



# Historical Atlantica:

How the impact of the past will shape our future



**By Robin Neill**

**September 2007**

## **Atlantic Institute for Market Studies**

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I have been assisted in writing this paper by data supplied by Stephen Kymlicka of the Atlantic Institute for Market Studies, and by Brian Smith of Industry Trade and Commerce, Canada. Needless to say, the interpretation of the data is mine, and may not be theirs.

# CONTENTS

About the Author .....	iv
Executive Summary .....	v
The Question .....	1
A Historically Sensitive Approach .....	4
Historical Atlantica .....	6
Emerging Atlantica.....	10
Conclusion .....	14
References .....	15

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## EXECUTIVE SUMMARY

When speaking about Atlantica, people tend to refer to it as a recent development; an outcome of the current trend toward globalization. While the current drive to make business within Atlantica easier is at least partially the result of a move toward global integration, Atlantica has long been a *de facto* historical concept. “Historical Atlantica” has existed since the 17<sup>th</sup> century and has, over time, seen varying levels of interaction and integration between the Maritime Provinces, Newfoundland & Labrador and the northeast United States.

In the past, various governments have attempted to mould the Maritime Provinces into miniature versions of central Canada, all of which have failed. What governments often fail to realize is that the Maritime Provinces have a unique historical context, which one cannot and should not ignore when creating policy. Simply comparing the economies of the Maritimes to those of central Canada ignores that historical context. Historically, the Maritime Provinces have been a part of Atlantica and, as such, their role as a region is defined in part by the relationship they share with each other and with the states of Atlantica.

The importance of recognizing the historical Atlantica is that it makes possible a consideration of the long-term factors shaping the Maritimes’ economic development, such as external forces, internal dynamics and government initiative. There is no single factor that has made the Maritime Provinces what they are today; their historical context has shaped them into their current forms. It is important to accommodate the forces of history to best realize the Maritimes’ possibilities.

It is especially important for governments to realize that Atlantica is in a sense a natural occurrence. There is a role for government to play within Atlantica, but they cannot force it into being. Instead, governments should act as facilitators by providing the infrastructure which will allow Atlantica to thrive.

National and provincial governments need to look at the situation of the Maritimes and determine which policies will play to their strengths. It is foolish to try to create a situation and ignore the global economic forces that make the current version of Atlantica an avenue for economic growth. Instead, we can study the past and turn history to our advantage.



# THE QUESTION

Paraphrasing Vladimir Lenin, we ask, “What is the problem, and what is to be done?” We ask it, however, not with respect to the transnational economy at the turn of the twentieth century, as did Lenin, but with respect to the Maritime Provinces at the turn of the twenty first. As for the problem, a number of problems have been alleged by those who are interested. From these a composite assertion may be drawn. As for what is to be done, that will depend on the problem asserted.

The problem in the minds of the most vocal is the condition of the Maritimes. Henry Veltmeyer, for example (Veltmeyer, 2005, p. 21), summarized the problem as put by the Economic Council of Canada. The Maritimes lacks natural resources, capital, industrialization, skilled labor, entrepreneurship, managerial skills, and aggregate demand. Without quibbling about the accuracy of these assertions, it is interesting that they are put forward by Veltmeyer as “market failures” and “causes” of a relatively poor economic performance in the Maritimes. In fact, of course, they are neither market failures nor, excepting “lacks natural resources”, causes of what might be called a poor economic performance. They are aspects of the state of an economy in relation to some norm. They are a further specification of a relational condition, not an analysis of the causes of that condition.

A similar, more current and fulsome specification of the condition can be found in Donald Savoie’s *Visiting Grandchildren* (2006, ch. 9). Savoie shows that in most Statistics Canada categories of economic performance, Maritimes numbers differed from the Canadian average in the 1960s and, for the most part, they still differed at the end of the century. But Savoie does look beyond conditions to causes – why this has been so and why, despite some little improvement, it has remained so? The cause, according to Savoie, is not only the forces of history (resources, location, climate, the institutional vestiges of the rise and decline of nations and empires), and indeed, not mainly the forces of history. The principal cause is bad public policy – specifically bad federal policy shaped by the electoral and economic power of central Canada. Veltmeyer also sees the political and economic power of central Canada as the cause of the condition of the Maritimes. Veltmeyer, however, places his assertion in the context of Western Marxist dependency theory. The problem (meaning the cause) is not specifically Canadian policy. It is the uneven center/peripheral development pattern that he rightly states has been essential to the advance of global capitalism everywhere, and is clearly evident in the strengthening of transnational economic regions in North America. In Veltmeyer’s view, good policy would fall back on a conception of the Maritimes as a region within Canada rather than North America, supported by Canada, and developing from the bottom up with the internal dynamism of grass-roots community organizations (Veltmeyer, 2005, p. 19). In Savoie’s view, good policy would follow from a restructuring of regional development policy to mute the voice of wealthy, populous central Canada (Savoie, 2006, ch 11).

