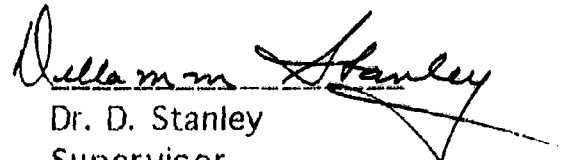


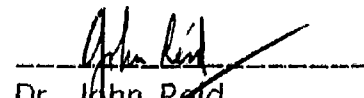
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A thesis submitted by Andrew Thiesen in partial
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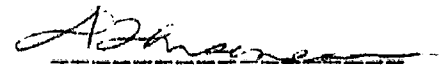
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ABSTRACT

G.I. Smith and Economic Development in Nova Scotia

Andrew W. Thiesen

October, 1995

By the 1960s both federal and provincial governments agreed that regional disparity had to be confronted in a much more direct fashion than in the past. The lives and self-confidence of Atlantic Canadians as a people depended on resolving the dilemma through a fresh approach to this problem, which particularly plagued that region. In an attempt to address this enormous issue both levels of government set out to initiate new policies and programmes designed to target economic growth and fiscal responsibility. It was a mammoth challenge, one which proved to be extremely difficult to meet.

In the case of Nova Scotia in the 1960s, the provincial government employed two main tools to promote economic growth, jobs and industrial investment. The first was Industrial Estates Limited, and the second was Voluntary Economic Planning. G.I. Smith, in his capacity as Minister of Finance and Economics and later as Premier,

was a major political player during the creation, implementation and decline of these two bodies. He shared in the optimism surrounding the beginning of both bodies. He also shared in the ultimate conclusion that regional disparity was a problem that neither agency was capable of resolving. In fact, neither realized the long term industrial growth and job creation potential as promised by their originators. IEL was disbanded by the Liberal Premier Gerald Regan, shortly after he took office in 1970 and VEP, while it continues to exist, is a shadow of its former self.

G.I. Smith, through his roles in these activities, left an indelible mark on the economic and political history of Nova Scotia. In spite of the oft cited failures of IEL like Clairtone and Deuterium, there were many notable successes including Michelin Tire and Crossley Karastan. While the impact of VEP is much harder to evaluate, it was a sincere effort on the part of the government to involve Nova Scotians more directly in the decision-making process and planning of long term economic development approaches.

The solution to regional disparity and inequality has long eluded federal and provincial governments before and since that of G.I. Smith endeavoured to address the problem. Given the universal lack

of an apparent solution, Premiers Stanfield and Smith and their governments provide a window through which the difficulties of addressing the issue of regional disparity and underdevelopment can be examined and evaluated. Smith's part in Nova Scotia's economic planning through the 1960s provides some understanding of the complexity and nature of the difficulties confronting those elected to formulate, administer and ensure economic development in the face of a long history of regional disparity and inequality.

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The family of G.I. Smith has been extremely helpful in the preparation of this thesis. In particular, Allison MacLean helped get me going on the right track in the beginning. Many other friends, colleagues and opponents of Ike consented to be interviewed for this

thesis. Their input was invaluable and filled definite gaps in my research. A detailed list of those interviewed can be found in the bibliography.

On a personal level, there are numerous people that deserve mention. Primary among them is my wife Shannon who, in the three years since I started this work, has come to view "thesis" as a dirty word. Her financial and emotional support have been essential, and without it, this would not have been completed. To my parents as well goes much thanks for many things, including babysitting, being taxi drivers, and for the odd bit of financial support.

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fond memories of cribbage and Monday Night Football. I must also thank my computer guru, Darren White, who was always just a phone call away to help me, his computer illiterate friend.

Finally, I have one last acknowledgement to make. I am an admirer of Ike Smith. In spite of this, I feel that herein lies an objective account of his political career in particular as it pertained to his fight against regional disparity. It is unfortunate that his elected career had to end on a less than positive note. In an age where politics and most politicians are held in low regard, it is refreshing to read and learn about a politician that, while he was not perfect, put the interests of his province, ahead of his own. He was not motivated by personal gain or glory, rather he tried to best serve his province in whatever position he held.

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INTRODUCTION

In the mid nineteenth century, Nova Scotia, like the other three British colonies of the Atlantic coast, had an economy based on shipbuilding, fishing, lumbering and agriculture. Few realized that changing times, politically, technically and economically , threatened that deceptively secure economy. But, as steam replaced sail, steel replaced wood, *laissez-faire* replaced imperial protectionism and national policies replaced colonial policies, Nova Scotians witnessed the effects of economic decline and stagnation. While there were short lived bursts of economic growth over the ensuing decades, the general trend was one marked by bankruptcy, sell-outs, depopulation and declining investment.¹ The disparities between the Atlantic provinces and Central Canada in income levels, employment opportunities, standards of living and state dependency became increasingly obvious. The social impact and political implications of continued disparity were of concern to all Canadians. In 1968, then

1. See T.W. Acheson "The National Policy and the Industrialization of the Maritimes, 1880-1910" The Acadiensis Reader (Fredericton: Acadiensis Press, 1988) or E.R. Forbes Challenging the Regional Stereotype(Fredericton: Acadiensis Press, 1989).

Prime Minister Pierre Trudeau commented that, "[i]f the underdevelopment of the Maritimes is not corrected - not by charity or subsidies, but by helping them become areas of economic growth - the unity of the country is almost as surely destroyed as it would be by French - English confrontation."²

By the 1960s, both federal and provincial governments agreed that regional disparity had to be treated as a major national concern. National unity depended on confronting and resolving the dilemma. The very lives and self-confidence of Canadians as a people and as individuals depended upon a new and fresh look at national and regional development. In an attempt to address this enormous issue, both federal and provincial levels of government set out to initiate new policies and programmes designed to spark economic growth and fiscal responsibility in those regions most seriously handicapped by decades of economic stagnation and decline. It was a mammoth challenge; an honourable one but perhaps unachievable.

In the short term there were individual success stories - new investment, new jobs, industrial diversification and renewed confi-

2. Della Stanley, "The 1960s: The Illusions and Realities of Progress" in Forbes and Muise (eds.), The Atlantic Provinces in Confederation (University of Toronto Press, 1993), p. 422.

dence. But three decades later, regional disparity in all its manifestations, continues to plague the Atlantic region. Residents know from long experience that there are no quick or sure fixes for regional disparity. They know that government controlled development solutions do not necessarily work. They know that private enterprise alone cannot accomplish the seemingly impossible. In trying to understand those realities one cannot help but wonder what went astray in the 1960s, a decade that, "opened on an optimistic note as politicians, bureaucrats, economist and businessmen confidently predicted the narrowing of the economic gap between the Atlantic Provinces and the rest of the country".³

What policies and programmes were introduced to combat the disease of regional disparity? Why did some succeed while others did not? Was too much faith placed in industrial development and related government incentive programs? Did the political exigencies of the day weigh more heavily than genuine economic concerns? Was there a failure to evaluate sufficiently the security of potential investment, the inability of promised markets and the likelihood of anticipated spinoffs?

3. Ibid., p. 421.

The situation of Nova Scotia in the 1960s provides an excellent example of how the most able and well meaning government, while enjoying moderate success and public support, can fail in its ultimate goal, eliminating regional disparity. As the Nova Scotia government discovered, there are no easy solutions to the problems associated with regional disparity. Rather, it is a deep-rooted problem for which short-term answers, although possibly successful, are not enough.

In trying to understand the problems associated with regional underdevelopment and economic disparity, and to assess the policies and programmes devised to reverse these trends, one needs to look at the political context in which these problems were addressed. In the case of Nova Scotia, the principal decision makers regarding regional development in the 1960s were the Conservative Premiers Robert Stanfield and G.I. Smith. During that decade their governments introduced and promoted two programmes aimed at sparking industrial growth and employment across the province. The first was a body created to attract investment, Industrial Estates Limited. The second was the Voluntary Economic Planning Board, designed to promote short and long term economic planning.

Although Premier Stanfield could take credit for heading the government which created these bodies with such optimism and expectation of success, it was Premier Smith who had to contend with the harsh reality that the keystones of their economic growth platform were not the panaceas they had hoped.

G.I. Smith, in his roles as cabinet minister and premier, was a major political player in Nova Scotia during the 1960s. He played an important part in formulating and implementing public policies particularly in the areas of economic planning. His decisions and actions undoubtedly had a significant impact on the province and its people. In this regard, the political career of G.I. Smith provides a valuable prism through which the historian can view the ways in which one particular provincial government attempted to confront the dilemma of regional economic disparity and inequality. Smith and Stanfield set out to end regional disparity. Both took part in the optimistic beginnings of the fight against regional disparity. Smith, however, unlike Stanfield who left provincial politics in 1967, was also left to suffer through the decline and ultimate failure of these programs to end regional disparity.

In conducting research in this area, there is inevitably the dual

problem of firstly, distancing oneself from the subject matter because of its very human and personal nature and secondly, gaining access to documentary materials of a contemporary nature.

One potential problem when dealing with a contemporary historical figure is that the researcher may become "too close" to the subject. There is a tendency to justify, defend and rationalize the subject of the researcher's attentions. The solution to this problem is to consider the facts and review the evidence from all sides.

Unfortunately, the accessibility of contemporary primary documentation limits the researcher's ability to consider all the evidence. For instance, in the case of G.I. Smith and the economic policies of the Nova Scotia Conservative Government in the 1960s as they relate to regional disparity, the researcher cannot gain access, at present, to the papers of the Premier's office, the Liberal Party or the Conservative Party. However, that does not mean that there is not valuable primary documentation available. In addition to the published government documents such as the Debates and Proceedings of the House of Assembly and Annual Reports of such bodies as IEL and Voluntary Economic Planning, there are also available at the Public Archives of Nova Scotia, the G.I. Smith papers

which include speeches, press releases and newspaper clippings.

The Provincial Treasury Papers provide information on IEL.

In spite of the obvious restrictions imposed on the researcher by "closed" documentation, the researcher does have one important advantage over later researchers. Using the tools of oral research he can make personal contact with some of the human figures of the day who played various parts in the political, bureaucratic and business arenas. While their observations may be coloured by memory and bias, they provide valuable insights into the people and events of the day and these observations can be balanced against the available primary and secondary source material.

CHAPTER 1

"Setting the Stage - Theories of Decline"

A major change in the Canadian federation was wrought by the federal government's coming to grips with regional problems of economic growth largely after 1957, following almost nine decades of grudgingly yielding aid to reduce provincial differences in revenues and services.¹

The Canadian Maritime Provinces have long lived under the yoke of regional disparity. While other regions of Canada have prospered, the Maritimes have continued to be plagued by unemployment, out-migration and lower income levels than the rest of Canada. Throughout the history of the region, the problem has grown in spite of intense provincial efforts and well-meaning, if misguided, federal policies. Perhaps the reason for its continued presence is the

1. Anthony Careless, Initiative and Response, (Montreal: McGill-Queen's University Press, 1977), p. 5.

fact that while there are many causes for the problem, there is no apparent solution.

Many theories and opinions have been offered in an effort to explain the roots of disparity. The centralist explanation focuses on the economic circumstances in the Maritime Provinces in the years immediately following the passage of the British North America Act in 1867 and the region's place within the larger federation. David Alexander, for instance, argued that the Atlantic Region was the only region that did not receive economic benefits "in the economist's sense" from Confederation. Consequently, he concluded that therein lay the root of the problem.² While a steady decline in primary industry productivity, accompanied by high unemployment and out-migration had characterized the region's history following Confederation, critics like Alexander have observed that, over the decades the federal government took very little interest in addressing the human consequences. Instead, there is a cynical conclusion that, in general, as far as Ottawa was concerned, "people in slow-growth regions could surely be expected to appreciate the

2. David G. Alexander, Atlantic Canada and Confederation: Essays in Atlantic Canadian Political Economy (University of Toronto Press, 1983), p. 43.

blessing of having opportunities to move elsewhere in Canada."³ The industrial, transportation and tariff policies of Ottawa more often than not favoured a more continentalist central Canadian growth approach which often worked to the detriment of the traditionally maritime economy of the East coast provinces. Thus the pattern of decline was set.

Centralist arguments define transportation as the key to economic stability for the region. For instance, the promise of an intercolonial railway was the major selling point for Nova Scotia to join in the federal union. By making markets outside the province more readily accessible, the railway was to be the principle facilitator of inter regional economic trade and consequently, economic growth in Nova Scotia. However, by the early twentieth century according to centralists, this "lynch-pin" of Confederation for the province was being dismantled by forces beyond its control. Prior to 1918, the freight rates on the Intercolonial line had been preferential to the region. Goods traveling from the Maritimes to Central Canada were subject to lower freight rates than goods coming into the region. It was believed that such an arrangement would help the region to

3. Tom Kent "The Brief Rise and Early Decline of Regional Development" in Acadiensis, Vol. IX, No. 1, Autumn 1979, p. 120.

compete with similar goods in the central Canadian marketplace and develop the port of Halifax. However, in 1918, the Intercolonial was placed under the same management as Canadian Northern, and decision making shifted into the hands of Central Canadian interests. Local control was gone and any advantages that the region had by virtue of the preferential rates were also gone.⁴

This interpretation of the relation between the railway and regional development has long been a popular one with Maritime historians and economists. James Bickerton, for instance, concluded that "the most immediate and readily identifiable factor that triggered the deindustrialization of the Maritimes was the destruction of the ICR (intercolonial railway) as an instrument of regional development in Canada."⁵ However, this theory fails to fully explain the fact of ongoing regional disparity. The centralist approach has been called into question by recent writers including Ken Cruickshank. He argues that it was not the freight rate structure that retarded development. His studies reveal that more significant

4. Ernest R. Forbes, "Misguided Symmetry: The Destruction of Regional Transportation Policy for the Maritimes" in Forbes, Challenging the Regional Stereotype (Fredericton: Acadiensis Press, 1989), p. 120.

5. Ken Cruickshank "The Intercolonial Railway, Freight Rates and the Maritime Economy" Acadiensis Autumn 1992, p. 88.

factors were the route followed by the railway and the fact that the railway was "a relatively small regional railway oriented towards serving local markets."⁶ He notes that local businesses declined in the years following World War I as did the number of local deliveries made by the railway. However, external deliveries changed very little.⁷

There were other factors that hurt the region in addition to the railway issue according to the centralist interpreters. As David Frank has noted, the great historic response to underdevelopment was 'the exodus'.⁸ Outmigration from the region meant that the Maritime population declined as a percentage of the total Canadian population. Consequently, by the early twentieth century, the Maritime Provinces experienced a parallel drop in representation in the federal House of Commons. By 1914, the Maritime Provinces held only thirteen percent of the seats. Just two decades previous that figure had been eighteen.⁹ Declining numbers meant a weaker voice in the halls of decision-making and policy formulation.

6. Cruickshank, "The Intercolonial Railway..." p. 110.

7. *Ibid.*, p. 110.

8. David Frank, "The 1920s: Class and Region, Resistance and Accommodation" in Forbes and Muise (eds.) The Atlantic Provinces in Confederation (University of Toronto Press and Acadiensis Press, 1993), p. 234.

9. Ernest R. Forbes, The Maritime Rights Movement, 1919-1927 - A Study in Canadian Regionalism, (Montreal: McGill-Queen's University Press, 1979), p. vii.

Conditions only became worse in the 1920s. During that decade, Nova Scotia registered a population loss. In fact the whole maritime region experienced the exodus of about 122 000 people during that decade.¹⁰ Meanwhile, economic growth and power became increasingly concentrated in Central Canada. Frank concludes that "For many Maritimers it seemed as if the fate of the region was tied to powerful forces that were hard to identify and even more difficult to control."¹¹ This issue, combined with concerns over the impact of increasing outmigration, external ownership and control, rising transportation costs and insufficient federal subsidy assistance pulled Maritime politicians and businesspeople together. Maritimers, "still shared the limited optimism of the first half-century of Confederation, and they had not yet accepted the recognized dependency of the future."¹² Therefore they looked to the federal government to address the economic and social discrepancies of the federation. Their normal voice of protest took expression through the Maritime Rights Movement of the 1920s.

E.R. Forbes has written much on that movement and its impor-

10. Frank, "The 1920s", p. 234.

11. Ibid., p. 235.

12. Ibid., p. 236.

tance in general. In terms of federal responses to regional disparity, it is important to note that the protests of Maritimers led to the first attempt by Ottawa to deal with Maritime grievances. In 1926, the federal government appointed a Royal Commission, headed by Sir Andrew Rae Duncan, to address the problem. Prime Minister William Lyon Mackenzie King wrote to the Commission members that:

I am sure that I am speaking for the people of Canada as a whole when I say that it is our earnest desire that the impartial and thorough inquiry which we anticipate will be made will result in clearing away any misunderstanding or lack of appreciation of one another's problems, and will assist in working out constructive policies for the continued development of the Maritime Provinces and the welfare of all parts of our common country.¹³

This sounded good, and probably raised the expectations of Maritimers. Certain findings of the Commission also gave reason for optimism. The Commissioners found that the Maritime Region had not really prospered or developed commercially within Confederation as had the rest of the country. Although, the Commission decided that it was, "...unable to take the view that Confederation is, of itself,

13. Report of the Royal Commission on Maritime Claims Ottawa: King's Printer, 1937, p. 4.

responsible for this fact," the overall tone of the report was sympathetic to Nova Scotia.¹⁴ It concluded that the federal government had not done all it could have regarding meeting Nova Scotia's requests for better financial terms.¹⁵ More importantly, it recognized that the new freight rate structure in particular was unfair to the Maritimes and could have a devastating impact on the region's future economy.¹⁶

The federal government's reaction to the unfairness of the freight rate system is indicative of its reaction to Maritimes grievances overall. Prime Minister King's response was superficial, ad-hoc and failed to focus on the real issue, the economic and political place of the Maritimes in the Canadian federation as a whole. Instead, in 1927, the Maritime Freight Rates Act was passed. It did lower the basic freight rates for the region. However, as Forbes points out, it ignored the flexibility needed to foster regional industrial stimulation and development. Also, it did not eliminate a centralizing bias that victimized Maritime producers.¹⁷ Just as this was not a suitable solution for the railway problem, neither was the

14. Ibid., p. 9.

15. Ibid., p. 12.

16. Ibid., p. 21.

17. Forbes, "Misguided Symmetry", p. 129.

failure of King's government to deal with the root of the Maritime problems, in spite of his promise to do so.¹⁸

Regardless of the Royal Commission's findings, federal government policy in the 1930s and 1940s did little to reverse the root causes of regional disparity. In fact, during and after the years of the Great Depression, there was a perception that the Maritime region did not really need more federal assistance. This was due, in part, to the fact that Maritime politicians, journalists and businessmen mounted a public relations campaign to counter the negative images of the region as poor, backward and constantly looking for federal handouts. They believed that such images only served to put the region in an undesirable economic light and thereby turned away possible investors and reinforce negativism with the region itself. Concurrently, provincial governments in the Maritimes saw themselves as being more frugal than their counterparts elsewhere. This was due to the fact that the Maritime provinces were unable to take part in matching grant programs. According to centralist theory, these grant formulas were discriminatory since politically and economically disadvantaged provinces simply could not possibly

18. Ibid., p. 128.

compete for such grants on an equal footing with richer and more politically influential provinces like Ontario and Quebec.¹⁹

For most Maritime Premiers in the 1930s, the central issue was that of federal subsidies which were intended to compensate the region for taxing powers, trade conditions and local control lost through Confederation. They were to help provide a degree of inter regional parity. But the subsidies were too low to accomplish this. Consequently, even though the Maritimes were working to counter the negative images, they also continued to demand subsidy increases. In 1934, Prime Minister R.B. Bennett appointed Sir Thomas White to head a Royal Commission to deal with the Maritime request for subsidies to counter the detrimental impact of federal tariff policy. The final report was not particularly favourable to the Maritime position. Commissioners decided that the region had no constitutional grounds for the demands and that local need was no justification for the federal government to help out except on moral and political grounds:

Ultimately, the commissioners rejected the argument of fiscal need as the basis for deter-

19. Ernest R. Forbes, "Cutting the Pie into Smaller Pieces: Matching Grants and Relief in the Maritime Provinces During the 1930s" in Forbes Challenging the Regional Stereotype. (Fredericton: Acadiensis Press, 1989), pp. 148-150.

mining subsidies, but recommended a modest increase for the Maritimes of \$425 000 annually for Nova Scotia, \$300 000 for New Brunswick and \$150 000 for Prince Edward Island.²⁰

With the outbreak of World War II in September 1939, Nova Scotia experienced the traditional prosperity associated with war-time boom. Nevertheless, as E.R. Forbes has noted, "the anticipated boom could not conceal the relative decline of the region" as "trends of economic consolidation in Central Canada continued...".²¹ Hope was also placed in the recommendations of the Rowell-Sirois 'Royal Commission on Dominion - Provincial Relations' released in 1940. This Report spoke of the need for the central government to address regional inequalities by establishing basic national standards for social public services and in those parts of the country least able to fund these services.²² But in the eyes of the centralist conspiracy theory, that hope was misplaced. Instead the trend of dependency on federal largesse expanded while Canada's economic growth was concentrated in the central regions. Meanwhile, as Carman Miller ar-

20. E.R. Forbes, "The 1930s: Depression and Retrenchment" in Forbes and D.A. Muise (eds) The Atlantic Provinces in Confederation (University of Toronto Press, 1993), p. 299-300.

21. Forbes, "The 1930s", p. 305.

22. Carman Miller, "The 1940s: War and Retrenchment" in Forbes and Muise (eds.) The Atlantic Provinces in Confederation (University of Toronto Press, 1993), p. 327.

gues, the Maritime premiers, lacking, "resources, imagination and political will, or simply because they had a shrewd appreciation of immediate economic and political realities" offered no alternative to regional disparity and dependency. Again, as had been the case in the previous decade, the federal government did nothing to get to the root of the problem.

