‘Globalizing’ Northern British Columbia: What’s In A Word?

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Biography

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Abstract

Resource-dependent regions have long been integrated into global markets. But while integration with global markets has been a long process, it is one which has undergone continual change and been subject to numerous phases. This is evident in the case of northern British Columbia, a resource-dependent region, known for its exports of lumber, fish, metals, coal, oil and gas. Currently, the region is experiencing a new phase of globalization as the importance of Asia, and China in particular, grows. This new push for global integration in a geographical area which has long been shaped by global economic forces invites analysis. I argue that it is useful to distinguish between two distinct meanings of ‘globalizing’. The first is ‘globalizing’ as an adjective, as a descriptor of increasing global economic integration and measured by trade and numerous phases. The second is as a verb, with agents actively ‘globalizing’ the region through a distinct set of actions and policies. The paper demonstrates how the two meanings of ‘globalizing’ lead to quite different interpretations of the same historical periods. The paper therefore contributes to our conceptual understanding of the multiple meanings of globalization and demonstrates more precisely how one resource-dependent region is globalizing.

Keywords: resource-dependent regions, globalization, meanings of globalization, historical periods

1.0 Introduction

Many resource dependent regions, as a result of the global commodity boom based predominantly on rising demand in Asia, are experiencing new globalizing patterns as trade and investment flows and economic structures adapt. Northern British Columbia shares many of these characteristics. There has been increased the demand for many of the region’s resources, in particular oil, gas, coal, gold and other metals. The region is actively seeking to reposition itself within the multi-centred global economy through the large infrastructure projects now being undertaken across the region, from publically funded transportation corridors, (including those associated with Asia-Pacific Gateway strategy), as well as from resource firms (including those proposing oil pipelines) increasingly looking to Asian markets to export and reducing reliance on the U.S. where

¹ I am grateful to Fiona MacPhail, Jim McDonald, Tracy Summerville, Gary Wilson, John Young and three reviewers for their comments on this paper. Funding from the Social Sciences and Humanities Research Council of Canada is acknowledged.
sales of the region’s other main resource, lumber, have fallen as a result of the US housing crisis.

Analysing the current phase of globalization in such regions is challenging not least because resource-dependent regions have long been integrated into global markets. The current globalizing phase invites us to examine again how best to interpret the changes that are now underway, how to conceptualize them, measure them and assess their novelty.

That the term globalizing (and globalization) is subject to debate goes without saying. Some of the most prominent interpretations are briefly surveyed in section 2. Where this paper adds value to the debate is in providing another demonstration, using the northern British Columbia example, of how the analytical lens used, conceptual choices made and measures selected can lead to quite different interpretations of the same historical period.

Specifically, I argue that it is useful to distinguish between two distinct meanings of ‘globalizing’. The first is ‘globalizing’ as an adjective, as a descriptor of increasing global economic integration and measured by trade and other flows. The second is as a verb, with agents ‘globalizing’ the region through a distinct set of actions and policies. I show, using the northern British Columbia (BC) case, that rarely do the two meanings of ‘globalizing’ coincide. As such this paper contributes to our understanding of how to conceptualize the multiple meanings of globalization and demonstrates more precisely how one resource-dependent region is globalizing. As an example of this latter point, with respect to the contemporary period, I argue that although one of the most commonly used measures, trade to GDP, indicates that the region is not globalizing, other indicators such as trade diversification and policy environment show a clearly globalizing region.

2.0 ‘Globalizing’: Adjective and Verb

While most commentators would agree that there have been several globalizing periods over the past few centuries, there is perhaps very little agreement on anything else. This would include the timing of these periods, their causes and their importance. Neither is there a consensus on the meaning of the term ‘globalizing’ (or ‘globalization’), its measurement or the most useful units for its analysis.

As an entry point into these controversies, and the accompanying vast literature, we can usefully distinguish between ‘globalizing’ as an adjective and as a verb. This enables us to make a simple taxonomy based on this distinction which will bring clarity to some of the debates and prove useful in studying applications, to the northern BC case in this instance.

