

A Social and Economic History of Rural Canada

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Kyo wa Kono wāku-shoppu ni omaneki kutasaimashite taihen arigato gozaimas

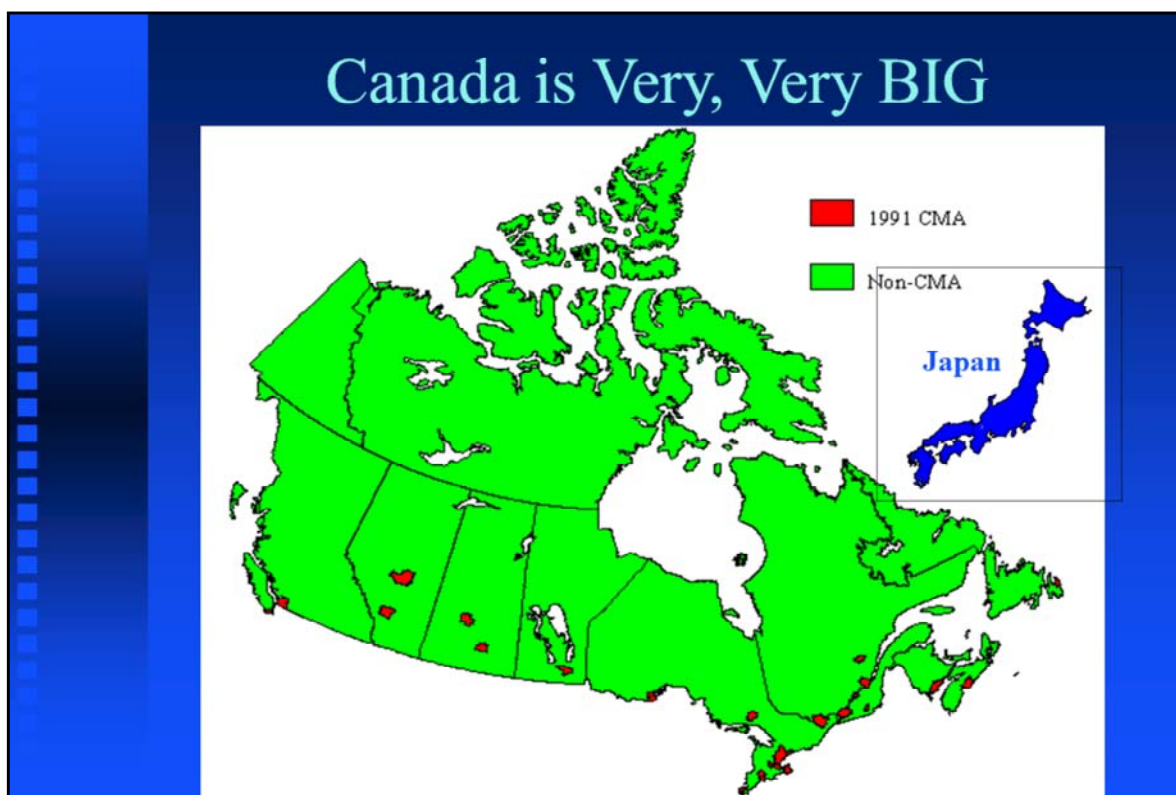
Utsukushii mura o otozure takusanno hito-tachi ni oai suruko ga deki ta no wa minasama no, oka-ge des. Arigato gozaimas

- We are very pleased to have established this relationship with you
- We have already enjoyed the exchanges and look forward to discovering new insights and new friends as we seek to improve the situation for rural people.
- Today I will outline some of the social and economic conditions that have contributed to the situation of rural Canada today

A Social and Economic History of Rural Canada

- Resource Economies
- Manufacturing Industries
- The State
- Implications for Rural Canada
- Strategies for Rural Canada





Canada is Very, Very BIG

- 26 times the size of Japan
- But it is big in geographical terms only
 - less than 1/4 the population (30 million people to Japan's 126 million - 1997)
 - 2/3 of the population in cities
- As a result:
 - transportation, communications are major issues for economic, social, and political life of Canada
 - rural services - especially in remote locations are a chronic problem

Natural Resource Economies Remain Basic



Resource Economies are basic to understanding Canadian economic and social history

- These commodities have been export-oriented
- Resource Economies are a significant part of the regional development of Canada
- They contribute to the diversity of the Canadian economy and social structure