According to the centralist theory, the actions of the federal government during the Second World War provide some insight into how regional disparity can be unintentionally perpetuated. Generally, Maritime industries were perceived to be peripheral to Canadian War needs. As a result, federal monies were not spent on modernizing or expanding them.²³ Nevertheless, in spite of a federal policy that concentrated industry in Central Canada and further isolated the Maritimes, there were some signs of prosperity in the region, particularly in Halifax, a primary entrance and exit point for supplies, soldiers and refugees. However, any well-being was only temporary, as the impetus for it rested on payroll expenditures and short-term projects like airports, bases and housing. As Carman

23. E.R. Forbes "Consolidating Disparity: The Maritimes and the Industrialization of Canada During the Second World War" in Forbes, Challenging the Regional Stereotype (Fredericton: Acadiensis Press, 1989), p. 172.

Miller has observed,

...the concentration in central Canada of war-time industrial production readily adaptable to labour-intensive peacetime production accentuated the growing industrial disparity between the centre and the periphery and left the Maritimes more exposed, defenseless, and dependent than before the war.²⁴

In his study of regional economic development, Donald Savoie notes that until the 1950s, the primary focus of national economic policy was growth, not the development of a regional balance economic development.²⁵ Generally the federal government's approach was to put capital investment in the central provinces. This was usually at the expense of the peripheral regions, particularly Atlantic Canada. Concurrently, European markets closed for Atlantic Canadian products, while American capital went to the St. Lawrence-Great Lakes core and the west while the Canadian government built mega-projects in the same area. Also, in the early 1950s the production of goods for the needs of Canada's participation in the Kore-

24. Carman Miller, "The 1940s: War and Rehabilitation" in Forbes and Muise, The Atlantic Provinces in Confederation (University of Toronto Press, 1993), pp. 32-322.

25. Donald J. Savoie, Regional Economic Development: Canada's Search for Solutions (University of Toronto Press, 1986), p. 21.

an War overshadowed any thoughts of tackling the issue of parity in regional economic development.²⁶ So, it was that from Confederation until the mid-1950s the focus of federally inspired economic development appeared to benefit Central Canada at the expense of the Atlantic Provinces.

In addition to this Centralist theory of economic development, there are a number of other theories that have been used to explain persistent regional disparity in the East coast provinces. One such theory is the staple products theory of economic development. This model links a region's quantity and quality of staple resources, like fish, fur or lumber to its economic prosperity²⁷. Historically, the economies of the Atlantic colonies had been based on these staple resources which were extracted by the mother country and exported to be manufactured and marketed outside of the colonies. This meant the region's economic viability was dependent upon foreign markets and imperial protection and economic stimulation. This pattern of staple/market dependency, firmly rooted in the 18th and

26. Margaret Conrad, "The Atlantic Revolution of the 1950s" in Berkeley Fleming (ed) Beyond Anger and Longing: Community and Development in Atlantic Canada (1986-7 Winthrop Pickard Bell Lectures in Maritime Studies: Acadiensis Press and Mount Allison Centre for Canadian Studies), pp. 58-9.

27. Ralph Matthews, The Creation of Economic Dependency (University of Toronto Press, 1983), p. 45.

19th century, has not changed markedly in the 20th. Hence, when market demand declines or when government development policies no longer focus on the promotion of a single staple based economy, the latter inevitably experiences a drop in production, layoffs and general economic recession and accompanying underdevelopment. The potential of developing a natural product based primary manufacturing economy is not realized.

Margaret Conrad points out that by the 1950s, there were two Atlantic Canadas, one rural and isolated, and the other urban and fully integrated in North American culture. This transformation from one way of life to another had been taking place since Confederation.²⁸ It is no surprise then that in the 1950s, the number of people employed in resource areas dropped by 50 000. This included a 49% decrease in those employed in the areas of agriculture, 37% in fishing and trapping, 24.5% in forestry, and 22.2% in mining.²⁹ For the first half of the next decade, primary resource employment remained constant in terms of numbers, but declined proportionally from 21% to 18% compared with a change of 15% to 11% in the rest

28. Margaret Conrad, "1950s: The Decade of Development" in E.R. Forbes and D.A. Muise The Atlantic Provinces in Confederation, (University of Toronto Press, 1993), p. 382.

29. Conrad, "The Atlantic Revolution of the 1950s", p. 8.

of Canada.³⁰ This decline is very important given the centrality of primary industry to the region. After all, fishing, forestry, agriculture and mining dominated the economies of the Maritime Provinces.

This decline in primary, or staple industry, resulted in rural outmigration. In turn, this depopulation contributed to the decline in the economic viability of the rural communities. Indeed, it has been said that federal policy that ignored the importance of the staple product economy, "...helped to sap the lifeblood out of the Atlantic Region's economy."³¹ As Paul Phillips points out, not only were Canadian manufacturing businesses becoming concentrated in the so-called "Golden horseshoe" area of Ontario, but they represented the most technologically advanced industries in the country. For Maritimers to share in the benefits of these new industrial areas, they had to leave their home region.³² Not only did this mean the region lost in terms of population numbers but it also lost well educated workers who left to take up high technology jobs available elsewhere.³³ This so called "brain drain" reduced the availability of

30. Atlantic Provinces Economic Council, p. 8.

31. Robert J. Brym and R. James Sacouman, "Introduction" in Underdevelopment and Social Movements in Atlantic Canada, (Toronto: New Hogtown Press, 1979), p. 10.

32. Paul Phillips, Regional Disparities (Toronto: Jamers Lorimar and Company, 1978), p. 20.

33. Douglas Fullerton, "Regional Economic Disparities: The Problem and Some So-

highly skilled and trained workers to potential industry investors.

The numbers of those that left the Maritime region are startling. From 1951 until 1956, an average of 9000 people left the region annually. Over the next five years until 1961, that average was 12 000. The numbers further increased from 1961-1966 as 20 000 left to find work.³⁴ Indeed, overall for the period 1951-1971, there was a net outmigration of 15%. For the latter half of that period, almost half of the natural increase in population left the region.³⁵ As a result, there was lower productivity and a smaller employment base which only served to reinforce the income gap between Maritimers and Canadians in general.³⁶

The population decline, particularly in rural areas, had an impact on the nature of employment in the Atlantic region. Even though subsistence work in the primary industries still employed a significant percentage of the region's population, there was a notable increase in the number of government related jobs. As bureaucracy grew in the Sixties it, along with related service

lutions" in Paul Fox (ed), Politics: Canada, Fourth Edition, (Toronto: McGill-Hill Ryerson, 1977), p. 103.

34. Atlantic Provinces Economic Council, First Annual Review - The Atlantic Economy, (Halifax: 1967), p. 10.

35. Phillips, Regional Disparities, pp. 22 and 85.

36. Atlantic Provinces Economic Council, p. 10.

industries, emerged as one of the most important employers in the region. Margaret Conrad writes, "[s]ons and daughters who had not left the region moved to urban centres, in order to work in construction sites, banks, hospitals and the government offices which symbolized the new economy."³⁷ So, not only did people move out of the region but they also moved to urban areas in the region. Summing up the change, Conrad writes:

...the commercialization of primary pursuits and the welfare state drew farmers, fishermen, forestry workers, and housewives into the political-bureaucratic maze that dominated the processes of making a living. Most people, if they were not totally dependent on wage labour for survival, now worked for a wage at least part of the year or part of their life cycle. Young people who stayed in the region moved to urban centres to work...By 1960 more than half the region's population lived in towns and cities.³⁸

In fact, by the 1960s, primary industry in the province employed only 6% of the labour force.³⁹ For the Atlantic region this pattern obviously has had serious consequences, particularly when accompanied by a local reluctance to diversify and to invest in a region

37. Conrad, "The Atlantic Revolution of the 1950s" p. 107.

38. Conrad, "The 1950s", p. 401.

39. A.M. Sinclair, "Problems of Underdevelopment in Atlantic Canada With Special Reference to Nova Scotia" in S.D. Clark (ed.) Problems of Development in Atlantic Canada (Ottawa: Royal Society of Canada, 1975), p. 60.

based manufacturing sector.

The lack of a metropolitan centre in the region offers another explanation for the region's history of economic disparity. E.R. Forbes points out that the financial difficulties that occurred in the Atlantic Canadian Provinces after Confederation were largely due to an "inequitable federalism." After 1867, metropolitan centres, specifically Montreal and Toronto, dominated the national economy. Forbes maintains that there is a basic flaw in the Constitution which made Canada a tightly-integrated country in trade matters, allowing businesses to locate in the centre, drawing profits from the Maritimes. In addition, it gave the centres more political clout in Ottawa, especially regarding economic, trade and transportation policies. In this sense, it allowed them to dominate this tightly-integrated union. However, he adds, "...when the time later came to fund education, roads, hydro-electricity, unemployment relief and other programmes which make up the welfare state, Canada was not a union but a collection of provinces."⁴⁰ Ultimately, the central region was quick to accept the advantages of such a union while being tardy in compen-

40. E.R. Forbes, "The Atlantic Provinces, Free Trade and the Canadian Constitution" in Forbes (ed.) Challenging the Regional Stereotype (Fredericton: Acadiensis Press, 1989), p. 201.

sating the region in later years for problems that the "have" region helped to cause.

Another explanation of economic decline looks more specifically at the failure of the momentum of industrial growth to survive in the Atlantic region after Confederation. Geography combined with related transportation problems contributed to industrial failure in the region, in spite of early successes that came with the high protective tariffs and railway construction promoted by the federal National Policy of 1878. As T. W. Acheson points out, "[t]he lesson brought home to the Maritime entrepreneur by the industrial experience between 1879 and 1895 was that geography would defeat any attempt to compete at parity with a central Canadian enterprise."⁴¹ In examining this issue, Acheson further points out that attempts to foster industrial diversification, from glass factories to stove foundries, did not succeed because local entrepreneurs lacked the resources to survive periods of world wide recession and depression. The result was a willingness to sell out to external competitors who either had more capital or were more willing to

41. T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910" in P.A. Buckner and David Frank (eds) The Acadiensis Reader Volume II (Fredericton: the Acadiensis Press, 1988), p. 181.

risk capital expenses.

Paul Phillips echoes this sentiment, by writing that the decline in Atlantic trade and the opening up of the region to Central Canadian interests after Confederation weakened the opportunities for any long term profitable industry. All too often the result was a move of capital and companies from the eastern periphery to Ontario and Quebec.⁴² The cumulative result of this was lower wages, reduced buying power and limited consumption; mills shut down; investment fell; employment and income decreased; out-migration increased; and the service industry had a smaller market. Not surprisingly, economists have observed that disparity is cumulative. As Paul Phillips notes, the contributing factors are many and once disparity is firmly rooted it deepens and is not self-fixing.⁴³

Ralph Matthews, in his book The Creation of Regional Dependency, explains that regional underdevelopment is not natural, but rather it is created by economic decisions. Matthews points out, much as Acheson does, that the recession of the 1890s and the tariff structure of the National Policy encouraged development in Ontario and Quebec which attracted industry with it to Toronto and Montreal.

42. Phillips, Regional Disparities, pp. 98-9.

43. Ibid., p. 98-9.

Subsequently, banks and industry failed in the Atlantic region, and the federal government did little to counter this trend.⁴⁴ Gary Burrill and Ian McKay agree, suggesting that underdevelopment can be traced not to the decline of the "Golden Age", but to the way in which industrialization came to the region and increasing external economic control over the region in the 1890s and beyond. In addition, the staples industry in the region diminished.⁴⁵

A more theoretical approach to explaining the problem of regional disparity is that which has been called the "market approach" theory. It argues that the flexibility of prices and wages and the mobility of capital and labour directly influence prosperity and growth levels. The basic creed of what has been called the "neo-classical approach" is to let the market dictate factors such as price and demand.⁴⁶ Neo-classicists believe that government should have no role in the workings of the marketplace.⁴⁷ They would argue further that the problems of an economically challenged region are

44. Matthews, The Creation of Regional Dependency, p. 101.

45. Gary Burrill and Ian McKay, "Introduction" in Burrill and McKay (eds), People, Resources and Power: Critical Perspectives on Underdevelopment and Primary Industries in the Atlantic Region, (Fredericton: Acadiensis Press, 1987), p. 4.

46. Economic Council of Canada, p. 26.

47. James B. Cannon, "Explaining Regional Development in Atlantic Canada: A Review Essay" in The Journal of Canadian Studies, Volume 19, Number 3, Autumn 1984, p. 67.

more often the result of government regulatory intervention than the lack of primary resources and insufficient publicly and privately sponsored economic stimulation. In the case of the Atlantic region, the problem would lie in any of the many government determined policies that affect and control economic development including transportation, taxation, tariffs, subsidies and regulations.

Those who espouse the "marxist interpretation" suggest that class relations and the class structure are key factors in shaping and ensuring economic growth and that uneven development is due to the, "...inherently unstable nature of capitalist development."⁴⁸ In terms of the Atlantic Region, those espousing this viewpoint would suggest that capitalist forces present after Confederation led to dominance of the Central Canadian economy over that of the Atlantic region. Gradually, the region has become an outpost for the metropoli of Montreal and Toronto.

This theory questions the notion that the system has internal equilibriums. It suggests that the neo-classicists are wrong when they assume, for example, that if enough people move out the productivity of those left will increase.⁴⁹ It further suggests that not

48. Ibid., pp. 76-78.

49. Sinclair, "Problems of Underdevelopment in Atlantic Canada with Special Refer-

only does out-migration not help the region, it hurts it. As markets shrink, there is a smaller tax base and the more skilled people leave.⁵⁰ This would appear to be accurate. Paul Phillips suggests that it is an endless cycle, as "[l]ow incomes mean low expenditures; low expenditures mean low investment opportunities; low investment opportunities mean low employment opportunities; low employment opportunities and production mean low incomes and savings."⁵¹

While many theoretical frameworks have been developed to explain the reasons for regional disparity, the fact is that no one theory fully identifies the causes or helps to formulate solutions. Perhaps it is precisely because the cause has not been satisfactorily identified that finding solutions to the problem has also remained equally elusive. Nevertheless, economists, politicians, businesspeople and academics alike have offered up explanations and adopted one or more at various times. Only one theory, however, has remained popular with the general public in Atlantic Canada, the myth that the Atlantic Provinces were basking in the glow of a

ence to Nova Scotia", p. 60.

50. Ibid., p. 60.

51. Phillips, Regional Disparities, p. 99.

"Golden Age" prior to Confederation and that July 1, 1867 marked the beginning of the end for any economic prosperity in the region. In reality, the region would have declined even if a federal union had not taken place. The region, dependent on its Atlantic economy of "wind , wood and water" was doomed to failure as technology changed.

Some might argue that it is the very acceptance of this myth as truth which has contributed, in part, to the region's economic problems. It is easy to blame others for your own mistakes, to blame Central Canada, to blame Ottawa, or to blame the capitalists. But, passing blame and dwelling on the perceived problems of the past leads to resignation, stagnation and sour grapes. It does not foster innovation, co-operation and economic independence.

By the late 1950s, the federal government realized that regional disparity was a problem with which it had to deal. This realization ushered in a new sense of federal/provincial cooperation which was enhanced, as far as Nova Scotia was concerned, by the election in 1956 of Robert Stanfield's Conservatives and by the federal election of the Conservative Party under John Diefenbaker a year later. However, although Robert Stanfield realized that federal help was

important, he also recognized that Nova Scotia would have to do everything it could to eliminate the problems of regional disparity which had been present for over eighty years. Solutions to the problems involved more than just placing blame on others or depending on others for solutions.

Stanfield was not alone in this quest. By his side, from the beginning, was G.I. "Ike" Smith. In the various government positions he held over the years, G.I. Smith was influential in shaping and implementing policies aimed at bringing about economic improvement and reversing the trend of federal dependency and regional disparity that had come to symbolize, in the eyes of other Canadians, the Atlantic Provinces.

CHAPTER 2

"A SENSE OF DUTY"

There was a special quality in the makeup of G.I. Smith - a determination to do his best - that was to characterize his lifestyle and establish a consistent pattern for each of his careers. He excelled in whatever field he chose to serve, partly because he believed he owed it to his clients, his constituents and his colleagues to support their mutual causes with his whole heart and soul.

Whether it was the career in which he rose from bugler boy to commanding officer of his beloved North Nova Scotia Highlanders, from fledgling lawyer to one of the most outstanding practitioners of his profession, from inexperienced legislator to the most influential cabinet minister of his time...Ike's passion for work, fairness, equity and above all, his sense of duty, set a standard that could never be overlooked.¹

As Reg Whitaker has observed:

...political biography can be an illuminating guide to the working of politics. It enables the reader to follow a continuous thread (the career of a leading politician) through the institutions and labyrinths of the political process.

1. "A Man of Excellence" The Halifax Herald, December 21, 1984.

Properly conceived, political biography can fuse the historical context with the human interest in individuals and their actions².

Biographical studies also offer some insight into the economic and social conditions and realities of the subject's time period. Consider the case of George Isaac "Ike" Smith in Nova Scotia. As Minister of Highways, Provincial Secretary and as Chairman of the Nova Scotia Power Commission in the Conservative government of Robert Stanfield, Smith acquired an intimate knowledge of cabinet decision making and policy formulation in the years between 1956 and 1960. Also through the 1960s, as Minister of Finance and Economics and as Premier, he was directly involved in almost every aspect of Nova Scotia's development. Not surprisingly, then, the political life of Ike Smith provides a valuable window through which one can view the inner workings, motivations, personal relationships and general circumstances which shaped Nova Scotia's political, economic and social life in the second half of the twentieth century.

Smith's political career was played out against the backdrop of growing concern about the impact of continued regional disparity and the nature of future regional economic development. As a senior

2. Reg Whitaker, "Writing About Politics" in John Schultz (ed.) Writing About Canada (Scarborough: Prentice Hall of Canada Ltd., 1990), p. 6.

member of cabinet and subsequently as premier he was a key player at the decision making table. But how well qualified was he to fill this role? To what extent were the policies and programmes which he helped to formulate and implement in the 1960s influenced by his earlier experiences? Did he possess the knowledge, expertise and character required of a leader expected to develop and promote programmes designed to combat economic stagnation and to encourage economic revitalization?

Ike Smith's political roots can be traced back to his birthplace. He was born in Stewiacke, Colchester County on April 6, 1909, the son of Major J.R. Smith and Susan Ettinger Colter. Although Major Smith had supported the Liberal cause in his youth, prior to the first World War, he was not overtly political.³ It was during the compulsory conscription debate of 1917 that he was drawn to politics in a very conscious way. A pro-conscriptionist, Major J.R. Smith convinced his family to switch allegiance to Robert Borden's Conservative Party.⁴ As Ike Smith's sister, Jean Grue pointed out years later, after World War I the Smith's were without doubt, "...a

3. Interview with Harold and Evelyn Smith, Stewiacke, Nova Scotia, March 10, 1994.

4. John Parker Leefe, Active, Organized and Successful - A History of the Colchester Progressive Conservative Association, 1986, Unpublished work, located at the Colchester Historical Museum, p. 49.

political family, It was always the Tories who were any good.”⁵ Although only eight years old when his father first voted for the Conservatives, Ike was quickly absorbed into the Tory fold. Convinced at an early age of the rightness of the Conservative rhetoric and platforms he remained loyal to the Conservative Party throughout his life.

Ike's formative years were spent on the family farm in Stewiacke. Due to the early death of his father, the bulk of the responsibility for running the farm fell on the teenage shoulders of Ike. He took his new role as head of the family very seriously and, initially, could imagine no other future than as a farmer. But his keen and curious mind drew him back to school in Truro. Through a combination of hard work and determination he managed to combine his family responsibilities and his school work. Before he left by train for school each morning he would complete his farm chores. Upon his return home he undertook the evening chores. In spite of the dual pressures, he did not let his studies slide. It was this kind of conviction and ability that convinced his family that Ike would one day leave the farm for other challenges. His sister Jean

5. Interview with Mrs. Jean Grue, September 28, 1993, in Bass River, Nova Scotia.

observed, "[w]e knew he was going to be something...but we just didn't know what."⁶ Not surprisingly then, Smith decided to pursue a career in law, the traditional stepping-stone on the path to a political career.

Ironically, during his years at the Dalhousie Law School , Ike Smith showed little interest in pursuing a career in the political arena. He did, however, demonstrate skills that would stand him in good stead both as a lawyer and as a politician. Pharos, the Dalhousie University yearbook noted in Ike's graduation year, 1932, that:

...Immediately, his [Ike Smith's] presence was felt and heard. He is an excellent student, and has been prominent in all branches of sport, being a member of several championship teams. He has a cheerful smile for everyone and is always ready for an argument...⁷

So it was that at law school he honed his natural personal, reasoning and debating skills and made friends with the young men who would be the lawyers and politicians of future years. One of his classmates, Richard Donahoe, would one day become a colleague in the Stanfield cabinet as Attorney-General and would later serve as

6. Grue interview.

7. Pharos , Volume MCMXXXII, p. 78.

Minister of Health and Welfare in the cabinet of Ike Smith.

Although Smith probably was not aware of them, there were subtle influences shaping him while he was at law school. Dalhousie Law School, since its beginnings in 1883, encouraged faculty and graduates to incorporate public service as part of their career activities.⁸ The first Dean, Richard Weldon, was, himself a model of unselfish public service. While serving as Dean, he was also a Conservative Member of Parliament for Albert County New Brunswick. Weldon observed:

In drawing up our curriculum we have not forgotten the duty which every university owes to the state, the duty which Aristotle saw and emphasized so long ago, of teaching the young man the science of government...we may fairly hope that, some of our students will, in their upper years, be called upon to discharge public duties.⁹

The hope was realized. The Law School could boast an enviable number of graduates who served the Canadian public as municipal, provincial and federal politicians, as judges, as volunteers and as public administrators.¹⁰ The so-called "Weldon Tradition" was well

8. John Willis, A History of Dalhousie Law School, (University of Toronto Press, 1979), p. 268.

9. Ibid., p. 268.

10. Ibid., p. 264.

established by the time Smith was a student. As the Dalhousie Law Student Handbook indicated:

The Weldon Tradition is also one of public service. It implies that the graduates of this Law school are more than ordinarily willing to work and serve to improve the communities in which they practise as lawyers. It implies that one the essentials of being a lawyer is the ability to make an effort to improve the system under which he lives. It is, in brief, a tradition of concern, of change, and of humanity.¹¹

Public Service was clearly a duty to be fulfilled by those who had received much and should return something to society. Like his predecessors like Smith undoubtedly carried this sense of duty away with him upon graduation. Certainly he wasted no time in following in the "Weldon Tradition". The very year that he graduated 1932, he became Town Clerk of Stewiacke. About the same time he opened his first law offices in Truro.

