The Fur Trade

[Slides 1 – 5]
Competition increases – British and French colonizers entering the market.
Fur trade causes permanent settlement, but limits amount of settlement (small population of colonies) because it does not engage a whole lot of people for the trade.
King of France becomes concerned (by 1660s) about the fur trade with Colony "New France" because the population is not growing and a lack of economic base. There is too much reliance on the fur trade, neglecting things like agriculture.
Decides to move in and control the colony himself [appointed officials] – sets up Royal Government, power away from the business people. Officials, some of whom are struggling financially, are able to use their power for personal gain.
Royal Government's Goals:

- Limit Fur Trade – pay more attention to other viable economic sources → This does not work well because the Fur Trade is the most readily available (short-term) economic activity; the same reason why the appointed officials are choosing this activity over other economic prospects for the quickest personal gain.
- Encourage population growth

Result: More expansion of the French Fur Trade, further European expansion into North America. By 1670, formation of the Hudson's Bay Company developed by fur traders, Radisson and Groseilliers. They approached the English about the company. English Royal Charter (1665), King grants them a monopoly to exploit all resources in the land that naturally drains into Hudson's Bay (Large area). Strengths of having HBC in the Fur Trade:

- Gain demand of Natives, because French don't have posts set up in NA
- British have naval advantage/experience
- Has and maintains confidence for investors; developing into a major fur trading company

Business In New France 1663 - 1763

Becomes a Royal Province in 1663, power shifts from merchants to King.
Mercantilism (use colonies, exploit resources to support mother country; France) drives economic policy of European Powers. Purpose is to create a self-sufficient and wealthy empire with enough colonies all over the world (not reliant on trade).
Economic growth in New France was underdeveloped. British was developing much more quickly in similar areas on NA.
Colonial Officials = motivated by self-interest, not by colonies best interest.
British colonies, once colonies are settled, give colonies some internal control (self-governing). Legislature is elected and officials often stay there long term so will look out for the benefit of the colony, more so than French officials.
Ongoing wars are bad for both French and English business, very destructive and discourage investors who fear their investment being ruined with war.

New France is a low priority for the empire, partly because it is not the most profitable company and actually costs money to run/maintain.

Trade Economy of NF
Export trade economy develops, 70% coming from fur exporting. Agriculture, however, is the dominant activity of residents of France – required for some degree of self-sufficiency. Agriculture makes up a very small percentage of exports; it is consumed almost entirely locally.
NF depends of France (& some other countries) for many imported products. This leads to a trade deficit in most years.

Merchants of NF
Merchants invest in, execute or involved in the movement of goods. They operate in distinct networks/communities, inter-connected by ties of kinship – ensures working with people you trust.
Robert Dugard → 1730: began interest in the trading industry. Established a merchant trading firm with other family members in the trade business. Has a fleet of 8 ships, factory and a staff of agents in Canada.

French Colony Policy
1663 – New France becomes a royal province
The main economic policy of European powers was mercantilism (rather exploitive of colonies by the mother country):
- Objective: create self-sufficient and wealthy empire
- Colonies to supply materials to the mother country and act as a market for manufactured goods

Manufacturing is banned in the colonies to maximize profits of the mother country. State may have encouraged some small production (ie. Ship building) → probably so they can be less reliant on the mother country. Import most finished goods.
Can't be a manufacturing powerhouse:
- Lack of skilled craftsman – colonial officials not interested in the long-term idea of production over the short term fur trading. Population in general is difficult to attract to living in New France → crappy opportunities, climate issues, etc.
- Lack of capital to get things rolling. Ex. State had to invest in ship building
- Very few products that could be produced as cheaply (remaining competitive with pricing) as New France and others – could not compete on pricing in the industry
- Population is small → Market for manufactured goods is small → cannot support a manufacturing industry

Agriculture in NF
One of the more productive components of society (80% of population is rural) → ¾ of domestic output. Production is increasing over the years.
Impedement: Seigneural System

- Land-holding system → Land was not sold to farmers. Land divided into long, large sections (all access to water – best farming lands) and appointed to nobles or other high-ranking people in society (ex high paid merchant). They then divide they large chuck of land into smaller, individual farms. These are then rented out to common farmers
- Problem: taking the wealth of the farmers and putting it in the hands of the colonial officials/nobility, who aren't particularly entrepreneurial. Farmers and people aren't getting the money to be active consumers. If nobles are not re-investing this money, all potential wealth of the agriculture sector is being siphoned away.

