

## The Dominion Bureau of Statistics and the Deindustrialization of the Maritimes, 1919-1922

Phillip J. Wood

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## The Dominion Bureau of Statistics and the Deindustrialization of the Maritimes, 1919-1922

IT HAS BECOME AN ACCEPTED WISDOM in “political” versions of dependency theory that the period immediately after the First World War is crucial to our understanding of the restructuring of the Canadian economy and the deindustrialization of the Maritimes.

According to one version of this view, the primary role in this process was played by the federal government, whose revisions of national transportation policy eliminated the original and clear regional development purpose of the Intercolonial Railway by forcing it to operate within market constraints. As a result, freight rates to Central Canada for Maritime producers increased drastically and the degree of protection afforded by rate differentials was eliminated.<sup>1</sup> The “devastation” of regional manufacturing<sup>2</sup> which was the result of these policies was the primary cause of a severe economic crisis in the region as its effects rippled through the regional economy. This in turn caused about 150,000 Maritimers to leave the region, mostly for the United States. Only the revival of markets for the region’s primary products in the late 1920s made it possible to avoid an even greater disaster, but this outcome simply confirmed the region’s status as a resource-dependent periphery.<sup>3</sup>

Several questions have been raised about interpretations based on political and policy dependency generally and about their application to specific historical conjunctures such as the one from 1917 to 1921. In particular, their tendency to

1 T.W. Acheson, “The Maritimes and ‘Empire Canada’”, in David J. Bercuson, ed., *Canada and the Burden of Unity* (Toronto, 1977); E.R. Forbes, “Misguided Symmetry: The Destruction of Regional Transportation Policy for the Maritimes”, in Bercuson, ed., *The Burden of Unity*; Forbes, *The Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism* (Montreal, 1979); Michael Clow, “Politics and Uneven Development: The Maritime Challenge to the Study of Canadian Political Economy”, *Studies in Political Economy*, No. 14 (1984); James P. Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development* (Toronto, 1990); Bickerton, “Creating Atlantic Canada: Culture Policy and Regionalism”, in Alain G. Gagnon and James P. Bickerton, eds., *Canadian Politics: An Introduction to the Discipline* (Peterborough, 1990).

2 Bickerton, “Creating Atlantic Canada”, p. 333.

3 Acheson, “The Maritimes and ‘Empire Canada’”, p. 96.

Phillip J. Wood, “The Dominion Bureau of Statistics and the Deindustrialization of the Maritimes, 1919-1922”, *Acadiensis*, XXII, 2 (Spring 1993), pp. 139-143.

focus on specific sets of events as crucial causes of decline does not fit well with more substantial evidence that regional decline was a long-term, gradual process that not only antedated the First World War, but perhaps also Confederation.<sup>4</sup>

To the extent that it sees the devastation of Maritime manufacturing as the core of the postwar slump, the interpretation of the period from 1917-1921 raises more specific questions, however. In particular, evidence about what happened to manufacturing in this period is very thin. E.R. Forbes' discussion, on which all subsequent authors seem to rely, uses figures on manufacturing employment taken from the *Canada Yearbook*.<sup>5</sup> This source ignores the fact that after 1919 what counted as "manufacturing" for purposes of census enumeration changed significantly. Between 1919 and 1922 the Dominion Bureau of Statistics stopped including in its manufacturing statistics data on four types of enterprise: hand trades; repair shops; custom clothing and millinery; and the building and construction industry. According to the published figures, the number of wage-earners in the Maritime Provinces fell from 49,465 in 1919 to 25,471 in 1922. But because of the redefinition, the Bureau warned in 1922, "no comparison is afforded with the previous years".<sup>6</sup>

In 1919, the building and construction industry was the tenth largest in New Brunswick in terms of the value of its products. It accounted for 36 establishments, about \$1.5 million in fixed and circulating capital, 544 employees, about \$0.5 million in wages and salaries and about \$1.5 million in production. In Nova Scotia the same industry comprised 145 establishments, \$2.6 million in capital, 2,764 employees, \$3.0 million in wages and salaries and \$7.2 million in production. It thus accounted for almost ten per cent of all manufacturing employment and about 12 per cent of wages and salaries by the 1919 definition. In terms of employment, it was the third-largest industry in Nova Scotia, and it was the fifth-largest in terms of the value of its products.

