

**ECONOMICS 2K3
ECONOMIC HISTORY OF CANADA
COURSE OUTLINE**

September 2017: Monday, Wednesday & Thursday 10:30

MDCL 1105

W. Lewchuk

Office Hours: Monday 11:30-12:30

Classes start September 6 and end December 6

KTH-702

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Your corn is ripe to-day; mine will be so to-morrow. 'Tis profitable for us both, that I shou'd labour with you to-day, and that you shou'd aid me to-morrow. I have no kindness for you, and know you have as little for me. I will not therefore, take any pains upon you account; and should I labour with you upon my own account, in expectation of a return, I know I shou'd be disappointed, and that I shou'd in vain depend on your gratitude. Here then I leave you to labour alone; you treat me in the same manner. The seasons change; and both of us lose our harvests for want of mutual confidence and security.

David Hume, A Treatise of Human Nature, book 3, part 2, section 5, 1740.

OBJECTIVES OF THE COURSE

This course approaches economic theory and economic questions from an historical perspective using Canada as a case study. It will familiarize you with the growth and evolution of the Canadian economy over the last four hundred years. How did we become so rich? We examine the development of Canada in different time periods and the patterns of growth in different regions of Canada. Why are some parts of Canada richer than others? As well as an exploration of the economic history of Canada, the course will be organized around an examination of Canada's economic relationship with Britain and the United States. What lasting impact did our early relationship with Britain leave and how did our economy get so integrated into the American economy?

The ultimate objective is to deepen your understanding of how an economy functions and an understanding of Canada's current economic role in the North American and the global economy.

To be successful in this class you must complete the required readings and attend classes. Classes will touch on a number of the key items in the readings as well as introducing material not in the readings.

There is an Avenue to Learn site for this course.

REQUIRED TEXTS

Graham D. Taylor. The Rise of Canadian Business, Oxford University Press, 2009.

TERM WORK

All work submitted to this course must include your name (last name underlined) and student number in the top right hand corner of the first page. Title pages are discouraged.

a) Essay Research Project (Proposal 5%; Essay 25%)

All students must complete an essay as part of this course. For details of this assignment see Family Canadian Economic History Exercise available on Avenue to Learn.

b) Mid-term exam (25%)

The mid-term exam date is Wednesday October 4. It will be held in (to be announced) not in our regular classroom. In the event the University is closed on October 4, the mid-term will be held Thursday October 5 in MDCL 1105. Requests for re-reading exams will be accepted during the week following the date the exam is returned. The student must have a specific concern with the grading and must state the reason why the grade should be changed. It is not sufficient to simply state the grade should be higher. The first request should be made to the TA for the course. If you feel you still have a case I will look at it.

c) Final exam (45%)

There will be a final exam in the regular examination period.

The final mark will be computed as follows:

Essay Proposal	5 percent (due September 21)
Essay assignment:	25 percent (due November 16)
Mid-term exam:	25 percent (October 4)
Final exam:	45 percent (TBA)

McMaster Student Absence Form (MSAF)

Please note that the MSAF may not be used for term work worth 25% or more (including the essay and the mid-term) nor can it be used for the final examination.

ACADEMIC DISHONESTY

Academic dishonesty consists of misrepresentation by deception or by other fraudulent means and can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various kinds of academic dishonesty please refer to the Academic Integrity Policy, specifically Appendix 3, located at <http://www.mcmaster.ca/academicintegrity/students/whatis.html>

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

READINGS

The reading list is divided into required readings and a list of supplementary readings. Required readings are either from the text, posted on Avenue to Learn or available electronically through the library. The supplementary readings are intended to provide further readings on specific topics which can only be covered briefly in class. Students will not be directly responsible for this supplementary material for the mid-term or final exam.

