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Voluntary Economic Planning in "The New Nova Scotia"

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See table of contents

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PETER CLANCY

Concerted Action on the Periphery? Voluntary Economic Planning in "The New Nova Scotia"

> "Voluntary economic planning is a new concept that can boost our economic development if we have the co-operation of all the people of Nova Scotia ..."
>
> - Hon. Robert L. Stanfield

> "There is a need to study the plans and the prospects of our main industries and to encourage faster and more sustained economic growth..."
>
> - Hon. G. I. Smith

THESE TWO STATEMENTS FORMED A PREFACE to most major public documents released by the Voluntary Economic Planning (VEP) organization during the early 1960s.[1] They were usually accompanied by a pictorial design showing a map of Nova Scotia overlaid on graph paper, with a steadily rising trend line transecting the length of the province. These were the hallmarks of the organization which was established to bring comprehensive economic planning to a small Maritime province. Established over 30 years ago, VEP was designed as an economic planning apparatus based on business-labour-government consultation. Of particular interest here are the first eight years of VEP activities (1962-1970), when the commitment to a notion of planning remained vital. An examination of VEP during its formative period raises some intriguing analytical questions. Why did it appear in a small hinterland province, and to what end? What level of performance was achieved? Finally, what does this reveal about the prospects for provincially-based economic planning?

To be sure, Nova Scotia was not unique in this experience. Collectively, the Canadian provinces have presided over an array of "development plans" since 1960. Some of these were sub-regional, as with Quebec's BAEQ project in the Gaspé, New Brunswick's Northeast and Mactaquac projects, Ontario's regional economic plans, and the northern programmes developed in Saskatchewan and

1 Work on this project has been supported financially by the University Council for Research, St. Francis Xavier University. Mr. Allan Murray and Ms. Carolyn Chishom made indispensable contributions as my Research Assistants. I would also like to thank Mr. Tom Webb, Director of the Extension Department, St. Francis Xavier University, for permission to examine the papers of Rev. J.N. MacNeil.

Peter Clancy, "Concerted Action on the Periphery? Voluntary Economic Planning in 'The New Nova Scotia'", *Acadiensis*, XXVI, 2 (Spring 1997), pp. 3-30.

Manitoba.[2] Others were more comprehensive in scope, as in the case of Newfoundland's Rural Resettlement Program, and the P.E.I. Plan. Many, though not all, of these plans were collaborative efforts with the federal authority.

Less common were initiatives at the strictly provincial level, which aimed to involve producer groups in the formulation of a broad scale economic strategy. Again Quebec played a pioneering role, beginning in 1961 when Jean Lesage created the *Conseil d'orientation économique du Quebec (COEQ).* Manitoba also mounted an extensive set of consultations under the Roblin administration, first through the Committee on Manitoba's Economic Future (COMEF) and later with the Targets for Economic Development (TED) Committee.[3] Nova Scotia's Voluntary Economic Planning apparatus was part of this opening wave of provincial experiments, looking beyond the familiar administrative and inter-governmental structures, seeking to plan in concert with organized economic interests.

By design, Voluntary Economic Planning was an effort at institutionalized consultation, aimed at creating or enhancing the links between capital (and to a lesser extent labour) and the state. That this occurred in a peripheral province, subject to all of the limitations which a federal structure can impose, makes it an interesting test of the prospects for joint planning in Canada. Despite its lofty ambitions, VEP failed in its planning function, though it succeeded in carving out a durable role at the consultative level. By the end of the first decade, the government's political commitment to concerted planning was exhausted. While it continues to function today, Voluntary Planning (as it is now designated) has long since abandoned the mandate of its youth. Instead, it serves as a formalized conduit for interest group liaison with government officials.[4]

With Voluntary Economic Planning, the Stanfield Government sought to attack several inhibiting features of provincial economic policy-making. If accelerated growth, income and employment were to be achieved, then a restructured state would be necessary to mount a new form of interventionist strategy. In the terminology of recent analytic debates about "weak" and "strong" state forms, Voluntary Economic Planning constituted a potential instrument for realizing

2 G. Weller, "Managing Canada's North: The Case of the Provincial North", *Canadian Public Administration*, 27, 2 (Summer 1984), pp.197-209; Jacques Benjamin, *Planification et Politiques au Québec* (Montréal, 1974); Robert Young, "L'Édification de l'état provincial et le développement régional au Nouveau-Brunswick", *Égalité*, 13-14 (automne 1984-L'Hiver 1985), pp.125-52; John Loxley, "The 'Great Northern' Plan", *Studies in Political Economy*, 6 (1981), pp.151-82; Murray Dobbin, "Prairie Colonialism", *Studies in Political Economy*, 10 (1985), pp.7-40.

3 *Manitoba, 1962-1975*, Report of the Commission on Manitoba's Economic Future (Winnipeg, 1963); *Manitoba to 1980*, Report of the Commission on Targets for Economic Development (Winnipeg, 1969).

4 One account of the later period can be found in the official history of the organization. See Anthony Lamport, *Common Ground* (Halifax, 1988). For a discussion of the transition of 1970, see also A. Paul Pross, *The Statutory Basis of Provincial and Municipal Planning in Nova Scotia: A Review* (Halifax, 1974), pp. 35-9.

certain strong state capabilities.[5] These include greater autonomy, and central co-ordination, of executive institutions in order to harness policy effort toward ambitious development goals. At the same time, however, the new experiment departed from another hallmark feature of strong state politics, a capacity to insulate key policy processes from the constraints often imposed by organized interests. In fact, the Voluntary Economic Planning structure invited and even extended the mobilization of business and labour in the planning exercise. While this may have signified a shrewd appreciation of the political risks entailed in a planning experiment, and a determination to secure support among resident economic stakeholders, it also invited risks to coherent and consistent action. There is a danger in approaching these questions in overly schematic ways, of course, especially since political practice often copes with high degrees of contradiction. Either the support of a politically assertive business segment, or a deadlock among multiple segments, may provide autonomy under circumstances of high interest mobilization. However, the strong state notion underlines the heavy weight that VEP was expected to bear: in overcoming fragmented executive decision-making, in formalizing interest representation beyond the conventional advocacy channels, and in generating substantive information and planning proposals.

The urge to plan was not totally new to the Province of Nova Scotia, though it had never been attempted on such a global and systematic basis. Two provincial Royal Commissions, the Jones Economic Inquiry (1934) and the Dawson Commission on Provincial Development and Rehabilitation (1944), had surveyed the growth potential of the economy as a whole, generating policy prescriptions in the process.[6] They both made cases for greater government responsibility in the economy, though they could do little to control the political and administrative follow-up. However incisive the analysis, they offered policy snapshots taken through the lens of the investigating commissioner. It was much later, in a 1955 Report to the Department of Trade and Industry, that the prospect of ongoing private-public sector consultation was raised. Arthur D. Little consultants had been hired to advise on promising sectors for industrial recruitment and expansion. They proposed an industrial consultative committee, to furnish the province "a systematic means of conveying the direction of its policy to the public, private industry and labor representatives ... [as well as] .. a source of private industrial opinion in preliminary consideration of policies and projects prior to their negotiation and implementation".[7] While the Little report addressed the industry programme alone, the principle of routinized consultation would serve later as a cornerstone of VEP.

During the Stanfield era, the urge for co-ordinated provincial planning was

5 For a helpful discussion of the concepts of weak and strong states as applied to Canada, see Michael M. Atkinson and William D. Coleman, *The State, Business and Industrial Change in Canada* (Toronto, 1989), chap. 3.

6 Nova Scotia, Royal Commission of Provincial Economic Inquiry, *Report* (Halifax, 1934); Royal Commission on Provincial Development and Rehabilitation, *Report* (Halifax, 1944).

7 Arthur D. Little, Inc. *Industrial Development in Nova Scotia*, Report to the Department of Trade and Industry, March 18, 1955, p. 76.

combined with the impulse for industrial consultation. First elected in 1956, the Stanfield government built its campaign platform around the need to reverse the province's relative economic decline in the post-war years. Once in power, the government looked outward for appropriate models and policy vehicles. Management consultants (like A.D. Little) were engaged to assess the organization of the provincial civil service. New perspectives were developed for federal-provincial fiscal negotiations. Of greatest importance, however, were three quite novel economic policy instruments which were adopted from Europe. To attract new manufacturing enterprise to Nova Scotia, the province borrowed the model of North Eastern Trading Estates, a publicly funded agency furnishing industrial parks to northeast England. In 1957, legislation was enacted to establish Nova Scotia Industrial Estates Ltd. (IEL).[8] Five years later, the McKinnon judicial inquiry into industrial relations was impressed by the Swedish labour market planning system. Out of this grew Nova Scotia's Joint Labour-Management Study Committee (JLMSC), in the hope of promoting partnership relations between unions and employers.[9] Finally, the province looked abroad for an economic planning model, which it found in the indicative planning system then flourishing in France. The genealogy of VEP is discussed in greater detail below. For the moment it is worth noting that together these mechanisms formalized the provincial state's interest in three crucial class relationships: with large scale external capital (IEL), with resident capital large and small (VEP), and with resident capital and labour (JLMSC).