For four years like Smith conducted a sole practice, specializing in criminal law. Traditionally a solidly Tory town, Truro was a comfortable place to work for a young committed Tory. Smith soon joined forces with an equally committed Conservative, Frank Patter-

11. Ibid., p. 257.

son to establish the firm of Patterson Smith.¹² It was through this partnership that Smith began to acquire a more involved interest in the Conservative Party. However, any personal political activity was delayed by the onset of World War II.

Like his father, Ike had always been a military man, starting in 1921 when he became a militia boy bugler with the Colchester and Hants Regiment. In 1929, he was commissioned and became the platoon commander for the North Nova Scotia Highlanders. Not surprisingly, when the Second World War broke out, he immediately signed up for active service in 1939 and was sent to Aldershot, a training camp in Britain. Between 1940 and 1945, political public service was replaced by military public service for his country. It was service of which the young Lieutenant Colonel could be proud, service in the most selfless expression of the Weldon Tradition. In recognition of service very well done Ike Smith received an Efficiency Decoration, and was named a member of the Order of the British Empire, and an Officer of the Order of Orange Nassau.¹³

Ike's wife has speculated that his military career experience lead him to give so much of his life to public service in later

12. Leefe, Active, Organized and Successful, p. 49.

13. Evening News, March 27, 1967.

years.¹⁴ Similarly, J. Murray Beck maintains that Smith's service in World War Two was very important to him and shaped many of his political opinions, particularly those regarding the monarchy and the nature of the Constitution.¹⁵ However, as much as he cherished his military career, Smith's heart was always back in Truro with his law practice. He did not want to be a permanent force officer. Following the war, Ike returned home to practice law and to serve Nova Scotians in the political arena.

The Conservative Party to which Ike Smith looked for inspiration in the post-war years was in sad shape. It had not been in power since 1933 and it held not a single seat in the legislature in 1949 when the Liberal Premier, Angus L. MacDonald called a provincial election. The party was in desperate need of able, dedicated and loyal workers, workers who would campaign and raise money. No one knew this better than another young Truro Tory lawyer, Robert Stanfield. In 1946, this member of the Stanfield textile business family had set out to rebuild the party. Not surprisingly, he welcomed the well respected, capable and enthusiastic Ike Smith to his side. In fact, Ike's law office was used regularly as a meeting place

14. Interview with Mrs. Sally Smith, May 22, 1993 at her residence in Truro.

15. Interview with J. Murray Beck, June 1, 1993 at his residence in Lunenburg.

by those hoping to resurrect the fortunes of the party. Ike soon developed a close working relationship with some of those who would eventually share in the restoration of Tory fortunes, Lorne MacDougall, Ken Matthews and Robert Stanfield. The numbers were small, but the ability, conviction and political talent was great.¹⁶

In fact, the role of Ike Smith in the party rehabilitation went beyond merely providing a meeting place for the dedicated few. Ken Matthews remembers a very active Smith, keenly interested in the party and its revival. Smith, although he still had to earn a living practicing law in Truro, spent much time travelling around the province, seeking out supporters in various ridings.¹⁷ This type of party work definitely suited the personable Smith. According to Gerry Ritcey, a prominent local Tory and minister in Smith's cabinet, Smith was very adept at dealing with people in small groups on a personal level.¹⁸ This quality was essential in solidifying Conservative support around the province as well as drawing new members into the party.

In the late 1940s, the political arena in Nova Scotia was domi-

16. Leefe, Foreward and pp. 41-2.

17. Interview with Ken Matthews in Truro, January 27, 1995.

18. Interview with Gerry Ritcey in Truro, March, 1994.

nated by the Liberals and their leader Angus L. MacDonald. The electoral appeal of this popular Liberal leader, combined with ineffectual efforts of Conservative leaders for almost two decades had relegated the Tories to the political wilderness. Times were so bad that some members believed only a whole new beginning, including a change of name for the party, could reverse the party's misfortunes. However, those who met in Ike Smith's office valued the origins and past successes of the Conservative party. They believed that since the party already had some organization in place, they should start rebuilding from what existed and not waste time trying to formulate and implement plans for a new party.

The first chore in the rebuilding was to choose a leader. George Nowlan, who had first held a seat in the provincial assembly in 1925 and had remained a loyal party worker in spite of defeat in 1933, agreed to draw up a short list of potential leaders. On that list was the name of Ike Smith.¹⁹ Smith, however, apparently entertained no thoughts of seeking the leadership of the party at that time. While he enjoyed the political debate, was dedicated promoting the fortunes of the Conservative Party and thrived on the general politi-

19. Geoffrey Stevens Stanfield (Toronto: McClelland and Stewart Ltd., 1973), p. 60.

cal environment. He did not want to assume a position of leadership. Perhaps he believed he could not afford the amount of time and money that such a position might require of him. He may not have wanted to sacrifice his legal practice to a political party whose immediate future appeared to be rather dismal. Perhaps Smith lacked confidence in his abilities to be the leader on the front line, preferring to wield his influence in the back rooms. Whatever the reason, selfless or purely practical, Smith chose to actively promote his close friend and political ally, Robert Stanfield as the best candidate for the job of reviving the demoralized party.²⁰

It was this close relationship with Stanfield that was one of the keys to the resurgence of the Conservatives. Both men held similar views and worked well as a team. It was Stanfield who convinced Smith to run in the provincial election of 1949. The work of the past few years paid off in that election. Eight Tories were elected including Stanfield and Smith, the two candidates for the dual riding of Colchester. Together, Stanfield and Smith inspired party faithful and those who had abandoned the Conservatives. Over the next seven years they went to work, chipping away at the foundation of the

20. Walsh, Political Profiles, p. 61.

aging Liberal government determined to live up to their election slogan, "The Tide Has Turned."

The first sign that the Conservatives were once again on the offensive came in the session of 1950. Ike Smith responded to a speech by Premier MacDonald. The issue was patronage. The debating skills so well honed in law school and in the court room came to the fore. In what was to become his trademark style, a no-holds barred, blistering attack, Smith accused MacDonald and the Liberals of living in the past. He even questioned the accuracy of MacDonald's facts. For the first time in years someone in the opposition benches could and did openly challenge Angus L. MacDonald. It was enough to make everyone sit up and listen. Perhaps MacDonald was not invincible.²¹

Smith believed that Conservative success lay in convincing the electorate that the Liberals were out of touch, suffering from outdated attitudes. The Conservatives, however, claimed they were the party of progress and modern ideas. Smith complained that the Liberals were doing nothing to develop industry in the province, a must for an ever increasing technology-driven world.²² Thus, the die was

21. Beck, The Politics of Nova Scotia, Vol. II, p. 221.

22. Stevens, Stanfield, p. 89.

cast in 1950. Industrial development and the necessary infrastructure construction, like new highways, would be the key component of their platform.

Not surprisingly, in the election of 1956, the Tories promised to establish the "Nova Scotia Industrial Development Corporation." Its' job would be to attract new industry to the province thereby ensuring more jobs and great economic diversification. Industrial development, along with educational reforms, was to be the panacea for chronic unemployment and outmigration. As E.D. Haliburton observed, Stanfield and his colleagues were, "...dedicated to an effort to provide a business climate and environment which would attract, encourage and develop secondary industry and expand existing industry".²³

While Stanfield took care of the duties of opposition, often travelling around the province, Smith took care of the constituency concerns in their riding of Colchester and worked hard in the legislature to promote the Conservative Party. In the years following their personal elections in 1949, Ike Smith and Robert Stanfield cemented their personal and political relationships. Indeed, they were a near

23. E.D. Haliburton, My Years With Stanfield (Windsor: Lancelot Press, 1972), pp. 34-36.

perfect match. In his analysis of Conservative politicians, Dalton Camp wrote:

...[o]f all the men around the Tory leader, G.I. Smith, his friend and Colchester running mate, represented the supreme example of selfless loyalty...like Smith was the ideal first Lieutenant, equipped with many qualities which Stanfield lacked, including the highly articulate, combative, jugular-seeking sense of the trial lawyer.²⁴

While Stanfield prepared the deliberately and thoughtfully shaped debating snowballs, Smith, with his fiery rhetoric and debating skills, threw them with accuracy and ultimate effect. As J. Murray Beck points out, Smith could make "monkeys" out of the opposition.²⁵ Where Stanfield was weak, Smith was strong. Where Stanfield needed reassurance, Smith was there. As Geoffrey Stevens observed, the Conservatives were fortunate that Smith had the ability to carry the debating load since no one else could until 1954 with the arrival of Richard Donahoe in the House. Stevens writes that:

[t]o Smith ...goes much of the credit for the

24. Dalton Camp, Gentlemen, Players and Politicians (Toronto: McClelland and Stewart, 1970), p. 225.

25. Beck interview.

steady improvement in the Conservatives fortunes in Nova Scotia...without Smith, Stanfield could not have provided an effective Opposition in the House, and, without the reputation of having been the leader of a solid, responsible, hard-hitting Opposition, Stanfield could not have become Premier.²⁶

One Liberal member of the day recalled that he, "was the best the Tories had - the only Tory who ever scared me."²⁷

Smith's ability to dominate debate in the legislature meant that he gained the reputation of being "Stanfield's hatchet man", the one who did the dirty work for Stanfield, the one who delivered Stanfield's messages. In 1969, The Evening News wrote that, "...Mr. Smith, meanwhile, although recognized as a sharp debater and capable administrator became labeled, rightly or wrongly, as the Premier's hatchet man...".²⁸ On one occasion, he demonstrated his full prowess in responding to a speech of the then Liberal leader Earl Urquhart, who had criticized Conservative policy:

I'm very sensitive to and appreciative of the incipient applause and it's very kind of the Honourable gentleman to indicate his approval of my intentions...But it did seem to me that some of his arguments were so transparently in error that he would not like to see them go...uncor-

26. Stevens, Stanfield, p. 59.

27. "Man in the News-Hon. G.I. Smith" Halifax Mail Star November 7, 1967, p. 8.

28. Evening News, February 26, 1969.

rected, and that it would be doing him less justice not to bring them to his attention now.²⁹

Few would have left such an encounter with any doubt as to who had won that round. The moniker "hatchet man" may have been unduly given. Peter McCreath, Ike's Press Secretary during the 1970 provincial election maintained that Smith was too nice to be considered a hatchet man in the negative sense of the term.³⁰ As Smith's wife pointed out, he did and said things that a premier could not do, by virtue of his position.³¹ Nevertheless, as an effective and benevolent hatchet man, Ike Smith certainly helped Stanfield and the Conservatives in the House.

The fact that Smith complemented Stanfield so well had as much to do with their personal friendship as it did with Smith's oratorical skills. Both were from the Truro area. Both were instrumental in restoring the fortunes of the Conservative Party in the late 1940s. They held each other in equally high esteem. They confided to each other. So close was their friendship and mutual understanding that although Stanfield was the official leader, he relied on Smith for

29. Ibid.

30. Interview with Peter McCreath, June 21, 1993. McCreath theorizes that "The public had the impression that Ike was Stanfield's hatchet man. In actual fact, I think what your going to find is that it was the other way around. The tough guy was Stanfield, not Smith."

31. Smith Interview.

advice, listening to him "first and last."³² According to those closest to Stanfield, Smith was the only man who could make him change his mind on an issue.³³ In fact, when Smith tried to discourage Stanfield from leaving the province for the federal arena in 1967, Stanfield hesitated and then agreed to leave on the condition that Smith take over the leadership on an interim basis.³⁴ Not surprisingly, Smith's habits, as well as his attitudes when he succeeded Stanfield, mirrored those of his friend. Former cabinet minister E. D. Haliburton writes that:

...to come back to Stanfield's growing popularity, it had become more and more obvious that the Nova Scotia public liked his simple and spartan habits, his unostentatious way of life, his accessibility to everybody, the fact that anybody could walk into his office unannounced and if Stanfield was not tied up, he could be seen. The same continued to be true of his successor in office, Ike Smith.³⁵

In spite of this closeness, there was a time when, according to Rod Black, "Ike Smith felt he was rejected and unappreciated by Stanfield, which was not the case."³⁶ At the time Smith wanted to

32. Stevens, Stanfield p. 59.

33. Ibid., p. 59.

34. Ibid., p. 61.

35. Haliburton, My Years With Stanfield, p. 77.

36. Stevens, Stanfield p. 70.

leave the rigours of politics. He wanted recognition for his hard work. Stanfield, it seems, had grown so accustomed to Smith's presence that he rarely acknowledged the debt he owed Ike. Fearful he would leave, Rod Black and others, at Stanfield's urging, "took Smith out to the Sword and Anchor Restaurant in Halifax, filled him with Scotch and lobster, and talked him out of quitting."³⁷

Smith's dedication to the party and province was never in doubt, nor is there any evidence that Smith ever expected any "party pay-back" for his loyalty. However after years of hard work and placing a political career before his legal career and family, he may have expected some demonstration of party appreciation and acknowledgement of his efforts. Certainly he reached a point where he wanted to leave active politics. He wanted more private time, he wanted to practice law and to leave the tension and acrimony associated with political arena.

If rewards or bribes were offered to keep him in political life, no one has said. According to Smith's family and friends, it was the strong call to public service and a belief that he did have something to offer his province that convinced him not to resign. That in itself

37. Ibid.

said much about his sense of duty to public service, about his loyalty to his colleagues and about his essentially humble personality. Smith was not a power seeker, his tastes were simple. As Peter McCreath recalls:

... he was a man who would have no part of exaggerating his own position...he was an extraordinarily humble man... I remember before I came to work for him, he came to a policy conference that the national party had in Niagara Falls, and I remember Ike Smith arriving at the hotel by himself, carrying his suitcase, and John Robarts, who was premier of Ontario, arrived in three chauffeured limousines [with] flunkies galore.³⁸

Similarly, when asked as premier whether he wanted a chauffeur, the reply was simple and in character, "damn nonsense, I'm perfectly capable of driving myself..."³⁹

Ike left the political arena with few regrets and returned to the law with enthusiasm. Indeed, Smith was involved in a Supreme Court hearing as late as the day before his death.⁴⁰ J.M. Beck suggests that Ike Smith became premier because he knew he was the best man for the job and that it was the best thing for the party at the time ,

38. McCreath Interview.

39. Ibid.

40. Walsh, Political Profiles, p. 61.

but that he had not "craved it madly".⁴¹ Smith summed up his political involvement best, stating that "...the opportunity to serve one's fellow citizens was a great one and though its financial rewards are not great...its reward in the sense of doing useful service and in promoting public good is beyond calculation."⁴²

While motivations are inevitably complex, the general consensus regarding Smith's political career is that he fulfilled his roles as advisor, cabinet minister and Premier more out of a sense of obligation to public service in the Weldon Tradition than out of any expectation of self-aggrandisement. Perhaps his motivation was based on the fact that he received substantial personal satisfaction from being in public life. "Philosophically, while public service gives me a feeling of doing something useful, it certainly makes a very exacting demand on one's time, energy and thought...My first love was my home and my law practice." On that same night, Sally Smith made much the same observation, "Ike and I have no regrets. His first love was his home and his law practice..."⁴³

Smith, as a close advisor to the premier and a member of the

41. Beck Interview.

42. Evening News, April 28, 1975.

43. Clarence B. Johnson, "The Smiths of Truro - A Tribute" Chronicle Herald, April 24, 1975, p. 7.

cabinet, helped lead the fight for a new industrialized Nova Scotia. He, like his Tory colleagues, was convinced that the solutions for the province's poor economic status and outlook lay not in dependence on the staple resource-based fishing and farming economy of the past, but in the diversified manufacturing and industrialized developments of the future. In order for Nova Scotia to take advantage of the dramatic technological changes under way, the government would have to direct its efforts to bringing viable, long term industry to the province.

CHAPTER 3

"THE DREAM BEGINS 1956-1966"

Industrial expansion and resource-development diversification were clearly regarded, by bureaucrats and economists alike, as the keys to revitalization in the Atlantic region. They placed great emphasis on attracting new industry, convinced it would reduce unemployment and out-migration rates. With a stronger taxable base there would be more money for the much needed social services. While the provinces still concentrated on the traditional economic activities of the region - farming, fishing and lumbering - they now turned their attention increasingly to tourism, mining, and secondary manufacturing.¹

Part 1 - Industrial Estates Limited

In the post World War II reconstruction era, the opposition Conservatives in Nova Scotia turned their attention to ways the party could promote new growth and revitalize the traditional economic activities in the province. The reason for this was two-fold. First, there was overwhelming statistical evidence of economic decline, and second, the governing Liberals seemingly were doing little to address the economic problems that plagued the province. As a

1. Della Stanley "The 1960s: The Illusions and Realities of Progress" in E.R. Forbes and D.A. Muise (eds.) The Atlantic Provinces in Confederation (University of Toronto Press, 1993), p. 430.

result, the Conservatives believed Nova Scotia needed to be governed by a party that offered the hope of economic growth and stability, along with reduced regional disparity.

According to Ken Matthews, Ike Smith's former law partner, Smith was keenly aware that industrial development was essential to Nova Scotia's economic future. He and the other Tory insiders were convinced that although World War II had brought temporary relief from the depression of the 1930s, a more permanent solution was required. That solution was industrial development. Matthews maintains that it is difficult to pinpoint exactly when the Tories first consciously adopted industrial development as a cardinal point in their platform. Rather, its adoption was an evolving process that began in the small meetings at Ike's office and culminated with the Tories ascension to power in 1956.²

There were two main planks in the Tory platform during the election of 1956: one was road building and paving, and the other was industrial development.³ Plans for highways and infrastructure construction was adopted by the Liberal and Conservative parties. Both promised to do more to improve the existing situation.

2. Interview with Judge Kenneth Matthews January 27, 1995.

3. Beck, The Politics of Nova Scotia, Vol. II, p. 255.

However, the Tories wanted to expand the infrastructure resources not just for their own sake, but also to facilitate industrial development and diversification. This, the second main plank in the Conservative platform, involved a concept first advanced by Ike Smith during a meeting of Conservative candidates in 1956.⁴ At that time he argued that Nova Scotia should set up a public corporation to assist industry in locating in the province. It was Smith's opinion that not enough was being done to attract much needed industry and jobs to the province. He also believed industrial development would not come to Nova Scotia unless there were attractive incentives for it to do so, ranging from a reliable workforce and infrastructure to tax concessions.

The Conservatives found an ally for their idea in a prominent Nova Scotia businessman, Frank Sobey. Sobey was of a like mind, agreeing that there was a great need for provincial government action in terms of promoting regional economic development. He pointed out that there was a lack of public and private capital investment to improve and expand existing industries, and almost no capital investment in new non-traditional industries. The national

4. Stevens, Stanfield, p. 103.

industrial expansion of the post war years had bypassed Nova Scotia.⁵ In essence:

...Nova Scotia had pretty much a hands off policy toward the attraction of new industry. This province had a Department of Industry which operated an Industrial Loan Act and an Industrial Expansion Act, but they were not actively promoted.⁶

Based on a positive response both from within its ranks and more especially from the private sector, the Conservative Party gave official sanction to its version of an industrial development programme and adopted it as their leading platform in the 1956 campaign. The key element of this programme was based on Smith's idea of setting up a funding and administering public corporation. Smith knew, from his experience as a public servant, that history had shown that industry would rarely settle in the province without some of public encouragement. Robert Stanfield was very receptive to this idea as he too had harboured certain ideas regarding the creation of an industrial development agency.⁷ With Smith and Stan-

5. Frank H. Sobey, "Industrial Estates Limited" in The DALCOM Journal, Fall 1968, p. 42.

6. Industrial Estates Limited Annual Report, 1982.

7. Stevens, Stanfield, p. 103.

field equally committed to the idea, the Conservatives promised, if elected, to create such an agency to be known as the Nova Scotia Industrial Development Corporation. As conceived by Smith it would be subsidized by the provincial treasury and by public shares.⁸ According to Geoffrey Stevens, the Nova Scotia Industrial Development Corporation would, "assist industry to locate in the province. It would be operated, not by the government, but an independent board of prominent Nova Scotia business leaders..."⁹

The Tories won the election of 1956, capturing 24 of 43 seats, with the Liberals managing to hold on to only 18. The CCF received the remaining spot in the legislature.¹⁰ It was now time for a change, as the aging Liberal dynasty came to an end, and the Conservatives finally emerged from the opposition wilderness. They had come to power promising a positive alternative to the previous decades of inaction. However, once in power, the relatively inexperienced government was unsure as to how to proceed in order to turn its main campaign plank into reality.

The first concern regarding the establishment of the Nova Scotia

8. Bruce, Frank Sobey - The Man and the Empire, p. 245.

9. Stevens, Stanfield, p. 103.

10. Beck, The Politics of Nova Scotia Vol. II, p. 425.

Development Corporation was the issue of selling public shares. The government knew that like any investor, the Nova Scotia taxpayers would want to see a return on their investment, but what if one did not materialize? Nova Scotians traditionally shied away from uncertain investments. Yet, at the very root of the whole idea of creating the Corporation was the hope of attracting new and non-traditional industry to the province, which might be risky and might be slow to produce significant investment returns.

The government was also concerned about its role in the decision making process regarding these investments. There was a concern that the objectives of the government might not always be in the best interests of the share holding public. In other words, contradictory priorities could arise between the government and the investors. So it was that shortly after the election, Stanfield held an *in camera* meeting at the Lord Nelson Hotel in Halifax to discuss these problems. The meeting was held out of the limelight because the Conservatives were actually tampering with a major election plank and wanted to avoid any negative press reports. Any suggestion that the new government was reneging on its promises or was suffering from disorganization or internal disagreement would un-

dercut its ability to proceed with innovative economic programmes.