Indeed, one has to look hard to find an assertion that the problem is not bad policy, though there are such assertions. Sylvia Ostry, when Chair of the Economic Council of Canada, asserted that policy could not be blamed because there was no basis in theory or practice to show that policy could do anything about the relative position of the Maritimes.

Neither the [Economic] Council, nor any other research organization, to my knowledge, has a grasp and understanding of why and to what extent differences in regional growth occur.” (Cited in Fredericks, 2003, p. 198.)

Ostry made this statement at a time when Regional Economic Theory had come up against the methodological limitations of Neo-classical formalism and positivism. Since then there has grown a literature that specifies why that methodology was bound to fail in the matter of economic growth. The more recent view is that a “historically sensitive” theory would have a better chance of grasping and understanding factors of economic growth (Helpman, 2004; Lipsey, 2005). This is not to say, however, that historically sensitive theory would necessarily lead to a judgement that policy has been the principal force shaping the Maritimes economy, because it would not.

There are assertions that federal policy need not be bad for the Maritimes, and that, in fact, at times it has been good for the Maritimes. The historians, Conrad and Hiller (2006), make a gesture towards natural forces of history as a cause of an initial relative decline of the Maritimes at the end of the nineteenth century. They specify its want of population (size) and its distance from external markets. Principally, however, they condemn national policy for failing the Maritimes during its late nineteenth and early twentieth century transition from a wood, wind, water, coal, and horse economy to one of steel, electricity, internal combustion engines, and petroleum products (ibid. pp. 150-152). They also assert, however, that after the transition was made, after the Second World War, federal Keynesian macroeconomic and social welfare policies were good for the Maritimes. According to Conrad and Hiller the period from 1949 to 1975 was a “golden age” for the Maritimes (p. 209). Policy was right. Thereafter, in their view, with the rise of Neo-conservatism policy turned wrong. The Maritimes reverted to its relative condition with respect to the rest of Canada. But Conrad and Hiller provide little if any empirical proof to support their construction of late twentieth century Maritimes history, and contrary evidence is available. Fred McMahon, who also asserts there is a right policy for the Maritimes, provides empirical evidence supporting a different construction of history in which Neoconservative policy is the right policy (McMahon, 1996, 2000).

According to McMahon it was the ill-advised interference of federal policy in the 1949 to 1975 period that prevented adjustments that would have caused the Maritimes economy to “converge” on the economy of central Canada in all those categories listed by Savoie. Debilitating excesses in social welfare transfers, such as unwarranted support in unemployment, and politicization of industrial development policy, according to McMahon (cf. also Fredericks, 2003, *passim*), were the causes of the continuation of the relative condition of the Maritimes, from which it began to recover with Neoconservative policies in the 1980s.

Despite the contradictions in this squall of proposed versions of the problem of the Maritimes – these hypothetical causes of a putative “lagging” state of the Maritimes – all versions present an uncontested relevant fact: the Maritimes economy may not have converged on the economy of central Canada, but neither has it moved farther away. Indeed, excepting the rate of unemployment, there has been some slight, but only slight, convergence on Canadian averages in personal income and output per person. Evidently, through changing technological environments and shifting transnational trade patterns, through good policy and bad, the relative position of the Maritimes has remained roughly the same. This suggests that there is some policy independent dynamism in the Maritimes economy by which, in the long term, it faces up to and uses changes in its environment to retain its relative position. As David Chaundy and his associates, perhaps unintentionally, have pointed out (Chaundy, 2001, *passim*), changes in federal assistance to Maritimes enterprise in the last decade of the twentieth century did not initiate adjustments to a radically changing economic environment. Rather, adjustments initiated by private enterprise were accommodated by public policy.

There is agreement among proponents of whatever persuasion that there is a place for public policy.. All agree that support for “infrastructure” (for roads, schools, healthcare, research, and the like) is desirable. And agreement on this is understandable, because when private enterprise experiences economies of scale and produces external benefits, public enterprise (regulation, support, or outright ownership) is at least workably more efficient than private. Particularly is this so in a period in which information is an increasingly important component in all industrial activity, because information is a non-rivalrous public good associated with economies of scale and massive external benefits. So, there are market failures that call for government action, but there are also government failures that call for constraints on government action. On balance, government enterprise is most economically efficient when it accommodates the forces of history, not when it attempts to thwart them or push them beyond their natural limits.