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2 Coe et al (2004) argue that it is necessary to ‘globalize’ regional development in the sense that too often regional development studies have concentrated on the regional specifics to identify sources of growth and development without taking due account of the roles of global forces. This critique is less relevant to studies of resource dependent regions where global forces have always been recognized; this is not the sense in which ‘globalizing the region’ is used here.
For many, globalization is best described as a technologically driven process which transform what Castells (1996) famously termed “spaces of flows”. The “flows” include goods, services, finance, people, information and ideas. Establishing the extent of globalization typically then requires analysis of data on flows such as trade, investment and labour and/or of ‘connectivity’, that is, the extent of the technology on which flows of information can take place, or the spread of ideas through policy and/or social networks. Globalizing periods are indicated by those in which these flows increase (or increase more rapidly). Globalizing is used as an adjective to describe trends in these flows. Of course, which flows are given precedence depends in part on disciplinary perspective. For example, Frankel (2006: 11) writes that “globalization can refer to the ease of international movement of capital, people, corporations, or ideas. But economists think first and foremost of the ease of international trade, which is also the easiest to measure”, the most commonly used measure being the ratio of trade to GDP. For others, it is measures of ‘connectivity’ which are the preferred summary statistics (See Caselli, 2012: 126 for examples of connectivity and other globalization measures).

Increasing international trade flows are not sufficient, however, even for some economists, to warrant the use of the adjective globalizing; “spaces of flows” might be changing but they could be regionalizing rather that globalizing flows. This distinction is based on gravity models applied to trade data and which seek to detect regional bias in trade flows. Chortareas and Pelagides (2004: 253), for example, considering the data for the 1990s conclude that “trade integration is more of a ‘regional’ phenomenon than a ‘global’ one.” Hay (2006) has used a similar approach using trade data to argue that Europe is regionalizing rather than globalizing. Others find the size of “home bias” (or “border effects”) in trade and financial flows to be sufficient to conclude that a skeptical position towards globalization is more warranted (Helliwell 2002).

Debates over the measurement and interpretation of the “spaces of flows” and the primacy given to space and time have been criticized by Rosenberg (2005: 12) as being “primarily descriptive”. For him, this illustrates the shortcomings of globalization as theory and the need for a post-mortem examination. Others agree that “flow speak” (Bude and Durrchmidt 2010) is misleading and problematic but argue that globalization itself should not be abandoned as a useful analytical concept. In this regard, Lawson (2005: 384) takes issue with Rosenberg for having “precious few people, firms, states, institutions, organization or ideologies” in his critique. This points to a different use of globalizing - as a verb and where the attention is placed on the identity, motives and consequences of the agents who are performing the globalizing. For some this refers to the importance of the activities of (hitherto neglected) firms as the integrators of production through global production networks (see, for example, Henderson et al 2002). For others, globalization is a politically class-driven process with the central globalizing agents being imperial states and multinational corporations. (Petras and Veltmeyer 2001; Harvey 2003). For others still, globalization is indeed best seen an ism, but not as imperialism but as neoliberal globalism, an ideology designed to promote the interests of dominant social classes through neoliberal policies (see, for example, Laxer 2009); it is partly for this reason that globalization is now seen as being in retreat after the Global Financial Crisis with the post mortem due not to globalization’s failure as theory per se
but as a now discredited neoliberal ideology (see, for example, Guven and Onis, 2010; also James 2009). But whatever the conclusion, the central concern is with agency, on what objectives and policies are being followed by the globalizers. The trends measured above are simply the outcomes of those globalizing actions.

While these different conceptualizations of globalizing as adjective and verb may be theoretically distinct, when applied to historical periods they typically become blurred. Illustrative of this is the World Bank’s answer to its rhetorical question “What is globalization?”, an answer which also raises the key issue of the periodization of globalization. The Bank argues (2002: 325) that “in broad terms [globalization] reflects the growing links between people, communities, and economies around the world. These links are complex - the result of lower communications and transport costs and greater flows of ideas and capital between high- and low-income countries.”

When using this definition to periodize phases of globalization, the “broad terms” quickly become the narrow measures of economic integration which Frankel (2006) noted as standard practice among economists. Thus, the Bank (2002: 326) periodizes globalization as follows:

“The first wave of global integration, between 1870 and 1914, was led by improvements in transport technology (from sailing ships to steamships) and by lower tariff barriers. Exports nearly doubled to about 8 per cent of world trade. The second wave from 1945 to 1980 was also characterized by lower trade barriers and transport costs. Sea freight charges fell by a third between 1950 and 1970. And trade regained the ground it lost during the Great Depression. Spurring the third wave of integration has been further progress in transport (containerization and airfreight) and communications technology (falling telecommunications costs associated with satellites, fiber-optic cable, cell phones, and the Internet). And along with declining tariffs on manufactured goods in high-income countries, many developing countries lowered barriers to foreign investment and improved their investment climates.”