The shipbuilding and repairs industry in Nova Scotia in 1919 was the province's fourth-largest in terms of the value of its products, and the second-largest in terms of employment, accounting for 3,332 employees, \$6.7

4 Kris Inwood and John Chamard, "Regional Industrial Growth During the 1890s: The Case of the Missing Artisans", *Acadiensis*, XVI, 1, (Autumn 1986), p. 101-17; Inwood, "Economic Growth and Structural Change in Atlantic Canada, 1850-1910", in Lewis R. Fischer and Helge Nordvik, eds., *Across the Broad Atlantic: Essays in Comparative Maritime History* (St. John's, 1991); Phillip J. Wood, "Marxism and the Maritimes: On the Determinants of Regional Capitalist Development", *Studies in Political Economy*, 29 (Summer 1989); Eric Sager, *Maritime Capital: the Shipping Industry in Atlantic Canada, 1820-1914* (Kingston and Montreal, 1990). The relationship between high levels of emigration and regional economic decline is unclear. According to Patricia Thornton, about 100,000 Maritimers left the region in the 1880s, when the region experienced its highest levels of post-Confederation growth. See Patricia Thornton, "The Problem of Out-Migration from Atlantic Canada, 1871-1921: A New Look", *Acadiensis*, XV, 1 (Autumn 1985), p. 7.

5 Forbes, *The Maritime Rights Movement*, p. 63.

6 Canada, Dominion Bureau of Statistics, *Report on the Manufacturing Statistics of the Maritime Provinces for 1922* (Ottawa, 1924), p. 2.

million in capital, \$2.7 million in wages and salaries and \$7.7 million in production.<sup>7</sup>

Data for 1919 on the lesser of the categories excluded three years later are not available. As far as repair shops are concerned, the difficulty is that some of these are rolled into larger groupings, as was the case with shipbuilding. But to get a sense of the importance of the elimination of custom clothing, millinery and the identifiable repair sectors, it is necessary to go back to the census of 1916. Here, automobile repairs, men's and women's custom clothing, and millinery may have provided a living for up to 657 people in Nova Scotia, with wages and salaries amounting to \$292,000, and for up to 281 people in New Brunswick, with wages and salaries of \$122,000. These figures can be considered only rough outside estimates, since the automobile component includes the production of accessories as well as repairs, and the fur industry is included with millinery. But the figures are dominated in both cases by custom clothing, which accounts for 543 of the 657 livelihoods in Nova Scotia, and 211 of the 281 in New Brunswick.<sup>8</sup>

For the 1922 report which, like that of 1919, published data for only the ten leading industries, the building and construction industry had disappeared from each provincial list for the above definitional reasons. The shipbuilding and repair industry had also disappeared from the Nova Scotia list, perhaps because of the exclusion of the repairs component from the redefined manufacturing sector. When figures for the shipbuilding industry reappeared in the 1925 report, the number of establishments had fallen from 37 to 11, the number of employees from 3,332 to 484, wages from \$2.7 million to less than \$0.5 million and the value of production from almost \$8 million to just over \$1 million. In contrast with these trends, however, there had been significant accumulation of capital in the industry, the amount of capital invested almost doubling in the same period to more than \$12 million.<sup>9</sup>

What are we to make of this? Bearing in mind that it is likely that some jobs in categories that went uncounted in 1922 also disappeared, and that it is not possible to incorporate data on the repair components of a variety of industries nor on the hand trades, we can make some *very* rough estimates of the impact of the DBS redefinition on the gross figures for manufacturing job losses between 1919 and 1922.

At a minimum, the redefinition eliminated the building and construction and custom clothing categories, which together may have accounted for about 3,300 of 28,105 employees in Nova Scotia in 1919, and about 750 of 24,100 in New Brunswick. This minimum figure is probably something less than a minimum, if we consider the other categories for which no estimates, however rough, can be made. For Nova Scotia, this near-minimum estimate reduces the percentage of jobs lost

7 Canada, Dominion Bureau of Statistics, *Preliminary Report on the Industrial Statistics of the Maritime Provinces for 1919* (Ottawa, 1922), pp. 4-5.

