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REGIONAL DISPARITIES: TOWARDS A THEORETICAL UNDERSTANDING OF THE CANADIAN CASE

by
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A Thesis submitted to the School of Graduate Studies in partial fulfillment of the requirements for the degree of Master of Arts in Political Science

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ABSTRACT

Regional disparities are not unique to the Canadian state and its geographic and climatic features but a universal characteristic of capitalist development realized in articulation with these features. They arise from the organization of productive activity and the subsequent distribution of the benefits of that activity by society. The economic theory which purports to explain the organization of society in space is rooted in a synthesis of neo-classical economic assumptions which are insufficient to deal with the process of the construction and destruction of social space. The ahistorical and incomplete analysis of the problem which result, and indications that these weaknesses are reflected in regional development policy emphasizes the need for an alternative understanding of the problem as the spatial dimension of the history of capitalist growth.

ACKNOWLEDGMENTS

The patience and encouragement of my friend and wife Sue Bramley have made this paper possible. I am indebted to her and to my other friends and my family for their steady support, encouragement and sympathy..

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It goes almost without saying that responsibility for any errors or omissions in the text is completely my own.

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INTRODUCTION

Canada is faced with disintegration. For over a century the Canadian state has been characterized as a unity of vastly disparate regions. In the last few decades the intensity of these disparities in employment and per capita income, more specifically the inequity of the production and distribution of national surplus over the country's regions has engendered increasing discontent. This social unrest now threatens the integrity of the Canadian state.[1] The depth of concern is mirrored daily in the popular press as confrontation between centralist and regionalist factions and with the increasing gravity of the current economic crisis, confrontation escalates.

While in this period the ethnic division and more recently the struggle over control of energy resources are seen as strategic elements, these are but current manifestations of a more profound problem. The origins of the regional problem are not in the politics and controversy surrounding energy nor in the more deep seated divisions over language and race but must more properly be understood as in large measure the

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1. Gordon Robertson's Forward and David Cameron's Introduction to Regionalism and Supranationalism, David Cameron (ed.) (Montreal: Institute for Research on Public Policy, 1981), indicates the generalized recognition of this tendency.

spatial dimension of the dynamics of capitalist growth in Canada. In the appropriation of labour, production process, distribution of commodities and realisation of profit, capital acts in concert with geographic and climatic conditions to structure the social space in which man exists, and through his complicity in the system reproduces his existence.

Space is clearly more than a static and pre-existing "given" in the development process, a container for human activity, as is assumed in many traditional approaches to development and industrial location by bourgeois social science.[2] It is the environment in which man acts to transform nature within a given mode of production. Space must be understood as a product of human activity, the structuring of which structures man himself, transforming his consciousness as he himself transforms nature.

> The production of space, human geography is its fullest sense, is thus rooted in the mode of production and is shaped by the same contradictions between the forces and relations of production, between reproduction and transformation that permeate all modes of production. 3

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2. See Walter Isard, Location and Space (Cambridge: M.I.T. Press, 1956).

3. Edward W. Soja and Cortis Hadjimichalis, "Between Geographical Materialism and Spatial Fetishism: Some Observations on the Development of Marxist Spatial Analysis", Antipode, Vol. 11, No. 3, 1980, p. 4.

Just as the ongoing contradictions between forces and relations of production constantly impel capital to intensify, concentrate and expand commodity production, constantly renovating the productive process, so is social space shaped by the constant transformation of capital.

Frequently described as uneven development - the inequity of the distribution of productive activity in space - regional disparities are a product of a process whose inherent logic necessitates constantly increasing capital accumulation to continue functioning. This engenders a parallel concentration and centralization of productive activity on a national and international level. It is these elements, the concentration inherent to the process of capitalist production and the consequent centralization of productive activity on a larger and larger scale which are elemental in the creation of uneven development and hence it is these factors which we will attempt to focus on in our discussion of the theoretical approaches to the regional problem.

If we are to understand the regional problem as a universal product of the spatial dimension of growth in the capitalist mode of production, our approach should situate Canada in the context of the international market and clarify the relationship between the position of Canada in this market

and the structuring of Canadian political economy. Just as we situate the actions of social movements in the context of their relationship to the productive process, seeking to understand how this process structures their social experience and productive activity, so must we, if we are to gain an understanding of the dynamics of regional disparities in Canada, situate Canada as an element of the international capitalist market, structured by the changing requisites of that market and in turn playing a role in determining those requisites. An approach to regional disparities must be historical, understanding the problem as developing over both time and space, integral to the dialectical process of capital formation on both a national and international level.

Canada was stamped early with the economic and political relationships of colonial domination and assigned a place as supplier of resources and raw materials for European empires. Over time the nation achieved political independence, but her economic position in the international market has changed relatively little. Both these characteristics - Canada's colonial past and the later neo-colonial legacy as supplier of raw materials to the industrialized centre countries - have had substantial and lasting effects on the creation and intensity of the regional distortions we experience today.

It is frequently argued that Canada's regional character was established in the historical circumstances and contractual arrangements surrounding Confederation. It is clear that the initial establishment and growth of the colonies of the two founding empires had a lasting effect in shaping the regional character of Canada. The colonies developed their characters from the territories they occupied, the collective culture of their inhabitants and settlers, and the commodities they produced and traded. Confederation, when it came, was much less than an equitable sharing by equal regional partners. The nation was not one built on the emotional euphoria arising from a unifying revolutionary war or fervent nationalist struggle for independence. The Canadian Confederation is more accurately analyzed as a rather insipid marriage of convenience for several more or less contiguous, semi-autonomous British colonies whose merchant bourgeoisies felt the need to protect local markets from the threat of commercial competition and to share transportation systems and military defence against American continentalist ambitions.[4] Gaining most in the barter were the merchant and banking interests which dominated the government of Upper and Lower Canada and imperial finance capital which acted in concert with these factions of the bourgeoisie, and which in turn had most to gain from a Canadian

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4. Stanley B. Ryerson, Unequal Union; Confederation and the Roots of Conflict in the Canadas, 1815-1873, (New York: International Publishers, 1968).

union which could prove a lucrative source of investment in the construction of new transport infrastructures and reduce the costly burden of colonial administration.[5] The clear imprint of the colonial mentality is our heritage to this day. It is manifest in the subservience of Canadian capital and the Canadian state in the face of foreign and international competition and in the failure of the national bourgeoisie to build in Canada an independent Canadian productive capacity.

Regionalism in Canada is also explained as a result of the tremendous physical barriers imposed by Canadian geography and climate. It is apparent that these factors are of inestimable importance. Geography has irrevocably shaped the organization of life and the dispersion of settlement in Canada. To a lesser extent the pattern of development in Canada has been shaped by the distribution of resources and raw materials as deposited by the forces of nature. Indeed the causal element in the separation between development and undeveloped or underdeveloped areas is often identified as the location of resources in space.

In another vein, the regional problem is attributed to the sometimes ponderous movement of the process of development in poorly located, sparsely populated areas. An assump-

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5. Tom Naylor, The History of Canadian Business, 1867-1914, Vol. 1 (Toronto: J. Lorimer 1975).

tion of this position is that given sufficient time capitalism will inevitably "even out" development over this huge territory which was appropriated as a vast and empty continuum from the aboriginal peoples, "filling in" areas of slow growth with productive communities.

It is these perceptions of the regional problem in Canada, a nation which is without question immensely effected by geography and climate and which proudly displays her links to her colonial birthright that lends strength to the dominant and pervasive view that regional disparities are an inherent and inavoidable feature of an otherwise healthy economy, an accident of history and location, arising from the natural advantages one region has over another, the depth of ethnic division, and colonial history. The regional aberration is seen as an inherent feature of Canada and the role of the modern state to act to mediate this aberration, to reduce its most disequilibrating effects through handouts, regional charity and plans and provisions which continue to promise the regions a better future. We will attempt in our text to address the theoretical limitations of these propositions.

Our objective is to examine the established body of regional theory and to penetrate the ideological haze which surrounds the regional question in Canada. Disparities are a

reality lived by a large number of Canadians, which many more have witnessed in travelling through the nation. It is a real problem, a problem which can be seen and touched. Its roots lie in the contradictions engendered by and inherent to capitalist growth and the spatial reflection of this growth in modern technological society. To arrive at an understanding of the problem is to grasp the very real meaning of these contradictions which are too often stated only in statistical terms. Canadian political economy developed out of the concrete conditions existent in Canada and out of the historically conditioned position which Canada assumes in the world market. The essence of these relationships is difficult to grasp and contemporary neo-classical theory aids little, indeed even hinders and obscures these links.

Climate and geography irrevocably shaped the regions of Canada, and the allocation of resources have had specific effects in conditioning development, as have colonial precedents and the splits of language and region. But, in areas of temperate climate, rich farmland, favourable location and bounteous mineral wealth where today there are serious deficiences in standards of life, these explanations add little to our comprehension of this problem. An understanding of the transformation of a region like the Maritimes from a thriving area of industrial and commercial activity at the turn of the century,

to a backwater of unemployment and low productivity today is best acquired through an understanding of the nature of regionalism and its articulation with the processes of capitalist growth. Assuming that regional problems are a natural result of the vagaries of geography and resource location says little of the role of man in creating his environment. It assumes that man is constantly the subject of the preexisting physical conditions and of the "natural" laws of the capitalist economy and its elements core, the commodity market. Man creates the material environment he lives in. The regional problem is a creation of the actions of men operating within the parameters of an economic, social and political system conceptualized and realized by men and this paper we hope, will introduce some concepts which can lead to such an understanding.

An adequate proof of the foregoing, an analysis which evaluates each hypothesis against the background of the available material proving or disproving its validity in a methodological way is a complex and difficult task if it is possible at all. This paper will limit itself to a discussion of the theoretical approaches to the regional problem and a statement of an alternative to these approaches. A number of hypotheses will be advanced for the application of this alternative both to regional development policy and in further study of the Canadian case.

The objective is to move from a recognition of the concrete problem of regional disparities in Canada to a discussion of the social and economic theory which describes the problem. Here we will see that neo-classical economic assumptions form the foundation of a majority of theoretical approaches. In the second chapter we will examine these assumptions. Several theoretical models of spatial economics which purport to explain the organization of economic and hence social activity in space will be advanced and their limitations discussed. Throughout the discussion the region will be defined in terms of the creation of social space, the historically conditioned attachment of both the individual and the community to a location. This quality it will be seen as expressed in the struggle to maintain the integrity and achieve the development of this space. We will situate changes in regional development theory in the growing reality of the problem and demonstrate how the intensity of uneven development, linked as it is to problems of international development, has brought to prominence alternative approaches to the problem. In chapter three we will present some elements of these approaches which may be applicable to an analysis of regional problems. The Canadian case will serve as a backdrop for theoretical demonstration and concrete examples and in conclusion as a source of suggestions for further study.

Man creates history through the productive activity engaged in to reproduce human existence, that is through social practice. In doing so, he creates social space. Within this process of creation operate the contradictions which flow out of the organization of productive activity, the contradictions inherent to the labour process. Regional disparities in Canada today are one aspect of the social organization of the productive process and can be fruitfully understood as such.

CHAPTER I

THE REGIONAL PROBLEM

The Canadian Context

The uneven development of the national economy has been a central focus of state activity in Canada for the past two decades. The paradox for bourgeois social science is that the inequitable distribution of the benefits of economic development has paralleled the furious expansion in industrial and technological development and in international trade which, since the Second World War, has changed the face of the world and carried Canada into the favoured ranks of the industrialized developed nations of the West. Along with Canada's outstanding record of growth in GNP, there stand the equally impressive statistics measuring the regional problem, low levels of social and private investment, high unemployment and underemployment, shrinking personal income, low educational levels, poor housing and health care, deteriorating community and cultural climate and low productivity. All of these indicators measure the depth and generalized nature of uneven development in Canada. A summary of the personal disposable income per capita in each region offers some indication as to the persistence of the problem:

> Ontario and B.C., which had levels of per capita personal disposable

> income as much as 30% above the national average before World War II, remain above the national average, but only by about 10%. The prairie provinces which dropped to 20% (in the case of Alberta) or 30% (in the case of Manitoba/Saskatchewan) below national average levels in the depression years, regained a position slightly above the national average following the war, and remain above today.
> Quebec remains about 10% below national average levels, after a thirty year period of gradual improvement from a level 20% below the national average in 1946. The Atlantic provinces, despite close to thirty years of gradually improving their position from their 1951 low of only 65% of the national average, still show personal disposable income levels per capita of less than 80% of the national average. 1

The persistence of inequality in personal disposable income per capita is one aspect of regional disparities which

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1. Mark Daniels, "The Birth and Shaping of Regional Policies", Policy Options, Vol. 2, May 1981, p. 56. Also, W.I. Gillespie and Richard Kerr, The Impact of Federal Regional Economic Expansion Policies on The Distribution of Income in Canada, (Ottawa: Minister of Supply and Services, 1977). This is a paper commissioned by the Economic Council of Canada which generally supports the above assessment. Appendix A, Personal Income Per Capita in Current Dollars indicates the persistence of the uneven distribution of personal income by province over the last decade. The extent of inequity is further emphasized by comparing Appendix A to Appendix B, Earned Income Per Capita in Current Dollar. Appendix B removes the effect of transfer payments from personal income across the country. Note that the figure in brackets indicates personal income as a percentage of the Canadian average. Figure are stated by province

the statistics capture. What is not indicated is the extent to which regional disparities in various forms are found in regions considered well off. In April and May of 1979 the Organization for Economic Cooperation and Development (OECD) Working Party on Regional Development Policies reported, on reviewing the regional situation in Canada, that, "In relative terms the weakest regions are the Atlantic Provinces and Quebec, localized areas in Northern and Eastern Ontario, and much of the northland areas of Western Canada".[2]

Commenting on the persistence of regional disparities in Canada Robert Montreuil, Deputy Minister of the federal Department of Regional Economic Expansion (DREE) recently pointed out at a University of Ottawa colloquium, "The average annual growth rates in Canadian GNP from 1967 to 1976 was 11.1 per cent (4.9 per cent in constant dollars) exceeeded only by that of Japan at 15.9 per cent (7.5 per cent in constant dollars). These expansive conditions tended to focus attention on those

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for statistical convenience. Further discussion will clarify the definition of region for our purpose. See also M. McInnis, "The Trend of Regional Income Differentials in Canada", Canadian Journal of Economics, Vol. 1, No. 2, May 1968, Leo A. Johnson, Poverty in Wealth: The Capitalist Labour Market and Income Distribution in Canada (Toronto: New Hogtown Press, 1972), revised 1979. Johnson makes the important connection between personal income and wage levels in the different regions.

2. Regional Policies in Canada, (Paris: OECD, 1980) p. 5.

continuing disparities in economic development, which rapid national growth failed to remove. For example, in the mid-60's unemployment rates in Quebec and the Atlantic provinces were almost twice the levels of Ontario and the prairie provinces".[3]

The prosperous background against which Canadian regional disparities have been contrasted has elicited a serious effort on the part of the Canadian state to remedy the problem and bring about balanced regional growth for the national collectivity. This effort ranks with the expansion concurrent with the growth and integration of the international capitalist market on a global level and characterized in Canada by the burgeoning federal and provincial bureaucracies, a proliferation of departments, commissions and agencies elected to organize, administer, oversee and control new government initiatives. But, the problem of disparities is not a recently developed phenomenon. As a characteristic inherent to capitalist growth uneven development was a feature of pre-Confederation Canada and a stated above by Montreuil a reality consistently displaced by the emphasis placed on the growth of GNP on a national level.

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3. Robert Montreuil, Deputy Minister of DREE, Speech to Regional Economic Development Colloquium, University of Ottawa, March 7, 1980.

The Rowell-Sirois Report on the state of the Canadian federal system diverted attention to the increasingly acute problems of the regions in 1939, albeit in the cautious language of the Canadian establishment.

> When as a result of national policies undertaken in the general interest, one region or class or individual is fortuitously enriched and others impoverished, it would appear that there is some obligation, if not to redress the balance, at least to provide for the victim.4

In the postwar period, the harsh social conditions engendered by the economic collapse of the 1930's, coupled with the ascendence of Keynesian monetary and fiscal policy legitimized, in an ideological sense, government action in areas of economic and social policy. The state was seized upon to rehabilitate the market system and provide conditions for a resurgence of capital accumulation. The Second World War had diverted attention away from regional problems in Canada and provided the élan needed by the national and international capitalist economy to start a new cycle of expansion. It was not until after the winding down of the war industries that the dislocation and unemployment in the regions again demanded public action.

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4. The Royal Commission Report on Dominion-Provincial Relations, (The Rowell-Sirois Report) (Ottawa: Queen's Printer, 1939), p. 46.

Action took the form of a few programs instituted in the late 1950s to aid the recession victims of the prairie grain belt and to subsidize the dispro portionately low average family incomes of the Atlantic provinces.[5] In 1957 the federal government instituted the system of tax equalization payments which aimed at reducing the heavily skewed distribution of income and opportunities of employment across the country by transferring federal tax revenues to areas of disparity. The institution of equalization payments was the explicit demonstration that capitalist growth had produced in Canada distortions in the national economy and that a function of the modern state was to attenuate the most extreme effects of these distortions in order that the system's prime requisite - continued capital accumulation on a national and international scale be maintained.

Equalization was augmented in the 1960s with a patchwork of relief programs for underdeveloped areas. In 1966 many were integrated into the mandate of the newly created Department of Manpower and Immigration and finally in 1969 regional development and the breadth of activity and resources allocated to it in a number of ad hoc programs both within and outside of Manpower and Immigration were centralized in one federal organization, the Department of Regional and Economic

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5. Paul Phillips, Regional Disparities: Why Ontario Has So Much And The Others Can't Catch Up, (Toronto: James Lorimer, 1978), p. 84.

Expansion (DREE).[6]

Since its inception, DREE, in conjuction with departments and agencies sharing the same general objectives of regional growth and development at the provincial level has initiated a multiplicity of grant and subsidy programs for both public and private investment stimulation. A review of these programs is a cataloguing of a costly number of financial disasters, shattered expections and broken promises.[7]

Proof of this exists in the statistics of unemployment, average family income, and the variety of other indexes

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6. Anthony Careless, Initiative and Response: The Adaptation of Canadian Federalism to Regional Economic Development, (Montreal: McGill-Queen's University Press, 1977). Careless describes in detail the development of government policy to meet the regional problem. A synthesis is provided by R.W. Phidd, "Regional Development Policy", in G.B. Doern and V.S. Wilson (ed.) Issues in Canadian Public Policy, (Toronto: Macmillan, 1974), p. 178.
Also, François Poulin and Yves Dion, Les Disparités Regionales au Canada et au Québec: Les Politiques et Les Programmes, 1960-1973 (Montréal: Centre de Recherches en Développement Economique, 1974) Dossier No. 1, offer a view of the elaboration of policy on the provincial level describing the frequent contradictions developing between the two levels of government.

7. Phillip Mathias, Forced Growth: Five Studies of Government Involvement in the Development of Canada, (Toronto: J. Lewis and Samuel, 1971) and Phillips, Regional Disparities. Both authors trace instances of ineffectiveness, mismanagement and poor planning which have marked many DREE initiatives.

and indicators previously enumerated.[8] In Living Together, the Economic Council of Canada's 1977 study of regional disparities in Canada, pages of these statistics are analyzed. The result of the analysis of this federally funded agency is indicated in these words of summary:

> While regional differences in family purchasing power are not nearly as large as disparities in earning power per capita, our analysis shows that no amount of legitimate "tinkering" with average income figures will make interregional income disparities disappear. Ontario undeniably has the highest average real income exceeding levels in the Atlantic region by some 20 to 30 per cent. Economic expansion and population growth have been very rapid in British Columbia, Alberta and Ontario; as a result, their economic and political power base has been increasing relative to the other regions for the last several decades...Saskatchewan's farm income is variable and large relative to the rest of its economy. In poor years, its income distribution has more in common with that of Newfoundland than with that of neighbouring Alberta or Manitoba...Quebec has a serious unemployment problem, although it is not as bad as that of the Atlantic region... Whether one looks at income per capita or purchasing power per family, the Atlantic region has the lowest incomes ...This low standard of living is confirmed by social indicators on housing, health, and education. The Atlantic region also has the poorest (least symmetrical) income distributions, apart from that for the dual society in the

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8. Note here the relevance of Appendices A and B which demonstrate the effect of payments made to individuals to attempt to equalize per capita income and their failure in terms of the national average.

> Northwest Territories...In sum, regional disparities in incomes and job opportunities are indeed substantial and remarkably persistent in spite of the amount of labour migration that has taken place over the years. 9

Moreover, the persistence of disparities can be directly related to the failure of government initiatives to reduce the problem, "... in the last two decades, a period roughly corresponding with the introduction of explicit public instruments aimed at ameliorating regional disparities and promoting regional economic development, there has been little change in income and employment gaps among the regions. To be sure, the disposable income series shows some modest propensity to close since the early 1960's, but even that appears to be a trend which began ten years before".[10]

The reality of the problem is more telling than the

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9. Economic Council of Canada, Living Together: A Study of Regional Disparities (Hull, P.Q.: Minister of Supply and Services, 1977), p. 59.
Three years later in a study of Newfoundland's economic plight, Newfoundland: From Dependency to Self-Reliance, (Hull, P.Q.: Minister of Supply and Services, 1980), the Economic Council reinforces this view in reference to Newfoundland, "The low average incomes are eroded even more than statistics indicate by the high cost of living, and unemployment may be even worse than statistics show. The disparities are real. Even more distressing, Newfoundland has become seriously dependent on transfers from the rest of Canada, while huge sums of money in the form of forgone revenue from natural resources are leaving the provinces", p. XII.

10. Daniels, "The Birth and Shaping of Regional Policies", p. 56.

rather sterile recounting of statistics. Travel to any of the outlying regions of Canada, east, north or west provides a demonstration of the extent and depth of the disparities phenomenon. It is seen in the apathy brought about by prolonged subsistence on unemployment insurance, seasonal, illpaid work, welfare and the social problems which accompany these: alcoholism, divorce, suicide and mental depression and disorder. Rural and regional values, characteristics, and culture are devalorized as increasing emphasis is put on the city, a large urban centre of commerce, production, jobs, and hence life. Tracts of farmland fall into disuse, small shops, factories, local industry, and businessess fail, families and individual workers migrate to the cities leaving towns and villages depopulated and empty. And one need not seek out remote regions of Newfoundland or of New Brunswick. Allowing that these areas are badly effected, regions of Alberta, British Columbia and Ontario also exhibit similar characteristics. In a recent speech, Pierre De Bané, Minister of Regional Economic Expansion in the Trudeau cabinet noted: "Even in the west, where boom conditions prevail, much of the activity seems to be by-passing the neediest areas and people of the region..."[11]

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11. Pierre De Bané, Minister of Regional Economic Expansion, speech to the Canadian Regional Science Association, Halifax, N.S. May 23, 1981.

Areas of rural Alberta share the same problems as farming areas of Saskatchewan and Manitoba. Eastern Ontario in the shadow of Toronto, suffers high unemployment and low productivity; a lack of industrial jobs to offset the failing farming sector. Northern Ontario finds itself in much the same position as Northern Quebec, dependent on a foreign controlled and tightly integrated pulp and paper industry which decides the destiny and job security of workers. Even the metropolitan growth centres as identified in the Economic Council's report contain within themselves their own outlying and exploited peripheries.

Whether it be Cape Breton, the Gaspé, Eastern Ontario, Northern Manitoba, the Yukon, or the interior of British Columbia, the pattern of regional disparities are similar and striking in their pervasiveness. After the expenditure of several billions of dollars over more than two decades, the state weakly notes that disparities are "remarkably persistent". What is the nature of Canada's problem with severe regional underdevelopment? Is it a 'natural' product of the geographic and climatic conditions which identify our territory?

This is certainly the most widely held view and that which the state tends to support. Several chapters of the Living Together study describe and analyze in detail the

variety of Canada's extreme climatic conditions, geological characteristics and geographical expanse. The thrust is that disparities are in large part a "natural" product of the geographic and climatic vagaries of the Canadian state and must be accepted, dealt with and endured as such. The spirit is reminiscent of the Rowell-Sirois statement that the state should, "...at least provide for the victim". The implicit statement is that the problem is to a large extent unavoidable. There is some indication, according to a recent study of income distribution in Canada that a reliance on transfer payments, a major source of income in poor regions are becoming a greater proportion of income.[12] This could indicate an increase in regional dependence upon such aid for "victims". Certainly the statistics of per capita income earned, net of government transfer payments appear to indicate that disparities have remained wide throughout the 1970s in spite of some intensive regional development efforts. The wide gap between per capita income earned and per capita income received in transfer payments is an indication of this growing dependence.[13]

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12. OECD, Regional Policies in Canada, (Paris: OECD, 1980), p. 38-39. The OECD considers equalization payments to have been vastly more effective in the narrowing of regional disparities than any of the regional economic development projects of the federal government, p. 38.

13. David P. Ross, The Canadian Fact Book on Income Distribution, (Ottawa: Canadian Council on Social Development, 1980), p. 85.

The larger reality is that although many in Canada have come to accept disparities as a natural product of the physical circumstances of Canada; they are a widespread and generalized feature of advanced capitalist growth. Uneven development on a national level has become as universal a feature of the capitalist world as the chasm which divides the world between industrialized nations and the underdeveloped nations of the Third World. We will discuss some of the features of this universality in the next section.

Approaches To The Problem

Regional disparities are not unique to Canada. In a 1973 study undertaken for the OECD, Arghiri Emmanuel points out their universality, noting that virtually all the members of the OECD, including such highly industrialized nations as Japan, suffer the dislocation and internal problems of uneven development.[14] Here Emmanuel cites a 1972 Japanese report on the economic restructuring of the Japanese islands, disparities in Denmark and other developed European countries and preceding reports which investigate the growing seriousness of economic disparities in all OECD countries, (Summary of Global Impact of Regional Problems (1970), and Multidisciplinary Aspects of Regional Development (1968)).[15] The remarks of these reports are revealing as to the extent of the regional problem in the industrialized West European nations and the generalized failure of government attempts to reduce the problem.

> Each major western European country has also its north and its south whose divergence in growth exhibits a tendency to increase rather than diminish, whether it is in France or in Germany (which has Wurtemberg and Barvaria). This divergence is even more marked in Italy between the under developed Mezzogiorno and the prosperity of the Po Valley ... the contrast between the growing depression of the

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14. Arghiri Emmanuel, Questions de politique régionale, (Paris: OECD, 1973).

15. OECD, Summary of Global Impact of Regional Problems (Paris: OECD, 1970) Multidisciplinary Aspects of Regional

> "less fortunate" regions of the country and the steadily increasing prosperity of the other regions makes for social tension, the consequence of which endangers the nation as a whole. 16

The intensity of this tension is measured in the political response to social and political mobilization. Uneven development and regional economic disparities are often at the root of national, and ethnic struggles. Québec, Bretagne, the Basque provinces and Catalonia, Scotland and Wales, Appalachia, the American Mid-West, Wurtemberg and the Italian south all share characteristics of uneven development just as they each exhibit specific historical and physical conditions. Pressure put on national governments to decentralize administrative and fiscal authority is frequently a call by the regions for control over the forces which create uneven development. In this view the decentralization of government in Spain, Italy, Belgium and France, and calls for more provincial control in Canada say something of the depth and universality of regionalism as a political phenomenon.

For the OECD the cause of regional disparities lies in the 'natural' features of the regional economy; "The basis of this policy...a general and rational policy of regional de-

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Development (Paris: OECD, 1968).

16. Ibid., p. 38.

velopment...is to make use of technological progress to correst unfavourable natural conditions".[17] The report notes the apparent contradiction existing between this aim and reality. "Technical progress, far from remedying this disequilibrium has, on the contrary, tended to aggravate it".[18]

The spatial manifestation of regional underdevelopment is no less severely felt in less developed countries (LDCs). Andre Gunder Frank in his well known work on Third World development examines the spatial effects of capitalist penetration in Latin American economies.[19] He presents a centre-periphery analogy for the pattern set-up in these economies by the penetration of merchant capitalism and the proletarianization of workers in areas of formerly subsistence agriculture. Frank's view is supported by others who have studied territorial problems in LDCs. "Partout, en Amérique latine, en Afrique, en Asie; les contrastes des densités d'occupation du sol, les déséquilibres de l'espace économique, les specificités des aires culturelles font du problème régional une réalité".[20]

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17. Ibid., p. 39.

18. Ibid., p. 37.

19. Andre Gunder Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil (New York: Monthly Review Press, 1967), and Lumpen bourgeoisie: Lumpen development; Dependence, Class and Politics in Latin America (New York: Monthly Review Press, 1972).

Clearly the regional problem as it is studied today draws together an immense diversity of phenomena not the least of which are these striking parallels between north and south.[21] How are the diverse territorial problems of north and south linked? An indication is given by the assumptions and criteria upon which regional development plans are based. Whether they be undertaken in France or Peru, these plans are often very similar.[22]

The neo-classical synthesis

This similarity is due in large part to the deeply rooted foundations of bourgeois economics. In what Samuelson has called "the neo-classical synthesis", a synthesis which as Parker has pointed out, "...provides a common paradigm or universe of discourse among specialists in different economic subfields".[23] The commonality of approaches taken to regional development emerges from a common theoretical base. The

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20. Armand Frèmont, La région espace vécu (Paris: Presses Universitaires de France, 1976), p. 10.

21. J.G. Williamson, "Regional Inequality and the Process of National Development: A Description of the Patterns", in Economic Development and Cultural Change, Vol. XIII, 1965. Williamson conducts an extensive cross-section and time series analysis of disparities in various countries.

22. F. Stilwell, "Competing Analysis of the Spatial Aspects of Capitalist Development", Review of Radical Political Economy, Vol. 10, No. 3, Fall 1978.

extension and expansion of specialization in the social sciences in the decades following the Second World War is marked by the adherence to this "neo-classical synthesis". The rapid growth of capitalism on a global level, the advent of the mass consumption society, increased communications and travel, massive urbanization, pollution, unemployment, inflation, and changes in patterns of education and recreation - all combined to drastically alter traditional relations both in the centre countries and in the Third World. The response in the social sciences was the growth of a profusion of sub-categories and specializations each attempting to garner an understanding of specific phenomena through a narrowing of the subject field and the application of improved, more scientific techniques for measurement.[24]

The increasing attention paid the regional problem in the 1950s and 1960s exhibits the effects of this specializa-

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23. Ian Parker, "Harold Innis, Karl Marx and Canadian Political Economy", in J.P. Grayson (ed.) Class, State, Ideology and Change, (Toronto: Holt, Rinehart and Winston, 1980).

24. R. Macridis, "Comparative Politics and the Study of Government: The Search for Focus", Comparative Politics, Vol. 1, No. 1, 1968. Macridis provides an insightful critique of the behavioural approach and the problem of assuring the relevance of large scale aggregation of political and economic data which was being produced by many of these sub-categories.

tion and scienticism in several ways. The growth of regional studies based itself on the "neo-classical synthesis", the established base of bourgeois economics leaning heavily on faith in the "natural" laws of the market and on the marginalist belief in optimality pricing and the achievement of the most efficient allocation of resources as a result operation of market forces. Stilwell comments on the underlying assumptions of the regional science school as confirming, "...the apparent paradox that the most recently developed branches of a discipline are often its most methodologically conservative". He explains that the desire of those practicing the discipline is frequently to seek acceptance by defining their activity as an application of established principles and assumptions.[25] Regional disparities, a problem thrown into relief in the current period of expanded centralization and monopolization of capital has become the subject of such a discipline. It is analyzed by the regional science school on the basis of theories of industrial and economic location formulated in the nineteenth and early twentieth century and making very questionable assumptions about the nature of economic, social and political reality. It will be the object of the next chapter to examine the basis of these assumptions more rigourously.

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25. F. Stilwell, "Competing Analyses of the Spatial Aspects of Capitalist Development", Review of Radical Political Economy, Vol. 10, No. 3, Fall 1978, p. 24.

Disciplinary diversity

More recently, the regional science school and indeed a growing number of journals and disciplines have applied themselves to the regional problem within the framework of various multidisciplinary approaches. This movement springs at least in part from the failure of neo-classical economics to explain the continuing and intensifying problem of regional economic disparities and from the growing demand for innovative regional development policy prescriptions in industrial and peripheral economies. It also arises out of the various levels of analysis which are applicable to such a complex social problem.

