

# Regional disparity in Canadian unity



## A look at the balance of power in Canadian geo-politics

by David Kilgour, M.P.

A century of Atlantic de-industrialization, depopulation, growing dependence on Ottawa, and lost opportunities is a major national tragedy, shrieking to be righted now. The decline in economic importance and former larger political clout of the three Maritime provinces is a phenomenon the rest of Canada, including politicians of all three major political parties in Ottawa, observed mutely for the most part and failed to stop.

The Maritime provinces declined in relative importance after the 1880s and later became more and more dependent on Ottawa assistance. This spawned a bitter sense of regional grievance, one that Western Canadians have shared fully and is now in my own region for various reasons probably at an all-time high since the Depression.

The failure of a long succession of federal government to deal with and reconcile divergent regional concerns and needs has produced serious strains on national unity. Since birth, Canada has defined its national purpose only once. John A. MacDonald's "National Policy" of 1879 set our objectives to populate the country, to link the common market with a national transportation network, and to develop an industrial base. The two central provinces, or more accurately parts of them were the principal beneficiaries of the industrial strategy with ensuing economic stability and political clout.

Today, the four Atlantic provinces have less than half the MPs as the West has, and in the case of MPs supporting the Mulroney government, the proportion declines even further. In consequence, many Atlantic Canadians concluded that the Via Rail cut backs (sixty per cent of the job losses announced in October, 1989 were in Atlantic Canada), and the Wilson budget of the spring of 1989 (fifty per cent of the jobs affected by cut backs were in Atlantic Canada) were punishments for having voted mostly Liberal in the 1988 election. This, added to Ottawa's widely perceived failings in dealing with the Atlantic fishery, has added to the general pessimism and economic woes in Atlantic Canada.

For many Atlantic Canadians, Confederation remains an unequal partnership. The basic national institutions of government seem firmly resolved to preserve existing arrangements and to resist any movement to real change, reform and regional equity.

Ottawa remains a highly centralized place with a disproportionate number of its key decision makers originating in Inner Canada. In consequence, the organizational capacity of Ottawa to represent regional circumstances is seriously inadequate. Federal officials play key roles in shaping policies and

in government decision-making processes. Major decisions are normally made at the middle and senior levels of departments. Cabinet ministers rarely have much influence on the first draft of a policy position paper or cabinet documents. The aphorism in Ottawa, "he who controls the first draft, controls policy", carries considerable and probably increasing weight. It is therefore useful to look at the federal bureaucracy from a regional perspective in order to see who are the usually faceless personalities behind policies which affect Canadians in every part of the country.

### Federal Institutions

One underlying reason for the political inability of all outer regions to influence the process of national policy making is the fact that the institutions of our centralized federal government, most notably the House of Commons, Senate and executive branch, remain profoundly insensitive at providing effective regional representation to "Outer Canadians". The United States federal system developed in the direction of centralization partly because its Senate, for example, with two senators from Alaska (with approximately 534,000 residents) and two from California (with 29,500,000 residents), came to be seen by Americans everywhere as providing elected representatives from smaller states with the political clout in Congress which they lacked in the House of Representatives.

The metropolis-hinterland pattern of economic geography exists in other nations, but the two-tier model is deeper and more enduring in Canada than in most other countries. Australia, for example, a vast land, sparsely settled with just over 15 million inhabitants, is often portrayed as a "region-less" nation. Regional problems do exist in Australia; policies designed to divert population and economic activity away from the major centres have not worked as expected. Nonetheless, regional fairness appears to be constantly on the agenda of Australian cabinets unlike Canada. Section 99 of the Australian constitution orders the federal government to favour no state, or any part of one, over another state or its components. Another section bars favouritism on tax matters either between states or within regions of them.

In Canada, the lack of a balanced economic growth policy in Ottawa has aggravated regional alienation at a time when national unity is clearly under major strain for constitutional and other reasons. There are numerous examples of disparities in regional economic performance further exacerbated by an evident bias of federal government policies.

The notion of a future Canada I hold is one where the principles of regional equality and fairness will be reflected both in national institutions and serve as vital precepts for the conduct of decision-and policy-makers. The legitimate concerns of the disadvantaged outer parts of our country should be integral parts of our national interest and addressed accordingly. We need to renew our entire national government apparatus from top to bottom. It is no accident that the first advocates of a Triple-E (elected, effective, equal) Senate were not Westerners, but Atlantic Canadians.

# A Maritime re

By William J. Milne, Dept. of Economics, UNB.