PART I: ECONOMIC HISTORY AND ECONOMIC THEORY

TOPIC I: Introduction: Economic Theory, Economic Institutions and Economic History

1. Taylor, pp. v-ix.
2. Douglass North, *Institutions, Institutional Change and Economic Performance*, pp. 3-10 (See Avenue to Learn).
3. M.H. Watkins, "A Staple Theory of Economic Growth", *Canadian Journal of Economics and Political Science*, 1963, vol. 29, pp. 141-58. (Available on-line)
4. Ira Basen, Economics has met the enemy and it is economics, *Globe and Mail*, Saturday, Oct. 15, 2011. <http://www.theglobeandmail.com/news/politics/economics-has-met-the-enemy-and-it-is-economics/article2202027/>

Supplementary Readings

1. Douglass C. North, *Structure and Change in Economic History*, (New York, 1981), pp. 3-12.
2. R.E. Solow, "Economics: Is Something Missing", in W.N. Parker (ed.), *Economic History And The Modern Economist*, (Oxford, 1986), pp. 21-29.
3. W.T.Easterbrook, *North American Patterns of Growth and Development*, (Toronto, 1990), pp. 3-20.
4. W.A. MacKintosh, "Economic Factors in Canadian History", in M.H. Watkins and H.M. Grant (eds.), *Canadian Economic History: Classic and Contemporary Approaches*, (Ottawa, 1993). pp. 3-14.
5. Mel Watkins, "Staples Redux", (Studies in Political Economy, vol.79, 2007), pp. 213-26.
6. Francesco Boldizzoni, *The Poverty of Clio: Resurrecting Economic History*, (Princeton, 2011).
7. Douglass C. North, *Understanding the Process of Economic Change*, (Princeton, 2005).
8. Sebastian Galiani & Itai Sened (eds.). *Institutions, Property Rights, and Economic Growth: The Legacy of Douglass North*, (Cambridge, 2014).

TOPIC II: A Statistical Profile of Canada since pre-confederation

1. Veall, Michael R. 2012. Top income shares in Canada: recent trends and policy implications, *Canadian Journal of Economics*, Vol. 45 (4), pp. 1247-72. (Available online).
2. Livio Di Matteo. 2017. A Federal Fiscal History: Canada, 1867–2017 Chapter 3 Overview of Revenue, Expenditure, and Debt, 1867–2017, pp. 12-23. <https://www.fraserinstitute.org/studies/a-federal-fiscal-history-canada-1867-2017>

Supplementary Readings

1. World Top Income Data Base, <http://topincomes.parisschoolofeconomics.eu/#Home>:
2. Gregory Clark, *A Farewell to Alms: A Brief Economic History of the World*, Princeton University Press, (Princeton, 2007).

PART II: THE PRE-CONFEDERATION ECONOMY

TOPIC III: The Europeans Meet the Aboriginal Economy

1. Ronald Wright. 1992. *Stolen Continents: The New World Through Indian Eyes Since 1492*, (Toronto), pp. 114-140 (See Avenue to Learn).

Supplementary Readings

1. R.T.Naylor, *Canada in the European Age, 1453-1919*, (Vancouver, 1987).
2. Thomas R. Berger, *A Long and Terrible Shadow: White Values, Natives Rights in the Americas, 1492-1992*, (Vancouver, 1991), pp, 54-65.
3. Charles C. Mann, *1491: New Revelations of the Americas Before Columbus*, (New York, 2011).
4. Charles C. Mann, *1493: Uncovering the New World Columbus Created*, (New York, 2012).
5. James Daschuk, *Clearing the Plains: Disease, Politics of Starvation and the Loss of Aboriginal Life*, (Regina, 2013).

TOPIC IV: European Imperialism and the Shaping of Canada's Economy: Fish & Furs

1. Taylor, pp. 1-7.
2. Excerpts from *The Principles of Mercantilism* as stated in 1765 by Forbonnais. (See Avenue to Learn).

This was originally published in 1765 describing the economic policies of 18th century France. The full version can be found at Nelly S. Hoyt and Thomas Cassirer, trans., *The Encyclopedia: Selections: Diderot, d'Alembert and a Society of Men of Letters* (Indianapolis: Bobbs-Merrill, 1965).