Where on one hand the mathematical economists elaborate theoretical models of interregional commodity and capital flows and attempt to forecast location decisions on the basis of empirical factor analysis, ethnologists favour the copious documentation of ethnic characteristics and their frequent paralleling of regional division. Urban planners and environmental specialists study the relationship between urban growth, settlement patterns and the regional effect of these phenomena. The increase in social and political change in the swelling urban centres of the world has had a large effect in stimulating interest in the reverse of urbanization, the draining of productive activity from the region. Sociologists regard regional problems from the perspective of changes in pat-

terns of human activity and their relationship to regional culture and identity. Geographers conduct intensive empirical inventories of the topographical features and resources of various regions attempting to relate regional identity to physical characteristics. In much the same vein, philosophy and psychology seek to discover the roots of regional or spatial consciousness in the human psyche. They attempt to identify the patterns of activity and cognizance which from the earliest age shape and produce the attachment to the home, land, area, region and neighbourhood which in some interpretations[26] lies at the root of urban and regional struggles today. Demography on the other hand undertakes the geography of human patterns of density, distribution, physical and sexual make-up, ethnic distribution and all the changes, flows and variations in these patterns which occur over time. All models are broadly based on long standing scientific and empirical traditions and focus the case of regionalism as a phenomenon of growing importance. In more recent years regional development, as a subject of analysis has been seized upon as an excellent case for cybernetic decision-making models. These models, based on systems analysis, a linear statement of problems,

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26. Gaston Bachelard, La poétique de l'espace, (Paris: Presses Universitaires de France, 1957) and Henri Lefebre, La production de l'espace (Paris: Anthropos, 1974) and Espace et Politique (Paris: Anthopos, 1973). Both these authors have written extensively on man's relationship to his environment. In Lefebvre there is much discussion of the capitalist organization of space as controlling daily life. Space is seen as primarily urbanized.

quantification of input and output variables and computer based analysis of the rather large amounts of data in question are the object of much current research.[27]

The difficulty for the specializations and modeling techniques which take the regional problem as an object of study is clearly the extent to which it interpenetrates other spheres of societal activity and is itself a part of the whole fabric of society. Innis, commenting on Hegel's analogy of the totality of society notes:

> It is assumed that history is not a seamless web but rather a web of which the warp and woof are space and time, woven in a very uneven fashion and producing distorted patterns. 28

For Innis the unevenness of the social fabric lay in the complexity of the process of economic and historical development, of which the regional phenomenon in Canada was an integral part. To understand the phenomenon one had to understand its place in this process and its complex interrelationship with the other elements of reality. In this context the variety of approaches to the regional problem are of value and

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27. Sergio Sismundo, "Concepts and Methods of Regional Analysis", in Canadian Regional Planning and Development in Transition Seminar Paper, Colloquium organized by the School of Urban and Regional Planning, Queen's University 1977.

28. Parker, "Harold Innis, Karl Marx and Canadian Political

interest for the extent to which they investigate the diversity of the phenomenon at its various levels. Their frequent failure is in positing the separation of a very complex social and economic manifestation of contemporary society from its relationship to other historical and social tendencies and characteristics.

Historical method

The advantages of the historical method as described by Massey are "...to set theories in their historical context and thereby to illustrate both their reactive nature and the role they play in that context; ... A historical approach provides the necessary framework for such an analysis, both by retaining logical categories, and by refusing to accept as datum any "primordial" or "natural" conditions".[29] Massey's point, and we will attempt to reflect it in our text, is that to examine theories we must see them as part of a historical unfolding, an explanation of some aspect of the material world, not accepting that factors such as the nature of economic organization are natural or pre-determined.[30]

Economy", p. 366.

29. Doreen Massey, "Towards a Critique of Industrial Location Theory", Antipode, Vol. 5, No. 3, Dec. 1973, p. 33.

30. Ibid., p. 34.

In this optic Massey carries out a compelling critique of industrial location theory, but the same frame of reference can be applied to some of the more recent innovations in the field of other aspects regional theory. Mathematical models of regional values and characteristics are the basis upon which decision-makers in the public and private sectors rely. At one and the same time they are only as good as the theoretical assumptions upon which they are predicated. The multidisciplinary approach and increasing empiricism in regional and urban development are both innovative and exciting. They introduce alternative perspectives to the problem and extend analysis to include new methods and techniques. But, we must always be aware that these approaches are based upon a given view of the structure and functioning of society. They are the product of a set of economic and historical circumstances and respond in a direct way to encourage the maintenance or change of these conditions.

Levels of analysis

The difficulty, as with all societal problems is in establishing at what level phenomena should be approached in order that the position of the problem within the totality of social relations is not lost, yet a coherent and scientifically sound methodology of analysis can be rigorously applied and lead to meaningful conclusions in respect to proving or

disproving a series of hypotheses.

The regional problem in this view is approached often as a problem of national development, a blockage in the mechanisms of development in a given part of the national territory existing due to the geography or resource inventory of the area. Marked by a firm belief in competitive capitalism, it was expected that labour should pull up its roots and migrate to areas of vigorous growth. Capital was given to operate on the natural laws of supply and demand, prices being fixed within the domestic market, consequently effecting an efficient distribution of resources. Given the diffusionist approach, capital in time widens to integrate all regions, utilizing the resources of the regions at maximum advantage within the domestic market and thereby maximizing individual benefit for consumers and producers alike. Producers are assumed to be independent decision-makers locating their production facilities on the basis of minimizing production costs and maximizing market share.

Approached at this level regional problems are seen as aberrations in a national economy. Resource allocation and geography figure heavily in the explanation of these aberrations as do the historical status of regions and constitutional, legislative relations which effect them. In Canada this is clearly emphasized by the studies which see regional pro-

blems as rooted in constitutional status, legislative authority and parliamentary representation.[31]

Solutions to the national regional problem are thus based on treating its manifestations - equalizing income disparities through general regional welfare payments, creating the correct atmosphere for investment to new regional growth and ultimately encouraging regional inhabitants to migrate, following the forces and whims of the market. This approach; however, due to the view it takes of regional disparities as a national problem may not consider the international perspective.

The international perspective on uneven development commences with the view that in the contemporary period we have seen a tremendous increase in the level of integration of the world capitalist market.[32] The growth of the power of multinational corporations (MNCs) operating with large capital resources on a world-wide level has altered the game

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31. Albert Breton and Raymond Breton, Why Disunity; An Analysis of Linguistic and Regional Cleavages in Canada, (Montreal: Institute for Research on Public Policy, 1980). The Bretons attribute regional cleavages in Canada to the ongoing struggle for organizational power rather than to linguistic or economic differences.

32. Stuart Holland, Capital Versus the Regions, (London: Macmillan, 1976).

rules of capitalist activity. With the increasing control of large shares of commodity production and distribution by MNCs, price structures and market access on an international level are more restricted.[33] Moreover, the actions of groups of states, forming trading blocks such as the European Economic Community (EEC) and in other ways, coordinating and formalizing exchange conditions and controlling international finance via the International Monetary Fund (IMF), World Bank and the General Agreement on Tariff & Trade (GATT) severely reduce possible regional development options. The relationship of a nation within the international market is one which has a massive influence on the formation of the national capital formation, hence the formation of areas of regional distortion in the national economy.

A third approach to the regional problem is taken from the regional perspective itself. This approach seeks to

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33. Stephen Hymer, "The Multinational Corporations and the Law of Uneven Development", in Hugo Radice (ed.) International Firms and Modern Imperialism, (Harmondsworth, Eng.: Penquin, 1975). Also, Richard J. Barnet and Ronald Mueller, Global Reach: The Power of the Multinational Corporations, (New York: Simon and Schuster, 1974) provide a perspective on the international impact of MNC's. For the implications of MNC's in Canada, a good study is John Richards and Larry Pratt, Prairie Capitalism: Power and Influence in the New West, (Toronto: McClelland and Stewart, 1979). Richards and Pratt base their analyses at least in part on the position of Theodore H. Moran, Multinational Corporations and the Politics of Dependence, (Princeton, N.J.: Princeton University Press, 1974).

understand the problem as coming out of the concrete conditions of existence in the region, the geographic and climatic features, resource potential and local history. The regional approach examines the micro-economic factors which appear to direct regional growth, the entrepreneurial spirit of local capitalists, the value and quantity of local resources, the traditions and heritage of the regional social formation, the size of local markets, the distance from national and international markets. These are all elements of industrial location decisions and form the basis of neo-classical regional development theory. The difficulty of such approaches is that they lose the perspective of the wider national and international level linkages and hence the connection and integration with the development of capital on a national and international level. This is not to reduce the importance of an analysis of concrete conditions. Man must deal with real physical conditions in the development of the productive process and these conditions have an enormous and lasting effect on the characteristics and peculiarities of that process in any given region. But, in turn the dialectical development of international and national capital structures and conditions the development of capital in the regions. This link must not be lost in the consideration of local conditions.

Marx, in Capital, points out the "multilayered

structure of the world market system".[34] It is precisely this element which must be seized in order that we accomplish our aim of coming to an understanding of the problem of regional disparities as they have emerged in Canada. The elements of the problem must be shown to develop in general from the multi-layered capitalist mode of production on an international level and in particular out of the concrete conditions of the regional area and its relationship to national capital.

> "... la différenciation des espaces concrets (regionaux, ou nationaux) doit être abordée à partir de l'articulation des structures sociales et des espaces qu'elles engendrent. Ces espaces différenciés ne peuvent être eux-mêmes définis qu'à partir d'une analyse concrète des structures sociales qui leur confèrent une individualité. 35

Lipietz, as we will see in the next chapter, is helpful in his conceptualization of the problem but less rigorous in arriving at a description and definition of the nature of its articulations.

The specializations of economics and many of other social sciences in regional studies are valuable in the mass of measurement and indices of regional disparities which they

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34. Karl Marx, Capital (Moscow: Progress Publishers, 1954) Vol. 1, Chapter 25, p. 686.

35. Lipietz, Le capital et son espace (Paris: Maspero, 1977) p. 28.

have produced, but often weak in describing the relationships between the regional problem and other multifaceted aspects of economic and social change. Lithwick and Paquet in their text on urban and regional development in Canada, Urban Studies: A Canadian Perspective, make this insightful observation about levels of analysis:

> Global phenomenon can be tackled only at the multi-dimensional level. Any attempt to reconstruct it from partial views would be like attempting to reconstruct a snowstorm from the dew of flakes melting in one's hand... 36

One cannot grasp the totality of the phenomenon from a small part of the whole no matter how scientifically and exactly measured but for many of the studies in the literature of the regional science school this type of measurement supplants analysis. In part this perception arises from the difficulty of characterizing the regional problem abstractly. Lipietz cites Bachelard's comment in his assessment of English empiricism, "Il faut réfléchir pour mesurer et non pas mesurer pour réfléchir".[37]

To this point we have seen the diversity of approaches possible to the regional question and some of the statistics

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36. N. Lithwick and Gilles Paquet, Urban Studies: A Canadian Perspective, (Toronto: Methuen, 1968), p. 9.

37. Lipietz, Le capital et son espace, p. 15.

which detail the quantitative reality of the problem in Canada and on the international level. But, what separates regional economic equality from the unequal distribution of wealth between classes in society? The answer lies in the theoretical context of the concept of region.

Region and Regionalism: Towards a Definition

How is a region defined? The search for a universal and multidisciplinary definition of the region has evoked considerable discussion among branches of social science which have been drawn into the study of the spatial aspects of societal change.

Geography, the discipline most closely associated with spatial and territorial phenomena, has fostered an intense questioning of its epistemological underpinnings with emphasis on the relationship between traditional regional geography and ideology. Debate has been waged over the perspective adopted by classical geography in relating the "science" of geography to the scrupulous measurement of "natural" physical and social forces. Precise measurement and empirical classification of human and physical phenomena, according to the traditionalists, made clear the separation of scientific geography from less "scientific" social sciences. Representatives of this position might be called the old school of bourgeois geography which is countered by the rising level of discourse and analysis by radical groups who criticize the theoretical foundation of bourgeois geography as ahistorical, ideologically supportive of the dominant mode of production, and artificially separated from the body of human sciences of which they consider it is an integral part.

Our interest in this debate lies with its central focus, the relationship between society and the physical environment in which it develops. If we assume the position that uneven development cannot be adequately explained as a subject specific to the field of politics, economics or sociology, that it cannot be split into neat compartments but must rather be approached as a whole, then the objective must be to find the common link between these elements. The relationship between society and space or man and space appears from this optic a fundamental aspect of regional phenomena. A process of identification is created between individuals, the community and the location in which they exist.[38] This process is shaped by the physical characteristics of the location and by the activity in which the collectivity engages to sustain its existence and ultimately forms an element of the collective culture and history of the community. It imparts to the collectivity a sense of "social space", of sharing an identity to a location. It remains to show some of the theoretical implication of this proposition.

Best represented by journals such as Heredote, and Espace Temps in France, Antipode in the United States and a

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38. Gaston Bachelard, La poétique de l'espace, Bachelard describes the transitions of human identification with space.

number of authors such as Levy, Harvey, Soja, Lafont, Frémont, Lipietz and many others, both inside and outside the discipline of geography or the other social sciences in France, England, Australia or the United States, the critical school argues that geography given its integral relationship to human activity is indeed as much a social science as a physical science and must be understood as such. Space, it is argued, is the product of the interaction of individuals and communities existing and reproducing their existence within the economic and social relationships which characterize a mode of production. In the present historical conjuncture, a period in which advanced capitalism dominates the international economy, the production of social space has to be understood as the product of the structural characteristics of this mode.

> Pendant toute la période du développement du capitalisme monopoliste d'état les geographes à quelques exceptions près, ont eu tendance à se désintéresser de l'analyse régional, mais il est indéniable que les profondes mutations spatiales engendrées par l'extension du capitalisme monopoliste d'état et sa mise en crise ne peuvent plus être passées dans silences. La région se retrouve donc au centre des préoccupations d'une partie des geographes cherchant à expliquer les nouvelles différenciations spatiales. 39

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39. Maurice Blondeau, "La région au pluriel", Espaces Temps, Vol. 10/11, 1979, p. 40.

The roots of this debate lies with the relation between natural and human environments, and the very difficulty of establishing their distinction in modern geography.

> American geography normally speaks of 'natural' and 'cultural' landscapes, apparently deriving these words from the indices of togographical sheets which use the term 'nature' for all physical features and the term 'culture' for all man-made features. But there is a deeper consideration: the 'natural' landscape is one virtually untouched by humanity, still virgin and ripe for pioneer colonisation which transforms it into a cultural landscape. 40

Allowing for Freeman's dismissal of pre-capitalist social formations, the distinction the author draws is clear. He elaborates further;

> ...from the first settlement of an area, men by their care of animals and growing of crops change the natural vegetation, and with that its soils, so that the rural landscape is an end-product, moulded by the effects of human activities over many centuries. 41

Human activity in effect moulds the geographic environment. Freeman points out that in large part the topography of western Europe has supported constant cultivation and hence been markedly transformed by man.

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40. T.W. Freeman, Geography and Planning (London: Hutchison University Library, 1974), p. 20.

41. Ibid., p. 21.

The relationship of these concepts to a contemporary definition of the region is fundamental. In the past geographers and political scientists have departed from the assumption that regions could be simply defined as administrative or political areas made homogeneous by shared geographic and topographical characteristics. The trends of rapid urbanization, and the parallel depopulation of the countryside in both industrialized and less developed countries have forced a re-evaluation of regional geography and particularly of regional aspects in the political process.

In the traditional perspective space has been conceptualized in a number of different ways. Beginning with the sense of space as political territorial division we can recognize as implicit the separation of an area from the surrounding spatial continuum by a collectively acknowledged frontier. Space in an economic sense represents a number of different ideas. One is that of a commodity to be partitioned, rented or leased through the authority of the state. Space, in this view, becomes subject to the operations of the market mechanism traded and sold, as many other commodities, yet retaining a special and significant social value, part of a finite and essentially nondestructable resource. Also in an economic perspective, space is market area, the area of circulation of a particular commodity or group of commodities. The struggle to protect space as a market area dominated by a

group of commodity producers has been fundamental to the establishment of political territorial boundaries and to the present system of nation-states. As a barrier to be overcome space has particular relevance to the Canadian experience. Space in this view is a blockage to social and economic interaction, a force working against the free circulation of goods and, as such, against the integration of the market area of a commodity. Through this notion we gain a view of the importance of space measured as it is by distance, as a dynamic factor interacting with the development and growth of the social formation. From space conceived as a vast continuum, we can trace the development of its importance in succeeding periods, each aspect overlapping and interpenetrating the other. From the early days of Canada's colonization by the imperial powers, we have retained the sense of space as a barrier, vast distances to be overcome, but more prominent now, especially from the point of view of the state, space is seen as a resource; as future potential, value preserved for future consumption.

Space as man perceives it changes in character, or rather his notion of what space is changes. This notion is a reflection of his reaction and interrelationship with space; a reflection of the conditions under which man reproduces his existence. As such, space is a historically conditioned concept,

a social product shaped by the conditions of man's existence.[42]

In France the question was popularized in the controversy surrounding the referendum on the decentralization of government by the creation of a regional level of government in 1964.[43] With the demands for action on regional development in Acquitaine, Languedoc, and Provence, the regional question has produced a number of studies and publications which struggled with the problem of how to define the region from the rest of territorial space. Jacques Levy in "Pour une problèmatique région et formation économique et sociale" describes the debate as, "La crise de la notion de région", for him the problem is one of conceptualization, "...c'est la crise d'une géographie incapable de s'approprier par la production de concepts, la réalité de son champ de recherche". Levy goes on to a consideration of geography as the "science en gestion de l'espace sociale".,[44] seeing social space as a product of social activity rather than territorial measurement. He criticizes attempts to conceptualize the region by geographers such as Yves Lacoste and Alain Raynauld, approaches which are similar in their sharing of a concept of "spatialité dif-

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42. Lipietz, Le capital et son espace, p. 17.

43. Jean Matray, La région pour un état moderne, (Paris: Editions France Empire, 1970).

44. Jacques Levy, "Pour une problèmatique région et formation économique et sociale", Espace Temps, No. 10-11, 1979, p. 83.

férentielle ... L'hypothèse de base demeure la même: les différente types de phénomènes créent des espaces différents". Levy's criticizes the subjectivism in this approach. The lack of reference to distinct and real categories which must be understood to exist outside and independent of the geographer's own perception to be correctly interpreted.[45] Raynauld states, "...la seule justification à un decoupage donné de l'espace repose sur le "point de vue" adopté par le géographe";[46] But, if with Levy we arrive at a definition of region on the basis of social practice. But how then does social practice describe the thorny problem of ethnicity?

For areas with a historically established regional identity such as Brittany, Québec, Wales, or the Basque provinces, the issue is frequently identified in terms of race or ethnicity. Clearly, here, while furnishing a defining variable, ethnicity adds another level of complexity to the problem. To what extent can the struggles of national minorities be understood as rooted in linguistic and cultural differences and to what extent can they be seen as the economic domination of a minority in advanced capitalism?

Ethnicity is a complex sociological condition; a historically produced division identifying a group as distinct

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45. Ibid., p. 84.

46. Alain Raynauld, "Parlons plutôt de classe socio-spatiale", Espace et Société, No. 10, 1974, p. 82.

from others in the social formation. Shared culture, tradition, language and values provide a unifying base for a community and can play a primary role in regional demands. Shared collective experience can provide the unifying force to turn recognized or perceived factors of economic disparity into demands for political action. Moreover, a constant tension exists between the forces which draw the remotest communities via instanteous modern communications and information diffusion into a metropolitan culture. The resistance to wholesale integration can and is readily identified with ethnic characteristics as these characteristics are evident, observable objective conditions. In dealing with the regional question one is forced to address the need to separate the ethnic struggle from the regional struggle but is separation possible?[47]

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47. Ernest Mandel, "Capitalism and Regional Disparities", (Toronto: New Hogtown Press, 1973), originally published in Socialisme, T. Richmond (trans.) No. 17, April-May 1969. Mandel argues that national struggles have flared around the regional problem precisely because of the intensity of underdevelopment and the lack of integration of national or ethnic groups into the economy. He cites the cases of the Flemish, the Basques and the Catalans. "The survival of national minorities in the midst of the capitalist nations since the nineteenth century is to a large extent the function of the absence of genuine economic integration and of real economic equalization... it is not language which explains the survival of these nationalities: rather it is the absence of economic integration", p. 9. The "melting pot" concept of the 1960s is very much disputed by Stephen H. Ullman, "Regional Political Cultures in Canada: A Theoretical and Conceptual Introduction", in The Canadian Political Process, Ullman argues that a general homogenization has not taken place to the extent expected an argument which would appear to

We can look at the problem from another perspective. Can the integration of a community into metropolitan culture, in effect the destruction of its own indigenous cultural character, be separated from the economic forces which seek to constantly expand the market area of the metropolitan culture and subordinate local producers? Although one movement is often seen as the threat to the ethnic community and one the economic force underlying the creation of regional disparities, the two are aspects of one continuous process of capitalist growth. The ethnic question cannot be separated from the regional question just as the cultural aspect of capitalist development cannot be separated from the economic manifestations of this process.

Acknowledging the complexity of the ethnic regional question it is clear that all regional struggles are not also ethnic and yet that ethnicity, not in all cases but frequently, has a spatial reflection which identifies it with a physical area. But clearly ethnic division is not adequate to answer the existence of regional dissatisfaction and economic disparities in areas such as Atlantic Canada,[48] the Appalachian region of the United States or the Italian Mezzogiorno.[49] A defini-

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support Mandel's position.

48. The Atlantic provinces it is recognized have a significant ethnic dimension with the Acadian minority.

49. Union of Radical Political Economy - editorial collective

tion of regionalism must encompass the ethnic question and situate it within the class struggle which shapes the national social formation, without reducing its importance.

Amin suggests that in the process of the development of the capitalist state class alliances and compromises were reflected in uneven development, this unevenness frequently emerging as regional inequalities which coincided with national conflicts. In this sense he warns of the danger of a general and abstract conception of the region.

> The absolute general character of unequal development can lead to confusion. If the analysis is too vague, if it equates all manifestations of unequal development regardless of context...and reasons by analogy, it will miss the particular features of each case. These are on the level of the structure of the class blocs particular to each situation: alliances within blocs, classes assuming the leadership of blocs, the extent of the opposition of blocs, the determination of subordinate classes, the interrelation with foreign class alliances and oppositions in a system of formation. This structure is not fixed; it evolves under the impact of its internal and external contradictions. 50

"Introduction" Review of Radical Political Economy, p. 7.

50. Samir Amin, Class and Nation, Historically and in the Current Crisis (New York: Monthly Review Press, 1980) Susan Kaplow (trans.) originally published as Classe et nation dans l'histoire et la crise contemporaine, (Paris: Les Editions de Minuit, 1979) p. 113.

Amin's formulation lends an understanding of the development of a pattern of uneven development, articulating with the dynamic interplay of class interaction. It describes each regional situation as different with different concrete and historical conditions producing (and produced by) a unique social formation. But it also points that, "... the definition of region requires analysis of specific concrete, historically-derived features. Regional struggles are then not readily characterized abstractly".[51] This point is well taken but unfortunately leads back to the question of abstract characterization. The need to describe what is understood by the term region. Considering the need to understand the specificity of each case the traditional definition of region - the existence of at least one and possibly more homogeneous variables, climate, ethnicity, language, topography, political institutions, economic base, etc. is inadequate. This view, held by economists, geographers and social scientists is for much analysis extremely useful but it is also static, defined in isolation of the constant change manifested in social relations as they develop from one phase to another.

Frémont points out that the region is a creation of the consciousness as much as being a creation of the physical

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51. Union of Radical Political Economy, Op. Cit., p. 1.

environment.[52] As such it defines the links individuals and communities share in appropriating a common space for human activity, a scribing of activity on the physical geographical plane which has a reflection in consciousness: this reflection leads the individual and the collectivity in general to impute a social value to the common space. It becomes through this process a social space, an element of local culture, history and experience.

For the classic definition of region, homogeneous space, as described by geography we refer to Levy's comment that it is a concept in the process of deconceptualization, a concept being emptied of its meaning by critical geography. The comment by Paul Vidal de la Blanche, perhaps the greatest of the neo-classical French geographers is appropriate, "La géographie est une vieille science; mais elle se rajeunit périodiquement à mesure qu'elle se retrempe à ses sources vives, c'est-à-dire la diversité des spectacles terrestes.[53] It is this very diversité which, in its presentation of the problem of the region, woven into the social, economic and political fabric of society has given root to a new and critical investigation of the region as arising more than just from the 'natural' environment. Frémont in a critique of geographical determinism in relation to the region, notes from a sociological perspec-

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52. Frémont, La région espace vécu, p. 12.

53. Jacque Levy, "Cambridge en Cinq Leçons", Espace Temps,

tive, the weak basis which exists for a justification of regional division on characteristics of nature or natural order. When natural order regroups elements not only of vegetation and relief but also of economic activity, population density, and cultural mentality, we must ask what is natural. What form does the natural development of society take that it can be included in the geographic definition of region? For Frémont and implicit in the text of Amin the region, and very directly regional consciousness is the production of a complex process of spatial relations psychological, sociological in nature, and surpassing any simple determination of demography or economy.[54]

> La région n'est donc pas un objet ayant quelque réalité en soi, pas plus que le géographe ou tel autre spécialiste ne sont des analystes objectifs d'un univers comme extérieur à l'observateur lui-même, de même que la psychologie des hommes ne saurait se réduire à une rationalité des intérêts économique ou des adaptations écologiques. La région si elle existe, est un espace vécu. Vue, perçue, ressentie, aimée ou rejetée, modelée par les hommes et projetant sur eux des images qui les modèlent. C'est un reflechi. Redécouvrir la région, c'est donc chercher

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No. 13, 1980, p. 27.

54. Ronan Paddison, The Political Geography of Regionalism, (Glasgow, Australia: University of New England, 1978) mimeo. Paddison conducts an empirical analysis of regional consciousness in Australia by measuring the recognition and importance of regional institutions.

à la raison là où elle existe,
vue des hommes. 55

Regional culture is the glue of spatial existence, the essence of the reflection of human activity on a locale or a territory. Space comes to have a social character identified in the concept of region, representing man's historically conditioned relationship to the concrete environment, one reference point of man's relationship to reality. Hence if we allow as in Amin, that each region is specifically defined, a produce of a specific class struggle and capitalist development, engendering uneven development in a territory, we can also add it is abstractly described by the conscious attachment of individual and collectivity to the location at which this process takes place, to the social space created by activity and in turn reflecting on it.

The 'hyper-polarized' spatial formations which have emerged over the past 25 years out of a period of rapid global industrialization and integration are for Frémont the development which has drawn out regional struggles. Contradiction has developed out of the rapid shift to congested urban centres and the increasing devalorization and depopulation of the regional hinterlands.

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55. Frémont, La région espace vécu, p. 14.

> La métropole réduit à elle-même l'essentiel de l'espace économique en densifiant tout, population, activités et valeurs, sur une aire limitée. Hors de cette concentration, les autres villes ne sont plus que des satellites et les vastes espaces un environment agricole au récreatif. 56

If regional culture or regional consciousness are prime constituent of our definition of the region how are these elements themselves manifested in a particular region? Renaud Dulong in Les régions, l'état et la société locale attempts to seize the sense of the regional phenomenon as seen from the perspective of the contemporary crisis of the modern state. Dulong situates the regional character of struggles in France, "... comme question de l'Etat, comme symptôme d'une crise de l'hégémonie, comme signe d'une désarticulation entre l'Etat et la société..."[57] Implicit is a concept of the region as a product of struggle within the modern state. The failure of the state to provide a development which matchs regional expectation. The genealogy of the region as Dulong points out is crucial to an understanding of the position of the state in a period of advanced capitalism.

Common to these views of the manifestation of the

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56. Ibid., p. 73.

57. Renaud Dulong, Les régions, l'état et la société locale, (Paris: P.U.F., 1978) p. 13. Also Clyde Weaver, "Regional Theory and Regionalism: Towards Rethinking the Regional Question", School of Architecture and Urban Planning, University of California, Dec. 1978. Weaver presents the problem of regionalism

regional problem is a sense of struggle, the struggle between local and central levels of government, between economically degenerating areas which have lost decision-making power over their productive capacity and growing metropolitan areas where decision-making is increasingly concentrated, and between areas which faced with the polarization of culture and traditions between large urban concentrations and hinterland regions increasingly stand to defend and regenerate such culture. For Dulong, the region problem is evidenced by such struggle in society and must be further understood in each individual case by a historical and cultural examination of the history of the region, and of the economic forces which have formed and shaped the condition of the region to bring about this struggle.

The understanding of region and regionalism which we have presented is also in some respects present in the literature on the Canadian case. Raymond Breton in a recent text, "Regionalism in Canada" states that, "...regionalism is ... a socio-psychological and political phenomenon..."[58] Breton's statement of the problem assumes the attribution of social value to geographic space, a set of attitudes, feelings, identification, and attachment to territory. For him regionalism is

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as the stuggle of territorial values against functional economic power.

58. Raymond Breton, "Regionalism in Canada" in David Cameron ed. Regionalism and Supranationalism (Ottawa: Canadian Institute for Policy Studies, 1981), p. 56.

manifested when "... political conflicts concern the allocation of resources among territorial units... Regionalism is a consciousness and a political will oriented to external forces".[59] This in turn is usually based on the feelings that unfavourable conditions in the region are dependent on forces and centres of power located outside the region. Breton's focus identifies the phenomena of regionalism as psychological and political.

Gérard Delaplace in discussing regional and ecological movements notes their common links in struggle over social-spatial contradictions. He posits what we have defined as a consciousness of social space, as "le besoin d'enracinement", the need for the individual to establish roots and as a corollary to attempt to counter the isolating force of modern society which destroys inhabited space.[60]

In Eastern Canada a number of sociologists have produced studies of class culture and social mobilization seen as a response to capitalist underdevelopment.[61] These are themes which we will develop more fully in subsequent sections

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59. Ibid., p. 58.

60. Gérard Delaplace, "Mouvements écologistes et régionalistes", Critère No. 23, Automne 1978, p. 43.

61. R. Brunton, J. Overton and J. Sacouman, "Uneven Underdevelopment and Song: Expression of Popular Class Culture

of this paper.

From the foregoing discussion we see that the region, although difficult to characterize abstractly can be understood in general terms as a reflection of the historically conditioned relationship between human activity and physical location; a reflection which incorporates itself in a collective and individual consciousness of social space. This consciousness is more than the physical interaction of climate and geography on the human psyche. It is the implicit product of these elements in the active process of human activity undertaken to sustain and reproduce the regional community. It manifests itself in the struggle against external forces. Struggle, which in advanced capitalist society, a class society characterized by class confrontation on all levels, it is an aspect of growing importance.

Defined in such a way regionalism moves beyond the narrower identification with uneven development, or economic disparity, a feature by which it is most frequently identified and relates also to other regions. Anthony Careless gives an indication of how the struggle can be seen in the reverse

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in Atlantic Canada", mimeo. and B.J. Brym and R.J. Sacoumon (eds.) Underdevelopment and Social Movements in Atlantic Canada, (Toronto: New Hogtown Press, 1979).

direction, from the point of view of the more favoured regions,

> "...While Ontario did not begrudge this flow of funds to achieve a rough equalization in Canada of tax burdens or the building-up of services it did very much resent this added federal interference in the economy which it viewed as a warping of the natural economic forces and flows which had made the province so prosperous". 63.

Ontario, a beneficiary of the forces which structured Canadian capital and made southern Ontario a foci for capital accumulation, resists not the surface manifestations of attempts at some measure of equalization by the state, but any serious initiative to modify patterns which have ensured its prosperity.

Careless brings to attention another question. He cites the "natural economic forces" which brought prosperity to Ontario. How can these forces be understood to operate? What economic theory explains the creation of regional economic disparities? Having presented a perspective of the problem in Canada, a discussion of the dimensions and approaches possible to it, and a definition of the concept of region, in the following pages we will discuss the traditional economic theory of regional development.

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63. Anthony Careless, Initiative and Response: The Adoptation of Canadian Federalism to Regional Economic Development, p. 25.

CHAPTER II

ECONOMIC THEORY AND REGIONAL DEVELOPMENT

Neo-Classical Assumptions and Economics:

Heilbroner states, ".. the wonderful world of Adam Smith is a testimony to the 18th century belief in the inevitable triumph of rationality and order over arbitrariness and chaos".[1] Smith understood the emerging pattern of capitalist relations of production and distribution as the natural unfolding of 18th century English society in its totality; the evolution of a new form of social organization inseparable from the economic processes which were the generators of social restructuring.[2] His strength was the lucidity with which he penetrated the social myths of the time and seized upon the very essence of the rising capitalist order: the nature and mechanisms of capitalist market relations. Capitalism was a liberating force drawing humanity inevitably towards a higher plateau of existence. This vision was anchored in the premise of the underlying order of the universe which man had but to understand to master.

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1. Robert L. Heilbroner, The Worldly Philosophers (New York: Simon and Schuster, 1953), p. 54.

2. Phyllis Deane, The First Industrial Revolution (London: Cambridge University Press, 1965). Deane provides a detailed analysis of the forces which propelled the Industrial Revolution in England from 1750-1850.