Underpinning this impulse to experiment was the spectre of economic decline. While productive output and employment both grew in absolute terms during the 1950s, Nova Scotia's performance was poor in relation to the national Canadian average. Moreover, the per capita differential in incomes between province and nation was not narrowing. Robert Stanfield captured the dilemma pointedly:

> We felt we had to run very hard just to stand still. In agriculture we had a system of small farms, which people were constantly leaving. Fishing was in a state of revolution. The so-called inshore fisherman was pretty well disappearing in most parts of the province. That involved a large expansion in the trawler fishing industry and the centralization at certain points. The forest industry had to be re-organized substantially.The coal mining industry was fading rapidly.[10]

8 For further details on the formation of I.E.L., see Roy E. George, *The Life and Times of Industrial Estates Limited* (Halifax, 1974); and Harry Bruce, *Frank Sobey* (Halifax, 1985), chap. 9.

9 For details on the origins of the JLMSC, see C.H.J. Gilson and A.M. Wadden, "The Windsor Gypsum Strike and the Formation of the Joint Labour/Management Study Committee: Conflict and Accommodation in the Nova Scotia Labour Movement, 1957-1979", in Michael Earle, ed., *Workers and the State in Twentieth Century Nova Scotia* (Fredericton, 1989), pp.190-216.

10 Geoffrey Stevens, *Stanfield* (Toronto, 1973), p. 125.

This made the case for sectoral economic planning even more powerful, as a means to break what were seen as deeply ingrained structural tendencies. There was another sense in which comprehensive planning was viewed as a prerequisite for economic advance. From the outset, the Stanfield government had joined forces with other Maritime provinces in pressing Ottawa for major new economic initiatives in the region.[11] If the provinces were to have significant control over the disposition of such funds, it would be advantageous to have formulated in advance a comprehensive strategy, into which federal initiatives could fit. In explaining the background to voluntary planning, Nova Scotia officials sometimes referred to the indispensability of European (particularly French) state planning in allocating Marshall Plan assistance after the war.[12] In many respects the prospect of regional funds from Ottawa must have been viewed in a similar light to Marshall aid.

The planning ethic was spurred further by policy currents on the national stage. One of these concerned industrial productivity, and particularly the fear that Canadian enterprise was lagging behind business in other advanced capitalist states. This issue had been addressed in the *Final Report* of the Gordon Royal Commission on Canada's Economic Prospects, and was being widely publicized in the press. Whether the problem lay chiefly in rising labour costs, in protectionist trade policy, or in defective entrepreneurship, the suggestion was increasingly common that only through joint business, labour and government consultation could a consensual solution be fashioned. For the Atlantic region, an added concern was the potentially perverse incidence of national fiscal and monetary policies, whose focus on meeting either inflation or recession in central Canada could be highly disruptive elsewhere.

Early in 1961 the Diefenbaker Government announced the creation of a National Productivity Council (NPC) as a continuing conduit to private sector opinion. Described by Waldie as "the first fully fledged attempt in Canada (other than in wartime) to co-ordinate business, government and labour in the pursuit of national objectives",[13] its two dozen members included equal numbers of industry, labour, resource sector and federal government representatives. The lone Nova Scotia member was A.R. Harrington, then General Manager of the Nova Scotia Light and Power Company.[14] In 1961, the consultative council seemed to be an idea whose time had come. NPC Chairman George DeYoung stressed the need for co-operation

11 For an account of the so-called "Atlantic Revolution" pursued by Hugh John Flemming, Joey Smallwood and Robert Stanfield, see Margaret Conrad, "The 1950s: the Decade of Development", in E.R. Forbes and D.A. Muise, eds., *The Atlantic Provinces in Confederation* (Toronto, 1993), pp. 401-13.

12 See, for example, the presentations by Dr. W.Y. Smith and Dr. F.W. Walsh, in "A Complete Account of the Meeting to Form the Agricultural Sector of the Voluntary Economic Planning Program", 11 December 1962, pp. 15-17.

13 K.G. Waldie, "The Evolution of Labour-Government Consultation on Economic Policy", in W. Craig Riddell, ed., *Labour-Management Co-operation in Canada* (Toronto, 1986), p. 159.

14 "25 named to Productivity Council to Study Ills of Canadian Industry", *The Chronicle-Herald* (Halifax), 1 March 1961, p. 1.

if industrial goals were to be defined and achieved.[15] Editorialists gave positive endorsement to this "European model" of economic co-operation.[16] Even the President of the Canadian Chamber of Commerce predicted that business-labour consultation could help to moderate union wage demands and thereby lower production costs.[17] By the end of the year the NPC was promoting provincial and regional councils to stimulate productivity improvements on a wider front.[18] To gain greater first hand knowledge of European planning practices, the Council sent a delegation on a three week tour of six western European capitals during the summer of 1962.[19]

Among all the provinces, this federal experiment had its greatest impact on Nova Scotia. Harrington had suggested the idea of a provincial council to Premier Stanfield, and received a favourable response, provided that Harrington agreed to assume its leadership.[20] However, the Government of Nova Scotia soon decided to push the concept much further. In March of 1962 Stanfield told the Legislature that "the Provincial Government plans to introduce an economic planning method used successfully in France, in an effort to boost Nova Scotia's industrial economy, particularly in basic industries".[21] To this end, the Department of the Provincial Treasurer was re-designated the Department of Finance and Economics. It was named the province's lead agency for harnessing both governmental and non-governmental bodies "with a view to formulating plans to create, assist, develop and maintain productive employment, and to develop the human and material resources of Nova Scotia".[22]

It fell to the new Minister of Finance and Economics, G.I. (Ike) Smith, to flesh out this mandate, and he devised Voluntary Economic Planning as its centrepiece. Together with the deputy-ministers of Trade and Industry, and Finance and Economics, Smith mounted his own tour of Britain and France during the summer of 1962. This was the time when France's Third four-year Plan (1958-61) had drawn to a close, and the Fourth Plan (1962-65) was ready for application. Thus Smith encountered the French planning process at its moment of peak prestige. Improvements in technique, in ideological acceptance and in political leverage had been made during the previous cycle, while the era of bureaucratic gridlock lay in

15 "More Co-operation in Industry Required", *The Chronicle-Herald*, 17 March 1961, p. 23.

16 "Government, Management, Labour Must Pull Together", *The Chronicle-Herald*, 1 April 1961, p. 1.

17 "Canadian Economy Getting Searching Reappraisal", *The Chronicle-Herald*, 26 July 1961, p. 3.

18 "Economic Realities Must Be Faced - or Canada's in for Some Rough Shock Treatment", *The Chronicle-Herald*, 18 December 1961, p. 28.

19 *Report of the Labour-Management-Government Mission to Europe to the National Productivity Council* (London, 1962).

20 "Confidence Important", *The Chronicle-Herald*, 12 April 1962, p. 3.

21 "N.S. Government to Create New Department of Finance", *The Chronicle-Herald*, 6 March 1962, p. 1.

22 "Provincial Finance Act", *Statutes of Nova Scotia* (1962), Vol. 1, Chapter 12 .

the future.[23] Perhaps it was the grand concept which appealed to Smith more than the operating details. One member of the tour recalled that they arrived in France during August, and since virtually all government officials were absent on the month-long vacation, they were able to learn little about the mechanics of the planning system.[24]

Nevertheless, Ike Smith returned home with his prototype in hand and his enthusiasm undiminished. Indeed, it is probable that the seeds of this initiative had been sown already by Professor W.Y. Smith, a University of New Brunswick economist who was also serving as President of the Atlantic Provinces Economic Council, and as an advisor to New Brunswick Premier Robichaud. Professor Smith had spent a sabbatical leave in England in 1960-61, where he had become an enthusiastic advocate of planned regional development as found in Britain and France.[25] In the autumn of 1962 he was formally engaged as an economic consultant to the Department of Finance and Economics, where he played an important staff role for several years.[26]

The concept of Voluntary Economic Planning was outlined publicly for the first time during the summer of 1962. Ike Smith described the European planning experiences as a middle way, offering advantages over laissez-faire policies on the one hand and wholesale social ownership on the other:

> There is a need to study centrally the potential, the plans, and the prospects of our main industries, to correlate them with each other and with the government's plans for the public sector, and to see how in aggregate they contribute to and fit in with the prospects for the economy as a whole. There is a need to encourage faster and more sustained economic growth, and to create and keep the best possible climate for it.[27]

Voluntary Economic Planning would anchor this initiative. It was charged with the preparation of an economic plan for the province, based on the advice of Nova Scotians active in economic life. This would be fashioned into a coherent strategy for action. It was the consultative aspect which distinguished Voluntary Economic Planning from other advisory bodies which were springing up during this period. At its peak, more than 700 private sector "volunteers" were active within the VEP committee structure and more than 1300 had attended VEP organizing meetings.

23 The literature on French planning is extensive. Some informative studies include: Stephen S. Cohen, *Modern Capitalist Planning: The French Model* (London, 1969); J. Hayward, *Private Interests and Public Policy* (New York, 1966); and Richard F. Kuisel, *Capitalism and the State in Modern France* (Cambridge, 1981).

24 John R. Bigelow, Transcript of Interview with Dr. Anders Sandberg, 1993. I am grateful to Mr. Bigelow and Dr. Sandberg for this information.

25 "Canada Lacks Economic Program Says APEC Head", *The Chronicle-Herald*, 22 August 1962, p. 13.

26 "Prof. W.Y. Smith N.S. Government Economic Advisor", *The Chronicle-Herald*, 24 September 1962, p. 16; "Another Smith", *The Chronicle-Herald*, 25 September 1962, p. 4.