Natural Resource Economies Remain Basic

- | | |
|-------------|---------------------------|
| □ Fish | - Atlantic regions and BC |
| □ Fur | - River systems |
| □ Forests | - Eastern Canada and BC |
| □ Grain | - QC, ON, Prairies |
| □ Dairy | - Southern QC and ON |
| □ Minerals | - Isolated Sites |
| □ Petroleum | - Alberta, Saskatchewan |

Historical Background

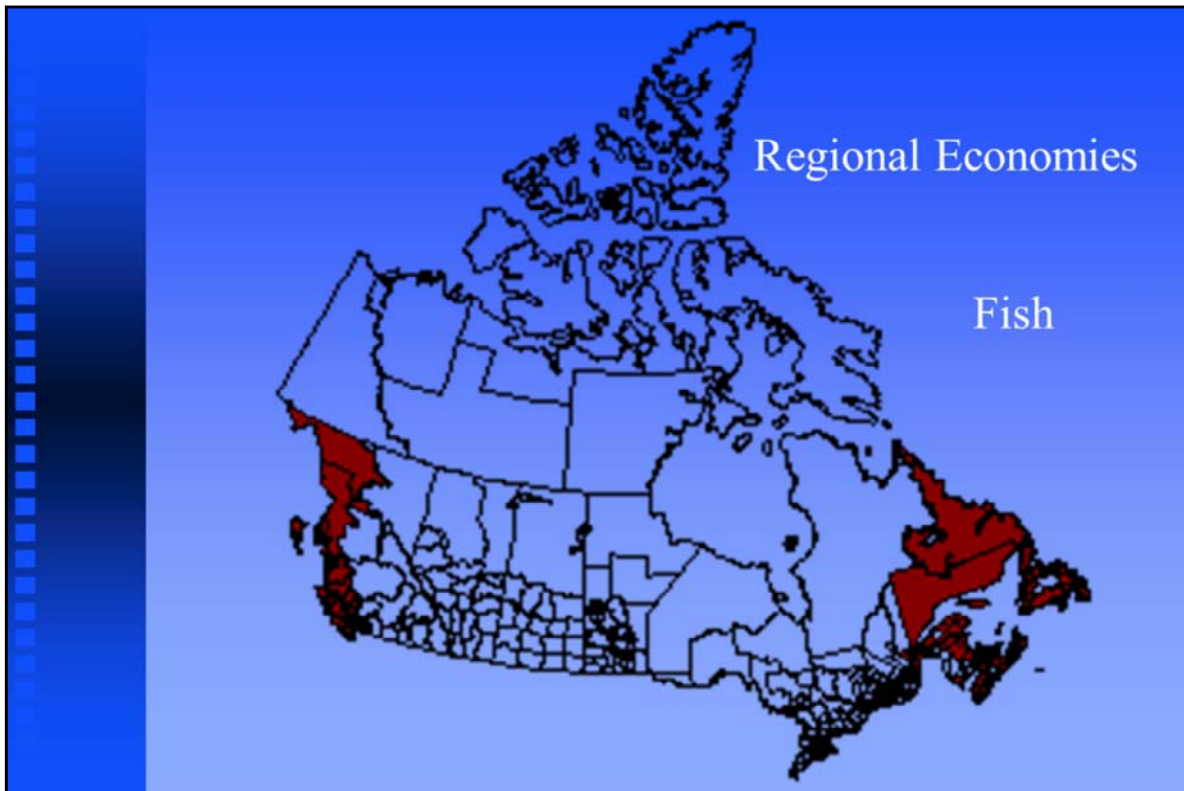
- fish: Portugal, Spain, France, Britain (cod fishing)
 - fur: Europe through France and Britain
 - 1608: Quebec city established
 - same year as the Matsuyama castles were built
 - both to control trade and the local population
 - both used mercenary armies to secure trade routes
 - forests: Initially squared timber (Napoleonic wars cut off Balkan timber), then lumber and pulpwood
 - grain: Initially southern QC and ON, then Prairies
 - dairy: southern QC and ON - English market
 - minerals: coal, precious metals, uranium, potash - located where the minerals were (Cape Breton, Canadian Shield, BC mountains)
 - petroleum: Initially southern ON, then AB and SK
- In the beginning, they were labour-intensive/all are labour-shedding now

