

Abstract Intro to perspectives book

The writing of Canadian economic history has never been neutral. There have always been conflicting perspectives, emphasizing different factors and coming to different conclusions. This chapter discusses five main approaches to the writing of Canadian economic development until 1991, when this book was published. Some perspectives assumed that the main influences have been external to Canada and have examined the inflows of capital, labour, technology, and corporate control, while others have assumed that what happened in Canada mattered most. Ideological differences between those working from neo-classical economic, Marxist, elite, or feminist paradigms account for some of the different interpretations of Canadian economic history. Yet, to some extent the different perspectives on this country's economic development have evolved in relation to a home-grown school of thought known as the staples approach. By making assumptions about which factors are important to investigate, every perspective must consequently ignore other factors, factors that may be crucial in competing perspectives. By understanding the assumptions of each perspective, scholars can gain insights about their own perspectives. What assumptions are they making? What factors are they ignoring? Equally important, what can they learn from competing perspectives? This chapter outlines the assumptions of each school of thought and notes their similarities and differences.

PERSPECTIVES ON CANADIAN
ECONOMIC DEVELOPMENT
CLASS, STAPLES, GENDER, AND ELITES

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INTRODUCTION

'In the last analysis, the processes of
economic development are struggles for power'

Max Weber, Inaugural lecture at
Freiburg University, 1895

The writing of Canadian economic history has never been neutral. There have always been conflicting perspectives, emphasizing different factors and coming to different conclusions. One perspective has stressed economic, technological, or geographical factors to explain the course of Canadian economic development; other perspectives assume that the structures of economic and social power or the struggles for political power have had determining influences on the direction of the

Canadian economy. Some perspectives assume that the main influences have been external to Canada and have examined the inflows of capital, labour, technology, and corporate control, while others have assumed that what happened in Canada mattered most. Ideological differences between those working from neo-classical economic, Marxist, elite, or feminist paradigms account for some of the different interpretations of Canadian economic history. Yet, to some extent the different perspectives on this country's economic development have evolved in relation to a home-grown school of thought known as the staples approach.

There was a time—its heyday the 1930s—when, in English Canada at least, something approaching a consensus, a single coherent perspective to understand Canadian economic history, had developed. This was the staples approach of Harold Innis, W.A. Mackintosh, and others who generated an impressive and original body of work from the 1920s to the early 1960s. Their perspective has come to be known as the 'old political economy' to distinguish it from the 'new political economy' that developed since the 1960s. The writings that best set out the assumptions underlying this approach are presented in W.T. Easterbrook's and M.H. Watkins's *Approaches to Canadian Economic History*. Their still valuable collection appeared in 1967, just as scholars stopped writing from the staples perspective.

Easterbrook noted that the 'hard-won unity of approach' in the staples tradition had 'fared badly' in the two decades leading up to their 1967 collection.¹ He hoped that the groundwork for a new synthesis was

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developing. The opposite happened. The field split into two major branches that are barely aware of each other's existence. Beginning in the late 1950s a 'new economic history' emerged around the work of Robert Fogel and others in the United States, and this approach spread to Canada.² The new economic history took the 'political' out of political economy and employed neo-classical economists' tools of statistical manipulations, deductions from theory, and counterfactual hypotheses. At the same time several emerging perspectives emphasized the political and social side of political economy, much of the impetus coming from Political Science, History and Sociology rather than from Economics itself.

Why are there different perspectives in the understanding and explaining of economic history? Why can't there be agreement regarding the same field of study? In my view, the writing of economic history can never be the simple gathering and telling of the story of a country's or a people's past. The writer always brings a perspective to bear in inter-

preting the past. Assumptions must be made regarding which of the myriad 'facts' of history should be selected for study and which causes are deemed important to explain the course of development. Traditions develop regarding the themes to emphasize in telling the story of the nation's past, and in the shifting intellectual climate of the present these traditions change as scholars uncover and interpret 'new' aspects of the past. According to Carl Berger,

Written history represents a self-conscious effort to establish the meaning of experience for the present and is subtly and unpredictably coloured by the milieu in which the historian lives. The concerns and preoccupations of his own world constantly interject themselves into the complex dialogue between the living and the dead.³

Until the 1970s, women were largely invisible in recorded Canadian history. Most historians were male and they conceived history to be about narrowly defined political and economic events, traditionally male spheres of society. The leaders of these spheres were almost all male. Then feminism rediscovered much of our past that had been lost to present generations. Bringing new assumptions to the study of history, feminist scholars 'discovered' the impact of women by looking at aspects of history that had been neglected, such as social history, the evolution of the family, and women's economic role in creating use value and exchange value (unpaid and paid labour). Feminists developed new perspectives and methods by asking questions not asked before and by researching areas not previously thought to be part of history.

