

## WHAT NOW? (TWO)

I have often heard representatives of the region's business community stressing the importance of greater cooperation between the three provincial governments. Some have told me that they favour Maritime political union, as I do. There are things that the business community could do to show the way and promote a Maritime perspective. The three provinces hold an annual "provincial" business hall of fame dinner to honour three business leaders. The business community would send a powerful message to the three provincial governments and to Maritimers if they were, instead, to hold one "Maritime" business hall of fame dinner to honour three business leaders. The business community, not just governments, has a responsibility for turning the region into something more than a region of the mind.

Regions of the mind have little in the way of policy instruments to promote economic development. The constitutional framework establishes clear political boundaries and empowers provincial governments to establish policies and programs, which inhibits a multi-province or regional perspective. There is a built-in inertia at the political, institutional, and bureaucratic levels that makes regional planning and integration extremely difficult. Maritime Provinces have shown little enthusiasm to coordinate their efforts to promote regional economic development which has hindered economic development in the past and holds even less promise for the future.

The three provincial governments should declare that the region is open for business and, this time, actually mean it. They should have the goal of making the Maritimes the most business friendly jurisdictions in North America constantly at the top of their "to-do list." Put in place demanding regulations and invite firms to explore for resources, including shale gas, and review corporate and income taxes with the objective to make them competitive. If the region wishes to attract and house head offices, provincial governments need to accept that "taxes (particularly high income tax levels) can also have a powerful influence on headquarters location." High income tax levels are in reality a tax on head offices.

There is no reason, other than political and bureaucratic will, to stop the three provincial governments from declaring that the region will be a free trade zone within three years and pursue with enthusiasm free trade protocols for all sectors and put in place regional standards, not provincial ones. There is no reason to stop the three provincial governments from embracing a common tourism strategy, a common energy grid, a common liquor control commission rather than three small ones, common standards for skilled trades and professional licensing, transportation codes and vehicle legislation, common environmental protection; and procurement policies. If some of the changes should favour one community such as Halifax, then so be it. We are all Maritimers and it is increasingly up to us to see our region prosper.

The federal government meanwhile has much stronger leadership role to play in making the Maritime region more than a region of the mind. It can do this simply by looking at its own organizations. It should start with the agency mandated to promote "regional" development. The focus of the Atlantic Canada Opportunities Agency (ACOA) has been closely tied to its four provincial offices. ACOA could have one Maritime office and another one for Newfoundland and Labrador.

The fashion in promoting economic development is investing in Research and Development. The call for more R & D investments should be carefully adjusted to meet the economic circumstances of the Maritime Provinces. Answering the innovation call in the same manner as other regions, from Southern Ontario to California, is not necessarily the solution. Pursuing innovation and R & D in a big bang fashion

may often best be left to others. The Maritime region would benefit more from an R & D strategy by strengthening the ability of local firms to adapt innovation to the operations. The best R & D investments for the Maritimes are often born out of the necessity for local firms to become more productive and competitive. I am thinking of Oxford Foods and the need to invent a machine to harvest blueberries. That machine had a substantial impact on productivity. It was developed by local workers and it is now sold around the world.

The federal government should come to the three provincial governments with a proposal to restructure its machinery of government in the region. Savings from the restructuration could be repackaged in an economic development fund for the Maritimes. In doing so, Ottawa should put everything on the table. It could go as far as restructuring the courts over which it holds jurisdiction. The three Maritime provinces have three Courts of Appeal and there is strong evidence that not all have enough on their plates to be kept busy—I offer a number of other possibilities in the book.

The region is confronting a daunting demographic challenge which will be felt in all sectors, but particularly in health care. All three provincial governments need to get their fiscal house in order. It only takes a moment's reflection to see that they can do this better by coordinating their efforts than by acting alone.

The Maritime region has, since Canada was born, not been able to conceive and pursue economic opportunities to keep up with other regions. The future is full of uncertainty, given its demographic challenge and the reality that it continues to lose political clout in the Canadian family. The hope is that the federal government can learn to accommodate both national and regional perspectives and adjust national policies to reflect regional circumstances rather than, as it has in the past, fall back on transfer payments or send guilt money our way. The hope is also that Maritimers can cast aside provincial or parochial thinking and give their regional economy a powerful wrench of the wheel and lay the groundwork for self-sustaining economic development.

In my 1987 report to the Prime Minister on establishing ACOA, I made reference to the “cargo cult” approach to economic development. During the Second World War, natives of some Pacific islands saw the arrival of American troops. The Americans cleared and leveled an oblong piece of the jungle, set lights along the edges, and lo! After a while, a giant silver bird arrived, bearing all manner of valuable things. This gave rise to a “cargo cult” among the natives, who, having seen what the Americans had done to attract the silver bird, similarly set about clearing portions of the jungle and then waited by their fires, patiently and reverently, for the arrival of the bird.

This message resonates more today than it did in 1987. The global economy, the gradual loss of political clout in national political institutions and the difficult fiscal position of all governments make the point that Maritimers cannot sit back and wait for the silver bird to arrive. It makes less sense today than it did in 1987 to see three small jurisdictions competing with one another. All three need to see the region as something more than a region of the mind, community institutions need to step up and contribute more to the region's economic development, governments at all levels need to clear the way for the private sector to compete by establishing circumstances for economic success, and Maritimers need to push the Senate to embrace more fully its role as the voice of the regions, and to vote strategically in federal elections. The media made the point that in the 2015 election, Ontario gave the Liberal Party power, and Quebec, its majority. I disagree. The Maritimes and their 25 seats gave the Liberal Party a majority mandate (I invite them to do the math). No political party should take the region's vote for granted. We need to

draw on lessons learned from the Maritime Rights Movement (circa 1920s) and make full use of the modest influence we have in national political institutions.

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