in Rosedale. Rowell was a conservative social reformer, still hoping that the old rural values could be imposed upon urban Canada, but he helped to lead the Liberal party to an awareness that a response to the problems of the new age was the duty of a modern political party.

The careers of Edward Blake and Newton Rowell were in many ways tragic. Both were brilliant, hard-working and successful lawyers, but much as they loved the law, it was not enough for them. Both drove themselves to exhaustion and unhappiness in politics, impelled by overdeveloped concepts of duty, and by ambition. They both failed to become the leaders they might have been; Blake because of his troubled, enigmatic personality, Rowell because of his inability to compromise on fundamental issues. Both were able politicians, but they were not politicians to the core; personal misgivings, higher duties and loftier principles overrode the purely political in them, and in the end drove them out of Canadian political life.

The recent biographies of these two men, the first complete studies of either, are remarkably different in style and tone. Schull's is discursive, wordy, too often reportorial rather than analytical. Prang's is excessively detailed and complete, solidly and definitively academic in its prose. The subjects of the biographies too were very different; they were men of different ages, backgrounds and personalities. But running through the two careers ran the single stream of Ontario Liberal nationalism, gradually eroding all obstacles in its path, changing course when confronted by the immoveable, and so, by the end of Rowell's years, almost completely dominating Canadian political life.

MARY VIPOND

How Ontario Achieved Its Imperial Position

Perhaps Ontario is the only province that is truly satisfied with its economic circumstances within Confederation. Ontario, of course, began with certain natural advantages: a central location, a rich agricultural resource base in Southern Ontario, the transportation economies deriving from the St. Lawrence - Great Lakes waterway. But, since 1867, the province's political leaders have also been very adroit in exploiting these natural advantages and in ensuring that national policies and institutions have evolved to meet the needs of the provincial economy. When Ontario's paramount position has appeared threatened, its political leaders have roused the powerful business community of Toronto and its allies in the communications media with the cry of a threat to the *national* interest. This has usually been enough to cow political leaders in other parts of the country, particularly those who wished to have a career in federal politics. The process by which Ontario attained its

imperial ascendency deserves much more attention than scholars have given to it.

The architect of Ontario's dominant economic position within the national economy was clearly Sir Oliver Mowat, Premier of Ontario from 1872-1896. In 1970, a colloquium was held at Queen's University to commemorate the one hundred and fiftieth anniversary of Mowat's birth. Several of the eleven papers presented to this colloquium, edited by Professor Donald Swainson of Queen's and published under the title, *Oliver Mowat's Ontario* (Toronto, Macmillan of Canada, 1974), give most valuable analyses of Mowat's approach to Canadian federalism. For example, in his contribution to the colloquium, "The Mowat Heritage in Federal-Provincial Relations", Christopher Armstrong points out that Mowat "defined the objectives of the province's external policy, of its relations with the federal government and with other provinces" (p. 94). Mowat's first objective "was to secure the fullest control over the province's economic development" (p. 95); his second to prevent increases in federal transfer payments to the provinces" (p. 103). Of course, at times, it became expedient for Ontario to support the demands of the poorer provinces for increased federal grants, but Mowat insisted upon compensation for this support. Armstrong describes Mowat's tactics at the Interprovincial Conference of 1887: "In what would become a classic ploy for Ontario leaders, he agreed to throw his weight behind their demands, despite his reservations, in return for the backing of the other provinces in his demand for greater provincial autonomy" (p. 104). Quebec's pursuit of its own self-interest has been constrained by its role as the spokesman for Francophones in other provinces. "But Ontario's leaders have been hampered by no such ambivalence. They have committed themselves fully to the cause of provincial rights and so given expression to Ontario's particularism, or as some might say, its imperial ambitions. In this they have reflected the desire of Ontarians to fasten their version of Canadian nationalism upon the rest of the country, making little copies of what they see as the 'real' Canada" (p. 117-118).

Mowat's heritage in federal-provincial relations can be stated briefly: what is good for Ontario is good for Canada. Armstrong's excellent essay describes the debt that all *Ontario* leaders owe to this great nineteenth-century politician, for Mowat seems to be the model on which all subsequent Ontario premiers have patterned themselves; lawyers with excellent business connections, pragmatic, not at all reluctant to use the powers of government to obtain economic objectives, very conscious of their position as the senior provincial partner in Confederation, rather patronizing of the junior partners or poor cousins from the Atlantic provinces and the West. Perhaps all Ontario premiers are required to take a course in "Mowatism" as soon as they assume office. Students of Canadian federalism can profit greatly by reading *Oliver Mowat's Ontario*. The papers by Margaret Evans, Carman Miller, Michael

Bliss and H. V. Nelles, in particular, help to explain how "Big, rich and successful Ontario" has come to play such a dominant role in our federal system and the national economy.