The impact of feminist historians on the writing of Canadian history is an important example of a broader phenomenon. New concerns and new perspectives arise because of changing social, economic, and intel-

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lectual movements in the present, and historians' search for the antecedents and meanings of these concerns in the study of the past. Each generation rewrites the country's history.

Different perspectives in the study of history arise not only because of the changing concerns of generations but also because of underlying social cleavages and ideological clashes. Liberalism and Marxism, the dominant paradigms of the past one-and-a-half to two centuries, underlie Canadian thinking about the economy and its relations to social and political structures and social movements. Liberals and Marxists make different assumptions about the nature of society and the factors important to investigate. Far from lamenting the existence of these competing and contradictory perspectives, I see the value of pluralism. Each per-

spective is a partial explanation. By making assumptions about which factors are important to investigate, every perspective must consequently ignore other factors, factors that may be crucial in competing perspectives. By understanding the assumptions of each perspective, scholars can gain insights about their own perspectives. What assumptions are they making? What factors are they ignoring? Equally important, what can they learn from competing perspectives?

This book has been compiled to show the reader the richness and heterogeneity of the perspectives that have emerged in the past quarter century. Except for three central articles from the now classical staples approach, all articles were written in the past 25 years or, as in the case of H.C. Pentland, became prominent during that time. This collection is a successor to Easterbrook's and Watkins' *Approaches to Canadian Economic History*. An outline of the theoretical perspectives on Canadian economic development from which my classification of an author's work is based follows. All such endeavours are open to the charge of drawing caricatures to which individual scholars do not conform. In practice authors often combine more than one perspective in their analysis, and several authors presented in this book have changed perspective over time. The purpose of this exercise is not to distort individual positions but to clarify how and why these theoretical perspectives differ from each other, and to comment on the intellectual climate in which the perspectives arose.

The Staples Approach

Pioneered by Harold Innis and W.A. Mackintosh in the 1920s, the staples approach has been Canada's greatest contribution to the study of economic history. According to this school of thought, hinterland development was determined externally by the pattern of demand and the level of technology in the metropolitan countries and internally by God-given geographic and resource endowments. By and large, the initiatives came from the metropolitan countries in the form of changing cultural tastes, economic demands, and new techniques, especially in

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transportation and communications. Limits to development largely rested on the availability of resources within staple economies.⁴ The theory purportedly explained export-oriented growth in new-settler societies.⁵ The staples approach was innovative in that it resisted the common assumption that each country is an island unto itself and can be analysed in isolation.

There were optimistic and pessimistic variants of the staples ap-

proach. The optimistic version saw Canada as a resource-exporter that, with the help of external sources of capital and know-how, would develop an independent industrial economy. This variant was associated with Mackintosh and easily merged with neo-classical economics. The pessimistic variant saw Canada as a resource-exporter blocked from development towards independent industrial maturation by external forces and their capitalist agents in Canada, and by internal geographic constraints. Innis, the founder of the pessimistic variant, put it this way:

Energy has been directed toward the exploitation of staple products and the tendency has been cumulative. . . Agriculture, industry, transportation, trade, finance and governmental activities tend to become subordinate to the production of the staple for a more highly specialized manufacturing community.⁶

The staples approach was an establishment movement that became dominant in the discipline of economics (or political economy, as it was often called then). Adherents had close connections with private research foundations and governments, acting as advisors and teachers of civil servants.⁷

The old political economy was guided by several questions, all of which grew out of nationalist concerns. First, why did resource exports continue to shape the Canadian economy? Why had Canada not yet matured economically? Why were so many of the decisions about the Canadian economy regarding capital, technology, management, and demand made outside Canadian borders? Did Canada make sense as a geographic entity, and under what conditions did the regions become economically unified or fractured?⁸

In attempting to answer these questions, the old political economy adopted what would now be called an interdisciplinary approach. The staples perspective made four main assumptions:

1) Canadian history could best be understood as Canada's persistent search for staple products with ready markets in more advanced countries.⁹ This emphasized the external determination of much of what happened in Canada. Canada should not be studied, it was thought, as a self-contained economy using Ricardian assumptions of international trade, namely that capital and labour were relatively Immobile.¹⁰ Staple-exporting sectors were analyzed in their global con-

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texts. Canada was an 'open economy.'