<http://quod.lib.umich.edu/cgi/t/text/text-idx?c=did;cc=did;rgn=main;view=text;idno=did2222.0000.145>

Supplementary Readings

1. H. Innis, *The Cod Fisheries*, (Toronto, 1954).
2. J. Gilchrist, "Exploration and Enterprise - The Newfoundland Fishery 1497-1677", in D.S. Macmillan (ed.), *Canadian Business History*, (Toronto, 1972).
3. R.E. Ommer, "All the Fish of the Post: Resource Property Rights and Development in a Nineteenth-Century Inshore Fishery", *Watkins & Grant*, pp. 61-77.
4. H. Innis, *The Fur Trade in Canada*, (Toronto, 1970).

TOPIC V: The Atlantic Economy: In the Shadow of New England

1. Taylor, pp. 7-13.

Supplementary Readings:

1. Ronald Findlay and Kevin H. O'Rourke, *Power and Plenty: Trade, War and the World Economy in the Second Millennium*, Princeton University Press, (Princeton, 2007).

TOPIC VI: Upper and Lower Canada: Wheat, Timber and Infant Industries

1. Taylor, pp. 64-69 & 111-19.

Supplementary Readings:

1. J. McCallum, *Unequal Beginnings: Agriculture and Economic Development in Quebec and Ontario until 1870*, (Toronto, 1980).
2. J. Isbister, "Agriculture, Balanced Growth & Social Change in Central Canada Since 1850: An Interpretation", in *Economic Development & Cultural Change*, #25, 1977, pp. 673-697. Reprinted in D.McCalla, (ed.), *Perspectives on Canadian Economic History*, (Toronto, 1987), pp. 58-80.
3. W.T.Easterbrook, *North American Patterns of Growth and Development*, (Toronto, 1990), pp. 81-112.
4. R. Armstrong, *Structure & Change: An Economic History of Quebec*, (Toronto, 1984), Chapter 6.
5. A.R.M. Lower, "The Trade in Square Timber", in Easterbrook & Watkins, *Approaches to Canadian Economic History*, (Toronto, 1963).
6. Peter Baskerville, "Transportation, Social Change and State Formation, Upper Canada 1841-64", in Allan Greer & Ian Radforth eds., *Colonial Leviathan*, (Toronto, 1992), pp. 230-56.
7. F.Lewis and M.McInnis, "The Efficiency of the French-Canadian Farmer in the Nineteenth Century", in Watkins & Grant, pp. 103-23. Reprinted from ", (*Journal of Economic History*, 1980), pp. 497-514. (Available on-line).
8. Kenneth Pomeranz, *The Great Divergence: China, Europe and the Making of the Modern World Economy*, Princeton University Press (Princeton, 2000).

TOPIC VII: The West: The Decline of the Native Economy

1. James Daschuk, *Clearing the Plains: Disease, Politics of Starvation and the Loss of Aboriginal Life*, (Regina, 2013), pp. 79-98. (See Avenue to Learn)
2. Todd Gordon. 2010. *Imperialist Canada*, Chapter 2, *Empire at Home*, pp. 66-78. (See Avenue to Learn)

PART III: CONFEDERATION: THE TRANSITION FROM A BRITISH COLONY TO AN AMERICAN SATELLITE

TOPIC VIII: Canada on the Eve of Confederation: Economics On Our Own

1. Taylor, pp. 13-18.

Supplementary Readings

1. T. Naylor, *The History of Canadian Business*, (Toronto, 1976), Vol. I, Chapter 2.
2. R. Ankli, "The Reciprocity Treaty of 1854", *Canadian Journal of Economics*, 1971.

3. D.G. Creighton, "The Decline & Fall of the Empire of the St. Lawrence", in D.G. Creighton, *Toward the Discovery of Canada*, (Toronto, 1972).
4. R.T. Naylor, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence", in G. Teeple (ed.), *Capitalism & the National Question*, (Toronto, 1972).
5. L.R. MacDonald, "Merchants Against Industry: An Idea & Its Origin", *Canadian Historical Review*, #56, 1975, pp. 263-281.
6. R.T.Naylor, "Trends in the Business History of Canada", in Watkins & Grant, pp. 127-135.