The essay by Professor Nelles, "Empire Ontario: The Problems of Resource Development", derives from his very comprehensive study *The Politics of Development: Forests, Mines and Hydro-Electric Power in Ontario, 1849-1941* (Toronto, Macmillan of Canada, 1974), one of the most important works on Canadian political economy to be published since World War II. In it, Nelles traces the evolution of provincial resource development policies in Ontario from the Crown Timber Act of 1849 to the early 1940s when the Depression finally melted away under the impact of World War II defence spending. The British North America Act, of course, gave the provinces jurisdiction over natural resources and the old imperial tradition worked against a general policy of selling off the crown lands to private interests, in sharp contrast to policy in the United States where "Public lands were only public insofar as they were waiting to become private" (p. 39). But tradition was not the sole source of Ontario's resource policy. Nelles points out that "maintenance of the old, imperial habit of authority into the industrial age stemmed primarily from the interaction of interest groups and moderately conservative ideology, within an agriculturally barren environment" (p. 47).

After the Civil War, as the United States entered a period of rapid industrialization and its accessible domestic resources became depleted, American entrepreneurs began to draw, increasingly, upon Canadian resources. The passing of the Dingley Tariff by the Congress of the United States in 1897 was a naked act of economic imperialism. Raw materials were permitted to enter the U.S. duty free; processed raw materials confronted a prohibitively high tariff. Any retaliatory export duties imposed by Canada were to be added to the U.S. tariff. The aim of American policy, in the terminology of modern development economics, was to direct the "forward linkages" from Canadian resources south to the U.S. economy. Although the Canadian Parliament passed legislation giving the federal government the authority to place export duties on sawlogs, pulpwood, and nickel, silver and lead ores, the federal Cabinet, fearing the retaliation provided for in the Dingley Tariff, failed to proclaim the export duties. But while Laurier was hopeful of negotiating a comprehensive trade agreement with the Americans, the Dingley Tariff posed a threat to the economic interests of Ontario that no self-respecting society could ignore.

The provincial government of Ontario responded to this situation by a set of policies designed to ensure that the processing of raw materials took place within the boundaries of the province. In 1898, the Crown Timber Act was amended to prohibit the export of sawlogs harvested on Crown lands and the Waterpower Reservation Act declared that all major waterpowers were crown property and could only be developed by lease under detailed govern-

ment regulation. In 1900, an order-in-council extended the export prohibition to pulpwood and an amendment to the Mines Act placed a sixty dollars a ton tax on nickel - copper ores, to be rebated if the ores were refined in Ontario. The sawlog policy was almost immediately successful. Demand for Canadian lumber in U.S. markets was strong and sawmills moved north into Canada. But sawmills were much more mobile than capital-intensive pulp mills and nickel refineries. Moreover, since at the turn of the century, there was still plenty of accessible pulpwood in the Northern United States and Quebec, with its competitive pulp and paper industry, was not prepared to prohibit pulpwood exports, the Ontario legislation had little immediate effect on the pulp and paper industry of the province. The most interesting and complicated struggle took place between the government of Ontario and the Orford Copper Company, the predecessor of the International Nickel Company. The government of Ontario never proclaimed the prohibitively heavy tax on nickel-copper concentrates. The opposition of the federal government and the international nickel cartel together with sections of labour and business was too strong.

Ontario did get its "forward linkages" from pulpwood and the rich ores of the Sudbury area, but not as a consequence of the "manufacturing condition" placed in the province's legislation. In 1913, with strong support from the powerful Newspaper Publishers' Association, the Underwood Tariff removed the American duties on mechanical pulp and newsprint. Conditions now were ripe for the rapid development of the Canadian pulp and paper industry. The construction of a nickel refinery came about in a more dramatic manner. During World War I, when the United States was still neutral, the German submarine Deutschland, on two occasions, transported Canadian nickel from New Jersey to Germany. Canadian public opinion was aroused to a pitch of indignation and the expropriation of the Sudbury deposits was seriously discussed. "With the first word of the Deutschland outrage International Nickel announced that it would build a new refinery at Port Colborne, emphasizing that construction would begin immediately" (p. 358).