> In the history of thought in the social sciences its (classical-political economy) arrival was epoch-making because it created the concept of economic society as a deterministic system: a system in the sense that it was ruled by laws of its own, on the basis of which calculation and forecast of events could be made. For the first time a determinism of law in the affairs of men was demonstrated to exist, comparable to the determination of law in nature ... To introduce a change at any one point was to set in motion a chain of related changes over the rest of the system; ... the form and magnitude of such related movements were given by the series of functional relations stated by the equations of which the classical theory of value in effect consisted; 3

Although the world of Adam Smith has long vanished, some of the concepts and the spirit which he and his immediate followers developed to understand the society of the day remain entrenched today, no longer revolutionary but "... the props of an apologetic system of thought ... which have hardened into dogmatism".[4] Today as the international capitalist economy hurtles towards the 21st century, largely unhindered by growing indications of impending disintegration, the mainstream of economic thought seeks not to question these concepts in the

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3. Maurice Dobb, Political Economy and Capitalism, (London: Routledge & Keagan Paul, 1960), first printed in 1937, p. 34.

4. Ibid., p. 35.

context of a changing world but rather seeks to reinforce the faith in their sanctity.[5] While cherishing this sanctity, some of the most important elements of Smith's thought have also been lost: it is in this loss that we may make a clear distinction between classical and neo-classical economics. The separation of economy and society is not unrelated to the growing 19th century faith in empirical measurement and rational classification of societal elements as phenomena which could be separated from the totality of social relations. Godelier points out that fundamental to this thought was the notion of man, the individual taken as the starting point of science. For neo-classical economics this represented the formulation of theory on the basis of the hypothesized characteristics of the individual and his actions.[6] An understanding of neo-classical economics can be based on the distinction which came to be made

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5. Here we refer to the discussions surrounding "supply-side economics" the religion of neo-conservative thought in the United States today. A sympathetic presentation of this school is provided by George Gilder in Wealth and Poverty (New York: Basic Books, 1981). Robert Heilbroner provides an understanding of the ideological base of the supply-siders in "The Demand for the Supply Side", New York Review, June 11, 1981. Irving Kristol, author of Two Cheers for Capitalism, reviews in "Ideology and Supply-Side Economics", Commentary, April 1981, No. 71, the justice of supply-side economics as a rejection of faulty Keynesian theory and a move "back to Adam Smith".

6. Maurice Godelier, Rationality and Irrationality in Economics, (London: New Left Books, 1972) (trans.) Brian Pearce, first published 1966. Godelier treats the question of empiricism in relation to this issue.

between political-economy and economics. For classical economics, Adam Smith, David Ricardo, John Stuart Mill and others, economics was political economy, analyses which encompassed societal development over time and related economic, social and political relationships. For the neo-classists the analysis was considerably narrowed, but as the representatives of this school argued, much more precise and scientifically measured.[7] There are many who have made significant contributions in this field, but any ennumeration would not be complete without two figures, Alfred Marshall and John Maynard Keynes. The neo-classicists prided themselves on finding the means and measures to maximize efficiency in modern industrial capitalism; the methods by which the machine could be oiled and tuned for maximum output. This inaugurated the separation of economics not only from the totality of social and political relations but also internally, into sub-categories of economics. Regional development theory is one such sub-category.

A central term of neo-classical economics is self-balance or general equilibrium analysis. Alfred Marshall (1842-1924) is acknowledged as the economist who synthesized best the general equilibrium argument and in doing so established the basis for contemporary microeconomics, "... a whole

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7. Douglas F. Dowd, The Twisted Dream, (Cambridge, Mass.: Winthrop; 1977), p. 5.

Copernican system, by which all the elements of the economic universe are kept in their places by mutual counterpoise and interaction".[8] As a system which could be expressed abstractly by a set of equations the general equilibrium model was a wonder, seeing all of humanity as so many accountants constantly engaged in the careful calculation of their behaviour; debits of pain and credits of pleasure.[9] Marshall in his magnum opus, The Principles of Economics, (1890) explored the market system and with grace and precision elaborated a mathematically coherent model of its operation. Central to Marshall's analysis was the factor of time. Time as the variable essential in measuring any movement towards equilibrium. In the real world equilibrium could only be understood in allowing that the theoretically predicated behaviour of the individual, individual consumer and individual capitalist, in pursuing their own self-satisfying ends drove the mechanism of the market to self-balance, over an economically indeterminant period of time.

Integral to the body of theory elaborated by Marshall and his predecessors, is the concept of the individual as

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8. Robert Heilbroner, The Worldly Philosophers, (New York: Simon and Schuster, 1966), first printed 1953, p. 177, Heilbroner cites Keynes' description of his work.

9. Ibid., p. 150.

"... endowed with certain scales (whether transitive or intransitive) of subjective preferences and with a psychology, simple but 'natural', that consists of a tendency to maximize their satisfactions".[10] As such man is assumed to have equal resources and information as his fellow man and to go about exchanging labour for products in order to maximize satisfaction. Lipietz points out that this economic agenda, formalized by Léon Walras, reduces the interpretation of relations between men to commodity relations: to the fixing of prices for their labour and to the setting of levels of production and consumption. Marginalism is the name given to the theory which calculates changes in the level of production and consumption in the changes wrought by the individual in his purchasing activity. For each additional unit of production there are additional costs which yield returns given the constant adjustments in the price system. The problem of allocation of resources reduces itself in the pure economy of Walras to one of maximization of profit and maximization of satisfaction.[11] Godelier points out that Pareto makes Walras' framework more effective by eliminating Walras' clearly unrealistic assumption of all individuals having equal information and equal means

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10. Godelier, Rationality and Irrationality in Economics, p. 15. The parentheses are the authors own.

11. Alain Lipietz, Le capital et son espace, p. 92.

of production. Pareto's theorem demonstrates that the satisfaction of any one person can't be augmented without reducing the satisfaction of another. In equilibrium the distribution of satisfaction and hence of resources is optimal. The implications of this position are wide ranging,

> By showing that an optimum could be attained even in a situation where there was inequality in appropriation of the means of production, Pareto introduced into Walras' model the very form of the fundamental social relation of the capitalist mode of production, which is not merely a generalized commodity economy, in which every product is exchanged as a commodity, but a capitalist commodity economy, that is, one that assumes the fundamental inequality between a class which owns money and means of production and another class which is without these, and has regularly to sell to the former the use of its labour-power. 12

Profit is a mere motivation for the capitalist, not a social relationship whose accumulation structures further economic activity. The price mechanism in society is seen as a series of differential equations which inevitably produce, according to Pareto, maximum satisfaction. We are left with the observation that this is done without any sensitivity to the unequal distribution of income which may exist in reality. 13

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12. Godelier, Rationality and Irrationality in Economics, p. 16.

13. Alain Lipietz, Le capital et son espace, p. 93.

> Pure neo-classical economics is thus a committed economics through and through, both in the questions it asks and in those it fails to ask: committed to legitimizing and reproducing the capitalist system -- and the refinements of econometry and mathematical research can never change this in the least. 14

Godelier's rather cryptic condemnation forms in part his introduction to an extended analysis of neo-classical economic theory. The theoretical base of regional development theory is built almost exclusively on various neo-classical propositions and as a result exhibits many of the same failures. C.B. Macpherson in The Political Theory of Possessive Individualism, Hobbes to Locke, demonstrates the multiple links between the liberal theory of the individual, his rights and duties in a liberal society and the economic reflection of this view of man in economic theory.[15] Neo-classical economics is the faulted and prejudicial presentation of man as a creature naturally and instinctively bound to capitalist commodity relations, a presentation ideologically supportive of the capitalist mode of production. The contradictions of this presentation reveal themselves in contradictions at all levels between social and private interest. In the next few pages we will attempt to discern these contradictions as they present themselves in the neo-classical approaches to the structuring of social space.

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14. Godelier, Op. Cit., p. 16.

15. C.B. Macpherson, The Political Theory of Possessive Individualism, Hobbes to Locke, (London: Oxford University Press, 1962).

The body of regional development literature, although quite limited prior to World War Two, has undergone an explosion since that time. Our discussion will attempt, to be chronological, dealing with theoretical developments as they occurred through time. It will not cite all related sources in other branches of the field nor trace the numerous sub-categories of these approaches. Our objective will be rather to offer a critique of the principle tendencies of regional development theory and to see to what extent these tendences integrate a conception of social space.

The Development of Industrial Location Theory

Theories of economic growth in the 19th century did not focus on the regional problem in any direct way. The existence of regional distortions were frequently assumed to be geographically determined arising from a paucity of natural resources or harsh climatic conditions. This constitutes the first and most general reaction to the regional problem. A city cannot be built on a mountain peak nor on the surface of a lake. Notwithstanding the fact that both these feats have been successfully undertaken, the general view has been and continues to be that geography determines development.

Without a doubt the primordial and ever present conditions of geography, climate, and topography are important. The geographical imperative shapes the man - nature relationship from the first instance but this process of shaping is not the final determination. Geography is a discipline which studies the process of the unfolding of the earth's physical characteristics both as a result of natural environmental forces and as a result of man's interaction with nature. It is clear that in Canada, a land where man has been dwarfed by the immensity and scale of geographic conditions, it is easy to let man's interaction with these conditions be characterized as dominance and subordination. Man, object of the dominant forces of the environment, rather than a more exact depiction of man, subject of the

process, choosing to use and transform the objective conditions presented by the natural environment as he sees fit. This by virtue of man's knowledge and understanding of these conditions (however imperfect that knowledge) and given an organization of society which conditions the tenor of this utilization. Indeed the pre-eminence of geography dominates many of the major historical studies which treat the development of the Canadian state.[16] We would submit that this pre-eminence clouds an understanding of regional disparities in this country as a product of the national social formation, a product of man and not primarily geography.

The theory which deals with regional development makes several fundamental assumptions. Within the national economy, capital and labour, the factors required for production are assumed to be mobile; able to flow readily from one area to an-

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16. A number of Canadian historians have been reproached for over emphasizing the impact of geographic and climatic factors in explaining Canadian history. This has been especially true of the staples school. We note the work of H.A. Innis, The Fur Trade in Canada: An Introduction to Canadian Economic History, (London: Oxford University Press, 1930). The Cod Fisheries: The History of an International Economy (Toronto: Ryarson Press, 1940), and W.A. MacKintosh, "Economic Factors in Canadian History", Canadian Historical Review, Vol. 3, March 1923. Innis significantly influenced J.M.S. Careless, Canada; A Story of Challenge, (Cambridge: Cambridge University Press, 1953), and The Rise of Cities in Canada Before 1914 (Ottawa: Canadian Historical Society, 1978) and the work of other Canadian historians. Kenneth Buckley, "The Role of Staple Industries in Canada's Economic Development", Journal of Economic History, Vol. 18, December 1958, offers a critique of the staples approach.

other. Capital, it is assumed, searches out investment opportunities, the opportunity for profit, and labour flows freely to areas of investment. The impartial market in the most efficient, effective manner possible allocates scarce economic resources.

In an initial period, capital is identified with specific localities. In the European context, a growing exchange and trade specialization emerged between city states and eventually between national states. The nation state acts to protect and advance the interests of the rising class bloc, the national bourgeoisie and in turn, this class attempts to ensure the safety of its return. "Capital is invested not only where it is most profitable, but where the businessman can most effectively guard his control over appropriation of surplus... inequality grows and is expressed geographically".[17]

The rapid growth of industrial capitalism in Europe during the 18th and 19th century and the effects it had in reorganizing European life drew attention to the process of the distribution of productive activity in space. In 1826, J.H. Von Thünen had broken new ground in studying the pattern of urbanization which was emerging in the German states. Von Thünen, an economist noted for sophisticated mathematical modelling, focused

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17. William Goldsmith, "Underdevelopment and Regional Problems", Review of Radical Political Economy, Vol. 10, No. 3, Fall 1978, p. 18.

on the changing pattern of growth in agricultural regions of Prussia, attempting to develop a model of the growth of urban areas. A prime characteristic of von Thünen's study was the unrealistic assumption of the autarchic existence of each region completely isolated from other regions.[18]

In the early 20th century Alfred Weber, emerged as a major figure in the study of economic growth from the perspective of geographic location. Weber developed a theory based on the analysis of decisions made by single firms in selecting their location.[19] In the neo-classical economic tradition Weber states that technique restricted the breadth of analysis, and that reality could only be described in limited perspectives. His assumptions state among other things that production and consumption were in the aggregate unevenly distributed but that demand remained constant. As Holland states, "... Weber's analysis was intended primarily as a technique of explaining rational behaviour, not as a description of reality".[20] For Weber the individual capitalist minimized his cost of production through what the German economist ascribed, by physical

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18. Holland, Capital Versus the Regions, cites von Thünen's major work in this regard as Der Isolierte Staat in Beziehung auf Landwirtschaft und Nationalökonomie (1826).

19. Doreen Massey, "Towards a Critique of Industrial Location Theory", Antipode, Vol. 5, No. 3, December 1973, p. 35.

20. Stuart Holland, Capital Versus the Regions, p. 6.

analogy, to the pulls of locational forces. The uneven geographical distribution and cost of fuel, raw materials and labour and the cost of transportation worked within an equation of weight gained and lost by a product. Weber elaborated a least-cost formula based on the determination of the minimum cost for a unit of production. This was established on the weight it gained or lost in the process of production and the corresponding transport cost reflection of this weight gain or loss. On the assumption of perfect competition within the region in question and fixed demand, Weber's analysis, was a partial equilibrium model. Its assumptions made for a particular region and only for the producer, not considering the consumers, the demand side of the equation. Without extending analysis or implications to the whole economy, Weber concluded that one could identify the areas of least-cost for any product. These areas were arrived at through a mathematical process of triangulation which produced isodapanes, areas within which the costs of the three critical factors of production were equal and therefore in which industry would locate. In drawing these conclusions Weber was required to make the following assumptions: "1) That the cost of labour was fixed and its supply unlimited; 2) That transportation costs were proportional to distance; 3) That institutional factors were not significant - in particular capital markets ... 4) The exclusion of social, cultural and political factors - including government taxation".[21] To call

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21. Ibid., p.2.

these premises artificial is to treat them too lightly, for Weber with his analysis broke new methodological ground, but the utility of the new method bore a direct relationship to the strictly restrictive and abstract character of these assumptions.

Another very important and significant aspect of the Weberian model was the recognition of the importance of agglomeration factors, the influence that the location of other industries in a centre could have on the locational decisions of new industries. In the opinion of Holland this recognition of 'externalities', the extent of advantages which would result from the close association of several different production facilities and the resultant effect on location decisions foreshadowed some of the very influential work of the 1950's in this area.[22]

Weber, particularly in the last chapters of his work emphasized the extent to which many of his findings had but a theoretical value and stressed the fact that his assumptions would not be valid for any actual industry.[23] His influence on those that followed in the development of industrial locations theory is universally significant but it is not this latter emphasis on the lack of correspondence with reality in his work

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22. Ibid., p. 4.

23. Ibid., p. 5.

which has been adopted by subsequent scholars but rather a tendency to hold his most unrealistic assumptions as reflections themselves of reality. A theoretical consistency which Weber shares with many of those who followed him is a view of social space as characterless non-specific void. Location theory emerges as a theory of the consumption of the commodity, space. Featureless, without a historical past, space is a newly opened container for new economic activity. Lipietz points out that Weber's is an attempt to develop a spatial equivalent to economic marginalism, that Weber's framework is a first initiative in incorporating spatial economics within marginalist substitution analysis.[24] This incorporation was to be completed by Walter Isard on the foundation laid by Weber.[25]

A number of problems are clearly presented by Weber though not adequately addressed or answered. The assumption of the single firm operating in an environment of perfect competition over space is weak in a number of different ways. Massey points out that competition can never be assumed as perfect over space as this dimension by definition represents the natural and unequal distribution of resources.[26] The single firm, as presented, does not allow the consideration of market dominance,

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24. Alain Lipietz, Le capital et son espace, p. 110.

25. Walter Isard, Location and Space Economy, (Cambridge, Mass.: M.I.T. Press, 1956).

26. Doreen Massey, "Towards a Critique of Industrial Location Theory", p. 37.

of oligopolistic patterns and of the effects of economic concentration on the location of industry. Weber does not deal with the reality of technical progress and its effect on location decisions, although in the last chapters of his study he does acknowledge the potential for these changes to occur his structure does not allow their consideration. Last, Weber's model does not deal with the linkages to the economy surrounding the region. It deals with a restricted area in a greater economy and on the foundation of restrictive spatial premises attempts to construct a partial equilibrium model within this area ignoring the social, political and economic elements which link it constantly with the greater whole.

Industrial location theory as first broached by von Thünen and elaborated by Weber established space as a pre-existing surface, a commodity awaiting to be consumed. It is defined in the equations as distance, the separation between factors of production and appears to retain this flat, unidimensional quality throughout much of the subsequent analysis, right up to the more recent work of the regional economic science school. This branch of economics attempts to create, as has been done in the case of marginalist substitution analysis, an ideal theoretical representation of the workings of the economic system in relation to the allocation of productive capacity in physical space. In order to manage this task methodologically, the

analytical base had to remain narrow and abstract from objective, concrete reality. All this in order to make possible the prediction of future development. Where in mainstream economics this requires disregarding as irrelevant economic phenomena which detract from theoretical prediction, in the realm of space the physical evidence of the failure of the theoretical model to capture reality, the divergence of the actual from the theoretical, emphasizes the theory's failure.

A response to Weber's weakness in not treating the relationships between producers in and around the same location in a spatial economy was developed in an article by Harold Hotelling, "Stability in Competition". In this article Hotelling attempts to integrate the interdependence of producers in a locational situation to Weberian partial equilibrium analysis.[27] Massey indicates that the impulse for the integration of a theory of locational interdependence came in effect from the recognition of conditions of monopoly; the appearance of few producers in a sector reducing competition, and hence requiring the development of a model of imperfect competition.[28] Hotelling's approach treats the interdependent relationships of a small number of firms in one economic locations. From this perspective his

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27. Harold Hotelling, "Stability in Competition", Economic Journal, Vol. 39, March 1929, p. 41-57.

28. Doreen Massey, "Towards a Critique of Industrial Location Theory", p. 35.

analysis brings Weber's assumptions further, seeing economic relations in space as more than the decisions of single entrepreneurs operating independently. Both theories, although Hotelling has attempted to move closer to reality, start from the questionable premise that the macro-societal problem of the structuring of social space can be understood as the decisions of single or small groups of operators seeking to maximize their profit through relations of production and exchange.[29] Within neo-classical theories of space and economics this abstract premise is maintained and extended -- micro level analysis is said to be the primary factor in a macro level phenomenon.

The deficiencies of the Weberian model in particular, and as a consequence the more recent espousals and elaborations of this theory, have not gone without comment in the literature.[30]

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29. Ibid., p. 34.

30. The importance of industrial location theory is marked by the attention it receives in the regional development field and the debates which centre around it. For example: W. Alonso, Industrial Location and Regional Policy in Economic Development, (Working paper No. 74; Center for Planning and Development Research, Institute of Urban and Regional Development, Univ. of Calif. Berkeley, 1968), D.M. Smith, "On throwing out Weber with the bathwater: a note on industrial location and linkage", Area, Vol. 1, 1970. Holland asserts in Capital Versus the Regions that a major part of the work of Walter Isard is based on Weberian assumptions, p. 17, although as we will see in the next section, Isard also draws heavily on Losch.

There has been a rising wave of criticism of theories of industrial location and in response a new line of interest which focuses the behavioural and organizational study of location decision made by entrepreneurs.[31] Based on studies which demonstrate the weakness of transport cost minimisation as a base for location decisions, some of these new approaches stress the importance of personal contacts and information linkages, the flow of information between administrative personnel, and social and business links between managers, bankers and government officials.[32] More and more as the fundamental assumptions of industrial location theory on a strict Weberian base are attacked economists and geographers tackle the spatial

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31. Alan Gilbert, "Industrial Location Theory: Its Relevance to an Industrialising Nation", in B.S. Hoyle (ed.) Spatial Aspects of Development, (London: John Wiley & Sons, 1974). Gilbert provides a discussion of the growing criticism of industrial location theory and points out the move towards a more behavioural approach to the theory.

32. G. Tornqvist, Transport Costs as a Location Factor for Manufacturing, (Lund: Lund Studies in Geography, Series B, No. 23, 1962). Tornqvist demonstrates that transport costs are not the critical factor in the decision locations of modern corporations.
Roy George, A Leader and a Laggard, Manufacturing Industry in Nova Scotia, Québec and Ontario, (Toronto: University of Toronto Press, 1970) George demonstrates that transport costs and other factor inputs do not provide an adequate basis for explaining the location of manufacturing plants in three Canadian provinces. Stuart Holland also points out the relatively secondary role of transport costs for large integrate companies. (Capital Versus the Regions, p. 61). P.A. Wood, "Industrial Linkage and Location", Area, Vol. 2, argues that the nature of industrial organization is essential to understanding location decisions. Also, J. Godd and J. Anderson, Some Current Approaches to Human Geography in Sweden, (London: Graduate discussion paper, No. 33,

question from an even lower level of analysis. There is a tendency to study the micro-level of relations between individuals and their characteristics; turning to a more empirical cataloguing of data, but without a more general theory of economic transformation on a societal level.

The next section will examine the location models which, more explicitly than the Weberian theory, address the patterns of spatial growth which capitalism produces.

Geography Department, London School of Economics, 1970), discuss the importance to understanding networks of personal contacts and information flows in understanding location decisions.

The Central Place Proposition

Theorists who followed Weber and attempted both to broaden and deepen his representation of the industrial location question moved on to very different interpretations. Holland points out that, theorists such as, August Losch, "... chose to construct their own work on the foundation of his (Weber's) purely theoretical and least realistic analysis, rather than fullfil the empirical work which he was not able to complete".[33]

Losch's criticism of Weber focused primarily on his assumption of constant demand, and his failure to attempt a general rather than a partial equilibrium framework.[34]

Losch generalizes his theoretical approach to embrace a general equilibrium position and in doing so he pushes beyond the limitations of location decisions theoretically determined by the producer - supply side dominated, and integrates the effects of demand change. He extends and further elaborates theoretical propositions in order to move, in theoretical terms, towards a model which represents the ideal functioning of a perfect capitalism represented in the spatial dimension. Unfortunately, the assumptions made in elaborating this model moved farther and corresponded little with the reality of the

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33. Stuart Holland, Capital Versus the Regions, p. 7.

34. Ibid., p. 7.

process of economic growth as evidenced in the last two hundred years. Here it is perhaps appropriate to cite a famous dictum of J.M. Keynes that "... the practical men (are unknowingly), the slaves of some defunct economist".[35] The economist in this case is J.B. Say. Say's law, (supply creates its own demand) implies that there is a necessary equilibrium between total demand and total supply. Stated simply equilibrium means that, "... every disturbance provokes a reaction with the system directed towards restoring a new state of equilibrium and that action and reaction will meet in one and the same time-space".[36]

The Loschian model required the assumption of homogeneity; a uniform distribution of raw materials, a uniform distribution of population, uniform tastes and preferences, uniform technical knowledge, uniform production opportunities, and a uniform transportation surface. This last feature meant the uniform distribution of transportation infrastructure throughout the economic region.[37] Holland offers the following criticism of this approach:

> The uniform distribution of population means either no urban areas, or identical urban areas of the same density, but cannot mean some urban areas of greater density and power of attraction than others, as in

35. G. Myrdal, Economic Theory and Under-Developed Regions, (London: Gerald Duckworth Co. 1957), p. 21

36. Ibid., p. 9.

37. Holland, Op. Cit., p. 7.

> Weber. Uniform tastes and preferences, technical knowledge and production possibilities for their part mean a far more restrictive perfect competition framework than that admitted by Weber. 38

On the basis of these premises Losch carried out what he called "areal" analysis by which he determined the shape of economic regions by forecasting the extension of market areas for each commodity in question around points of production. This operation was represented mathematically by a series of inter-related equations which were based on the following operating hypotheses:

> 1) that the individual producer's location must maximize profits; 2) that the entire geographical space of the given region-plane is occupied; 3) that there should be no abnormal profits, as there would be with imperfections in competition or if some producers were nearer to larger and high income urban areas; 4) that each producer's market area is small as a consequence of free entry; 5) that at the boundaries of the region-plain it is a matter of indifference to producers to which of two neighbouring locations they belong. 39

Losch claimed to have achieved what Weber had failed to do, but at what cost? At the cost of a series of theoretical

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38. Ibid., p. 8.

39. Ibid., p. 9.

propositions which separate the model from any relationship to the historically developed forces which act to structure social space in reality.

The forecast spatial configuration arrived at by Losch is a hexagonal shaped area, a unit in a lattice-work of hexagonal areas with internally contained networks of similar hexagonal patterns. These areas are defined by the action of individual producers or firms which expand their market area and corresponding production simultaneously in all directions until this market spread is halted by the other expanding markets for the same product and the total area of the region is covered, (given homogeneous demand, tastes, and production methods). Losch was not the first however, to elaborate the hexagonal growth area pattern. The pattern corresponds closely to the shape and method of areas described by Walter Christaller.[40]

Christaller published his major work, Die Zentralen Orte in Suddeutschland, in 1933, although it was not translated until 1966, and hence has received wide attention in the English speaking world only more recently.[41] Losch's work on the other

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40. Walter Christaller, Die Zentralen Orte in Suddeutschland (1933), translated by C.W. Boskin as Central Places in Southern Germany, (Charlotte: University of North Carolina Press, 1966).

41. K.S.O. Beavon, Central Place Theory: A Reinterpretation, (London: Longman, 1977). Beavon notes in his intro-

hand was written in 1941 and translated in 1952 and attracted attention among regional growth and planning circles throughout the 1950's and 60's.[42] Lipietz points out the links that join the analysis of Losch and Christaller; the assumption of an even dispersion of population, resources, transport - in short of all natural and social features - and the features of an isotropic, homogeneous continuum. For Losch this development arises out of a general equilibrium tendency, inherent to capitalism and the assumed internal rationality of its operation - the self-equilibrating action of the market mechanism. In Christaller, although many of the same assumptions are maintained, there is a decidedly less explicative and more intuitive bent. Lipietz notes that in Christaller we find the notion that, "... l'espace géographique humain est naturellement structuré".[43] Christaller posits the hexagonal pattern as a 'natural' pattern for the development of city systems in social space, predicated on the omnipresent market mechanism.

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duction, "It is generally accepted among geographers that central place theory constitutes a deductive basis for the understanding of the real world patterns", which demonstrates at least to some extent the influence this theory still retains. Another recent study is that by Masahisa Fujita, Spatial Development Planning: A Dynamic Convex Programming Approach (New York: North Holland Publishing Co., 1978)

42. E. Burmeister and A.R. Dobell, Mathematical Theories of Economic Growth (New York: Macmillan Co. 1970) and D. Cass and K. Shell, The Hamiltonian Approach to Dynamic Economics, (New York: Academic Press 1976) The authors review some of the applications which have been made of these models.

43. Alain Lipietz, Le Capital et son espace, p. 118.

> Central places in Christaller structures are points located throughout the euclidean plan in such a way that each central place is equidistant from six other central places. 44

The interconnection between the equidistant centres, the hierarchy which is structured by the lattice work of economic relations between central towns and their market areas and secondary centres and their market areas lies based on the commodities produced in these centres. According to Christaller and also integrated into Losch's work is the concept of commodity-bundles, goods of various types which are produced to meet the needs of a given market area on a scale appropriate to the universally available technological knowledge, market size, and average profit factors.

Christaller's focus went beyond earlier studies of rural service centres and their surrounding areas. He examines the city as a part of a system of cities where the Loschian analysis focused more the search for spatial order arising out of the general equilibrium mechanisms of the market system and as a consequence reflected in its urban system. Christaller's model enjoyed a considerable following, particularly within the American school of regional science. In application to concrete cases its success has been varied. It appears most cogent and applicable in explaining patterns of settlement in fairly homo-

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44. Masahia Fujita, Spatial Development Planning: A Dynamic Convex Programming Approach, p. 2.

geneous areas of agricultural regions such as the mid-Western United States.[45] As such it is perhaps most useful as a tool for explaining existing patterns in areas closest to approaching homogeneous characteristics, than as a tool for planning future change in regional patterns. It nevertheless continues to be the focus of study for a great number of students of regional development planning. The theoretical utility of Christaller's model, is overshadowed by the lack of reality and historical relevance explicit in the Loschian model. Paradoxically, it is the theoretical model which has elicited the greatest amount of scholarly development.

Walter Isard, the founder of the Annals of Regional Science and a prolific and influential author of thousands of pages of text on regional development and economics, represents best the contemporary school of traditional theory in regional development.[46] Isard has established his perspective on the development of Losch's general equilibrium framework. Implicit is a belief that what is required is not modification of the existing order for there is no questioning of the historical and social

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45. See B.L. Berry and W. Garrison, "Recent Development of Central Place Theory", Papers and Proceedings of the Regional Science Association, No. 4, 1958, and case applications to Minnesota, Wisconson, Indiana and other areas in Rural Sociology. Also, D. Debertin and G. Bradford, "Conceptualizing and Quantifying Factors Influencing Growth and Development of Rural Economies", The Annals of Regional Science, Vol. 10, No. 1, March 1976.

46. Walter Isard, Location and Space Economy, (Cambridge, Mass.:

context of capitalist market relations, nor of its inherent contradictions, just as there is no sense of the evolution and transformation of the system over time. The system is, it exists as a paradigm, unquestioned in the discourse, and hence unquestionable in the analysis. What is posited as an objective is a better understanding of its internal logic. A logic, an internal coherency, which it is accepted exists to maximize benefits to all sectors of society.

Lipietz points out that for the authors of the Isardian school there appears to exist little separation or struggle between social and private objectives in space. Space is social, and capitalism is predicated to have a self-balancing, self-equilibrating market mechanism which directs the optimum allocation of resources and thereby maximizes their benefit in the interests of all classes.[47] Isard's work is an attempt to integrate a complete marginalist substitution analysis, an analysis developed by Walras and enshrined in neo-classical economics along with general equilibrium analysis.

Of central importance for Isard is the cost of overcoming the 'friction of distance' through the process of profit-

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M.I.T. Press, 1956) and also, Methods of Regional Analysis, (Cambridge, Mass.: M.I.T. Press, 1960). See also the Annals of Regional Science of which Isard was the editor and frequent contributor.

47. Alain Lipietz, Le capital et son espace, p. 113.

maximizing location decisions which ultimately result in the Loschian urban centre network.[48]

Modern capitalism and regional economics

The growth of the regional science school is situated in the post-war expansion of the world capitalist economy. The importance and evidence of the regional problem was emphasized in advanced capitalist states, whose level of industrial growth was being increasingly contrasted aginst the backdrop on newly independent and underdeveloped nations which represented the impoverished masses of the globe. The regional problem demanded state attention. Where modern capitalism has wrought fabulous wealth it has also wrought areas of regional economic stagnation on an unprecedented scale. The regional policies of the bourgeois state required a theoretical and scientific base to be effective in both an economic and ideological sense. Since the 1950's the regional planning and urban economics field has expanded rapidly and at least since the 1960's a movement towards a multidisciplinary approach to the problem has been prominent. Concurrent with this movement students and scholars of regional 'science' as Isard has called it have been encouraged to apply more scientific analyses and measurement criteria to

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48. Clyde Weaver, Regional Theory and Regionalism: Toward Rethinking the Regional Question, unpublished mimeo, University of California, Los Angeles 1978, p. 4.

their work. A recent statement by Walter Isard outlining the objectives of a new edition series dedicated to regional science and urban economics characterizes this spirit.

> In order to ensure homogeneity in this interdisciplinary field books published in this series will be: theoretically oriented, i.e. analyse problems with a large degree of generality, employ formal methods from mathematics, econometrics, operations research and related fields, and focus on immediate and potential uses for regional and urban forecasting, planning and policy. 49

The volume dedicated with this 'directive', defining the parameters of regional science is entitled, Spatial Development Planning, A Dynamic Convex Programming Approach (1978). In this volume Masahisa Fujita, a student of Isard, through extensive mathematical modelling, attempts to integrate investment analysis into a model of multi-region multi-commodity systems analysis. Fujita states that it is necessary that investment allocation theory and that non-spatial optimal growth theory developed in the 1960's[50] be melded to spatial programming theory by regional scientists. He notes, of the many models advanced by regional science:

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49. Masahisa Fujita, Spatial Development Planning: A Dynamic Convex Programming Approach, p. 2.