Fur Trade – Part II (1760 – 1860)

French lose their NA colonies to British
American Revolution – rebelling against British Control in 1770s and they win that war for US independence. British lose large amount of their colonies. British pushed north to modern day Canada.
Impact on Fur Trade:
- New traders (Scottish, English, American [already in the trade network]), but does not decline overall since old players are replaced
- French Canadian merchants fall out of business - lack of English contacts. Many leave to France (mostly officials and high traders, many regular citizens stay) or go/are sent to other colonies. Scottish, Engl & American fill the gaps. Lower level merchants remain, just not the higher-level traders/nobles.
- Expands to Northwest; Increased competition
- Competition and anarchy in the north west
    - Problem 1 – competition degrading into violence
    - Problem 2 – increased use of alcohol in the trade → also contributing to the violence

* It is difficult for HBC to enforce any sort of monopoly they may have around Hudson Bay -- no courts or legal system set up in NA at this time. British claim (known presence) comes simply from the traders that occupy the land.
Too much competition and too many players! And without the laws, they descent to violent anarchy to support their own interests.
In response to problems of competition:
- Expansion → move into new areas that it previously had not been
    - Limited → only so much space that can be effectively travelled too and goods shipped in and out of easily
- Merger → Most of the main fur trading firms out of Montreal, and eventually the independents (smaller firms), merge into Northwest Company in 1779.
    - Improves efficiency not matched by all the smaller firms competing
    - Easier shipment of goods around NA
    - Replace many competing posts in same area with one post in one area to compete with HBC

Two main companies now trading are Northwest Company and HBC

The North West Company
Operates on a partnership model → Two kinds of partners:

- Ones who operate out of Montreal and take care of arranging transport of goods in and shipment of furs out.. Arrange for financing for head of NWC
- Wintering Partners: Heads of the various posts on the interior of NWC trading with the native people. Equal partners with the merchants in Montreal.

Payment is based on a profit model (dependant on how much the company makes)

- Ensure the loyalty of your wintering partners since their payment depends on successful operating of business → Motivated and Committed

Annual Meeting b/w partners → transfer of goods/furs. There is lots of coordination involved and a fairly expensive venture.
Simon McTavish - One of initial merging partners from Montreal.
Entered the fur trade after the French surrendered in NA to help fill the gaps left by the French defeat (1760). Has a connection in London to aid in the fur trade – strong connection into business. Operates as one of the Montreal partners.
Alexander Mackenzie – Montreal Company absorbed by NWC a few years after its creation. Made a wintering partner in the firm and sent into the far north → Outskirts of trade post territory. He is sent there as a skilled explorer (map skills, understanding of geography, etc.). Attempted to find water route through the Rockies to ship some goods from the Pacific Ocean. This would help reduce the lengthy and expensive process of transferring goods across Canada over land.
Had native guides that, perhaps out of misinterpretation, led him to the Arctic Ocean → Mackenzie River names after him. Eventually finds the Faser River to the Pacific, but not a feasible route through the mountains.

Competition of HBC and NWC continues to grow, fighting for natives and furs. Overhunting is causing lower levels of animals to harvest for furs. A Merger of the two main firms was considered, but does not immediately happen. Violence and anarchy run more rampant.
Selkirk Colony – Lord Selkirk – member of Scottish mobility, major investor in HBC

- Wants to create colony for Scottish farmers
- Using investor influence to establish colony in central Canada (modern day Winnipeg – on two major river systems – area where agriculture is possible). This is on a major trade route for NWC and in an area occupied by natives providing provisions for the NWC.