27 Hon. G.I. Smith, *Speech to the Union of Nova Scotia Municipalities* (August, 1962), p. 17.

During the fall of 1962 the actual shape of the organization began to emerge. The Government announced that the agricultural sector would be the first to be organized for planning, beginning with an "industry-wide conference" in Truro in December.[28] This set the pattern for the subsequent organization of nine additional sectors. After comments by Premier Stanfield, Finance Minister G.I. Smith, Agriculture Minister Haliburton and Dr. W.Y. Smith, the 150 delegates spent the balance of the day meeting in specialized sub-groups, discussing conditions in the livestock, dairy, poultry, horticulture and field crop segments. By this rather open ended process, an initial core of activists was recruited for a set of ongoing "segment committees" in Agriculture. More members were added over time as the working groups took root. It was several months later, in April 1963, that the overall Agriculture Sector committee was announced, to oversee planning in this field. This time the members were recruited by invitation of Finance Minister Smith and appointed by government order. This Agriculture Sector Committee included the Chairs of all segment committees, along with several provincial government officials from the relevant agencies, and an additional set of private sector figures not already involved in the segments.

By early 1963, the first VEP staff were being hired and the organization was given a legislative basis in the Voluntary Planning Act.[29] The statute charged the VEP Board with advising the Finance Minister on policy measures for economic growth, by coordinating sector plans and advancing an overall economic plan to the Government.[30] This put far greater stress on the ethics of voluntarism than on the exigencies of planning. As Pross pointed out, by the terms of the Act, "[the Board] has no coercive power; it is not authorized to use financial persuasion; and it has no claim to coordinate those activities of the public sectors which affect the performance of private economic concerns".[31]

Additional sectors were organized throughout the year, beginning with "Truro-type meetings" for the recruitment of segment personnel and extending to sectoral levels thereafter. In this way the Forestry, Fisheries and Power sectors came into being. It was only at the close of 1963 that the most senior body, the Voluntary Economic Planning Board, was convened. Again, membership was by invitation of the Government. Its role was to co-ordinate sector activities, review sector recommendations and serve as the official link between the planning apparatus and the provincial Cabinet.[32]

The overall design is captured by the formal organization chart presented in Table One. The most specialized matters were considered at the base level, where

28 "Committee Will Study Agriculture", *The Chronicle-Herald*, 2 October 1962, p. 16; "Initiate Economic Planning Program Dec.9 - Smith", *The Chronicle-Herald*, 3 November 1962, p. 5; "Vital Task", *The Chronicle-Herald*, 22 November 1962, p. 4.

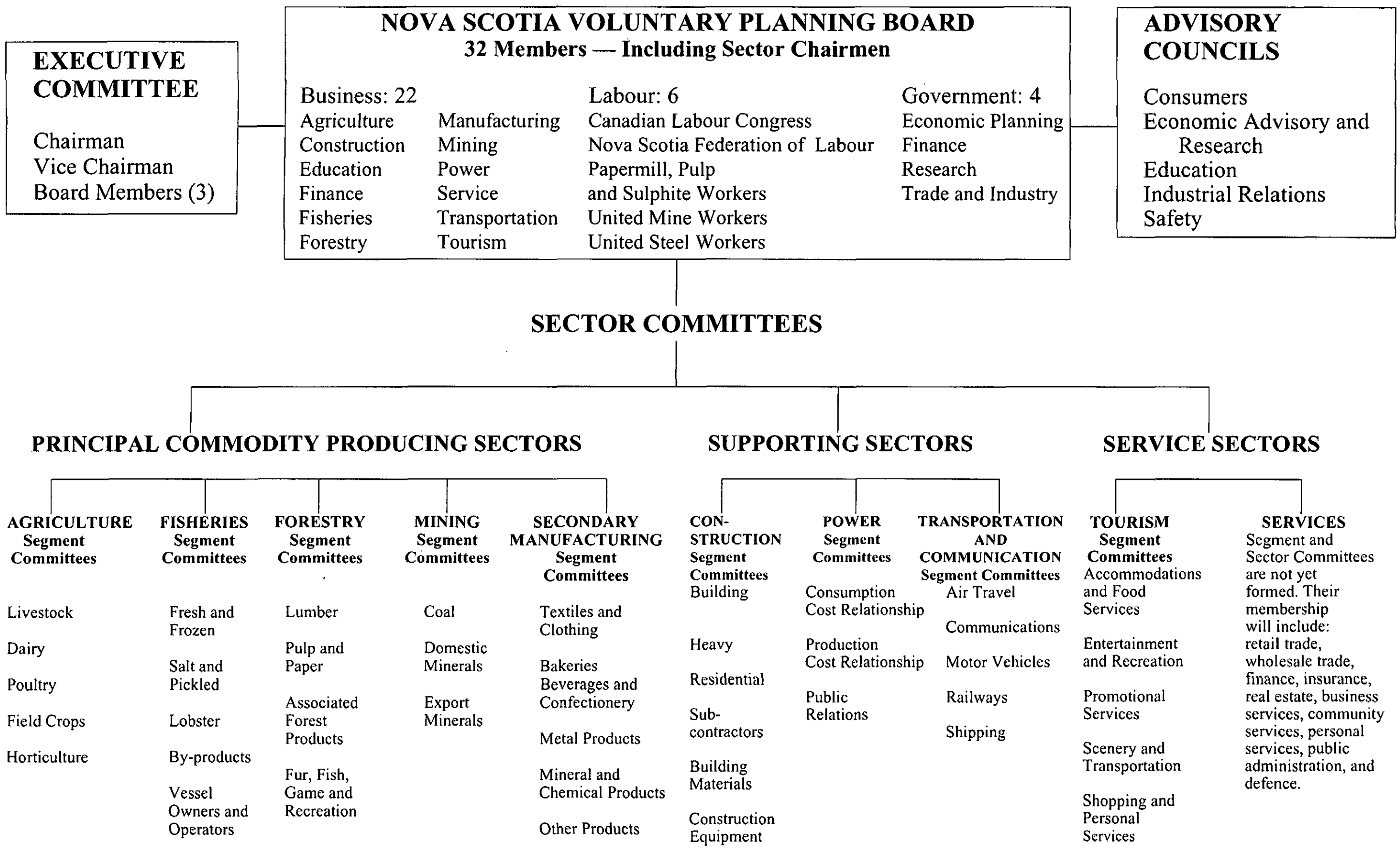
29 "Economic Planning Director Chosen", *The Chronicle-Herald*, 27 February 1963, p. 1.

30 Voluntary Planning Act, *Revised Statutes of Nova Scotia* (1967), c.332.

31 Pross, *The Statutory Basis of Provincial and Municipal Planning*, p. 36.

32 A number of VEP publications outlined the intended structure. For one, see Nova Scotia, Department of Finance and Economics, Voluntary Planning Board, *The Organization for Voluntary Economic Planning* (1963).

ORGANIZATION CHART A-1



dozens of Segment Committees were defined by reference to major product groups. In size, these committees ranged from six to 20 or more members. Here a consensus was hammered out through discussion of grievances and demands by the committee members on the ground. The results were channelled upward to the Sector Committees, whose jurisdictions coincided with the shared concerns of major industry groups. Not only could the differences between Segment Committees be reconciled here, but common themes could be extracted and promoted by the more diverse membership at the sectoral level. In size, Sector Committees ranged from 18 to 30 members. Moreover, the sector was intended to serve as the basic unit in the planning process, with each committee charged with the task of preparing a sector plan.

Sitting astride this entire structure was the VEP Board, a carefully selected group of two dozen Nova Scotians. A.R. Harrington was appointed as its Chair, while Joe Gannon, the President of the Halifax District Labour Council (and past President of the N.S. Federation of Labour), was designated Vice-Chair.[33] Significantly, both Harrington and Gannon had experience sitting on the Joint Labour-Management Study Committee, the consultative body which predated VEP and was later affiliated formally with VEP.[34] Though the Board included the Chairs of all Sector Committees, the majority consisted of members at large who were not involved on the lower committee levels. It is also revealing that, despite the VEP logo's subtitle, "Business-Labour-Government", the Board membership was overwhelmingly tilted toward private business representation. Only four of the 23 inaugural members came from the labour movement, while four more were senior government officials. It was the Board's job to consider all sector reports and recommendations, which became formal VEP policy positions if approved. They were then transmitted to the provincial Cabinet for government action. To the extent that this process actually took hold, planning would, indeed, be a "bottom-up" phenomenon.[35]

The flip side of VEP operations, again as officially set out, consisted of a more traditional hierarchical process. By providing direction to the organization, as well as formulating an overall framework for the plan, the Board was expected to play a key leadership role. Following its inaugural meeting, the Board established an Executive Committee consisting of six members. This group exercised "executive" responsibilities in every sense of the word: co-ordinating staff work, setting agendas for Board meetings and presenting draft decisions for the Board's consideration. Another key element was the VEP staff group. Its Executive Director, Roger Mills,

33 Both Harrington and Gannon were key leadership figures within their spheres. Harrington in particular was closely linked to the political establishment. In addition to his position on the federal NPC, he was a management representative on the N.S. Labour Relations Board, a founding management member of the JLMSC, and (subsequently) a Board member of the Atlantic Provinces Economic Council.

34 In January 1963 it was announced that the JLMSC would serve as the industrial relations forum for VEP. In the fall of 1965 it was re-named the Industrial Relations Advisory Council.