At this meeting, Smith, Stanfield, Sobey and others sensed that the original plans should be changed. However, they feared, an apparent reversal in the plan could make the Tories look like fools.¹¹ Consequently, instead of abandoning the idea of an industrial development strategy altogether, they modified the original idea of the Nova Scotia Industrial Development Corporation and adopted, instead, the concept of industrial estates to further industrial development in the province.

The concept of industrial estates first appeared in late nineteenth-century Europe and the United States. The objective of these bodies was to encourage local development and "to assemble, improve and subdivide tracts of land, and frequently to erect factory buildings for sale or lease to industrial firms."¹² All industrial estates programmes required significant capital outlays which were tied up for extended periods of time. In each case, such estates played a formative role in directing industrial development whether in heavily industrialized areas or in underdeveloped depressed areas,

11. Bruce, Frank Sobey - The Man and the Empire, p. 247.

12. Atlantic Provinces Economic Council, Industrial Estates and Economic Development, February 1963, Vol.1, No. 4, p. 5.

and in promoting everything from productive cultivation of a piece of land to custom made factories. In all cases, however, a number of common factors had to be considered; availability of labour, presence of raw materials, quality of infrastructure, accessibility to local capital, and finally, and private and public initiative.¹³

The Stanfield government recognized that it lacked the necessary expertise to set up its own industrial estates programme. Therefore it hired two foreign experts for assistance. The first, Major General Kenelm Appleyard, a retired British Army officer, was the chairman of the North Eastern Trading Estate (NETE) in England, a body that was run by private business and financed by government. The second was Colonel M.D. Methven, an associate of Appleyard. It was he who conducted the initial feasibility study and concluded that although there would undoubtedly be some failures, on the whole an industrial estates approach would work to the benefit of Nova Scotia.¹⁴

Based on the report of Colonel Methven and with experienced help to guide it, the Stanfield government proceeded to form Industrial Estates Limited (IEL) in May, 1958.¹⁵ The ground rules were simple.

13. APEC, pp. 2-3, 6-7.

14. Bruce, Frank Sobey - The Man and the Empire, p. 246.

15. Roy George, The Life and Times of Industrial Estates Limited, (Halifax: Dalhousie University Institute of Public Affairs, 1974), p. 7.

The government would provide 12 million dollars to IEL, which would be administered by volunteer businessmen, like Frank Sobey who would serve as the President.¹⁶ Theoretically, the role of the government was to terminate after the initial loan was made to the IEL company. According to the Principal Agreement of Industrial Estates Limited, the provincial government agreed, "...that it will permit the Company to operate as an autonomous corporation, free from control by, or interference from the Province so long as the Company adheres to the General Policy Provisions in the agreement."¹⁷

The objectives of Industrial Estates Limited were very straightforward. They included, "the promotion , diversification and development of industrial activities".¹⁸ The Annual Report for 1960 expanded on the goals of this non-profit organization explaining that:

The industrial expansion of The Province of Nova Scotia was the governing factor in the development of Industrial Estates Limited. ...[It] enables industry to capitalize on the excellent and unique advantages available in Nova Scotia. Industrial Estates Limited, operating as an au-

16. Bruce, Frank Sobey - The Man and the Empire, pp. 247-250.

17. Industrial Estates Limited Principal Agreement, Part VI, p. 6.

18. George, The Life and Times of Industrial Estates Limited, p. 7.

tonomous body under the Board of Directors, has the finances to completely build industrial plants in the province. IEL is solely devoted to the accomplishment of its primary purpose -- the development of industry in Nova Scotia.¹⁹

In its quest to accomplish its primary goal, IEL would go to almost any length. The incentives it offered to potential developers were certainly attractive. All the risks seemed to rest with IEL and the Nova Scotia taxpayer:

Nova Scotia has the answer to expanding industry - Industrial Estates Limited. IEL will completely finance and build your industrial plant in Nova Scotia, thereby freeing your working capital for other purposes.

Industrial Estates Limited will:

FINANCE CONSTRUCTION of your plant in a fully-serviced location with abundant labour,

LEASE this plant to you on a non-profit arrangement and long term amortization,

GIVE YOU OPTION TO PURCHASE at a later date,

DESIGN A PLANT TO YOUR SPECIFICATIONS with our own engineers to meet your requirements,

GIVE YOU CHOICE OF SITE in areas of surplus labour,

GIVE YOU ADEQUATE SERVICES such as water,

19. PANS, RG 55 vol.4 #5, Industrial Estates Limited Annual Report - 1960.

power and roads, on selected sites,

GUARANTEE FUTURE EXPANSION facilities,

PROVIDE SURVEYS of transportation and markets.²⁰

IEL's mandate was intentionally broad. With the blessing of the provincial government it would, "...do all such acts, matters and things as may be deemed desirable to encourage the promotion, expansion and diversification of industrial activity within the province of Nova Scotia."²¹ The specific activities of IEL included the acquisition, "by purchase or otherwise" of land that was available, as well as the improving of that land with power, roads and sewer facilities. IEL was authorized to build, for lease or sale, any factories or other buildings such as warehouses that the contracted industry would require. As well, IEL could then lend money to that same company for machinery.

While IEL might seem to at first have been too broad and inclusive in its mandate and hence subject to exploitation and possible failure, Stanfield's government was not acting in a vacuum. Other

20. PANS, RG 55 Vol 4, #5, "A Digest of the Services of Industrial Estates Limited" Industrial Estates Limited Annual Review, 1960.

21. Principal agreement.

provinces had established similar, broadly empowered industrial development agencies. In the late 1950s, the Manitoba government set up an agency known as the Manitoba Development Fund. There were a number of many similarities between the Manitoba Development Fund and Nova Scotia's Industrial Estates Limited. Both organizations were mandated to finance service improvements and infrastructure, build buildings and to make loans to developing industries. Both were responsible to a Board of Directors that had been appointed by the government, but did not have to answer directly to that government. The boards of both were occupied by aggressive businessmen who actively promoted their respective agencies, and carried on most of their operations and negotiations in relatively private fashion.²²

The methods used by IEL to achieve its goals and objectives, while very broad and far-reaching, were subject to certain government imposed restrictions. While some of these existed by implication, others were specifically set out in IEL's mandate. For instance, the agency was not to support the establishment of an industry that would endanger the success and continued viability of an already ex-

22. Philip Mathias, Forced Growth (Toronto: James Lewis and Samuel, 1971), pp. 7-9.

isting industry producing the same items. In other words, a new fertilizer plant must not threaten the survival of an existing fertilizer plant. Also, if a prospective company wished to do business with IEL, and that company had already received financial aid from the province, a review of the company's needs would be conducted before any assistance was forthcoming. If further support was to be granted through IEL, the minister of the particular department that had previously assisted the company would have to provide written consent before any dealings between IEL and the company could proceed.²³

IEL was to place particular emphasis on the creation of secondary manufacturing. The government believed that this was the industrial sector with the greatest prospect of creating jobs in Nova Scotia. Further, the focus within secondary manufacturing was to be on small industry deemed suitable for the many small towns of the province where jobs were needed. Not that the larger industries were unwelcome, of course, but the government expected that the incentives offered by IEL would not be sufficient to attract the larger corporations.²⁴ As well, small secondary industry was more in

23. George, The Life and Times of Industrial Estates Limited, p. 9.

24. Ibid., p. 10.

keeping with cultural and social character of Nova Scotia²⁵

While IEL had an expressed preference for smaller business, it also wanted to attract those businesses most likely to turn a good profit within a reasonable period of time. For that reason the agency looked for those industries with large enough markets to produce that kind of profit. As IEL's advertising literature expressed it:

We place special emphasis on small industry by providing appropriate financing or supplementary funds to those available from banking and other conventional lending sources. The business must have a reasonable expectation of profitability, capable of on the spot management and a tangible investment on the part of the owners.²⁶

Frank Sobey, as Chairman of IEL pointed out that IEL should never accept a client that did not have sufficient capital to run a business and repay its debts.²⁷ The Atlantic Provinces Economic Council supported this view stating that, "[i]ndustries eligible for assistance should be those with reasonable prospects of being able to operate successfully, without this assistance, after a period."²⁸ After all, IEL was using taxpayer's money and it could not be squandered on

25. Ibid., p. 45.

26. PANS MG 100 vol. 26 #6 Small Business Financing - IEL.

27. Bruce, Frank Sobey - The Man and the Empire. p. 254.

28. APEC Incentives, p. 6.

very long shots.

Ultimately, the actions of IEL were based upon the desire of the provincial government to improve the lot of Nova Scotians in the long as well as the short term. The formation of Industrial Estates Limited was a direct response to the need to close the gap between the province and the country as a whole in terms of modern, profitable industrial development. Public benefit guided the actions of IEL and the Stanfield government. Both recognized that not all the projects they invested in would work out. But, they reasoned any financial losses would be counter balanced by the job gains and economic stimulation which came with those that did succeed. Like any business, Nova Scotia had to take risks in order to make money.²⁹ So it was that by 1967, the government was so convinced that IEL was on the right track that it increased the investment in IEL by \$6 million in 1963, \$32 million in 1964 and \$18 million in 1966. On March 16, 1967, G.I. Smith as Finance Minister introduced a bill to further increase monies advanced to IEL by another \$40 million. He justified the bill by saying, "[IEL's] purpose is to persuade people who have money to invest it in Nova Scotia in order to improve the

29. George, The Life and Times of Industrial Estates Limited, p. 44.

economy and thus to help all Nova Scotians to obtain a better standard of living - to catch up with the rest of Canada."³⁰

However, it was one thing to have the mechanism and money in place to attract companies. It was quite another to actually convince companies that what Nova Scotia offered was indeed attractive and too good to ignore. The first step for IEL obviously was to make sure its message reached prospective industrial and corporate investors. IEL used different methods to achieve its end. Direct mailing and magazine advertisements were important aspects of IEL advertising. Advertising for IEL followed the same formula, listing the advantages that IEL offered.

While the impersonal advertisement might catch someone's eye and attract attention it was a very uncertain way of spreading IEL's gospel. Personal contacts and networking were far more productive. Therefore, IEL set up special IEL business representatives or agents, in Montreal, Toronto and Paris whose job it was to convince fellow businessmen to bring their factory or plant to the province.³¹

Finally, face to face meetings and personal contacts were made

30. PANS:MICRO:BIOGRAPHY:SMITH, G.I. "Remarks of G.I. Smith On Moving Second Reading of a Bill to Increase the Amount of Money Which May Be Advanced to IEL" March 16, 1967.

31. George, p.30 and The Atlantic Advocate June 1965, p. 18.

between board members and their own business contacts. That was why it was so important to the government that it name successful and admired business people like Frank Sobey to the Board of IEL . Another such board member was the well known and flamboyant Robert Manuge. Manuge had been a hard working, aggressive businessman who Sobey wanted to bring in to the service of IEL. As Harry Bruce points out:

No politician was better at pressing the flesh. His elaborate courtesy camouflaged his zeal. He seemed to be curiously beseeching but at the same time reasonable, deeply appreciative of your problems, and willing to let you in on an awfully good thing. His conversational style was a rare mix of confidential disclosure, formal correctness, and public oratory, and it all worked on many powerful men. He was effective in public, effective behind closed doors.³²

He travelled to over forty countries promoting the province, personally meeting with business tycoons, "twanging the old boys' network" offering them deals too good to refuse, as allowed under IEL's terms of reference.³³ Indeed, Stephen Kimber has written that, "[b]ack in the mid 1960s, Bob Manuge was nothing less than the most

32. Bruce, Frank Sobey - The Man and the Empire, p. 265.

33. Mathias, Forced Growth, p. 8.

important non-elected official in all of Nova Scotia."³⁴

Ultimately, however, nothing would do more to bring new industry to the region than the success of the initial industries sponsored under IEL's programme of assistance. Indeed, the very future of IEL hinged on early success. As Frank Sobey pointed out in a letter he wrote to the then Minister of Industry, E.A. Manson, in 1960:

The early years of IEL will continue to be the most difficult. The company is new and almost unknown outside the province. Indeed its functions are not too well known within the province.

Outside the province our best advertising will come from the industries now establishing. Their satisfaction with Nova Scotia will be an inducement to neighbouring industries from their areas, and, probably more important, to further expansion of their own facilities.³⁵

Advertising and networking must have worked. The early years of IEL marked its "golden" period. Among the first businesses to take the bait were the Swedish car manufacturer Volvo and the carpet manufacturer Crossley-Karastan.³⁶ The arrival of Volvo in Halifax

34. Stephen Kimber "The Art of Being Bob Manuge" Halifax November 1981, pp. 30-31.

35. PANS RG 55 Vol.4, No. 5 A Letter from Frank Sobey to Minister of Industry E.A. Manson, Industrial Estates Limited Annual Report, 1960

36. Industrial Estates Limited Annual Review, 1962, p.4.

was a major coup for the Conservatives in two ways. Once established, the Volvo plant was the first car factory in Canada outside of Ontario. Also, it was the first European car company to set up shop in North America.³⁷ The Crossley-Karastan plant, in Truro, still in operation over 30 years later, was also a major accomplishment for IEL. John Crossley and Sons, one half of Crossley-Karastan, exported to over one hundred countries, and "was the supplier of over half of the British rugs and carpets sold in Canada."³⁸ Over 450 jobs were created as a result of its arrival.³⁹

By 1963, Robert Manuge was boasting that IEL had just experienced its best year yet.⁴⁰ According to its great promoter, IEL had used the taxpayer's money wisely and had produced a remarkable return for the investment. By sponsoring 40 businesses, IEL had created 4000 new jobs in Nova Scotia, including 700-1000 jobs in the construction industry alone. In 1965, Rick Ashley, writing in the Atlantic Advocate praised the work of the "remarkable Frank Sobey" and claimed that "Nova Scotia is riding the happiest economic wave

37. Bruce, Frank Sobey - The Man and the Empire, pp. 276-7.

38. Ibid., p. 262.

39. Stevens, Stanfield, p. 131

40. R.W.M. Manuge, "1963 the Best Year For IEL" Halifax Herald, January 7, 1964.

in its history as Industrial Estates Limited, commonly called IEL, like a ship laden with good tidings, brings home cargo after cargo of new industries."⁴¹ Sonja Sinclair writing in Canadian Business observed in August of 1965 that Nova Scotia was the "pacemaker of Maritime industrial growth":

...[w]ithin the past five years, an impressive number of American, British, Dutch, Swedish and Italian companies have built or announced plans to build factories in Nova Scotia; and the result, both psychological and economic, has been as electrifying as anything that has happened to the province since Confederation.⁴²

Even Liberal politicians had good things to say about IEL. In 1962, Earl Urquhart stated that IEL should "...step up its industrial activities throughout the province. It has been successful in establishing some new industries here..."⁴³

Based on these glowing reports one would have expected the formula adopted by IEL in 1958 was just about perfect. But, like all guidelines, they had to be revised now and again to respond to chang-

41. Rick Ashley "Industrial Estates Limited and the Remarkable Frank Sobey" Atlantic Advocate January, 1965, p. 14.

42. Sonja Sinclair, "Nova Scotia: Pacemaker of Maritime Industrial Growth" Canadian Business August 1965, p. 33.

43. Nova Scotia House of Assembly, Debates and Proceedings March 1, 1962, p. 63.

es in legislation or financial circumstances. Originally IEL had conceived its role as a developer of unused or underutilized land by turning it into industrial parks which IEL would operate on a lease-back arrangement. IEL would provide services and build the factories and warehouses. The new company could then purchase these buildings at cost. However, in 1963-64 changes were made to the federal Income Tax Act that made the lease-back arrangements less of an inducement to potential industry. IEL decided to sweeten the pot by lending money directly to the new industries to buy the property and also by purchasing the company's mortgage bonds.⁴⁴ In effect, by 1964, IEL had become primarily a lending agency, providing working capital for new companies.⁴⁵ Now, IEL was more directly involved with the industries, and had a higher stake in their success.

In 1962, IEL's directors decided to shift the original emphasis on attracting outside industry to attracting applications from Nova Scotia industries.⁴⁶ This would coincide better with the thrust of the Voluntary Economic Planning Board, which was just coming onto

44. Stevens, Stanfield, p. 130.

45. George, The Life and Times of Industrial Estates Limited, p. 36.

46. Ibid., p. 10.

the economic development stage. In addition, IEL decided that it should work more on attracting larger industries.⁴⁷ Such ventures would provide even more jobs and economic stimulation for the province. However, this decision would come to have a major impact on IEL, the conservative Party and the Province of Nova Scotia in the future.

By the spring of 1967, when Ike Smith boasted that, "...it is not too much to say that [IEL's] success has been extraordinary," few had any idea that the Midas Touch might be beginning to wear off.⁴⁸

The government showed Nova Scotians that their money had been well spent. New plants in operation had created over 5000 direct and indirect jobs. Plants under construction and those contracted for but not yet built promised to provide another 4000 direct and indirect jobs. In all, IEL appeared to have created over 9000 jobs.⁴⁹ In a province the size of Nova Scotia, this was a very significant figure. According to the Smith, based on the information given him by economists, "[i]t is a widely accepted fact that for every job exist-

47. R. Logan and George P. Miller, Plan for Secondary Manufacturing Sector, (Nova Scotia Voluntary Planning Board, Queen's Printer, 1966), p. 32.

48. PANS:MICRO:BIO:SMITH, G.I., SPEECHES, "Remarks of G.I. Smith on Moving Second Reading of Bill to Increase the Amount of Funding Which May be Advanced to Industrial Estates Limited, March 16, 1967.", p. 1.

49. Ibid., p. 3.

ing in a manufacturing establishment, another 1.2 jobs exist as a direct result thereof."⁵⁰ By the fall of 1967, when Ike Smith became the premier of Nova Scotia, IEL had helped 53 companies to settle in Nova Scotia. These companies directly employed 4500 people, and, according to one estimate, accounted for 7200 indirect jobs being created created.⁵¹ As J. Murray Beck points out, "...the success of IEL at this stage made it virtually invulnerable to attack."⁵² Indeed, in 1964, Urquhart again complimented IEL, stating that, "everyone welcomes new industry, wherever it locates."⁵³ However, just below the surface, there were undercurrents of criticism surrounding certain aspects of IEL. Liberals were concerned about technical points such as both the choice of location for incoming industry⁵⁴, as well as the accessibility to government capital and credit that these industries might have.⁵⁵

Ike Smith's role in the success of IEL while a more subtle one than that of promoters like Sobey and Manuge is important. Although

50. Ibid., p. 3.

51. Stevens, Stanfield, p. 131.

52. Beck, The Politics of Nova Scotia Vol. II, p. 296.

53. Nova Scotia House of Assembly, Debates and Proceedings, February 7, 1964, p. 57.

54. Ibid.

55. Nova Scotia House of Assembly, Debates and Proceedings, March 17, 1965, pp. 138-140.

he was not the most prominent politician associated with IEL at that time, Smith was involved with the process from the very beginning. Early in the 1950s, like Stanfield, he had identified the need for industrial development in the province. It was he who had suggested the original idea of an industrial estates agency which eventually came to be known as IEL. Also, in his position as Minister of Finance and Economics, he was the person responsible for funneling additional funds to IEL through the years. Most importantly, he was a very influential member in the Stanfield government, someone to whom Stanfield listened carefully and whose opinions Stanfield respected. As Dalton camp writes:

Smith was a crucial voice in policy matters, to which he contributed a practical, innovative, and informed judgment. His sense of the appropriateness of an idea to the time was unerring. For ideas whose time had come, Smith was an intelligent inspiration, while for notions whose time had passed, or had yet to come, Smith employed all the formidable powers of his advocacy, combined with his impressive capacity for obstinacy.⁵⁶

Consequently, whether directly or indirectly, Smith undoubtedly had a hand in policy making, especially in the sensitive area of industrial development. To that extent, Smith can take at least a measure of

56. Camp, Gentlemen, Players and Politicians, p. 225.

responsibility for IEL's past successes and future failures.

Part 2 - Voluntary Economic Planning

The apparent success of the so called "Golden Years", of economic revival from 1958 to the mid 1960s, was due only in part to the work of IEL. The Stanfield government also realized that long-term economic growth needed more than just infusions of money and job creation projects. In addition, some sort of formal programme of integrated regional planning was needed. Such an approach was needed to address, in a co-ordinated way, such things as deficiencies in local resources and marketing potential, regional duplication and competition, and long-term development and financing. The answer lay in a greater degree of government involvement in economic planning and in the creation of some kind of co-ordinated consultative process that included representatives from business and labour.

Back in 1955 the management consultative company of Arthur D. Little had prepared a report for the Nova Scotia Department of Trade and Industry on how the government could tackle the province's on-

going economic decline. That report had called on the government to take a long term view of economic stimulation programmes. It emphasized the need to modernize the ways in which the government and the civil service dealt with industrial development. One way was to appoint an industrial consultative committee made up of representatives from labour, capital, government and the general public. Together they would be able to advise the government as to how best to foster the interests and realize the potential of the many economic sectors in some kind of coordinated fashion.

Stanfield was impressed with the Little report. He was convinced that government, in principle, should have a more direct role than in the past, in planning and promoting the province's economic goals and in implementing those goals. He also believed that all interested parties should be involved in the process of planning and promoting economic growth in all its areas.

Geoffrey Stevens has noted that Premier Stanfield was always on the political left of the Conservative party and was even regarded by some to be a Socialist at heart.⁵⁷ Margaret Conrad has also observed that as early as 1956 Stanfield had favoured direct government in-

57. Stevens, Stanfield, p. 32.

volvement in economic planning and development.⁵⁸ Clearly, Stanfield did not favour a hands off approach as far as his government was concerned. He believed that when private enterprise could no longer foster economic growth on its own, it was time for the resources of the state to step in. He also believed that development must follow a long range co-ordinated plan to facilitate a steady and dependable economy.