The causes of the state of the Maritimes economy are the normal forces of history. The so-called problems of the Maritimes economy are just part of normal life in the human condition. There can be good and bad policies – federal and provincial – but their effects are secondary, and they are, themselves, products of the historical forces with which they interact. Accordingly, an assertion that the Maritimes economy should be modeled on that of central Canada can only make sense if the forces generating activity in the two economies are the same; but they are not. Elements of the Maritimes economy do not “lag behind” those of central Canada; they differ from them, because a different set of forces is generating them. The Maritimes has a unique natural structure and rate of growth. The structure of the central Canadian economy is not a moral norm to which the Maritimes economy is to be invidiously compared. Policy cannot make the Maritimes into a mini-Canada. It can, however, accommodate the forces of history in the Maritimes to best realize the possibilities that they offer. Indeed, in a blind stumble through the long term, that is what it has done.

## AN HISTORICALLY SENSITIVE APPROACH

In this first decade of the twenty-first century at least three significant organizations are promoting what they call Atlantica: the Halifax based Atlantic Institute for Market Studies, the Atlantic Provinces Chambers of Commerce, and the Atlantica Group. The last is a private, international business development corporation located in Portland, Maine, and other centers in New England. The first two of these organizations agree *in general* on a definition of Atlantica: the Provinces and States south of the St. Lawrence River and the Lower Great Lakes, and north of a line running from the Massachusetts-New Hampshire border west through Albany to Buffalo. This Atlantica stretches northeast between the Atlantic Ocean and the lower Great Lakes/St. Lawrence River drainage basin. It is said to be an “emerging Atlantica” – a product of emerging trade patterns.

An alternative definition of Atlantica sets its boundaries at the Connecticut River drainage basin on the southwest and the Restigouche River drainage basin on the northeast. This “historical Atlantica” is rooted in political and commercial connections dating back to the arrival of Europeans in America. -It includes Massachusetts. It has been and is still the subject of investigation by regional historians. (See Hornsby and Reid, 2005.)

A third definition of Atlantica is rooted in a conjectured trade triangle cornered at Halifax, New York, and Montreal. It is constituted by fish, agricultural products, and forest products exported to Boston and New York from the Maritimes, these things processed and shipped with other goods to Montreal, and a variety of goods shipped from Montreal back to the Maritimes. Seemingly this conceptualization of Atlantica leads only a shadowy life in the casual comments of past historians, because it is not a noticeable element in the current information environment.

There is also a historical construction of the Maritimes that deflects attention from any definition of Atlantica. This construction views Atlantic Canada, the Maritimes and Newfoundland, as a region within Canada. Some of those who work to establish this conceptualization in the minds of the public reject a policy of continentalization (Veltmeyer, 2005, *passim*). Specifically, they reject the very idea of Atlantica, which, to them, represents an unwanted continental advance of global capitalism.

Though there have been and are political institutions associated with the different conceptual Atlantics, and all have roots in history, it is the Canadian Provinces and the United States that are formal (sovereign) political entities. The Atlantics are informal, transnational, “cross-border regions”. Recently such cross-border regions have been referred to as “emerging” (Canada, 2006), but they are also long standing social and economic “footprints” of distant historical events. The evidence for this has necessitated the subdivision of the “East [cross-border] Region” of North America into a “Quebec-Northern New England Region” and an “Atlantic-New England Region” (Canada, 2006, p. 1).

These different conceptualizations of the Maritimes entail different assumptions and tend to issue in different policy proposals. Emerging Atlantica predisposes to a proactive policy. Historical Atlantica predisposes to a do-no-damage policy. Conceptualizing the Maritimes as part of Atlantic Canada predisposes to policies of equalization, and suggests convergence on some norm. Conceptualizing the Maritimes as part of Atlantica predisposes to policies focusing on trade and transportation, and acknowledges a unique path and rate of growth for the region. A difference between the two Atlanticas is the positing of a metropolitan region in the Midwest in one case and New England in the other. In both Atlanticas Halifax is conceptualized as a “hinterland metropolitan center”. Despite major differences, there is an affinity between Atlantic Canada and Emerging Atlantica. Both project a connection with the Midwest, but with a difference. The connection is all-Canadian in Atlantic Canada and United States/Canada in Emerging Atlantica. The effective affinity lies in the fact that while the latter passes through Northern New England to terminate in Buffalo it also touches the eastern end of the Windsor/Montreal corridor; and therein lays a possible indication of the consequences of policy.

The advantage of the historical Atlantica conception is that it facilitates reaching back to the beginning of settlement to consider long term factors in the Maritimes’ economic development, and how much can be attributed to each of (1) external forces of history (resources and the spread of Euro-American economic and political activity), (2) internal dynamics (private initiative), and (3) government initiative (good and bad public policy).