TOPIC IX: Confederation: Protectionism Versus Free-Trade

1. Taylor, pp. 21--52.
2. Michael Hudson, *America's Protectionist Takeoff*, pp. 83-93. (See Avenue to Learn)
3. Livio Di Matteo. 2017. A Federal Fiscal History: Canada, 1867–2017 Chapter 4, Nation Building, 1867–1913, pp. 24-31. <https://www.fraserinstitute.org/studies/a-federal-fiscal-history-canada-1867-2017>
4. Roger Martin, A great crew, but the ship's sinking, *Globe and Mail*, January 31, 2000, <http://www.rotman.utoronto.ca/pdf/GlobeAndMail-1.pdf>

Supplementary Readings

1. B. Palmer, *A Culture in Conflict*, (Montreal, 1979), Chapters 1 & 3.
2. G. Kealey, *Toronto Workers Respond to Industrial Capitalism*, (Toronto, 1980), Chapters 1 & 2.
3. H. Aitken, "Defensive Expansion: The State and Economic Growth in Canada", Part II, pp. 203-210 in Easterbrook & Watkins, *Approaches to Canadian Economic History*, (Toronto, 1963).
4. B. Ostry, "Conservatives, Liberals & Labour in the 1870's", in *Canadian Economic History*, (Toronto, 1963).
5. H.C. Pentland, "The Development of a Capitalist Labour Market in Canada", *Canadian Journal of Economics & Political Science*, 1959.
6. G. Williams, *Not for Export*, (Toronto, 1983), pp. 15-61.
7. G.Laxer, *Open for Business: The Roots of Foreign Ownership in Canada*, (Toronto, 1989), pp. 55-75.
8. B.Forster, "The Coming of the National Policy: Business, Government and the Tariff, 1876-1879", *Journal of Canadian Studies*, vol. 14, 1979, pp. 39-49. Reprinted in D.McCalla, ed., *The Development of Canadian Capitalism*, (Toronto, 1990), pp. 124-40.
9. P. Dutil & D.MacKenzie. 2011. *Canada 1911*, (Toronto).

TOPIC X: Regional Impacts of the National Policy

1. Taylor, pp. 53-69 & 97-108.
2. Bruce Smardon, "Rethinking Canadian Economic Development: The Political Economy of Canadian Fordism, 1880-1914, (Studies in Political Economy, vol. 85, 2010), pp. 179-208. (Available online)

Supplementary Readings

1. T. Naylor, "High Finance and the Canadian Railways", in T. Naylor, *The History of Canadian Business*, (Toronto, 1976), Vol. 1, pp. 260-296.
2. T.W. Acheson, "The National Policy and the Industrialization of the Maritimes 1880-1910", *Acadiensis*, 1972, pp. 3-28.
3. P.J. George, "Government Intervention, Railways and Canadian Economic Development: The Case of the CPR", in J. Chant et al., *Canadian Perspectives in Economics*, (also Canadian Journal of Economics, #1, 1968).
4. L.Anders Sandberg, "Dependent Development, Labour and the Trenton Steel Works, Nova Scotia 1900-43", (*Labour/Le Travail*, vol. 27, 1991), pp. 127-62.
5. D.G.Alexander, *Atlantic Canada and Confederation: Essays in Canadian Political Economy*, (Toronto, 1983).
6. K.J.Rea, *The Prosperous Years: The Economic History of Ontario*, (Toronto, 1985).
7. K.Coates, *Canada's Colonies: A History of the Yukon and Northwest Territories*, (Toronto, 1985).
8. G. Friesen, *The Canadian Prairies*, (Toronto,1984).
9. U.C. Fowke, *The National Policy & The Wheat Economy*, (Toronto, 1957), Part I and Conclusions.
10. K.H. Norrie, "Agricultural Implement Tariffs & the National Policy", *Canadian Journal of Economics*, Vol. 7, 1974.
11. D.Alexander, "Economic Growth in the Atlantic Region, 1880-1940", in Watkins & Grant, pp. 239-266.
12. M. Altman, "A Revision of Canadian Economic Growth, 1870-1910", in Watkins & Grant, pp. 189-207.
13. K.H.Norrie, "The National Policy and the Rate of Prairie Settlement: A Review", in Watkins & Grant, pp. 167-88.
14. Leah Vosko (2000), *Temporary Work: The Gendered Rise of a Precarious Employment Relationship*, Toronto: University of Toronto Press, pp. 45-78.
15. Barbara Cameron (2006), *Social Reproduction and Canadian Federalism*, in Kate Bezanson & Meg Luxton (eds.) *Social Reproduction: Feminist Political Economy Challenges Neo-Liberalism*, Montreal, McGill-Queens University Press, pp. 45-74.
16. Mary Janigan. 2012. *Let the Eastern Bastards Freeze in the Dark*, Toronto, Knopf Canada.

