

Chapter 1 – Introduction: Towards a Post-Staples State?

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For generations provinces like British Columbia and Quebec were known for their forestry resources, while others like Prince Edward Island, Saskatchewan and Manitoba were known for their farms. Ontario mining was legendary, as were the oil and gas wells of Alberta and the fisheries of Newfoundland, New Brunswick and Nova Scotia (Howlett 2006). It was common wisdom that fifty cents of every dollar in British Columbia, for example, came from the forestry industry and that sawmills, pulp and paper, and shingle mills and other related industry employed hundreds of thousands of people in cutting, hauling, and producing various wood products. Those days are gone. The Douglas Fir no longer reigns in British Columbia's economy but rather, tourism, film and television production, aquaculture and other industries have taken a strong if not leading role in the province's economy (Luke 2002; Howlett and Brownsey 1996). While still important to British Columbia's economy, as with most other provinces, the original 'staples' resource industries of farming, fishing, mining and forestry have given way to service and other types of business. The wheat economy of the prairies has similarly diversified into various agricultural products from canola seed to cattle as well as undergone a process of consolidated into large agribusiness. On the east and west coasts, the Atlantic cod fisheries have vanished and the Pacific salmon stocks have dwindled. Even in the energy sector a hegemony of high valued goods has emerged. The staples of hydroelectricity and crude oil and natural gas have been transformed by environmental regulation, decreasing conventional reserves of liquid hydrocarbons, conflict over land use, new technology, and scarcity of supply.

No longer tied exclusively to the original staples industries, Canada has become an advanced economy but one which remains different from the typical model of advanced manufacturing and services found in Europe, the US and Japan. The base of the Canadian economy retains its roots in early staples industries but with many new activities grafted into, and onto, those traditional sector (Watkins 1997). This transformation of the old staples political economy has ushered in some elements of a new political and social order at the same time that it as exacerbated or worsened many elements of the old (Clarkson 2001).

Changes in the staples economy are illustrated by the rise of social movements, urbanization and an increasingly disconnected regional politics. They are also a product of the globalization and regionalization of markets. All together, the transformation of the staples economy has been attributed to such factors as industrialization and urbanization, resources depletion, increasing competition from low cost producers, immigration from non-European countries, the regionalization of markets and industrial restructuring as well as the rising importance of social movements and knowledge elites (Howlett 2003; Hession, Howlett and Summerville 2005)). Simply put, the traditional staples industries within Canada have been affected by a variety of factors which together have transformed the Canadian political economy moving in the direction of a 'new' or 'post' staples political economy (Hutton 1994).

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The contributors to this Special Issue provide an overview of these changes in the political economy of Canada's contemporary primary sector. Each tries to answer a series of questions with respect to specific sectors of the economy and its overall trajectory. First, what was the traditional staples economy involving this resource? Second, how has each sector changed in recent years.

Overview: The Evolution of a Staples Political Economy

A staple refers to a raw, or unfinished bulk commodity product which is sold in export markets. Timber, fish and minerals are typical staples, usually extracted and sold in external markets without significant amounts of processing, but so are most agricultural products, energy and, increasingly, water (Innis 1930 and 1933). Clapp (1998) has argued that specific resource sectors typically follow a similar pattern of development caused the fall in profits and dislocations which result from the exhaustion of easily accessible resources and their 'replacement' by dwindling or more difficult to access supplies.

In this view individual staples sectors typically go through four phases as they grow and expand. The first phase is a period of rapid expansion as the new staple is developed using easy-to-access, plentiful, 'natural' resource supplies. The second phase is a maturing phase as the limits of easily accessible, low-cost, resource supplies are reached and/or increased competition limits market growth and the rate of the expansion of the sector. The third phase is one of disequilibrium as the state and private sector responds to the slowing of growth by trying to force expansion through subsidies, weaker regulations or the search for new resource supplies. This can create some growth but it is usually short-lived as subsidized supplies are again depleted and costs rise. The fourth phase is either one of decline and crisis as the subsidized expansion is shut down and the industry downsizes, moves to other countries still offering plentiful cheap supplies or makes a transition to a new form of resource activity, as when aquaculture activities increase to offset declines in the wild fishery (Clapp 1998).