# HISTORICAL ATLANTICA

Massachusetts claimed all the land in historical Atlantica from the very beginning. In a sense, it made good that claim with the acquisition of most of Acadia by the Treaty of Utrecht in 1713, the expulsion of the Acadians in the late 1750s, and the acquisition of what has become the Maritimes by the 1763 Treaty of Paris at the close of the Seven Years War. Its claim was made good only in a sense, because, following the acquisition of 1713, the Imperial government constituted Nova Scotia a Royal Colony separate from the Corporate Colony of Massachusetts.

Complete political separation of the Maritimes from New England came with the dispensation of territory between the British Empire and the United States after the American War of Independence. Imperial policy notwithstanding, however, trade between the Maritimes and New England continued; and the northeast movement of New England's agricultural frontier continued as Loyalists added numbers to the New England Planters who had replaced expelled Acadians. Indeed, though seriously bastardized, the land alienation and tenure institutions of New England also continued their northeast migration (Neill, 2004).

A flow of trade between Acadia and Massachusetts in the seventeenth century constituted the beginning of historical Atlantica. At mid seventeenth century the northeast advance of New England's agricultural frontier slowed in the face of French and Indian hostilities. Further, Massachusetts' claim to all of historical Atlantica was challenged by the proprietorial grant of New-Hampshire-to-be to Gorges and Mason. Further yet, to the assertions of Gorges and Mason there were added the competing and disputed feudal claims of D'Aulnay and La Tour in Acadia. Still, these European-generated political assertions did not disrupt trade between New England and Acadia. Hardware including agricultural implements and clothing moved northeast from New England, while furs, feathers, livestock, and grain moved southwest from Acadia. In association with this trade, New England's fishery continued to expand along the Acadian Atlantic shore, and its fur trading posts and lumber mills continued to operate as far to the northeast as the Penobscot River.

The economic connection was important. Civil strife in Europe, associated with the rise of parliamentary power in both England and France, freed their respective American colonies from close imperial supervision. So liberated, Acadia and Massachusetts, moved by mutual benefits from trade and from a politically tranquil fishery, agreed to remain at peace even if England and France declared war on one another (Reid, 1981, pp 96-97). This quasi-formal existence of Atlantica was echoed between 1763 and 1776, when New England and Nova Scotia were united as parts of British North America, and again between 1854 and 1866 under the terms of the Reciprocity Treaty of 1852.

Peaceful, quasi-formal political integration of Atlantica ended with the resumption of frontier hostilities in King Philip's War (1674-1676). Renewal of Massachusetts's charter in 1691

revived its claims to Acadia, and set in motion an attempted military integration of the region when Queen Anne's War (the War of the Spanish Succession) followed King Philip's War. Queen Anne's War issued in the Treaty of Utrecht (1713) by which Britain acquired much of Acadia. Final peace and the determination of borders did not come until after the American Revolution. Commercial integration of Atlantica in the intervening years was confused with military activity, and what there was of commercial integration (smuggling apart) was interrupted by the Revolution. Trade resumed briefly when relations between Britain and the United States were normalized by the 1781 Treaty of Paris; only to be disrupted again by hostilities between Britain and the United States during the Napoleonic Wars.

To this point in history development of the Maritimes economy was largely a matter of external forces, including military activity. The great exception was the private initiative of the Acadians in settling about the Bay of Fundy. The efforts of the Lunenburg settlers were bound up with an eventually successful public initiative. Settlement at Lunenburg may be counted as good policy, but, on the whole, British settlement policy after 1713 was blighted by a land alienation and tenure system that favoured the centre of Empire, not the colony (Neill, 2004). Bad external policy (Imperial rather than federal) made a difference in the Maritimes, but given the low portion of the land that was in any way arable, and the relatively low level of arability where it was arable, it is arguable that even good settlement policy would not have lifted living standards significantly in the long term (Garriets, 2007). The Maritimes was not going to develop like Upper Canada, which was planted with a more felicitous alienation and tenure policy on a well-watered eastern extension of the Great Central Plain.

From the end of the Napoleonic Wars (1818) until the repeal of Britain's Navigation Laws (1849) and relative free trade between Britain and the United States, historical Atlantica revived. Nova Scotian enterprise, if not that of all of the Maritimes, by interloping between the quasi-belligerents, attempted to establish a position in Britain's North Atlantic Triangle of trade. The industrial, agricultural and cultural "awakening" of Nova Scotia (Harvey 1933-34; Lomas, 1950) that accompanied these efforts weakened as the Age of Sail, of sugar cane, and of whale oil passed. There were a number of factors involved. The growing fashion of free trade in Euro-American nations in the first half of the nineteenth century along with a decline in United States interests in ocean shipping turned the region's efforts from internal development to commerce and the carrying trade. The change was evident in increasing demands on the part of Maritime ports to be declared "free ports" (Graham, 1941; Sager and Panting, 1990; Saunders, 1939, p. 61-66; Neill, 2004). In this period of retreating Imperial policy, Nova Scotia, in particular, adopted a policy of agricultural and industrial promotion and protection. It attempted to replace New England in Britain's North Atlantic trade triangle. The tenuous nature of this colonial policy is evident in its dependence on the policies of the Empire and the United States. Whether good or bad policy, it was not likely to determine much in the long term, and it did not.