50. Ibid., p. 4.

> The importance of spatial aspects in actual economic planning has been well recognized, and many regional scientists have extensively investigated optimal problems in space systems. Earlier examples of such works are Isard (1958), Lefebvre (1958), Moses (1960), and Stevens (1958). These studies effectively demonstrate the usefulness of mathematical programming frameworks in the planning of efficient resource utilization over space ... most of these studies involve static or single-period programming. Static programming analysis imposes a serious limitation on the study of spatial development planning since locational investment decisions cannot be explained satisfactorily within static models. 51

Fujita sets the stage for the development of his thesis on the basis of the deficiencies of past work, but proceedes from the same assumptions hoping that the grafting in of enough mathematically coherent theoretical instruments will make the model more dynamic. It is clear that Fujita addresses some of the very apparent weaknesses of the general equilibrium or self-balance model, but by virtue of the fact that these weaknesses stem more from the philosophical orientation of the model than from its methodological or mechanical failings his volume of equations offer little hope of real progress. As Hilhorst notes in surveying the development of regional economies based on the models of Losch and Tinbergen, "... optimal

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51. Ibid., p. 4.

systems are 'value, loaded' and do not explain how a system comes into being, but rather how it 'should' look from the social cost point of view".[52] This in effect is the ideological reinforcement of the system's economic base, the notice that the present organization of society is that which optimizes the benefit to all. In reviewing the theory Bramhall states that it is, "... an affirmation of the existence of internal control mechanisms in the social order".[53]

The limitations of the self-equilibrating, or self-balance theories of regional growth which grew out of industrial location theory were recognized by a number of academic and social authorities and similar material conditions which had produced these views and their subsequent extensive elaboration also brought into being a variety of alternative opinions. Among the most important of these was the tendency which refuted the theoretical abstraction of the general equilibrium framework and posited the converse, that economic growth occurred not in a balanced and homogenous way, but rather in an erratic and unbalanced fashion, centered on key areas or poles of economic concentration.

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52. J. Hilhorst, "Regional Development Theory: An Attempt to Synthesize"in The Multidisciplinary Aspects of Regional Development, (Paris: OECD, 1968), p. 29.

53. D.F. Bramhall, "An Introduction to Spatial General Equilibrium", in G.S. Karaska and D.F. Bramhall, Locational Analysis for Manufacturing, (Boston, Mass.: M.I.T. Press) as cited in Massey (1975), p. 36.

Polarized Growth: The Reality of the Growth Process

If in the Isardian world, "overcoming the function of distance becomes the major imperative..."[54] as Weaver suggests, there were others who chose a distinctly different approach to the regional problematique. In the period following World War II, in the spirit of cooperation which emerged from the Allied victory, the major industrialized countries led by the United States urged a reorganization of internaional trade. Linked with this initiative was the call for the establishment of the United Nations (UN), a rebirth of the League of Nations; a forum for international cooperation and discussion of global problems. The optimism with which the U.N. was established, the bright hopes it kindled with regard to a developing world government structure which would end all war and bring attention to bear on the conditions of human misery and suffering only thinly veilled the ominous formation of the east and west power blocks. Riding a wave of anti-colonial nationalism were third world movements which would soon begin to fill the United Nations chamber with representatives. These new states took in regions of the globe which were as the former colonial outposts of the imperial powers and from these powers they received a legacy of economic problems. As

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54. Clyde Weaver, "Regional Theory and Regionalism: Toward Rething the Regional Question", p. 6.

the world economy reeled and sought to stablilize itself, the international agreements on trade and finance struck at Bretton Woods gave form to the search for stability. Around the world economists were forced to take a fresh look at theories of economic development and growth especially in light of the prewar emergence of Keynesian theory. Keynesianism forced a re-evaluation of neo-classical positions and provided a new perspective on the role of the state in economic management. It allowed that the state had not only the power, but the obligation to intervene in the cycles of the economy to eliminate the socially unacceptable consequences of periodic downturns. Keynesianism opened up the possibility of economic policies at both the national and international levels.

The UN attracted a number of progressive figures who recognized in this organization a point of departure for innovative changes in the international power structure. A bringing together of member states and the establishment of the charter and subsidiary organizations led to a greater international awareness of development problems and a field of literature grew to meet the challenge of these problems. Folded into the development scenario was regional development seen as a subset of the greater problem of economic growth. It was this atmosphere which brought scholars such as Gunnar Myrdal and Râul Prebisch into the subsidiary organizations of the UN.

Prebisch considered the problems of regional growth from a perspective which centered itself on the need to break the dependency relationships between Latin American nations and the industrialized world. Basing his analysis on the declining terms of trade argument, he was one of the first in modern times to advocate a policy of import substitution and regional integration for small dependent nations. The influence of Prebisch in the international development community is not to be underestimated. A.O. Hirschman, a figure who played a major role in American development theory had this to say of Prebisch's work as executive-secretary of the Economic Commission on Latin America (ECLA). "The arresting feature of the ECLA is that it possesses attributes not frequently encountered in large international organizations, in brief, an ideology which is highly influential among Latin American intellectuals and policy makers,"[55]. Indeed, it was in large part Prebisch's efforts in the ECLA which lead to the formation of the Andean Pact in 1966.[56]

While Prebisch argued that industrialization could

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55. Albert O. Hirschman, A Bias for Hope, (New Haven, Conn.: Yale University Press, 1971), p. 288.

56. The Andean Pact was negotiated over several years but sealed in the Treaty of Bogota, August 1966.

be achieved through a policy of regional integration and import substitution Myrdal, a colleague who was to become the head of the Economic Commission for Europe (ECE), was elaborating another economic theory. Myrdal and François Perroux, a celebrated French economist, brought to prominence in the 1950's arguments which explained the process of capitalist growth as fundamentally unbalanced and disequilibrated. Although by no means a novel idea this approach constituted a refutation of the generally established thesis of capitalist growth as a process of movement towards economic equilibrium. The emergence of the concept of polarized growth amounted to a simple recognition of what several centuries of capitalist development had made a reality - the fact that capitalist growth was by its own definition, uneven growth. Yet, or perhaps understandably, the acceptance of the fact and its incorporation into the mainstream of economic theory met considerable resistance. It is remarkable for instance that The Strategy of Economic Development, published by Hirschman after the work of Myrdal and Perroux and pursuing the theme of uneven growth, was thought by some academics to be a dangerous departure from traditional assumptions.[57]

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57. Albert O. Hirschman, The Strategy of Economic Development, (New Haven, Conn.: Yale University Press, 1958), p. 7.

Polarized growth

The contemporary approach to polarized growth was first broached by Myrdal in a short volume, Economic Theory and Underdeveloped Regions[58] in May of 1957. Myrdal states, "... the play of forces in the market normally tends to increase rather than decrease the inequalities between regions".[59] Holland reminds us that development begins only at some points and not at all points in geographical space.[60] The implications of this rather banal statement were important. Myrdal states that the favoured point at which development occurs will command both internal (to the individual producer) and external economies of scale which of themselves attract more growth activities to the location and hence enter the location and as a corollary the surrounding area into a cycle of what Myrdal called circular and cumulative causation. The development of this theme became the core of the author's argument and a central element to what he called his "critical attitude to certain elements in our inherited economic history..."[61] Myrdal's critical attitude to these broad structures of thought came about as a result of his consideration of problems of underdeveloped countries within the framework of mainstream neo-classical, neo-

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58. Gunnar Myrdal, Economic Theory and Underdeveloped Regions, (London: Duckworth, 1957).

59. Ibid., p. 13.

60. Holland, Capital Versus the Regions, p. 48.

61. Myrdal, Op. Cit., p. 19.

keynesian economics and from the intellectual realization that "... much of this theory is a rationalization of the dominant interests in the industrial countries where it was first put forward and later developed".[62] Myrdal's affirmation is that cumulative causation is the antithesis of equilibrium assumptions, that rather than the system moving towards equilibrium, or "self-stabilization" it moves away edging in the long run toward de-stabilization.

Those under-privileged, and destitute elements of society in effect reap the circumstances of their poverty, their children tend to remain poor, whereas the privileged become richer. Circular causation tends to become cumulative and indeed to increase and accelerate as a social process.[63] Myrdal points out that such a process is inherent to the current economic system and is reflected in the spatial distribution of developments, indeed that "... the modern highly integrated national states ... have furnished themselves with a most complex network of systems of regularized public interferences of all sorts which have the common purpose of counteracting the blind law of cumulative social change hindering it from caus-

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62. Ibid., p. 99.

63. Ibid., p. 13-14.

ing inequalities between regions, industries, and social groups".[64] Recognizing the positive force of economies of scale and the multiplier effects of productive activity; the benefit such effects created in areas of growth and the serious negative effects of their elimination in areas Myrdal coined the terms "spread effects" and "backwash effects". He noted that left to market forces, productive activity would clustered in certain areas, "... leaving the rest of the country more or less in a backwater".[65] This "backwater" was in essence created by the "backwash effects" which were represented in out-migration of prime labour elements, capital movements and trade towards the growth area. Banks and financial institutions siphoned off savings from peripheral areas to invest in profit-maximizing opportunities in "lucky" regions.[66]

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64. Ibid., p. 26.

65. Ibid., p. 27.

66. Several authors point out specific examples of this phenomena in the Canadian case: James Overton, "Uneven Regional Development in Canada: The Case of Newfoundland", The Review of Radical Political Economy, Vol. 10, No. 3, Fall 1978, notes the dominance of finance capital in Newfoundland 1870-1914 and explains the flow of capital to areas of central Canada where interest rates were higher. Overton cites Tom Naylor, The History of Canadian Business, 1867-1914, Vol. 1. Naylor describes these capital flows, "... they (banks) have an explicit policy of drawing deposited funds out of areas such as the Maritimes and West Indies to be loaned in Central Canada and the west where rates of interest were higher", (Overton, p. 109).

Myrdal's rich and insightful analysis of regional growth problems is the vision of a man who sought to focus the greater horizon of economic development as a global process. Of particular interest for us in Myrdal's work is the directness with which the author moved from the characteristics of capitalist development as a real social process encompassing both the developed and under-developed world and the intuitive analysis he makes of the mechanisms of this process. In a subsequent work, The Asian Drama, Myrdal attempts to demonstrate the real effects of his theoretical observations in an application to the case of the Asian nations and an examination of their development problems.[67]

Poles of growth

François Perroux's work builds on studies François Broccard made of factor movements from local and regional economies to the national and international level. Perroux's interest lay in the parallel between regional problems in industrialized nations and the scope of uneven development on an international level.[68] He asserted as did Myrdal that economic

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67. Gunnar Myrdal, Asian Drama, An Inquiry into the Poverty of Nations, (New York: Twentieth Century Fund, 1968), 3 Vol. s.

68. François Perroux, "Economic Space: Theory and Applications", Quarterly Journal of Economics, Vol. 64, 1950. Perroux refers in this article to Broccard's position. Stuart Holland in The Regional Problem,

development was an uneven process concentrating activity in some areas at the cost of underdeveloping other areas, "Le fait, grossier mais solide, est celui-ci: la croissance n'apparaît pas partout à la fois; elle se manifeste en des points ou pôles de croissance, avec des intensités variable; elle se répand par divers canaux et avec des effets terminaux variables pour l'ensemble de l'économie".[69] Perroux defines the pattern of development in capitalist society as polarized growth and situates the polarization economically in the rise and fall of sectors with changes in technology and capital flows. Polarized growth, the concept coined by Perroux, is a description which synthesizes Myrdal's notions of spread and backwash effects, lending them more precision. The adoption of the notion of polarized growth for Perroux is also a recognition of the weakness of preceding notions, "Adopter la sorte d'analyse que nous proposons, c'est donc, semble-t-il, refuser quelques étroitesses injustifiées que la théorie coutumière nous impose en privilégiant les phénomènes du marché et du prix".[70] Shared

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(London: Macmillan, 1976) points out that Broccard's work formed the basis of Perroux's disequilibrium analysis, "... he (Broccard) considered the spatial distribution of activity to represent a process of continual and asymetrical disequilibrium rather than equilibrium or self-balance". In another article Perroux also discusses the influence of J. Schumpeter the development of this idea, "Les espace économiques", in L'économie de XXe siècle, (Paris: P.U.F., 1969).

69. Perroux, "La notion de poles de croissance", in L'économie de XXe siècle, p. 189.

with Myrdal and apparent in the later work of Hirschman is an emphasis on the importance of internal and external economies and resulting agglomeration effects which describe the interaction of firms involved in the production process.

Where Perroux differentiates his position from that of Myrdal is in his approach to space and economics. Both share an outlook which attempts to see the regional problem as one element of the closely interrelated levels of the national and international political economic system. Where Myrdal is more graphic and intuitive, frequently critically examining the epistemology of modern economics and the "predilections" which he asserts are implicit in the neo-classical tradition, Perroux assumes the mantle and discourse of professional economist and maintains an abstract and formal level of discussion. Where Myrdal frequently cites concrete examples of inter-related problems Perroux's discourse retains an abstract "scientific" generality. It is this abstraction which allows the concept of social space to be blurred in Perroux between geographic and economic criteria. On the one hand Perroux notes, ..., "Il existe donc autant d'espaces que de systèmes de relations abstractes qui définissent un object (), Mais les espaces qui nous concernent directement sont les espaces économiques. Ils se définissent par

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70. Perroux, "Les espaces économique", in L'économie de XXe siècle, p. 163.

les relations économique qui existent entre des éléments économiques".[71] This notion is carried forward to the author's analysis of growth-pole, for in "La notion de pole de croissance" Perroux situates his analysis of the categorizations of economic space derived from this statement.[72] In doing so, although he acknowledges the geographic reality of the pôle de croissance, "Le pôle industriel complexe, géographiquement aggloméré, modifie son environnement géographique immédiat et s'il est puissant, l'entière structure de l'économie nationale où il est situé".[73] But on the other hand, the "pôles" or "point" de coissance can be and is more specifically a simple sector, industrie motrice" represented by a group or a single firm, "firmes motrice". Perroux returns to an abstract economic notion of space without an explicit geographical or social content. The criticism reappears in various forms through a variety of authors and is emphasized in the analysis of the failure of attempts to apply the growth-pole theory to real cases.[74]

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71. Here Perroux refers to a definition he developes of three types of space. 1) economic space as "contenu de plan", that is a container for activity defined by some variable, feature, unique to the region; 2) economic space as "champs de forces", the object of economic forces from outside the region; 3) economique space as "ensemble homogene", as a space sharing many economic characteristics.

72. Perroux, "La notion de pôles de croissance", p. 188.

73. Ibid., p. 189.

74. One need look no farther than the efforts of Canada's Dept.

What Perroux produces is a theoretical modeling of the cycles of capital expansion and contraction and the resultant effects for the spatial allocation of production. His inspiration is drawn, (as is Hirschman's) from the work of Joseph Schumpeter who posits a similar cyclical pattern in the capitalist growth process, but sees it as a result of the innovative force of individual entrepreneurs. Perroux's model is based on an assumption that applying a systemic input/output analysis can determine what sectors/firms are key growth industries. In turn this "outil d'analyes" should allow the identification and subsequent implementation of key industries in areas by-passed by growth.

The application of Perroux's work on growth poles was quickly taken up by Professor J.R. Boudeville who operationalizes the model framework into policy alternatives. Boudeville describes an input-output framework for the selection of growth industries, the mechanisms of linkage effects of growth industries in urban systems, and the negative effect,

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of Regional and economic Expansion and other federal departments to implement growth pole theory in early 1970's. One example is the investment in the Strait of Canso area, Cape Breton Island, where massive federal grants to several large corporations provided some employment in primary processing but little of the spin-off effects, or linkage effects that were expected. This is more completely described in John Watt, "The Impact of a Growth Centre on Labour Migration: The Strait of Canso, Nova Scotia". Unpublished MA Thesis, University of Waterloo, 1977.

"effets de stoppage" on outlying areas. Boudeville also makes clear that the success of the model is dependent on proper conditions for its implementation.[75]

Key to these conditions is the selection of location and the analysis of linkage effects from growth centres in the urban system. It becomes clear that the growth-pole is in effect urban based. This dependence on the proximity of other urban areas has been noted and criticised, frequently from the perspective that growth pole operationalization becomes the selection of an urban area among other urban areas.[76] Areas not contiguous to the urban area selected are by definition neglected. A number of theorists have entered into debate on the optimum size of cities to maximize agglomeration effects and hence linkages to growth-poles. Jean Paelinck notes the conditional nature of the growth pole theme and its dependence on

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74. See also L.G. Barrett, "Perspectives on Dependency and Underdevelopment in the Atlantic Region", Canadian Review of Sociology and Anthropology, Vol. 17, No. 3, August 1980, p. 278-279.

75. J.R. Boudeville, L'espace économique, (Paris: P.U.F., 1964).

76. Benjamin Higgins, "Development Poles: Do they exist?", in A. Kuklinski, (ed.) Polarised Development in Regional Planning, (The Hague: Mouton, 1974), Higgin's article describes the erosion of meaningful content experienced by growth pole concept. He notes the criticism of the theory as an urban based phenomenon and offers a critique of Perroux's concept of economic space.

large number of social, infrastructural, political and geographic conditions on which Perroux's economic abstraction and Boudeville's geographic systematisation both depend.[77] The general conclusion is that the linking effects which are the objective of the exercise do not enter the input/output framework which Boudeville has attempted to operationalize and hence do not necessarily emerge from an application of the framework or process to a case in point.

The analysis of Albert O. Hirschman, refered to above, is also recognized for its contribution to the debate over the theory of polarized growth. Hirschman's 1958 volume The Strategy of Economic Development achieved importance in the United States, especially among planners who, throughout the sixties and seventies, advocated and continue to advocate the growth pole approach.

Key concepts advanced by Hirschman were "polarization effects" and "trickling down effects".[78] The trickling-down effects are the positive effects of the growth process which are theorized to emanate in waves from centres of in-

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77. Jean Paelinck, "Systématisation de la théorie de développement régional polarisé", in J.R. Boudeville, (ed.) L'espace et les pôles de croissance, (Paris: P.U.F., 1968).

78. Albert O. Hirschman, The Strategy of Economic Development, (Binghamton, N.Y.: Yale University Press, 1958), p. 18.

dustrial activity, points where growth is most intense. In the development of exchange between regions, given favourable conditions there is mutual benefit and hence trickle-down effects for both regions. In other circumstances of unbalanced or polarized growth, negative conditions - polarization effects occur in the form of out-migration of labour and outflow of capital. Hirschman can be seen as attempting to renovate the theory of Schumpeter, substituting a stress on the importance of the presence of capital resources in the development process for Schumpeter's emphasis on entrepreneurial group formation.[79] References to Perroux and Schumpeter in Hirschman's text indicates the credit he bestows on these authors. With care, Hirschman avoids a direct challenge to the conservative framework of neo-classical assumptions staying within a keynesian perspective of cyclical movements causing unbalance in the short to medium term. These imbalances are framed within the context of cycles of economic activity whose movement towards equilibrium occurs in periodic oscillations away from and towards this theoretical point. Hirschman explains how trickle-down effects will be beneficial for all areas given several criteria can be maintained. "In the theory of growth relating to advanced countries, attention is properly centered on two points: the generation of savings on the one hand, and the availability of investment opportunities and their productivity".[80] The assertion that

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79. Clyde Weaver, Regional Theory and Regionalism: Towards Rethinking the Regional Question, p. 10-11.

80. Hirschman, Op. Cit., p. 183-4.

trickle-down effects would eventually benefit the whole economy as the process of opening new markets and developing of new resources continued was diametrically in opposition to Myrdal's conclusion of accelerating polarization.[81] Hirschman notes that, "... an economy, to lift itself to higher income levels, must and will first develop within itself one or several regional centres of economic strength".[82] While allowing that a new understanding of capitalist growth is required in order for theory to correspond to reality he situates this new understanding firmly within the framework of established economic orthodoxy. In this way Hirschman situates the polarization of growth as a necessary prelude to full economic development in all regions assumes that initial polarization has as a consequence an eventual diffusion of economic growth and development. An assumption that practice has shown is not necessarily the case. Myrdal might say that Hirschman's approach is accommodation to the "predilections" of established economic theory.

Regional planning and economic theory

Hirschman's statements, "set the tone for regional

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81. Weaver, Op. Cit., p. 11.

82. Ibid., p. 10.

development and planning for more than a decade".[83] His proposition that growth was initially limited to favoured areas, that although unbalanced it would eventually spread geographically encompassing outlying areas and last that this expansion would take place through the forward linkage effects created by growth-poles, reinforced the movement of planning schools towards this model, particularly in the United States.

The growth-pole theory serves both ideological and political functions. For a generation of regional planners, economists and social scientists educated and trained in the 1950's and 1960's it offered an alternative to the leaden scientism of a school of regional science whose methodology abstracted so completely from social reality. It offered a radical and seemingly progressive approach to space planning and regional development and perhaps most important politically acceptable policy options.

In an ideological sense and on a general theoretical level, it did not foray into the deeper social questions suggested by a more rigorous challenging of neo-classical assumptions. Growth pole theory relies unquestioningly on the price mechanism as the arbiter of factor and resource distribution

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83. Ibid., p. 13.

and Hirschman and others took care as we have seen not to broach too large a gap in moving away from universal equilibrium assumptions. Certainly the growth-pole theorists do not approach the sharp criticism of the price system cited by H.A. Innis in his erudite recounting of the role of the price mechanism in modern political economy, "The intensity of the belief in the price system will vary in part with the teaching of economics and with the character of the teaching. Its susceptibility to mathematical research facilitates reinforcement of the belief in the price system and contributes to the intensity of the obsession",[84] and further, "The distortion of the price system has weakened the role of political economy in western civilization and destroyed its position as developed by Adam Smith in relation to natural law".[85] Innis situates the "obsession" which we attempt to identify in the development of regional economic theory, the delicacy with which this theory is modified and changed always seeking to remain as faithful as possible to the tenants of neo-classical economics. What is meticulously avoided is an encounter with the sanctity of private property relations and any challenge to the contradictions posed by competing social and private priorities and in-

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84. Harold A. Innis, Political Economy in the Modern State, (Toronto: Ryerson Press, 1946), p. 9.

85. Ibid., p. 13.

terests, elements fundamental to the structuring of social space.

Weaver describes the evolution of the growth pole model which emerged from the work of Perroux and Hirschman. Early studies by Borts and Stein (1962) and Williamson (1965) presented well-developed support for the growth-pole approach.[86] Borts and Stein attempted to show that Hirschman's eventual commitment to equilibrium as a part of his argument was inevitable, given capital migration from core areas to the periphery in search of higher profit margins, which would follow the development of core areas.[87] After extended studies and practical experience in Brazil Venezuela and Chile, John Friedmann described a much less optimistic view.[88] In "General Theory of Polarized Development" Friedmann found that attempting to conceptualize factors such as political, cultural and economic tendencies, which impinge on regional growth, and forecast the effect of induced urbanization, was extremely difficult, given the specificity of the region and the political system in place[89] and the necessity to generalize in any theory

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86. Clyde Weaver, Regional Theory and Regionalism: Towards Rethinking the Regional Question, p. 13-14.

87. G.H. Borts and J.L. Stein, Economic Growth in a Free Economy, (New York: Columbia University Press, 1962).

88. Weaver, Op. Cit., p. 14.

89. John Friedmann, "A General Theory of Polarized Development", in N. Hansen (ed.), Growth Centers in Regional Economic Development, (New York: Free Press, 1967).

making. A dominant core area systematically exploited its surrounding periphery through a monopoly of information and political power. The ultimate result Friedmann argued could only be a crisis of transition leading either to diffusion of political power and economic opportunity or continued exploitation and possible political revolution.[90] Although several questions could be addressed to Friedmann's work, particularly in the separation he appears to assume between economic and political forces, several very useful perspectives emerge. Friedmann draws sharply the parallels between processes of uneven development and capitalist accumulation as universal to both developed and developing nations. Although the conditions of developing countries appear as unique, the process and theory of growth pole "implantation" are the same, as are the mechanisms of the extraction of surplus value.[91]

Another aspect of the growth pole argument is presented by Lipietz. Lipietz undertakes a critique of Perroux's work and its propagation by a number of schools of regional planning. He points out Perroux's failure to confront the contradiction of social and private interests in the regional problematique and goes on to assert that Perroux's

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90. Weaver, Op. Cit., p. 15.

91. Williams W. Goldsmith, "Marxism and Regional Policy: An Introduction" Review of Radical Political Economy

level of theoretical abstraction is the means by which this omission occurs, the author carefully avoiding any but the "economic" dimensions of the problem.[92]

Perroux establishes that growth sectors are defined by economic relations with other units in the economy. Absent is the consideration of social interests. Perroux's implicit assumption is that the social objectives of regional development must ultimately be carried out by agents acting for private gain. Perroux's insistence on the action of private actors or firms in opposition to public or state action is clear. Where the state becomes involved in the market as a monopoly or ogopolistic force in some sector, the consequences - no matter their social basis - must be disasterous for international and national growth; and one might add private accumulation.

> Tant que les politiques nationales et nationaliste persistent dans un monde où elles sont depassées par la technique et par le déploiement de la vie économique, des gaspillage sont entretenus, qui constituent, même en

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Vol. 10, No. 3, Fall 1978. Goldsmith provides a short description and critique of attempts to implant growth poles in Mexico and Peru.

92. Alain Lipietz, Le capital et son espace, p. 122.

> l'absence de conflits violents, des freins à la croissance ... D'où des combats d'oligopoles quasi public qui mettent en péril la prospérité et la paix. L'élimination ou la réduction de ces pratiques n'est pas la moindre des aspects nombreux d'une politique de croissance à l'échelle mondiale. 93

Clearly the author views the international economy, and the benefits which will somehow accrue "internationally" to the "international community" as a result of allowing free rein to growth expressed as production expansion, profit maximization, industrial restructuring, technical innovation and automation. In this context any nationalistic proposals to safeguard industrial sectors and consequently communities in the large sense of word is both short-sighted and counter-productive according to Perroux.

Lipietz notes that growth pole theory as described by Perroux and operationalized by Boudeville relies on private agents to realize social objectives. The social objective of regional development is realized by the private firm participating in the market to maximize profits, "... en conférant à certains espace privés (dimension spatiales de l'activité d'agents privés) les attributs de l'espace social".[94] Difficulties and contradictions are also implicit in the spatial dimension. The

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93. François Perroux, "La Notion de Pole de Croissance", L'Economie du XXe siècle, p. 190.

94. Ibid., p. 123.

urban centre required to create a sufficient critical mass of agglomeration economies is deemed to represent at minimum 250,000 inhabitants.[95] This excludes large areas outside the range of such a centre. The fate of these excluded areas, for which "désarticulation" is most intense, and which are not reached by the linkages of key growth industries, are neglected by Boudeville, Perroux and their followers as are the full range of integration relationships which Paelinck describes as essential for the successful linking of the growth industries with a core and its surrounding area.

Holland notes the implicit weakness of Perroux's assumption of private interest and motivation as the basis of regional development as does Lipietz, but puts his critique in a different light. He cites the difficulty of predicting the rational decision-making process of business, "... management (it is assumed) will optimise locational benefits and therefore respond in a fully rational, cost-saving manner to the incentives to locate in an area designated as a growth-pole. In practice, management no more maximises such a potential than it maximises short-term profits at the cost of other factors in the long-term growth of the firm". Holland cites a perceived over-reliance on the role of external economies, in Perroux's work. He accuses

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95. Stuart Holland, Capital Versus the Regions, he refers to the literature which debates the optimum size for an urban centre to act as a growth pole with maximum benefit. The 'magic' figure is said to be 250,000 to 300,000 people, p. 54.

Perroux of a failure to understand that medium to large-size firms either internalize production economies, or assure them through long term contracts with established supplier firms.[96] Moreover, Holland's major thesis is that such large-scale firms, (although he allows that Perroux could hardly have been aware of it), have come to dominate the heights of the national economies of the industrialized nations and often dominate industrial sectors on an international level. Through control of price structures, market sectors, sourcing requirements and large-scale rationalization of production these firms according to Holland are operating on a level which minimizes the leverage of locational incentives and government control.[97] Another point which Holland makes is that transport costs in industrialized economies have as a proportion of production been drastically reduced and hence reduce the attractiveness of regional areas.[98]

The work done by Myrdal can be credited with the contemporary acceptance of the concept of polarized growth. From and with their own understandings of polarized growth Perroux and Hirschman have developed the concept of growth poles. The concept of itself is a substantial advance in

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96. Stuart Holland, Capital Versus the Regions, p. 51.

97. Ibid., p. 56.

98. Ibid., p. 55.

that it broke past the rigidity and unrealistic premises of the balanced growth approaches and allowed that the trend to regional inequity is intrinsic to capitalist economic growth. Recognizing the advance the polarized growth model achieves, we nonetheless note the extent to which Perroux and Hirschman's thought have restricted the full implications they draw from the polarized growth concept within the framework of equilibrium methods. Hirschman particularly, restricts the potential for the development of polarized growth theory as a theory critical of mainstream economics, paving the way for a narrower interpretation of growth in the framework of regional analysis.

More or less during the same period that growth pole theory was developing and coming to prominence another approach to the regional and economic problematic was emerging. Both have subsequently been integrated into contemporary theories of regional development and planning. In the next section we will examine the concept of regional growth as a consequence of export sector development.

Export Base and Regional Growth

Of special significance to the Canadian economic development experience are the theories of growth which take as a starting point the creation of an export sector based on a commodity for which there exists a strong demand outside the region.

Approaches of this type are based on classical trade theory, much of it founded upon David Ricardo's concept that a region, to prosper, must maximize the production of those goods in which it enjoys the greatest comparative advantage in terms of other commodities.[99] These theories also have roots in the more banal yet no less pervasive notion that the development of an area is dependent on its natural resource inventory.

Staple theory

The importance of export commodity linked growth to the Canadian economy cannot be underestimated. Canadian economic, social, and political history, as Harold A. Innis never tired of pointing out, is a history based on the exploitation of natural resources: the cod fishery, the fur trade, and the

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99. Stuart Holland, Capital Versus the Regions, p. 82.

lumber industry.[100] Since the turn of the century, grain production and the trade in minerals, oil and ores have extended the tradition. Canada's economic structure is dominated by a continuing dependence on raw materials export and a comparatively small and struggling secondary manufacturing sector. On the regional level of analysis the importance of natural resource development is even more emphasized by the location of industry within the country.

> "Dans l'ensemble, économie du Canada est surtout fondée sur les resources. Dans la mesure où la nation, considérée un tout, fabrique des produits industriels, cette activité est géographique localisée dans le centre du pays. Par conséquent, les economies régionales périphérique sont effectivement surtout fondées sur les resources. [101]

Innis was not an economist who limited the scope of his work to the manipulation of neo-classical equations. He

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100. H.A. Innis, The Fur Trade in Canada: An Introduction to Canadian History, (London: Oxford University Press, 1930), and The Cod Fisheries: The History of an International Economy, (Toronto: Ryerson Press, 1940).

101. Marion Wrobel, "Le régionalisme et l'avenir de la recherche et du développement dans les économies fondées sur les ressources naturelles", Revue de la région canadienne, Vol. 3, September 1980, p. 33.
Also, there are still those that maintain today that the staple theory still provides the best explanation of Canada's regional problem. See A.O. Scott, "Policy for Declining Regions: A Theoretical Approach", Regional Economic Policy: The Canadian Experience, (ed.) N.H. Lithwick (Toronto: McGraw-Hill Ryerson, 1978),

saw the movement of economic forces as penetrating and in effect transforming all aspects of the productive process and societal relations and themselves being transformed in a process of dialectical change. Christian notes Innis' disregard for static assumptions based on the sanctity of the market mechanism and cites Innis on the effects of the quantification of economics as, "... a powerful tendency to restrict the interest of economists to those things which could be measured and ignore the most valuable aspects of human life".[102] The work of Innis was boundless in its inquiry into the nature of human and natural phenomenon. He wrote stunning chronicles of the penetration of the vast territories of the aboriginal peoples by commodity relations seeking to describe as fully as possible the social reality of the period.[103] Innis discusses the climate, geography and their important influence on trade patterns, the exploitation of the Indian tribal allegiances by European traders, and the links of communication and transportation which developed around the trade in specific commodities and in effect integrated the territory into the international market system. His work forms the foundation of a Canadian intellectual tradition based on a historical appreciation of the forces of economic

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Scott sees the staples theory in a neo-classical perspective, stressing the need for labour migration upon depletion or collapse of a staple commodity in order that possibilities for new staple production be enhanced.

102. William Christian, The Idea File of Harold Adam Innis, (Toronto: University of Toronto Press, 1980), p. 15.

103. Ibid., p. 5.

penetration and growth.[104]

Central to this tradition is the concept of Canadian development as a function of the growth of an export trade in staple commodities. In order to better understand the genesis of this concept it is perhaps useful to understand Innis' intellectual gestation.