* Metis → Mix of natives with European influence
Battle of Seven Oaks 1816 results.
Result: Consolidation of the two firms (50/50) HBC and NWC, 1821. HBC name kept because of reputation gained.
After 1821
Demand for furs is declining, cannot support this now massive firm (despite the HBC Monopoly in the trade). New products/materials being used more and more in replacement of furs.

George Simpson - Restructured company to keep it profitable and running after the merger.

- Cuts number of fur trading posts in half
- Cuts number of employees by over 50% and wages by about 50%
- Drops the 'price' (goods in exchange of fur) that natives receive from HBC trading posts
- Introduces quotas → will only accept so many furs from certain areas from the natives (reduce supply of furs to keep prices higher/stable)

Competition and Illegal trade

Timber Industry

Staple export – done in the winter so that the spring melt could be used to transport all the timber to merchants around the country
Colonial Merchants – invest in trade and production
Philemon Wright – American farmer coming up (with group of settlers) to grab free or cheap land (just being settled/established). Expands through purchase of more land. He realizes need for additional resources to fuel the farming industry [Ex. Saw Mill – cut and prepare lumber for masses of people] [Ex. Tavern to service the agricultural community]
Timber Workers – harsh, not well paid; under desired. Often are recently arrived immigrants or, in some cases, are farmers in their down (winter) months.

Sawmilling (Lumber Industry)
Industry develops around 1850; grows beyond just being a service and providing wood to a community → now using export markets. The area directly below Ontario in the States was developing and growing which provided an increase in demand for lumber. Canadians were able to export lumber to them.
Free Trade (with Britain and US) is established – boom to the lumber industry (trade becomes more open – specifically Quebec could trade with the States). Free Trade agreement b/w Can. And US (1854 – 186_) that increases the trade b/w the countries.
William Price → Clerk for company supplying timbers to the Navy. Learns the business and goes out on his own to form the William Price Company – Originally provided wood directly to shipping yard of Navy. Begins to move into sawmilling as well – buying out several small sawmills which he expands. Dominates the sawmilling industry in the area soon enough. [Found the link (need for) to sawmilling from the forestry/lumber industry]

Agriculture
75% of population living in rural, agricultural areas.
The development of the farm economy grows very quickly – lots of available farm land (European immigrants). Productive by 1830s and 40s – the best agricultural land in SW ON is taken as far as incoming farmers are concerned → new areas like Huron, Bruce and Muskoka are opened up (Not as good at Waterloo region and

other better areas). Price of land is also starting to increase as a result → Concept of mortgages begins to expand or keep farms for their families in the future to continue farming → competitive for land.
How important is Wheat to the Ontario economy? It is one of the biggest exports (represents surplus of goods to sell → indicator of commercial farming). There is a wheat boom by 1950s, with increasing amount being exported. Wheat is only about 20% of the agricultural output (Speaks to the overall size of the industry). Wheat still helps to initiate economic growth and development, comparable as an export only to Timber.
Indicators of Profit:

- How early they got land
- Quality of the land
- Location to transportation (water systems) (development of trains by 1950s)

Agriculture in Lower Quebec
Also the dominant economic activity. Quebec faces a few more challenges than Ontario:

- More subsistence and potentially unprofitable farming.
    - General population increases dramatically → leads to a "land crisis" by 1815
    - Start to open up new areas for farming, but not as quality.
- Seniorial System restricts the industry (large estates are owned by members of the elites and farmers rent land). Quebec farmers have additional costs (rent). They have less wealth in their hands of the public → this restricts further expansion and economic stimulation from the consumers/population (75% living in rural/farming areas).

They shifted away from wheat growing → Lower overall output than Ontario. They are still producing a surplus, just not as much and their industry does not stretch as far. Shifts from wheat to other crops (still running a surplus). Since they cannot be competitive in wheat, less profit is accepted in products that they can compete in.

Railroads and Early Industrialization

Early Industrialization
Ontario and Quebec make transition from a commercial export economy to an industrial, capitalist one → transition from old crafting methods to more technological methods of production. Critical Period = 1850 – 1870:

- Important changes that occur (to allow development of manufacturing sector → to allow industrialization):
    - Economic Policies – removes preferential treatment of nobles and officials. No longer encouraged to only do trade within colony. More potential markets outside the empire. Manufacturing sector now possible, since it is no longer suppressed.