The years between the French Revolution and the Reciprocity Treaty bracketed the Canal Era, the First Industrial Revolution. Industrialization was occurring elsewhere. It was reasonable for Nova Scotia to attempt it. Indeed, some industrialization occurred, but lacking a strong agricultural base, having a small population, and pre-empted from using the agricultural

advantages of the Great Central Plain by Montreal and New York, Nova Scotia's policy embodied "excessive expectations" (Gwyn, 1997). The forces of history were not to be hurried.

That "Golden Age" of the Maritimes was a golden age of commerce, not of general economic development. Atlantica trade, Maritimes trade with New England, was a large part of the commercial activity of that age. Haliburton's *Historical and Statistical Account of Nova Scotia* (vol. 2, pp. 388-389) lists seventeen ports in Nova Scotia, and substantiates that Halifax was larger than all the other ports combined. Over ninety percent of arrivals and departures at Halifax came from or left for Britain, Canada, the United States, the West Indies, and continental Europe. In 1821 arrivals plus departures at the Port of Halifax were divided between these places in the portions 37%, 11%, 21%, 28%, and 4%, respectively. In 1828 the division was in the portions 32%, 20%, 23%, 22%, and 3%, respectively. (See Appendix A, Chart One.) On this basis it is reasonable to conjecture that earlier trade connections between the Maritimes and New England merged with Britain's North Atlantic Triangle as that trade recovered from the disruptions of the War of Independence and the Napoleonic Wars.

In the late 1840s Governor Harvey's Speech from the Throne gave some indication of the state of things.

*Nova Scotians are becoming to a large extent the carriers to Canada of tropical and foreign productions ... The farmer's sons in the midland counties, where shipbuilding is also carried on become shipwrights, mariners, masters of coasters and plaistermen ... Farther east the coal trade, the supply of West India produce to Canada or of agricultural products to Newfoundland offer the enterprising their attractions. The west has its grindstones, cord wood and other articles to carry to the United States (Haliburton, 1829, vol. 2, pp. 388-389).*

Out of these shadowy indications one might conjecture that the Maritimes' dependence on coastal trade was strong, and that connections with New England were an important part of that. Further, Governor Harvey's assertions indicate an increasing reliance on external trade and a slackening of interest in independent economic development (See Neill, 1974.).

The Reciprocity Treaty of 1852, between British North America and the United States, should have increased the recorded, if not the actual, level of trade between the Maritimes and New England. Smuggling apart and in general, between 1852 and 1886, one third of Maritimes exports were destined for the United States. This would suggest that Reciprocity and the historical circumstances of the mid- nineteenth century did not cause a major change in the general economic relationship holding historical Atlantica together, though it may have strengthened it. (See Appendix B, Chart One; Neill, 2005, pp. 14-18.)

The connection between the Maritimes and New England remained strong over the last years of the nineteenth century and the first third of the twentieth, but it was different in context and substance. The effects of the passing of the Age of Wood, Wind, and Water was the occasion of a substantial migration of people from the Maritimes to New England (See, Neill, 2005.) This points to a strong social link between the two jurisdictions. The strength of other economic ties is

uncertain because there are no firm data on the economic integration of historical Atlantica by way of trade between 1890 and 1980.<sup>1</sup> No doubt a connection was there. Maritimes ship building and its associated commercial activities had strong connections with the east coast trade of the United States in the middle and later years of the nineteenth century. Information on opportunities in New England and ease of transportation underlying the migration of the late nineteenth and early twentieth centuries was related to that connection, and to the connection between small, relatively isolated Maritimes communities and New England fishers who traded for supplies along the Maritimes coast (Sager and Panting, 1990, pp. 97-103, 194).

In summary, though scattered and imprecise, the evidence indicates that, policies good and bad notwithstanding, an integrated cross-border region consisting of New England and the Maritimes existed long before the so-called decade of globalization. There is an historical Atlantica including Massachusetts. Unfortunately, specific evidence of the Maritimes/New England trade connection is not available for most of the twentieth century. Still, end of the century evidence indicates that the Atlantica connection persisted through all the gyrations of Keynesian stabilization policy, regional development policy, and Neoconservative “cut-backs” over the years from the Great Depression to late twentieth century Globalization.