This explanation and periodization of ‘globalization’ demonstrates the two senses in which economies can be said to be ‘globalizing’. Thus, when exports and/or trade to GDP ratios and investment to GDP flows are increasing, for example, then this can be described as a globalizing period for an economy. With respect to the question of agency and the use of globalizing as a verb, the Bank’s analysis points to globalizing forces which may be taken as exogenous, such as technological changes which lower transportation and/or communication costs and which thereby spur greater integration, or which may be policy-makers. Thus, the forces leading to greater integration may be policy changes, such as the reductions in tariffs and foreign investment barriers, where it is policy-makers who are globalizing agents through their policy actions.

One implication of the distinction between adjective and verb is that globalizing periods may differ beyond differences in simple measures of trade to GDP ratios since they may also differ in terms of which agents and factors are the most prominent globalizing forces.
As an example, consider the World Bank’s identification of both the 19th and 20th century fin de siècle decades as periods of globalization. This finds resonance in many studies although, of course, many, especially world systems-theorists, would also argue that the “first wave” of global integration occurred well before 1870. (See, for example, Wallerstein 1979; Chase-Dunn 1999). The growth of international trade and capital flows in the late 19th and 20th centuries has been highlighted as examples of the similarities between the two periods (see, for example, Bairoch 1996; Nayyar 2006). However, beyond these measures of global economic integration – globalizing as an adjective - are quite different analyses of the political structures within which these economic trends were facilitated. In the former period it was the political structures of European empires which led to greater global economic integration, a “globalization by force” as historian Ferguson (2001) has called it. In the contemporary, post-1980 period, the globalizing agents are often seen as the supra-national governance institutions, such as the WTO and the international financial institutions, viewed by many as the key governance bodies facilitating (or imposing, according to taste) a neoliberal framework for global economic integration. For some these institutions are benign forces, but for others, such as Panitch and Gindin (2004) they constitute the hand of American Empire, a view which increases the similarities between the late 19th and 20th century globalizing periods.

The distinctions analyzed provide a framework for analyzing ‘globalizing’ northern BC and point to some of the connections with the wider globalization literature. In the following section, I turn to this northern BC case. The discussion points us to consider ‘globalizing northern BC’ along two different axes. This first is empirical: did northern BC experience an increase in exports? In relation to GDP? And were these exports regional or global? The second is analytical: did policy seek to globalize the region? What was the rationale for this? What was the overarching policy framework within which these initiatives should be interpreted? Were there globalizing agents? These questions will be addressed, and answers compared, for each of the three periods used by the World Bank, by chance a useful periodization for considering the BC case since it was in 1871 that the province joined Confederation and thus constitutes a reasonable starting point for historical analysis.

3.0 The Northern BC case

Analyzing a region of the province of British Columbia poses its own challenges. These are in part empirical and in part analytical. Empirically, most data, and critically for our purposes trade data, is collected on a provincial not regional basis. Thus, empirically establishing the extent to which the region is globalizing is difficult and must be inferred from provincial trends. These trends, moreover, can only be readily discerned after 1961 when provincial international export series are available. Even this partial trade data, though, is much richer than the data on foreign investment which is, at best, patchy.

Nevertheless, it is possible to analyse the region because of the distinct regional economic bases in BC. BC’s exports have been dominated by natural resource exports and these are produced in the provinces’ hinterlands within which the north is situated.
As BC Stats (2001a:1) notes “while the more diversified economies of the urban centres generate goods and services mainly for domestic consumption, the forestry, mineral and fishery dominated economies over much of the hinterland are focused on raw or semi-processed commodities destined for export markets.” Forestry exports have consistently accounted for over a half of BC’s exports and all resource-based exports, including mining and energy exports have accounted for the vast majority of BC exports. Even in 1990, resource products accounted for 84 per cent of BC exports. (BC Stats 2001a: 1) These exports come predominantly from the province’s hinterland and dominate the economy of the north.

These intra-provincial differences justify concentrating on the northern region as its resource orientation is quite distinct from the larger urban centres of the Lower Mainland for whom flows of people, for example, are of much greater importance and where Vancouver can claim to be what Sassen (2001) has termed a “global city” (see VEDC 2010 as an example of this claim). The northern region is much less diversified and the space of flows more easily focused on the international movement of resources and on the economists’ favoured globalization indicator, the trade to GDP ratio.

Thus, by examining provincial export trends we can also have a reasonable idea of how the northern region has been incorporated into global trade. This will enable us to answer whether the period under consideration can be said, at the level of trends, to have been a ‘globalizing one’. To apply a secondary test, and to distinguish between the globalizing and regionalizing trends as the economics literature does, I adopt a simple approach here and discuss the extent to which trade in any period was dominated by trade with the U.S. and so is best seen as (continental) regional trade or whether trade became more diversified (globalized) during the period.