The story of Sir Adam Beck and the creation of Ontario Hydro is one of the most interesting in Canadian economic history. Nelles deals with the subject in great and absorbing detail. Beck ranks with Enrico Mattei among the greatest public entrepreneurs that the Western industrialized countries have produced. Indeed, Beck could have taught even that bizarre and dynamic Italian a thing or two! Beck was a political force in his own right, almost beyond the control of the Ontario legislature: "The public power movement that Beck led was a progressive business man's crusade which, in the course of its struggles, acquired mass support" (p. 304). Although he was opposed by the most powerful financial interests in Canada, they could not cope with the hold that he had on public opinion and the imagination of the people of Ontario. When the United Farmers of Ontario took office in 1919, despite

the fact that he had been defeated in the election, Beck was retained as Chairman of Ontario Hydro. He had achieved a status above party and above politics. In 1920, a Royal Commission, appointed to assess the feasibility of Beck's planned hydro-electric radial railway system, reported upon the "Extra-ordinary character of the Hydro Chairman. Almost single-handedly he had planned, initiated, built and defended a great and worthy public enterprise against the will of powerful interests and for that the Royal Commission extended, 'full and ungrudging credit'. Yet at the same time the investigators could not help but deplore Sir Adam's 'absolute lack of frankness', and his 'wholly unjustifiable' manipulation of public funds" (p. 420).

The rapid growth of resource industries to meet U.S. demand confronted Ontario and, indeed, other provincial governments with "the complexity of trying to reconcile legitimate industrial demands with the essence, or even the form of democratic political control" (p. 394). Howard Ferguson, as Ontario's Minister of Lands, Forests and Mines, had a simple solution to this problem: he did what he considered to be in the public interest regardless of laws, rules or regulations. He told the Timber Commission that was investigating his tenure as Minister that "I was superior to the regulations where I thought it was in the interests of the province . . . . no regulation should hold up the development of the country, that is the point" (p. 390). Sir Adam Beck and Howard Ferguson were confronting, at an early stage, a problem that remains unsolved: how to ensure democratic control of governments when they have a very complex interrelationship with the industrial sector, an interrelationship that only a few experts may fully comprehend.

Nelles carries the chronicle of *The Politics of Development* in Ontario through to the formation of the Hepburn-Duplessis Axis in the later 1930s. "Because the two premiers shared problems in common, and because they were so much alike in personality, political outlook and manner, they were able to reach a meeting of the minds in a number of areas" (p. 457). Indeed they did, and usually in collusion with powerful business interests in the resource sectors. But the 1930s was a most unusual period in the history of the Canadian economy and Canadian politics and, fortunately, Hepburn and Duplessis are hardly typical provincial leaders.

After a most comprehensive and informative survey of the government of Ontario's participation in resource development, Nelles concludes that "The habit of authority that survived from the nineteenth century did not greatly alter the pattern of resource development. It did, however, contribute to a reduction of government — despite an expansion of its activities — to a client of the business community. This need not have been so. The failure to bring the regulatory and service function of the state into the framework of democratic accountability was the failure of parties and politicians to pursue the logic of responsible government into the industrial age" (p. 495). This conclusion is simplistic and seems lacking in historical perspective. The century

being surveyed was the high noon of unregulated capitalism in the Western world. To expect the government of Ontario to escape completely from the Zeitgeist is hardly realistic. The province coped with its complex problems in the resource field as effectively as governments anywhere faced with comparable problems. The creation of Ontario Hydro was a very considerable achievement, since, in this way, one of the "commanding heights" of the economy remained in the hands of the state. The government of Ontario did co-operate closely with the private sector in the development of the resource industries: but, given the period, was there any feasible alternative? Certainly there was no body of collectivist operational concepts to draw upon to regulate a provincial economy. Keynesian concepts of regulating a national economy were not fully comprehended until after World War II and the dogmas of classical economics were the conventional wisdom of practically all politicians, civil servants and social scientists in the Western world.

Politicians and senior civil servants are not simply cyphers who rush to do the bidding of the most powerful business interests. The power structure of an open society normally ensures a much more complex decision-making process. As Nelles shows, Sir Adam Beck confronted the most powerful financial interests of the day with the power of the ballot box and he won every time. The decision-makers of Ontario, in the period described by Nelles, had to cope with the problems of the day, through the institutions of the day, with the knowledge of the day. An alternative view of this period, and perhaps a more plausible one, is that it was an early stage in the evolution of the modern positive state. The leaders of Ontario, during this period, realized that the development of the province's resources had to take place within a framework of government regulation. They had, however, little in the way of theory and practise to guide them. One thinks of Sidney Webb coming out of a Labour Cabinet meeting in Britain, in 1931, shaking his head and saying, "Socialism, socialism we just don't know how to do it." The positive state is still evolving. Today, most provinces have developed well-organized and powerful bureaucracies to treat with Ottawa and big business and to plan and regulate the provincial economies. Power is passing from politicians and from business to these bureaucracies. Nelles is rightly concerned about responsible government in a complex industrial society, but the problem now is one of achieving democratic control of these great federal and provincial bureaucracies.

