenry offers perhaps the most important counterweight to globalization.

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