2) The role of elites was emphasized, reflecting the political dominance

of 'Toryism' in Canada in the 19th and early 20th centuries.¹¹ Canadian business elites were generally not portrayed as independent actors but rather as working in close connection with foreign business interests. Bankers, merchants, and resource capitalists were seen to be more powerful than industrialists. The state acted as 'capital equipment.'¹²

3) A study of history was thought to be the key to understanding Canada, a way to escape from the assumptions of orthodox economics developed in the context of the old world of Europe. 'A new country presents certain definite problems which appear to be more or less insoluble from the standpoint of the application of economic theory as worked out in the older highly industrialized countries,' wrote Innis early in his career, thus mapping out his life's ambition to create a new approach to the study of new-world societies. 'Economic history consequently becomes more important as a tool by which the economic theory of the old countries can be amended.'¹³ Innis's view that the new world had unique characteristics, making comparison with the old world of Europe less than fruitful, was widely shared. The idea that America was different, was a classless Utopia, was the future, dates back to colonial days, even before American independence.¹⁴ Innis took up the theme of new-world exceptionalism and gave it a different content.

4) The explanatory variables were technological, geographic—with great emphasis on waterways—and economic in the neo-classical sense. Cultural factors were included but were usually conceived narrowly as consumer taste, technique, and the centralized character of government and business institutions. Internal political and social events, though often discussed, were hardly ever considered causal factors. Innis' 'history, as history, was dehumanized.'¹⁵

The old political economy went into eclipse in the 1950s, a victim of the shift in western economics towards econometrics. Mathematics and deduction replaced historical inquiry into such matters as changes in technology and institutions,¹⁶ the objects of study of the old political economy.

The New Political Economy

In the 1970s, M.H. Watkins, Kari Levitt, R.T. Naylor, W. Clement, and others, combining the insights and assumptions of several frameworks, developed a new way of explaining Canada's continued dependence.¹⁷ At first glance their work appears to be an amalgam of Innis's staples tradition and Marxism, but whether or not they were aware of it, these writers drew heavily on the assumptions of the elite

approach that can be traced back to the work of Gaetano Mosca, Vilfredo Pareto, Robert Michels, and to more recent writers such as C.W. Mills and John Porter.

Naylor and Clement attributed Canada's twentieth-century economic dependence to the peculiar longevity of rule by Canada's merchants and bankers.¹⁸ According to their argument, the commercial capitalists promoted railways and financed the international movement of staples, but largely ignored industry. After 1900 the resulting gap was filled by American branch plants.

The new political economy perspective emerged in the late 1960s and early 1970s in an intellectual and political climate conducive to an acceptance of its main tenets. Those were the days of popular disaffection with American society, on issues ranging from the Vietnam War to the role of multinational corporations. The world had witnessed a decade of anti-colonial struggles against western empires. In Canada, these international events were to some extent mirrored, as Quebec nationalism, English-Canadian nationalism, and western and Newfoundland regionalism reacted against and inflamed each other. Young political economists in English-speaking Canada absorbed currents from Marxism, radical liberalism, and dependency-theory approaches.¹⁹

Like many of their counterparts in the Third World, new political economists in Canada rejected orthodox Marxism whose theories were derived largely from historical experiences in the centre of the developed capitalist world. The assumption, then common amongst American and Western European Marxists, that capitalist economies were moving in the same unilinear direction²⁰ did not seem to apply to Canada. Canada was not progressing away from a resource-exporting orientation; foreign ownership of the economy was at the highest of the levels in the Third World; and an indigenous bourgeoisie with a distinct national consciousness was not in evidence. As well, nationalism, of an anti-imperialist kind along the lines of national liberation movements in the Third World, appeared to many Canadians to have progressive rather than reactionary potential.

In this context it is not surprising that some political economists in English Canada rediscovered the earlier non-Marxist intellectual tradition of the Innis version of the staples approach, because it addressed issues of Canadian dependence. Yet the new political economy had a different aspect. Gone were the department chairmen and other pillars of the academic establishment who had led the old political economy. In their place were radical academics, most of them young, who struggled against the mainstream of their disciplines.

Glen Williams has pointed to the basic differences between the old and the new political economy. Whereas Innis had conceived of Canada as being on the margin of western civilization, the new political economy saw Canada on the periphery, that is the Third World, of interna-

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ional capitalism. In the new political economy Innis's constraints against economic diversification became more rigid blockages of development. The Canadian state, instead of acting positively to adapt to international fluctuations, was seen to be a puppet of foreign capital.²¹ The new political economy spoke in Marxist and anti-imperialist tones. The aura of dissent was there, but the epistemology was in fact much the same as that of the old political economy. Perhaps the continuity of thought was in part the result of the influence of Mel Watkins, who began as a neo-classical economist in the staples mould and became central to the development of the new political economy of the 1970s. If the new political economy was more rigid and closer to dependency theory, it still shared much of the old political economy's assumptions about the important causal factors in history:

1) External control of Canadian life. The sources of foreign influence were seen to be multinational corporations, imperial states, and metropolitan centres of finance.