35 This aspect predominates in the account by J.R. Mills, "Voluntary Economic Planning in Nova Scotia", *Canadian Public Administration*, 8, 2 (1965), pp. 160-65.

was a professional engineer whose previous position had been Vice-President of Foundation Maritime Ltd. in Halifax. For several years the staff complement was limited to a half dozen planning officers (many of whose training was also in engineering, or related sciences) with modest secretarial support. However, the staff was frequently augmented by contract consultants and short-term secondments from economic agencies.

It fell to the Board and staff to establish the parameters of the planning process. To facilitate consistency in the sector contributions to the overall plan, the Board defined a set of aggregate targets for provincial economic performance. These were, of necessity, quite general. However, they were intended to convey a sense of priorities which the segment and sector groups could translate into concrete choices, or at least use to guide their deliberations. In addition to establishing a common frame of reference, the indicative targets provided a standard, however nebulus, for arbitrating among conflicting proposals.

During the early years (1963-1964) both the "bottom-up" and the "top-down" decision-making patterns acquired their own momentum, although the contradictions between the two were slow to surface. In part, the problem was one of timing. Since the first four sectors were activated before the Board began functioning, much of the early committee work was ad hoc and spontaneous. For example, the Forestry sector had held 27 meetings before the advent of the Board. The agendas for the initial Board meetings were heavy with recommendations from Agriculture, Forestry and Power. The segment committees were also quite free to set their own courses. Not yet bound by the formal planning regimen, segment meetings searched for agreement on the evident obstacles to growth. Where members reached a consensus, recommendations for action went forward to their Sectors. Often this worked best where segments corresponded to tight product groups, particularly those with an organized tradition. A strong case in point was agriculture, where the high level of prior organization in farmer and processor associations, as well as on marketing boards, facilitated the progress up the learning curve.[36] The Forestry Sector experienced a similar ease of operation, initially. Here the members of the pulp and paper products segment were drawn mainly from the pulp and paper industry, which was densely organized at the national level through the various layers of the Canadian Pulp and Paper Association and the Canadian Institute of Forestry. Similarly the lumber and sawn products segment coincided closely with the sawmillers' provincial trade group, the Nova Scotia Forest Products Association.

Consequently, it is not surprising that the pulp segment generated a clutch of motions during its inaugural year of 1963. These ranged from a call for a comprehensive new forest inventory, to studies on the reform of forest taxation, and

36 G.I. Smith commented on this at the Organizational Meeting: "those concerned with agriculture have had a long experience with the necessity of planning in one form or another". *A Complete Account*, p. 6.

improved forest product transportation.[37] All found ready support at the Sector level and were duly passed on to the Board where, again, they were favourably received. However, as time passed, the potential contradictions among segment proposals began to emerge. In 1964 the lumber segment called for a study of greater utilization of sawmill residues by pulp processors, and later still called for crown forest lands to be offered to sawmillers on the same basis as to pulp licensees. Given their obvious potential to pit industry segments against one another, these proposals were problematic for the Forest Sector. Indeed, by the fall of 1964, it seems that "the forest sector came to an impass [*sic*] because of a difference of opinion between those in the pulp and paper industry and those in the lumber industry".[38] In still other cases, motions were passed through from the Sector only to be turned back at the Board level, normally on grounds of insufficient rationale or lack of jurisdiction. This was the fate of proposals to provide financial assistance to the NSFPA, and to divide the Ministry of Lands and Forests.[39]

As a group, the "early" sectors contrasted sharply with those created later, after the Board had launched its planning initiative in the fall of 1964. Whereas the early sectors had little difficulty defining issue areas and making recommendations for action, with little dependence on the VEP staff, the later sectors were markedly less dynamic and were driven more clearly by staff research. By this point, there was a rush to establish a plethora of working bodies at all levels. But, more importantly, the later sectors (including secondary manufacturing, transportation and communications, tourism and services) were formed against a backdrop of minimal experience with organized business consultation, much less economic planning. In general terms, it proved easier to establish committees in the primary resource industries than in manufacturing, while the service sectors proved most difficult of all.

The experience of the Manufacturing Sector illustrates some of the difficulties faced in constituting working groups in the broadly defined sectors which possessed little prior associational infrastructure. At the initial organizational meeting in December of 1963, G.I. Smith observed that "There is a need ... for better organization of industry itself. The Canadian Manufacturing Association and the recently formed association of those interested in textiles are about the only organized management groups concerned with secondary manufacturing".[40] The secret continued to elude VEP as well. After an initial flurry of activity, the Manufacturing Sector faded and had to be re-launched in 1965. Subsequently, the principle of specialized manufacturing segments gave way to a design for geographic committees, but with no better success. Ultimately, most of the work on

37 Rev. J.N. MacNeil Papers, RG 303/19/pp. 1381-1567, St. Francis Xavier University Archives [StFXUA].

38 Memorandum, R. Mills to VEP Board members, 8 January 1965, RG 303/19/1345, StFXUA.

39 VEP Board, *Minutes*, Meeting of 27 October 1964, MacNeil Papers, RG 303/19/1746, StFXUA.

40 Text of Speech by the Hon. G.I. Smith at the Organization Meeting for the Manufacturing Sector, December 6, 1963, p. 14.

secondary manufacturing was done by VEP staff and consultants.

The Transportation and Communication Sector offers a further case in point. As the ninth to be launched, it did not hold an organizational meeting until the spring of 1965, and its members were not appointed until June of that year. In fact, rather than holding a "Truro-type meeting", the Board engaged Dr. J.J. Vorstermans of Saint Mary's University to write the draft document which formed the basis of the discussions. While a late start may have left the Sector better informed on the overall goals, it did not result in a more coherent plan. Significantly, the segment committees focused on identifying specific problems and recommending solutions to them, resulting in a Sector report that made concrete proposals on relatively narrow policy questions.

If consensus sometimes proved elusive at the segment and sector levels, the concept of strategic planning must have been entirely foreign. There seemed little possibility that the unaided voluntary committees could achieve their overriding goal. This necessitated a counter-initiative, running from the top down. Perhaps it was only at the Executive Committee and the staff levels that the full ramifications of the planning process were understood. Defining an economic strategy meant facing hard choices: extending support to potential growth sectors and withholding or withdrawing it from declining ones. As the 1965 interim report later declared, "planning must encourage the ultimate termination of economic activities which are obsolete or not competitive".[41]

As these currents swirled privately within the VEP organization, its public profile was restrained, but positive, during the opening years. The Truro meetings were duly reported in the press, while Ike Smith and Russell Harrington exhorted audiences throughout the province. Editorial comment remained optimistic and open minded, reflecting support for action on growth and employment problems, and for the effort to reach out to private interests as partners.[42] One of the few critical voices raised during this time was that of David Lewis, the deputy leader of the federal New Democratic Party. Lewis dismissed the proliferation of consultative bodies as "cocktail planning", in which "a lot of busy executives of labour and industry are to be brought together from time to time to have an enjoyable meal and talk".[43] As an alternative, he called for adoption of more genuine concerted action, based on the French Commissariat of Planning approach.

Such doubts had little impact, however, on an organization which was still enthusiastically filling out its mandate. If the "bottom-up" sectoral thrust was inherently fragmentary, a more disciplined centralism would necessarily follow from the search for the comprehensive economic plan. In this, the executive initiative lay with the senior appointees and technical officials. Once the VEP

41 Voluntary Economic Planning Board, *Report on Progress* (Halifax, 1965), p. 6.

42 For editorial comment in the Halifax *Chronicle-Herald*, see "Well Qualified", 3 May 1962; "A Good Start", 4 September 1962; "Another Smith", 25 September 1962; "Vital Task", 22 November 1962; "New Spirit", 1 January 1963; "First Glimpse", 3 March 1965; and "More Interest", 17 September 1965.

43 "'Cocktail Planning' Rapped", *The Chronicle-Herald*, 22 January 1963, p. 1.

Board and staff were in place in 1964, attention swung directly to the planning process. The four functioning sectors were asked to begin drafting their sector plans, and VEP staff were assigned responsibility for drafting versions for the still-unorganized sectors. While there was inevitably room for variation in the content of sector plans, a basic format was clearly stipulated:

> Each plan should contain at least the following: (1) The annual target expressed in a percentage of annual growth; (2) A sort of historical review of the sector or segment in the past, considering the statistics and trends which have been characteristic; (3) The recent and current rate of growth; (4) The potential for increased growth, both in the field of productivity and in the field of markets, including population increase and changes in consumption; (5) The obstacles which in the past and in the present have prevented, and are preventing us from attaining a faster rate of growth; (6) The obstacles which we will probably encounter in the future; (7) The policies which should be followed, both by the industry and by government, in order to help reach the target; (8) Conclusions.[44]

The Board approved a work schedule that would see the draft plan consolidated by the end of 1964. It could then be presented to the Government before the Legislative session in February 1965, offering an opportunity to gauge political response. Professor W.Y. Smith drafted a staff paper during the summer of 1964, attempting to set out the key policy issues. Although it attracted its share of criticism from VEP activists, it prefigured both the interim and the Final plans to a striking degree.[45]

Smith argued that the primary sectors could be expected to shed labour as they restructured, though this could result in higher real income levels. The major increase in employment would have to come from secondary manufacturing, where "Nova Scotia must develop a whole new group of growth industries". During the period of the first plan, at least, little employment stimulus could be expected from the service sector either. Consequently, Smith advanced a growth pole strategy based on threshold urban areas, for which capital assistance and tax expenditures should be targeted. In doing so, he rejected both of the major existing federal programmes: the infrastructure expenditure approach (embraced by the Atlantic Development Board since 1963) and the Area Development Administration's "designated area" approach (which offered fiscal incentives for new manufacturing investment in rural areas with high unemployment).[46] Smith closed with the prescient comment that, "in the future, VEP must obtain the close co-operation of ... federally sponsored agencies if it is to carry out its responsibilities in a thorough

44 "Hon. G.I. Smith", *Ibid.*, pp. 6-7.