Once in power, Stanfield set out to adopt some of the recommendations of Little report. He began to study models for economic planning consultative committees that operated in other parts of the world, particularly Britain and France. These programmes impressed Stanfield. As he observed some years later:

I had noticed that...the United Kingdom and especially France were using planning techniques. I thought it would be useful for Nova Scotia to have a strategy of development in which representatives of various segments of our economy were involved in the conception, and not merely public servants.⁵⁹

Stanfield's enthusiasm for creating such a body was reinforced in 1961 when the federal government of John Diefenbaker appointed a

58. Conrad, "The 1950s", p. 409.

59. Letter to the author from Robert Stanfield, April 12, 1994.

business based consultative body called the National Productivity Council. Among its 25 members was A.R. Harrington, General Manager of Nova Scotia Light and Power Company. Harrington encouraged Stanfield to appoint a similar body in Nova Scotia.⁶⁰ Stanfield agreed, and in 1962 he created a joint Labour-Management Study Committee as a first step towards fostering a closer planning relationship between public and private economic interests.

Premier Stanfield recognized that he needed some mechanism within his cabinet to supervise the appointment and coordination of the kind of consultative process he saw at work in France, one that involved all economic sectors and labour and capital. Therefore, not surprisingly, he looked to his closest advisor who shared his same concerns for the economic revival of Nova Scotia - Ike Smith. In March of 1962, Stanfield turned the job of overseeing the implementation of his plan to his confident ally, Ike Smith. According to Stanfield, Ike's "thoroughness and enthusiasm would be essential."⁶¹ Smith was subsequently named the Provincial Treasurer. His first job was to transform the office of the Provincial Treasurer into the Department of Finance and Economics.

60. Chronicle-Herald, April 12, 1962.

61. Stanfield letter.

His second assignment was to set up a programme through the new department which would be known as Voluntary Economic Planning.⁶² Through this programme the Provincial Treasurer was mandated to study the potential and future prospects of existing industries and to try and rationalize them with each other and the government plans. Smith was to, "integrate the roles of various governmental agencies without their loss of freedom of action..."⁶³ As Ike Smith explained his job in a speech delivered in 1962, his department was, "concerned with both short and long term planning for whole sectors of the economy both public and private and with coordination of work and functions of all the Departments of the Public Service of the Province."⁶⁴

Smith agreed with Stanfield that such co-ordination and co-operation between the government and private enterprise were essential to the future economic well-being of Nova Scotia. He liked the idea of citizens being involved in the planning process rather than having government imposing priorities and programmes of its own. In many ways, voluntary economic planning was, according to J.M. Beck,

62. Stevens, Stanfield, p. 32.

63. "Ministers Shuffled" Chronicle Herald, May 2, 1962, p. 2.

64. PANS:MICRO:BIO:SMITH:G.I.SMITH:SPEECHES Test of A Speech to the Union of Nova Scotia Municipalities on Economic Planning August 29, 1962, pp. 15,17.

"[I]argely the brainchild of G.I. Smith."⁶⁵ As a member of the Cabinet Committee on Planning and Programs he had become convinced that federal regional incentive policies, like the Area Development Agency (ADA) and the Atlantic Development Board (ADB) were doomed to failure because they had been imposed on the region without the proper consideration of problems specific to the individual provinces. Smith did not like the idea that provincial development was hostage to the whims of federal politicians.⁶⁶ He believed all interested bodies should share equally in planning and implementing programs.⁶⁷ Smith also did not like the "growth centre" approach of the federal government. Instead, he wanted to see investment distributed more equitably across Nova Scotia, particularly outside of Halifax.⁶⁸ Even from the start, federal and provincial planning were at odds. The differences were, "rooted in divergent ideological, social and political interests that provided the respective basis for the institutional design, purpose and operation of the ADB as opposed to ...VEP."⁶⁹

65. Beck, The Politics of Nova Scotia, Vol. II, p. 274.

66. Careless, Initiative and Response, pp. 120, 147-148.

67. Brewis, Regional Economic Policies in Canada, p. 204.

68. First Annual Review, p. 70.

69. Bickerton, Nova Scotia, Ottawa and the Politics of Regional Development, p. 210.

In spite of these differences, Smith approached his assignment with enthusiasm. Prior to the implementation of Voluntary Economic Planning, he travelled in the summer of 1962 to see first hand how economic planning worked in Britain and France. Upon his return he travelled the province enthusiastically reporting on his findings. On August 29, 1962, in a speech delivered to the Union of Nova Scotia Municipalities, he said:

Now, in many important and progressive countries [like Switzerland, Holland, Germany, France and the United Kingdom] the belief is emerging that capital and management, labour and government, are more and more interdependent and that the ultimate aim of all can best be furthered if all work together.⁷⁰

In that same speech he stressed the advantages of this form of planning for the future. Smith argued that while the free-enterprise *laissez-faire* approach of the past was no longer acceptable, there was also a danger of too much government involvement and nationalization of industries. What was needed was a balance achieved through the voluntary co-operation and planning of public and private interests. He believed that if Nova Scotians adopted this system.

70. PANS:MICRO:BIOGRAPHY:SMITH, G.I.:SPEECHES Text of a Speech to the Union of Nova Scotia Municipalities on Economic Planning, August 29, 1962.

they could move together to the forefront of modern technology and attract industries on the leading edge of a new industrial age:

For a great many years, the prevailing theory in western countries was that government should not concern itself with the economic affairs of the industrial and commercial sectors of the economy...as time went on, however, this theory became less and less acceptable to the majority of people in the western democracies, and governments came to take more and more interest in general economic affairs...

In due course the transition from this doctrine of laissez-faire to something new or different went all the way to a fervent belief that nationalization of all the means of production was the only course which could lead to a high standard of living and a fair distribution of the national income among all people...[however] in the last ten years there has been a very marked decline in the reliance upon nationalization as the cure for economic ills...

It is not easy, but it is virtually necessary to remember that what was good enough for the industrial age of yesterday, and may even be acceptable in the space age of today, will not cope with the interplanetary age of tomorrow.⁷¹

Smith also emphasized that this type planning was not to be forced on Nova Scotians. It was to be voluntary. He was always careful when speaking about Voluntary Economic Planning to stress the absence of governmental coercion in the process. As he noted in

71. Union of Nova Scotia Municipalities Speech, pp. 2,4,10.

a press release:

A distinction must be drawn between the planning system used in Nova Scotia, in which there is no element of compulsion or regimentation by government, and other economic planning systems. In the Nova Scotia system, ideas and recommendations are obtained from people in industry and labour by a committee system and directed through the Voluntary Planning Board to government and industry for implementation. In other economic planning systems, it is common for the government to impose its plans on individuals.⁷²

So it was that Smith tackled his new assignment as Provincial Treasurer with enthusiasm and conviction. In addition to travelling to Europe to study consultative models in Europe, he turned to experienced economic advisors for help. In particular, he hired Professor W.Y. Smith who was President of the Atlantic Provinces Economic Council and the highly respected economic advisor to the former Conservative Premier of New Brunswick, Hugh John Flemming.

Smith wasted no time in setting up the first of the sectoral committees. In the fall of 1962, a conference for the agricultural sector was held in Truro. This was to be the model conference for subsequent sectoral committee organizational meetings. Ike Smith,

72. PANS:MICRO:BIOGRAPHY:SMITH:G.I.: "In Review of 1967" Press Release, January, 1968.

Professor William Smith and the Minister of Agriculture spoke to the assembled agriculturalists including farmers and food processors. Separate specialized interest groups formed their own working groups or sub-committees. From these groups, representatives were selected to sit on an umbrella style Agricultural Sector Committee which, in turn, would eventually report to the Voluntary Economic Planning Board. In this way, like Smith hoped the development incentives and promotion would start from the grass roots and work its way to the top rather than in the traditional way from the politicians and bureaucrats down. The plan was that other sectors including forestry, fishing, tourism, manufacturing would organize themselves along the same lines.

However, before this all could be set in motion, some structural changes had to be made at the administrative level. In 1963 the Public Service Act was amended thereby replacing the position of Provincial Treasurer with the Ministry of Finance and Economics. The primary responsibility of this new Ministry was to oversee provincial economic planning. The sister piece of legislation, the Voluntary Planning Act of 1963 created an administrative provincial board, to be called the Nova Scotia Voluntary Planning Board. This

act outlined the setting up of individual committees, mandated to speak for whatever sector of the economy they represented. Within each of these sector committees, such as the one already in place for agriculture, there would also be sub-committees to study and report on particular concerns relevant to that sector. These various committees were to be comprised largely of private sector people. Government members were simply to act as liaisons for information and to provide support staff help.⁷³

The Voluntary Planning Board itself was made up of twenty-eight members from industry, labour and government, including chairman A. Russell Harrington, who had encouraged Premier Stanfield to adopt the model in 1961. The Vice-Chair was Joe Gannon, Past President of the Nova Scotia Federation of Labour. The choice of Harrington and Gannon was not coincidental. The slogan for the Economic Planning Board was "Business - Labour- Government" and Harrington and Gannon were carefully selected to reflect that triumvirate of purpose and intent. However, although as Harrington claimed, most economic groups in the province were well represented, there were only four labour representatives on the 23

73. Nova Scotia Voluntary Planning Board First Plan For Economic Development To 1968 (Halifax: Queen's Printer, 1966), pp.19-20.

member board. Business held 15 of the positions. Attendance of labour representatives was sparse since members were not paid to attend meetings and attendance could mean a loss of pay. It was, in truth, easier for businessmen on a salary to take the time to attend.⁷⁴

The Board's job was to coordinate the various sector plans when they were submitted by the individual committees and to combine them into an overall provincial plan.⁷⁵ In this respect the Board was both proactive and reactive. Proactively, its role was to implement, "measures within the private sector and raises issues for the government to consider to promote economic development and contribute raising the standard of living of all Nova Scotians". Reactively its role was to respond, "to governmental requests for advice on matters of policy and provides discrete and confidential response to new legislation before it is introduced."⁷⁶ Under the terms of the Voluntary Economic Planning Act the Board also was to, "collect, collate and disseminate" information regarding economic development and resources. It was to advise government

74. Harrington interview.

75. Brewis, Regional Economic Policies in Canada, p.207.

76. Lamport, Common Ground, p. 3.

on economic matters and arrange for government sponsored economic studies. Finally, it was to oversee various sectors and to envisage plans for the future.⁷⁷

The ten sector committees were to include power, tourism, transportation and communication, service, fisheries, agriculture, forestry, manufacturing, mining and construction. Upon the selection of their various sub-committees the members were to meet to devise a plan including an annual target for that particular sector, a short historical review of the sector's past, recent and current rates of growth, the potential for increased growth, obstacles to growth in the past, present and future, as well as a recommendation of the policies that should be pursued by the government as well as industry.⁷⁸

However what was set out in theory ran into problems in practice. The various sector committees were not set up at the same time. After the initial activity in 1962 that saw the setting up of the Agriculture committee, forestry followed suit in 1963, and tourism, fisheries, and mining and construction in 1964. The manufacturing

77. First Plan, p. 20.

78. PANS:MICRO:BIOGRAPHY:SMITH, G.I.:SPEECHES Voluntary Economic Planning. A Text of a Television Speech, January 30, 1963, pp. 6-8.

committee just barely got organized, the transportation and communication committee was not set up until the spring of 1965 and the services sector committee was never created. Therefore, from the beginning, there were problems for the Voluntary Planning Board which first met in 1963. When it came to comparing and co-ordinating the plans from the various sectors, the Board quickly realized that some were obviously better prepared as the result of more consultative time. As well, there were few guidelines regarding preparation and presentation of planning reports given to the committees themselves. The grassroots approach resulted in some confusion and contradictions that made it very difficult for Board to assess the various plans and to draw up an inclusive one of its own.

As a result, the Voluntary Economic Planning Board had to assume a more imperious role than originally intended. In 1964, the board set out to devise a standard format by which committee proposals would have to conform. Governance from the top replaced the idealistic bottom-up approach. This was necessary because the Board was under pressure to present an overall plan to the legislature in 1965. The government wanted a plan to show Nova Scotians that the new approach of consultative planning could work. The Board had to

facilitate the submission of reports and also work quickly to produce some kind of positive planning document. So it was that in February 1965 the Board submitted a preliminary progress report outlining some of its plans for the next two years. At least a preliminary report left the impression that something was happening, that Voluntary Economic Planning was up and running.

The Report on Progress Overall Plan, Nova Scotia to 1968 was not as extensive or complete as had originally been hoped in 1963. Nevertheless, it did set out the goals of the Planning Board. As with IEL the chief priority was job creation and stimulation of the provincial economy. But while IEL was seeking out and funding individual industries, the Voluntary Planning Board saw its role as that of providing for a more integrated long term development plan to look at all sectors of the economy and to set provincial economic priorities. So it was that the board announced its first specific directives:

In preparing the First Plan for Nova Scotia, the Voluntary Planning Board has selected a rapid rise in employment as the objective which should receive the most emphasis...The Board attaches the highest priority to the development of new policies to expand employment in

secondary manufacturing.⁷⁹

The report went on to specify objectives for the short term and long term:

...the VPB has formulated a specific short-term strategy for improving manpower utilization though increasing employment opportunities, and has established goals for a faster rate of growth in the provincial economy.⁸⁰

The report continued by identifying specific primary areas of concern:

1. "the highest possible rate of growth with an equitable distribution of per capita income;
2. the highest possible level of employment;
3. the achievement of the highest possible increase in productivity;
4. the development of all the resources of the province to the highest point of efficiency; and
5. the achievement of a climate, both economical and political, that will encourage the development of new industries and the expansion of existing industries."⁸¹

To that end, the Board concluded that between 1965 and 1968, the government should attempt to create 3400 new jobs, particularly in the areas of public service and manufacturing. This

79. Nova Scotia Voluntary Planning Board Report on Progress Overall Plan - Nova Scotia to 1968 (Halifax: Queen's Printer, 1965), pp. 1-2.

80. First Plan, p. 7.

81. Ibid., p. 7.

was a laudable but almost unbelievable goal. So too was the promise to facilitate an increase in the annual growth rate of capital investment to 9.2%.⁸² Overall, the Board wanted to ensure that a solid foundation for future growth was created along with, "the establishment and expansion of efficient and self-supporting activities to provide new employment."⁸³

Reactions to the Board's creation and first Plan were mixed. While government members were enthusiastic, some bureaucrats, academics and Nova Scotians in general were either apathetic or cynical. Some did not really believe that the sector committees would voluntarily set realistic priorities that might result in the termination of unproductive but cherished ways of doing business. They doubted that committee members would be selfless and progressive enough to advocate shifting investment focus to more relevant and leading edge economic activities. Also many did not believe that planning would really come from the private sector interests rather than from political directives. In general, there was a kind of wait and see attitude. Consequently, as the Chairman of the Board, A. Russell Harrington, observed, there was really little public

82. Ibid., p.1.

83. Ibid., p. 1.

reaction to the specific deliberations of the Board. In fact, many of the plans and policies discussed were not made public. Although many people were involved in the voluntary planning process, their deliberations were not necessarily all out in the open.⁸⁴ A number of deputy ministers also were not enthusiastic about the Board. They were concerned that the whole plan was nothing more than political window dressing which had the potential to disrupt or delay plans and programmes they and the civil service had already prioritized. As the Board's president saw it, the bureaucrats resented intervention from outside of their traditional realm.⁸⁵ Nevertheless, the Halifax Herald observed that the first report did attempt to separate forced planning from voluntary planning. The paper supported this "bottom up" approach:

[t]he report [first progress report of the Board] makes it clear that it is not simply a system of overly ambitious economic goals devised by cloistered bureaucrats, and toward which politicians exhort the people. It bears no resemblance, for example to the 'five-year plans' so drearily familiar in Communist countries⁸⁶

Some might have doubted the sincerity of the government but like

84. Interview with A. Russell Harrington, in Halifax, July 29, 1993.

85. Harrington interview.

86. "First Glimpse" Halifax Chronicle Herald March 3, 1965, p. 4.

Smith was personally dedicated to the voluntary principal. In 1968, he emphasized that the government was not merely passing something down the line for the people to rubber-stamp. In fact, he envisaged quite the opposite. He believed that the sector committees meant that people in each sector of the economy could have a say in what policy was pursued by the government:

Our philosophy is one of engaging the whole community in economic thinking, and of harnessing the talents of our most able and knowledgeable citizens. I think we have managed, more than anyone else, to emphasize the principle of "from the people up" rather than "from the top down".⁸⁷

"Engaging the whole community" became increasingly difficult. The problems encountered by the Board in trying to reach a consensus on future planning and selection of priorities which did not contradict those set out by individual sectoral committees only increased. The fact that two major employment sectors, Manufacturing and Services did not have sectoral committees meant that the planning of the Board was somewhat circumspect. Nevertheless, like Smith was confident the process could work. To show that the government intended to be guided by the recommendations of the Plan-

87. PANS:MICRO:BIOGRAPHY:SMITH:G.I.: Press Release, June 17, 1968.

ning Board he set up a Special Committee on Steel and a Special Committee on Manufacturing. These were his response to the Progress Report of 1965.

As Voluntary Planning slowly took hold, Smith began to speak out more about the importance of planning for times of great technological change and advancement. Age old ways of doing things and traditional economic priorities might very well have to change. As the Voluntary Planning Board noted in its annual report for 1970, "Voluntary Economic Planning evolved in the context of change and the realization that in the 1960s the most salient characteristics of society would be change."⁸⁸ Ike Smith summed up the government's desire to keep up with the times rather than being further mired in the stagnation of the past:

Today we live in a world of change - change so rapid, so all embracing, that none can tell whether it will lead us all...And the pace is quickening. When most of us here were going to school, how many of us thought we would live to see the day when a camera would land on the moon...Or when a computer would do in seconds what many men working together could not do in a lifetime.⁸⁹

88. Voluntary Economic Planning, Annual Report, 1970, p. 6.

89. PANS:MICRO:BIOGRAPHY:SMITH:G.I.:SPEECHES "Speech of G.I. Smith on Being Selected Leader of the Progressive Conservative Party of Nova Scotia" November 4, 1967, p. 6.

With an eye to the future, Smith and the government pursued their dream of voluntary economic planning. They constantly reiterated that the original objectives of Voluntary Economic Planning, to operate from bottom up and not from top down, was in keeping with Nova Scotia's democratic traditions. According to the rhetoric, the system of committees meant that the average Nova Scotian could be better informed about the provincial economy and its problems. Voluntary Planning would allow the people and government together to establish policies and priorities best designed to use the available resources. The vision was one of Nova Scotians, labour, management and the government working together for the long term benefit of all.⁹⁰

By 1966, the economic situation in Nova Scotia had indeed improved. That year the Economic Planning Board released its first real report and Plan for the future. According to this 1966 Voluntary Planning Annual Review, the economic picture was most positive. The unemployment rate had dropped to 5% from the 7% of 1964. The employment target of 3400 new jobs per year set by the Board in 1963 had been exceeded. In total, the employed labour

90. Nova Scotia Voluntary Economic Planning Board, First Plan, p. 18.

force was up by 2%, 1.4% higher than the Board had anticipated. The capital investment goal set for the year 1968 had already been exceeded by 18% in 1966, while per capita investment went from 62% of the Canadian average to 72% that same year. Per capita incomes, as well, were up 9.4%, while the Canadian average was 8.4%. In the first nine months of 1966, wages and salaries were increased by 9%.

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Ike Smith could boast of apparent successes but a decade later, Anthony Careless, assessing the Voluntary Economic Planning Board's activities, concluded that closer scrutiny revealed that the board had no new ideas in 1966. The same priorities set out in 1965 remained but so too did the same problems of achieving a consensus among the established sectoral committees. Careless observed that the so-called First Plan was, "...an undisciplined collection of private sector desiderata...without a framework or process by which they could be achieved."⁹²

In other words, Careless concluded, no one, not labour, not business and not government had any idea how to turn the priority lists

91. Nova Scotia Voluntary Planning Board 1966 Annual Review - Economic Review, p. 8.

92. Careless, Initiative and Response, p. 119.

of the various committees into a practical and feasible economic plan for the whole province. There was no real mechanism to deal with conflicts in interest between the various sectors. There was no way to wed political aspirations with economic aspirations. There was no way to ensure that the ideas of the VEPB were given serious consideration by an often resistant civil service. But these problems were not obvious in 1966.

By the end of 1966, it generally appeared that Voluntary Economic Planning and Industrial Estates Limited were having a positive influence on the economy of the province. There was a sense that Nova Scotia was entering a much delayed period of economic growth and stability. IEL was luring industry to the province at an unprecedented rate and the government was taking an active role, along with Nova Scotians, in planning the future development of the economy. Ike Smith had been working front and centre in this programme of economic revitalization. As Gerry Ritcey points out, Ike's hands on approach and his ability to deal with people was invaluable in terms of the preliminary organization.⁹³ For instance, although Stanfield may have had the original idea for Voluntary Eco-

93. Ritcey interview.

conomic Planning, it was Smith who had shaped and formed the actual process.

Proof of the Nova Scotia economic turnaround seemed to be everywhere one looked. As early as August of 1965, media sources outside of the province were taking note. In that month, Canadian Business ran an article entitled "Nova Scotia: Pacemaker of Maritime Industrial Growth". In March of 1966, the magazine Industrial Development also took note of the success of the province, stating that:

To be sure, hardy lumberjacks still roam the backwoods and women sit in the sun making hooked rugs in the fishing villages...

But the visitor soon realizes that he must discard many preconceptions about this picture book province...

You soon learn there is a "new" Nova Scotia and so your preconceptions evaporate one after the other - virtually the second you touch down at the Halifax International Air Terminal...

...you soon learn that Nova Scotia's new spirit is buttressed by solid achievements in economic development.⁹⁴

The provincial media also jumped on the Nova Scotia bandwagon. In a special five page section, headlined "Places Canada In A Leading Position", the Halifax Chronicle Herald, on May 1, 1967, observed

94. E.T. Ellenis, "Nova Scotia Profit Formula: Genuine Industrial Incentives and Closeness to World Markets" Industrial Development March 1966, pp. 30-31.

that, "The entry of Nova Scotia into the production of heavy water is a significant step in the industrial development of the province..."⁹⁵ Like Smith himself had positive words to say about the success of the government to 1967. In the House, he stated that:

I believe IEL has done more to make the name of Nova Scotia well and favourably known throughout the world than anything since the days of wooden ships and iron men, when Nova Scotia was the fourth largest shipping country in the world and her ship and men were known wherever ships could go...