- Canada (UK) and US Free Trade Agreement – encourages/strengthens trade and interaction b/w US and Can. Growing demand in US for products that Ontario has to offer (eg. Lumber) → US areas under a lot of development.
- Technological development – Eg. Trains allow easier movement of goods to further markets and in greater quantities. Eg. Telegraphs – first major improvement to communication. Assisted with administration issues on the country (appointing officials, assisting with business development, etc) → allowed businesses to have other branches throughout country (Eg. Banking)
- Banking – develops early/mid 1800s in Canada – encourage new forms of industry and development since banking allows for much easier movement of money and facilitates credit to increase business ventures.

Industrialization – Ontario (by 1870)
Nature of the industry:

- Manufacturing sector begun to develop, but generally small shops with few employees
- Under-developed → early establishments continue to use traditional craftsman methods (hand crafted/using hand tools). Not enough technological and mechanical development being utilized yet.
- Most establishments in rural areas, rather than centralized to urban areas – manufacturing sector began as small shops producing just enough to support their local community

Increasing Diversity in Canada's business:
The economy moves into other vouchers away from the export/staple economy. Early on, 2/3 of manufacturing establishments were either saw mills or gristmills – need for lumber → tied to staple/farming economy. By 1871, these mills account for only 13% (even though their numbers grew, so many other (diverse) establishments have been established → machinery, farm tools, furniture, textiles, etc (meeting about 80% of the provinces needs for goods) now being produced.

Example: Gooderham and Worts:
James Worst – came to Toronto in 1831. Establishes a gristmill on Toronto waterfront. Dies in 1834, son eventually partners back in. Brother in law, William Gooderham. They are doing well, surplus of grin coming in → expand the mill into brewing distilling since wheat is also used in that, this becomes the company's main business. By 1859, larger distillery built on access to the main railroad in Toronto. Producing ¼ of all rye (liquor) in all of Canada → Largest distillery in the British Empire by the 1860s.
Why in Ontario? (How did the land assist in the development of the establishment?):

- Ontario was rather focused in production of wheat (surplus wise) – this business took advantage of those high levels of wheat production.
- Makes sense to be in the heart of an agricultural community (Toronto) when opening a wheat mill and using wheat businesses

- Market exists for liquor/spirits

Toronto became the center because of the central location and the proximity to main train routes.

Why is there development (diversity) in Ontario?

- Success of agricultural economy – creates surplus income to allow people to act as consumers and even investors in other business initiatives.
- 'Merchant Elite' – did not hinder the development of industry. Some policies were introduced to encourage industry:
    - Ex. Protective Tariffs for the manufacturing sector → tax on imports to encourage business within local businesses.
- Railway Development – encourage manufacturing:
    - Revolution in the ability to move goods and people – more efficient and over all types of Canada's harsh climate.
    - Access to further and further markets to expand industry.
    - Create a market themselves → facilitate the manufacturing of things like trains, train engines, etc. and require service operations to offer more diverse business ventures.
- Location and Resource Factors – in good proximity to US → access to markets/goods of the US.
- Quick population growth of Ontario – waves of immigrants in 50s and 60s hoping to be farmers, but land is harder and harder to access and becoming more expensive to access. They need another way to get established and make money (possibly trying to save to buy a farm). This creates a large pool of labour that can be exploited rather cheaply (keeping costs down).

Kitchener is an established industrial city (Called Berlin at the time). Farily prominent manufacturing city → Why Kitchener?

- Early established city → strong agricultural community on the river system
- Grand Trunk Railroad (most crucial/most important at the time) running through
- Testament to the craftsmanship of early German immigrants

Industrialization of Quebec

Merchant Elite – they own things and are the ones investing more so than the general public. Similar Tariffs as Ontario. 1854 gets rid of sensorial system – seen as an impediment to economic development.