Innis' critique of marginalist economics can be traced to his study and admiration of the work of American economist Thorstein Veblen. Veblen had come to economics from philosophy with a background in the German historical school. In his iconoclastic, Theory of the Leisure Class (1899), he stresses the evolution of economic institutions and the extent to which they are the foci of struggle in society between powerful moneyed interests. These interests, according to Veblen, subvert any notion of the free operation of the market through various means; controlling prices through monopoly practices, financial manipulation and labour exploitation.[105] In Innis' critique of neo-classical price theory the influence of Veblen

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104. It should be made clear that Innis, although most widely credited as the most authoritative proponent of the staple theory was not alone. W.A. MacIntosh in 1922 wrote "Economic Factors in Canadian History" a call to Canadian historians to emphasize staple production for export sectors as a formative force in Canadian history. This along with the work of Innis stood outside the contemporary tendency towards a constitutional or political understanding of Canadian history as did

is clear.[106]

Ian Parker in a recent assessment of the links between of work of Innis, its materialist aspects, and the materialism of Marx, notes that Marx as Veblen came to economics from a philosophical background and developed a theory of historical materialism which owes much to the history of philosophy.[107] Innis shares important parallels in studying the development of society through the development of economic relations and institutions, but for him the sense of dialectical movement was based on the study of commodity trade. The result, which is for Marx an understanding of history as the rise, maturing and internal degeneration and destruction of modes of production is seen by Innis as the rise of empires which are destroyed by their movement towards conditions of monopoly.[108] This notion of monopoly, seen as the fatal disease of society,

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that of D.G. Creighton, Dominion of the North: A History of Canada (Toronto: Macmillan, 1944). See M. Watkins and W. Easterbrook's "Introduction" to Approaches to Canadian Economic History, (Toronto: McClelland and Stewart, 1967).

105. Ibid., p. 9.

106. See H.A. Innis, Political Economy in the Modern State, (Toronto: University of Toronto Press, 1946), p. 9-13.

107. Ian Parker, "Harold Innis, Karl Marx and Canadian Political Economy", in J.P. Grayson, (ed.) Class, State, Ideology and Change, (Toronto: Holt, Rinehart and Winston, 1980), p.

108. William Christian, The Idea File of Harold Adam Innis, p. 6.

is evident in Veblen and is presented as the bane of economics given its implications for the self-balance assumptions of the neo-classical model. Where Innis approaches history with a wide and open vision of social, political and economic variables active in the development process this view is more restrained than that of Marx who attempts to understand the internal contradictions of economic systems, and especially the forces shaping modern capitalism. Innis, from this perspective sees Canadian economic history as dominated by the trade of staple commodities, but focuses less on a critique of an international system of commodity relations that brought about the dependence of Canada on this trade. He seeks to expose how the trade in these commodities shaped development in Canada but in doing so does not extend the study in the direction of analyzing the underlying contradictions and irrationality of the capitalist growth process at the levels of economic practice and ideological theory. Nonetheless he presents one of the earliest and most fully elaborated studies of export base growth.

Can an understanding of Canadian incidents of uneven development and its effects be enlightened by an analysis of the problem in the context of the staples theory approach? Yes, for a chief characteristic of the work done by the staple theorists is a careful situation of historically developed

conditions of trade, the vulnerable role of staple production in a fluctuating international market, the transportation system which evolved to meet the requirements of staple production, the financial base of those that owned and ran the transport systems and production facilities and the articulation of the staple export structure with the government of the territory. Each of these factors seen from a historical perspective enrich the understanding of the emergence of regional distortions in Canadian development providing a material basis for understanding social and economic change. The staple theory is not per se a theory of the regions, but in so far as natural resource exploitation is concentrated in a specific region of the country, the staples approach by default deals with many aspects of regional development and underdevelopment.

It is through the extension of such a study to the present period that such an understanding can be most fruitfully grasped. But, a prerequisite for the extension of such a study is a questioning of some of the emphases and assumptions of the staple theorists.

Innis is his treatment of the fur trade and the cod fishery deals in detail with the fauna and flora of the territory, the life cycle of the beaver, the climate of the forest areas, the reproductive process, migration and diet of the cod

fish and a multitude of other natural biological and geographic elements which without doubt help to explain the characteristics of the staple production process. A criticism is that in doing so much emphasis is put on geographic/climatic forces and history as determined by them. An indication of this geographic determinism is evident in this text, draw from Political Economy in the Modern State:

> The peculiar geographic setting of Canada has made its economy a source of disturbance to the economies of other countries. The enormous importance of water navigation and the vastness of the Precambrian formation have necessitated concentration on large scale production of basic commodities and intense pressure on the markets of other countries. 109

This critique of the staples approach is elaborated and discussed by Kenneth Buckley and by others since.[110]

The understanding the staples theory fostered has

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109. Harold A. Innis, Political Economy and the Modern State, (Toronto: Ryerson Press, 1946).

110. Kenneth Buckley, "The Role of Staple Industries in Canada's Economic Development", Journal of Economic History, December, 1958. Also notable is W.T. Easterbrook, "Recent Contributions to Economic History: Canada", Journal of Economic History, Vol. 19, March 1959. Buckley's argument suggests that new industrial activity after 1820 is dealt with too simplistically by the staples approach. Easterbrook points out that "advanced industrialism" in Canada can be understood more fully with alternative perspectives.

been criticized from various angles. As elaborated by Innis and his followers it clearly did not have the statistical rigor and analytical organization increasingly sought in economics and hence became the object of systemization. Watkins attempts to modernize the concept of staples in response to those who argued that after the turn of the century it became increasingly irrelevant. In "A Staple Theory of Economic Growth" Watkins criticizes Innis for writing "technological history in lieu of an explicit theory of growth and moves to integrate some of the linkage concepts which we have seen were developed by Hirschman and Perroux. In doing so he draws his "renovated" version of the staple thesis much closer to the "export base model" which had become popular in the regional science school, stating "the staple theory then becomes a theory of capital formation".[111]

Watkins bases his renovated staples concept first on the notion of "new country",[112] open un-inhabited spaces, free of people, culture or economy. This concept in Watkins is also evident in North, the generally recognized authority in the export base literature.[113] But North is less categorical in

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111. M. Watkins, "A Staple Theory of Economic Growth", in W. Easterbrook and M. Walkins ed. Approaches to Canadian Economic History, (Toronto: McClelland and Stewart, 1967), p. 55.

112. Ibid., p. 53.

113. Douglas North, "Location Theory and Regional Economic

maintaining the absence of pre-existing economic or social activity than Watkins, who stresses the distinction of staples theory as describing the development of "new countries" i.e. the integration of North American territories into the western capitalist system.[114] Here Watkins parts with the staple approach described by Innis as the dialectical growth of an economy shaped by its role as source of staple products for a larger, international market into which it is by the same token integrated. It is this maintenance of a special category for "new countries", that enables Watkins to separate staples growth in Canada from the potential negative impact of staple led growth in territories of subsistence agriculture.[115] Lost is the sense of a holistic respect for the multivariate characteristics of each concrete situation and the internal contradictions

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Growth", Journal of Political Economy, Vol. 62, June 1955, pp. 243-258. Watkins acknowledges North.

114. Watkins, "A Staple Theory of Economic Growth", p. 55.

115. Ibid., p. 55. Holland points out that Whitman's analysis using a Keynesian approach argues that export dependence means interdependency with other regions. That the export base cannot be assumed to be isolated. Whitman shows that rapid growth and inflationary pressure in a developing region may well lead to cumulative decline if no government policy acts to counter these effects. Whitman's is a keynesian elaboration of Myrdal-Perroux cumulative disequilibrium or polarization effects. See Holland, p. 83-87. M. Whitman, "International and Interregional Payments Adjustment: A Synthetic View", Princeton Studies in International Finance, No. 19, 1967.

of trade. Watkins moves closer to the approach of North and those of the American school who by definition fit the export base theory into the neo-classical synthesis. This move is, in effect, a simplification of the staple model as studied by Innis. While in some respects an improvement on the export base model Watkins' attempt falls prey to weaknesses similar to those which he attributes to Innis. While citing Innis' over reliance on the specific character of the staple as deterministic Watkins exhibits his own determinism, "Absence of economic opportunity because of geographic factors was the crucial constraint on both continental and maritime developments".[116]

Export led growth

The export base approach emphasizes the propulsive effect of regional export growth on regional income. According to the theory, the export base defines the economic and geographic borders of the region and it is upon the success of the export commodity that the economic growth of the region depends. From a non-structured economic base the export sector, the "basic" sector, develops in response to outside demand. Investment flows in to develop the export industry resulting in secondary effects in the "residentiary" sector manifested as

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116. Watkins, Op. Cit., p. 67.

increased demand for locally produced goods and services. The export commodity, usually a primary product or agricultural production, if successful on the interregional, national or international market serves to increase demand for local products and attract sufficient investment to favour the creation of secondary industry. This industry can in turn compete in a larger market, capturing a share of that market and creating in the region the need for new factor inputs to the production process. The continuation of the process leads to full economic development, growing integration of the region with the national economy and increased inter-regional trade. Integral to this view is the belief that prosperity, and with it progress, lies with trade specialization, integration into the national or world market and even increasing volumes of trade activity.[117]

North's contribution was to situate the regional growth process in the larger context of trade theory, and at-

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117. It is interesting here to note the extent to which North challenges the stages of growth approach to so influential in the period. The stages to growth approach was applied to the region by Hoover and Fisher. Edgar Hoover and Joseph Fisher, "Research in Regional Economic Growth", Problems in the Study of Economic Growth, (Universities National Bureau on Economic Research, July 1949), mimeo. See Holland's discussion, p. 87.

tribute to the region the category of economic base.[118] "The social overhead benefits that have been created ... and the development of a trained labour force and indigenous capital make it far easier to develop new exports. ... As such a region matures, the staple base will become less distinguishable, since its production will be so varied."[119]

Charles Tiebout responds to North, criticizing what he sees as an overemphasis on exogenous demand for exports to the neglect of a greater appreciation of general income theory and other growth stimuli.[120] "Tiebout's" it must be noted, is but one of many criticisms which have been made of the export base theory neglect of the multitude of other factors necessary in the growth process, "... there is another possible check on the potential effects of the export sector. It may be that the socio-political structure of the region does not allow the multiplier effects to take place because it imposes an income distribution which is not conducive to the establishment

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118. Douglas North, "Location Theory and Regional Economic Growth", The concept of "export-base as we have noted is attributed to North and has been used extensively since within regional theory especially in relation to urban growth and urban economic base. Essential to the term is the income generating nature of export activity.

119. Ibid., p. 256.

120. Charles Tiebout, "Exports and Regional Economic Growth", Journal of Politicical Economy, Vol. 64, April 1956, p. 160-4 as discussed by H.S. Perloff, E.S. Dunn, J.R. Lampard and R.F. Muth (eds.) Regions, Resources and Economic Growth (Baltimore: John Hopkins University Press, 1960).

of new activities".[121] Hilhorst's warning is well-taken and those that followed the theory prescriptions of North and Tiebout, especially in reference to the growth of urban economic base theory have elaborated their theories with numerous conditions and exceptions to a strict export base model.

Weaver notes that the export-base argument is rooted in two assumptions; 1) that growth is a function of external capital accumulation and 2) that trade is based on comparative advantage and equal exchange.[122] Perloff, an American authority in planning theory and co-author of the widely cited empirical application of export-base theory, Regions, Resources and Economic Growth notes in his text, "the critical elements in the changing patterns of regional development are the locational and production decisions of business firms flowing from the input and market requirements of the major industries."[123] One might well be reading Alfred Weber; the macro-economic process is formulated in micro-economic terms in the interests of theoretical congruency and as a result the structuring of social space is seen as dependent on a few abstract economic decisions. Moreover, export base theorists have isolated the

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121. J. Hilhorst, "Regional Development Theory: An Attempt to Synthesize" in the Multidisciplinary Aspects of Regional Development (Paris: OECD, 1968), p. 21.

122. Clyde Weaver, "Regional Theory and Regionalism: Towards Rethinking the Regional Question", p. 4.

123. H. Perloff, et al: Regions, Resources and Economic Growth, p. 54.

region and its economic base from the rest of the economy, weighing heavily the developmental force of secondary economic activity feeding into the export sector. This error has been, to be sure, fully recognized and investigated, and attempts have been made, as we noted above with Tiebout, to correct the deficiencies of the approach; and integrate inter-regional trade, income factors and other elements to the framework.[124] But, in the last analysis, private operators according to Perloff in his extensive review of export base theories, make individual decisions on the basis minimizing factor costs and maximizing profit and thereby set the pattern of social activity.

Without doubt the mass of empirical data Perloff provides on resource based industry is invaluable to the agencies involved in resource economics and planning, but this field remains far from the depth of understanding and explanatory power which Innis garners through a specific historical study of the structuring of productive activity in space.

The export base theory has inherent limitations when used for understanding the characteristics of natural resource exploitation and putting the transformation of capitalism in a historical perspective. Innis' work, in significant contrast, traces the exploitation of various resources and relationships

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124. The Economic Council of Canada's volume Living Together describes the prevalence of the export base approach in regional science, p. 29.

in a specific historical context. The current export base approaches are generalized not to a specific historical period but in relation to a set of economic criteria assumed to be "naturally given" and static, unaltered in time.

The export base concept presumes that new centres of capitalist accumulation can emerge in a period of increasing economic integration and interdependence. A principal weakness of this premise is its ahistorical character. The possibility of a new centre of expansion establishing itself is dependent on a range of economic and political factors at both the national and international levels.

> Au total, la probabilité de voir se constituer de nouveaux pôles autonomes du développement capitaliste est de plus en plus faible; par ailleurs, en raison de l'intégration croissante du marché mondial, les pôles autonomes existants perdent peu à peu autonomie et sont progressivement absorbés par les centres les plus importantes: entre ces pôles, les mécanismes de la concentration capitaliste jouent de la même façon qu'entre les entreprises d'une branche ou d'un pays. 125

Terray indicates that the transformation of the international market has parallel implications for the national

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125. Emmanuel Terray, "L'idée de nation et les transformation du capitalisme", Temps Modernes, No. 325, 1973, p. 508.

market; integration internationally restricts to a greater and greater extent the possibilities for the development of new poles of growth. Where theory maintains that the export base can be the foundation of new capital accumulation clearly the changing conditions of the national and international market over time have a predominance not allowed in the theory. In the context of the current initiatives by Canadian provinces to generate income through natural resource development and the great activity of the last ten years in resource economics this subject has great relevance.[126] It is often pointed out that in Canada the service sector has become a much greater source of employment. Copithorne points out that the development of a new staple, cannot have, "the same relative impact on aggregate employment"[127], as post staples industries.

The transformation of capitalism is evidenced in the growing force of multinational corporations,[128] the increasing

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126. Shantayanan Devarajan and Anthony Fisher, Hotelling's "Economics of Exhaustible Resources": Fifty Years Later, Journal of Economic Literature, Vol. 29, March 1981, p. 65-73. Devarajan and Fisher review the current surge in work of Hotelling in this area.

127. Laurence Copithorne, Natural Resources and Regional Disparities (Hull, Quebec: Minister of Supply and Services Canada, 1978) p. 165.

128. Richard J. Barnet, "A Reporter at Large: The World's Resources", New Yorker (3 parts) March 11 - April 7, 1981 does an empirical survey of the control of major resource networks by integrated multinational corporations.

presence of territorial trading blocks and more generally what has been called the move from competitive to monopoly capitalism. The implications of this lie in the changing strategies of the MNC's in doing business. In Multinational Corporations and the Politics of Dependence Theodore Moran observes that,

> The conditions under which a foreign company will agree to invest must initially reflect both his monopoly control of skills and his heavy discounting of risk and uncertainty. The host government may want to get as much as possible from the new venture. But the strength of the bargaining is on the side of the foreign investor, and the terms of the initial concession are going to be heavily weighed in his favour. 129

The strength of bargaining lies in the company's existing production record. In resource development where initial capital outlay is enormous the companies have the technical processing expertise to assess the opportunity and risks accurately and know the international market for the

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129. Theodore H. Moran, Multinational Corporations and the Politics of Dependence (Princeton N.J.: Princeton University Press,, 1974), p. 32. The literature on the MNC phenomena is profuse. A recent and important study on the Canadian case is Prairie Capitalism: Power and Influence in the New West, Larry Pratt and John Richards (Toronto: McClelland and Stewart, 1979) in which the authors indicate that resource development is one of the only viable development alternatives for the regions and hence must be pursued in the knowledge that the multinational resource corporations enjoy a substantial advantage. In the face of this advantage Pratt and

commodity. The territorial authority suffers from not having the same capacity.

Canadian provinces or underdeveloped nations hungry for revenue and lacking technical expertise are put in the position of providing opportunities for the MNC's to reap super profits, and commensurately create modest benefits in long-term employment and secondary processing.[130]

Resource based development theories neglect the aspect of stability; it is left unstated in much of the current literature. Harold Hotelling in a ground breaking article on natural resource economics in 1931 explained that his purpose was to, develop an approach because, "... the static-equilibrium type of economic theory ... is plainly inadequate for an industry in which the indefinite maintenance of a steady rate of production is a physical impossibility".[131] North ex-

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Richards conclude that the provinces must push the toughest bargain possible and maximize control of production and pricing. See Breton's discussion of this in "Regionalism in Canada".

130. John Watt, "Underdevelopment in Atlantic Canada", in the WPIRG Reader: Case Studies in Underdevelopment, (Waterloo, Ontario: Waterloo Public Interest Research Groups, 1980), Watt vividly describes the disappointing results of resource industry development. Philip Mathias, Forced Growth, discusses the extent to which Canadian provinces are manipulated by large corporations in initiating or encouraging major resource projects. Also, in the recently published

plains that upon reaching full development, the significance of the resource base is greatly reduced opening the possibility of its decline or exhaustion. It could be argued that the aspect of instability, or exhaustion cannot be integrated in export base theory.

In Canada, the greatly increased pace of provincial efforts to exploit resource opportunities has also caused a closer examination of the premise that the development of a region depends on its natural resource inventory. A principle work in this area is that of Laurence Copithorne, Natural Resources and Regional Disparities.[132] Copithorne presents his study as a refutation of what he calls the staple theory bias. His object is to challenge the affirmation that regional disparities are a result of a paucity of natural resources or the fact that resources have been depleted. Copithorne states,

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report by the Director of Investigation and Research Combines Investigation Act, The State of Competition in the Canadian Petroleum Industry (7 volumes) (Ottawa: Minister of Supply and Services, 1981). There is massive evidence and documentation of the practices the multinational oil companies used to extract capital from Canada. Transfer pricing, the fixing of abnormally high prices for services and goods sold to foreign subsidiaries of the MNC is just one example of such practices.

131. Harold Hotelling, "The Economics of Exhaustible Resources", Journal of Political Economy, April 1931, pp. 139 as cited in Devarajan and Fisher.

132. Laurence Copithorne, Natural Resources and Regional Disparities (Hull, Quebec: Minister of Supply and Services Canada, 1979). Copithorne's work results

> Canadians have a natural tendency to think of themselves and their country as creatures formed by the history of natural resource exploitation ... some of the less critical among us "know in our bones" ... that our economic strength really lies in our exports ... Although Innis and MacIntosh did not say so, we instinctively "know" that the Atlantic region is poor because its natural resources are not good enough. 133

He notes that the staple theorists did not explicity advocate such a position but that is implicit in their positions. This is a question open for debate, and we could hypothesize that it is indeed, a misreading of Innis, but nevertheless, Copithorne's findings and methodology are in themselves useful and illuminating.

In reviewing the relationship between resource base and economic growth, Copithorne stresses the difficulty of capturing the revenue, benefits and multiplier effects of natural resource devevelopment. He notes that natural resouce development is no guarantee of employment benefits and perhaps most important states,

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from a desire of the Economic Council of Canada to investigate more fully the findings of its 1977 study of Canadian regional disparities, Living Together. The chief conclusions of the text are that economic disparities can be chiefly attributed to regional differences in productivity, aggregate demand and urban structure.

133. Ibid., p. 1.

> .... it appears doubtful that the natural resource industries are the leading sectors of economic growth in any province but Alberta. If one takes the value of primary production per employed worker as an indication of each region's relative natural resource endowment, then the four poorest provinces (the Atlantic region) and the four western provinces have larger natural resource endowments than the largest, most industrial provinces (Quebec and Ontario). Consequently, the mere existence of a relatively large natural resource endowment is no guarantee of large incomes in local regions in Canada. 134

The observation, if we can assume it is representative of reality puts into question the main assumption of the export base approach. It questions whether natural resource development in a region - be it the mines of Cape Breton, the pulp and paper towns of Northern Ontario, or the lumber towns of North Central B.C. lead necessarily to economic growth and in relative terms (on the national average) contribute to larger per capita incomes. Regional disparities in Canada do not appear to be due to lack of raw materials; indeed where raw material endowment and development is high, regional disparities prevail. In fact, the per capita natural resource endowment of the entire Atlantic region is apparently larger than that of Ontario.[135] Moreover, a study of the effect of the migra-

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134. Ibid., p. 9.

135. Ibid., p. 163.

tion that has characterized the flow of labour from Atlantic to Ontario for decades shows that it is not effective in closing the income gaps.[136] Perhaps more important for the position we have taken in previous sections of the text Copithorne finds that natural resource discoveries do not produce the kind of economic growth they once did. What was probably true for Innis is no longer true in the same sense today.[137] Infrastructure is to a large extent already established, the framework of society is constituted (but constantly changing) and methods of resource extraction have become heavily capital intensive. Labour input to the primary sector has been reduced as a result of high capitalization and as resource exploitation is more and more undertaken by large integrated companies operating in multiple locations the factor inputs to these operations are filled by familiar suppliers and subcontractors who have longstanding contractual relations with the principal company,[138] as a result local multipliers are restricted.

The export base theory as we have seen, has a special significance for Canada given both the present in-

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136. Ibid., p. 163.

137. W.T. Easterbrook, "Recent Contributions to Economic History: Canada", makes much the same points with extensive elaboration.

138. Stuart Holland, Capital Versus the Regions, p. 132.

dustrial structure of the country, our resource based economic history and the Canadian intellectual tradition. Our argument has demonstrated that the advantages of the theoretical and historical perspective developed by Innis have been eroded in elaboration of the theory of export base development, and in the growing popularity of this approach among regional development theorists. We have seen that some studies, such as that conducted by Copithorne have demonstrate the weakness of some of the fundamental assumptions of the export base approach. It is argued that these weaknesses stem precisely from the loss of the historical context in the elaboration of export base theory by North, Watkins and others that followed. The weakness of the theory as such lies in its inability to accomodate and explain. Having the explanatory power, the changing conditions of capitalist production and exchange. This in large part arises from the deeply rooted basis of its assumptions in neoclassical theory of trade and growth.

Over time regional theory has responded to changes in social reality, developing new variants to regenerate the inadequate policy prescriptions which preceding models had suggested. Theory emerged from the changing form and perception of reality and the need to develop an understanding of change and a means for plotting its direction.

Regionalism and The World System

The increasing polarization of social space in both the non-industrialized and industrialized world provided the impetus for the development of the theory of spatial economics. It is relevant and illuminating to see the parallels between regional development theory and theories of international development. In the first instance, the problems addressed share some very important characteristics. On the international level, rendered explicit by the statistics of international development agencies, the liberal media and by the instantaneous globe-girdling communications the-- crisis of underdevelopment is inescapable. Underdevelopment at the national level in the "industrialized" nations is no less pervasive but often obscured by an ideology which seeks to reinforce the system's coherence and render contradictions less explicit. The total deprivation of the nomadic goatherd of the Sahel or of the unemployed vagrants of Latin American barrios stands in direct relationship to the problem of regional disparities in the industrialized nations. Deprivation is relative to one's situation. Who is to argue that the unemployed paperworker or fish-plant worker living in an underdeveloped area of eastern or northern Canada feels any less alienated and devalorized than the dispossessed Brazilian peasant? Without question the problem of underdevelopment is

most dramatically exposed in the third world, but regional problems are no less real to the lives of people in other parts of the globe. There exists a convergence between these problems and their proposed theoretical explanations and solutions.

It is almost banal to state that the situation of underdevelopment can clearly not be confined to the third world just as the phenomenon of industrial growth and large scale capital accumulation is evidenced not only in the countries of the OECD. But, much of the regional economic development theory we have reviewed seems to hold this implicit assumption; the industrialized nations are isolated in theory from a world system of which they form an integral part. In a manner analogous to that by which much of development theory in the decades following the second World War missed its mark. "The clientele - the people who were the ultimate object of development, for whom the "goods" and "service" were produced by the organizations were completely ignored".[139] A real and deepening crisis of underdevelopment has demanded intensive reevaluation of development thinking at all levels and

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139. Nasir Islam and Georges Hennault, Changing Notions of Development, Development Administration and Administrative Development: Prologues, Paradoxes and Perspectives, (Ottawa: International Developement Studies Group, Institute for International Cooperation, 1979) mimeo, p. 14.

regional development theory has come under much criticism and revision. Benjamin Higgins indicates how this process of revision has been paralleled in regional development theory in its application to both industrialized and non-industrialized nations.[140] This reassessment of regional theory is analogous to the failure of development theory to produce an analysis with the explanatory power to provide an understanding of the roots of the problem in the complexity of social reality.

The transition which development thinking has undergone is dramatic and is reflected in the reports of international conferences such as the United Nations Conference on Trade and Development (UNCTAD) (1964, 1968, 1972, 1976, 1979)

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140. Benjamin Higgins, "Social Aspects of Regional Planning" in Anton Kuklinski (ed.) Social Issues in Regional Policy and Regional Planning (Paris: Mouton Co. 1977), p. 147.

141. The shift in thinking can be generally described as manifested in a move from a theory of implanting growth models and integrating underdeveloped regions into the international economy to an emphasis on self-reliance, the fulfilment of basic human needs, cooperation and mutual benefit. Out of this general reorientation has come the call to reorganize and reform the global economy in order to force the system to be more socially just and economically fair. See United Nations, Declaration on the Establishment of a New International Economic Order, resolution 3201 (S-VI) May 1 1974 and Programme of Action on the Establishment of a New International Economic Order, resolution 3202 (S-VI) May 1, 1974.

and in the changing policy statements of international organizations such as the International Bank for Reconstruction and Development (World Bank). An overview of this transition is provided in an monograph, Changing Notions of Development: Development Administration and Administrative Development: Prologues, Paradoxes and Perspectives, by Nasir Islam and Georges Hennault. The authors present a framework for understanding the move away from the post-war perspective of development seen as policies to encourage capital accumulation, motivate local entrepreneurial talent, and increase per capita GNP. Development was to be achieved by a "big push" for industrialization made possible by policies to increase domestic savings and capital accumulation. A most important theoretical elaboration of this perspective was represented by the Harrod-Domar growth model and also in the work of W.W. Rostow, an influential American economist generally credited with bringing to prominence the theory of the necessary "stages of economic growth" required to achieve full industrialization and modernization.[142] Rostow's work was influential in the United States and in international development theory in general and influenced Hirschmann, North and Watkins. Islam and Hennault demonstrate that linked to this approach were a number of value-laden concepts integral to modern industralized society and "transferred"

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142. W.W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto (Cambridge, Mass.: Cambridge University Press, 1960).

in the development models to the third world; these included the perceived need for "rational", hierarchically structured, functionally specialized organizational models and a prerequisite political orientation towards democracy on the western pattern.[143] The sociological and economic basis of this approach to development rested on modernization theory, and particularly the diffusionist argument that development depended on western concepts and forms moving into peripheral nations and becoming integrated into the culture of the developing societies

The failure of massive amounts of food aid, cash loans, and industrial programs to significantly change the status of the problem and implant development under the above assumptions gave rise to a growing realization that the transfer of economic and organizational models was at one and the some time the transfer of cultural and ideological values, foreign and often repugnant to less developed countries. In tandem with this realization was the growing evidence of the fundamental inequity of the trading relations between the LDC's and the industrialized world. This contradiction, the steady deterioration of the terms of trade the LDC's throughout the decades of the 1950's and 60's as forcefully articulated by Myrdal,

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143. Nasir and Hennault, "Changing Notions of Development", p. 14-16.

Prebisch and others, was a major factor in the institutionalization of UNCTAD and demands by the south for a reappraisal of development strategy.

That this process of reappraisal remains today, over a decade later, a subject of widespread concern and controversy is manifested in the continuing high level of discussion of the subject. The Brandt Commission, the Independent Commission on International Development Issues published in1980 North-South: A Programme for Survival, a cogent description of the acute problems of development, the failure of efforts to establish a new international economic order as advocated by UNCTAD and the need for nations to share the mutual responsibility for attacking the widening disparities gap in order to avoid a global crisis.[144] Emphasized in this approach is the need to draw a sharp distinction between growth, as a quantative increase in production, and development. Julius Nyerere clarifies the distinction in stating that development, "means the development of people. Roads, buildings, the increase of crop output ... are not development; they are only the tools ... An increase in the number of school buildings is development only if these buildings can be, and are being, used to develop the minds and the under-

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144. Independent Commission on International Development Issues, North-South: A Programme for Survival, (London: Pan Books, 1980). Known as the "Brandt Report" after its Chairman Willy Brandt the report was commissioned by the World Bank.

standing of people ... Development brings freedom, provided it is the development of people".[145]

The massive disparity between North and South and the political implications of having the numerous "independent" underdeveloped nations in a majority position in the United Nations has had a heavy impact on the formation of development theory, the solutions sought running squarely into contradictory characteristics inherent to the unfolding of international capitalism. Contradictions of poverty and destitution at an international level have been impossible to ignore and in fact are reinforced by the politics of the international system, a political situation in which relatively few industrialized nations press onerously down on the numerous and vocal third world states which represent a large proportion of the improverished masses of the globe.

Documentation of the overwhelming magnitude of the contradictions is evident in the glossy, popular journals of the American intellegentsia. Richard J. Barnet writes in New Yorker magazine;

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145. Dr. Julius Nyerere, Freedom and socialism: a selection from writings and speeches 1965-67, (Dar es Salaam: Oxford University Press, 1968), p. 123 cited in B.S. Hoyle, (ed.), Spatial Aspects of Development, (London: John Wiley & Sons, 1974).

> The prevailing view in the industrial nations is that the market dispenses justice-supply and demand set prices. This notion is a comfortable one, because the market, after all, has treated the consumers of minerals well. But the market in the mineral resources world is a metaphysical construction. Market sharing, price fixing, speculation, monopolization, manipulation of credit, and, sometimes, military power set the terms under which the Third World is relieved of its minerals. Visible hands with guns, money, and a tight hold on the world distribution system determine the minerals economy while Adam Smith's "invisible hand" still provides the ideological music. 146

The severity of the crisis has brought the world system under close scrutiny and divided academics sharply. Increasingly with the repudiation of approaches based on neo-classical assumptions scholars have taken up a Marxist methodological approach to the study of international capitalism. The world market system is seen as the historical unfolding of a mode of production dominated by specific social relations of production and marked by contradictions between developing forces of production and these social relations of production. Correspondingly, in the past several years regional development theory has expanded under a weight of studies and articles

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146. Richard J. Barnet, A Reporter At Large: The World's Resources", New Yorker, March 31/1980, p. 53.

which have moved to explain the emerging regional dynamic as an aspect of the structuring of capitalist relations of production. Increasingly, problems of regional underdevelopment are seen as a facet, integral to the structure of global underdevelopment. In large part, especially in the work of Canadian authors, these new approaches are frequently applications of dependency models.

The notion of dependency originates with the premise that the mechanisms of capitalist growth are not neutral and unilinear but rather a multifaceted and contradictory process. Capitalist growth clumps wealth and industry in what emerge as the metropolitan nations, at the same time creating relationships which drive the peripheral nations of the world and within these nations the hinterland, backcountry regions into instability, underdevelopment and dependence on the metropolitan centres.

> The metropolis expropriates economic surplus from its satellites and appropriates it for its own economic development. The satellites remain underdeveloped for lack of access to their own surplus and as a consequence of the same polarization and exploitative contradictions which the metropolis introduces and maintains in the satellite's domestic economic structure ... Both (development and underdevelopment) are the necessary result and contemporary manifestation of internal contradictions in the world capitalist system. Economic development and underdevelopment are not just relative and

> quantitative, in that one represents more economic development than the other... One and the same historical process of the expansion and development of capitalism throughout the world has simultaneously generated - and continues to generate - both economic development and structural underdevelopment. 147

The importance of the dependency arguments cannot be underestimated.[148] First in application to development economics they offer a powerful critique of modernization theory and associated notions of diffusionism. These approaches understand societies of indigenous peoples as originally underdeveloped and in turn form the theoretical basis of economic development theories of the Rostow and Harrod-Domar schools, assuming that traditional societies had to be brought into modern society

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147. Andre Gunder Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil, (New York, Monthly Review Press 1967), p. 9. It is noted here that references to the penetration of "peripheral" societies are not absent in the work of Marx and Engels, to whom Frank makes reference. "The bourgeoisie draw all, even the most barbarian nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chineses walls ... It compels all nations on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, to become bourgeois themselves. In a word it creates a world after its own image, "The Communist Manifesto (1848), (Moscow: Progress Publ., 1964), p. 32.

148. See Henry Veltmeyer, "A Central Issue in Dependency Theory", Canadian Review of Sociology and Anthropology, Vol. 17, No. 3, 1980 for a comprehensive des-

through diffusion and integration of Western ideas, industrialization, the acquisition of functionally structural organization and a democratic (i.e. Western) political models their progress measured by the increase in per capita GNP; conversely the dependency theory argued that their integration was their underdevelopment.[149] The dependency school breached the barriers of bourgeois approaches to development economics and attempted to link the transformation of capitalism on a global level to the persistence of massive underdevelopment. Critical discussion of dependence and further elaborations of its various propositions left throughout the decade of the seventies a massive literature of Marxist and neo-Marxist analysis of international capitalism.[150]

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cription of the various tendencies, both Marxist, neo-Marxist and structuralist to the dependency question and a summary of the criticism the concept has undergone by authors such as Laclau, Kay and Leys.