2) Emphasis on elite power. Capitalists of various sorts were portrayed as dominant, while popular influence was thought to be nearly non-existent.²² The Canadian state was seen as speaking for external and internal capitalists, with little independent input of its own.²³

3) Canada's unique position. Historical analysis was crucial, not for Innis' purpose of developing a new theory for understanding of new-world societies, but because it was thought that Canada occupied a unique place in the world. Canada was a western, advanced country, yet it shared many features with the Third World. Canada was exceptional because it was so overwhelmed economically, politically, and culturally by the American Empire. Canadian uniqueness arose from its distinct relation to the United States. But for all the emphasis on Canadian history, the new political economy assumed that what happened in Canada stemmed largely from external sources and from a small internal elite tied as junior partners to international capital.

4) Despite its Marxist language, the new political economy attributed continuity and change to the same factors as the old political economy: technological dependence on multinational corporations;²⁴ geography—especially proximity to the United States; economics as the power of

capital to determine events; and culture in the limited sense of the culture of corporate capitalism. Except for the role of Canadian elites, internal social and political factors were largely ignored.

Marxist Perspectives

Canadian Marxists had different origins, dating back to the 1930s, and a very different epistemology from both the old and the new political economies. Until the 1970s, the little Marxist scholarship that was done

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was pursued largely outside the universities and in connection with the Communist Party of Canada.²⁵ The 1960s revival of academic Marxism in the western world was delayed in Canada, perhaps by the prior appearance of the new political economy. Not until the late 1970s did a new generation of Marxist scholars²⁶ burst on to the scene with the establishment of academic journals: *Studies in Political Economy* (SPE) (1979), *Labour/Le Travail* (1976) and *The Canadian Journal of Political and Social Theory* (CJPST) (1977). Each journal roughly represented different schools of thought in modern western Marxism: SPE, structural-functionalist Marxism; CJPST, the critical or hegemony perspective; and *Labour/Le Travail*, the working-class history approach of E.P. Thompson. The appearance of these Marxist approaches eclipsed the crude instrumentalism of the radical elite theory of the early 1970s.

The new academic Marxism was concerned with the questions of social order and revolution rather than with the laws of capitalist economic development, the main focus of Marx's *Capital* and, in their own way, of the old and new political economies as well. In the 1970s, the social order/revolution question led to a rediscovery of the importance of the state. With all the contradictions of capitalism, what prevented the working class from transforming capitalist society? What was the nature of the state? Who ran it? What was its domain? How did it maintain its legitimacy? How independent was it from the dominant class? The emphasis on social order meant that few Marxist scholars addressed questions relating to the peculiar course of capitalist economic development in Canada. When they turned their attention to questions of Canadian economic history, Marxists concentrated on internal Canadian struggles for political power between the classes. How did these class struggles affect the course of economic development? Marxist assumptions about the causal factors are virtually the mirror image of those of the new and old political economies:

1) While it is assumed that Canada is part of an international capitalist order, the business class and the state are seen as largely autochthonous

or indigenous, as in other advanced capitalist countries. This view contrasts with the new political economy's characterization of the Canadian bourgeoisie and the Canadian state as dependent or colonial.

2) Rather than focusing exclusively on capitalists, Marxists examine how other classes, chiefly the working class, affect economic history through their political and ideological struggles with the capitalists.

3) In keeping with Marxist tradition, there is an emphasis on historical analysis, in some cases perhaps with the a-historical goal of proving that Marx was correct. Recently there has been a move towards a genuine historical perspective and away from such an ideologically based starting point.

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4) Rather than emphasize geography, technology, and economics in the narrow sense, Marxists concentrate on exploitation in class relations. Economic development is largely understood in relation to the balance of class power, involving such issues as the price of labour and the rate of extraction of surplus value. Politics, ideology, and the role of the state are understood in relation to the balance of class power and, by some scholars, to the relatively independent nature of state institutions.

A Feminist Perspective

The 1980s saw the beginnings of a fourth perspective or set of perspectives that emphasized the social side of economic development. In the selection of readings I have deliberately given this set of perspectives the vague theme 'Gender and Labour: a micro perspective.' It has yet to become sufficiently aware of itself as a distinct approach to acquire a name, but it promises an exciting new perspective in the understanding of Canadian economic history.