## EMERGING ATLANTICA

There is strong empirical evidence that a shift in the structure of Canada's international trade both preceded and followed the Canada United States Free Trade Agreement and the North American Free Trade Agreement (Brox, 2005; Coulombe, 2003; Appendix C). The question is, however, how radical was this shift in the case of the Maritimes Atlantica connection? Coming into effect in the 1990's, the trade agreements were a local institutionalization of a general increase in global trade – an effect of the forces of history as much as a cause of anything. The Maritimes participated in these events in a regionally specific way.

Over the last decade of the twentieth century, Maritimes trade with the rest of Canada did not decline in relation to Maritimes overall economic activity (Gross Regional Product), but Maritimes international trade, especially its trade with the United States, increased significantly in relation to its overall economic activity. Relative decline in Maritimes inter-provincial trade in relation to its international trade was evident as early as 1981. The rise of international trade in relation to Maritimes Gross Regional Product became evident in 1991; about the time that inter-provincial trade regained its position in relation to Maritimes Gross Regional Product. Still, all of these adjustments having taken place, even at the end of the 1990s, the portion of Nova Scotia's exports going to the United States had not risen above the roughly 20% to 40% of all of its external trade that seems to have obtained in the nineteenth century. (Compare Appendix Two, Chart One and Appendix Three, Chart Four.) Evidently, in some respects there was no radical, long term change for the Maritimes Atlantica connection. Historical Atlantica seems to have remained intact.

The content and general character of Maritimes/New England trade in the 1990s, as opposed to its volume, may be important in understanding persistence and change in historical Atlantica. Exports to New England were much greater than imports from New England, and this characteristic of the trade may or may not have obtained in the nineteenth century. Further, in the 1990s, about half of the Maritimes trade with the United States was trade with New England, the rest being fairly evenly scattered across the Union. This characteristic, however likely to have obtained, has not been demonstrated to have obtained in the nineteenth century, and there is a possibility, based on this evidence, that much of the trade entering and leaving the Maritimes is flow-through. Indeed, some of those proposing an emerging Atlantica that excludes Massachusetts but is connected to the Midwest have revived the idea of Atlantica as a “gateway” to the continent – an idea that was first proposed in meetings between the Atlantic Provinces Economic Council and the New England Council in the late 1950s (Fredericks, 2003, pp. 59-60). There is, an implication in the gateway proposal, a vague promise, of positive economic spread effects.

An important difference between emerging and historical Atlanticas derives from the character of spread effects if Halifax integrates into a North American “international distributions cluster”,

rivalling and/or associated with Boston, New York, and Montreal. The proponents of emerging Atlantica have highlighted the advantages of the Gateway for manufacturing in the North American Midwest, including Southern Ontario (the so-called “Great Lakes Region”), but they have been less definite with respect to regional effects in the Maritimes (Crowley and Kymlicka, 2006). They point out that there could be associated developments along the “Halifax-Moncton and Saint. John-Bangor corridors” that could favour local industry. Still, they admit that this sort of growth pole and spread effect development (to borrow terms from the Regional Development Theory of the 1960s see Neill, 1974.) has yet to be “fleshed out”.

Hesitation about the significance for the Maritimes economy of facilitating flow-through traffic between the Maritimes and the continental interior is warranted. Any historian will be aware that, in the 1870s, building the Intercolonial Railway was touted as an instrument of expansion in the Maritimes, but, because it opened a door for imports-as well as exports it exposed Maritimes industry to destructive competition from the Montreal/Ontario region. Insofar as emerging Atlantica implies the gateway proposal, and historical Atlantica suggests a more balanced development opposition to the emerging Atlantica concept is understandable. This nice distinction between the two Atlantics, however, has not been the basis on which opposition to policies supporting the emerging Atlantica has been mounted. Opposition has come from those who presume that any Atlantica focused development would open local labour and those relying on social welfare programs to the constraints of global competition. Ignoring any consequences for productivity and general living standards in the region, they propose deliberately thwarting the forces of history by de-linking Atlantic Canada from the global economy, especially from the United States component (Veltmeyer, 2005).

It would be a stretch to draw a parallel between the Maritimes Marxists’ aversion to continentalism in the form of Atlantica, and Joseph Howe’s aversion to trans-continentalism in the form of Confederation – Howe clinging to Imperial aid and the Marxists clinging to the Canadian welfare system. It would be a stretch to draw a parallel between the Intercolonial Railway from Halifax to Montreal and a four-lane highway from Halifax through Maine, New Hampshire, and Upstate New York to Buffalo. But neither stretch would be “beyond limit”. History embodies both permanence and change, and both have long term effects. Specific policies, good and bad, come and go, while natural forces producing the circumstances from which these policies arise persist.