Many countries have had their economies based on a single or multiple set of 'primary' or resource industries, ranging from the US (North 1961), to Argentina, Chile, New Zealand, Australia, Canada, Brazil, Norway and many others (Hirschman, 1958, Watkins 1997), and many still do so, including oil-reliant states in the middle east and central Asia and mineral-reliant ones in Africa (Freudenburg 1992). Some of these countries have evolved from a staples base to a manufacturing or service one, but others have not, or have only partially done so (Watkins 1963 and 1977; Freudenburg 1992). An economy reliant on a single staple would be expected to go through the same four stages, overall, as would its dominant industry. Countries based on multiple staples, of course, could have more complex patterns of development but, ultimately, would also be expected to pass towards the final 'post-staples' stage.

This means, in historical terms, we can construct an ideal-typical sequence of staple-based political economic regimes:

First, there is the "frontier staples state". That is, an initial period of staples development in which easily available bulk commodities (fisheries, furs, timber) in the period of European exploration and the colonial enterprise are exported to metropolitan countries. The extraction of these resources in raw or unprocessed form acts as a leading influence on social formation and settlement patterns, characterized by conflict both between contending powers (France, Britain and the U.S) and trading companies over territory and resources, and marked by widespread displacement of First Nations societies (Innis 1956, Lower 1972).

Secondly, there is the archetypal or classical expanding staples state. In Canada this developed with the expansion of agriculture, forestry, fisheries and mining in the 19th and early 20th centuries, based on comparative advantage in natural resource endowments; incorporating the formation of a national core-periphery staples economy described in compelling terms by Harold Innis (1933) and Donald Creighton (1937); dominated by the industrial metropolises of Montreal and Toronto and their satellites; and with the extraction of staples constituting a lead development sector (investment, employment, community formation) for the national periphery (Watkins 1963; Bertram 1963; Buckley 1958);

Thirdly, there is the 'mature staples state'. Here the rapid expansion of staple extraction dating from the first world war, facilitated by new industrial production technologies and Fordist labour organization; stimulated both by domestic and export market demand; coincident with the growth of 'core' cities linked to resource peripheries at the national and provincial scales (Clarke-Jones 1987).

Fourthly, there is the 'new' or 'post-staples' state. This shows signs of emerging in the late 20th century and early 21st century as a set of new conditions influence the trajectory of staple development in Canada since the 1980s, including: increasing pressures on resources and allied staple sectors and communities derived from resource depletion, global market pressures, the relentless substitution of capital for labour, and social factors (notably environmentalism and its variants); and a context of increasing metropolitan hegemony and transnational urbanism (Hutton 1994).

That is, as Hutton (1994) has observed, there are several possible permutations on the general staples 'theme'. In addition to the 'classic' staples political economy based on easily accessible and ample resource supplies, labour-intensive means of production, social insurance and export enhancing infrastructural investment, there is also the "mature, advanced" staple political economy in which there is substantial depletion of original resource endowments and consequent increasing pressure on the part of industry to access more costly or protected stocks and supplies. This activity is resisted by "environmental" groups originating both in urban centres divorced from the resource economy and in hinterland communities desiring to replace 'exploitation' with 'sustainability' as the operating motif of the basis of their livelihood. Mature staples economies feature the increasing capital- and technology-intensiveness of resource extraction processes and consequent decrease in employment in the staples sector, the evolution of development from 'pure' extraction to increased refining and secondary processing of resource commodities, and the diversification of economic structures in cities and small towns with growth in non-staples related areas such as, tourism, and local administration and education, health and other social services (Hutton 1994).

While a mature staples political economy may still be characterized as "resource dependent", the economy is more diffused and diversified than in the past. As Hutton suggests, if this diffusion, diversification, and resource depletion continues, then an economy may make a further transition towards a "post-staples" one in which severe pressures on the critical resource sector coupled with the prospect of even more substantial contractions in the near future lead to an internal reconfiguration of growth and development as unprocessed bulk commodities can no longer compete with low-cost suppliers in traditional export markets. Typically this would involve a significant increase in metropolitan shares of population and employment, the emergence of regional economic centres, the decline of smaller resource-dependent communities and the

increased prominence of the internal market for remaining, smaller-scale, resource industries (Hutton 1994).