Analytically, most of the important policy changes are made by provincial governments but here the regional content and implications are relatively easy to extract even if they must seen within the context of broader provincial and federal government policies. Policy orientation will be the primary focus of the discussion of agency here; of course, other agents, most notably, the multinational corporations are important as well but the paucity of foreign direct investment data precludes a systematic analysis; as Findlayson and Peacock (2009: 8) note “unfortunately, there are no provincial estimates of the flow or stock of foreign direct investment.” References will be made in the discussion to the activities of multinationals where possible based on the limited data that is available.

In the next three sub-sections, I analyze ‘globalizing’ northern BC in each of the three time periods identified in the World Bank’s periodisation with the focus on the two later periods for which data is available. I start by reviewing the central features of economic development and policy during the period under consideration and then analyze the extent to which, and the ways in which, the period can said to have been a globalizing one.

3.1 1870-1914
The final decades of the 19th century are readily classified as a globalizing period for capitalism worldwide and coincide with the initial decades after British Columbia joined Confederation in 1871. The area now known as BC had, in the decades prior to this, become ever more integrated into the dual economic orbits of the British Empire and the U.S. with its borders and governance subject to continual dispute between the two powers. B.C.’s entrance into Confederation, itself a result of decisions taken in London to prevent the area falling under U.S. influence, was accompanied by a period of ‘nation building’ and ‘National Policies’ as the new Confederation sought to establish its own economic and political identity. The decades at the end of the nineteenth century were ones therefore in which both globalizing, in the adjectival sense of integration into a world economy, and nation building forces were both in evidence.

‘National Policies’, based on the promotion of railways to link the country economically along with land settlement in the Prairies, immigration, and tariffs to protect Eastern manufacturing were the dominant policies. These had implications for BC; resources were now finding markets in the rest of Canada and the railroad which took much of them also offered the possibility of greater trade with Asia through Pacific ports.

Barman (1991: 109) notes that “the first ship arrived [in Vancouver] from Japan in June 1887 – just three weeks after the first train reached Vancouver”. Soon a trans-Pacific mail service, passenger steamships, and sugar processing using Philippines sugar all linked BC with Asia (ibid 109). The international drivers of BC’s economy were also evident in the mining industry with “the exploitation of major deposits of silver, copper, lead, and gold related much more to shifts in the global economy and to changing technology than to events within British Columbia or even in Canada as a whole.” (ibid.122)

In the northern part of the province, salmon canning became a major export industry with exports to Britain dominating (Ralston 1981: 301). The industry grew rapidly during the last three decades of the 19th century in part because it was able to utilize the trade routes established by wheat exports (ibid 302). However “between the late 1880s and the opening years of the twentieth century fundamental changes took place in the structure of the … salmon canning industry” (Reid 1981: 306) with a spate of company mergers leading to “an important primary, export-oriented industry [passing] in large part out of British Columbia hands”(ibid 307) and into US and British ownership. The increased importance of foreign capital in the industry meant that its changing structure “should be seen as a microcosm of a much larger movement taking place in the world’s major industrialized countries” (ibid: 307). The major northern BC salmon canning industry marched to the global tune.

As an empirical matter, BC participated in this globalizing period. Exports, based on mining, lumber, coal and fish some of which, particularly the latter, came from the northern part of the province. But non-Aboriginal settlement was sparse and predominantly male. In terms of the globalizing agents, private business was the dominant driver although its nature changed from individual pioneer capitalism to multinational industrial capital in a relatively short period of time. Government policy also played its role with, ironically, the National Policies which brought the railway to
Vancouver as part of nation building serving to increase the economic links with Asia through trade and immigration.

If this early phase was characterized by the dual operation of globalizing and nation-building policies, the post-war phase combined both globalizing and province building policies. It is also a period for which trade data are available and allow us to investigate in detail how northern BC globalized during this period.

3.1 The Post-War decades

Figure 1 below shows BC’s exports as a percentage of provincial GDP from 1961-80, the earliest date from which such data is available to the end of the second period of globalization identified by the World Bank.

![Figure 1](image)

Source: BC Stats

From an empirical standpoint, using this particular indicator, we might conclude that the 1960s were a relatively ‘non-globalizing period’ but this changed in the 1970s which, apart from a downward blip in the middle of the decade showed higher levels of global integration especially at the end of the decade.

From a policy and agency perspective, however, the opposite would be concluded. The first 25 years after the end of the Second World War were globalizing ones, albeit ones tied to a program of province building. That is, if the globalizing forces of the last decades of the 19th century owed something to the onset of nation building, those of the post war decades could be said to owe a great deal to province building.