Bringing the first heavy water plant here was a splendid accomplishment. It attracted more favourable attention than any single industry and its effects upon Nova Scotia will be very great but very hard to measure.⁹⁶

Until now, it seemed as if the Stanfield government, in power for the last ten years, had the magic touch. Many were convinced that the 1960s were the decade that Nova Scotians had been waiting for since 1867 when Confederation had ended the mythical "Golden Age" of economic prosperity. All Nova Scotians should be proud, they

95. "Places Canada in A Leading Position" Halifax Chronicle Herald May 1, 1967, p. 27.

96. PANS:MICRO:BIOGRAPHY:SMITH:G.I.:Remarks of G.I. Smith on moving Second Reading of a Bill to Increase the Amount of Money Which May Be Advanced to IEL. March 16, 1967.

were told, because through Voluntary Economic Planning they were involved in a process designed to bring the province into the forefront of modern technology. No longer would the province be the poor cousin of the rest of Canada.

Stanfield and the Conservatives seemed unbeatable, having won majority governments in 1956, 1960 and 1963. There were few signs that anything major would go wrong with the Stanfield machine. The fortunes of the party and the province seemed to be on the rise. However, behind the facade of success were the roots of change and disaster, for both the province and the Conservative government.

CHAPTER 4

"SHE'S ALL YOURS, IKE."¹

REALITY SETS IN 1967-1969

There was no fanfare of trumpets when George Isaac Smith took his oath as premier on September 13, 1967. Few people envied him...there were signs that the Stanfield government, after years of relatively smooth sailing, was headed for squally water in the economic sphere. The signs were all too true.²

No one can say, with certainty, or course, what the future will bring. It may not be as good as we expect. It may be better. No man is infallible. The history of human affairs teaches us that things sometimes go wrong despite the best efforts and the soundest judgement of the ablest men.³

-Ike Smith, February, 1968.

In 1967, the federal Conservative Party had to select a new leader. Few, if any, realized how far reaching the impact of the final choice would be on the future of Nova Scotia. After all, as

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1. Taken from the Chambers cartoon treasury of the same name, published by McCurdy Printing Co. Ltd., 1968.
 2. Dal Warrington, "Past Year And A Half No Bed of Roses For Premier" Halifax Chronicle-Herald, February 25, 1969, p. 3.
 3. PANS:MICRO:BIOGRAPHY:SMITH,G.I., Text of a Speech by G.I. Smith - House of Assembly, February 26, 1968, p. 25.

Murray Beck observed:

In 1967 it was all Robert Stanfield and the new Nova Scotia. Supposedly the province was on the verge of an industrial break-through which, at long last, would end its disadvantaged position in Confederation.⁴

The search for a new national party leader included the recruitment of Nova Scotia's phenomenally successful premier Robert Stanfield. Although hesitant at first to accept, Stanfield finally agreed to let his name stand for election. There was one condition, his closest political ally was to succeed him as party leader and premier. So it was that G.I. Smith unexpectedly, and reluctantly, found himself at the provincial helm in September 1967.

On the surface, Smith's inheritance was an enviable one - the Tories held 46 of 52 seats. In addition, the provincial economy was turning around, jobs were being created and industry was expanding. In fact, however, the inheritance was a flawed one. Smith's years in office would be trying ones as the economic initiatives he had so confidently promoted and overseen lost their lustre. In just three years, the Tories would suffer electoral defeat, the Voluntary Planning Board would have declined in influence, IEL would be discredi-

4. Beck, The Politics of Nova Scotia Vol. II, p. 318.

ed and regional disparity would continue to plague Nova Scotia as in the past.

Immediately after assuming the position of interim leader, Ike Smith was confronted by a series of crises, ones that made it virtually impossible for him to concentrate on his primary interest - reducing regional disparity. However, the Halifax Chronicle Herald believed that Smith was up to the challenge, "there is no question about Mr. Smith's qualifications or that he has earned the right to discharge his great responsibilities." ⁵ The first crisis surfaced in October 1967, when Hawker-Siddeley announced that it would be closing its Sydney Steel plant by April 1968. This came as a terrible blow not only to the people of Cape Breton, but also to a provincial government that had spent the last eleven years trying to create jobs and foster economic growth, particularly in that part of the province.

This move by the London-based Hawker-Siddeley Company took everyone involved by surprise. Less than two weeks prior, on October 3, there seemed to be no problems with the plant. In a statement issued in conjunction with the Voluntary Economic Planning Board

5. Halifax Chronicle-Herald October 19, 1967, p. 4.

and the Atlantic Development Board, management at the plant suggested that the "future of the Sydney Mills as a supplier of ingots and rails was assured under existing conditions."⁶ In response to Hawker-Siddeley's surprise announcement, a shaken premier responded, "[t]his comes as an incredible change of attitude by Hawker-Siddeley and DOSCO. It is completely lacking in any sense of corporate responsibility to its employees and to the community in which it operated."⁷

But Smith had no time to worry too much about corporate responsibility, his concern was the welfare of Nova Scotians. In dealing with the problem, he had to consider that 3200 jobs would be terminated, not including the jobs that would be lost as an indirect result of the DOSCO closure.⁸ In one fell swoop, this could destroy the job gains made by VEP and IEL over the years. He also had to consider the impact such layoffs would have on the wider economy of the region. And, he had to consider the negative impression this development might leave with those potential investors he had hoped

6. "Leaders Dismayed" Halifax Chronicle-Herald, October 14, 1967, p. 2.

7. PANS:MICRO:BIOGRAPHY:SMITH:G.I. Statement on behalf of the Government of Nova Scotia - Honourable G.I. Smith, October 13, 1967.

8. PANS:MICRO:BIOGRAPHY:SMITH:G.I.:SPEECHES, Speech to the Legislature regarding DOSCO, p. 18.

to attract to Nova Scotia over the next few years.

Smith needed time to consider all his government's options. He had to protect his government's image as a promoter of industrial development. For these reasons, he convinced the cabinet that the first thing to do was to keep the Hawker-Siddeley plant running one way or another, at least on a temporary basis until a more permanent solution could be worked out. Since no one came forward with an offer to run the plant, the government suddenly found itself in the position of being owner and operator. The government bought the plant, arguing that, "[t]he cost is great, but the cost of any alternative would be even greater".⁹

Smith was widely praised for his actions during this crisis, especially considering that he had, "pulled off what many thought he could not pull off - the purchase of the Sydney Steel plant - on his government's terms."¹⁰ Thousands of jobs in Cape Breton had been protected as had the general economic well being of the region. One of his colleagues called Smith's actions with respect to the steel plant his "crowning achievement".¹¹ Partly in recognition of "this

9. Ibid., p. 1.

10. Ron MacDonald "Sharpened Verbal Daggers On Weekend Off" Halifax Chronicle-Herald November 27, 1967, p. 5.

11. Ritcey interview.

achievement", Ike was awarded in 1969, an honorary Doctor of Laws Degree from St. Francis Xavier University. At the ceremony, the vice-president of the university stated that, "[w]e honour him most for the forthright and decisive manner in which he met the Sydney Steel crisis. This was his finest hour and it will be long remembered by a grateful people."¹² Ironically, one year later, in the provincial election of 1970, the Conservatives lost the seat in which the plant was located.

Ike Smith's handling of the Sydney steel plant crisis while serving as interim Conservative party leader, so impressed his colleagues that when the Tory Leadership Convention was called for November 1967, Smith's selection was a foregone conclusion. Even potential candidates like Richard Donahoe decided not to run.¹³ Smith was still a reticent leader but he accepted his fate as part of his public duty.

Premier Smith quickly discovered that his position as leader was as strenuous and crisis filled as had been his tenure as interim leader. The DOSCO problem was not permanently resolved and other set-

12. "St. Francis Xavier University Honors G.I. Smith for 'Finest Hour'" Evening News, May 25, 1969.

13. Beck, The Politics of Nova Scotia, p. 299.

backs to the government's economic plans were about to haunt him. Foremost among these was the unraveling of Industrial Estates Limited.

The Liberal opposition had long criticized IEL. However, the initial successes of IEL's investments between 1958 and 1967 had made it difficult for the opposition to chip away at the keystone of the Stanfield government's economic policies. Even in early 1968, the majority of the IEL sponsored businesses were seemingly well fastened on firm financial footings. Forty-eight of its fifty-six clients were in production, even the Deuterium heavy water plant, although more than two years behind schedule, was still promising a golden future.¹⁴ The only serious fly in the ointment was the Clairtone Sound Corporation.

The Clairtone Sound Corporation had been one of the most promising investments to come to Nova Scotia in the mid-1960s - or so IEL and the Nova Scotia government thought. It was a company on the leading edge of technological development, and was willing to locate in Stellarton, one of the priority job creation areas of the province. It promised to create much needed employment, upwards

14. Beck, The Politics of Nova Scotia Vol. II, pp. 302-303.

of one thousand jobs.¹⁵ The founders of the company were Peter Munk and David Gilmour. They were two Ontario businessmen who were very successful in their ventures, Munk in stereos and Gilmour in imported furniture.¹⁶ They were widely recognized for their business skills. As Harry Bruce points out, "Clairtone Sound Corporation was a glamorous company with two glamorous founders. The business press treated Peter Munk and David Gilmour ...with awe-struck approval."¹⁷ Clairtone Sound Corporation had started its operations producing hi-fi components in attractive furniture cases in Ontario in 1958. By the early 1960s, it was recognized as one of the most successful new high-tech companies in Canada.

Armed with many economic incentives, IEL successfully convinced Clairtone to move its operations to Nova Scotia. In 1964, Clairtone located in Stellarton after Industrial Estates Limited offered it very favourable terms to locate in the province, particularly in one of the high unemployment "designated areas". There were accelerated rates of depreciation on the building and materials of the company. These inducements combined with low municipal taxes,

15. Stevens, Stanfield, p. 144.

16. Ibid., p. 142.

17. Bruce, Frank Sobey - The Man and the Empire, p. 289.

transportation subsidies and one million in government grants seemed too much to refuse. The federal government, as well, gave Clairtone incentives. These incentives included a three year relief from federal taxes. Also, the federal government gave the company grants for training and moving staff.¹⁸ Not surprisingly in 1964, Munk and Gilmour decided to move to Stellarton.

There was much hype about Clairtone's arrival. An article in the Halifax Chronicle Herald hailed the plant as the saviour of Pictou County, the "forgotten corner of North America."¹⁹ The New Glasgow Evening News on November 19, 1964 carried the headline in blazing red, "CLAIRTONE COMING TO COUNTY", and in the article, the enjoy of New Glasgow stated that, "[t]his could be the beginning of an economic expansion of undreamed of possibilities for our area."²⁰

However, beneath the hoopla, there were those, including a prominent Tory, Dalton Camp, who feared that the arrival of Clairtone Sound was going to prove to be a very bad investment for Nova Scotia. Camp maintained that had IEL done a little more research on

18. Garth Hopkins The Rise and Fall of A Business Empire, (Toronto: McClelland and Stewart, 1978), p. 92.

19. "What Clairtone Means to the Area" Halifax Chronicle Herald June 21, 1966, p. 21.

20. Bruce, Frank Sobey - The Man and the Empire, p. 278.

the finances of the company and the market potential for its product, it would have realized that Clairtone was not a sound investment. In fact, some members of the IEL Board of Directors were concerned about the security of the venture. Frank Sobey himself, admitted that it was a risky move, but he accepted risks as a necessary evil.²¹

In spite of the doubts Clairtone quickly set up shop. All seemed to be going smoothly at first. In its first year the company did \$9.6 million in sales, up 8.9% from 1963.²² On the surface, it appeared as though the Stanfield government had scored another coup. In addition, this time, there was a kind of delicious irony in luring Clairtone from the Ontario industrial heartland to rural Nova Scotia. Maybe geography was not the negative factor it had once been. Maybe Nova Scotians could share in the full benefits of Confederation in this new age of industrial development.

In reality, however, by 1967, all was not well for Clairtone. Initially, the company had concentrated on making and selling stereos. But Munk was captivated by the growing market for the latest in technology, the coloured television. In February of 1966,

21. Stevens, Stanfield, pp. 143-5.

22. Hopkins, The Rise and Fall, p. 92.

Clairtone announced that colour televisions would be produced in its Stellarton plant. The fact that the company and its owners knew nothing about televisions seemed to be of no concern.

The colour television plant opened in June of 1966, and by August, it was fully operational, employing 1250, and earning \$15.5 million.²³ The signs seemed to be good. But the market was a small one and when the start of 1967 was marked by a general slump in the sales of colour televisions, things began to look less promising. The decline in demand was accelerated by the labour problems at the plant in March of the same year.

By the spring of 1967, the Clairtone Sound owners found themselves in a tight financial position. The only way to ward off bankruptcy was to acquire more money from Industrial Estates Limited. Munk was sure the money would be forthcoming. After all, IEL had always complied in the past. However, one thing had changed. By now, Robert Stanfield, who had always been willing to listen to Clairtone's pleas for assistance, was national Conservative leader in Ottawa. In his place stood Ike Smith who held a slightly different view of Clairtone. It is difficult to determine exactly why Smith

23. Ibid., p. 107, 117.

held this view. Perhaps he had favoured a different project as recipient for government funds. Perhaps he saw where the Clairtone path was leading. Hopkins asserts that there were personal differences between Smith and Munk causing the tension.²⁴

Although Smith may not have been as sympathetic to Clairtone requests, he was an astute enough politician to know that the demise of the Clairtone Project would only injure the party's fortunes or chances at re-election time. Smith did not want to see the plant close because such a closure would not only put many people out of work, but would also tarnish the image of IEL. Therefore, he agreed to advance the requested \$2 million to Clairtone, but now the game had changed. Unlike in the past, very specific conditions were placed on this loan. Munk and Gilmour had to give up their personal control of the company to IEL. On August 27, 1967, IEL and Clairtone signed an agreement that allowed for the purchase of 300 000 shares of Clairtone, for ten dollars each. This marked a notable shift in the policy of IEL. As of August, 1967, it had gone from being an institution authorized to lend money to being an equity holder in one of its client companies, with the power to elect Board

24. Hopkins, Clairtone, Rise and Fall of A Business Empire., pp. 110-111.

members.²⁵

Ike Smith had no great love for Clairtone, and even less sympathy for Peter Munk. It was in Nova Scotia's best interests for Smith to take a harder line with Clairtone and its ambitious promoter than had Stanfield.²⁶ But the government could not rid itself of this albatross, at least not just yet. For political and economic reasons the government had to facilitate the take over of the company and hopefully turn it around. This was the only way to ever recoup the \$13 million dollars invested in Clairtone. More importantly, to kill the project would have meant job losses and the related physical and psychological hardships just as winter descended upon the province. This weighed on the minds of the cabinet as it made this fateful decision. According to Frank Sobey, by the middle of 1967, political concerns began to outweigh business concerns.²⁷

In order to protect the image of IEL and to maintain local confidence in Clairtone and the provincial government, Smith defended Clairtone before the media as late as 1969.²⁸ But the best days of

25. Hopkins, Rise and Fall, pp. 110-111.

26. Ibid., p. 129.

27. Ibid., p. 175.

28. "Past Year And Half No Bed Of Roses For Premier" Halifax Chronicle-Herald February 25, 1969, p. 10.

Clairtone were well in the past. Even with IEL in control in 1968, the company lost \$8.9 million dollars.²⁹ The market simply was not there, locally or elsewhere. Yet, too much had been invested in the venture for IEL to back out. Nevertheless, the company continued to lose money until it was eventually bought out by the province in 1970. This brought the total amount of money invested in Clairtone to \$26 million. Its assets were only worth three million dollars.³⁰ By 1970, there were only 40 workers left in the Stellarton plant, and Clairtone stock, that had previously sold for \$15.25 a share was now worth just 41 cents.³¹

As Smith had anticipated, the collapse of Clairtone affected many including the plant workers and the community of Stellarton. It also meant that more and more Nova Scotians began to question the investments of IEL. No matter what light Smith's government tried to put on the sequence of events, the reality remained, the Nova Scotia taxpayers' money had been lost in a very bad investment. The government argued that to make money, it had to take risks, ones that if they paid off, paid off very well - and if not, could spell

29. Hopkins, Rise and Fall, p. 139.

30. Ibid., p. 164.

31. Stevens, Stanfield, p. 147.

the doom of the investor. As Garth Hopkins has observed:

Whatever business misjudgement Munk and Gilmour made with Clairtone, the biggest and ultimately fatal one was the one that no one could see - the political presence inside the bright shiny package of goodies that lured them to Nova Scotia. The frustrating, poignant part of it all is that both the giver and the receiver sincerely believed that it would achieve what everyone wanted - a growing, prosperous company that would contribute to a growing, prosperous province.³²

Government critics argued that while risk-taking was acceptable and understandable, risk-taking without reasonable investigation of the product, marketing potential and company owners was not acceptable. In particular, unsympathetic critics of the government's part in the Clairtone story claimed that, the government, through IEL, had not requested sufficient security from Munk and Gilmour.

The apportioning of blame is not the key issue, as it can be spread among IEL, Clairtone and government officials. Rather, the issue becomes one of judging whether or not the government pursued the best avenue possible to further its economic development plans given market realities, resources, employment, levels inflation, interest rates and other economic indicators. The Nova Scotia

32. Hopkins, Rise and Fall, p. 176.

government, in choosing to pursue a mega-project like Clairtone, staked, in large part, its hopes for economic recovery on one industry - an industry that was perhaps flawed from the start. Although IEL may have overlooked the potential for disaster when it triumphantly brought Clairtone to Nova Scotia, it is important to remember the economic conditions that led to the consideration of Clairtone for Nova Scotia. The government desperately wanted a major industrial success story, and the odds on Clairtone seemed good at the time. As Hopkins concludes in his study of Clairtone The Rise and Fall of a Business Empire:

Had it succeeded, the province of Nova Scotia would today have a massive industrial base, built on electronics, auto-mobiles and steel, which would have altered the economic and social fibre of the entire Atlantic Region.³³

It was hopes of creating such an industrial base that led to the formation of IEL back in 1958. IEL President Sobey pointed out after the demise of Clairtone became obvious, "Clairtone was a reasonable project for IEL to get into. It was essential that IEL get somebody established in the manufacturing of small light components in Nova Scotia, and Clairtone was making a profit of about \$600 000 when

33. Hopkins, p. 32.

we made a deal with them."³⁴ The government was very adamant about its goals for industrial development, and perhaps its close involvement with IEL was part of the problem. Stanfield and, to a lesser degree, Premier Smith, were prepared to go to almost any end to achieve economic prosperity.

As if the Clairtone Sound debacle was not enough, Smith and his government found themselves under attack on a second front at about the same time. Once again the problem involved an investment in a company on the leading edge of technology. And, once again, it was a project funded by IEL, a project that began with dreams of expansion and growth and ended in a nightmare of lost money and lost faith in government. This time the case involved Deuterium of Canada Limited and its plans to build a heavy water plant in Cape Breton

As was the case with Clairtone Sound, Deuterium of Canada seemed to meet the two primary interests of the Nova Scotia government, immediate job creation and long term survival. Prior to 1965, the construction industry in Cape Breton had been static.³⁵

34. "Sobey Says Nova Scotia Needs More 'Do-ers'" Halifax Herald September 5, 1969, p. 5.

35. Report of I.M. MacKeighan, Q.C. - Industrial Inquiry Commission Respecting Deuterium Construction Projects Glace Bay, 1967, p. 7.

The building of the heavy water plant itself, promised to employ 250 construction workers in the initial phases in the summer of 1965. These figures would increase to 500 that fall, and to over 700 by the fall of 1966. More importantly, 75-80% of the jobs would be filled by Nova Scotians.³⁶ The plant, when completed, would also have an impact on job creation, as it would employ 175 people at 1.3 million dollars. In addition, using a ratio of 1.2 indirect jobs for every direct job, 210 more jobs would be created in spin-off areas.³⁷

As for long term prospects, Deuterium seemed to be exactly what the government had ordered. Smith had stressed the need for modern, up to date industrial investment.³⁸ What could be more modern, more technologically advanced in the 1960s than nuclear technology? Success in one high-tech industry, the government reasoned, would surely bring further success in others. Heavy water would be just the beginning. Combined with the success of Clairtone, and the resurgence of the steel plant in Sydney, Nova Scotia was bound to dominate the industrial scene in Canada, if not North

36. MacKeighan study, p. 4, 6.

37. PANS:MICRO:BIOGRAPHY:SMITH:G.I.:SPEECHES Remarks of G.I. Smith on Moving Second Reading of a Bill to Increase the Amount of Money which May Be Advanced to Industrial Estates Limited, March 16, 1967, p. 13.

38. PANS:MICRO:BIOGRAPHY:SMITH:G.I.:Speech on Deuterium, reel 11008.

America or the world.

In 1963, the Canadian government was developing the Canada Deuterium - Uranium (CANDU) nuclear power reactor, for use in Canada and for sale abroad. A key ingredient in the reactor system was heavy water, a compound of hydrogen and oxygen, essential for fission to occur in the uranium. Since heavy water must be manufactured, the Canadian government was looking for bids from prospective heavy water suppliers. The eventual winner of the bids was Deuterium Corporation of New York. IEL wasted no time in courting Deuterium Corporation. In addition to the usual incentives, IEL also promised that if Deuterium would set up in Cape Breton, an area needing economic stimulation, the provincial government would give the company, an equalization payment for the Cape Breton coal it used. One stipulation of the deal, due to the sensitive nature of the nuclear applications of the heavy water, was that the company be Canadian owned. As a result, IEL purchased 51% of the company, the rest was owned by the Deuterium Corporation.³⁹ Eventually, this ownership would have dire consequences for IEL and the province.