The appropriateness of policies aside for the moment, it is evident that during the 1990s the Maritimes had a huge favourable balance of trade with the United States, a slight unfavourable balance with the rest of the world, and a large unfavourable balance with the rest of Canada. (See appendix C, Chart Three.) This suggests the existence of two triangles of trade, the triangles having a common side running from the United States to the Maritimes – with financial counter flows largely bypassing the Maritimes as they move from the United States to Canada and to the rest of the world and back. The portion of Maritimes trade associated with New England has not substantially changed over a century and a half, and it would seem that the triangle of trade drawn between Halifax, New York, and Montreal is more than a mere historical shadow. It indicates that the trade of Atlantica in the decade of globalization was still closely tied to Canada

but increasingly tied to the rest of the world, entailing an increasing external dependence for historic Atlantica. But again a qualification is necessary. The evidence does not rule out the possibility that in the decade of globalization there were two or three Atlanticas. Further, it does not negate the possibility that, in both “historic” and “emerging” Atlantica spread effects of pass-through global trade, positive or negative, have not been and still are not of fundamental importance. The appearance of trade triangles may depend upon focusing attention on a somewhat regionally disconnected flow of global trade over what is still an essentially regional Atlantica economy. As noted, from two thirds to three quarters of the container traffic through the port of Halifax is a flow between Europe, on the one end, and Central Canada and the Midwest of the United States, on the other. Halifax is affected, but Halifax is both a minor global entrepot and a major regional city.

If a historically sensitive approach is taken, emerging Atlantica is as yet not significantly different from historical Atlantica. There seems to be an internal dynamism in the Maritimes causing it to retain its relative position by adapting to changing conditions. Permanence in one respect is achieved by change in other respects.

Maritimes trade with the Southwest and Far West of the United States, the fastest growing regions of the Union during the last decade of the twentieth century, fell as a portion of all Maritimes trade, indicating that the economic rise of the Pacific Rim has not had a direct transcontinental effect on the Maritimes. But trade patterns can be complex and changing. To a significant extent Northern New England’s growing trade with Asia passes through Halifax and the Suez Canal on a fleet of container ships that are too large for the Panama Canal. Further the Great Lakes Region’s trade deficit with China causes excess capacity and lower transportation rates on the back flow. (Crowley and Kymlicka, 2006, pp. 6, 18). Conjectured gateway possibilities for Halifax based on these emerging conditions do not deny the adjustments that have already occurred. They suggest an accommodating rather than an initiating policy.

Reckoning by broad industrial categories very little changed in the content of Maritimes domestic trade or, by implication, in the nature of the Maritimes economy over the “decade of globalization”. General trade (exports plus imports) of the Maritimes increased 141%. Trade in refined oil and gas increased by 218%. In Nova Scotia the portion of all exports taken up by liquefied natural gas rose from negligible in 1992 to 20% in 2001. Beyond this, when looking at “Trade by Product”, little can be said. The general categories of goods making up exports and imports shifted some as products replaced one another in rank among the top twenty five, but, in general, apart from oil and gas, the content of Maritimes’ trade changed little (Industry Canada, Strategis, Trade Data Online, Trade by Product; Chaundry, 2001, pp. 42-43). What needs to be asked, however, is how this broad structure has been maintained along with remarkable export growth in a rapidly advancing technological environment. How much internal dynamics – improving adjustment – has been involved in keeping up?

An attempt to answer this question runs up against the problems of available data and of perspectives in interpretation. For example, the temptation to presume that the Maritimes wants a policy that will turn it into a mini-Canada seems irresistible (See, for example, Chaundy, 2001, *passim*). This is the natural, though not inevitable, result of relying on a national system of data collection. It is a bias created by preoccupation with currently fashionable issues: border effects, transportation costs, dispersion of exports, and the like. For unbiased evidence one must read the relevant literature closely.

Anecdotal evidence would indicate that strong [Maritimes] performance in architectural and engineering services ... translates into export dollars, but published data are not available. ... [Coles Associates of Prince Edward Island] is a leader in the adaptation of e-trade technologies for engaging clients and partners in online shared activities design. ... [A]necdotal evidence would indicate that there are a number of success stories. New Brunswick has been extremely successful in creating over 5,000 jobs through exporting call center services. ... Newfoundland and Labrador is known for its leadership in the provision of direct patient care at a distance. Through the Telmedicine and Educational Technology Resources Agency (TETRA), remote health and education services are being exported ... (Chaundy, 2001, p. 63-64).

Such examples of adaptation to the current technological environment are multiplied even in a report intended only to account for commodity trade (Chaundy, 2001, pp. 105-106). How much more would come to light in an account of technologically advanced processes in all aspects of Maritimes economic activity?

# CONCLUSION

The “problem of the Maritimes” might better be depicted as the unique structure of opportunities of the Maritimes. For a century and a half, probably more, the Maritimes have continued to advance. Good and bad policies to force the pace and change the direction of development no doubt have made a difference, but only along lines drawn by persisting forces of history. All attempts to turn the Maritimes into a mini-Ontario, or even a mini-Canada have met with failure. Proposals to do so have run the gamut from massive government input to minimal government agency, all to no avail.