45 "Confidential: A Strategy for Economic Development in Nova Scotia", July 1965, MacNeil Papers, pp. 1696-1721, StFXUA.

46 For details on these programs, see James P. Bickerton, *Nova Scotia, Ottawa and the Politics of Regional Development* (Toronto, 1990), Chapter 6.

and competent manner".

Dr. Smith may have spelled out the logic of planning, and extrapolated its likely outcomes, more concretely than most volunteers had yet heard. In any case his Strategy Paper spoke a very different language as compared to the discrete policy measures percolating up from various segment committees. The clash of top-down and bottom-up politics led to inevitable tensions. During one review of the Strategy Paper by the Executive Committee of the Board, "emphasis was placed on the necessity for the professional staff to guard against usurping the sector committee's roles when rewriting the strategy paper, especially in sectors where reports to the Board have yet to occur".[47] But even in activist sectors, the initial draft plans came in for revision by both Board and staff.[48] The initial drafts of the Power Sector plan were judged to be weak, and oriented "inward to the industry".[49] As well, the "rising" and "declining" segments of the forest sector were at an impasse over the thrust of that plan, which the Board sent back for further consideration. Ultimately, the partially compiled document was submitted to the Government as a *Report on Progress*, and was released to the public in February 1965. In tabling the report, G.I. Smith spoke positively as he expounded on the VEP exercise, and, without committing his Government to any particular proposals, he looked toward the implementation phase, declaring that: "it is easy to talk big and act small. But if we are going to make any progress, our action has to be as big as our talk".[50]

The Board weighed a number of macro-economic targets before settling on higher per capita income, higher employment levels and improved productivity as the key planning objectives. Underlying this choice was a sober appreciation of Nova Scotia's comparatively poor economic performance:

> Considerable effort will be needed in all economic sectors simply to maintain the present margin of income disparity [$385 per capita] between Nova Scotia and Canada. Its reduction will require an even greater and more concerted drive which could only be successful in the long term.[51]

For the Progress Report, the Board emphasized the employment target as the overriding priority. Over the four years of the First Plan, the target was 3000-4000 new jobs per year. Given that employment growth since 1950 had averaged only

47 Executive Committee Meeting, *Minutes*, 6 January 1965, MacNeil Papers, p. 1846, StFXUA.

48 See, for example, the untitled staff memorandum circulated late in 1964, raising "a short list of sample questions to be asked in assessing each program or project proposed for inclusion in the Forest Economic Development Plan for Nova Scotia", MacNeil Papers, p. 1807, StFXUA.

49 Voluntary Economic Planning Board, *Minutes*, 14-15 December 1964, MacNeil Papers, p. 1816, StFXUA.

50 Statement by G.I. Smith, Press Release, MacNeil Papers, p. 1885, StFXUA.

51 Voluntary Planning Board, *Report on Progress. Overall Plan. Nova Scotia to 1968*, February 1965, p. 77.

1800 new jobs per year, this constituted a bold, even rash, objective.[52] Equally revealing was the sectoral breakdown in employment prospects. Since the primary sector was expected to shed labour in favour of capital goods, any employment gains would have to come in the manufacturing and service sectors. For manufacturing, this meant reliance on new enterprise creation. Beyond that, the service sector, which had generated most of the new positions in the 1951-61 period, would be heavily taxed again.

The Progress Report raised a number of intriguing planning issues. In pointing toward the pivotal role of service (especially public service) sector employment, it underlined the critical role of the federal payroll in Nova Scotia. Combining civilian and military positions, the Department of Defence employed just over 11 per cent of the provincial labour force in 1961.[53] With the uncertainties associated with Canada's defence policy in the 1960s, this remained a pivotal provincial concern. In another vein, the Report confronted the consequences of the "structural adjustments", which it both predicted and sought to shape. Resource production would become more efficient even as jobs were lost. Manufacturing employment would concentrate increasingly in growth centres, while rural and remote communities "will, in the long run, fail to provide for their population and the costs of services in these communities will be prohibitively high".[54]

The Progress Report was submitted to the Government in January 1965, just over two years after the Agriculture Sector had kicked off the entire process. During this time, the work of the sectors had been quite uneven. Furthest advanced were the primary resource sectors, which had all submitted initial reports (with recommendations) to the Board. Three further sectors (Manufacturing, Mining and Construction) were following a slower track. Each was in the process of formulating an initial report. The final three sectors had barely begun to form. Tourism was only holding its segment meetings as the Report appeared. Transportation and Communications, and Services had yet to be organized at all. (The latter was never established.) These imbalances meant that so far as "bottom-up" input was concerned, the overall strategy would be much more fully informed by resource industry concerns than by those of the service sector or manufacturing. In light of the employment strategy articulated by the Board, this constituted a discrepancy of major proportions.

Exactly one year elapsed between the release of the *Report on Progress* and the *First Plan.* During this time, the Secondary Manufacturing Sector attracted the greatest attention, particularly since it was expected to carry the greatest weight in employment creation. The Board launched several new initiatives during the spring of 1965. It created a Special Committee on Steel, to work together with officials

52 The target figure combined an estimate of new jobs necessary to absorb natural increases in labour market size with an estimate of jobs required to halve the past unemployment rate (of 6-10%), while also meeting the new unemployment expected from labour displacement in modernized operations.

53 Atlantic Provinces Economic Council, *Defence Expenditures and the Economy of the Atlantic Provinces* (Fredericton, 1965), p. 11.

54 *Report on Progress*, p. 84.

from Ottawa and from the Dominion Steel and Coal Company (DOSCO) in assessing the prospects for heavy industry in the Sydney area. This Joint Committee on Steel sponsored a major two and one-half year study on potential market diversification for DOSCO.

In the meantime, the Manufacturing Sector remained active (chaired by G.C. McDade of Minas Basin Pulp and Power), while the Board also appointed a new Special Committee on Manufacturing to accelerate thinking on the sector plan. This was a matter which evidently lay beyond the reach of the Sector representatives, but was nonetheless deemed critical to the success of the overall plan. Consequently, the Special Committee sought expertise where it could be found, with state agencies such as the Department of Trade and Industry, Industrial Estates Ltd. and the CNR Industrial Development Division. Out of this grew several more specialized consultant studies, on such topics as locational incentive programmes, and growth centres. When the time came to formulate the final sector plan, the job was delegated to a VEP staff committee led by Ian Logan and George Miller. They drew together the accumulated reports and decisions into a final version. Its authorship was so personalized that it was formally acknowledged in the printed report. Clearly, this case illustrates a serious discrepancy between the task and the capacities of the sector personnel. It was solved in a revealing way, by calling in the state administrators to frame a set of proposals for their own programmes. In addition, considerable staff energy was devoted to framing a new "policy directed toward accelerated growth of manufacturing in Nova Scotia". All of these efforts were echoed in the comprehensive planning document, though work continued well past this date.

The *First Plan for Economic Development to 1968* was conveyed to Finance Minister Smith on 11 February 1966, and was tabled in the Legislature three weeks later. Harrington left no doubt about the next steps, declaring that "The Board respectfully requests the concurrence of the Government with the programmes, recommended in the Plan, and requests that it give immediate attention to their implementation as outlined".[55] Thirteen major recommendations were summarized in the Preface, with others interspersed through the 91 pages of text. Since employment and income gains were expected to come chiefly from expanded secondary industry, the first thrust endorsed an urban growth-pole strategy for cornerstone industries, and the coordination of ADB, IEL and other provincial incentive programmes. A further cluster of recommendations urged Nova Scotia to pursue changes to federal monetary, defence and commercial policies, while the final set called for formal Cabinet and departmental responses to the Plan.

In many ways, the *First Plan* reflected the contradictions between top-down and bottom-up agendas which had become so obvious within the organization. Gone were the detailed sector appraisals of 1965, relegated (ostensibly on grounds of length) to separate covers. It became more difficult to discern the input of the voluntary committees, as distinct from staff overviews. Equally revealing were four

55 "Letter of Transmittal", in Voluntary Planning Board, *First Plan for Economic Development to 1968* (Halifax, 1966).

appendices identifying work in progress which could not readily be incorporated into the "final" plan. Substantively, the *Plan* added little to the *Progress Report.* Instead of action plans, it read more like a consultant's overview, offering sweeping observations on policy processes and aggregate targets, but little on measures for their realization. Tellingly, the *Plan* conceded that "in time, the process of planning should become more precise, and the plan itself should possess increasing degrees of sophistication".[56] The Board seemed content to locate itself on a learning curve as it looked toward the second (1968-1972) planning period.