EXAMPLE = John Molson & John Redpath:

- Molson breweries – Molson was a merchant at first, initial financier behind Canada's first bank (Bank of Montreal) → Merchants develop banks to encourage merchant trading. Creates Brewery.
- Redpath is another Quebec merchant → Sugar. Engaged in development of canal system on St. Lawrence (facilitate movement of their goods). Constructed first sugar refinery in Canada.

Different Patterns:

- Actions are more urban-centered

- Smaller output than Ontario (Ontario accounts for 50% of production in Canada)

Railways
Derived from the invention of steam power. Change everyday lives, but facilitates a lot more trade and business interaction to grow business, and are businesses in and of themselves.
Supported by all – business community, famers, political officials and administrators.
Financing (Expensive to build, operate and maintain trains) → mix of Public (State) and Private (business) development. Merchant elite does not have enough money for the whole investment → Banks are initially unwilling to give loans for railroads. They are considered to risky of a venture and banks are still very conservative. Partnership develops b/w business and the state since it is mutually beneficial and must work together to make railroads happen.
Some businesses wanted to invest and make money that way. OR
Run a railroad business in and of itself. (EVERYONE IS INTERESTED):
Governments → seen as necessity; Do not want to fall behind to other colonies or other countries like the US that are developing faster/further ahead. General social goods → improved transportation and communication "Public Good" → must work together with private businesses:
Eg. Guarantee Act 1849 → government will guarantee/back up interest and principle of railroad debt to encourage investment (will not lose your initial money).

Examples:
1. Great Western (1854) – covers SW Ontario and links to American rail lines
2. Grand Trunk Railroad – proposed to link two other railways together to join all the colonies by rail (inter-colonial rail line). Financers could not be found because it was too expensive and too risky. Eventually, it connects the most populated and centralized manufacturing areas on Ontario and into Quebec City. Completed 1859. Business advantage: increased trade, business activity (specifically b/w on and Quebec)
   Financial Failure – very long rail line, construction costs, operational costs, etc → there is not enough movement of goods and people on the tracks to become profitable, or even repay investors. State continues to bailout the railway directly and indirectly → Government assists banks that are loaning to the railway and not doing well as a result.

Most early railways do not earn any money, requires the support of governments to succeed.

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Electrical Utilities

William Mackenzie get into generation part of hydroelectric business → approached the Ontario government for permission to establish a hydro generating plant on niagra falls (Electrical Development Co.). This is probably the last good site for generating electricity in Niagra Falls. → What will the cost be if this company is given essentially a monopoly

→ We want more energy, but at what cost?

→ If its private and they decide not to provide power to a town, its economic development will decline.

Adam Beck → politician/business man in London; runs for London rep for ON legislature. Government should create regulatory committee to ensure that all municipalities in ON are equally exposed to electricity at reasonable rates.

→ Ontario Hydro Electric Commission

- People appointed to it; Purpose is two-fold:
  - Regulate price of hydroelectricity (maximums) [PRICE]
  - Insuring infrastructure is built with access to more remote locations [EQUALITY]
- Building generating plants and distributing to more and more places as industry expands (largest company in field) → Run by public company that would eventually become Ontario Hydro. Pushed out the private sector.

Railways

Further rail development in late 1800s/early 1900s

CPR Company → Recognition that the railway would face difficult times after its completion (1885), due to cost of financing (hard to make profitable to keep it operating).

Fairly financially stable company (unlike many earlier railways like the Grand Trunk). → Effective business management

→ Diversification (innovative) – Ex. Tourism [railway goes through the Rocky Mountains = beautiful terrain. Many Canadians are drawn to the idea of the wilderness (patriotic?)]. Potential market is still people with money (would be expensive to do for most people). → Begin to build hotels along the railroads (Ex. Banff Springs). → Mining (Ex. Cominco) -

Trans Continental rail – another idea develops as soon as CPR finishes → eventually government approves it. Provincial governments and farming groups are arguing to federal government that there must be competition in the rail business. Primary transportation link b/w east and west – farmers will be forced to use these rails to ship their goods and are concerned about a monopoly and the expensive prices that follow.