The Legacy of Resource Economics



The Legacy of Resource Economics

- The history of natural resource commodities has left a social and political legacy which dominates Canadian rural policy and development.
- 5 characteristics that are evident today:
 - regional economies
 - communities that served their hinterlands
 - mercantilism
 - export-oriented transportation system
 - sectoral political systems



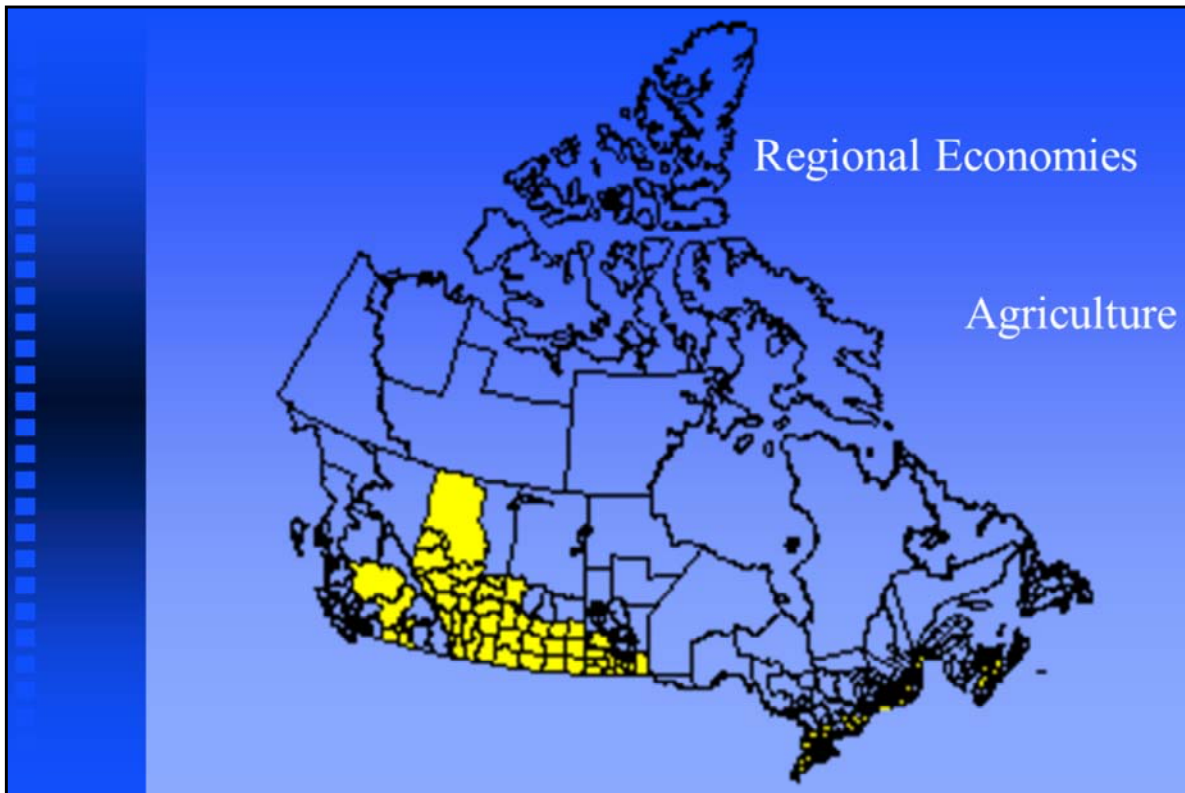
Regional Economies

- Our natural resource economies are tied to geographical regions
 - fishing
 - forestry
 - agriculture



Regional Economies

- The economic fate of rural communities depended on their resource hinterlands. The communities were service centres to these hinterlands. Period of Fishing, Forestry, Agricultural, Mining Communities



Regional Economies

- special characteristics of communities based on natural resources
 - cyclical
 - limited future
 - stratified social structure

Mercantilism

19th and 20th Century Canada





Mercantilism - 19th century - continued

- State controls property rights
 - Northwest and Hudson's Bay Companies with fur trade
 - Crown land in forests - companies lease access (stumpage fees)
 - Settlement of Prairies through homesteading
 - Mineral and petroleum rights rest with Crown
- Entitlements given to private sector
 - e.g. CPR given significant control over right of way and local communities in exchange for building the railway
 - sometimes with conditions (royalties, fulfilling strategic objectives - e.g. transportation)
- Trade interests play a prominent role in State decisions
 - maintenance of trade monopolies strategic
 - significant interlinks between State and Mercantile interests (including personnel on boards, etc.)
 - Trade and financial capital (short-term returns) predominate over industrial (long-term returns) capital
- Legitimacy of a ruling elite
 - moral order stressing social distinctions (Smucker, 1980:63)
- National policy was guided by mercantilism until 1850s