Glace Bay was chosen as the site for the plant, due to its proxim-

39. Mathias, Forced Growth, pp. 107, 111.

ity to the coal fields and the ready availability of cheap labour.⁴⁰

The Halifax Chronicle-Herald commented on the importance of the location:

The Glace Bay plant is of inestimable importance to Cape Breton...It is an expression, in the most practical terms, of Canadian confidence in Nova Scotia and in the ability of industrial Cape Breton to lead the way in the nuclear age.⁴¹

The initial investment in the plant was to be \$30 million, \$12 of which was to be supplied by IEL. It was hoped that the plant would produce 200 tons a year of heavy water, with a capacity to 400 tons.⁴²

Universal glee characterized the reactions to the official opening of Deuterium of Canada on May 1, 1967. Over 40 newspaper editors representing newspapers from New England, New York, Quebec, Ontario, Britain and even Central America the opening ceremony.⁴³ Praise flowed from most who attended. The Chronicle-Herald wrote about the importance of this industry for the province, given the world demand for heavy water:

40. George, The Life and Times of Industrial Estates Limited, pp. 80-81.

41. Halifax Chronicle-Herald May 2, 1967, p. 4.

42. Ibid., p. 113.

43. Ron MacDonald "Plant at Glace Bay Opened" Halifax Chronicle-Herald May 2, 1967, p. 1.

The economic importance of this industry to Canada and to Nova Scotia is reflected in the acquisition of the controlling interest in Deuterium of Canada by Industrial Estates Limited; the first time the Nova Scotia Crown Corporation for industrial development has invested to such a large extent in a new firm locating in the province.⁴⁴

Liberal politicians assumed prominent positions at the opening. The federal cabinet minister responsible for Atlantic Canada, Cape Bretoner Allan MacEachen, who had helped to bring the plant to Cape Breton, said it placed Nova Scotia in the "vanguard of the nuclear age".⁴⁵ Even Gerald Regan, Liberal opposition leader in Nova Scotia favoured the arrival of Deuterium:

I am extremely pleased to learn that Atomic Energy of Canada is to immediately negotiate a contract with Deuterium of Canada for an additional 200 tons of heavy water from the Glace Bay plant each year.

This is what we were all fighting for...

I now consider our efforts to have been a full success. In matters where both political parties work together and have the full cooperation of the press, we can hardly fail.⁴⁶

This was not the first time that Regan had expressed his pleasure

44. "Places Canada in a Leading Position" and "World Market Encouraging" Halifax Chronicle-Herald May 1, 1967, pp. 27-28.

45. Ron MacDonald, p.1.

46. Halifax Chronicle-Herald, January 23, 1966.

over the coming of Deuterium. Earlier, in 1965, as a federal Member of Parliament, he had supported Allan MacEachen's role in formulating the deal, saying that "...he would like to see Mr. MacEachen ensure continued representation in the Commons for Cape Breton of the type that brought the heavy water plant to the island in the first place."⁴⁷ Given Regan's opinions at the time, there is an astounding irony that he was the one who would, just a few years later, become Deuterium's most vociferous critic.

However, the hype over the official opening hid problems that had begun the previous year, 1966. Financial problems and labour conflicts had actually marred the building of the plant. By that summer, after IEL had paid out its share of the money, Deuterium announced that it could not raise its share of the money. At the same time, the costs began to rise well beyond the original estimates. Concurrently, more money was lost due to labour disputes, work stoppages and engineering mistakes. By August of 1966, Nova Scotia had to buy the remaining 49% of stock. Now, the province alone had money invested in the plant which was not yet producing heavy water. To make matters worse, Deuterium had signed an agreement

47. Halifax Chronicle-Herald April 2, 1965, p. 25.

with Atomic Energy of Canada Limited (AECL) to produce more heavy water than originally agreed upon, yet there was no plant and no heavy water until the spring of 1967.⁴⁸

Even after the grand opening, the plant continued to have problems. The location itself, chosen for political reasons, was isolated and there was little local skilled labour.⁴⁹ Labour conflicts increased as outsiders were brought in and as workers demanded better pay and working terms. There were 50 strikes between 1965-1968.⁵⁰ Also, equipment arrived late and was found to be faulty. Perhaps the most devastating problem, both in terms of image and actual production was the corrosion in the pipes caused by the salty sea water that sat in the pipes for months at a time while construction was halted at various times.⁵¹

By 1968, the situation weighed heavily on the mind of the new premier and his government. Already smarting from the Clairtone fiasco, Smith remained ever hopeful, that things in Glace Bay would miraculously improve. In November of 1968, he announced:

"[the] heavy water plant at Glace Bay is not yet

48. Mathias, Forced Growth, p. 114.

49. George, The Life and Times of Industrial Estates Limited, pp. 80-81.

50. Bruce, Frank Sobeys-The Man and the Empire, p. 303.

51. Ibid., p.304.

producing heavy water, but I am advised this will not be delayed very much longer. It is now engaged in the critical stages of the starting up procedure. I hope to be able to offer a jug of heavy water to all who would like to have it."⁵²

But a jug full of heavy water was about all that would ever flow from Glace Bay. That same month, Deuterium underwent an administrative reorganization which saw the replacement of Jerome Spevack by R.B. Cameron as Chairman. Although not a good businessman, Spevack had been the inventor of the Deuterium process, and the main promoter of the plant. With his departure, there was little left in the way of expertise on the subject of heavy water.⁵³ According to Frank Sobey, Spevack had been a good scientist, but was "both unreasonable and ignorant of money matters."⁵⁴ For the latter reasons he had to go.

The reorganization accomplished little. The plant was well behind schedule and deeply in debt. Finally, in order to try to save something of its investment, the province of Nova Scotia bought the remaining 49% of the shares, and turned Deuterium into a crown cor-

52. PANS:MICRO:BIO:SMITH:G.I.:SPEECHES Speech of the Honourable G.I. Smith, Nova Scotia Progressive Conservative Association Annual Meeting, November 16, 1968, p. 2.

53. Mathias, Forced Growth, pp. 104, 118.

54. Bruce, Frank Sobey - The Man and the Empire, p. 304.

poration in 1960. In August of that year it was estimated that another \$30 million and two years would be needed to get the plant up and running. This was in addition to the \$104 million already spent on the plant, and \$8 million that AECL had to spend to buy American heavy water since the Glace Bay plant was not able to meet its obligations.⁵⁵

Although the situation was rapidly deteriorating, Premier Smith tried to put the best face on the circumstances, likening the province's decision to take over ownership and control of the plant, to his earlier, very popular decision to take over the Sydney steel plant. As in the latter case, he argued the decision was "firm and prompt" and would lead to successful production in time:

Something good is happening in Nova Scotia. And Mr. Speaker, I assert that the policies and activities of this government have a good deal to do with that...The steel plant on the basis of first accounts will show a profit in the order of 10 million dollars for the 12 months ended March 31, 1970. There is no reason to believe it will not average at least this amount as the years go on.

Set these off against each other. The estimated short fall in interest for heavy water is an average of 6.1 million a year, the profit in steel of 10 million last year. Thus setting one off against the other, the net annual result is a plus of about

55. Mathias, Forced Growth, pp. 118-119.

four million dollars a year.⁵⁶

Any net gains aside, there were fundamental problems with Deuterium from the start. Given the advantages of hindsight it is easy to fault the Stanfield government, and later the Smith regime for pursuing the plant for so long rather than cutting their losses long before. However, conditions at the time must be considered. Robert Stanfield later pointed out, "[w]e weren't as cautious as we should have been, but Cape Breton was in a hell of a state, and maybe that justified some foolhardiness. Also, we were very much interested in getting into the nuclear age."⁵⁷ Risk was the name of the game, IEL had never denied that. In 1964, Trade and Industry Minister E.A. Manson pointed out, "we have no limit so long as the risk is good, and the project is worthwhile to the economy of this province."⁵⁸ But the average Nova Scotian was not so philosophical or accepting.

The failures of Clairtone and Deuterium quickly overshadowed any of IEL's success stories like Volvo and Michelin. As Harry Bruce, biographer of Sobey, points out, "[p]erverse glee characterized much Nova Scotian reactions to the Deuterium and Clairtone fiascos.

56. PANS:MICRO:BIOGRAPHY:SMITH:G.I.: "Speech to the House of Assembly - Constructions Wages - Benefits Flowing From", Reel 11008.

57. Bruce, Frank Sobey - The Man and the Empire, p. 300.

58. George, The Life and Times of Industrial Estates Limited, p. 27.

News of these failures drowned acknowledgement of IEL's successes."⁵⁹ In 1969, a discouraged Smith stated that " I have never said we never made mistakes...one would think, to hear them talk, that the whole industrial program consisted of two projects."⁶⁰ IEL's image was irreparably damaged as was that of the Smith government. The most productive investment of IEL came too late to help either IEL or the government. Ironically, Gerald Regan, whose Liberals would use the IEL failures to help to defeat the Tories in 1970 has observed that it is a "great sadness" that IEL's biggest success, Michelin, came in "the last breath of the government". This, he says, was the "crowning glory of Ike Smith."⁶¹

The decline of Industrial Estates Limited cannot be assessed in isolation. The whole Atlantic Region was experiencing a decline in economic terms by the end of the 1960s:

As the economy began to falter towards the end of the decade and companies closed or sold out, people began to wonder if such "forced growth" had been a good idea. Public discussion of failures and scandals overshadowed the successes...Many argued that the concessions had been excessive, often politi-

59. Bruce, Frank Sobey - The Man and the Empire, p. 307.

60. "IEL's Program Most Effective in History of Province-Premier" Halifax Chronicle-Herald April 24, 1969, p. 6.

61. Regan interview.

cally motivated, and detrimental to local control over development practices.⁶²

In fact, each of the Atlantic Provinces had at least one such investment disaster. In New Brunswick there was the demise of Fundy Chemical, in Prince Edward Island, Gulf Garden Food, and in Newfoundland the the Come By Chance oil refinery.⁶³ As well, the times were changing. Everyone was pushing for economic growth and trying to out bid the other in attracting prospective investors. As well, the move towards more and more high tech types of industry required different approaches and ways of evaluating developments. Nova Scotia political scientist J. Murray Beck has observed:

IEL would have had a diminished role in any case since all the provinces were now in the competition, with industry attracting institutions of their own. The experience with Deuterium and Clairtone had made it apparent that the normally successful approach of Stanfield and Smith - to gather all the information possible, whether through government officials, task forces or royal commissions, before making policy decisions - would not necessarily work in assessing highly technical or complex business operations where incalculables like the inherent goodness of processes, the expertise of specific entrepreneurs, variations in

62. Della Stanley "The 1960s; The Illusions and Realities of Progress" p. 435.

63. Ibid., p. 429.

market demand, and the like came into play.⁶⁴

IEL, therefore, must be judged in terms of the benefits it brought to the economy of Nova Scotia at its peak period. Ike Smith and the Conservative government of the day wanted to put Nova Scotia into the forefront of technology and industry. With an eye to the future, he urged advertisers to forget the "old myths about the Atlantic Provinces and to take a fresh look at opportunities there."⁶⁵ He had done just that. IEL did create jobs. IEL did bring in to the province non-traditional industries and gave some degree of diversification to the once staple product bound economy. Perhaps the misfortune for IEL was that its political creators were too slow or reticent to acknowledge its weaknesses and admit its failures. As one commentator put it in 1970:

It was understandable, although not entirely creditable, that the Progressive Conservative government of G.I. Smith should have been, in the final year or so of its life, somewhat protective towards IEL.

Despite IEL's chequered record...P.C. governments, both under Mr. Smith and Mr. Stanfield, tended to treat IEL as a favored son. Not only that. There were times when IEL's autonomy was involved, until it seemed that the Crown Corporation, because of the hallowed nature of its calling

64. Beck, The Politics of Nova Scotia Vol. II, p. 319.

65. PANS:MICRO:BIOGRAPHY:SMITH:G.I.: Press Release, November 4, 1968.

- the attraction of more and more industry - was being sheltered, if not from criticism then from economic and geopolitical realities.⁶⁶

There is no doubt that IEL did not realize the full industrial plan as envisioned by its founders. The very fact that IEL disappeared soon after Regan took office, and that regional disparity did not, suggests that IEL was a failure. Although it fell short of its expectations and aspirations, it was not necessarily a total failure. Roy George, who wrote a critical analysis of IEL, points out that, "...IEL's existence has brought increases in the incomes of Nova Scotians which exceed the costs of financing that organization."⁶⁷ He went on to write that:

Judged by ordinary business standards, therefore, IEL has been a disaster. Left to stand on its own two feet, it would have gone out of business very quickly - if it had managed to get started...

[However] [t]hat it has benefited the Province of Nova Scotia seems beyond reasonable doubt, and the prospects are that industrial promotion of the type undertaken by IEL may well turn out to be the best approach that could have been taken to improve Nova Scotia's economic condition.⁶⁸

When the Conservative Party set out in 1956 under the leader-

66. PANS MG 1, Volume 1434 "Favored Son to Foundling"

67. George, The Life and Times of Industrial Estates Limited, p. 115.

68. Ibid., pp. 106, 135.

ship of Robert Stanfield, it had set industrial development in Nova Scotia at the top of its agenda. Stanfield and Smith were determined to address the problem of regional disparity. Industrial development seemed to be the best solution. It would create jobs, raise standards of living, improve the image of the province and give Nova Scotians a sense of pride and place in Confederation. Once in government, G.I. Smith, in particular, had been assigned the task of ensuring that Nova Scotia was not passed by changing technology and industrialization. In fact, he did his best to put Nova Scotia in the forefront of industrial development, in a position to take advantage of the rapid technological and industrial changes that characterized the 1960s.

Smith was sincere in his goal and determined to reach it. However, in the end, on the eve of what was to be his final provincial election, it was obvious that the glorious visions of the "New Nova Scotia" had not been realized. For fourteen years he and his colleagues had striven to attract industry to the province. To some extent they had succeeded. They had attracted new industries and fostered job creation. But the dreams of stable, long term economic growth did not seem to be materializing. Not only were a couple of

IEL's leading investment projects failing but Voluntary Economic Planning was encountering problems of its own.

In July 1968, Premier Smith, recognizing that the VEP Board was unable to produce a consensual plan and was floundering around, appointed a five member Cabinet Committee on Policy and Programmes.⁶⁹ Its job was to put life back into the Board however it saw fit. The committee soon realized that one of the Board's problems was that it really had no status or power. Unlike IEL, it had no money to give away. It could not promise the sectoral committees that their plans would be anything more than paper plans. It had no authority to deal with the civil service nor any relationships with regional development bodies such as APEC. True it was a consultative board and it, at least officially, synthesized input from labour, capital and government. But, in practice, it had never become Nova Scotia's primary co-ordinating body, planning integrated economic development for the whole province. And, although the Cabinet Committee supported the continuation of the Voluntary Economic Planning Process, it did not perceive the Board to be anything more than a consultative and advisory body. Hence, by 1970, like Smith's dream

69. Chronicle Herald, October 4, 1968.

of "bottom up" participation in formulating economic development had pretty well vanished.

The decline of IEL, the watering down of the Voluntary Planning dream and the fact that the problem of regional disparity persisted in spite of various government initiatives, meant that Stanfield, Smith and their Conservative colleagues had failed to find the panacea for their province's financial and economic woes. They had pursued the only options that they had believed, in the 1950s and 1960s, held out any hope for economic revival. Yet, even if the investments in Clairtone and Deuterium had turned out differently, it is doubtful whether the larger problem would have diminished much in the long term. On the short term perhaps, yes, but not in the long run. Political interests, business interests, labour interests and public service interests had not been able to reach a consensus of purpose and plan.

CHAPTER 5

"THE ELECTION OF 1970"

Political activity [in Nova Scotia] will revolve around a provincial election probably in June.

All the signs are right. Economic conditions are bright. Sydney Steel Corporation is in robust health. Work will have resumed on the Deuterium of Canada Limited heavy water plant...Unemployment is down and capital investment is booming. Productivity is rising, as is per capita income.

The government holds 41 of 46 seats in the Legislature. The Liberals, who hold the other five, may pick up another four or five seats in the election but they will not come close to forming a government.¹

Experience in politics teaches one that the electorate can be unpredictable and when they are, it can be extremely disappointing.²

-Ike Smith, 1970

Toward the end of the 1960s, the governing Conservatives had

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1. PANS:MICRO :BIOGRAPHY:SMITH:G.I.: "Elections Expected in Atlantic Provinces, Quebec" in The Financial Times of Canada Annual Report 1970.
 2. PANS:MICRO:BIOGRAPHY:SMITH:G.I.: "A Letter from Ike Smith to Bruce M. Nickerson", October 21, 1970.

definitely lost some of their lustre in the eyes of the Nova Scotia electorate. However, their demise was by no means a foregone conclusion. After all, they did hold 41 seats in the Legislature and could boast of progress in terms of industrial development, especially in light of the recent arrival of the French tire manufacturer, Michelin. Nonetheless, the once unbeatable Tories were no longer invincible. Now, fourteen years after assuming power, neither the media nor the electorate took the Tories grip on power for granted, even if some diehard Conservatives may have done so.

By late 1969, IEL, in spite of well-publicized setbacks, still boasted an impressive resumé. It had helped establish or expand 60 firms, including the Swedish car manufacturer Volvo and Anil Hardblocks, the first Indian company to set up in the western hemisphere. Truro's carpet manufacturer, Crossley-Karastan, was financing its second major expansion in four years. Overall, these and the other industries attracted by IEL helped lower the unemployment rate in the province to a respectable 3.9%, placing it on par with the national average and putting it well below the eastern Canada average of 5%.³

3. PANS:MICRO:BIOGRAPHY:SMITH:G.I. "Press Release by the Department of Trade and Industry" December 4, 1969.

Premier Smith still touted his government's record as being exemplary. In a press release issued on the eve of the new year, 1970, he claimed that, "[a]n assessment of our overall economic development will reveal that what was achieved in 1969 is indicative of how far the Province advanced during the 1960s."⁴ He defended IEL as being "pretty good indeed" at attracting industry, noting, perhaps in reference to Clairtone, that risks were inherent in the game.⁵

There were also indications in the press that Smith and the Conservatives were still far from facing defeat at the polls. One article suggested that Smith could win an election because there was a perception that the problems he had faced were dumped on him by Stanfield and were not of his own making.⁶ In May 1970, just five months prior to the election, the Halifax Chronicle-Herald painted an equally optimistic picture for Smith:

If anything, provincial emotions have worked in Smith's favour, and against Stanfield. He took over the Stanfield mandate in September of 1967, and almost immediately

4. PANS:MICRO:BIOGRAPHY:SMITH:G.I. "Press Release 'Annual Review'" December, 1969.

5. MG 1 volume 1434 Number 1(x) "Premier Defends IEL"

6. Charles Lynch "Nova Scotia Campaign Apathetic" Montreal Gazette. September 21, 1970.

it became apparent that he had inherited a host of problems ...

Smith...has been in almost constant hot water but he has navigated with coolness and skill, despite the occasional indication that he would have preferred to leave politics and practice law...

Despite [Clairtone and Deuterium] there remains more economic bounce in Nova Scotia than in any of the other Atlantic Provinces, and Halifax resembles a boom town when compared to the other seaboard cities.⁷

However, only the most naive would have expected Smith to have an easy time whenever he called the election. The Liberals, out of power since 1956, were anxious to regain control of the government benches. Smith himself, was well aware of the ammunition Deuterium and Clairtone had furnished for a power hungry opposition. Above all, Smith had been unable to address what had been his initial concern, the roots of regional disparity. From the start of his tenure as leader, he had faced many problems that had kept him from concentrating on this issue. As one source pointed out in 1969, "[i]ndustrial crises, a 'black power' confrontation, wildcat strikes and charges of land profiteering are among the burdens he has had to carry, and he isn't out of the woods yet...The guy hasn't had a breathing spell

7. Charles Lynch "Hot Water Hasn't Been Able to Sink Premier" Halifax-Chronicle Herald May 27, 1970.

since he took office.⁸ To some, the Tory luck was finally running out after years of glorious success. Kenneth Bagnell wrote at the end of 1969:

...even Liberals concede that for most of the time since [they held power] the Tories ran Nova Scotia well, keeping its credit rating high, attracting some sixty new industries and placing the province in the esteem of investment executives all the way from Texas to England. As a result of the Tories vigorous promotion - they held yearly lobster buffets in a string of U.S. cities - Nova Scotian bonds sell well in forty-five American States. Then suddenly it was one mess after another.⁹

Most of these so-called "messes" emanated in one way or another from decisions made by Industrial Estates Limited. In fact, the success or failure of the government seemed to hinge on the fortunes of the Crown Corporation it had created. Although Voluntary Economic Planning had been a major undertaking for the government, and Smith, in particular, it was IEL that determined how well the government fared in the eyes of the public. This was only natural considering that VEP had not quite materialized as expected and IEL was the chief solution offered by the Conservatives

8. "Filling Stanfield's Shoes No Bed of Roses" Evening News February 26, 1969, p. 23.

9. Kenneth Bagnell "Bad News From Down East" Globe Magazine December 20, 1969, p. 4.

to address the negative consequences of age old regional disparity. Next to paving roads, it was the main platform of the Stanfield and Smith era. In spite of its' successes, IEL could not escape its mistakes and nor could its creators. J. Murray Beck writes that: "IEL, the chosen instrument for [eliminating regional disparity], had occupied a hallowed place in Conservative party rhetoric...In the end IEL stood discredited and forlorn, never to attain anything like its former position."¹⁰ As went IEL, so went the Tories:

It was understandable, although not entirely creditable, that the Progressive Conservative government of G.I. Smith should have been, in the final year or so of its life, somewhat protective towards IEL.