As Barman (1991: 271) notes, in 1945, “little if any sense existed of British Columbia as a unified whole” This was to change over the coming decades and it was a change which had large implications for the northern part of the province. “As never before, economic expansion was directed towards ameliorating regional disparities. While earlier booms had benefitted parts of the province, no comparable attempt had been made previously to
link profit-making from resource exploitation to development of the interior and the north.” (ibid. 270)

All of this was part of an “opening of the North” with up Premier Bennett arguing that “if there is anything that is of basic importance to the further development of British Columbia … it is the development of the rich resources of the northern and central regions” (quoted in Marchak, 1989: 116). The Bennett government, despite its right wing ideology, was an activist one in keeping with the dominance of Keynesian economics worldwide during the post-war period. But while government focused on the building the transportation and power infrastructure, it was private capital, especially from the US which invested in industry, especially forestry, and exports were redirected to the booming post-war US market (Barman 1991: 280-81). This was a model in which publicly funded infrastructure was used to attract private, typically foreign, investment.

The influx of US investment resulted in changes in the pattern of international trade. At the outbreak of the Second World War in 1939, 51 per cent of BC’s exports were destined for either the UK or other Commonwealth countries, with the US accounting for 34 per cent. However, “by the mid 1950s the United States was … firmly established as the province’s most important export market, and has remained so ever since.” (BC Stats, 1998: 2).

The emphasis was very much on exports of resources to feed US industry. Oil and gas development in the northeast led to pipelines from the region to the coast. Hydroelectric power was another key resource attracting industry in the north. Government activism reached new heights as private power producers were bought out by the government and BC Hydro was created in 1962; the Columbia River was to provide much of its power. This played a major role in regional development and BC’s interior was opened up for foreign industrial investment based on cheap power provided by a publically owned power supplier.

The forest industry grew substantially and the government again showed its activist stance by guiding the industry towards a much more concentrated industrial structure through its preference for issuing licences to large companies. As Marchak (1989: 109) notes “the process of concentration and integration, evident before the 1940s, was greatly accelerated in the post-war years as companies moved into the interior and pulpmill capacity more than doubled.” By the mid-1970s the ten largest companies dominated the forest industry with seven of the ten owned outside of BC and five of them outside of Canada. (ibid: 109).

These hinterland economies were based on new growing towns formed with relatively secure economic foundations. Appurtenancy laws meant that wood cut in a particular forest district had to be milled in that district. This is a very direct form of revenue sharing and the interior’s major resource was linked directly to the geographic location in which it was harvested. Furthermore, government regulation of the variation in the annual allowable cut meant that there was some stability in the volume of output being milled. Mill towns had some security in the face of the vagaries of the international market place.
A risk-sharing strategy between firms and communities was in place and province building included a “spatial contract” which linked resources with communities.

As the province became economically integrated in the decades following 1945, it followed an economic development path based on the export of energy and primary manufactures. Seen in this light, the post-war period can be interpreted as provincial governments taking the responsibility to further exploit the province’s resources through the opening up of the central interior and northern parts of the province to development through transportation and energy initiatives. This supported the further export of primary manufactures, especially lumber and pulp and paper, and especially to the US market.

Political divisions came openly into play in the 1970s. It was in this decade that both the New Democratic Party (NDP) and Social Credit, representing the two polarized extremes of BC politics and policy each had terms in office. The “northern vision” which had characterized the post-war decades under the Bennett governments was decidedly blurred during the 1970s. The decade cannot be said to have had a coherent policy focus and the external slowdown together with internal policy swings means that the decade cannot be said, from a policy and agency perspective, to have been a globalizing one; in fact, from this perspective it was perhaps one of the least globalizing to that point.

And yet, ironically, as seen in Figure 1, it was during this decade that exports as a percentage of GDP reached its highest point. High energy prices pushed up the value of BC’s oil and gas exports at a time when domestic growth was slow and, on this empirical measure, the 1970s were one of the most globalizing in the post-war period.

On the second empirical measure, trade diversification, the decade was, along with the post-1945 decades which preceded it, a globalizing one. As noted above, the US became BC’s largest trading partner in the early 1950s and has remained there ever since. However, the extent of this dominance has fluctuated over time. While the booming post-war economy of the US continued to import much of BC’s resource exports, Japan was experiencing even faster post-war growth and its imports of coal and other resources from BC grew at corresponding rates. The result was that the US share of BC exports fell throughout the 1950-1980 period (from 68 per cent in 1959 down to 45 per cent in 1980 for example; see BC Stats 2010b) with the share of Asia, and Japan in particular, rising.