Other Implications

- Transportation systems designed to move resources to external markets:
 - fur trade: Europe, USA East Coast
 - shipping (Halifax, Montréal, Vancouver, Toronto)
 - trains (CPR, CNR)
 - roads: north/south more developed over east/west
 - becoming an important aspect with North America Free Trade Agreement
 - Pacific Rim
- Federal departments of agriculture, forestry, mining created policies which pressed commodity interests
- Regional development treated as part of sectoral policy



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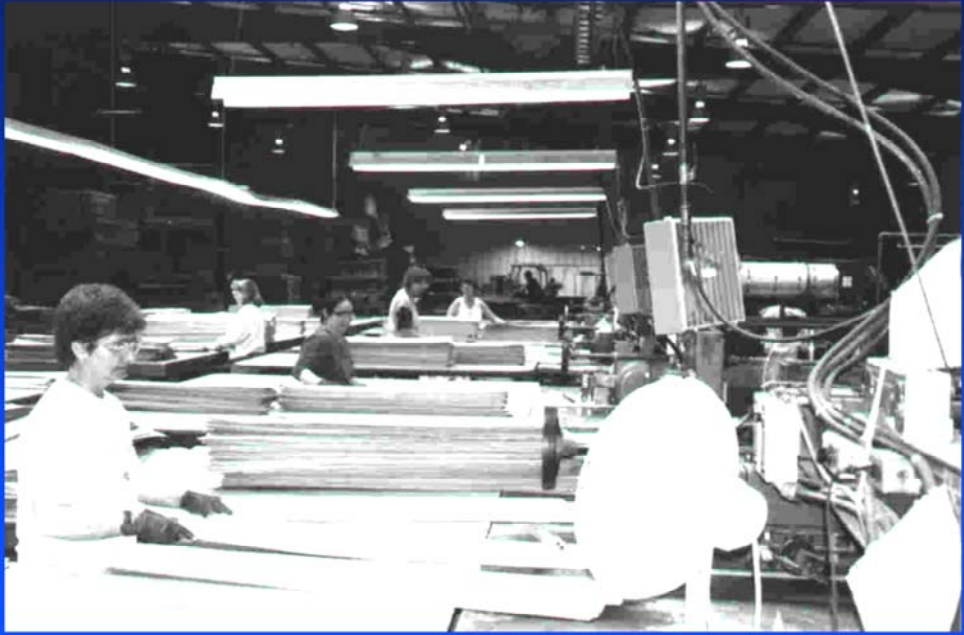
Legacy of Resource Economies

- regional economies
- communities served their hinterlands
- mercantilism
- export-oriented transportation system
- sectoral political systems

Other Implications

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Manufacturing Development





Manufacturing Industries in Canada

- **Faced Retarded development** because of Canada's colonial position vis-a-vis France and Britain
 - e.g. British laws banning colonial manufacturing
 - With loss of trade advantage with Britain (1850s), Canadian elite flirted with reciprocity, but after being cut off during the Civil War and fearing USA expansion into Canada, they lobbied for confederation east and west (begun in 1867)
- **National policy (1879):**
 - tariffs to protect small manufacturers from more advanced industries in USA and Britain
 - western settlement to create markets for manufacturers
 - railroad built (1885)
 - prairie settlement (1901 to 1911)
- **Relied on foreign investment**
 - Industrialization supported by British, then USA since Canadian elite looked to fast returns on capital through trade (Naylor)
- **Branch plant structure emerged**
 - regulations encouraged foreign companies to open branch plants
 - they were soon financing expansion within Canada using funds earned in Canada
 - they bought up local enterprises
 - made home-grown competition difficult
 - high level of foreign ownership
- **High concentration of industries**
 - became more like financial institutions than manufacturing li.e.concern with cash flow rather than production (e.g. Power corp.)
 - continues today (Apedaile)
- **Regional Variations**
 - Other regions dominated by their resource bases
 - Atlantic (food/beverage; paper and related)
 - QC & ON manufacturing centres (about 3/4 of Canadian manufacturing activity)
 - prairies - agricultural production; food and beverage
 - BC - dominated by wood, paper, and allied products