PART IV: THE AMERICANIZATION OF THE CANADIAN ECONOMY, 1914-1989

TOPIC XI: Searching for Markets – Searching for Investors

1. Taylor, pp. 119-145.
2. Livio Di Matteo. 2017. A Federal Fiscal History: Canada, 1867–2017 Chapter 5. War and Depression, 1914–1945 pp. 32-44. <https://www.fraserinstitute.org/studies/a-federal-fiscal-history-canada-1867-2017>

Supplementary Readings

1. Hugh G. Aitken, *The American Economic Impact on Canada*, (Durham, 1959).

2. H.G. Johnson, *Economic Nationalism in Old & New States*, (Chicago, 1967), Chapters 1 & 6.
3. D.J. Daly, "Weak Links in the Weakest Link", *Canadian Public Policy*, Vol. 3, 1979, pp. 307-317.
4. M. Watkins, "The Economics of Nationalism and the Nationality of Economics: A Critique of Neo-Classical Theorizing", *Canadian Journal of Economics, Supplement*, 1978.
5. A. Breton, "The Economics of Nationalism", *Journal of Political Economy*, 1964.
6. G.D. Taylor, "Management Relations in a Multinational Enterprise: The Case of Canadian Industries Ltd., 1928-1948", in Tom Traves ed., *Essays in Canadian Business History*, (Toronto, 1984).
7. G.D. Taylor, "Charles F. Size, Bell Canada & the Americans", *Historical Papers*, 1982, pp. 11-30.
8. G. Williams, *Not for Export*, (Toronto, 1983), Chapters 1,5,6 & 8.
9. N.Bradford and G.Williams, "What Went Wrong? Explaining Canadian Industrialization", in Clement and Williams, (eds.), *The New Political Economy*, (Toronto, 1989), pp. 54-76.
10. A.E.Safarian, *Foreign Ownership of Canadian Industry*, (Toronto, 1973).
11. I.M.Drummond, *Progress Without Planning: The Economic History of Ontario from Confederation to the Second World War*, (Toronto, 1987).
12. H.V. Nelles, *The Politics of Development: Forests, Mines & Hydro Electric Power in Ontario*, (Toronto, 1974).
13. C.Armstrong & H.V.Nelles, *Monopoly's Moment: The Organization and Regulation of Canadian Utilities, 1830-1930*, (Toronto, 1988).
14. M.Bliss, *Northern Enterprise: Five Centuries of Canadian Business*, (Toronto, 1987).
15. 2. K.A.H. Buckley, "Capital Formation in Canada: 1896-1930", in Watkins & Grant, pp. 211-222.