The feminist revolution in scholarship has provided the impetus for the emergence of this new perspective. When feminists have addressed economic issues, they have for the most part examined how the economy has affected women's lives, as victims of the system rather than as vital participants in creating the economy. Literature on the impact of the economy on women is interesting and important,²⁷ but very few works have addressed the issue of how women have shaped the direction of the economy. Marjorie Cohen's *Women's Work: Markets and Economic Development in Nineteenth-Century Ontario*²⁸ is pathbreaking in developing an understanding of the economic role of women as creators and participants. Rather than focusing on the macro structures of the state and the economy as a whole, feminist scholarship²⁹ has

tended to look at power relations at the micro and meso levels of the social-economic structures: the family, the community, and specific authority relations at the employer level.

Recent feminist scholarship on economic development is closely related to an earlier and, until recently, largely ignored perspective, the Marxist-inspired labour approach of H.C. Pentland. Pentland's discussion of pre-capitalist social relations at work reminds us that domination and exploitation existed prior to capitalism, and can and have existed outside capitalist-class relations. Although Pentland does not analyse patriarchy—he focuses almost exclusively on male spheres of employment and on market-based, but not necessarily capitalist, class relations—his inquiries help us to understand the non-capitalist sources of domination and exploitation central to analysing patriarchy. Pentland's work on pre-capitalist and early capitalist forms of labour relations is not new. His main work was formulated and written in the 1950s, but it remained relatively obscure until the 1970s and 1980s when New debates on non-market economic production (including household

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production), the social relations of work in non-capitalist settings, and the transition to capitalist labour markets made the issues he discussed central again.³⁰ That Pentland's work was not included in Easterbrook's and Watkins' *Approaches to Canadian Economic History* was a major oversight, and one that is corrected by its inclusion in this collection. Pentland's doctoral thesis, begun in 1947 but because of its ambitious scope not completed until 1960, was published posthumously in 1981 as *Labour and Capital in Canada 1650-1860*.³¹ Marjorie Cohen has built upon Pentland's work, revising it substantially to explain patriarchy and the economic role of women.

The emergent feminist perspective on economic development is not yet fully rounded. For assumptions about the crucial factors in economic development I will focus on the work of Marjorie Cohen and Bonnie Fox. The set of factors they use to explain economic development are closer to those of the Marxists than to those of the old and the new political economies.

1) Cohen's study of nineteenth-century Ontario farming begins with the family as an economic unit, not with the market as an arbiter of value. In a rigid and unequal division of labour, in which males controlled female labour, women sustained the family's consumption needs, at first primarily through subsistence production, but increasingly through production for the market. These female economic activities freed male labour to engage in production for exchange and enhanced the farm family's ability to accumulate capital. This 'primitive accumulation' was

a source of domestic capital that was crucial to industrial development. The explanation emphasizes the internal determination of Canadian economic life³² and gives less weight to staple-export markets and to the influences of foreign economic elites and foreign capital than do the new and old political economies.

2) Cohen's micro focus on women's economic role in the family and the increasing trend to women's market-oriented economic activity since the nineteenth century, offers scant analysis of society-wide power relations. Consequently there is neither a focus on the role of powerful elites nor an examination of class or gender struggles for power in the family, the state, and the capitalist mode of production. It is perhaps unfair to expect a fully developed feminist perspective on economic development at this stage, but it is surprising that Cohen devotes so little attention to human agency and subjectivities in the collective struggle of communities of women. These elements are central to feminist scholarship on first- and second-wave feminism.³³

3) This perspective is informed by an historical rather than a theoretical or functional approach. Feminist economic research shares with several other traditions, particularly the staples approach and Marxist labour

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historians, a preoccupation with Canada prior to 1914. When dealing with the subsequent period, its concern has still been with pre-capitalist modes of production³⁴ or with workers who are only semi-proletarianized. It has been widely recognized that the economic history of women in Canada differs from that of England, from which so many economic models have been derived. In Cohen's hands, Canadian women's economic history is not a series of decisive break-throughs but rather a slow and gradual evolution away from household subsistence production towards production for exchange, and the eventual predominance of the capitalist mode.

4) In place of the old and the new political economies' pantheon of explanatory factors—technology, geography, the market, the corporation, and culture, defined narrowly—feminists have one key explanation. It is the changing social role of women in the family regarding household and market production, reproduction of children, and even the maintenance of harmonious family relations. The human agency informing women's contributions to economic development is more evident at the micro levels of society than at the level of powerful central institutions.