Nonetheless Nelles is correct when he argues that "The Ontario developmental objective could be expressed in two words, more jobs" (p. 308). The major strategy to attain this objective has been to obtain as many "forward linkages" of all kinds for Ontario as possible through resource policies and also, of course, the Canadian tariff. The province has successfully achieved this goal. At present, it has over half the jobs in secondary manufacturing in Canada. Quebec has most of the rest, leaving the Atlantic provinces and the

West with an extremely narrow industrial base and heavily dependent on extractive activities and primary manufacturing. Ontario has had a development strategy since the late nineteenth century. It has attracted able men into provincial politics and possessed the resources to build up a capable civil service decades before the Maritime provinces. The provincial government had the authority and the power to treat with the government of Canada and the big international corporations on something approaching equality. Ontario premiers and their allies in the business community were a formidable combination who have ensured that federal policies conformed to the long term requirements of the provincial economy.

The contrast with the Maritimes hardly needs to be stressed or stated. Over the period covered by Nelles, the ablest people of each generation either left the Maritimes or entered federal politics. Those who entered federal politics, typically, took little interest in the economy of the region, although federal tariff and transportation policies had an increasingly adverse effect on that economy. Since federal grants were completely inadequate for the responsibilities of provincial governments, these governments lacked both the resources and the will to become seriously concerned with economic problems. In 1934, Professor Harold Innis, reviewing federal policies, declared: "We have been forcibly struck with the callousness, lack of sympathy, and general disregard of broad policy, which has characterized federal supervision."[1]

The obverse side of Ontario's successful development strategy can be seen in *Forced Growth* (Toronto, James Lorimer and Company, 1971) by Philip Mathias, five case studies dealing with the problems of the Atlantic Provinces, Manitoba and Saskatchewan in their desperate search for new economic activities to expand and diversify a very narrow industrial base. In the terminology of Gunnar Myrdal, these are the "backwash effects" that have derived from such a high concentration of Canadian industrial activities in one province. Mathias examines the Churchill Falls hydro project in Labrador, the pulp mills in Saskatchewan built by the U.S. firm of Parsons and Whittemore, the frozen fish plant of Garden Gulf Foods at Georgetown, P.E.I., the forest products complex at The Pas Manitoba, and Nova Scotia's heavy water plant. The Labrador hydro project has been a success although the Newfoundland government could have been more farsighted in its power contract with the government of Quebec. The two pulp mills in Saskatchewan will probably be successful in the long run although the provincial government has incurred unnecessary expense and risk. "But the other three cases are disasters" (p. 13). Mathias, who is an assistant editor of the Financial Post, and Professor Abraham Rotstein in a perceptive introduction examine

1 Complementary Report of Dr. Harold A. Innis, *Report of the Royal Commission Provincial Economic Inquiry* (Halifax, 1934), p. 225.

the lessons to be drawn from these case studies. Both place great stress on lack of expertise of provincial development agencies and the lack of interest and participation by Canadian (primarily Ontario) corporations. These explanations are valid but hardly definitive.

Like so many Central Canadians, Mathias and Rotstein have an exaggerated idea of the effort and the resources that have been devoted to regional development in Canada. Provincially, the governments of the Atlantic Provinces. Manitoba and Saskatchewan have lacked the resources and federally, the government has lacked the will. While Rotstein believes that "There are few tasks in Canada that have ranked as high on our list of priorities as regional development" (p. vii), the only time in Canadian economic history when regional development has had a recognisably high priority in Ottawa was, perhaps, 1969-1972. "During the decade [1960s]", Mathias declares, "billions of dollars of capital was spent by federal and provincial governments to persuade anyone, from major international corporations to penniless promoters, to build large industrial plants in places in which they would not normally locate" (p. 1). But the federal program of industrial incentives for regional development has never been much more ambitious than it was in the last financial year, the fiscal year 1975-1976, when the DREE budget for industrial incentives for designated areas across Canada was only $92 million, almost exactly equal to the research budget of the federal Department of Agriculture.

Except for a few years after 1969, regional development has never been taken seriously in Ottawa. Federal policies have never tackled regional economic development with the strategy required and on the scale required. Since Mowat's day, Ontario has been big and powerful enough to impose its concept of federalism on the whole country, a form of federalism geared, of course, to the interests of Ontario rather than to balanced growth across the country. *Oliver Mowat's Ontario* and *The Politics of Development* provide valuable insights into the process by which Ontario achieved its imperial position; *Forced Growth* provides some insights into what the consequences have been for the Atlantic Provinces and the West.

WILLIAM Y. SMITH