Economic objectives:

- Built toward southern parts of Canada (where settlement occurs)

Government ends up regulating wage rates anyway (did the increased competition matter).
Federal gov't allows for the building of two more trans continental rails (completed grand trunk line & Canadian Northern) → Does not save the Grand Trunk (too many economic problems – nation does not need 3 trans-continental railways). The gov't in 1920 does not allow these railroads to fail → amalgamate them all together to become the Canadian National Railway to save them all.

Retailing

Revolution in retailing
- Smaller retails (general stores) would use barter system – new one demands standard cash payments (high volume and low prices also).
- Why are we getting these larger retail operations operating in more markets and over larger distances?
    - Move to industrialization → growth in population → increase in cities (autonomy is more apparent in urban areas – so many people don't want to pay credit, but demand cash payments).
    - People consume more than they produce (consume what you need, but not producing what they need). → Increase in demand for retail stores
    - Development of public transportation → people can purchase beyond their immediate neighborhood – can access further stores → Market has expanded.

Timothy Eaton (1903) – 'Rags to Riches'
- Born son of tenant farmer in Ireland. Early 1800s the farming sector is in a crisis – farms are of smaller and smaller size → Hard to have a family and many farmers are being pushed off their land (eventual famine throughout the 30 and 40s). → Immigrate to Canada (1820 – 1850s large Irish immigration)
- Born 1834 – went to school until 1847 (height of agricultural issues) at 13 and begin apprenticeship of a general store owner.
- Settles close to Toronto (Georgetown?) and opens a general store (2 locations).
- Opens store in Toronto in 1869 (Young St.) – initially a dry goods store → transitions into larger retail operation.
- Begins the idea of Cash only and fixed prices (prices had historically been negotiable and people would barter) – generally cheaper goods however because you are moving so many goods he could afford to sell them for less.
- Directed sales to both the upper and working class (innovative for the time)

- 1870s - Begins buying directly from manufacturers (rather than from wholesalers – the middle men). → Keep prices low and # products up.
- 1890s – Manufacturing – some of the products being sold in stores
  - Ex. Clothing manufacturing
    - Change in the way they clothing is made → Quality is decreased because skilled tailors are replaces by unskilled workers, but prices are lower.
- Mail order service 1884 – access people outside of Toronto (before branches were made outside of Toronto in early 20th century) – expand
  - Produce a paper catalogue showcases all goods and allows you to order goods to where you live. (Revolutionized by Eaton) → A lot of Canadians lived in smaller, rural cities who didn't have accessibility to the same range of goods that the Eaton's stores were offering.
- *Sales* and *guaranteed refunds* began being used more and more. Sale on goods to increase sales of certain goods at certain times (ex. Coats go on sale near end of winter)
- Fashion shows in stores (events like this were used to bring people into stores)
- Began the Santa Clause parade – advertising
- Began the idea of having departments within stores (within departments of goods and also divisions of business) – increasing product line led to having to organize/categorize the goods. → More efficient operations.
  - Management was based on merit → even Eaton's children
- Branch stores introduced (first in Winnipeg in 1907).

Innovate techniques throughout life to increase sales and effectiveness of stores.

- Decline of Eatons:
  - Over-expansion in the 1970s → introduced a chain of discount stores ("Horizon"), but they failed (large monetary loss). → Revitalization plans for downtown city areas (shoppers moving out of downtown with the development of malls in the periphery of cities) – manufacturing has also moved from downtown areas.
    - Attempted to create downtown malls (Eatons would be the anchor store) → Monetary failure – parking issues, etc. w/ downtown location. Stores left malls – no one wanted to go to a half empty mall.
  - Poor family management
    - Poor responses to competition in 80s and 90s
    - Did not renovate stores
    - Lower variety of products
    - Cost cutting techniques (opting out of catalogue and parade)

Iron and Steel

Important industry for industrialization and manufacturing → need steel to produce many other goods.

- Support industry to the manufacturing sector

Developed in late 1800s. – Must be operated as a large industry rather than on a small scale.