Neo-Classical Perspective

The staples approach was informed by neo-classical assumptions that hide domination, exploitation, and class in the abstract language of market mechanisms. It adhered to the liberal dichotomy of public and private spheres of life.³⁵ But in the hands of Harold Innis, the staples approach was not orthodoxly neo-classical. Neo-classical economists usually make rather sweeping assumptions about market economies including the prior existence of fully developed market mechanisms. They posit a competitive economic system where price adjustment is based on supply and demand that 'clears the market' and produces 'equilibrium.' Perfect competition requires perfect mobility of the factors of production such as labour and capital.³⁶ Variations from these assumptions are usually dismissed by the all-encompassing term *ceteris paribus*, all other things equal, and the variations are rarely explored. Nevertheless Innis explored these variations where perfect mobility conditions did not apply well. He came to be called a 'pessimist' because he did not assume that markets would clear under all conditions, nor that staple economies would necessarily diversify. His refusal to wish away conditions not conforming to neo-classical theory was the signature of his genius.

W.A. Mackintosh, co-founder with Innis of the staples approach, and father of its optimistic version, accepted neo-classical assumptions, including Adam Smith's stages of economic development. Canada was still a staple-exporting economy because it was a young country, at an

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early stage of development. Mackintosh assumed that this was a temporary state of affairs. Canada would become a late bloomer, he thought, with the help of foreign capital and technology, and would follow in the footsteps of the United States, which also began as a staple-exporting economy.³⁷ Critics would call his optimism naive.

Mel Watkins' 1963 article 'A Staple Theory of Economic Growth,' reproduced in this volume, recast the staples approach in terms that made it compatible with orthodox economics, in particular the theory of international trade. As he later said, his recasting of the staples approach 'constrained the theory to the very limiting paradigm of orthodox economics.'³⁸ Shortly after writing 'A Staple Theory . . .' Watkins changed course and helped found the new political economy. Neo-classical economic historians also abandoned the staples approach, but few followed Watkins. Instead they embarked on the 'new economic history' with its statistical bent and its emphasis on trade, internal capital markets, local entrepreneurship, natural population growth, and internal migration. The latter perspective is not represented in this volume.

The neo-classical perspectives that are included follow in the tradition of W.A. Mackintosh.

Selections

Many excellent articles, from the long list I had originally drawn up as pieces that 'must' be included in such a volume, had to be set aside. Some excellent articles had to be excluded simply because of their length. We did not want to drastically edit such articles and perhaps make a travesty of the author's argument and presentation. In a few cases, sections of books were assembled to make a self-contained article, but no real editing was done. We have let the author make his or her own statement. Opting for authenticity has meant that fewer articles could be included.

Several criteria were used to select articles. First, since this is a collection on perspectives about economic development, we excluded descriptive historical pieces, however brilliant their insights. The articles had to stress the important factors in explaining Canadian economic history. Second, we wanted an original argument, setting forth a perspective, and we excluded all but one review of the literature.³⁹ Wallace Clement's and Glen Williams' *The New Canadian Political Economy* (Kingston: McGill-Queen's University Press, 1989) is an excellent source of essays that review and critique much of the field. We did include one critique: Daniel Drache's 'Harold Innis and Canadian Capitalist Development,' because the article contributed to an understanding of Innis, still the central figure in the writing of Canadian economic history.

One exclusion was involuntary and unfortunate. R.T. Naylor's argument, that the domination of merchants and bankers was detrimental to

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the development of an independent industrial economy, was a matter of considerable debate in the 1970s. We wanted to include Naylor's argument here but he refused permission to reprint any of the articles he wrote in the 1970s. Instead he referred us to a descriptive historical article that did not state his famous thesis, nor any explicit thesis for that matter.⁴⁰

The third and most important criterion was that the article must be among the best of what I consider to be the five main perspectives on Canadian economic development. The classification of articles into these perspectives differs somewhat from the ideal types outlined above.

There is fairly widespread agreement that the pattern of Canada's economic development includes a resource-exporting or staples emphasis; an open trading economy with trade dependence on one or two metropolitan markets; a high degree of foreign ownership in the manufacturing and resource sectors; regional economic disparities with hinterland regions dependent on a narrow range of staples; an advanced but not independent manufacturing base with notable weakness in indigenous innovation; a tendency towards centralized control of economic institutions; and a high-wage labour force.

Taken separately Canada has shared most of these features with other advanced capitalist countries, but their combination has produced a fairly unique political-economic configuration. Analysts differ in the assumptions used to explain what has led to this configuration; that is why I have used the term 'perspectives.' There are several ways to conceive the differences in historical explanation. Many conceive the main distinctions to be along 'Marxist'-liberal lines or more recently along feminist-traditional (male-centred) axes. Others think the main distinctions are between economic nationalists and continentalists or 'internationalists.'