The unfinished quality of the *First Plan*, and delays in the release of the more specific sector plans, postponed the formal response by the Nova Scotia Government and obscured the message when it came. Eventually the Premier met the Board, indicating that the document fell well short of comprehensive planning as initially envisaged.[57] Outright rejection, however, was slow and indirect. As negative responses mounted in the civil service, the Board quietly withdrew its recommendations as actionable proposals. By the summer of 1969, Voluntary Economic Planning was completely becalmed.

More immediately, outside observers were dissatisfied as well. One commentary from the Economics Department at Dalhousie University dismissed the *First Plan* as a "muddled document".[58] This critique, by Professor Paul Huber, raised a series of technical objections: the stress on manufacturing ignored the more important role of service sector employment; the overall targets were inconsistent; and project evaluation was shallow as well as biased by special interests.[59] Over time, the institutional limitations of the VEP process were recognized and delineated. Anthony Careless observed that:

> without any objectives or constraints, and without a secretariat of well informed economists who could have discreetly directed matters — although not seeming to — the sector studies and plan became an undisciplined collection of private sector desiderata, of individual targets arranged by businessmen without a framework or process by which they could be achieved.[60]

While undoubtedly accurate, this fails to convey the complicated political and economic setting in which the planning impulse foundered. One crucial ingredient was the coal and steel crisis, which threatened the province's leading heavy industry complex with collapse. Another was the problem of reconciling the Plan with the political and bureaucratic interests of the provincial state. A third was the increasingly complicated array of federal economic programmes. All three factors

56 Voluntary Planning Board, *First Plan* (Halifax, 1966), p. 21.

57 Lamport, *Common Ground*, p. 46.

58 Lamport, *Common Ground*, p. 47.

59 Huber's unpublished study is cited in T.N. Brewis, *Regional Economic Policies in Canada* (Toronto, 1979), p. 208.

60 Anthony Careless, *Initiative and Response* (Montreal, 1977), p. 119.

posed trenchant challenges to the integrity of the planning process, and as such offerred telling measures of its potential as an instrument of strong state performance.

Virtually from its outset in 1956, the Stanfield government was forced to grapple with the problems of a declining coal (and later steel) industry. This was a dilemma of major proportions, since DOSCO's Sydney works formed the largest industrial complex in the province. Like his predecessors, Stanfield waged constant battles with Ottawa seeking to augment the federal subventions for the production, transport and consumption (for electricity generation) of coal.[61] By 1957 this accumulated support for Nova Scotia coal exceeded $20 million. Despite the Diefenbaker government's willingness to offer incremental increases in the face of mine closures, coal's long run prospects were, by 1960, poor: the central Canadian demand for eastern coal had slumped sharply in the face of cheap U.S. imports and Alberta natural gas, and DOSCO had been acquired by the British firm Hawker Siddeley, which was casting a critical eye over its Nova Scotia empire.

For all of these reasons, the Sydney heavy industries represented a huge challenge to and test of the voluntary planning process. While VEP had been formed to chart a growth strategy, Sydney was facing contraction and decline. It remained to be determined whether the DOSCO complex should be treated as a potential growth pole, a stable platform or a fading enclave. In the early years, opinions differed sharply on this question. Nor was it clear how the planning process would grapple, intellectually and organizationally, with DOSCO. Conventional analyses tended to follow the official statistical reporting categories, with the result that DOSCO registered not as a unified enterprise but as a set of disaggregated outputs in coal, iron and steel, electricity generation, rolling stock manufacture, etc. This was reinforced by the sectoral logic of VEP, which left the Power, Mining and Secondary Manufacturing committees each grasping a part of the puzzle. This was not unreasonable for a planning process which stressed the need for volunteer contributions from the ground up. However, it avoided entirely the importance of the enterprise, as opposed to the plant, as the key planning unit. Moreover, the uneven advance of the sector groupings ensured that coal and steel issues would be addressed in a piecemeal fashion. As one of the earliest sectors, Power naturally turned its attention to coal matters, well before the Mining sector was able to contribute. Eventually the Board stepped in to transfer jurisdiction formally to a hastily convened coal segment group within the Mining sector. Once the Manufacturing sector was launched, iron and steel matters were explored in virtual isolation from the coal question. As a partial counterweight, DOSCO's executive vice-president, J.E. Clubb, had been recruited to the VEP Board, acknowledging the company's status as the province's largest industrial employer.

Yet, following the 1965 interim report, VEP took a more prominent role in dealing with coal and steel. Both were lifted out of the sector domain, and vested in special committees of the Board. A major study of steel markets and expansion

61 For an account of these issues, see Margaret Conrad, *George Nowlan* (Toronto, 1986), chap. 13.

prospects was designed in concert with several federal agencies and DOSCO. Early in this process, company President C.H. Drury outlined the relationships between the primary steel mills at Sydney, DOSCO's new rolling mills at Contracoeur (Quebec), and the new complex being built by the Quebec state company, Sidbec. Drury stated clearly that if Sidbec could undercut the Sydney plant in delivering primary steel to Contracoeur after 1970, then Sydney would close.[62] Perhaps understandably, senior Board members kept this disclosure under close wraps. The steel study, released in 1967, endorsed modernization, provided that it focus on current levels of production, rather than expansion or diversification. But, in so doing, it assumed that the captive market at Contracoeur was firm until 1970.[63] Somewhat expediently, it was left to the Second Plan to tackle the issue further.[64] Needless to say, VEP was caught completely unprepared by DOSCO's closure announcement on 13 October 1967. Just two days earlier the Board had been reviewing its Sydney Steel Study with no particular sense of urgency.[65]

The ensuing political crisis was sufficiently severe to derail the entire VEP process. The provincial Cabinet was preoccupied with the closure issue for the better part of a year, as it struggled to salvage the steel facility under state ownership. The political, technical and financial demands of this campaign left few surplus resources. Furthermore, the planning process had suffered a near fatal blow. Far from anticipating such a calamity, VEP was left entirely ignorant, despite its ostensible consulting network (including DOSCO officials). The entire planning framework was in danger of being conceptually and practically discredited, little more than a year after the release of the *First Plan*. In fact, VEP never recovered a significant role in the field of steel policy, as both provincial government and Sydney Steel Company (SYSCO) officials assumed the lead. VEP's Special Committee on Steel continued to meet, hoping to translate its accumulated expertise into an advisory role, but to little effect.

Another test of state strength occurred when the *First Plan* was transmitted from the VEP Board to the provincial cabinet and bureaucracy. This issue of implementation moved to the forefront as soon as the Plan had been released to the public. In many respects it was a spectre which had hung over the planning process from the outset. Although VEP functioned at the behest of the provincial government, it had operated largely apart from it. On one level, the relationship had always been positive during the preparatory period, particularly since the prime contacts flowed from the official reporting relationships. The Premier routinely attended sector organizing meetings, Finance Minister Smith had spoken generously in the Legislature on the occasions of the tabling of the Progress and First Reports, and Deputy-Minister Goodfellow was intimately involved through

62 Roger Mills to VEP Executive Committee members, 14 April 1965, MacNeil Papers, p. 1907, StFXUA.

63 *Sydney Steelmaking Study* (Halifax, 1968).

64 "Staff Paper on Second Plan", n.d. but likely December 1966. MacNeil Papers, p. 2368, StFXUA.

65 Resolution of the Board, 11 October 1967, MacNeil Papers, p. 2507, StFXUA.

his presence on the Board and Executive Committee. In addition, the VEP staff functioned as a section of Smith's Department of Finance and Economics. Yet, in the wider context, interaction with the Cabinet and civil service was limited. The typical sequence saw the Board relay its decisions to the Finance Minister, who directed them to the affected government agencies. The fragility of this special relationship concerned several senior Board members. During the summer of 1965, G.I. Smith hosted a number of luncheons to encourage rapport between Board members and a wider array of government officials.

After the *First Plan*, the growing volume and weight of VEP proposals threatened to overwhelm the original arrangement. To improve liaison with the Cabinet, a Joint Committee was struck in March 1966, bringing together three Ministers and the VEP Executive Committee. This group met at least five times over the next 18 months, and provided a channel of contact and feedback. There were growing signs of distance between government and VEP personnel. At one meeting G.I. Smith chided the Board, complaining that a recent recommendation "had not been taken in the usual thorough manner, and...had been directed to the government without the benefit of the usual staff assessment".[66]

More important, the Committee requested that all deputy ministers assess the ramifications which the Plan held for their programmes, first in the spring of 1966 and again the following winter. Almost two years later, a staff study assessing progress toward implementation drew rather pessimistic conclusions. It found that "while many recommendations have received 'exploratory attention', relatively few have been acutely pursued. It seems that a considerable length of time must elapse before actual implementation of positive decisions can take place".[67] The problem was one of commanding attention under conditions of administrative scarcity, for "when a V.E.P. project comes along unexpectedly, department heads are understandably reluctant to sacrifice their own projects in favour of those emanating from Voluntary Economic Planning". This situation was a source of serious concern, since volunteer committee members were impatient for action on their recommendations, and "a disquieting measure of cynicism toward the whole program is becoming evident".[68]

The Government of Nova Scotia responded by taking control of the planning process at the Cabinet level. In July 1968 the new Premier, G.I. Smith, established a five person Cabinet Committee on Policy and Programs. It would be supported by a Secretariat drawing together the planning chiefs from four agencies including Roger Mills of VEP.[69] Publicly, the new Cabinet machinery was welcomed as a

66 Executive Committee, *Minutes*, 25 July 1967, MacNeil Papers, p. 2461, StFXUA.

67 "Implementation of Voluntary Economic Planning Recommendations", 31 May 1968, MacNeil Papers, p. 2811, StFXUA.