To summarize, the period 1945-80 provides a mixed ‘globalizing’ record. Both empirically and analytically, the period has two distinct sub-periods, 1950-70 and the 1970s. However, the two dimensions operate in opposite directions. Empirically, the 1970s saw an increase in export/GDP rations whereas, from an agency and policy perspective, it was the earlier decades which have the greatest claim to be the globalizing ones. The only trend common to both sub-periods was the diversification of trade meaning the growing influence of trade with Asia and a falling share of trade with the dominant trading partner, the U.S.

3.2 1980 -2011
The World Bank cites 1980 as the starting point of the third wave of globalization. Such a
dating is common coinciding as it does with the onset of the sweeping policy reforms
generally described as representing neoliberalism. It also coincides with the information
and computer technology revolution which provided the exogenous technological spur
for globalization’s new phase. Technologically, though, it could be argued that while
resource extracting industries underwent significant changes in their operations they were
one of the least exposed, or slowest-adapting, sectors to the technological revolution
relative to the manufacturing and financial services sectors which felt its forces more
fully and more quickly. The third wave was slowing in coming to BC.

If we consider Figure 3 below, the empirical trends suggest that a number of sub-periods
can again be identified. The 1980s was one of reasonable stability, fluctuation in the
1990s appear but, especially if read from 1992 to end of decade points, the 1990s can be
considered as the most globalizing of the three decades. The period since 2000 shows as
the greatest deglobalizing decade of the past half century. The period since 2000 looks
quite different, from an empirical point of view as measured by the export to GDP ratio,
to the two decades which preceded it.

The main reason for this collapse in the export/GDP ratio is the decline of forest exports,
a key export from the north. In 2000, wood products (primarily lumber) and pulp and
paper were 49.3% of the provinces exports and totaled $16.6 billion; by 2009, the value
of these exports had fallen dramatically to $7.6 billion. This $9.2 billion fall in the value
of exports was only offset by small increases in the value of other exports (such as
minerals) so that total export values had fallen by $8.5 billion over the 2000-2009 period
(BC Stats, 2010a).

Figure 2

Source: BC Stats

From a policy and agency perspective, however, the period since 2000 also looks quite
different but for quite the opposite reason. The 1980s and 1990s were decades which
could not be described, for an agency perspective as globalizing, whereas the first decade
of the 2000 certainly should be.
At the policy level, Social Credit and the NDP both held power for around a decade each in the 1980s and 1990s respectively and no clear globalizing strategy is evident. The focus was largely on internal budgetary restraint with few initiatives aimed at globalizing. In the 1990s, under the NDP, there was agreement that exports were important but also a clear hesitation about the extent to which international trade and foreign investment should be seen as the vehicle for moving BC along the conventional growth path and, indeed, there was much opposition within the BC government to the NAFTA which the federal government was pursuing. The NDP governments of this decade had a much more inward-looking strategy. This policy position also affected the other main possible globalizing agents, multinational corporations. For example, in the economically dominant forest sector, Marshall (2002) argued that industry went on a “capital strike” in the mid-1990s. “In 1998 and 1999” he writes, “industry investment fell below depreciation, which means companies weren’t even replacing aging and failing machinery.”

The increasing export to GDP ratio in the 1990s in Figure 3 reflects more the effects of rising demand from the Clinton-era economic boom in the US than any export promotion policy initiatives. This also explains why, on the other empirical globalizing measure – trade diversification – the 1990s reversed the trend of the previous four decades and showed a growing concentration on trade with the US. BC Stats (2010: 3) commented that “from 1959 through 1990, shipments to the US trended down, reaching a low of 42% in 1990.” However, the 1990s saw this trend dramatically reversed as indicated in Figure 3 above. The signing of the US-Canada Free Trade Agreement followed by NAFTA, the bursting of the Japanese economic bubble, the long Clinton boom and the falling value of the Canadian dollar against the US dollar all combined to result in a resurgence of BC-US trade. So much so that BC Stats (BC Stats, 2001b) proclaimed at the end of the decade: “British Columbia Trade Becoming More Continental than Global.” By 1999, the US share of BC exports had increased to 68 per cent, the same as it was in 1959. Asian markets had become, in BC Stats words (2001b: 2) an “export sideshow.”

Much changed in the 2000s. From an empirical point of view, the ratio of exports to GDP fell during the 2000s making it one of the least globalizing, if fact better described as deglobalizing, decades in BC’s history a conclusion particularly applicable to the north given the collapse in forest exports discussed above. But, paradoxically, from a policy perspective, it has, as far as the north has been concerned, been one the most significant globalizing periods of the past half century. A radical shift to the political right occurred in 2001 with the election of the BC Liberals and a new globalizing phase was initiated.