The Canadian State





Conditions and Changes in the State

- Close ties to Industry
 - high level of interlocks between corporations and politicians
- Keynsian approach to economic stabilization was adopted
 - important role of the State in the economy
 - but in Canada had peculiar effects
 - Canadian economy dependent on USA
 - Canadian economy import-export, not strong manufacturing
 - State used mechanisms such as **trade** and **cheap labour** costs to control economy
 - Thus:
 - selective free trade policy encouraged (open markets to our products)
 - wage controls/wage restraint
 - capital transfers to private sector
 - mega-projects
 - high labour mobility (people to jobs)
 - imported experienced people rather than trained them here
- Welfare policy (Keynes)
 - state supports developed during period of economic and population growth: post WWII and baby boom
 - took over from the church with respect to health and education
 - massive expansion in State infrastructure
 - USA driven deregulation, free trade, the New Right places export economy at disadvantage
- Fiscal crisis for state (1980s+)
 - seeking solutions through privatization/deregulation
 - dismantling of social safety net
 - performance based government

Implications for Rural Canada



Implications for Rural Canada

- Globally exposed
- Regional Diversity
- Marginalization

Implications for rural Canada

- globally exposed
 - exposure is commodity based, in interests of trade
 - trade policy facilitates this vulnerability
 - trade corridors North/South not East/West
- regional diversity
 - commodity focus = sectoral focus and each region is dominated by different commodities
 - fates of the regions vary by the fate of the commodity
 - as employment is decoupled from commodities, loss of jobs
- marginalized
 - not under local control (instead corporate and state - Rural Canada I)
 - local communities and many urban centres by-passed through global trade focus
 - labour mobility is high
 - few local resources to deal with it - Rural Canada II and III
 - state withdrawal from welfare support

Strategies for Rural Canadians



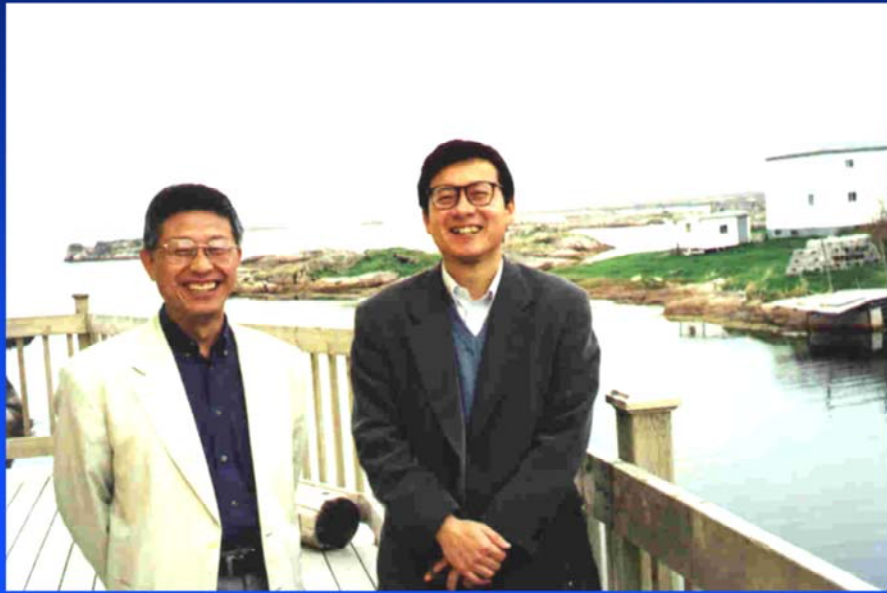
Strategies for Rural Canadians

- Dissociate from resource commodities
- Extend vision
- Learn
- Establish networks

Strategies for Rural Canadians

- dissociate from resource commodities
 - develop tradeable services
 - protect amenities as a local resource
- extend vision
 - view local conditions in broader view
 - no longer see yourself as service for your hinterland, but as hinterland to urban/global populations
 - explore ways to establish markets and trade directly with urban, regional, national, and international partners
- learn
 - constantly changing environment requires good intelligence (information plus the ability to use it)
 - establish your own structures and processes to share the knowledge
- establish networks
 - don't assume it will be with existing commodity merchants
 - look to peers at a regional, national, and international level
 - work with existing networks: whether business-related or not

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Dōmo arigatō gozaimasu (Thank you very much)

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Kerede watakushino happyo o owarasete itadakimas.