- Cost of establishing facility (technology and equipment)
- Methods use furnaces and other equipment that needs to be kept running because of cost with a high output to be profitable

Other Obstacles/Challenges to the Industry:

- Lack of primary resources that go into iron and steel production (i.e. iron ore) → far away/difficult to mine (requires capital and technology to extract and refine these materials)
- Small market, even w/ development of manufacturing industry (questionable)

Begins in the Maritimes (did have iron ore available)

- Beginning to industrialize by late 1800s (later than Ontario/Quebec)

Tariffs enforced on imported goods to encourage manufacturing (problem for Maritimes and the ship business → end up embracing manufacturing → Look to Iron and Steel, Why?

- There is a need/demand
- New industry that was developing
- They have an advantage in iron and steel over Ontario and Quebec
    - Actually have coal fields
    - Greater access to iron ore deposits

Nova Scotia

NS Steel Company / New Glasgow Iron, Coal and Railway

- Can begin to process iron (integration of different components of the industry – iron was previously imported)

1890s:

- Secure ore supply from Bell Island
- Coal properties on Cape Breton

The two companies merge together – making the most fully integrated industrial complex in the country (size of operation) (Merged into Nova Scotia Steel)

Acquired secondary industries as well (extensive operation).

- Producing secondary material (finished products??

Expensive to ship their goods to the rest of Canada for sale.

- National policy imposes their will to do business with foreign markets because it is easier than shipping all over Canada

1899 Dominion Iron and Steel forms – another integrated iron and steel operation

Ontario

Secondary (nails, screws, etc.) iron and steel products in the works.
Primary industry attempts – failure

1899 Hamilton Steel and Iron Co.
- Importing coal and iron ore from US

Why Hamilton?
- They had an emphasis on metal products already that complimented this industry well
- Railways and water system access
- Government support to encourage business growth in Hamilton
    - Free 75 acre site to locate these establishments
    - Bonus of $100 000 if manufactures chose this site
    - National Policy (Federal level) – American technology and investment
        - Interested because being produced in Canada means they can avoid their American tariffs.

Further consolidation in the iron/steel industry
→ "The Big Three" = STELCO (Ontario-Hamilton), BESCO (Maritimes) and Algoma (Northern Ontario – St Maire)

Limitation to industry development:
- Competitive pressure to secure the industry (three large competing companies)
- STELCO produces wider range of secondary products, the other two limit themselves to primary sources of profit (losing profit to other Canadian Companies and American iron and steel companies)

Automotive Industry

Reveals two main themes:

1. Foreign ownership (investment and dependence)
    a. Increasing role in Canadian business (i.e. forestry and automotive)
2. Nature of how big business operates

Development of technology happened in France in 1880s and 90s. The US will become the international leaders in this industry very quickly (by 1930s):

- Added innovations onto the idea of manufacturing cars
    - Assembly line (each worker doing a repetitive and simple part of a complex engineering process = revolutionary)
        - Increase volume of production
        - Take advantage of low paid, unskilled workers
    - Mass production/marketing/sale (sell more product)

Assembly line advancements bring the cost of the product down → making it more available to 'average' people (cars were previously only available in terms of price for the elite).
Henry Ford – pay workers enough that they could afford the cars themselves.

Canadian Auto Industry

Few Canadian owned companies survive.

- Resource limitations
    - Financing problems – could not convince banks to give loans → practical investment considerations:
    - Market = small
    - Infrastructure (i.e. roads) is very poor at this time (governments reluctant to spend money) → difficult for supporting automobiles
- Technology and skill → lack of engineering and design skill. Very complex technological product.
    - Basic skill and knowledge base does not transfer to automobile manufacturing as well as American workers
- Proximity to the industry (Detroit) – ability to do business with early American car manufacturers
- Tariff and Trade Policy
    - Encourages foreign investment and establishment of branch plants
    - "Canadian Content" provisions on auto parts → stop the practice of importing auto parts from US and then simply assembling the cars in Canada → must have 50% Canadian parts (American owners must establish branch plants).
- Structure of American Industry
    - Multi-divisional structure → establishing subsidiaries and branch plants in many other countries

Dominated and Owned by American firms by 1930s for these reasons.