149. The modernization theory approach is described succintly by Islam and Hennault. Although the two approaches, modernization, and diffusionism are often combined, modernization theory is usually the sociological approach, (Parsons and Smelser) where to the diffusionist approach relates more specifically to economic mechanisms for growth and development. For a discussion of the diffusionist approach to geography, economic growth and regional development see John Browett "Development, The Diffusionist Paradigm and Geography", Progress in Human Geography, Vol. 4, No. 1, March 1980.

150. The literature centers on the work of Samir Amin, Arghiri Emmanuel, Charles Bettelheim and Immanuel Wallerstein.

In application to the regional question the dependency arguments have clearly been equally vital. No better illustration of this importance exists than in Canada where the dependency model and work on the related concept of "internal colony" has received attention for some time among both anglophone and francophone authors and most recently has kindled a flood of new work.[151] The interest in dependency in Canada, can be understood in relation to Canada's position as an industrialized nation with an 'open' economic structure, a primary goods export dependence and an internal distribution of productive activity

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It is a theoretical discussion of the mechanisms of contemporary international capitalism and the processes which sustain and aggravate the current crisis of underdevelopment. A number of authors, the 'dependencia' school, followed more directly in Franks' path modifying the model to some extent but accepting its basic premises. These include Fernando Cardoso and Theotonio Dos Santos. An essential feature of the dependency framework, of interest to us here is its explicit taking up of the spatial dimension as central to the theory, the reorganization of social space, the polarization of third world economies, between underdeveloped backland areas and overcrowded urban centers.

151. Innis made frequence reference in his work to the structuring of space by the forces of the market and geography in the "centre" and the "margin" of the economy. He uses this concept especially in relation to the organization of the British Empire and in his writings after 1938. (Cited in William Christian, Op. Cit.) The force of the metropolitan centre in directing Canadian development is discussed by J.M.S. Careless. He sets metropolitan pressures in Canada against the "frontierism" which is given to have such historical importance in American development. See J.M.S. Careless, "Fronterism, Metropolitanism, and Canadian History". Canadian Historical Review, Vol. 35, No. 1, March 1954.

characteristic of an underdeveloped economy.[152] Certainly a commonality of economic structure between nations encourages the application of a particular analysis, but beyond this the analysis integrates two elements which are absent in the theory we have seen to this point. One is an emphasis on the traditional cultural, class structure and social characteristics of a region, a sense and appreciation for the existing organization of social space and the complex process of transformation. The second element is historical perspective; the situating of economic and social change within the context of international and national forces struggling to appropriate economic surplus, pulling and pushing to shape social reality. These elements are integrated into the analysis by virtue of the shift from an explanation of how structuring of social space occurs

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The concept of "internal colony" which has been applied to the Canadian prairies by C.B. Macpherson and by others to Quebec, is most fully elaborated by M. Hechter, Internal Colonialism: The Celtic Fringe in British National Development, 1536-1966, (London: Routledge and Keagan Paul, 1975). Several scholars have recently done extensive work an a Canadian application of the dependency model, among these Henry Veltmeyer, Ralph Matthews, James Overton, and James Sacouman. Also, in the last year two Canadian journals; The Canadian Review of Sociology and Anthropology and the Journal of Canadian Studies have both dedicated volumes to the questions of dependency, underdevelopment and regionalism in Canada.

152. W.L. Marr and D.G. Patterson, Canada: An Economic History (Toronto: Macmillan, 1980), p. 4.

'rationally' in capitalism and ought therefore to produce a rational organization of society, the perspective taken in the neo-classical approach, to an explanation which looks rather at the underlying economic drive for increased profit, production and investment which characterizes the capitalist mode of production and its extension over space. Both approaches come at the problem from different levels. In its unadulterated form neo-classical analysis focuses ahistorically on the functioning of the market mechanism and the decisions taken by producers and consumers in this context. Marxist political-economy moves from a historical understanding of the emergence and nature of capitalist relations to an analysis of how the operation of these relations change social, economic and political institutions.[153]

Just as in international development theory, the confrontation of reality and theory has lead to an ongoing reach

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153. Paul Stevenson, "Accumulation in the World Economy and the International Division of Labour", Canadian Review of Sociology and Anthropology, Vol. 17, No. 3, August 1980. The author points out the ongoing debate which has raged over the dependency approach of Frank. It is argued that Frank has put too much weight on the spread of commodity trade penetrating indigenous social formations and not enough on the capitalist relations of production at the centre - in essence analysing the manifestation of the dominance of capitalist relations without accounting adequately for its source.

for new theory and a blossoming of Marxist explanations and studies of international relations of exchange, transfer of surplus and rates of exploitation, so in regional development theory a similar phenomenon is taking place. The dependency approach introduces concepts for understanding the organization of space on a regional level because it approaches the problem directly in the dynamics of developing capitalist relations of production and exchange and hypothesizes their implications in the spatial dimension.

Implications for regional policy

The shifts in regional economic development theory, and the related spatial economic theory which we have traced have not always followed in logical chronological order, but more correctly have been generalizations of dominant trends which both overlap and interpenetrate each other. The objective has not been to do an exhaustive exposition of all the traditional approaches to the problem, but rather to situate these general currents in the elaboration of neo-classical premises for the structuring of space.

In saying this, it should be evident that the transitions in theory continue. In the current conjuncture in Canada; in a period of economic crisis and increasing concentration of capital, there is a marked proliferation of studies which have

adopted neo-conservative assumptions, and advocate the abandonment of neo-liberal state programs which intervene to reduce the intensity of regional underdevelopment. A champion of this argument is Thomas Courchene whose supply-side oriented, neo-classical propositions smack of a nineteenth the century utopian vision of capitalism. The solution for Courchene is the freeing of market forces in order to allow adjustment in wage structures, in effect the lowering of wages in the regions. This is to encourage the development of productive activity via the free inflow of capital unhindered by government maintained trade barriers. The market it is argued, will find a new balance and the regions new sectors of specialization. The mechanisms that the liberal state has devised to reduce individual suffering according to Courchene transfer reliance and intensity dependency leaving no hope for real development.[154]

Alexander is succinct,

> Courchene believes that the present pattern of transfers to depressed regions serves only to deepen and rigi-

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154. Thomas Courchene, "Alternative Regional Development Strategies in a Federal State", in Regional Poverty and Change, (Ottawa: Canadian Council on Rural Development, 1976), p. 191-206 and "Avenues of Adjustment: The Transfer System and Regional Disparities" in Michael Walker (ed.) Canadian Confederation at the Cronroads: The Search for a Federal-Provincial Balance (Vancouver: The Fraser Institute, 1978).

> dify regional disparities ... What is required is lower wages to reflect the region's productivity and to attract capital investment to soak up the unemployed. For those who cannot find work in the region, market forces must operate to encourage emigration ... Efforts should be made to remove barriers to inter-provincial flows of goods and production factors. 155

This argument and arguments like it concerning government involvment in regulating trade and some basic commodity prices have had a substantial effect. The Economic Council, the economic policy research arm of the Canadian government has moved from a position which advocated protecting the rights of Maritimers to work in their own communities and region to one "encouraging" emigration to other areas. This move away from a strong state interventionist position, to a position more politically conservative and economically neo-classical, has not been restricted to the Economic Council. 156 The commonality between the Economic Councils' position and

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155. David Alexander, "New Notions of Happiness: Nationalism, Regionalism and Atlantic Canada", Journal of Canadian Studies, Vol. 15, No. 2, Summer 1980, p. 34-35. See also Ralph Matthews' incisive critique of Courchene's views in Ralph Matthews, "Two Alternative Explanations of the Problem of Regional Dependency in Canada", Canadian Public Policy, Vol. VII, No. 2, Spring 1981. Matthews analyzes the implications of Courchene's proposals for communities and families in underdeveloped parts of Canada.

156. Ibid., p. 35, Alexander traces this movement in the ECC. The neo-classical argument for maximizing the free flow of all factors of production is well expressed by Philippe Aydalot, Dynamique Spatiale et Développement Inégal, 2nd ed. (Paris: Economica, 1980) (First Edition 1976).

that of Courchene is also increasingly reflected at the political level. A realization of the failure of the federal states regional development policies of the 1960's and 1970's is read in the current environment not as a need to review the policy, but rather as a justification for a return to the curative power of the market. In the policy speeches of the minister and senior bureaucrats who assume responsibility for regional economic development in Canada the signs of a shifting position are clear.

> Certainly in the federal government, and elsewhere I have heard, there is a growing awareness that regional policies and programs cannot be pursued in a vacuum! Since DREE expenditures are only one per cent of the federal budget ... a point I always like to make-it is becoming increasingly clear that regional development has to be a government wide responsibility. 157

The minister goes on to speak of the "experimental nature of focused regional development in the early 1970's and the abandonment by DREE of the "growth pole" approach, 158 the weaknesses of which we have seen in this chapter.

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157. Pierre Debané, Minister of Regional Economic Expansion speech in Halifax Nova Scotia, May 23, 1981, to the Canadian Regional Science Association, p. 8.

158. David Springate, "Difficulties Associated with DREE's Current Approach" in G.C. Ruggeri (ed.) Canadian Economy, Problems and Policies (Toronto: Gage Publishing, 1981), Springate points out the poor correlation between DREE subsidies to corporations and favourable location decisions.

Reflecting on the difficulties and experience gained in the past he notes there is a clear indication of the need to decentralize and involve lower levels of government in the regional process. Alexander indicates this is due to the institutional pressure applied on the federal level by the provincial governments and to the resurgence in a faith in the market's ability to solve the regional problem by opening the regions to drastic economic and social restructing. A survey of DREE initiatives by Robert Montreuil, deputy minister of Regional Economic Expansion, points out the stress that DREE puts on resource exploitation initiatives.[159] In a time worn fashion these are presented as the most reliable route to regional development. Montreuil goes on to state that, "In view of the labour shortages that will develop in the west, we should perhaps be more concerned with an ordered inter-regional migration than with a strong stay option".[160]

The indications are clear, regional development programs have failed and in a period of economic recession the

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159. Robert Montreuil, Deputy minister for Regional and Economic Expansion, speech in Ottawa, March 7, 1981, Canada's National and Regional Economic Development Prospects, to the University of Ottawa Colloquium on National and Regional Economic Development Strategies: Perspectives and Problems, p. 4 and p. 10 indicate the stress on resource reliance.

160. Ibid., p. 16.

cost of regional support weighs heavy on the state. A policy moving with difficulty from approach to approach is now shifting "back to basics", back to the neo-classical premises from which original theories of state intervention evolved. Canadian attempts to reduce the regional problem have failed, and there is a growing sense of desperation and struggle on the part of the regions to achieve the benefits of growth and development.[161] The state in its failure to mediate the problem is in the process of reverting to flawed neo-classical assumptions fuelled by a resurgence of conservative thought and an economic recession. In this context the markedly different level of approach to the problem taken by the dependency theorists has promise of an analytical power, an alternative perspective with a potential for mitigating the worst implications of current theoretical and policy directions. In the next chapter we will attempt to sketch out some concepts which might form elements of this approach.

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161. Alexander, "New Notions of Happiness", p. 39-40.

CHAPTER III

MODES OF PRODUCTION, UNEVEN DEVELOPMENT AND REGIONAL DISPARITIES

Social Space: A Materialist Approach

No one concept or study has synthesized a theory of the structuring of social space[1] by the capitalist mode of production. Marxist theory describes a historical perspective and an analytical method by which an understanding of reality can be grasped, and Marx, Engels and their many followers have applied this method to describe the historical unfolding of the capitalist mode of production. Central to these analyses has been the objective of identifying contradictions flowing out of capitalist organization of society: the pitting of the masses of the working class, the proletariat, against the bourgeoisie, the class which controls the means of production and appropriates the surplus which is socially produced in the labour process. The contradiction between classes at the place of production has over the long term overwhelmed the contradictions

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1. Social Space as we described it in Chapter I represents the shared collective experience of a community comprising a historically developed relationship with the locale of the community in geographic space. Cultural, and social institutions, and values historically develop out of the community's existence and reproduction, present a base for the struggle to maintain this existence in the face of large scale societal change. It is this struggle which serves to identify social space.

which the capitalist organization of society poses in the spatial dimension. It has been suggested that a reason for this is that the Marxist approach is specifically historical and hence tends to see the development of contradiction as ripening through time taking up the spatial dimension as a more or less secondary facet of this complex process. To this extent the spatial factor is seen as ubiquitous. Space being the a priori condition of human activity. But this assumption neglects the specificity of the spatial dimension, hence the extent to which it itself acts to determine activity. The spatial dimension is rooted in the specific natural geographic and climatic feature of a locale and in the historically conditioned man nature relationship. Time and space must be seen as a historical dialectic in a continual process of action and reaction, each dimension manifesting the elements which lead to the other's transformation. Both of these parts form the outer parameters for the more complex whole and must be taken together.

It is the role of spatial contradictions in shaping the form of struggle both in urban centres and in the hyper-polarisation of development on the national level,[2] exacerbated

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2. Armand Frémont, La région espace vécu. Frémont defines hyper-polarized space as the increasing intensification of division between the town and the country, "La métropole réduit à elle-même l'essentiel de l'espace économique en densifiant tout, population, activités et valeurs, sur une aire limitée. Hors de cette concentration, les autres villes ne sont plus que des satellites et les vastes espaces un environment agricole ou récréatif". p. 73.

in a period of monopoly capitalism that has generated theoretical interest in the spatial problem.

> "..... il est indéniable que les profondes mutations spatiales engendrées par l'extension du capitalisme monopoliste d'état et sa mise en crise ne peuvent plus être pensées dans silence. La région se retrouve donc au centre des préoccupations d'une partie des géographes cherchant à expliquer les nouvelles différenciations spatiales". 3

At the centre of the debate in the school of Marxist, or critical geography represented in journals such as Antipode in the United States and Espace Temps in France. Critical geography refutes the ideological basis and feigned objectivity of the empirical method and, as shown in chapter two, examines the theoretical limitations of planning theory. In this respect it has made progress in the direction of describing a Marxist theory of the spatial implications of capitalist development.[4]

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3. Maurice Blondeau, "La région au pluriel" Espace Temps No. 10/11 1979, p. 40.

4. Jacques Lévy, "Cambridge en Cinq Leçons" Espace Temps No. 3, 1980. Lévy, editor of Espace Temps provides a summary of the debates active in "la nouvelle geographie" particularily in reference to the preceedings of a conference held in Cambridge in 1979 on geography and ideology. It is significant to note the convergence between the questions posed by critical geography and the similar critique of empiricism and the ideological content of fundamental assumptions linked to regional questions examined by political economy, sociology and the other social sciences. The epistemological problems are similar. Refer to the discussion in Chapter One.

But for some, the attention diverted to the spatial dimension of capitalist development represents a dangerous fetishism, a preoccupation, which threatens to detract from the more primary Marxist categories of class analysis. Soya and Hadjimichalis describe this tendency and its origins in the contemporary social formation.

> The forces of historical development and social transformation have become spatialized in both consciousness and practice - in the social organization of urban space, the politics of regionalism, the environmental movement, the expanding role of the territorial state, the perturbations of an interconnected international economy. Synchronic spatiality continually intrudes upon the diachronic, 'the simultaneity and extension of events and possibilities' overlays the historical narrative. It becomes less possible to separate history and geography, time and space. 5

The reality is that spatial analysis is not an idealized formulation, but a concretisation of class struggle emerging around one of the numerous contradictory manifestation of advanced capitalism. Spatial analysis must be advanced as an aid to understanding the phenomena Soja cites above for, as contradictions are manifested in an explicit and concrete manner they provide a pole around which to intensify action leading to social change. In a society in which class barriers and allegiance

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5. Edward Soja and Costis Hadjimichalis, "Between Geographical Materialism and Spatial Fetishism: Some Observations on the Development of Marxist Spatial Analysis", Antipode , Vol. 11, No. 3, 1980, p. 3.

through various ideological mechanisms are increasingly obscured and difficult to establish, contradictions at the level of the organization of space grow in strategic importance.

It remains to establish how the Marxist method can be applied to yield a more profound understanding of spatial phenomena. In order to do this it is useful to recall the criticisms raised of other theories in the preceding discussion. Neo-classical economic theory and its various Keynesian and liberal variants discussed in chapter two were cited for their lack of consideration of the spatial dimension outside of the strictly defined economic relationships of space as a barrier to exchange or as a commodity itself. Moreover, the neo-classical theory assumes existing capitalist market relations of production and exchange to be "naturally" given and sustaining - historically inert. In this sense neo-classical approaches to space have two important flaws: the lack of a sense of history, development through time; and of a human social, spatial dimension. Liepitz follows these lines of reason in criticizing traditional approaches.

> "Certes tout réalité matérielle existante (et tout rapport social a une forme d'existence matérielle) a une dimension spatiale et une dimension temporelle, et les <u>catégories</u> (intellectuelles) d'espace ou de temps réfèrent aux conditions de l'existence matérielle, tout comme les catégories de quantité de rapport, etc. Ce qui doit être critiqué c'est justement la conception empiriste qui fait de l'espace et du temps des réalités neutres, données où viennent se con-

> fronter d'autre réalités (des rapports, des quantités, des événements) pour s'y inscrire ou s'y dérouler; c'est la conception empiriste qui fait de l'histoire ou de la géographie ou de l'économie spatiale l'art d'extraire du donné temporel ou spatial des morceaux choisis.6

A theory explaining and clarifying the organization of social space must not extract the spatial context from reality, but rather should approach each case as a product of historically and spatially specific conditions.

> ".... la différenciation des espaces concrets (regionaux, ou nationaux) doit être abordée à partir de l'articulation des structures sociales et des espaces qu'elles engendrent. Ces espaces différencies ne peuvent être eux-mêmes définis qu'à partir d'un analyse concrète des structures sociales qui leur confèrent une individualité;"7

A consideration of specific situations must be undertaken to link the specific to the general; to draw together the threads of regional underdevelopment in diverse concrete cases and provide an understanding of the mechanisms which bring this phenomena into being. It is necessary to move beyond the consideration of human action and organization in the spatial dimension as an out-

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6. Alain Lipietz, Le Capital et son espace, p. 17.

7. Ibid., p. 28.

come of the process of commodity exchange and atomistic production decision and understand more specifically how this system came into being, how it changes and how it maintains and reproduces its existence.[8]

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8. Manuel Castells, The Urban Question: A Marxist Approach, (Alain Sheridan, Trans.) (Cambridge: M.I.T. Press, 1977) first published as La Question Urbaine, (Paris: Maspero, 1972) Castells notes that space is abstract, devoid of meaning unless situated in historical practice. Space he sees as a historical product of a given social formation p. 442-443, the processes which structure space arising out of the simple and extended reproduction of labour power, p. 237. But, Castells discusses the struggle over space in capitalism as a struggle in an urban setting between the forces which constantly transform the urban landscape and the popular working class movements for better social and economic conditions. In this way Castells reflects Lefebvre's approach to the spatial contradiction as being most intensely manifested in the urban centres.

Mode of Production as an Organizing Concept

The implications of the organization of production activity in space is addressed by Marx most explicitly in his discussion of pre-capitalist modes of production in texts such as the Grundrisse. In this text, Marx takes up the category of city-country, a category which identifies the separation of the controlling forces of city over the countryside - the source of production and surplus. In capitalism the category is maintained, although it comes to refer to the radically different and historically specific characteristics of capitalist production and their manifestation in space. It is scattered throughout discussions of the reorganization of the workplace by capitalism, of the driving pressure to constantly reorganize and renew production methods in order to meet the challenge of competitors, and to maximize value extracted. Marx, in volume I of Capital discusses at some length the depopulation of the English countryside (Lincolnshire), the impact of industralization on the organization of cities, and changing conditions of life for the urban, industrial working class of the nineteenth century. The discussion of the changing relations between the city and the countryside in pre-capitalist society and its manifestation in capitalism leads Marx and Engels to state that a goal of socialism is the overcoming of the antagonism and exploitation which capitalism sets

up between city and country.

Following in the path of Marx and Engels, a number of scholars and activists have studied the implications for the city-country dichotomy as a useful way of thinking about the organization of social activity. An author who provides illumination in this direction is Raymond Williams. In The Country and the City, Williams executes an erudite and compelling study of the transformation of the social spatial characteristics of the English countryside and of English cities throughout the

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9. Karl Marx, Capital (Moscow: Progress Publishers, 1965) Vol. I, Chapter 25. Marx discusses the depopulation of the English countryside (Lincolnshire) but this is mainly in the course of a refutation of Malthus. The city-country dichotomy is elaborated in The German Ideology. Here Marx notes that human history, can be traced as the history of this antagonism. In the Grundrisse, Marx discusses the city-country contradiction as it occurs in pre-capitalist forms. Special reference is made to the asiatic mode of production. The city-country split here reflects the division between manual and intellectual labour. In the Critique of the Gotha Program the overthrowing of capitalism and the end of class division is stated as necessary for the end of the separation between city and country. He also notes that to posit that labour is the source of all wealth is an inherently idealist formulation. Marx states that labour can only scribe itself on the existing sub-strata; "nature, the primary source of all instruments and subjects of labour", Karl Marx, Federick Engels Selected Works (New York: International Publishers, 1968) p. 318. This indicates the extent to which physical conditions have a determinancy in stamping social space, created by the etching and transformation of the natural environment by human activity.
See also the discussion in "Uneven Regional Development: An Introduction", Review of Radical Political Economy, Vol. 10, No. 3, Fall 1978.

nineteenth and into the twentieth century.[10] This project is undertaken in a historical perspective which measures change through the characterization of country and city, culture, territorial division, traditional lifestyle and class make-up in the literary production of different periods. Williams compares the countryside of Thomas Hardy to the cities of Charles Dickens, George Eliot, Somerset Maugham, and later George Orwell and assesses through the work of these literary figures the economic and political relations which were transforming the British class structure and along with it the social organization of space.[11]

The study leads Williams to state, "that capitalism as a mode of production, is the basic process of most of what we know as the history of country and city. Its abstracted economic drives, its criteria of growth and of profit and loss, have over several centuries altered our country and created our kinds of cities".[12] Using the city-country dichotomy of Marx and Engels Williams traces capitalist growth as a process of spatial destruction and construction, as change through space as well as

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10. Raymond Williams, The Country and the City, (London: Chatto & Windus, 1973).

11. Williams study can be compared to that of Margaret Atwood's Survival, A Thematic Guide to Canadian Literature where, with a similar methodology, Atwood traces in Canadian literature the theme of human struggle, confrontation and survival against harsh climatic elements, (Toronto: Anansi, 1972).

12. Ibid., p. 302.

through time. He credits Engels with the vision of, "the modern city () a social and physical consequence of capitalism: Built and living in its modes", but doesn't flinch from an incisive criticism of the contradictions and ambiguities of Marx and Engels patently nineteenth century vision of the progressive, urbanizing force of capitalism, the bourgeoisie seen as rescuing a considerable portion of the population from the "idiocy of rural life". A Eurocentric consideration of nations subjected by the imperialist powers as "barbarian and semi-barbarian".[13] Beyond these criticisms Williams traces the link between growing metropolitanism in England as at a first level, a simple description of English internal development, and at a second, in terms of the extension to the whole world of a division of functions common in the nineteenth century first in one state.

> Much of the real history of city and country, written in England itself, is from an early date a history of the extension of a dominant model of capitalist development to include other

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13. Ibid., p. 303. In a historical context Marx and Engels refer to the eradication of the remmants of feudalism concretised in the patterns of rural life. This view is also reflected in Antonio Gramsci Selections from the Prison Notebooks. (eds. and trans.) Quintin Hoare and Geoffrey Smith (London: Lawrence and Wishart, 1971) "The City-Countryside Relationship during the Risorgiments and in the National Structure", Gramsci sees the "industrial" city as the progressive force versus to retrograde forces of the countryside, p. 90-102.

> regions of the world. And this was not, as it is now sometimes seen, a case 'development' here, 'failure to develop' elsewhere. What was happening in the 'city', the 'metropolitan' economy, determined and was determined by what was made to happen in the 'country'; first the local hinterland and then the vast regions beyond it, in other people's lands. What happened in England has since been happening even more widely, in new dependent relationships between all the industrialized nations and all other 'undeveloped' but economically important lands. Thus one of the last models of city and 'country' is the system we now know as imperialism. 14

Williams neatly ties together his tracing of the city-country dichotomy in England to its reproduction on a world scale, with the extension of capitalist mode of production. He is close to Frank's vision but looks from the other end of the tube in a spatial sense, looking from the centre to the periphery rather than starting with the phenomena of underdevelopment in the periphery, as does Frank. This demonstrates in some measure the universality and the unity of the problem, making it specific to a form of economic, social and political relationships; not to a state system or the qualities of a particular nation.

Williams examines the mechanisms which he feels brings this form of spatial organization about in England, the wealth of the "rest of the world" finding its way into the European and English internal system, ... "mercantile profits, (flowing) into

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14. Ibid., p. 279.

an English social order, over and above the profits on English stock and crops."[15] and the increasing concentration of control and world wealth in England. We see the steady emergence of a new spatial and social order out of the changing organization of industrial production. As capitalist industry becomes dominand and with it the capitalist organization of the labour process, the built environment is transformed, conforming to the requisites of this organization of production.

Others approach spatial problems in a similar manner. French philosopher Henri Lefebvre asserts that the spatial contradiction emerges as the dominant contradiction in monopoly capitalism.[16] Lefebvre's work elaborated and expressed in a number of texts written in the late sixties and early seventies, studies the changes wrought in the organization of social space, the politics of the modern city, architecture and the patterns of daily life by contemporary capitalism. Lefebvre's high level of discussion and investigation is rife with flashes of insight and perspectives on the organization of activity in space. Soja and Hadjimichalis argue that Lefebvre has done most to draw the spatial dimension out of the work of Marx and was among the first to argue that

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15. Ibid., p. 280.

16. Henri Lefebvre, La production de l'espace (Paris: Anthropos, 1974). See also La pensée Marxiste et la ville (Paris: Castleman, 1972), Espace et Politique (Paris: Anthropos, 1973) and La révolution urbaine (Paris: Gallimard, 1971).

human spatiality is a social product structured like other social forms by the relations of production.[17] But, Lefebvre remains discursive, not offering a clear analysis of the mechanisms which force the transformation of space and for this reason is criticized as a 'spatial fetishist' by others active in the debate.[18] Lefebvre remains on a general philosophical level leaving this work to others.

Does exposition suffice? It succeeds in giving us an understanding of space and its relationship to productive activity, but limits the explanation of the forces which bring this activity into being in to rather concise generalizations. While it is excellent in describing and working within the framework of the unfolding capitalist mode of production providing a compelling picture of the human dimension of changes in social space, it deals more with the manifestation of the problem than its underlying logic. In the words of David Harvey, "we have to bring a synthetic understanding of the processes of production and circulation under capitalism to bear on capitalist history and thus approach step by step the form which they assume on the surface of society".[19]

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17. Soja and Hadjimichalis, "Between Geographic Materialism and Spatial Fetishism", p. 46.

18. Ibid., p. 5.

19. David Harvey, "The Geography of Capitalist Accumulation", p. 20, cites K. Marx Capital Vol. 3, p. 1.

A first step in this direction is to hypothesize that the organization of space is different in different societies. Each mode of production contains the elements of a characteristic organization of social functions and as these functions evolve they yield a consequent organization of social space.[20] Lipietz emphasizes the relativity of the concept of space to the mode of production category in reference to the work of Althusser and Balibar on historical time. Althusser notes that in bourgeois society space is reduced to time, the lapse between the commodity created in the process of production and its realization in the process of exchange. The delay, between moment of production and moment of realization is critical, measured as time consumed in circulation, movement through space, its expansion represents a reduction in the amount of surplus the capitalist will receive. Space is principally a barrier, measured in seconds and minutes. In feudal society time is measured in the agricultural cycle, consumed in weeks rather than seconds. Space has a completely different sense, measured in terms of cultivated lands a fundamental ele-

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20. This point is discussed by a number of authors and is implicit in the work of Lefebvre. See Marion Segaud, "Anthropologie de l'espace; Catalogue ou Projet?" Espace et Société No. 9 July 1973 p. 29-30. David Harvey, "The Geography of Capitalist Accumulation: A Reconstruction of the Marxist Theory", Alain Lipietz, Le Capital et son espace, Edward Soja and Cortis Hadjimichalis, "Between Geographical Materialism and Spatial Fetishism: Some Observations on the Development of Marxist Spatial Analysis", and Barbara Stuckley, "L'analyse spatiale et le développement économique", Espace et Société, No. 10 février 1974.

ment of the production process.[21] The transformation of the concept of space as object required for survival, from agricultural resource, to commodity, repository of value, object of accumulation, speculation and exchange and the implications of this transformation is the basis of our analysis.

The oft quoted comment by Marx that the development of capitalism brings about the " annihilation of space with time", describes how the capitalist priority of more rapid circulation of capital transforms the consideration of space. It becomes a barrier to be overcome by the development of the forces of production.[22] It is from this perspective on the importance of space in bourgeois thought that we gain an appreciation of the importance put on distance as a central variable of bourgeois spatial economics. From this perspective we are shown the limitations of this analysis, never moving out of the narrow economic framework of space as a barrier to the circulation of commodities to consider the more wideranging social implications of the spatial organization of production. In hypothesizing space as a concept relative to the form of society as organized

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21. Alain Lipietz, Le Capital et son espace, p. 21. Lipietz refers to Louis Althusser and E. Balibar's text, Lire le Capital (Paris: Petit Collection Maspero), Tome 1, p. 116-124, (Esquisse de concept de temps historique).

22. Karl Marx, Grundrisse (Harmondsworth, Middlesex: Penguin Books, 1973) p. 539 as cited in David Harvey,"The Geography of Capitalist Accumulation: A Reconstruction of the Marxian Theory", p. 12.

by a specific mode of production we can move to identify the tendencies of the capitalist mode of production which render the social space which we inhabit today.

If the capitalist mode of production is characterized by the separation of the worker from the preconditions of his labour capital controlling the means of production and as a corollary the private appropriation of socially produced surplus it must be equally clear that it also represents a revolutionary force of a complexity that belies the simplicity of this definition.[23] A hint of this force and complexity is related in the following passage in which Marx attributes to capital the creation of,

> a system of general exploitation of the natural and human qualities.... Hence the great civilizing influence of capital; its production of a stage of society in comparison to which all earlier ones appear as mere local developments of humanity and as nature idolatory. For the first time, nature becomes purely an object for mankind.

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23. Ernest Mandel, Late Capitalism, (Old Woking, Surrey: New Left Books, 1975) discusses the difficulty and necessity of understanding contemporary capitalism in terms of the capitalist laws of motion as understood and described by Marx, "The process of the growth of capital accumulation at the expense of other capitals, the expansion of capital through conjoint accumulation and devalorization of capitals, through the dialectical unity and contradiction of competition and concentration", p. 104.

> purely a matter of utility.... In accord with these tendencies capital drives beyond national barriers and prejudices as much as beyond nature worship, as well as all traditional, confined, encrusted satisfactions of present needs, and reproductions of old ways of life. It is destructive towards all this and constantly revolutionizes it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces.
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> But .... since every such barrier contradicts its character, its production moves in contradictions which are constantly overcome but just as constantly posited. 24

We are given an indication of the raw power of the accumulation process and its inherent geographic implications. It remains to make explicit how this force is translated into changes in the structures and institutions of societal organization in space.

The labour process is the fundamental act of ascending levels of related processes. Moggach states that,

> .... the root and dynamic of the historical process is the dialectical interplay of labour power and the means of production. The movement from es-

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24. Karl Marx, Grundrisse (Harmondsworth, Middlesex: Penguin Books, 1973) p. 40 as cited and discussed in David Harvey, p. 20.

> sence to phenomen, from labour to the empirical diversity of historical forms, is effected in theory through a dialectical passage from the abstract to the concrete... The production process, the unity of the labour process with that of appropriation is a movement toward concretion in that now the simple technical relation of activity and its precondition is further mediated by a specific social form, a network of social relations whereby differential access to the preconditions of activity is established and the product of activity is allocated among producers and non-producers ... the product of activity is determinately allocated on the one hand for the reproduction of labour-power and of the instrument of labour, thereby recurring in mediated form at the initiation of a new cycle of production ... beyond the level of simple reproduction, a portion of the social product appears as surplus. The crucial question ... is the volume and disposition of surplus: its re-investment for production on an expanded scale, or its unproductive consumption; its differential allocation to various fractions of the dominant class or classes, or its degree of retention by direct producers ... effected by the necessary implicit movement of each productive form, a movement impelled by the evolution of the productive forces and by basic structural contradictions between forces and relations of production. It is also contingent on the intervention of class struggle to alter this division... 25

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25. Douglas Moggach, Labour and Dialectical Ontology , Paper presented to School of Social and Political Thought, University of Sussex, Brighton, England, 1981. mimeo. p. 36-37. The author points out that,"the reproduction of the means of production and of the consumption fund and the generation of surplus product are elements common to all modes of production, though their form will differ greatly" p. 45. Although this is presented as a hypothesis for further study it predicates a potentially illuminating analysis of the important problem of the transitions between modes of production.