8 Canada, Dominion Bureau of Statistics, *Postal Census of Manufactures, 1916* (Ottawa, 1917), pp. 102-7.

9 Canada, Department of Trade and Commerce, Dominion Bureau of Statistics, *Report on the Manufacturing Statistics of the Maritime Provinces, 1925* (Ottawa, 1927), p. 3.

between 1919 and 1922 from about 50 per cent on the basis of the published data to about 40 per cent.

At the other extreme, if we assume, unrealistically, that all of the job losses in the shipbuilding and repairs sector between 1919 and 1925 can be attributed to the new definition of manufacturing and not to a real decline, it is possible that up to 6,155 of the 14,525 Nova Scotia "jobs" lost between the DBS reports of 1919 and 1922 were not lost at all. This would reduce the attrition rate in jobs for the period to about 27 per cent. Even if we cut the assumption about ship repair job losses to 50 per cent, the reduction due to the new method of counting would still be 4,731, and would produce a job loss rate of 32 per cent.

Given different provincial sectoral profiles, these changes in what was counted are likely to have had a greater effect in Nova Scotia than, for instance, in Central Canada, where the affected industries represented a much smaller share of the 1919 manufacturing economy. In Ontario, for instance, the building and construction and shipbuilding and repairs industries accounted for 5 per cent of total manufacturing employment in 1919, compared with 22 per cent in Nova Scotia. While neither correction will entirely eliminate the differential regional impact of the crisis, they do bring the Nova Scotia job loss rate in manufacturing much closer to the unadjusted Ontario rate of about 25 per cent.

None of this is meant to suggest that the period from 1919 to 1922 was not an important conjuncture in the regional social and economic restructuring of Canada and the relative decline of the economies of Nova Scotia and New Brunswick. Rather, it is meant to suggest that the period needs to be examined more carefully, not just in an effort to sort out the relative importance of the various factors — transportation policy changes, postwar readjustments, changes in American tariff policy, increased international competition consequent upon the improvement of international transportation systems, etc. — that have been suggested as causes of this decline, but also for a more basic reason: the need to get a more precise picture of what actually happened.

These adjustments may also lead us to ask a number of other more specific questions about the dynamics of the crisis of the 1920s. First, it raises questions about the manufacturing-centred, government policy theory of decline. If it is true that the published data overstate the scale of the manufacturing crisis, and if we assume that some degree of postwar industrial restructuring was inevitable, particularly in the heaviest industries, *and* if we take into consideration a growth rate of 42 per cent in manufacturing jobs in Nova Scotia and New Brunswick between 1922 and 1929, it may be necessary to conclude that the dynamics of the period may have been different from, or more complex than, those suggested in the "spillover from industrial crisis" thesis.

At the same time we might want to ask questions about the regional dimensions of the collapse *within* the Maritimes. It has been suggested for instance that the more recently industrialized of the region's towns, such as Amherst, were disproportionately affected by the collapse. This may have been the case, but Amherst was a railway town, which perhaps gave it a disproportionate share of the

railway repair business. It was also the home of one of the region's largest construction companies, Rhodes and Curry. In situations such as this one, the disproportion between the statistical and the actual decline may be especially significant.

Finally, it is possible that the difference between the industrial dimensions of the crisis in the Maritimes and in Ontario was not as great as has been thought, and that conditions in the primary sector need to be given greater weight. If so, the connection between transportation policy changes and a crisis that is seen as fundamentally regional and decisive — which is central in centre-periphery, dependency and “political” theories of regional decline (as it also was to the Royal Commission on Maritime Claims and the Maritime Rights Movement) — may have to be re-examined. More broadly, theories that suggest and can explain a pattern of more gradual relative decline based on factors that operated in the longer term rather than one of dramatic, politically-induced crisis may gain support from such a reconsideration.

PHILLIP J. WOOD