TOPIC XII: The Post-War Boom and Managed Trade: 1945-1973

1. Taylor, pp. 177-87.
2. Livio Di Matteo. 2017. A Federal Fiscal History: Canada, 1867–2017 Chapter 6. Post-War Boom, 1945–1973 pp. 45-54. <https://www.fraserinstitute.org/studies/a-federal-fiscal-history-canada-1867-2017>
3. Paul Kellogg, Kari Levitt and the Long Detour of Canadian Political Economy, (Studies in Political, vol. 76, 2005), pp. 31-60. (Available online).
4. Dimitry Anastakis, Auto Pact, pp.3-16. (See Avenue to Learn)

Supplementary Readings

1. C.Yates, *From Plant to Politics: The Autoworkers Union in Postwar Canada*, (Philadelphia, 1993), pp. 81-106.
2. Stephen Azzi, *Walter Gordon and the Rise of Canadian Nationalism*, (Montreal, 1999).
3. Greg Donaghy, *Tollerant Allies: Canada and the United States, 1963-1968*, (Montreal, 2002).
4. Walter Gordon, *Troubled Canada: The Need for New Domestic Policies*, (Toronto, 1961).
5. George Grant, *Lament for a Nation: The Defeat of Canadian Nationalism* (Toronto, 1965).

6. A.E.Safarian, *Foreign Ownership of Canadian Industry*, (Toronto, 1966).
7. Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada*, (Toronto, 1970).
8. Hugh Aitken, *The American Economic Impact on Canada*, (Durham, 1959).
9. Harry Johnson, *The Canadian Quandary: Economic Problems and Policies* (Toronto, 1963).
10. C.E.Beigie, "The Canada-US Auto Pact", (*Canadian Perspectives in Economics Series*, Toronto, 1972), np.
11. J.Niosi, "The International Expansion of the Canadian Economy", in D.McCalla, ed., *The Development of Canadian Capitalism*, (Toronto, 1990), pp. 341-65. Originally published in J.Niosi, *Canadian Multinationals*, (Toronto, 1985), pp. 33-60.
12. On the history of the autopact see: http://archives.cbc.ca/IDC-1-73-326-1712/politics_economy/auto_pact/

TOPIC XIII: The Political Economy of Energy in Canada

1. Taylor, pp. 153-64 & 187-93.
2. Keith Brownsey, Alberta's Oil and Gas Industry in the Era of the Kyoto Protocol, in G.Bruce Doern (ed.) *Canadian Energy Policy and the Struggle for Sustainable Development*, pp. 200-222. Available electronically. (Notes pages on the online version for the chapter might look different.)
http://books2.scholarsportal.info.libaccess.lib.mcmaster.ca/viewdoc.html?id=/ebooks/ebooks0/gibson_crkn/2009-12-01/6/418636&page=213

Supplementary Readings

1. L. Pratt, *The Tar Sands*, (Edmonton, 1976).
2. Graham Taylor, "From Branch Operation to Integrated Subsidiary: The Reorganization of Imperial Oil under Walter Teagle, 1911-1917", (*Business History*, vol. 34, 1992), pp. 49-67.
3. G.B. Doern and G. Toner, *The Politics of Energy*, (Toronto, 1985), pp. 64-126.
4. J.Richards and L.Pratt, 'Empire Alberta: The Province as Entrepreneur', in D.McCalla, ed., *The Development of Canadian Capitalism*, (Toronto, 1990), pp. 309-40. Originally published in J. Richards and L. Pratt, *Prairie Capitalism: Power and Influence in the New West*, (Toronto, 1979), pp. 215-49.

TOPIC XIV: FTA, NAFTA the WTO and GATT

1. Taylor, pp. 197-214 & 235-255.
2. Jim Stanford, Staples, Deindustrialization, and Foreign Investment: Canada's Economic Journey Back to the Future, (*Studies in Political Economy*, vol. 82, 2008), pp. 7-34. (Available online)

Supplementary Readings

- W.Irwin Gillespie, "A Brief History of Government Borrowing in Canada", in Lars Osberg & Pierre Fortin, eds., *Unnecessary Debts*, (Toronto, 1996), pp. 1-25.

Pierre Fortin, "The Canadian Fiscal Problem: The Macroeconomic Connection", in Lars Osberg & Pierre Fortin, eds., *Unnecessary Debts*, (Toronto, 1996), pp. 26-38.

R.M.Campbell, *Grand Illusions: The Politics of the Keynesian Experience in Canada: 1945-1977*, (Peterborough, 1987).