The new government introduced a wave of deregulation covering many areas of provincial policy, including labour market deregulation (see MacPhail and Bowles 2009), and welfare and tax policies. There followed a ‘core review’ of what services government should be providing accompanied by expenditure cuts. In short, a copy book neoliberal approach was adopted. There were profound implications for the north as well (Young, 2008).
Announcing a ‘new’ strategy for the province’s ‘heartland’ in 2003, then Premier Campbell (Government of British Columbia, 2003) said that “a reliable and well-developed transportation infrastructure is vital to the economic health of a province as vast and diverse as B.C. This year, we invested $100 million in northern and rural roads, plus another $20 million budgeted under the oil and gas initiative for resource roads to support the industry. We will continue to make infrastructure investments like these a priority to help open up B.C. communities to Canada and the world.” (emphasis added).

The idea of investing in transportation infrastructure in order to ‘open up’ the north’s resources was, of course, far from new. It was, in fact, as we have seen a policy road well-travelled in previous globalizing periods. What was new, however, was the neoliberal context in which this occurred. This included tax policies designed to make BC a more ‘investment friendly’ province designed to spur mining and oil and gas activity but perhaps the most significant change came with changes to forest policy.

Forest firms were given greater operational control by the ending of appurtenancy in 2003, the same year that the government announced its new ‘heartland strategy’. With this change, BC became the only province in Canada which has no kind of appurtenancy requirements. The umbilical cord between communities and the resources which surrounded them, a bedrock of the spatial contract with northern resource-based communities for decades, was cut and forest firms were now able to mill wood wherever in the province it was most profitable to so. This not only increased the economic insecurity of communities, with their finances no longer as secure, but made them more directly into competitors. This aspect of neoliberal globalization has been referred to by Cerny (1997) as leading to the ‘competition state’. While his analysis is based on nation states it is applicable in this case to local municipalities.

At the same time, the competition (or entrepreneurial) state does have more leeway in some areas. The withdrawal of the provincial government, mirrored by similar processes at the federal level, have opened opportunities for communities to potentially play a larger role in economic development by choice or by necessity. They are doing so by seeking global connections arising from the transportation projects associated with the Asia Pacific Gateway Strategy.

The Asia Pacific Gateway Strategy, which has both federal and provincial components, is aimed at repositioning the northern part of the province as a transportation corridor between Asian and US markets. The development of the Port of Prince Rupert, the establishment of Prince George as an inter-modal site, the extensive highway projects and the electrification of Highway 37 can all be seen as part of an integrated strategy aimed at repositioning the north within emerging global trade and investment patterns. A globalizing policy agenda is clearly in evidence.

The purpose of the globalizing strategy from the point of view of the north is to for it to be a transportation corridor for manufactured goods coming from Asia, and China in particular, en route to the central U.S., the so-called Shanghai-Chicago corridor. The strategy is based on transportation times being reduced by using the shorter route to
Prince Rupert (over 400 nautical miles less than the next best route) and the rail link able to get from Prince Rupert to Chicago in 100 hours (9 hours less than the fastest rail link from any other west coast port). The return journeys are then intended to provide a northern route to take BC exports to Asia. Exports of natural resources, from lumber to minerals to coal can then be shipped to Asia.

Along with this, the electrification of Highway 37 in the Northwest is intended to increase mining activities with a view to shipments to Asian markets. The proposed Enbridge pipeline would take oil from Alberta to the northwest port of Kitimat for export to China. Kitimat is also the terminal for an approved LNG pipeline which will bring natural gas from northeastern BC to the coast for export to Asia.

The focus on Asia, a response to the sluggish US economy and the growth of China in particular, is reflected in the changing destination of BC exports over the decade. Trade with Asia, and China in particular, has moved from being an “export sideshow” to the most dynamic component of BC trade. The share of BC’s exports going to the US fell from nearly 70% at the turn of the millennium to just over 50% by the end of the first decade; meanwhile exports to Asia increased to 36% of BC’s exports by the end of the decade with Japan, China, South Korea and Taiwan being BC’s second to fifth ranked export destinations in 2009 behind the US. If the 1990s was a period of ‘continental’ trade, the 2000s sharply reversed this with greater trade diversification and rising exports to Asia leading to a globalizing decade. In this respect, the greater empirical importance of Asia as an export destination matches the main globalizing policy thrust.