I distinguish perspectives on different bases. It matters less what philosophic tradition analysts claim to adhere to, than the factors they emphasize in their explanations. In other words what actual assumptions have they made about the workings of the Canadian political economy? I have grouped these historically-oriented selections according to the following queries:

- 1) Has the author emphasized the external or internal determination of Canadian economic history?
- 2) Does the author explain economic history primarily through 'economic' factors as conceived by neo-classical economists, or are political, structural, social, and cultural factors made central to the explanation of economic events?
- 3) If the political/state realm is thought to be important in determining

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the direction of economic development, how is the political or state system conceived? Is it assumed that elites—political and/or economic—are virtually the only ones that matter, or is politics thought of in terms of agency and as a contest between classes and/or genders?

Based on these criteria I developed the following categories of perspectives. Each has its own cluster of assumptions:

1) Neo-classical. Emphasis on internal factors in an open-trading environment, economic factors as defined by markets, often geography and climate, with little reference to political determination except as barriers to development.

2) Staples. Emphasis on external or metropolitan initiative, the character of the staple, and economic, technical, and geographic factors. When the state is discussed, the role of elites is emphasized.

3) Elites as Barriers to Economic Development. Most writers using the elite perspective agree external and internal influences on Canadian economic life combine, and that the important thing is the relation between the two. Most, however, emphasize either external or internal elites. There is agreement that state policies, the power of economic elites and ideology are central to an explanation of economic development.

4) The Impact of Class Conflict on Economic Development. Authors emphasize internal factors, and the 'political' is conceived as including more than elites. Indeed a contest for control and leadership along class (and sometimes non-class) lines lies at the heart of the explanation. As a consequence, the state, the social structure, political movements, and ideology (or culture) are seen as major determinants of economic development.

5) Gender and Labour in Economic Development. These perspectives, like that of class, focus on the internal aspects of Canadian economic life but do not emphasize the political, at least in its macro dimensions. Economically relevant phenomena are conceived broadly to include factors much beyond 'economies' in the narrow sense. The emphasis is on social structure and culture and sometimes a contest between contending forces mainly at the micro level.

I did not include a bibliography of the latest works in the field because a good and much more extensive bibliography than could possibly be included is already available. The reader is referred to Daniel Drache's and Wallace Clement's *The New Practical Guide to Canadian Political Economy*.⁴¹

Every selection of readings has its arbitrary and idiosyncratic aspects. I have explained the basis for the selections made here. Whether or not

my readers agree with my classifications, I hope they find this a collection of fine and stimulating work.

Gordon Laxer
Edmonton
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Notes

1. W.T. Easterbrook, 'Recent Contributions to Economic History: Canada' in Easterbrook and Watkins, *Approaches to Canadian Economic History* (Toronto: McClelland and Stewart, 1967), p. 261.
2. M.H. Watkins, 'The Staple Theory Revisited,' *Journal of Canadian Studies*, Winter 1977, p. 83.
3. Carl Berger, *The Writing of Canadian History. Aspects of English-Canadian Historical Writing: 1900-1970* (Toronto: Oxford University Press, 1976), p. ix.
4. Short of diversifying away from resources, staples economies have limited room for initiative. They can create new technologies, such as new wheat strains, and bargain for higher economic rents, but they cannot create external demand, the crucial factor in the prosperity of staples economies.
5. M.H. Watkins, 'A Staple Theory of Economic Growth,' *Canadian Journal of Economics and Political Science* 29, No. 2 (1963), p. 143.
6. Harold Innis, *The Fur Trade in Canada* (Toronto: University of Toronto Press, 1975), p. 385.
7. Donald Creighton, *Harold Adams Innis, Portrait of a Scholar* (Toronto: University of Toronto Press, 1957); Carl Berger, *The Writing of Canadian History*.
8. Harold Innis, *Essays in Canadian Economic History* (Toronto: University of Toronto Press, 1973), p. 209.
9. W.A. Mackintosh, 'Economic Factors in Canadian History,' in Easterbrook and Watkins, *Approaches to Canadian Economic History*, p. 4.
10. R. Nurkse, *Problems of Capital Formation in Underdeveloped Countries* (Oxford: Basil Blackwell, 1962), p. 120.
11. Reginald Whitaker, 'Images of the State in Canada,' in Leo Panitch ed., *The Canadian State* (Toronto: University of Toronto Press, 1977).
12. Innis, *op. cit.*, p. 260.
13. *Ibid.*, p. 3.
14. Louis Hartz, *The Liberal Tradition in America* (New York: Harcourt, Brace, Jovanovich, 1955).
15. Carl Berger, *op. cit.*, p. 98.