68 *Ibid.*

69 Government of Nova Scotia, Press Release, 22 July 1968, MacNeil Papers, p. 2850, StFXUA. The Policy and Programs Committee included the Ministers of Trade and Industry, Finance and Economics, Public Works, Fisheries and Agriculture. The Planning Chiefs were drawn from Economic Services (T&I), Community Planning (Municipal Affars), Program

means of restoring momentum. Harrington allowed in October 1968 that the Board had done no work for six months![70] Yet, as this new structure became operational, the original VEP mandate was rendered increasingly precarious, even untenable. The planning chiefs met with the VEP Board in October, to outline the changes and serve notice that their joint offices would be advising the Cabinet Committee on the question of future economic plans.[71] Politely but firmly, VEP was being consigned to the margins. While the VEP Board bravely announced that a Second Plan would be brought down in 1969, it now lacked both the internal resources and the external support to deliver on such a goal.

Throughout the history of consultative planning in Nova Scotia, the federal authority was a formative influence. Though Ottawa played no direct role in VEP circles, the federal fiscal capacity, combined with its expanding mandate for action in low growth regions, ensured that it loomed large in any strategic initiative. Yet the VEP apparatus lacked both the authority and the mechanism to harmonize its efforts with Ottawa. During the early years this was obscured by professions of good intention. But in 1968, the Government of Nova Scotia began to move from an ad hoc to a more strategic approach in its relationship with Ottawa. Since this was achieved principally at the Cabinet and bureaucratic levels, VEP's policy domain was reduced once again.

As early as 1963, VEP activists had been aware of the federal presence at the margin. At its inaugural meeting, the Board requested a briefing on the plethora of federal agencies which claimed a place in Atlantic economic development. Yet the Board discovered that even the roster of specialist agencies understated the magnitude of the federal presence, as it failed to account for Ottawa's substantial coal and transportation subsidies, infrastructural investments in harbours and airports, and considerable network of military bases, to name only a few. Not surprisingly, the early VEP staff papers stressed Ottawa's critical strategic importance. If ignored, it could undo Nova Scotia's best efforts; if harnessed it could magnify positive outcomes many times over. This appreciation was quite acute, as evidenced by a call for the study of the federal Government's regional fiscal and monetary policies, for long-term expenditure commitments by the Department of National Defence, and for a rigorous review of the respective roles of social infrastructure and direct subventions to business as investment levers.[72]

These concerns were certainly not misplaced, particularly as Ottawa expanded its economic presence in Atlantic Canada from 1962. After the Agricultural and Rural Development (ARDA) programme was modified to include non-farm rural rehabilitation, a variety of projects were funded in Nova Scotia to consolidate micro-landholdings and organize small producers. In 1965 an ARDA Task Force was struck to formulate an integrated plan for eastern Nova Scotia. Although VEP

70 "Planning Board 'Fed Up'", *The Chronicle-Herald*, 4 October 1968, p. 1.

71 "Outline of a Presentation to the Voluntary Planning Board", 3 October 1968, MacNeil Papers, p. 2873, StFXUA.

72 W.Y. Smith, "A Strategy for Economic Development in Nova Scotia", n.d., MacNeil Papers, pp. 1696-1721, StFXUA.

participated in the project design, it was also willing to voice criticism of ARDA's unilateralist tendencies.[73] On another front, the Area Development Administration (ADA) in the federal Department of Industry offered capital investment incentives to designated areas of high unemployment, which, in the case of Nova Scotia, took in virtually the entire province outside of Halifax-Dartmouth. Here it was the logic of locational preference which troubled VEP. Since Ottawa aimed at combatting rural decline, it chose to view the urban centres as economically self-sustaining. However, to VEP officials (as well as those at APEC), this contradicted the preferred growth pole approach to concentrating new manufacturing enterprise at a limited number of superior sites for maximum linkage.[74]

Neither did infrastructural investment escape. The Diefenbaker Government's concept of an Atlantic Development Board (ADB) as a federal planning council was transformed in 1963 by the Pearson Liberals into a spending agent for transport, utility and industrial park infrastructure. In this, the ADB's initial capital base ($100 million) far exceeded that of the major provincial instrument, Industrial Estates Ltd. Indeed, the ADB was impressive even by federal standards. During its peak years (1965-1969) the ADB outspent the combined budgets of its federal cousins in ARDA, ADA and FRED.[75] To Voluntary Planning this offered a timely opportunity: it called for the ADB to establish a Halifax-Dartmouth fund, shifting from social infrastructure to capital assistance in the neglected urban growth pole.

While these cases were identified as the most problematic obstacles to VEP operations, the backwash from federal economic policies could touch virtually any provincial agency. The evolution of Industrial Estates Ltd. offers a case in point. By design, IEL was expected to purchase land and develop "estates" of serviced properties and buildings which could be rented to corporate tenants. The publicly funded incentive would take the form of favourable lease-back financing which would lessen a project's capital costs to the business owners (the tenants). However, IEL was forced to alter its entire approach in the 1964-1966 period, becoming a more conventional public lending agency. This was in response to federal budget measures which made lease-back arrangements far less favourable to firms, together with new eligibility criteria for the ADA grants which required applicants to co-own their productive assets.[76]

The cascading burdens of coal and steel decline led to a new federal initiative after mid-decade in the form of the Cape Breton Development Corporation (DEVCO). Responding to the recommendations of the Donald Report, Ottawa

73 Voluntary Economic Planning Board, Minutes, 5 March 1965. A letter was sent to the ARDA Regional Director pointing out "the embarassment which it and other federal agencies are causing by moving in on projects in the province without prior consultation with appropriate provincial bodies". MacNeil Papers, p. 1892, StFXUA.

74 W.Y. Smith, "Strategy" and "M.P.'s Divided on APEC Aid Plan", *The Chronicle-Herald*, 9 April 1965, p. 1; "New Glasgow Group Attacks Industrial Plan", *The Chronicle-Herald*, 10 April 1965, p. 1.

75 Bickerton, *Nova Scotia, Ottawa and the Politics of Regional Development*, p. 180.

76 George, *The Life and Times of Industrial Estates Limited*.

agreed to assume ownership of the Sydney coal fields, and to establish a state corporation to promote industrial diversification on Cape Breton Island.[77] It was the VEP Board's strong recommendation (successful in this case) that the two functions not be separated but rather be combined in a single crown corporation. This was to permit maximum co-ordination between the phase-out of unprofitable coal mines (with its attendant unemployment) and the attraction of new enterprise and jobs.

Thus it can be seen that, by 1967, the Voluntary Economic Planning activists could harbour legitimate concern that their efforts at consultative planning might be swamped by an apparently inexhaustible wave of specialized federal instruments. Where VEP was struggling to reconcile industry group concerns with broad macro-economic targets, to fashion a plan with sufficient moral authority to overcome its strictly advisory status, a panoply of federal agencies had been set loose to dispense major budgets for highly specific purposes. Such discrepancies did not pass unnoticed. In its First Annual Review, the Atlantic Provinces Economic Council cited the "conceptual inconsistency between VEP and ADB", and called for the fashioning of a common approach which leaned more strongly on the Voluntary Planning tradition.[78] However naive it might have been, VEP certainly had its own vision of coordinated planning: demand driven federal programmes should be subordinated to provincial planning goals; expenditures should be co-ordinated in a "trinity plan" of all three jurisdictions; secondary manufacturing incentives should be restricted to urban growth poles, while smaller centres should be treated as resource industry or public service enclaves.[79] However, it is a measure of the limitations of the VEP process that, despite such recognition, these problems were never adequately confronted, much less resolved, at the provincial level.

Ironically, it was in Ottawa rather than Halifax that a strategic review of regional economic policy was pushed through. From a coterie of semi-autonomous agencies and offices attached to different departments and ministers, the Trudeau government fashioned in 1968-69 a more cohesive bureaucracy for Regional Economic Expansion. At its core was the industrial incentive grant programme (finally broadened to acknowledge urban growth poles championed by VEP). Both the ADB and FRED were phased out, while rural ARDA and Cape Breton's DEVCO survived intact. The breadth of these programme changes provoked considerable anxiety in Nova Scotia. But by the time the design had emerged in the spring of 1969, VEP was no longer in a position even to intervene. It was Nova Scotia's Cabinet-based machinery for policy coordination which was beefed up to deal with DREE. Ironically, less than four years later, Ottawa rediscovered the virtues of sector level planning. Under the subsequent system of federal-provincial

77 For a fuller appraisal of DEVCO, see Roy E. George, "The Cape Breton Development Corporation", in Allan Tupper and G. Bruce Doern, eds., *Public Corporations and Public Policy in Canada* (Montreal, 1981), pp. 365-88.

78 Atlantic Provinces Economic Council, *First Annual Review* (1967), p. 66.

79 On the trinity notion see "Harrington Calls for 'Trinity Plan'", *The Chronicle-Herald*, 20 October 1966, p. 24.

General Development Agreements, the key implementation mechanisms were "sub-agreements" targeting particular industries (e.g. steel, mining, pulp and paper). However, this was achieved strictly on an inter-governmental basis, and the lack of direct business input was one of the notable features of the GDA system.