For countries like Canada which remain based on multiple staples resource extraction (Hessing, Howlett and Summerville 2005), it is important to know how these transitions are occurring and whether or to what extent each component primary industry, and thus the entire country as a whole, has approached Clapp's (and Hutton's) final phase. This Special Issue contributes to the discussion of this key issue in studies of political economy and economic development (Williams 1983; Britton 1996; Niosi 1991b; Clarkson 2001)

Organization of the Issue

Following a short overview of staples political economy by Adam Wellstead, this issue is organized into articles which examine different 'classical' Canadian primary or 'staples' industries : agriculture, the fishery, mining, oil&gas, and hydro-electricity. Each article provides an overview of the development of each sector, both in terms of the industry involved as well as government regulation, and the nature of the major problems it has faced. This analysis of the sectoral structure of the Canada's primary industries supports the idea that Canada is involved in a very uneven transitional process in a movement from a staples to a "post-staples" state.

Grace Skogstad begins the examination of specific staples resource or 'primary' sectors by examining the changes occurring in the Canadian agricultural sector. Her overview of this staple industry discusses the programs and problems facing the farming and ranching communities in an increasingly competitive market place and the federal state's policy response.

Gunhild Hoogensen focus her attention on the Atlantic and Pacific fisheries. One of the oldest extractive industries in the country, the fishing industry faces historically low levels of stocks at the same time as international competition has increased. Hoogensen discusses the problems facing the creation of a sustainable Canadian fishery and the political, social and economic impact of the moves towards Free Trade in goods and services on the prospects of reversing the decline of the traditional fishery.

Forestry is another traditional staples industry that has undergone extensive change through resources depletion, international competition and technological change. Jocelyn Thorpe and Anders Sandberg argue that in many communities and jurisdictions the response has been to try to change the nature of the forest from being the basis of extractive industries to 'attractive' ones, like eco-tourism. The rise of the environmental movement, native land claim and immigration have fundamentally altered the conditions necessary to maintain the traditional forest industry, but the new attractive model is also much more ecologically and culturally damaging than many allege.

Mary Louise McAllister tackles another 'classic' traditional staples industry: mining. Despite a declining importance in the overall economic activity, the mineral sector remains an important industry for many rural communities. But low-cost competition, environmental concerns, new technologies and innovative labour processes such as long-distance commuting have transformed the industry and with it the communities which depend on it. The industry has responded to these challenges with innovative programs in community partnerships, sustainability, new work relations. The mining sector, she states, operates in a pattern consistent with a mature staples economy.

In his article, Keith Brownsey argues that the upstream oil and gas industry in the western sedimentary basin has followed a similar pattern to other resource industries. With the decline of conventional reserves, non-conventional resources such as the oil

sands and coalbed methane have become increasingly important. Technology, skilled labour, massive infusions of capital are all required to keep the industry operating. Small producers have aligned themselves with provincial governments – especially in Alberta – to push back against the regulatory and environmental incursions of the federal state, however, because they simply do not have the ability to meet the new requirements and requisites for continued growth. As a result of these political alignments, the producing provinces find themselves in conflict with the federal government over a range of issues from the Kyoto Protocol to worker training.

Alex Netherton expands the theme of water in his study of hydroelectricity generation in Canada. He traces the Canadian of hydro-electric power from a privately owned industry into an agent of provincial economic development and to its current status as an export commodity tied to international distribution systems or grids. Regulatory reform in the United States has, Netherton claims, forced the restructuring of the Canadian industry and a technology based export product has emerged in a new post-staples environment.

Together these articles present a detailed picture of a changing political economy. No longer on the periphery of empire, Canada has become a mature staples state and in many of its regions – urban and rural – and sectors have developed elements of a post-staples society. This issue begins the process of explaining and understanding the political, social and economic impact of this situation.

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