

## IT IS A DIFFERENT WORLD

My earlier article explored the blame game – assigning blame for the Maritime region’s inability to keep pace with other regions. It is likely good for Maritimers to know that we are not solely to blame for our economic woes. There is, however, no market in Ottawa, in the national media or for that matter anywhere else, for the blame game. The “me” generation does not only apply to individuals – we now have “me-first” regions and some regions have more political clout to make it stick. Ontario and Quebec have shown time and again that they have no interest in reforming national political institutions to give a voice to the regions and those who wield political power need to look to vote-rich Ontario and Quebec to win elections.

It was only a few months ago that the Prime Minister suggested that Atlantic Canada could lose its only seat in the Supreme Court. Try that for size in Ontario, or in Quebec, which has a constitutional guarantee of three seats. The regional minister concept now belongs to the history books – a concept that enabled Roméo LeBlanc, Allan J. MacEachen and Elmer Mackay, among others, to push an agenda for our region. I am told that the concept was dropped because it did not work in Ontario and Quebec where there are always several senior Ministers vying to be the regional Minister. What Ontario and Quebec want from our national political institutions, they get. It is worth repeating that unlike every other federation, Canada does not have an effective Upper House to speak on behalf of the smaller regions.

There was a time when Ottawa’s regional development policy was designed for Atlantic Canada and eastern Quebec. No more. At the request of the then Prime Minister, Brian Mulroney, I wrote a report on the establishment of the Atlantic Canada Opportunities Agency (ACOA). Within weeks the agency concept was introduced in western Canada, later in Quebec, then in Ontario and later still in Canada’s North. Today, Ontario has two such agencies and now every postal code in Canada, including those on Bay Street, have access to Ottawa’s regional development efforts. The Department of Innovation, Science and Economic Development Canada is largely concerned with the economic interests of Ontario and Quebec. For the first time since it was established, ACOA reports to a Minister from Southern Ontario. Try to imagine for a moment the two regional agencies for Ontario reporting to Dominic LeBlanc, Scott Brison or Lawrence MacAulay.

The region only has 25 seats in the 338 seat House of Commons. Political power is increasingly concentrated in the hands of Prime Ministers and their courtiers. They know how to count the number of seats available in all regions. Albert Smith, the anti-Confederation leader from New Brunswick, put his finger on the problem as far back as 1865. He pointed out that the two Canadas were looking to the Maritime colonies to solve their own political problems and that the Canadians would only increase their “dominance as their population and appetite grew.” Showing great foresight, Smith called for a referendum on any act of Confederation, equal representation for provinces in the upper house, a restricted number of MPs, an assurance of a cabinet minister for each Maritime province, a court to deal with federal-provincial conflicts and strict control over taxation. The Colonial Office saw no need for a referendum and nothing came of the suggestions. John A. Macdonald and George-Étienne Cartier drove the negotiations in Charlottetown and Quebec, dismissing out of hand Smith’s arguments as well as the demands of Samuel Tilley from New Brunswick and Joseph Howe from Nova Scotia.

Policy makers in Ottawa, in the aftermath of the Second World War recognized that the work of national political institutions had created an unlevel playing field. Thus began the flow of transfer payments, or as I have labelled them elsewhere, “guilt money” which is sent our way. Ontario, at one time, had every

reason to support federal transfers to our region knowing that some of the money would come back to Ontario manufacturers operating in a protected market. The arrival of the global economy has changed the agenda. Ontario – and for that matter other regions – now have to focus on how best to compete with Michigan, California, Mexico or China. There is less and less appetite on the part of the have provinces for federal transfer payments to have-less provinces.

It will be recalled that the 2004 revisions to Equalization shifted half of the program's funding to a per capita basis. Quebec pushed Ottawa to adopt the formula because it stood to gain far more than the other receiving provinces. Journalist Jim Travers provided an explanation for Ottawa's position: "Martin's federal Liberals share with Jean Charest's provincial Liberals a pressing interest in securing for Quebec the best possible arrangement. After effectively losing a majority to the Bloc Québécois in the last election, Martin is determined to do everything possible to recover it and throwing money at Quebec never hurts." The federal government never answered Andrew Coyne's charge that per capita "by a happy coincidence raises Quebec's share of the total, but obviously has nothing to do with equalization." No matter, Quebec had, and still has, nearly three times more seats than the Maritime Provinces combined.

Ontario has now joined the other have provinces in having "profound regional grievances" and it turns to federal transfer payments and total federal government spending in all regions to make the point that it is not receiving its fair share of federal transfers. However, Ontario is conveniently overlooking several considerations in making this point. Total government spending does not tell the whole story – the nature of the spending matters (for example, a dollar in R&D is worth more than a dollar spent under the Employment Insurance program).

There is another important lesson learned for our region, it is not – and indeed never has been – in the region's economic interest to have a strong central government. From the day Canada was born, whenever the federal government has intervened to promote economic development, it has favoured Ontario and, albeit to a lesser extent, Quebec and left the Maritime Provinces on the outside looking in. Maritimers bought into the argument for a strong central government, thinking that it was part of a bargain that gave Ottawa a free hand to decide where wealth is to be created in return for a distribution of some of the wealth to sustain a level of public service that is somewhat comparable between regions. The three Maritime Provinces in the 1950s, decided essentially to make the region more dependent on the federal government so that they could develop their public service. Even that bargain no longer holds. I would add that even when the bargain was in place, transfer payments to provincial governments and individuals in the Maritime region was hardly the way to promote economic development.

This is not to suggest that the federal government should be let off the hook in setting an economic development agenda for the Maritimes. One thing it cannot do is sit back and tell Maritimers to pick themselves up by their own bootstraps. It has never asked that of Ontario or Quebec, and it should not ask that of the Maritimes. The federal government needs to play an active role and revisit not only *what* it is currently doing in our region but also *how*. The efforts, however, need to extend beyond the federal government.

What now for our region? My next two articles seek to answer this question.

**Donald J. Savoie**

Canada Research Chair (Tier 1) in Public Administration and Governance at l'Université de Moncton and author of *Looking for Bootstraps: Economic Development in the Maritimes*, Nimbus Publishing, Halifax NS