Ever since the submission of the First Plan, VEP had waited for a state response that never came. In effect, the political agenda was overwhelmed after 1966, by new and urgent issues. On the one hand was the threatened closure of the DOSCO plants, while on the other lay Ottawa's new regional development initiative. As a result, more than three years passed before the Province replied publicly. This took the form of Nova Scotia's *Development Plan* of 1970. Perhaps reflecting the advent of new programme budget techniques of expenditure management, this document had little to say about grand new initiatives. Instead, it focussed on current programmes, which were simply re-packaged under broad functional objectives. In the aftermath of the DOSCO crisis, and the massive financial commitments which the steel nationalization imposed on the Province, the prospect for major new spending measures seemed slim. All that was left was to put the best face on existing programmes. Accordingly, the 1970 Plan promised to "strengthen the development impact of departmental action".[80]

For VEP, the writing was clearly on the wall. The Province had increasingly ignored its planning efforts, judging them an irrelevant distraction. Instead the government went public with an artful re-packaging of its existing commitments in an effort to extract coherent intentions from an accidental whole. The Voluntary Planning Board had already struck a Special Committee to begin work on the Second Plan. However, this was quietly cancelled at the Premier's direction in mid-1969. Instead the committee was urgently reassigned to review the organization's very future. It concluded that "the original concept of VEP being a planning body to the extent outlined in the Act is no longer applicable". Instead, it proposed that the organization be retained as a forum for discussion by business, labour and government. In particular, it could serve "to involve the private sector in the analysis of government planning proposals during the process of their development, and prior to final approval".[81] Thus the demise of comprehensive planning was complete. Voluntary Planning would be transformed into a permanent consultative infrastructure for business input into provincial policy, within the privileged confines of the appointed network. From the ruins of its flawed experiment in concertation, the Provincial Government acquired the rudiments of a formal representational network which has proven to be remarkably persistent.

This article opened by posing questions about the causes, the substance and the implications of the Stanfield/Smith Government's experiment in concerted economic planning. Prior to the launch of VEP, there was neither a tradition nor evident potential for consultative policy-making in Nova Scotia. Instead it was a product of the Stanfield manifesto to reverse the province's relative post-war economic decline. The solution had to be structural and comprehensive, and this

80 Nova Scotia, *Development Plan* (March, 1970), p. 11.

81 "Report of the Special Committee of the Voluntary Planning Board", 27 October 1970, p. 6.

was not feasible without the participation and consent of the most closely affected interests. Stanfield's solutions were bold and imaginative by the political standards of the time, and VEP was one of several designs to enhance the capabilities of a modest and traditional provincial state, while at the same time building social understanding for potentially disruptive change.

The concerted planning system was inspired by the French experience in post-War industrial planning, though this was extensively adjusted for domestic application. Of its various elements, the representational structure was modelled most closely on France. Segment and sector committees offered platforms for deliberation between business and government officials, with the results channelled upwards to the Board level for harmonization in the master plan. VEP contrasted most strongly with the French system on matters of planning powers, decision-making processes and position within the overall state structure. Entirely absent were statutory powers, fiscal levers, or material incentives which would enable VEP to spark action or drive compliance. Ultimately the Plan was little more than a passive list of indicative targets. Neither did the planning mechanism have firm roots in the wider civil service network which could impart thrust to the Plan. As a result, Voluntary Economic Planning was long on mobilizing private input but short on translating it into results. The slogan "business, labour, government" was a misnomer inasmuch as the latter two were never integral partners.

Consequently, the strongest elements of the French planning system were not carried over to Nova Scotia. It is true that VEP attempted to introduce the middle-term planning horizon, the definition of aggregate economic targets and the sectoral formulation of more detailed plans. However, it was fatally burdened with the voluntary ethic, which required that all vestiges of coercion, so vital to the French plan, be rejected. While the VEP Secretariat was located within the provincial Department of Finance and Economics, this did not translate into extraordinary administrative leverage. The planning staff was technically under-equipped, and operated in isolation from the annual budget cycle, a potent planning instrument for the provincial state. Despite the moral support of G.I. Smith, first as Finance Minister and later as Premier, the organization remained an "outside force" to the state.

By contrast, the French *Commissariat du Plan* was attached to the head of the government, the president of the Council of Ministers. While not a spending agency itself, it exercised significant leverage with the Treasury Division in the Ministry of Finance (controlling expenditures); over the plans for nationalized industries; over a separate fund for "planning projects"; and over the dispensing of credit to strategic sectors and enterprises. Indeed, in 1962, the Finance Ministry announced that all departmental claims on budget funds would henceforth be judged by the priorities of the Plan.

The VEP Secretariat bore little resemblance to the *Commissariat*. The Nova Scotia legislation stressed that VEP would play a consultative role only. Not only did it lack any project funding, but its links into the provincial government remained underspecified. The Act said nothing about how the VEP Plans would be translated into action. In fact, two former consultants have since observed that the absence of senior politicians at its head was the crucial failing of VEP as an organization.[82] In retrospect, at least three sets of relationships were crucial. One was the connection between the VEP Board and the Cabinet. Another related to the fiscal planners within the Finance Department, who controlled the budget. A third related to the business programmes in the Department of Trade and Industry and Industrial Estates Ltd.

There was, of course, a further level of constraints embedded in the federal structure. The divided jurisdiction deprived the province of the tax and credit levers which the central French state found to be essential. In Canada, it was federal agencies which dispensed public credit to business through the Industrial Development Bank, the Farm Credit Corporation, the Export Credit Insurance Corporation and the Central Mortgage and Housing Corporation. Moreover, Nova Scotia made little headway with its arguments that Ottawa ought to develop a regionally discriminating fiscal and monetary policy. Most critically, the major development programmes which Ottawa prepared for economically depressed regions (which initially included all of Nova Scotia) were not factored into either the Interim or the final *First Plan*. Thus VEP proved impotent in moving Ottawa on issues which most concerned it, while Ottawa's main strategic initiatives went unacknowledged. Here VEP parted company with the bureaucracy. While the VEP plan was spinning toward oblivion, key elements in the Nova Scotia Departments of Finance, and Trade and Industry were hopping onto Ottawa's new bandwagon, an attractively funded mix of social infrastructure investment and growth pole location incentives.[83] This is not to suggest that the Province fit easily into Ottawa's design. Indeed, the usual inter-jurisdictional tensions were exacerbated when Nova Scotia retained several former federal DREE officials to advise the Cabinet.[84] Equally important, the Ottawa-initiated programmes were decidedly state-centred, indicating how completely producer interests had been pushed to the margin.

If Voluntary Planning was unsuitable as an instrument to facilitate a stronger state form, it nevertheless proved to be an effective legitimating mechanism at the societal level. Public commentary and debate on the planning enterprise were consistently positive in tone, throughout the period to 1967. This is consistent with the almost naive populist expectation of the politicians, that business and labour elements could agree on a course of action and that state offices would absorb these priorities as a matter of course. The voluntary ethic seems oddly out of place, a lingering reflection of rural community values, in the context of modern business-government planning. The reality was both more complicated and more mundane. Firmly ensconced interests could as easily block or delay the prospects for sectoral restructuring, to the extent that it threatened their immediate or intermediate

82 Hans K. Larsen and William Y. Smith, "The Case for Indicative Planning", *Policy Options*, 3, 6 (1982), p. 20.

83 For details on the many federal programs for the Atlantic region see Brewis, *Regional Economic Policies in Canada* and Donald J. Savoie, *Regional Economic Development: Canada's Search for Solutions* (Toronto, 1986).

84 Careless, *Initiative and Response*, Chapter 9.

viability. Transformation was clearly what Robert Stanfield had in mind in 1962. Yet few sectoral reports displayed any strategic appreciation of the nature of growth or change. Instead, their recommendations read like petitions to remedy particular grievances. In the event, unaided committees of businessmen proved unable to transcend their immediate horizons. Perhaps it could not have been otherwise. There is no reason to expect that all sectors were equally viable candidates for planned growth. The French planners applied what became known as the 80/20 rule: "To make effective planning possible, the distribution of output in industry ought preferably to be such that something close to 80% of production comes from about 20% of the firms".[85] By this standard only pulp and paper, coal mining, steel and power might have qualified in Nova Scotia.

In the discussion of strong and weak state forms, VEP offers a revealing, if somewhat limited, perspective. Clearly there are several routes to a stronger state form. One involves insulating executive agencies from organized pressure, thereby increasing their operational autonomy. Another involves state agents negotiating a prior political consensus with leading interest blocs, in order to clear the way for future action. By intent, VEP falls obviously into the latter type. Regardless of the level of firm or group mobilization, however, a strong state also requires significant degrees of internal coordination and control. Again, an integrated economic plan offered a possible step in this direction. This expectation, however, was never realized. In fact, if the French planning regime is taken as an instance of a strong state in action, then Nova Scotia offers its antithesis. The VEP experience thus confirms a continuing weakness of the Nova Scotia state, both in its specific planning failures, and in the implication that societal groups' interests could be better accommodated by other means. For such a state, a pluralist network of advocacy groups would be far more functional. Indeed after its false start as a planning vehicle, this is exactly what VEP encouraged after 1970. Its legacy was a set of channels for routinized consultation, which left state authorities firmly in charge of policy determination.

85 Andrew Shonfield, *Modern Capitalism* (New York, 1974), p. 138.