Moggach indicates the cycles inherent to all modes of production, cycles within which Marx describe the dynamic force of expanding capitalist relations and their destructive effect on past social formations. The surplus produced by the labour process in capitalism is appropriated, the object of constant struggle by the capitalist class and its various fractions. This surplus must in turn be continually invested to ensure the continued expansion and hence reproduction of capitalist relations. Throughout the moments this cycle; production, circulation, realization, appropriation, and reproduction, the cycle of capitalist accumulation, the forces of production are constantly renewed and developed, poised in contradiction to capitalist relations of production. The spatial dimension of production, the establishment of productive activity across the national and international territory is but one very important aspect of this complex process.

A frequent criticism of the propositions of dependency theory, which is introduced in Chapter two as a framework for explaining the development of regional disparities, is attributable to the lack of attention this theory pays to what Moggach cites as the fundamental element characterizing capitalism, the labour process and the question of exploitation. In this respect Gunder Frank fails to theorize the different forms of exploitation involved at the point of production and concentrates

rather on the level of circulation and realization of surplus. Veltmeyer notes that this criticism is expressed by a number of authors among them Laclau, Kay and Bettelheim.[26] In Harvey's discussion of Marx's ontology he indicates that, "the twin pillars of Marx's ontology are his conception of reality as a totality of internally related parts".[27] The point here is that dependency theory neglects the labour process, as the nodal point of the capitalist mode of production in concentrating primarily on the spread of capitalist commercial relations in the world system. It thereby neglects the most fundamental aspect of mature capitalism the extraction of surplus in the production process. This perhaps is understandable given the clear historical conditions of the penetration of Latin American society by capitalist commercial relations, but poses a theoretical problem for the

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26. Henry Veltmeyer, "A Central Issue in Dependency Theory", p. 208.

27. David Harvey, Social Justice and the City, (Baltimore: John Hopkins University Press, 1973) p. 288 Harvey bases this discussion on Ollman, Marxism and Political Science: Prologomenon to a Debate on Marx's Method (New York: New York University, 1972) mimeo. He continues, "... and his (Marx's) conception of these parts as expandable relations such that each one in its fullness can represent the totality". We note that Harvey does not suggest that we can take disparate phenomena and crudely deduce an understanding of the essence of societal structure. "To define elements relationally means to interpret them in a way external to direct observation... by discovering its relation to a wider structure of which it is a part". p. 290. Harvey's text is an important and

elaboration of the dependency process in the more industrialized societies where there is a need to complete the analysis, (the whole) by understanding the internal dynamic of capital emanating from the capitalist labour process in a country which in most sectors this process has become firmly established. Frank successfully situates the underdevelopment of Latin America on the expansion of the colonial empires and the transformation of the colonial system to modern capitalism focusing particularly on the consequent restructuring of pre-capitalist economies and the spatial patterns arising out of this penetration of the commodity form in the peripheral hinterland.

At this level his arguments are compelling and convey the human dimension of the polarized spatial organization of Latin America. He neglects as we have noted the root of the continuing dynamics of underdevelopment in the process of pro-

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widely cited work of Marxist urban geography which attempts to derive the meaning and categories of Marxist analysis applied to the phenomena of urbanism. Harvey approaches the problem by first discussing the philosophy of social space and then turning to an analysis of liberal formulations concerning social justice and income distribution in the city. His work is of great relevance to a theoretical approach to uneven development in space.

duction and realization of capital.[28] Veltmeyer illustrates the extent to which the critique of Frank and growing interest in the question has spawned a number of discussions of the division and extraction of surplus at the moment of realization of capital and of rates of exploitation in the international division of labour. These discussions integrate dependency assumptions into a much larger body of world-system theory dominated by such authors as Amin, Wallerstein and Emmanuel. Here, the important concept of unequal exchange, elaborated by Emmanuel and taken up by Amin is important, explaining how traditional productive activity is broken down, producing a mass of surplus, an "industrial reserve army" where labour power can subsequently be super-exploited in turn acting to depress the labour market of the metropolitan countries. Surplus is transfered to the centre through unequal exchange, the tendency of the rate

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28. Henry Veltmeyer, "A Central Issue In Dependency Theory", p. 204. Here Veltmeyer cites Ernesto Laclau, "Feudalism and Capitalism in Latin America", New Left Review Vol. 67 (May-June) p. 19-38 Laclau criticises Gunder Frank for confusing the establishment of a world commercial network by nascent capitalism with the development of the capitalist mode of production defined as the relations of productive wage-labour (p. 204). The criticism in effect is that Frank (and Wallerstein) do not situate their world-systems in a theoretical framework of capitalist labour and class relations. It is also raised by Fernandez and Ocampo (1974) and Gerstein (1977) Further, Laclau, Kay and Bettleheim cite, correctly according to Veltmeyer, the failure of dependency theory to accurately establish the mechanisms of exploitation and its various forms at the point of production and in the circulation process. Both Laclau and Fernandez and Ocampo argue that the coercive sanctions of pre-capitalist formation and feudalist social relations established in the colonial period have retarded the development of capitalist relations and that this fact is not accomodated in dependency theory.

of profit to move towards equality resulting in the fall of prices on the periphery, a fall reflected in deteriorating terms of trade.[29]

Accepting the validity of the above criticism of dependency theory's weak formulation of the concept of mode of production we assert that Gunder Frank does provide a spatial analy-

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29. Ibid., p. 201. Emmanuel's formulation L'exchange inégal (Paris: Maspero, 1972) of inequal exchange on the international mobility of capital, the equally advanced technical capacity of capital and historical differences in real wages between centre and periphery is summarized by Amin in Unequal Development (1976). Emmanuel also cites unequal exchange arising from the differences in the organic composition of capital between centre and periphery and in the resulting differences of labour productivity. Capital at the centre is taken to have a higher organic composition producing a greater labour productivity. Lipietz is succinct in describing this aspect of unequal exchange, "Par échange inégal ( ) on désigne un échange dont l'inégalité réside dans l'inégale composition organique du capital et l'inégal productivité du travail. Le calcul montre que sur la base de pseudo-valeur internationale comme sur la base d'un taux de profit uniforme, le résultat est un échange systématique de quantités inégales de travail au profit du pays dont la composition organique du capital et la productivité sont les plus fortes". (p. 78).
Other analysis of unequal exchange have focussed on the rise and integration of multinational corporations and their organization of production internationally, and control of technology (Dos Santos, 1968) and of expertise enabling the extraction of surplus from host countries (Moran, 1974). See Lipietz on technological control and the Vernon product cycle (p. 81). Charles Palloix, Les firmes multinationales et le procés d'internationalisation. (Paris: Maspero, 1973) and Ernest Mandel, Late Capitalism, on technology as control and recent transformations in the international production process.

sis of the effect of the penetration of capitalist commercial relations and their force in transforming social space. Development theory has advanced the dependency argument to a much more solid theoretical basis and specifies more accurately how the surplus produced by capitalist relations of production on an international scale is appropriated by the metropolitan centres of capital concentration. We hypothesize that for Frank, "one of the internally related parts of the totality" has indeed been expanded to represent the totality, and it is this that subsequent work on world-system analysis, work that continues today; has striven to redress.

Given that the operative condition of capitalism as indicated in the work seen above is the drive for maximum surplus labour, the need to increasingly accumulate capital, how can we understand the operation of these mechanisms on the level of intra-national regional distortions? Harvey answers that clarification can and must be achieved dialectically, "Dialectical materialism is ( ) not a doctrine arbitrarily foisted on phenomena to interpret their meaning, but a method that seeks to identify the transformation rules through which society is restructured."[30] Harvey procedes by attempting to build a link between the theory of accumulation and the theory of imperial-

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30. David Harvey, Social Justice and the City, p. 290.

ism.[31] The mechanisms of spatial structure from this perspective are predicated on the Marxist theory of growth; the pursuit of increasing accumulation and realization of capital via a constant increase in level and scale of production and efforts to minimize wage levels. Accordingly the drive to accumulate capital, central to capitalism, encounters recurring crises of overproduction of both commodities and capital which the capitalist class and the bourgeois state are forced to confront and overcome. Imperialism at this juncture is seen as a systematisation of relation which enables capital to overcome these crises, both by gaining access to outside markets and outside opportunities for investment and by generating additional surplus in these relations greater than the benefits possible in domestic production and trade.[32] Further and most significant for the national political economy is the implications of the outlet provided by imperialism, and in general, a large export trade

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31. It is interesting here to note that Harvey depends in large part on Marx's discussion in the Grundrisse only first widely distributed after WW II. Soja speculates that the weakness of Marxist spatial analysis is due to only recent circulation of the Grundrisse which contains much more geographic and historical references to the development of capital than Capital whose assumption of a closed national capitalist system limits geographic perspectives.

32. Note Raymond Williams, The Country and the City, p. 279. Soja and Hadjimichalis, "Between Geographical Materialism and Spatial Fetishism", p. 9-10 and Veltmeyer, "A Central Issue in Dependency Theory", p. 206-211.

sector for outlying and less developed regions. Amin argues that each capitalist country creates within itself its own periphery, and Mandel reinforcing this point, notes that this is the nature of capitalism, the synchronous manifestation of combined and uneven development.[33] Clearly, the assumption that all capitalist states benefit from imperialist trade is open to dispute, but taking our concrete example, it has been argued that Canada's assigned position in the international division of labour as a semi-industrialized, primary resource hinterland for the capitalist metropolis[34] masks what, on closer examination is a role a secondary imperialist power, a base for Canadian

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33. Amin as cited by Veltmeyer, "...each developed country has created within itself its own underdeveloped country..." Unequal Development (New York: Monthly Review Press, 1976) p. 362. Mandel, "The Laws of Uneven Development", p. 22.

34. Warwick Armstrong and Phillip Ehrensaft, "Le capitalisme de Dominion: Le Canada, L'Australie, La Nouvelle Zélande, L'Argentine et L'Uruguay", Les Cahiers du socialisme, No. 3 Printemps 1979. The authors argue a specific category of "capitalisme de Dominion", p. 163, for Canada, Australia and New Zealand adding that the cases of Argentina and Uruguay share some special parallels with these. Taken as a whole the group is presented a specific case of a semi-industrialized social formation sharing in large part the consumerism and standard of living of industrialized countries but not the economic structure. Marx comments specifically on the differences of the economic structures of various colonies in Theories of Surplus Value, Vol. 2, p. 302.

multinational corporations which represent a significant economic force in specific sectors i.e. electronics, communications and banking.[35] This is a question which cannot be developed here, but which illustrates in some measure Mandel's argument of combined and uneven development.

At the domestic level, the drive to accumulate gives capital cause to push back barriers to the full and free circulation of commodities. Marx's comment that the "... circulation of capital realizes value while living labour creates value" indicates the importance of the sphere of circulation in the accumulation of capital. The costs taken up to circulate commodities both through space and time are for capital, barriers to be abolished in order that surplus may be increased.[36] In effect time costs money, surplus is consumed in the delay of realization, hence the delay must be minimized, time annihilated.

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35. Steve Moore and Debi Wells, Imperialism and the National Question in Canada (Toronto: Better Read Graphics, 1975) Moore and Wells maintain that Canada is indeed a secondary imperialist power of significant importance in some sectors of international trade and some geographical regions of the Third World.

36. Karl Marx, Grundrisse, p. 543 cited in Harvey, "The Geography of Capitalist Accumulation", p. 11.

It is with this impetus that capital works incessantly to establish conditions of greater accumulation and realization by improving transport and communications systems in order that the market can be constantly enlarged to the absolute limits of the national territory and the circulation time (and hence cost) of commodity exchange be reduced. At one and the same time Marx in Capital Volume I Chapter 25, indicates that capital tends to both physically centralize and concentrate. The centralization in order to achieve economies of scale, and the concentration effecting the reduction of communications barriers and allowing investment and production on a larger and larger scale. A similar logic promotes agglomeration of production within a few large urban areas which become, in effect, the workshops of capitalist production. "The annhilation of space with time" is here accomplished by a 'rational' location of activities with respect to each other so as to minimize the costs of movement of intermediate products.[37] We have hence, both concentrated centres of large scale production and market barriers reduced to include even the most far-flung outposts. The creation of the centre and the periphery is implicit, and is of itself not without contradiction.

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37. David Harvey, "The Geography of Capitalist Accumulation", p. 12.

> Capital thus comes to represent itself in the form of a physical landscape created in its own image, created as use values to enhance the progressive accumulation of capital on an expanding scale. The geographical landscape which fixed and immobile capital comprise is both a crowning glory of past capital development and a prison which inhibits the further progress of accumulation because the very building of this landscape is antithetical to the "tearing down of spatial barriers". 38

Capital is caught in a constant contradiction of concretised past value posing barriers to new growth. But, these barriers are much more than those posed by the simple fixed investment of capital. They are also the value the local social formation has created in collective social practice. The identity with a location, developed from birth indelibly stamps the individual and in turn his or her contribution through the labour process, a participation in the collective action of reproducing the community which "invests" in a location a social capital, a value which capital does not and probably cannot measure. This notion has special relevance for an area of Canada such as Nova Scotia where in the 1880's there existed a significant industrial capacity which has now been in large part destroyed in favour of the influx of commodities from the factories of central Canada, which now, a hundred years later are often manned by expatriate

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38. Ibid., p. 13.

Maritimers.[39] This workforce's life in the east is too often an uprooting in search of labour, a period to be endured until the return "down home".

In opposition to bourgeois location theory which attempts to specify an optimal configuration of productive economic investment, an investment assumed to be reflected in a social reality, to what should exist and to which finally it has little relationship, Marxist analysis begins with the dynamic forces of capitalist accumulation engendered by the capitalist organization of production and builds upon the tendencies for centralization, concentration and accumulation which it posits are inherent in this force. The landscape which capitalism creates is seen as a locus,

> ... of contradiction and tension, rather than as an expression of harmonious equilibrium. And crises in fixed capital investments are seen as synonomous in many respects with the dialectical transformation of geographical space. 40

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39. L.G. Barrett, "Perspectives on Dependency and Underdevelopment in the Atlantic Region", Canadian Review of Anthropology and Sociology, Vol. 17, No. 3, August 1980, p. 276.

40. David Harvey, "The Geography of Capitalist Accumulation", p. 13, Harvey works from Marx's text, Karl Marx, Capital I, p. 512. See here the discussion of geography and his framing of this question in the accumulation process.

In order to make the dialectical method relevant it must incorporate a consideration of the concrete case. We must be specific, situating the case in order to benefit from the various levels of analysis possible. We have introduced and discussed the capitalist mode of production as a form of economic relations drawing together, dominating and in the process transforming other forms of organization. In this context we see, "Imperialism is a confined form of social development, locking together the most backward and most modern forms of economic activity, exploitation and socio-political life, in variable forms, in different countries".[41] The regional question must be in part a product of the position of the region and the nation in the international division of labour for both are adjuncts of a commodity system, an integral element of the capitalist accumulation process nationally and internationally, "A chaque produit en chaque lieu correspond un prix dont la formation résulte d'un jeu où la totalité des marchandises participe".[42] Canada in this context, as a semi-industrialized

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41. Ernest Mandel "The Laws of Uneven Development", New Left Review, Vol. 59, Jan-Feb 1970, p. 21. Mandel cites this as defining the law of uneven and combined development.

42. Milton Santos, "Espace et domination: une approache Marxiste" Revue Internationale des Sciences Sociales, Vol. 27, No. 2, 1975, p. 379. Santos poses this point as fundamental to a law of value in space. Although we accept the importance of recognizing the interrelationship in the commodity system it appears doubtful that the spatial contradiction can be measured in actual commodity values. Lipietz sees it more centrally as the social/private contradiction of capitalist production and accumulation confronted in the spatial division, Le Capital et son espace, p. 25.

capitalist nation with an economic structure largely based on the extraction and sale of primary products must be analysed with the object of discussing how a given position in the international division of labour impinges on the severity of regional underdevelopment.[43]

In its own right Canadian capitalism is historically conditioned by the position of Canada in the international market and by the political economic and social institutions and traditions which are the heritage of a territory so long a colony of the metropolitan homeland, a source of cheap raw materials and an attractive centre for the investment of the surplus capital which accumulated in the banks of Fleet Street.[44] While previous pages

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43. Armstrong and Ehrensaft, "Le capitalisme de Dominion", argue that the colonial dominions were maintained as a subcategory of semi-industrialized capital (p. 164) serving the British Empire. The heritage borne of the early stamp of colonial domination had, following this argument never been completely erased. The early orientation towards agricultural and primary products tended to restrict the development of an industrial sector and opened these economies to the vagaries of the inherently unstable market in basic commodities. The authors indicate that it is through the fluctuations of the international market for primary commodities that we can gain an understanding of the economic structure and production of the dominions.

44. Tom Naylor, The History of Canadian Business, 1867-1914 provides an analysis of the role of British finance capital in Canadian development and its interaction with Canadian merchant and finance capital.

have attempted to put in relief the elements of dependency theory as they relate to the development of the capitalist mode of production internationally, describing briefly some of the measures which ensure the underdevelopment of large areas of the globe by the funelling off of the surplus produced in these regions an understanding of the regional problem in Canada must also be sought in the character of the national capitalist social formation.

Class formation

While to this point, we have sought this character as a dimension of the articulation of the Canadian economy with the international division of labour an element of equal importance lies in the class structure of the Canadian state historically conditioned by Canada's colonial heritage, the mechanisms of imperial investment in the colony and the relationship of the colonial capitalist class to this investment. A number of studies indicate the relevance of the class formation and dissolution to the regional question especially as it relates to the formation and development of the Canadian state. This work is important in that it may lead to an understanding of the classes now represented in the contemporary struggle between regionalist and centralist forces in the Canadian state.

In this category the thesis of Naylor, arguing that in Canada merchant capital played an predominant role in the in-

itial development of the nation has been widely discussed.[45] Merchant capital it is argued, given the initial absence of elements of industrial capital effectively hindered the development of the same, because it saw this in its short-term interests.[46]

Marx raises a compelling argument for the important role of merchant capital in the accumulation process prior to the full development of producing capital,

> .... the development of merchant's capital gives rise everywhere to the tendency towards production of

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45. Ibid., Vol. I, p. Naylor's thesis is hotly debated. See David Alexander, "Development and Dependence in Newfoundland", 1880-1914" Acadiensis, Vol. 4, No. 1, pp. 3-31. James Overton, "Uneven Regional Development in Canada: The Case of Newfoundland", Review of Radical Political Economics, Vol. 10, No. 3, Fall 1978, pp. 106-117, and L.G. Barrett, "Perspectives on Dependency and Underdevelopment in the Atlantic Region" Canadian Review of Sociology and Anthropology, Vol. 17, No. 3, August 1980, pp. 273-286. The first two articles discuss the role of merchant capital in the stagnation of the Atlantic fishing industry.

46. L.G. Barrett, "Perspectives on Dependency and Underdevelopment in the Atlantic Regions", Canadian Review of Sociology and Antropology, Vol. 17, No. 3 August 1980, p. 277. Barrett discusses the "false" nationality of capital by which the short-term gain of the merchants and in consequence the short-term perspective of this class affects the development process, having serious implications for regionalism as seen in all of eastern Canada.

> exchange values .... Commerce, therefore, has a more or less dissolving influence everywhere on the producing organization which it finds at hand and whose different forms are mainly carried on with a view to use value. 47

Merchant capital breaks down semi-capitalist formations, small farmers, "... who work themselves and whose main object, in the first place, is to produce their own livelihood..." as are evidenced in the early Canadian colonies.[48] It does so by transforming such sectors from, "self-sufficient organizations for the production of use-values to specialized and dependent units producing exchange values," and hence makes them satellites of the merchant capital network, dependent on the manufactured goods which it circulates.[49] The implications of this understanding of capitalist commercial relations applied to the study of Canadian economic and political history have not been lost on Innis and others who have followed the development of Canada's communication and transportation networks as a consequence of

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47. Karl Marx, Capital, Vol. 3, p. 331. Cited by Harvey, "The Geography of Capitalist Accumulation", p. 15.

48. Karl Marx, Theories of Surplus Value, Vol. 2, p. 302. Cited in Harvey "The Geography of Capitalist Accumulation", p. 15. Marx refers here to the "farming colonists ... from the motherland", p. 302. Distinguishing between these colonies and a second type of plantation economies.

49. Ibid., p. 303.

the need of Canadian merchant capital to breakdown the barriers to circulation and of colonial and imperial finance capital to find secure outlets for investment.[50] In this discussion are elements which might, with further study move towards an explanation of the destruction of artisanal, small scale production in many regions and outlying areas of Canada. This might also explain the barriers to the development of such production where none had existed previously.[51]

The structuring of class and development of class

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50. See L.R. MacDonald, "Merchants Against Industry: An Idea and Its Origins" Canadian Historical Review, Vol. 56, 1975, pp. 264-281. Also the massive work of Innis who examined closely the relationship between communication and transportation infrastructures & economic development from a materialist, if not a Marxist perspective, see Empire and Communications (Toronto: University of Toronto Press, 1950).

51. Henry Veltmeyer, "A Central Issue in Dependency Theory", makes the link between theories of underdevelopment which argue that the low organic composition of capital at the periphery permits and even encourages the dominance of merchant capital, c.f. G. Kay, Development and Underdevelopment: A Marxist Analysis, p. 205-7 Veltmeyer concludes, "Deriving its profits entirely from unequal exchange, merchant capital greatly contributed to the fall of various pre-capitalist modes of production, but it did so under conditions inimical to the investment of industrial capital" p. 209. This offers theoretical support to Naylor's argument.

consciousness is a complex process dialectically linked with the development of capitalist relations of production and exchange. The above discussion of the role of merchant capital is of historical relevance both to the development of Canada's political economy and for the consequent creation of regional distortions, but it is not only of historical interest. With the changing character of maturing capitalist relations there is a continuous transformation of the class structure. Moggach centres the ongoing struggle as one for the control of the surplus created by the labour process and realized in exchange between classes and among various interests and fractions of capital.[52] These are manifested at all levels. In Canada, this means struggles between the federal government and the provinces, between competing elements of capital and organized labour, between marginalized aboriginal people and federal institutions and between degenerating manufacturing sectors such as textiles and footwear and the heavily concentrated forces of commercial retailing. This is especially remarkable in "new staple" industries such as the petroleum sector where large integrated multinational companies can often achieve legislative concessions unavailable to smaller national corporations. Some argue that the form of federal-provincial system itself is a product of class struggle carried out between national bank, finance and merchant capital and

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52. Douglas Moggach, Labour and Dialectical Ontology, p. 36.

the regional bourgeoisies.[53] What is certain is transformation. The world capitalist economy moves from one crisis to another constantly posing, mediating and overcoming contradictions. The Canadian economy and class structure, stamped by the relationships of the past struggles, moves in response, adapting to the new rules and conditions of accumulation in a world of advanced monopoly capitalism.[54] Steven Hymer in his important article, "The Multinational Corporations and the Law of Uneven

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53. Stanley B. Ryerson advances this view of Confederation in Unequal Union; Confederation and the Roots of Conflict in the Canada's, 1815-1873. On the regional level there is the discussion of Gilles Bourque, "Petite bourgeoisie envahissante et bourgeoisie ténébreuse", Les Cahiers du Socialisme, No. 3, Printemps 1979, p. 133-134. Bourque's analysis of the class base of the Parti Québécois starts from the premise that a political party is, "...comme l'un des lieux d'interiorisation de la complexité même des rapports de classes", p. 125, and moves to a discussion of the class interests of the party and the debate over whether they are essentially petit bourgeois or bourgeois, with links to the capitalist accumulation process on a pan-Canadian level. Bourque argues that confederation concretised an already established chain of regional bourgeoisies, and "qu'une bourgeoisie industrielle canadienne a réussi à se développer, cette dernière n'a jamais pu résister à la domination impérialiste", p. 134. This analysis Bourque stresses to state must be carried in the context to the accumulation process and the relations of each class to it, in the capitalist reproduction process.

54. Larry Pratt and John Richards, Prairie Capitalism, trace the response of regional governments to the intergrated multinational resource companies and the political contradictions between the interests of federal and provincial government.

Development", describes the parallels between the development of integrated and managerially specialized multinational corporations of the post-war period and the development of comprador bourgeoisies in the commercial centres of countries in which they operate.[55] Evidence of this type of formation and class allegiance is indicated by Jack Layton,

> The banks and financial institutions of the country are the instruments for the transferral of ownership and control of Canadian capital into foreign hands ... The finance sector of the Canadian bourgeoisie has continued to profit handsomely by the expansion of American capital in Canada and consequently has continued to advocate this development and to shun the assertion of economic nationalism as it no longer serves their interest". 56

Hymer cites the nation of Canada as an example of a country which has lost it power over fiscal and monetary national planning policy due to the growth of multinational corporate control over production.[57] We see in his analysis the means by which this loss occurs partly through the production of class interests which are powerful in the national and provincial go-

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55. Stephen Hymer, "The Multinational Corporation and the Law of Uneven Development", in Hugo Radice (ed.) International Firms and Modern Imperialism (Harmondsworth, Middlesex: Penguin, 1975).

56. Jack Layton, "Nationalism and the Canadian Bourgeoisie: Contradictions of Dependence", in Paul Grayson (ed.) Class, State, Ideology and Change (Toronto, Holt, Runhert and Winston, 1980), p. 223.

57. Hymer, Op. Cit., p. 60.

vernments and linked to multinational corporate interests.[58] Clement remarks that this process of class formation has implications for the phenomenon of Canadian regionalism whose depth will only be fully understood with additional empirical research. He notes that such study is essential in the area of the relations between multinationals, regional labour forces and provincial governments.

Labour reserve

In a geographical perspective the location of industry by multinational corporations is an issue of importance which Doreen Massey discusses as a contemporary strategy for utilizing the relatively unorganized and hence less highly paid labour

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58. Wallace Clement, "A Political Economy of Regionalism in Canada", in John Harp and John R. Hofley (eds.) Structural Inequality in Canada (Toronto: Prentice Hall, 1980) argues that a combination of John Galtung's concept of "go-between nations" which mediate between the true centre and periphery nations, sharing characteristics of both, and of Oswald Sunkel's notion of class structures which develop integrated and marginalized segments, "... which are closely linked transnationally through many concrete interests as well as by similar styles, ways and levels of living and cultural affinities... these form a transnational kernel or nucleus at the "heart" of the international system which tends to be integrated", p. 270, can be useful in understanding the articulation between Canada's class structure as reflecting Canada's position internationally and the structure of centre-periphery relations in Canada's regions.

force of the regions.[59] In her discussion Massey gives attention to the growing separation between the headoffice managerial, planning and logistics function of the modern integrated corporation and the production function.[60] The significance of this development is closely related to the logic of the accumulation function. The corporation maximizes the benefits of relatively cheap labour while controlling major decisions from the metropolis, owners and senior management benefiting from the conforts of metropolitan life. Marx identifies an adequate supply of human labour as fundamental for the development of the capitalist labour process.

> ..... if a surplus labouring population is a necessary product of accumulation or of the development of wealth on a capitalist basis, this surplus population becomes conversely, the lever of capitalistic

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59. Doreen Massey, "Survey: Regionalism: Some Current Issues", Capital and class, Vol. 6, Autumn 1978, p. 106-125. Also Ernest Mandel, Capitalism and Regional Disparities, p. 6. The case of the Nova Scotia government passing special labour legislation in order to limit the organizing potential of the Nova Scotia labour force at three production facilities of the French multinational, Michelin is a case in point. A factor in Michelin's decision to locate was surely a passive labour force guaranteed by the Nova Scotia government. Barrett op. cit. cites several another relevant cases.

60. Stephen Hymer, "The Multinational Corporation and the Laws of Uneven Development", Hymer focusses part of his discussion on this aspect of multinational operations. He sets up an analogy between capitalist organizational methods and the organization of social space as exemplified by the separation of production facility and decision making centre. See also Mandel's discussion of this in Late Capitalism, p. 317.

> accumulation, nay, a condition of existence of the capitalist mode of production. It forms a disposable industrial reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost ..... a mass of human material always ready for exploitation. 61

The concept of labour reserve is prominent in most variants of regional theory as it is in world-systems and development theory. Holland deals with the Marxist theory of regionalism almost exclusively in terms of the question of labour reserve, as does Ernest Mandel, in Capitalism and Regional Disparities. Mandel sees regional underdevelopment as essential to the maintenance of sustained accumulation on the national level.

> The principal role of regional underdevelopment, in the capitalist system, is to furnish huge areas of labour reserves. And when these reserve zones are not created by natural population movements then the movements of capital reproduce them 'artificially'. 62

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61. Karl Marx, Capital, Vol. 1, p. 693, see also the discussion of John G. Carney "Capital Accumulation and Uneven Development in Europe: Notes on Migrant Labour", Antipode, Vol. 8, No. 1 March 1976, pp. 30-37. Carney applies the concept of industrial reserve army to the force of migrant labour servicing European industrial and service sectors. He brings to the fore the point, illustrated by Marx above that labour bred and maintained in other backward social formations and attracted to the industrial centres constitutes a transfer of surplus. "Tanamount to a permanent and expanding drain of value and surplus value".

62. Ernest Mandel, Capitalism and Regional Disparities, (Toronto: New Hogtown Press 1969) p. 5.
Stuart Holland, Capital Versus the Regions, Holland discusses at some length the emphasis Marx puts on the industrial reserve army defining the five major categories of labour which Marx describes as being held in reserve through various means. See Capital, Vol. 1, pp. 663-705.

The force of the creation of labour reserves rests according to Mandel in the nature of capitalist growth which by definition is spasmodic, witnessing violent expansion followed by periods of contraction. These cycles, the periodic crises inherent in capitalist growth make a necessity of reserves which can be pulled into production as the need arises. The radical restructuring of industry and hence of regional economics is in this way one means by which new areas of labour reserve are created. As regions characterized by a given sector of industry fall into obsolesence through the irrationality of the capitalist market, the development of the forces of production manifested in new technologies, the integration of industry into more central, capital intensive production facilities, or competition from outside the economy resulting in the destruction of indigenous production, stagnation forces the local labour force to migrate in search of new opportunities to sell their labour power. This is one mechanism lying fully in the unfolding of the process of capitalist accumulation. Another can also be seen as the transition between modes of production.

Semi-capitalist modes of production.

In modern monopoly capitalism uneven development is manifested in many ways. One is the support and maintenance of semi-capitalist and pre-capitalist forms of social organization functioning as pools of reserve labour, often only seasonally employed, poorly sustained and hence ripe for recruitment.

In this context we define semi-capitalist mode as exemplified in the organization of the independent petty producers, the fisherman, the independent farmer, or the craftsman who in general own their own means of production; boats, nets, livestock, tools etc. but employ only limited labour additional to their own, and generally are dependent on the capitalist commodity market to realize their production in exchange value. With the exchange value produced in this way, this class in turn depends on merchant capital to supply it with goods it cannot produce. The theoretical framework in which the maintenance of such forms of production can be understood is again provided by the overall concept of mode of production as a dialectically understood process of integral elements in process, accumulation accomplished in the synthesis of the different instances of production circulation and realization.

The idea of parallel modes of production is framed differently by those who have treated the problem of uneven development, but its importance is uniformly acknowledged. Lipietz sees the necessity of maintaining theoretically the existence of <u>different</u> modes of production articulating together

> "D'une part en effet la forme d'existence chacun des modes est considérablement modifée par la place que lui réserve la reproduction du mode dominant dans la formation sociale (le capitalisme); d'autres par, le mode de production dominant lui-même

> compte au nombre de ses conditions d'existence concrètes, dans la formation considérée, la présence des autres modes de production (qui lui servent de réserves de main-d'oeuvre, de débouché etc.)... Que si chacun des modes de production possède a priori sa propre dynamique de développement, sa propre logique, généralement contradictoire avec celle des autres modes dont l'analyse révèle la présence, il apparaît qu'après synthèse, dans l'articulation concrète des modes, la dominance du mode de fonctionnement qu'apparaît alors comme cohérent ... . De cette conception de la structure sociale résulte un conception de la structure spatiale concrète. 63

Lipietz's formulation, is based on the assumption that other modes of production are required to sustain the capitalist mode of production. It is these for Lipietz, in which are rooted the basis for the present structure of concrete social space, i.e. the existing patterns of uneven development. The difficulty with this formulation of mode of production derived from the structuralist argument of Louis Althusser, is that it maintains a rigid and nondialectical separation between co-existing modes. It fails to allow that capitalism, and vestiges of pre-capitalist modes that exist are in constant relations of subordination and

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63. Alain Lipietz, Le Capital et son espace, p. 21.

transition.[64] In this respect perhaps a more exacting and coherent view of the question is that of Kay,

> The capitalist world economy is an articulated system of capitalist, semi-capitalist and modified pre-capitalist relations of production, tied together by capitalist relations of exchange and dominated by the capitalist mode of production. 65

Kay states that there are not a number of articulating modes of production, but rather a dominant mode which has transformed preceeding organizations of society into semi-capitalist and modified pre-capitalist forms. Modes of production are concrete, do not and cannot exist separate and autonomous from one another in space. They are the concrete relationship which exist between individuals, classes and nations and define themselves by the nature of the organization of social production.