The purpose of this overview is to address the relative merits of a Maritime economic union. Is it truly in the interests of Maritime residents to pursue such a goal or will the cost be too high and the benefits too low? What has the tradition been with co-operation among the Maritime provinces in the past? In this regard, is there any hope that a regional economic union will actually work or will province-building win out? What sectors will be most affected, either positively or negatively, by economic union?

To begin, it is very important to understand what we mean by economic union. The most relevant aspect of achieving an economic union in the Maritime provinces is the elimination of interprovincial non-tariff barriers to trade. A non-tariff barrier distorts trade and, therefore, the allocation of resources among the provinces. These barriers include a range of government policies that change the volume, composition or direction of interprovincial trade. They can affect the free flow of goods among the provinces, they can impede labour mobility or can destroy the interprovincial allocation of capital. The Council of Maritime Premiers (1991) set out the problems and a potential solution to these problems. Furthermore, in August, the premiers began the process of eliminating trade barriers. A few examples will help indicate the proliferation of these non-tariff barriers in Canada generally and the Maritimes in particular. Barriers which impede the flow of goods usually are related

to government procurement in respect to government purchase provincial marketing boards, example of Moosehead beer parts of Canada immediately special trucking regulations. B labour include policies at the regional differentiation of the program) or through provincial of professionals. Capital mobility preferences to in-province ample is the re-location of Crown and provincial Crown corporations advantages. It is obvious that scope and range of these inter

But the question remains: eliminating these barriers? T benefits occur in the economy reduced on the goods and services eliminated. This is clearly a firms who use these goods and tion processes. Second, because involve the mis-allocation inefficiency in the economy. T may increase overall regional the Maritime provinces. Final acting in economic consort w they have acting individually

# A new economic vision

By Rick LeBlanc, Chairperson, Atlantic Provinces Chamber of Commerce

Like many others, I believe the time has come for Atlantic Canadians to forge a new relationship within our region. While there is no regional government, we must create a common purpose within our part of the country; our part of the world.

A new Canadian reality is fast unfolding before our very eyes. A 20-month window has been provided by Quebec to rethink and readdress our future as TROC's (The Rest of Canada). In one form or another, Canada will continue as a nation, and we must be prepared to brave the new world.

Today's economy is moving toward the so-called "Global Village" with its demands for competitiveness on an international scale. Witness major milestones such as:

- Europe '92
- Free Trade with the U.S.A.
- Free Trade with the Pacific rim

The focus is on competitiveness, and this is being sponsored by the private sector (business community) headquartered in Central Canada. The Federal Government has been quick to embrace this concept as well.

Our ability to compete has been greatly impeded by the mountain of federal debt (\$400 billion) brought on by our own mismanagement and misrepresentation in Ottawa. We cannot expect to sit back and fault our elected officials for our collective inability to deal with the issues of fiscal management.

We continue to demand more service and still expect to maintain a tax structure similar to our American counterparts. The reality is that we are not only losing the fight, but also dragging down the political machinery at the same time.

A symptom; and only a symptom, of our struggle to compete is glaringly apparent in the leakage of revenue due to cross-border shopping. \$160 million is being bled out of the New Brunswick economy as a result of our consistent imbalance in pricing as compared to our U.S. counterparts. Many excuses have been attributed to this dilemma; i.e. the middlemen higher profit expectations, population density, aggressive American marketing. The bottom line is that due to our financial burdens, taxes are anywhere from 30-50% higher for a Canadian retailer versus an American retailer. If we cannot get our house in order, in very short

order, there will not be any We cannot attempt to compete massive appetite for debt a ucts, increased taxes.

In the process of becoming of fundamental shifts are sta affect Atlantic Canadians n near term. In brief the busi

- less taxation
- reduced federal deficit
- less regionalization
- increased government e

Why will this create a neg Canada? Our economic ba in the public sector (i.e. tra health and marginal at be private sector (i.e. fishing, a

This region is a financial and private sectors of Cana

I would dare say that if it v roots in this country and o export of human resources. be classified as an economi

capacity of developing into as Charles McMillian, in his Maritime Premiers, titled, ture: the maritimes in the 1 maritimes are in a vicious c inward looking attitudes."

Putting it more bluntly, A have if you can afford it, t shove (as it has) then our sh shrink, relatively speaking since 1982-83, Federal tran cent of N.B. ordinary reven 36%.

Therefore, it is not a quest to shrink, but how much ar

Nowhere has that been n in places like Summersid Government has single han change far too fast for any was grossly unfair in that i transition planning.

Unfortunately, this "Summ its major withdrawal of Fe sorship, is a sign of the tim The bottom line is this