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16. Robert Kuttner, 'The Poverty of Economics,' *The Atlantic Monthly*, February 1985.

17. See R.T. Naylor, *The History of Canadian Business 1867-1914*, 2 vol. (Toronto: Lorimer, 1975); W. Clement, *The Canadian Corporate Elite* (Toronto: McClelland and Stewart, 1975).
18. Naylor, *History of Canadian Business*, vol. 2, p. 282; Clement, *Continental Corporate Power* (Toronto: McClelland and Stewart, 1977), p. 290.
19. Kari Levitt was strongly influenced by the staples approach of Hugh Aitken and Harold Innis. She described Innis as the 'chronological antecedent of the Latin American economists' in developing a 'metropolis-periphery approach to American staples economies' and was aware of the works of Prebisch and Furtado. Levitt, *Silent Surrender: The Multinational Corporation in Canada* (Toronto: Macmillan, 1970), p. 46.
20. Ralph Miliband, Nicos Poulantzas and Claus Offe, each coming from different schools of Marxism, were content to discuss the state in advanced capitalism as if it were one entity. They did not trace the evolution of the state historically and in different countries.
21. Glen Williams, 'On Determining Canada's Location Within the International Political Economy,' *Studies in Political Economy* 25 (Spring 1988), p. 122.
22. R.T. Naylor, 'The Rise and Fall of the Third Commercial Empire of the St. Lawrence,' in G. Teeple ed., *Capitalism and the National Question in Canada* (Toronto: University of Toronto Press, 1972), p. 2.
23. M.H. Watkins, 'The State in a Staples Economy,' paper presented to the conference: *The American Empire and Dependent States: Canada and the Third World*, University of Toronto, November 1977.
24. Naylor, *History of Canadian Business*, vol. 1, pp. 38-64.
25. Prominent Marxists and neo-Marxists such as C.B. Macpherson and H.C. Pentland however had an independent existence in the universities.
26. A vigorous and more eclectic Marxist approach developed in Atlantic Canada around the history journal *Acadiensis* and *Labour/Le Travail*.
27. For an introduction to this literature see Heather Jon Maroney and Meg Luxton, 'From Feminism and Political Economy to Feminist Political Economy,' in Maroney and Luxton eds, *Feminism and Political Economy. Women's Work, Women's Struggles* (Toronto: Methuen, 1987); Marilyn Porter, 'Peripheral Women: Towards a Feminist Analysis of the Atlantic Region,' *Studies in Political Economy*, 23 Summer 1987; M. Patricia Connelly and Martha MacDonald, 'Women's Work: Domestic and Wage Labour in a Nova Scotia Community,' *Studies in Political Economy* 10 Winter 1983.
28. Toronto: University of Toronto Press, 1988.
29. Socialist feminist scholars such as Janine Brodie, Jane Jenson and Rianne Mahon have made important contributions to macro political economy.

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30. For an excellent critical assessment of Pentland's work see Allan Greer, 'Wage Labour and the Transition to Capitalism: A Critique of Pentland,' *Labour/Le Travail*, 15 Spring 1985.

31. Toronto: Lorimer, 1981. This book was edited by Paul Phillips who wrote a superb introduction and explained the context of Pentland's scholarship.
32. See Bonnie Fox, 'Women's Role in Development,' in this volume.
33. See for example Alison Prentice et al., *Canadian Women: A History* (Toronto: Harcourt, Brace, Jovanovich, 1988).
34. See Fox, *op. cit.* Work on nineteenth- and early twentieth-century Canadian women and on non-capitalist modes of production helps to dispel a number of myths about our past, but there needs to be more work done on how women have affected the direction of the industrial and service sectors of the economy.
35. Samuel Bowles and Herbert Gintis, *Democracy and Capitalism* (New York: Basic Books, 1987), chapter 1.
36. Kuttner, *op. cit.*, pp. 75-6.
37. W.A. Mackintosh, 'Canadian Economic Policy 1945-1957—Origins and Influences,' in Hugh Aitken et al., eds, *The American Economic Impact on Canada* (Cambridge, Mass.: Harvard University Press, 1961), pp. 67-8.
38. M.H. Watkins, 'The Staple Theory Revisited,' p. 83.
39. Fox's 'Women's Role' was crucial for an understanding of this emerging perspective.
40. Naylor, 'Canada in the European Age,' *Canadian Journal of Political and Social Theory* 7 (Fall 1983): pp. 93-125.
41. Toronto: James Lorimer, 1985.