

COMMENTS ON "REGIONAL ECONOMIC POLICIES IN CANADA"

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John Munro's paper [2] might serve its purpose reasonably well if it were presented to undergraduate students as an introduction to regional economic policy in Canada, because the students could, and should, be expected to examine the various reports and studies cited for themselves. But Munro delivered this paper to the first Canadian meetings of the Northeast Regional Science Association - surely an auspicious occasion demanding careful review and serious analysis of Canadian regional problems and policy for the benefit of visiting regional scientists well versed in the field. Unfortunately, Munro has not risen to the occasion; instead he has provided a review which is superficial, shoddy, and largely bereft of analysis.

The paper is in four parts. The first, an "overview" of regional disparities in Canada, is a simple presentation of selected aggregate indicators for the provinces compared to the national average. The second part reviews federal regional policy from the 1930s to the present without, by Munro's own admission, analyzing the causes of the disparities to which the policy was addressed. This omission does not prevent Munro from discussing, in part three, several evaluations of regional economic policies. The fourth part takes up two aspects of national economic policy, monetary policy and the protective tariff, and after noting that insufficient research has been done on the former, deals mainly with the latter. This is probably the best section of Munro's paper, in which he argues, from a British Columbia perspective, for a North Atlantic Free Trade Area, citing an empirical study in which he himself participated among the relevant research reviewed.

Munro reveals his lack of understanding of Canadian regional policy in the opening statement of his "Introduction". Canada has not been preoccupied with regional development. It took several decades of complaints before Ottawa established the (Duncan) Royal Commission on Maritime Claims in the 1920s, which led to the Maritime Freight Rates Act and transport subsidies on Maritimes coal shipments to Ontario and Quebec. While the Rowell-Sirois Commission Report of 1940 did prompt federal-provincial grants and, eventually, the present equalization payments to low-income provinces, the justification used was not regional development programs by the provinces but enabling them to provide a national standard of services without above-average levels of taxation for their residents. More recently, the postwar prosperity and the resource boom lasted until the mid-1950s before the (Gordon) Royal Commission on Canada's Economic Prospects pointed out that the national expansion did not relieve the disparity affecting the Atlantic Region and that, therefore, special development measures were required there (and for the North). Even then, it was not until 1962 that the Atlantic Development Board was set up as Ottawa's response to the Gordon Commission's recommendations. Even during the 1960s, the Atlantic provincial governments and the Atlantic Provinces Economic Council continued to press not only for better coordination of ADA, ARDA and the ADB but also for a stronger federal commitment to regional development. That came with DREE's establishment in 1969 - or so we believed at the time.

British Columbians cannot be expected to be as familiar with the Atlantic Region's problems as with their own, but those, like Munro, who profess some knowledge of Canadian regional policy should understand that much of the impetus for such policy has come from the Atlantic Provinces. For example, he seems unaware of the work of Norman McL. Rogers [3] in estimating the cost of the Canadian tariff

for Nova Scotia for the Jones Commission in 1934. He also fails to mention the analysis of the impact of monetary policy on the Atlantic Provinces by A.K. Cairncross [1] in 1961. These and other studies by Atlantic scholars should be added to his students', and his own, reading lists.

In spite of its inadequate reference to the Atlantic Region literature, the evaluation part of Munro's paper is a generally fair presentation of the studies reviewed. But he has relied far too heavily on the 1977 Economic Council study of regional disparities, Living Together, and in the process he has accepted a number of the Council's more contentious conclusions at face value. That "labour productivity differences between the provinces are mostly related to differences in output per worker and not to variations in industrial structure" is perhaps the most contentious. The evidence cited by the Economic Council can and should be challenged, but space is not sufficient to do so here.

Finally, it is presumptuous of Munro to offer any recommendations in his "Conclusion" on the basis of such a perfunctory and general review of regional policy in Canada. If he is going to make them, at least he should provide some cogent arguments to support them. Perhaps all three are sufficiently general to be acceptable, although one would anticipate some resistance to the first from manufacturers in Ontario and Quebec. It must be noted, apropos his second recommendation, that there is no necessary correspondence between placing DREE within a comprehensive planning framework, on the one hand, and phasing out intervention in the private industrial sector, on the other.

In summary, Munro has given us a general introduction to his subject from a fresh, British Columbian perspective which contains a challenge for regional policy makers and proponents to incorporate trade and tariff policy in their models and proposals. When he has done some additional homework, he should try again.

References

1. Cairncross, A.K. Economic Development and the Atlantic Provinces. Fredericton: Atlantic Provinces Research Board, 1961.
2. Munro, John M. "Regional Economic Policies in Canada", Canadian Journal of Regional Science, 1, 2 (1978), 61-77.
3. Rogers, N. McL. Royal Commission Provincial Economic Enquiry, A Submission on Dominion-Provincial Relations and the Fiscal Disabilities of Nova Scotia Within the Canadian Confederation. Halifax: Kings Printer, 1934.