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64. The concept of co-existing pre-capitalist modes is widespread in the development literature. Peripheral modes of production are predicated in this manner by Rosa Luxemburg in Accumulation of Capital (London: Routlege and Keagan Paul, 1951).
Harvey notes that at the level of circulation there are strong interdependencies between capitalist and non-capitalist modes.
Luxemburg sees non-capitalist modes as essential to absorb the periodic overproduction of the capitalist mode.

65. G. Kay, Development and Underdevelopment: A Marxist Analysis (London: Macmillan, 1975) cited in James Overton, "Uneven Regional Development in Canada: The Case of Newfoundland" Review of Radical Political Economy, Vol. 10, No. 3, Fall 1978, p. 107. Mandel's formulation is very close to that of Kay's "... worldwide capitalist relations of exchange bind together capitalist, semi-capitalist and pre-capitalist relations of production in an organic unity". Late Capitalism, p. 311.

The mode of production approach to the understanding of an industrial reserve army appears more abstract in discussion than in concrete application. R. James Sacouman in "Semi-proletarianization and Rural Development in the Maritimes" attempts to apply just this concept of subordinate, semi-capitalist or pre-capitalist modes held in subordination by capital, to the underdevelopment of Maritime Canada. Sacouman argues that the labour force of Canada's Atlantic provinces is undergoing a process of "semi-proletarianization" in which small producers existing at near subsistence levels are increasingly forced to seek other forms of income or send other family members to work at near subsistence wages. They and members of their families are increasingly locked into a virtually inescapable cycle of seasonal employment. The difference between subsistence and non-subsistence is made up by government transfers in the form of welfare and unemployment insurance payments. The author argues that, "it is not merchant capital but capital per se that has underdeveloped the rural areas by directly truncating yet maintaining the domestic mode of production".[66] This process according to an interpretation of past studies by the author, has lead to an increasing level of

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66. R. Sacouman, "Semi-Proletarianization and Rural Underdevelopment in the Maritimes", Canadian Review of Sociology and Antropology, Vol. 17, No. 3, August 1980, p. 240.

social mobilization in Eastern Canada, ".... the fight by semi-proletarianized petty producers, and their proletarianized kin for the means of subsistence...."[67]

The Marxian theory of the structuring of social space is not a neat synthesis that can be empirically tested with clinical precision. It represents itself as an "... amalgam of social, political and economic factors which vary empirically by sector, by region and through time".[68] It requires that one make the dialectical connections between class formation and struggle on the urban, regional, and national level and the historical development of contradictions in national regional and international production. This section has elaborated and described the concept of mode of production as a totality of dialectically continuous relations theorizing the organization of a society. Capital we have seen not a thing or a set of institutions but a process of accumulation under a given organization of productive activity requiring a continuous and ever larger circulation of commodities between production and realization. Discussing the various moments of

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67. Ibid., p. 242.

68. L.G. Barrett, "Perspectives on Dependency and Underdevelopment in the Atlantic Region", p. 281.

the accumulation process in the capitalist mode of production it is seen that the spatial structuring of society in capitalism can be understood as shaped and directed by the requisites and the dynamics of these processes.

Human activity and hence the social space which this activity creates around a given locale is a consequence of tendencies which constantly seek to maximize the surplus extracted in the labour process and in doing so set class against class and space against space. Just as capitalism divides society into classes engendering class confrontation, in the spatial dimension through the constant expansions of markets, destruction of local production, and development of the forces of production it destroys established communities, subordinates outlying regions, and generally given rise to social dislocation and hence social conflict. Class contradictions in these conflicts are not absent, as such conflict under capitalism is and must be ongoing. But, class is momentarily displaced by the struggle which is precipitated by spatial contradiction a condition which by no means excludes class from playing a formative role in the ensuing situation.[69] Space is not necessarily the primary contradiction of capitalism, but in a given conjuncture can and does play an important and perhaps strategic role in social change.

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69. Alain Raynauld, "Parlons plutôt de classe socio-spatiale" Espace et Sociétés, No. 10, février 1974.

Beyond The Contradictions Of Capitalist Growth

What are the alternatives from the left? The preceding analysis identified some of the forces instrumental in the creation and maintenance of regional problems. It remains to draw out the strategies suggested by the analysis. The policy prescriptions of a materialist approach to the regional question are neither widely established nor do they enjoy a significant internal consensus among theorists in the western capitalist economies. In contrast to traditional approaches they do not benefit from several decades of elaboration and reinforcement, from the constant reformulation by which neo-classical economic assumptions regarding spatial economics have been rejuvenated and maintained. Several positions on the spatial problem are advanced as theoretically coherent. An orthodox position assumes that the end of the antagonism between city and country, a formulation which we accept as a metaphor for spatial contradictions developed in capitalism, requires an end to the central contradiction of capitalism; the private ownership and control of the means of production as reflected by the private appropriation of socially produced labour. While accepting the long term necessity of struggle towards this objective it is posited that this struggle cannot and should not limit itself in theory or practice to the opposition between the proletariat and the bourgeoisie at the centre of production. The revolution will be made in negating this contradiction, but will also be made at

many different levels and at different points in the social space which advanced capitalism creates. Revolution is assumed here to be a long and bitter process carried out at all levels over generations if not centuries.[70] Where the more orthodox might see the struggle over spatial contradictions as impeding or lessening the intensity of class struggle at the centre we can only submit that this is an economistic and deterministic position abstracting from the important role of collective struggle on all fronts.[71] Moreover, the question of spatial contradictions manifested as we have seen in the regional question and closely linked to ecological questions and national questions is the foci of significant social mobilization and offers a strategic point at which the struggle may be advanced in the

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70. As versus a view of the revolution as a cataclysmic event, the "big night" theory by which an intense period of social upheaval transforms all social relations.

71. Samir Amin, Class and Nation, Historically and the Current Crisis, Susan Kaplow (trans.) (New York: Monthly Review Press, 1980) Amin appears to hold this very position perhaps understandably due to his centering of analysis on the international level. He states that countries such as Switerland, the United States and Canada practice a bourgeois policy of "cantonalizing". That is maintaining an integrated economic policy at a national level and containing national conflicts at a subordinate level. Here Amin equates regional problems in multi-national states to ethnic or national roots a formulation which we have found to be less than exact given the economic aspect of regional distortions in Canada. It leads him to state that this, "...proves that regionalism can be a means of lowering the level of political consciousness", p. 128.

present conjuncture.[72]

Countering this argument is another which identifies with socialism a centralism purportedly essential for the rational organization of society. Richards and Pratt argue that it is this tendency in the Canadian left which has undermined support for claims of regional autonomy.

> Impatience with provincialism and indeed with federalism itself is one of (the English-speaking left's) foremost distinguishing traits. Indeed its dominant tradition, apart from its incorrigible penchant for sectarianism, is one of unabashed centralism, expressed as the belief that only a powerful federal government armed with overriding legislative and financial powers can regulate modern industrial capitalism and set in motion the transition towards a socialist society. 73

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72. Gérard Delaplace, "Mouvements écologistes et régionaliste", Critère, No. 23 automne 1978. The author traces the commonality of ecological and regional struggles centered around the destruction or menacing of neighbourhoods, regional characteristics or environmental conditions. Some of the same points are made in REMICA (CNRS) "Systèmes spatiaux et structures régionales", Espace et Société, No. 9, July 1973. Critère No. 23 regroups ten articles concerning regional government, decentralisation and various aspects of the national question in Québec.

73. John Richards and Larry Pratt, Prairie Capitalism: Power and Influence in the New West, p. 5. See Richards' and Pratt's discussion of the historical development of this tendency among the Canadian left, a feeling that provincialism was inherently reactionary. It is their position that this neglects the rich history of radical issues and populist movements in Canada's regions, also provincial entrepreneurship and the many instances of the autonomy of federal and provincial state actions.

The centralism of the traditional Canadian left is marked by the tendencies of the socialist experience of the Soviet Union and Eastern Europe and the influence that this experience has unquestioningly had on socialist political thought. But, the question of whether such centralist tendencies is unequivocally supported in Marx is debatable.[74] Without wishing to enter into this debate, it can be argued that the political centralism of the Soviet model is as much a problem of political and historical conjuncture as of socialist theory and in any case says little of the form and spirit of future socialist development possible in the present industrialized western nations.

What the socialism of the Soviet Union and Eastern Europe has yielded is a practice of regional planning both extensive, covering all regions of the national territory, and intensive, concerned with the pursuit of maximum efficiency, defined as maximum benefit to the national economy. Accordingly some schools such as Polish regional planning, are committed to the elabora-

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74. We refer here to what may be considered a contradictory tendencies in the writings of Marx, or perhaps more justly evidence of significant theoretical development on the question of centralization. The strictly centralist propositions of the "Communist Manifesto" contrasted to Marx's support of the openly decentralist form of organization and distribution of rights and powers in the Paris Commune of 1871. The commune is described in The Civil War in France, as "the glorious harbinger of a new society", Selected Works, p. 311.

tion of regional plans which maximize the efficient and effective placement of industry, "planned volume of production for a minimum of expenditure".[75] The implication which Nekrasov, a leading Soviet regional planner describes is, the urgent need for economic-mathematical models to work regional schemes into the "General Scheme of the location of production forces".[76] Improved cost-benefit analysis is aimed in this way to achieve the central objectives, ".... the problem of specialization of development directions in various regions .... By the very nature of things, this is a domain of central planning, that is of striving for the optimum utilization for the benefit of the national economy, of the specific characteristics or natural values of specific regions".[77] The objective is clear and the means defined. National optimization on the basis of what the region can contribute. It is difficult to seize the means by which any consideration of

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75. Kazemierz Secomski, "Regional Problems in Socio-Economic Policy", in Anton Kuklinski, Social Issues in Regional Policy and Regional Planning, (The Hague: Mouton, 1977), p. 9.

76. Nikolai N. Nekrasov, "Scientific Basis of the General Scheme of Location of the Productive Forces in the U.S.S.R. for the Period Up to 1980" in the Anton Kuklinski (ed.) Regional Disaggregation of National Policies and Plans (Paris: Mouton, 1975), p. 21-22.

77. Kazemierz Secomski, Op. Cit., p. 12.

equality in development can enter this formulation.

Effectively as Williams states, "Socialism or Communism, (are) historically the enemy of capitalism, but in detail and often in principle in matters of the country and the city, continue and even intensify some of the same fundamental processes".[78] Andreas Papandreau in a discussion of the socialist strategy of regional planning indicates, ".... historically, a socialist ethic is a necessary (though not necessarily a sufficient) condition for a regionally decentralized planning process that is responsive to the needs and aspirations of the common man".[79]

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78. Raymond Williams, The City and the Country, p. 302, Williams goes on to note that socialist development in this respect has carried on the spatial contradictions of capitalism. This identical point is also made by Larry Sawers, "Cities and Countryside in the Soviet Union and China", in W. Tabb and Larry Sawers, Marxism and the Metropolis (New York: Oxford University Press, 1978), "The experience of the Soviet Union (and Central Europe) shows that planning organized on efficiency criteria replicates the same uneven development as found in explicitly capitalist economies". p. 341. It is hypothesized that this has been "achieved" by taking up the capitalist approach to planning techniques, "national" planning techniques reflecting the ideological context in which they were conceived. See J. Habermas, "Technology and Science as Ideology" in Toward a Rational Society, J. Shapiro (trans.) (Boston: Beacon Press, 1970) originally Techik und Wessenschaft als Ideologie (Frankfurt: Suhrkamp Verlag, 1969).

79. Andreas Papandreau, "Social Planning in a Regional Framework", Anton Kuklinski, Social Issues in Regional Planning (The Hague: Mouton, 1977), p. 18. The phrase in parentheses is the author's own.

Although theoretically free of the contradiction between private and social interests, in the historical experience of the East Bloc, innumerable other blockages pose themselves and must be overcome. The reasons and conditions of this situation are legion, and much beyond the scope of the present discussion. Kalecki suggests that they may lie in the phenomenon of interdependence and the consequent economic specialization which marks the modern economy; the failure of national economic systems to fully apply available resources to filling first indigenous basic needs in order to permit specialization for foreign trade.[80] One could also hypothesize that the isolated position of the Soviet Union and later the East European countries in the world capitalist system posed a threat which could only be countered by the Stalinist formula of forced industrial growth at any cost leading, to the emphasis on the efficiency criteria.[81]

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80. Micheal Kalecki, "Theories of Growth in Different Social Systems", Monthly Review, Vol. 23, No. 5, October '1971, p. 76-77.

81. In contrast Sawer discusses the Chinese experience as one which requires further study, but which has shown great progress. He refers to the massive efforts made in moving industry away from coastal area into less developed interior regions prior to 1958 and the general attention paid to the city-country division as one inextricably linked with the worker-peasant differences and historically to the division between manual and intellectual labour. Sawers Op. Cit., p. 342-346. Sawer notes the integration of small scale agricultural development in and around major cities as a technique used to break down the city-country barrier. See also Micheline Luccioni, "Processus révolutionaire et organisation de l'espace en Chine" Espace et Société, No. 5, April 1972.

The problem is of gargantuan proportions and will only be clarified by more historical study.

If socialism does not as a simple consequence of attempts to bring it about, bring attention to the spatial contradictions inherited from industrial production as conceived under capitalism what conditions are required?

What conditions are necessary to achieve regional development? First, regional control of the economic decisions and power manifest in the region in order that the people of a region benefit from its production. Weaver suggests the elements of a strategy. He outlines three concepts; selective regional closure, strategic regional advantage and willful community action. All are based on the need for regional control of functional economic power.[82] The concept of territorial development is only possible by putting the human resources of the territory to work in filling its social and economic needs. The operative instruments of this policy are strategic regional advantage and selective regional closure. A use of the regional market to support small scale local production of necessities and services thereby creating local employment and using efficiently regional resources, and a measured and considered exploitation of regional resources to develop a parallel export

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82. Clyde Weaver, "Regional Theory and Regionalism," p. 23.

which maximizes foreign exchange (or national exchange) earnings and minimizes capital leakages. Weaver states that the question of regional development is essentially a political-ethical question realized in large part through willful community action. Allowing the absolute necessity of conscious and willful action we note that regional closure, and strategic regional advantage are both economic mechanisms directed to achieving measure of control over economic resources. Economic power is obtained given through control of sufficient and corresponding political instruments which provide a mandate to legitimize action. Territorial development is hence more exactly a question of political-economy than one which is political-ethical. It is a question of class struggle oriented in the spatial dimension and demanding a consciousness of the potentiality of social practice. Resolution demands a seizure of the mechanisms shaping economic destiny and it is these mechanisms which define the nature of the question.

Weaver argues that regional closure requires the will to use regional resources to fill regional needs; to fill human needs with the product of local human labour. This is possible to the extent that local will can be mobilized politically and economically and eventually national authority can be compromised. In this view he focuses on job creation particularly in the residentiary, or service sector. The sector that supplies services to enhance the level of life in the region. Combined with

this activity there must be effort to reduce leakages outside the region especially of capital. Extra-regional economic relationships must be analysed with excessive care to maximize regional benefit and earn foreign exchange, but only under conditions that ensure a net gain for the region. In this context development based on natural resources dependence although frequently the sole alternative, must be undertaken with great caution and attention to integration into a complete regional development scheme.[83] Regional commodity and service industries operating on a small or medium scale should be actively protected through local sales and use taxes and by community education, teaching regional and territorial values; a consciousness of regional identity. Production to the extent it is possible should also be co-operative, and community controlled, sharing the benefit produced by the entreprise among the workers, the

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83. Richards and Pratt, argue in Prairie Capitalism that a provincial bureaucracy experienced in entrepreneurship such those of Alberta and Saskatchewan can and must build regional development on the base of the 'new staples' of the prairies, the mineral and oil resources. Contracts with natural resource extracting and processing companies; many American multinationals must be the object of shrewd, tough negotiation with a full calculation of social impact and corresponding social benefits. Given these very important conditions the authors assert that the regional governments can make significant gains in the struggle for regional development. In their study of the economic development experiences of Alberta and Saskatchewan, the authors stress the importance of the provincial ability to act autonomously in terms of development initiative (provincial entrepreneurship) and representing provincial concerns at the federal level, p. 311-315, 319-328.

inhabitants of the region.[84]

Framed in such a way regional policy approaches the goal of self-management, the socialist ethic predicating that the individual have an active role in forces which shape his destiny. This theme is taken up by Yvon Bourdet in L'Espace et l'autogestion "Bourdet remet en question les privilèges des centres et des capitales sur les périphéries et les régions. Pour lui, à la théorie politique autogestionnaire de l'égalité des hommes correspond celle de l'égalité de lieux".[85] In effect Bourdet describes a theory of self-management as by definition a theory of active control and social practice in a social space which itself must be an important element in the practice. Bourdet makes the link between territorial development and socialist

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84. Ibid., p. 24-31. Planning and development on a local level using local resources and cooperative management techniques is the object of much current study. An excellent resumé of several Canadian cases is provided in Susan Wismer and David Pell, Community Profit (Toronto: Is Five Press, 1981). The authors trace the emergence of community-owned and community-controlled experiences across Canada. The recognition for the necessity of this direction in development is recognized and the object of much attention among some planning authorities. It is suggested that the development of the the credit union movement came out of a need for capital on a local level which national banks were not interested in servicing. Certainly the growing strength of the movement Désjardins in Québec and the credit union movement in the rest of Canada in recent years can be interpreted as a signal that growing regional consciousness demands a cooperative and local control of capital.

85. Michel De La Durantaye, Book Review: Yvon Bourdet, l'Espace de l'autogestion (Paris: Editions Galilée, 1978), Canadian Journal of Political Science, Vol. 13, No. 1, March 1980, p. 234.

ethic. The concept of social space, the development of which is the object of territorial development is at one and the same time the subject of a socialist practice of self-management. Robert Lafont in over a decade of work on the regional issue in France has continually raised the argument and helped in bringing the contradictions of French regional struggles into the national political arena.[86] His position calls for a rapprochement of regional consciousness and class consciousness leading to control through the electoral process, a restructuring of government and regional self-management.[87]

In strategic terms the possibility of territorial development is dependent on a consideration of national income. "L'Egalité des lieux", or the principle of a movement towards the economic development of less developed regions must reflect a cost in terms of the favourable allocation of national resources to encourage this development. In a narrow sense this can be interpreted to lie with a larger national will to accept a less than theoretically optimal distribution of economic resources and productive activity. Stilwell notes that:

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86. Clyde Weaver, "Regional Theory and Regionalism." Weaver points out that a symbol of the importance of regionalist forces in France is the Common Program of the Left established for the 1978 parliamentary campaign and calling for self-management, decentralized planning, local political control and nationalization, p. 22.

87. Robert Lafont, Autonomie de la région à l'autogestion, (Paris: Editions Gallimard, 1976).

> Only by integrating the sectoral and regional discussions into a simultaneous decision model can the conflicts between regional and national objectives be resolved. 88

The problem of establishing a policy for reducing disparities in a developed market economy is difficult given the force of capitalist relations and the mechanisms for dominant class control via the political sphere of state activity or the economic sphere of corporate sanctions by market control and manipulation. Much weight lies with the difficult calculation of social benefits, the pressing need for a social benefit analysis which will overcome the inadequacies of the market mechanism. As we have seen transport, the critical variable on much of the neo-classical models is not in a developed economy as important a factor as formerly considered.[89] Stilwell argues this point and goes on to state that government action in directing the implantation of industry does not reduce real national growth citing the weakness of the market measure which indicates this only in terms of private and not social costs.[90] Mandel advances the argument

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88. Frank Stilwell , Regional Economic Policy, (London: Macmillan, 1972), p. 22.

89. Roy George, A Leader and a Laggard, Manufacturing Industry in Nova Scotia, Quebec and Ontario, (Toronto: University of Toronto Press, 1970) George demonstrates that no factor cost comparisons, labour, materials, transport, energy or taxation can adequately explain the retardation of manufacturing in the Maritimes.

90. Frank Stilwell, Op. Cit., p. 38.

that equal development must be measured as equal productivity of labour, "...not as identical development with respect to the different types of industry. Socialism will develop to the maximum the national, inter-regional and international division of labour and will consider as an aberration the idea that each region and each country should have 'their' foundry and 'their' auto factory".[91] The implication here is that the relations of capitalist commodity exchange must be overthrown to eliminate the contemporary reality of unequal development. The development of concepts of equal labour productivity linked to a measure of social benefit are necessary to penetrate the market ideology of capitalism and essential as tools for judging development in social space.

Holland in his study urges active government intervention to control the trade practices and direct the location decisions of meso-economic forces, this by the creative use of government enterprise such as in the Italian experience with large industrial conglomerates.[92] He also advocates the effectiveness of promoting small firms in specific "growth" sectors and the need for strong government presence in industrial regulation

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91. Ernest Mandel, Capitalism and Regional Disparities, p. 13.

92. Stuart Holland, Capital Versus the Regions, p. 256. Holland refers here to the experiences of the Italian state holding companies E.N.I. and I.R.I. His research is oriented to a large extent on Italian regional development policies. See Stuart Holland (ed.) The State as Entrepreneur: New Dimensions for Public Enterprise: The I.R.I. State Shareholding Formula (London: Weidenfeld and Nicolson, 1972).

at all levels in order to integrate private and public priorities. While control is clearly the objective, it is difficult given the preceding analysis; our consideration of the class nature of capitalist society and of the alliances which were shown to be established between corporate and national interests, to foresee the realization of this objective. In practice as we have seen in the Canadian case, regional development as practiced by the central government has proven an elusive goal, a reality that Holland readily concedes.

The implications of the various statements of policy towards the regional question states above can be resumed around several points which are significant in considering the Canadian case. First the need for direct control of economic resources and political power on the level of the region. This is the necessary basis for socialist self-management, an objective which also requires the eventual overcoming of the contradiction posed by private control of the means of production. If we accept private control as the reality of an intermediary stage to the final objective, of a socialist self-developed and self-managed region, then in the present political conjuncture we must support moves in this direction, the demands of local and provincial governments for transfer of a greater measure of

economic and political control to this level of government.[93] This statement is made acknowledging the debate which goes on among those of the left concerning the necessity to control national capital first and thereby the inherently reactionary elements represented by provincial bourgeoisies. It is suggested, and clearly it is a subject which requires further study, that the struggle over spatial contradictions is at this point strategic. It is the subject of social mobilization and a potential tool of consciencization which is formulated outside of the traditional 'exploited worker/exploiting capitalist' personalization of struggle by more orthodox socialist rhetoric, hence attracting elements which might otherwise be ideologically alienated by this rhetoric. Spatial contradictions as we have seen, regardless of their initial manifestation lead inevitably back to the contradictions of capitalist growth and will only be resolved through the social practice of individuals conscious of this contradiction struggling to change it. Whether formulated around the debilitating nature of underdevelopment at the regional level or at the level of national politics the struggle aims the same objective and therefore it is the strategy for achieving this objective which assumes great importance.

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93. Raymond Breton, "Regionalism in Canada" notes that "Regionalism is a consciousness and a political will oriented to external forces", p. 75 and as such the provinces are the main regional units in Canada, "that provide mechanisms for the articulation of ... interests within their territory", p. 74, and one might add between their territory and the federal government.

CONCLUSION

In a rich and prosperous country such as Canada how can the phenomenon of regional disparities be understood? The intention of this paper has been to contribute to a response to this question.

Any societal problem as complex and diverse as regional disparities can be viewed from a variety of vantage points each constituting a different level of analysis. At a preliminary stage some of these approaches were reviewed and the elements of a definition of regionalism advanced.

Man lives in a natural environment within which he interacts with nature and other men to sustain and reproduce his existence. In doing so he puts down roots with this environment. These are collectively developed ties which link the community and the individual to a locality and a surrounding territory. These ties are specific to the productive activity, and its social organization and to the character and developed and developing history of the community. They make themselves politically explicit in struggle against forces which appear to exploit or subordinate the aspirations of the community. The focus of the struggle becomes the social space of the community this space being defined by the limits of the

struggle and perhaps consequently by the institutions which take it up.

Allowing that struggle over social space identifies the character of regional phenomena, what constitutes the root of the struggle? We have worked from the assumption that regional disparities, a real and painful problem for many Canadians, are a manifestation of uneven or polarized development. As such they arise from the organization of productive activity and the subsequent distribution of the benefits of that activity by society. Recognizing that the natural environment conditions the development of productive activity it is the action of man and the institutions which he constructs which create wealth for some and maintain the poverty of others. In searching to understand how this process takes place we have studied the economic theory which purports to explain the organization of productive activity in society. Objective reality is not motionless and static, but a continual process of dynamic change through time. Theory is an interpretation of that reality and it is in attempting to understand the change in regional development theory that we have sought to understand the changing conditions of the problem. Setting the body of regional development theory in the larger field of development theory we see more clearly how such transitions take place.

Regional growth theory based on neo-classical assumptions was hampered by a theoretical narrowness. We found it dealt only in a very limited and static manner with the reality of complex and intense regional problems seen as the construction and destruction of social space. On the other hand, it was seen that by situating the structuring of social space within the framework of the historical unfolding and development of the capitalist mode of production we could identify a number of forces defined by Marx as inherent to capitalist growth. The application of these forces or concepts to an analysis of the problem of uneven development shows promise of yielding a deeper and more profound understanding of the problem as a product of this historical process.

The process of capitalist growth is predicated by Marx to be dominated by the contradiction of the private appropriation of socially produced labour. It was remarked that socialist practice, although it has overcome this contribution has in its brief history shown little tendency to correct the distortions of the capitalist organization of production. Socialism, at least as manifest in the Soviet Union and the East Bloc has given priority to productionism, often adopting an approach to space not unlike that of the capitalist economy. It is here that the consideration of the concept of social space, the space defined and valorized by the attachment of the

community to a geographic territory is an important aspect of the contemporary struggle and can serve to unite theory and practice bringing to the fore the importance of eliminating the contradiction between city and country.

The emphasis we have put on the theoretical problem of understanding and conceptualizing at an abstract level manifestations of regionalism and the historical process which creates it implies a subsequent study of the concrete case. Only a dialectical analysis of the elements which we have presented as playing a role in uneven development applied to a number of specific regional cases will illustrate the utility of the theoretical framework and also suggest how it could be revised. A major element of this work would be a study of the role of the state, class relationships and allegiances reflected in the state, and their effect on state policy vis-à-vis the regions. We have made a few tentative proposals concerning a policy for the development of the region. These proposals emerge from the foregoing theoretical discussions and must correspondingly be made explicit in application to a concrete case. Regional disparities are both a concrete problem of modern capitalism and a problem of economic and political theory. Given the anarchy of international capitalism and the ineptitude and lack of desire on the part of the national government to deal with the problem its resolution must start with the linking of theory and social practice at the level of the region.

APPENDICES

APPENDIX A

PERSONAL INCOME PER CAPITA IN CURRENT DOLLARS

( ) - indicates the percentage of the Canadian average

Province \ Year	1971	1972	1973	1974	1975	1976	1977	1978	1979
Newfoundland	2190 (64)	2455 (64)	2842 (64)	3518 (67)	4115 (69)	4611 (68)	5027 (68)	5313 (66)	5862 (66)
P.E.I.	2189 (64)	2540 (66)	3114 (70)	3478 (67)	4214 (70)	4661 (69)	4967 (67)	5574 (69)	6057 (68)
Nova Scotia	2662 (77)	3064 (80)	3545 (80)	4156 (80)	4749 (79)	5318 (79)	5871 (80)	6447 (80)	7088 (80)
New Brunswick	2482 (72)	2828 (74)	3253 (73)	3882 (74)	4632 (77)	5100 (75)	5493 (75)	5984 (74)	6472 (73)
Québec	3047 (89)	3440 (90)	3959 (89)	4733 (91)	5470 (91)	6291 (93)	6857 (93)	7628 (95)	8341 (94)
Ontario	4020 (117)	4459 (116)	5043 (114)	5843 (112)	6596 (110)	7378 (109)	8046 (109)	8735 (109)	8608 (108)
Manitoba	3231 (94)	3596 (94)	4261 (96)	4950 (95)	5784 (96)	6339 (94)	6824 (93)	7456 (93)	8198 (92)
Saskatchewan	2759 (80)	3027 (79)	4059 (91)	5021 (96)	6240 (104)	6737 (100)	6824 (93)	7432 (92)	8335 (94)
Alberta	3399 (99)	3782 (98)	4421 (100)	5238 (100)	6182 (103)	6952 (103)	7678 (104)	8407 (104)	9717 (109)
British Columbia	3745 (109)	4202 (109)	4922 (111)	5761 (110)	6489 (108)	7386 (109)	8118 (110)	8784 (109)	9821 (110)
Yukon & N.W.T.	2981 (87)	3386 (88)	3917 (88)	4883 (93)	5492 (92)	6092 (90)	7063 (96)	7554 (94)	8569 (96)
Canada	3435 (100)	3842 (100)	4438 (100)	5226 (100)	6001 (100)	6758 (100)	7361 (100)	8049 (100)	8902 (100)

Personal Income: defined as wages, salaries and supplementary labour income, net income of farm operators, net income of non-farm unincorporated business, military pay, interest, dividends and miscellaneous investment income and government transfer payments.

Source: Statistics Canada, National Income and Expenditure Accounts - Annual, Cat. No. 13-201, Ottawa, 1979, Statistics Canada, Information Bulletin, Ottawa, Sept. 1980 and Statistique Canada, Guide des comptes nationaux des revenus et des dépenses, Vol. 3, Cat. No. 13-549F, Ottawa, 1975.

APPENDIX B

EARNED INCOME PER CAPITA IN CURRENT DOLLARS

( ) - indicates the percentage of the Canadian average

Province \ Year	1971	1972	1973	1974	1975	1976	1977	1978	1979
Newfoundland	1651 (55)	1755 (53)	2061 (53)	2524 (56)	2897 (56)	3280 (56)	3506 (56)	3679 (54)	4177 (54)
P.E.I.	1604 (54)	1847 (56)	2342 (61)	2526 (56)	3108 (60)	3409 (59)	3549 (56)	4053 (59)	4488 (58)
Nova Scotia	2075 (69)	2366 (71)	2738 (71)	3215 (71)	3653 (71)	4113 (71)	4469 (71)	4927 (72)	5547 (72)
New Brunswick	1992 (67)	2214 (67)	2568 (67)	3040 (67)	3611 (70)	3958 (68)	4200 (67)	4577 (67)	5050 (66)
Québec	2650 (89)	2948 (89)	3394 (88)	4041 (89)	4627 (90)	5277 (91)	5694 (91)	6294 (92)	6986 (91)
Ontario	3581 (120)	3973 (120)	4513 (117)	5208 (115)	5816 (113)	6535 (112)	7091 (113)	7696 (112)	8531 (111)
Manitoba	2792 (93)	3088 (93)	3709 (96)	4302 (95)	5043 (98)	5505 (95)	5860 (93)	6410 (93)	7127 (93)
Saskatchewan	2369 (79)	2559 (77)	3510 (91)	4340 (96)	5469 (106)	5868 (101)	5798 (92)	6346 (92)	7175 (93)
Alberta	2944 (98)	3262 (98)	3887 (101)	4606 (102)	5433 (105)	6127 (105)	6717 (107)	7384 (108)	8631 (112)
British Columbia	3283 (110)	3645 (110)	4276 (111)	4995 (110)	5561 (108)	6411 (110)	7042 112)	7607 (111)	8609 (112)
Yukon & N.W.T.	2688 (90)	2958 (89)	3389 (88)	4243 (94)	4816 (93)	5388 (93)	6173 (98)	6646 (97)	7631 (99)
Canada	2994 (100)	3324 (100)	3860 (100)	4528 (100)	5158 (100)	5816 (100)	6287 (100)	6866 (100)	7685 (100)

Earned Income: defined as personal income (see Appendix A) less government transfer payments. Government transfer payments are defined as family allowance, social welfare, unemployment insurance, workman's compensation payments, veterans allowance, Canada and Québec pension plan payments and any other such payments.

Source: Statistics Canada, National Income and Expenditure Accounts - Annual, Cat. No. 13-201, Ottawa, 1979, Statistics Canada, Information Bulletin, Ottawa, Sept. 1980 and Statistique Canada; Guide des comptes nationaux des revenus et des dépenses, Vol. 3, Ca. No. 13-549F, Ottawa, 1975.

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