Despite IEL's chequered record...P.C. governments, both under Mr. Smith and Mr. Stanfield, tended to treat IEL as a favored son. Not only that, there were times when IEL's autonomy was involved, until it seemed that the Crown Corporation, because of the hallowed nature of its calling - the attraction of more and more industry - was being sheltered, if not from criticism then from economic and geopolitical realities. ¹¹

However, in spite of increasing criticism, Smith and his

10. Beck, The Politics of Nova Scotia Vol. II, p. 318.

11. MG 1, volume 1434 # 1(x) "Favoured Son to Foundling?" November 5, 1970, p. 6.

colleagues stuck to their claims that through bodies like IEL and Voluntary Planning, the Conservative government had improved the standard of living for most Nova Scotians and modernized the way in which government tackled economic issues. To those that criticized the failures of IEL, Smith responded, as he always had in the Sixties, that risks were necessary. This concept of necessary risk was prevalent throughout the life of IEL, but would be even more important in the upcoming provincial election. Prior to a January 1970 television appearance by Ike Smith, Dalton Camp, long-time Tory advisor, wrote a letter to Smith's executive assistant, Joe Clarke. In it, Camp argued that it was best for Smith to discuss "risk taking" and to remind the people of the hard decisions he had had to make, in particular, those relating to the Sydney steel plant.¹²

It was against this backdrop that Ike Smith decided to seek confirmation from the people of Nova Scotia for his position as Premier. Smith wanted to secure his own mandate to be Premier, having been made Nova Scotia's leader not by a general vote, but at a party convention. Because of the rash of problems he had had to deal with from the very moment he had taken over three years

12. PANS:MICRO:BIOGRAPHY:SMITH:G.I. A Letter from Dalton Camp to Joe Clarke December 19, 1969.

before, this was really Smith's first opportunity to seek that vote of confidence. Therefore, Smith called an election for October 13, 1970, only three and a half years into the Tory mandate won by Robert Stanfield in 1967.

The date Ike Smith chose for the election was an interesting one. It was three years to the day from when Hawker-Siddeley had made its fateful announcement. Perhaps this date was chosen to serve as a symbolic reminder of the decisive way in which Smith met the crisis. Perhaps it also reinforced the belief that risks, such as that Smith took in buying the steel plant, were necessary for economic advancement. However, as the election campaign unfolded, it became apparent that the date was more symbolic for Smith and his Conservative Party of disaster than success.

In spite of the crises and criticism that the Conservatives had been subjected to since late 1967, their defeat at the polls was by no means a foregone conclusion in the late summer of 1970. While the Liberal leader Gerald Regan continued to score political points by harping on the mistakes made with Clairtone and Deuterium, Smith and his party were still the ones to beat. In fact, at the start of the election campaign, Peter McCreath recalls that the

Progressive Conservatives were, "very, very confident...I suspect [Ike] thought he was going to win, I mean we all thought we were going to win."¹³ Several months after the election, Ike conceded that his party had been over confident and that this over confidence had contributed to the Conservative defeat. Ike accepted responsibility for this state of affairs, noting, "I shared this belief until election night proved me wrong."¹⁴

However, in spite of Conservative self-confidence, there was some uncertainty lying just under the surface. After all, in 1970, there was a different political playing field now that Stanfield had been gone for several years. In the past, Smith had been a very astute judge of the political climate during election campaigns. According to J.M. Beck, it was different in 1970. He maintains that Smith had a hard time sensing the mood of the electorate during the campaign. This was a sure sign of trouble.¹⁵ In spite of an outward sense of confidence, John Buchanan, one of Smith's young ministers, who later proved his own political savvy, felt an underlying uneasiness going into the election. According to Buchanan, the, "po-

13. McCreath Interview.

14. "Ike Smith - Lawyer, Soldier, Politician" Halifax Chronicle Herald August 16, 1971, p. 8.

15. Beck Interview.

litical atmosphere was not as good, in my opinion, in the fall of 1970 as it would have been in 1968 or 1969."¹⁶

Perhaps it was this uneasiness that lead to an unexciting, down right dull election campaign in the fall of 1970. One newspaper headline read "Nova Scotia Vote Campaign Apathetic."¹⁷ Another called it "a dull, lack-lustre affair".¹⁸ The biggest factor was probably Ike's role in the election as a premier. Starting with his election in 1949 Ike had been known as Stanfield's "hatchet man." Through the Fifties and early Sixties he was also recognized as an effective speaker both inside the House and out. Smith was able to do and say things that a Premier could not. But in 1970, he was the Premier. Smith had to be more careful about what he said. He had to temper his sharp tongue, and the media had picked up on this point:

...Premier Smith plays the quiet, avuncular role, conveying the impression that however harrowing the problems, everything will turn out for the best for the Conservatives and for Nova Scotia. He is an able speaker, much more effective than his predecessor, Mr. Stanfield. But since he became Premier he has lowered his

16. Interview with Senator John Buchanan in his Halifax Office, July 29, 1993.

17. Charles Lynch "Nova Scotia Vote Campaign Apathetic" Montreal Gazette september 21, 1970, p. 7.

18. Beck, The Politics of Nova Scotia Vol. II, p. 315.

tone, adopting the same kind of cool eloquence that he displays at Federal-provincial conferences in Ottawa.¹⁹

J.M. Beck writes that, "previously Smith had been regarded as one of the best platform speakers in Nova Scotia and certainly one of the hardest hitting..." But during the 1970 campaign, "only occasionally...did Smith take off the gloves and blast liberal promises..."²⁰ Beck points out that Smith's advisors likely told him to "be a Premier", and as a result, only rarely did the real Ike Smith emerge. Beck continues that, "in his prime, he would have gotten the 41 votes he needed to win the election in the right ridings..."²¹

The advertising during the campaign did not help Smith's cause any. Those planning the Conservative campaign strategy decided to portray Smith as a dignified elder statesman, but, in an era when youthful vigour, aggressive decision-making and public charisma seemed to be the ingredients necessary for electoral success, the grandfatherly image of Ike Smith had little appeal. Nationally the dignified statesman, Robert Stanfield, had been unable to compete with the charismatic appeal of Pierre Trudeau. It was Trudeaumania

19. Lynch, "Hot Water Hasn't Been Able to Sink Premier".

20. Beck, The Politics of Nova Scotia Vol. II, p. 315.

21. Beck Interview.

that won the day in the federal election of 1968, not legislative record or respect for political elders. Similarly, in New Brunswick, Richard Hatfield, the young ambitious leader of the Conservative Party was attracting widespread support as he successfully campaigned against the decade old government of Louis Robichaud, in an election held just two weeks after that in Nova Scotia.

Long term governments led by weary or aging politicians certainly found it difficult to win the support of the youthful voters of the Sixties, who challenged the status quo, authority, elitism, even capitalism. Nova Scotia, like several other provinces, had followed the federal decision in the late Sixties to lower the voting age from 21 to 19. This meant that parties had to vie for the support of thousands of first time voters, a group whose interests and tastes had not previously been considered when planning campaign strategy. The strategy adopted by the Conservatives in Nova Scotia was not really designed to win over that youth vote. As Press Secretary Peter McCreath recalls:

I remember the gurus who were planning the campaign decided to present this image of Ike as the lovable old grandfather and I remember the theme, "Who would you rather trust" or... "Is there anybody you'd rather

have" and then you'd have Ike informally dressed sitting in a casual chair. I can see the pictures, and in retrospect, they had fiery young Gerry Regan with a mile a minute tongue full of energy and so on, and in the end...it left the impression of a tired old government, running against this fiery young guy, and Ike didn't win.²²

John Buchanan remembers a similar situation where the two leaders were portrayed in the media as the grandfather versus the decision maker.²³ The once fiery Smith was seen as flat, and dull when contrasted with the youthful Gerald Regan who used eye catching gimmicks such as a dramatic helicopter trip to travel the province on the last day of campaigning.²⁴

Toward the end of the campaign, it became painfully obvious that Smith and the Tories were in trouble. Party workers were openly talking about the likelihood of losing a few seats. This was a sure sign that there was trouble.²⁵ Perhaps more telling was the fact that about a week before the election, the principal Tory advisor, Dalton Camp, saw the writing on the wall and knew things were not

22. McCreath Interview.

23. Buchanan Interview.

24. Beck, The Politics of Nova Scotia Vol. II, p. 317.

25. Stevens, Stanfield, p. 62.

going well.²⁶ Peter McCreath remembers asking Camp, about ten days prior to the election, how many seats he would be satisfied with on election night. A grave Camp replied, "one more than they get, and I'm not sure that it's there".²⁷

As it turned out, on October 13, the extra seat was not there. Fourteen years of Progressive Conservative government came to an end. On the surface, it was a close finish, 23 seats for the Liberals, 21 for the Conservatives and two for the New Democratic Party. In terms of popular vote, the Conservatives received 46.9% while the Liberals attained 46.1%. This outcome was close. In fact, had 41 people that voted Liberal voted Conservative, in particular ridings where the races were close, the election would have turned out differently. In spite of the tight finish, the closest in provincial history, it was a major defeat for Smith.²⁸

There are many reasons which can be offered to explain the defeat of the Conservatives in 1970. On the surface, the reason for the defeat seems obvious and can be summed up in two words, Clairtone and Deuterium. After all, until these disasters the government was

26. Interview with Dalton Camp, by phone on July 8, 1993.

27. McCreath Interview.

28. Beck, The Politics of Nova Scotia Vol. II, p. 317.

riding high, enjoying immense popularity. However, while these two names were mentioned frequently during the campaign, usually by hopeful Liberal candidates, they were, in fact, only one factor in the election result. Defeat came as the result of a combination and culmination of many factors.

The most relevant factor was the age of the government. As Dalton Camp points out, the party had been in power for quite some time, and in spite of the fact that there were different personalities involved in the cabinet and government than in 1956, he maintains that there were many tired people in the party.²⁹ In addition, the age and image of Smith were factors, especially when the 61 year old Smith's leadership image was contrasted with that of his opponent, 40 year old Gerry Regan. The younger voters believed they had more in common with the flamboyant Regan than with Smith. They knew nothing of Smith's earlier days as the orator and "hatchet man" for the Conservative Party. According to Ike's eldest son Rob, this was especially true in Halifax. He maintains that in the urban, more sophisticated metropolitan area, image was much more important than in the more traditional rural areas, hence some of Smith's largest

29. Camp Interview

losses were in Halifax.³⁰ Beck confirms this, pointing out that the Conservatives defeat "resulted primarily from the loss of nine out of ten seats in Halifax County, all but one by large majorities."³¹ Smith did not change his style to try to woo that young vote. Nor did he really adapt the kind of image most likely to come across on television. That was not his way:

Men like Smith are not entertainers and they cannot be glamorized; there is no cosmetic in the [world] which would make like Smith a television personality, a charismatic political star, or a clown. He lacks the ego to attempt it and any interest in achieving it.³²

Finally, another factor in the Conservative defeat was the fact that Smith, himself, was becoming disillusioned. His years as Premier took their toll on him, as his government bounced from one dilemma to another. The toll was irreversible and Dalton Camp believed that it was as great a factor as any in the defeat of Smith as Premier:

I had a great concern about Ike's health. he was clearly to me not a well man. He really went through the campaign with great difficulty...I give him great marks for courage, it was hard. It was very difficult for him to make decisions. It was

30. Interview with Rob Smith, March 25, 1994, in Waverly, Nova Scotia.

31. Beck, The Politics of Nova Scotia Vol. II, p. 318.

32. Ibid., p. 318.

very difficult for him to prepare for something this vigorous...This is not so much an alibi as much as it is a tragedy...I think he was a born number two man...he had leadership qualities, but I know enough about Ike to know that Ike didn't want the job. He might have made an outstanding Premier if he had his own mandate.³³

Shortly after the election, Smith had a heart attack while he was vacationing in Bermuda. This has been widely attributed to the stress of the campaign but it was likely the cumulative effect of many stressful years. ³⁴ In fact, he was suffering from the effects of stress during the campaign. Dalton Camp was not the only one to notice this. Peter McCreath maintains that Ike may have had a heart attack during the campaign, about a week before the election. ³⁵ Ultimately, Smith's son, Rob, maintains that his father's health deteriorated as a direct result of his career, saying, "there is no doubt about that".³⁶

In many ways both in terms of his health and his career Ike Smith was a victim of circumstances. From the moment Robert Stanfield left Nova Scotia for the federal arena, Smith was left holding a

33. Camp Interview.

34. Rob Smith Interview.

35. MacCreath Interview.

36. Rob Smith Interview.

basket filled with problems and issues that would plague him for the rest of his political life. While he does bear responsibility for some of these problems, more to the point is the fact that he was in the right place at the wrong time. From the start of his premiership, he was faced with the closure of the major employer in Cape Breton at a time when his government was promoting industrial development and expansion. In turn, two once glorious manufacturing prospects for the province turned sour, as Clairtone and Deuterium failed to meet their projected potential. Before the Smith government had regained public confidence and restored its image as the government of job creation and industrial growth, Premier Smith made the ill-fated election call. It was not a wise call for a tired Smith and a tired government. A lacklustre campaign brought to an end fourteen years of Conservative government and fourteen years of moderate, short-term success in fighting regional disparity.

CONCLUSION

"THE REALITY OF DISPARITY"

It has become a custom for people to hang labels on various decades of the past. We've had the "Gay Nineties", the "Roaring Twenties", the "Hungry Thirties" and so on. It will be interesting to see what label the editorialists pin to the decade just ended. The past ten years will be difficult to fit into any all embracing catch phrase.¹

Ike Smith 1970

The political career of Ike Smith cannot be examined in isolation from the factors that shaped his time. In particular, economic issues dominated his time in office. These issues are an integral part of any evaluation of Smith. In fact, when evaluating Smith, it is imperative to view him in this wider context. As Reg Whitaker points out:

1. PANS:MICRO:BIOGRAPHY:SMITH:G.I.:SPEECHES: A Speech to the Truro Kiwanis Club January 19, 1970, p. 1.

There are a number of pitfalls into which [political biography] often falls... One is the tendency of biographers to become partisans of their subjects, seeking to vindicate rather than analyze. This shades over at times into the Great Man theory of history, with its disregard for the social and economic forces at work around individual actors. At the same time, the tendency of historians in recent years to focus on social and economic circumstances contains its own dangers; there is a risk of ignoring the importance of the individual agent in the making of history.²

Ike Smith, through the policies that he helped to create, promote and oversee, left an indelible mark on the history of Nova Scotia. The question then arises as to whether or not Smith's policies were beneficial for the province? Did Smith achieve all he set out to do? Did his policies deal with the problems at hand? Is it possible to suggest alternative solutions that were ignored for whatever reasons? Before arriving at a conclusion regarding success, or lack thereof, it is necessary to define the criteria by which success should be determined.

First, then, what are the criteria for determining a successful politician? They include electoral success; intellectual ability; rhetorical expertise; sense of duty; formulation of legislation and pro-

2. Whitaker. "Writing About Politics", p. 8.

grammes; realization of aspirations and intentions. In terms of electoral success, few could better Smith's record. Starting with the 1949 election, he was elected by the people of Colchester on seven occasions, including in the 1949 and 1953 elections when Angus L. MacDonald and the Liberals were still at their peak of popularity. Also, he was re-elected as a member in 1970 in spite of a massive increase in Liberal support in the province. His intellectual ability and rhetorical expertise were honed finely during his law school days and his time as a trial lawyer. His performance in the Legislature left no doubt about that.

From his earliest days, Ike Smith has had an ingrained sense of duty. It began back on the family farm when he assumed responsibility for the bulk of the chores after the death of his father. This demonstrated his sense of duty to his family. His sense of duty was further heightened by the Weldon Tradition while he was attending Dalhousie Law School. There, he developed a sense of duty to the public. As a soldier in World War Two, he was called to perform the ultimate duty to his country. This sense of duty guided his actions as a young lawyer, opposition MLA, cabinet minister and as Premier. Throughout his career, when he could have been making more money

in a private law practice, his sense of duty prevailed and he stayed in public life.

Perhaps the legislation that Ike Smith had a hand in creating is a determinant of success. During their fourteen years in government, the Conservatives passed a number of pieces of important legislation. While the legislation that created Industrial Estates Limited, Voluntary Economic Planning and Medicare stand out, there were other important, but less celebrated achievements involving highway building, hospital insurance, provincial parks and education. Smith, either as minister, premier, or trusted advisor to Stanfield, was a voice that commanded respect and attention in policy formulation.

However, while the amount of legislation is impressive, evaluation of how successful the government was depends not on the amount of legislation, but rather on whether the various pieces of legislation realized their objectives. Did the actions of the Conservative government achieve the desired end? In this case, that end was the elimination of regional disparity. Obviously, that admirable, although unattainable goal was not fully realized and mistakes, sometimes drastic, were made. However, this does not

then mean that the government as a whole was a failure, nor does it imply that Smith himself was. By examining the two main tools used by the Conservatives to solve this problem, VEP and IEL, it becomes obvious that total success was beyond the realm of possibility, through these or any other programs. Therefore, each must be measured for the benefit, or harm, that it brought to the province.

It is very difficult to evaluate Voluntary Economic Planning, Smith's personal interest. It was not a failure. In fact, it still exists over thirty years after its creation. By 1970 it had become primarily a consultative process. By 1995 it had evolved into a, "voluntary association of business and labour individuals and groups that operates at arms length from government to promote sustainable economic development."³ The fact that it has survived four successive governments of both political stripes suggests that it is a useful body, at least in the opinion of politicians.

In the 1960s, Voluntary Planning served a dual purpose for Smith and Stanfield. Yes, it was a political creation that the government could use to illustrate its dedication to democratic participation in

3. "Notice of Public Meetings - The Future of Post-Secondary Education" Halifax Chronicle Herald, February 13, 1995.

economic planning. It was also a sincere effort to involve Nova Scotians themselves in the decision-making process, and to provide the government with a sounding board to help shape economic strategies. This was something new for the people of Nova Scotia - to share in the governing process. It was something new for the government to involve the public in policy formulation. It was also something new for government to take the initiative in business development in all sectors of the economy. Unfortunately the process never really matured and the dreams never really materialized. Nevertheless, the Voluntary Economic Planning Board was a useful body that cost the province little when compared to IEL, but, its actual impact on the regional disparity problem was minimal and hard to evaluate.

The impact of Industrial Estates Limited, however can be evaluated. IEL was really the main tool used by Smith and the Conservatives to battle disparity. However, the fact that it ceased to exist after the defeat of the Smith government in 1970, suggests perhaps that unlike VEP it was a political albatross for a new government. VEP never had any real clout. IEL did. VEP never distributed money to negotiated investment deals - IEL did. IEL's position of

power and influence in the 1960s was the very reason it had to go in the 1970s. Its few bad investments had tainted the image of the Conservatives and the Liberals did not want to inherit the problems or the image. VEP could be presented as a body allowing Nova Scotians to have their say. IEL, however, was seen as the tool of Conservative business allies and the elite. Ironically though, IEL had had a far more positive impact on improving job opportunities in Nova Scotia than had VEP.

During the 1960s, IEL brought many industries to Nova Scotia. Some have since passed by the wayside. Others, like Michelin and Crossley-Karastan are still vibrant today, owing their very existence to IEL. Ideally, the industries brought by IEL would have brought lasting prosperity to the province. Certainly, they did not, however, in the short term, IEL's investments provided much needed jobs to Nova Scotians. Even in those industries that failed, such as Deuterium, there were jobs in construction and supply and services at least for a time.

It is easy to overlook the psychological impact of the newly arrived IEL-sponsored companies. To a people accustomed to making a meagre living on declining primary industry and government assis-

tance, it meant hope. Ultimately, this hope, for many, no doubt turned to despair. Nonetheless, an effort had been made to modernize the province. It therefore becomes a question of whether or not the government spent the people's money wisely, or whether it would have been better spent on pursuing other avenues of action.

IEL did cost the province a substantial sum of money, money that a have-not province like Nova Scotia could hardly spare. However, the very fact that Nova Scotia was a have-not province made it necessary to take risks, to try something bold and different. As far as Ike Smith and Robert Stanfield were concerned, it was essential that the provincial government take matters into its own hands in addition to well intended federal aid packages that provided some relief. Rather than continue the policy of passing blame for the problem, the provincial Conservatives sought to fix it. Smith knew that the primary resource based employment of the past, while still important, paled in comparison with potential manufacturing and secondary industry for Nova Scotia. Therefore, the establishment of these types of industry were of paramount importance.

This was no easy task for Smith and Stanfield. Traditionally, Central Canada was home to the type of industry that Nova Scotia

was seeking. Therefore, the government realized that it had to offer incentives to industry to counter-balance any negative attributes of the province in the eyes of potential investors. For the Conservatives, the only way out of the financial mess was to bring the industry in, at almost any cost. As a result, tragic mistakes were made. Nonetheless, it is important to note that this approach was not unique to Nova Scotia. Other provinces, most notably, Manitoba, were also attempting a similar program. Industrial failures were not unique to Nova Scotia in this time period either, as all of the Atlantic Provinces had once promising mega-projects fail. Perhaps the mistake made by the Conservatives in Nova Scotia was that they placed too much faith in IEL and did not examine other potential opportunities for industrial development or determine if any existed.

Even if all of the industries that IEL brought to the province, including Clairtone and Deuterium, had been glowing successes it is doubtful that regional disparity would now be a thing of the past. As Nova Scotians have come to realize, there is no easy cure for regional disparity. This is not surprising given that there is no single cause for it. Rather, it is a combination of many unfortunate circumstances. Smith and the Conservatives were unsuccessful in get-

ting to the root of the problem, but they did succeed in allaying some of the symptoms.

As Ike Smith himself stated, it is hard to fit the decade of the 1960s into one all embracing catch phrase. By extension, it is also difficult to sum up the level of success attained by Smith and the Conservative government in that decade. Ultimately, he failed in his main goal, eliminating regional disparity. However, he is not alone in this. The solution to that problem has eluded many federal and provincial politicians both before Smith and after. Given the universal lack of an apparent solution, Smith deserves credit for recognizing the need to do something about regional disparity and for his attempts to solve the problem. Through the policies he advocated and administered, Ike Smith did achieve a modest degree of success in fighting regional disparity.

Ike Smith and the Conservative government in 1956, took an important first step by recognizing the need to deal with regional disparity. The fact that they attempted to solve the problem, and their subsequent degree of success marked a turning point in the fight against regional disparity. It is difficult to determine how differently things would have turned out without IEL and VEP and the over-

all Conservative efforts to deal with disparity. However, given the lack of alternative solutions and the success they did achieve, it is accurate to conclude that Ike Smith and the Conservatives pursued the most viable and seemingly secure options open to them. The lack of total success illustrates the very crux of the problem of regional disparity, that is the existence of its many causes, and the absence of any one solution.

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