The Maritimes have unique possibilities and sufficient internal dynamism to realize a unique success. This does not suggest a withdrawal of government agency. There are things that government can do more efficiently than private enterprise, particularly in the presence of the positive external benefits that characterize the information economy. But policy should be limited to those activities. Its role is in infrastructure, not superstructure. It should facilitate private enterprise, not replace it.

Neither national nor regional governments can do much about the international environment in which their economies function, but they can co-operate with it, and the Maritimes has been a co-operating part of a transnational region from its beginning. National policies ignoring this element in Maritimes economic development notwithstanding, by whatever internal dynamism, the Maritimes has maintained a significant level of participation in Atlantica. What is needed is national and provincial policy that accommodates both the level of participation and the internal dynamic that has kept historical Atlantica a recognizable cross-border economic region.

## End Note

Because the keeping of statistics was given to the Dominion Government by the British North America Act, because the foremost statistician of the Maritimes and probably of Canada was enticed to move from Halifax to Ottawa, and because, over a long period, Ottawa did not publish records of provincial economic activity, from 1880 until 1980 there are only scattered data on Maritimes trade with the United States.

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# APPENDICES

## Appendix A

### Chart One

#### Arrivals and Departures in the Port of Halifax by value in Pounds Sterling

[ Source, T.C. Haliburton, *Historical and Statistical Account of Nova Scotia* vol. 2, Chart, between pp. 388 and 389: Statement of the Particular Trade of the Port of Nova Scotia for the Years 1807, 1814, 1821 and 1828.]

<b>Year</b>	<b>Arrivals</b>				
	Britain	Canada	United States	West Indies	Europe
1821	208,323	24,994	162,362	38,068	10,325
1828	291,011	111,705	217,933	81,439	24,680
	<b>Departures</b>				
1821	85,045	61,502	9,771	184,643	2,450
1828	7,640	80,371	5,790	126,231	4,970

## Appendix B

### Chart One

#### Percentage of Maritimes' Exports Destined for the United States: 1852-1866.

[ Source, Saunders, 1984, p. 105; *Canada Year Book*, 1886, pp. 187-8 and 225]

<b>Year</b>	<b>Nova Scotia</b>	<b>New Brunswick</b>	<b>Prince Edward Island</b>
1852	27	10	26
1862	32	23	29
1866	40	29	9
1868	37	18	---
1878	22	18	22
1886	32	28	43

## **Appendix C**

### Maritimes' Trade Dependency: 1992-2001, in current Canadian dollars

[Source; Statistics Canada, Tables 384-0013, 386-0001, 386-0002; Industry Canada, Strategis, Trade Data Online, Canadian Trade by Industry.]

#### **Chart One**

Gross Regional Product, Maritimes, 1992-2001 (\$000,000 Can)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
34,477	35,407	36,474	38,961	38,970	40,013	42,015	45,249	48,109	50,070

#### **Chart Two**

Imports plus Exports as Percentage of Gross Regional Product, Maritimes

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
All Countries	32	34	39	45	45	47	42	43	51	52
United States	15	19	16	23	23	24	24	26	30	29
New England	7	6	7	8	8	9	9	9	13	14
South West	1	1	2	2	2	2	2	2	2	2
Far West	1	1	1	1	1	1	1	1	1	1
Rest of Canada	66	60	62	62	63	63	62	63	64	

### Chart Three

Exports less Imports (\$ 000,000 Can.)

Year	All Countries	United States	New England	Sou West	Far West	R.O.Can .
1992	457	2,295	1,652	27	65	- 3,039
1993	667	3,211	1,699	272	155	- 4,711
1994	1,048	3,703	2,007	382	51	- 4,399
1995	2,088	4,835	2,354	435	57	- 4,320
1996	1,767	5,213	2,384	665	91	- 4,669
1997	664	5,442	2,547	413	53	- 4,936
1998	1,013	5,208	2,689	71	15	- 5,278
1999	2,105	6,071	3,008	126	32	- 5,947
2000	2,351	8,349	4,662	262	148	- 6,021
2001	3,594	9,450	5,732	291	309	- 5,621

### Chart Four

Exports of Nova Scotia (\$ 000,000 Can.)

Year	All Countries	Canada	United States	United States as % of total
1992	2,560	3,462	1,775	23
1993	2,641	3,555	1,959	24
1994	3,066	3,642	2,316	26
1995	3,892	4,013	2,838	26
1996	3,782	4,084	2,732	26
1997	3,847	4,296	2,781	25
1998	3,785	4,312	2,807	26
1999	4,082	4,760	3,145	26
2000	5,219	5,269	4,255	29
2001	5,807	5,622	4,795	30





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