The picture of the decade as one in which trade ‘deglobalized’ in aggregate but ‘globalized’ in composition is also given some support from foreign direct investment data. Although no comprehensive data of FDI inflows by province is available, Statistics Canada has published, since 2000, a series on foreign and domestic investment in non-residential construction and in machinery and equipment by province. This excludes equity investment by foreign firms, a major component of FDI, and in which Asian firms have been active (see Asia Pacific Foundation Investment Monitor for examples). Non-residential construction includes hotels etc. which are concentrated in the Lower Mainland and so to obtain a partial picture of foreign direct investment in productive assets in which northern resource industries would share, I consider here only machinery and equipment investment. Table 1 shows the percentage of total investment in this sector originating from foreign controlled firms and the percentage of the foreign share coming from U.S. controlled firms. This partial investment measure is consistent with the findings from the trade data in showing a steady decline in the importance of the U.S., in other words a ‘globalizing’ composition of investment. In terms of the aggregate data, while the trade data show a steady ‘deglobalizing’ trend, the investment data show that the share of foreign investment increased in the mid-part of the decade before falling again. As a partial measure, it is a matter of judgment how much to weight to place upon

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Eight new mines are targeted for opening in the next four years alone. This comes on the back of several new mines being developed over the past decade. For a list of actual and proposed mines see the interactive map provided by the Mining Association of British Columbia at http://www.mining.bc.ca
it but it perhaps it is reasonable to conclude that adding the available investment data supports the globalizing composition finding but may somewhat modify the extent of the ‘deglobalizing’ trend in the 2000s although it is certainly not strong enough to overturn this general result.

Table 1: Foreign Investment in Machinery and Equipment in British Columbia, 2000-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of total investment from foreign controlled firms</th>
<th>Percentage of foreign investment accounted for by U.S. firms</th>
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<tbody>
<tr>
<td>2000</td>
<td>29</td>
<td>72</td>
</tr>
<tr>
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<td>26</td>
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<td>26</td>
<td>62</td>
</tr>
<tr>
<td>2011</td>
<td>27</td>
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</tr>
</tbody>
</table>

Source: Statistics Canada, Foreign and Domestic Investment in Canada, various.

4.0 Concluding Reflections

This paper has sought to analyze the sense(s) in which northern BC has been ‘globalizing’. Taking an historical approach has highlighted some of the main issues and the pitfalls of loosely using the term ‘globalizing’. I have provided two main uses – as an adjective (i.e. as empirically measured by export to GDP ratios) and as a verb (i.e. analytically as policy and agency). The two uses seldom coincide to provide the same reading of the historical record and, when we add a secondary empirical measure (export destination diversification), the picture becomes further blurred. Table 2 below summarizes the results of the discussion in section 3.

Table 2: Summary: ‘Globalizing’ Decades in British Columbia By Different Measures

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<tr>
<th>Export destination diversification</th>
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Table 2 not only highlights the differences in interpretations of ‘globalizing’ depending on the use which is made of the term, it also points to the limits of agency. That is, northern BC remains a region in which trade levels are heavily influence by demand conditions and external events that are well beyond the control of provincial policymakers. The two globalizing decades, on an export/GDP ratio measure, were the 1970s and 1990s, two decades when provincial policies could not be described as ‘globalizing’. The least globalizing decade for the region on the trade/GDP measure, the 2000s, was one of the most globalizing from a government policy perspective. Policy is therefore seldom the definitive factor in determining trade level outcomes and the region remains, as it has been for over a century, subject to the strong influences of global demand conditions irrespective of provincial policy stances.

At the same time, Table 2 also reveals the inadequacy of relying only trade/GDP data. The contexts within which communities operate – including local governments, firms and workers – depends critically on the policy environment. There is not a community in northern BC today which is not being affected by the provincial government’s neoliberal globalizing policies - whether from the reconfiguration of municipal responsibilities, the new infrastructure projects, or the impact of the end of the spatial contract – notwithstanding the decline in trade volumes. Analysing only aggregate trade/GDP data would also miss the growing importance of Asian trade and investment.

This paper has also demonstrated that how ‘globalizing’ periods have differed in policy terms. For northern BC, the first period here combined globalizing with nation-building policies, the second combined globalizing with province building policies, the third globalizing with neoliberal policies. Each has had different implications for the communities which populate the northern part of the province and illustrates how ‘globalization’ is experienced differently at different times depending on the policy environment. The relatively late arrival of globalizing policies in northern BC in the third phase also demonstrates how the general framing of globalization’s phases does not always translate readily in the experience of particular localities. While the relationship between resource dependent regions and globalizing periods may be thought to be straightforward, this paper has demonstrated that it is in fact a complex relationship and has highlighted how ‘globalizing’ definitions can lead to quite different interpretations of the same historical period.
References


BC Stats, (1998), Half a Century of British Columbia Exports, from British Empire to the United States and Asia, Released November.