Ford Canada

Gordon McGregor 1904 → Recognized the automobile potential, approaches Henry Ford (Ford USA). (Carriage maker)

- Design of the Model T for Canadian and Imperial market (wants the rights to produce this in Canada (Ford's design) → benefit to Ford = 50% of shares from this venture).
    - Can be sold in both markets and will be successful

Independence of Ford Canada declines by 1930s (Henry Ford was given personal shares, not Ford USA shares and had a lot of independence in the early years → even to make minor design changes). → Henry Ford's son takes over and eventually buys enough shares to become a controlling interest of Ford Canada.

General Motors Canada

R.S. McLaughlin – tried to develop a Canadian designed car. (Carriage maker)
- Recognized potential here that would replace carriages

Cannot find good enough engineering skill → approaches William Durrant (Buick Founder):

- Licensing deal that allows R.S. to use the Buick design to produce in, eventually, Oshawa.
- By 1920s → becomes subsidiary of General Motors (US)

Successful? (McLaughlin & McGregor)

- Yes → many, many early firms that most of them overwhelmingly failed → these ones did pretty damn good to become profitable for decades and building lasting legacies in Canada.

Workers and Small Business (Early 20th century)

Workers in the age of big business
- High level of integration
- Accountability
- Departments
  - New ways of communicating
- Middle management (managers, supervisors → owners cant run them themselves)

New methods/practices of Big Business led to challenges for workers:
- Impersonal nature b/w employer and employee relationship
  - Too large to establish connection with everyone
  - Wider range of people (cannot all be connected to owner)
    - Lack of sense of loyalty
- New efficiency and employee management measures (keep people motivated to work hard → don't have family connection and loyalty to owner)
  - Cannot oversee every employee all the time

Managing Workers:
Behavioral codes:
- Hard work, sobriety, punctuality and thrift ("Protestant Work Ethic")

Codes for white-collar (middle management) employees
- Dress codes for employees
- Disciplinary components (Ex. fines for wrong behaviour like lateness) of factory workers (specifically unskilled, women and child workers).

Scientific Management → **Frederick Taylor**
- Develop measures to increase efficiency and production in the workplace

Study work/production environment → increase productivity w/ effective cost management → maximize profit
Time and motion studies → how long it takes to complete a certain task (I.e. how many different customers that a bank employee serves in an hour)
- Expectations put on to maintain that average level to apply to all employees
  - Ex. Assembly line in manufacturing (simplified and repetitive tasks)
- Resisted by workers → reduce their autonomy and control over the work environment (replaces work that could be done by skilled craftsmen and makes it simple and mundane) → "De-skilling of Work"

Mechanization:
- New technologies implemented to increase productivity and efficiency
- Speed and simplification of tasks→ De-Skilling

Paternalism: (response to resistance from employees)
- To increase employee dedication to the company (need incentive)
- "Welfare Capitalism" → increase bond b/w employer and employee

- Did not want to increase wages or change the hours/conditions of work
  - Determined by market forces, not them
- Food (Ex. Turkey for all employees at Christmas time)
- Profit Sharing (paid according to profit of company)
  - Bonus depending on success of company
  - Given small amount of shares in the company
- Company picnics
- Lunchrooms

Does profit sharing really benefit the worker at all? Or just exploit their work further since a few minor shares wont benefit them as much as the increased productivity will benefit the company?

Additional worker concerns:
- Exploitive/Dangerous work conditions
- Exploitive Wages (cannot keep people above poverty line)

Responses by gov't:
- Enquiries and legislation
  - Various studies launched about work environments
- Concern is for women and children (first labour laws)
  - Spoke to the conditions of work (boys – 12, girls – 14)

"Breaker Boys" → used in Coal mining to separate slate from coal (required very little judgment)

Work Conditions → Response by workers:
- Organization → Craft Unions (Ex. Blacksmiths) and General Unions

Example: Knights of Labour – idea in 1880s to theoretically try to unionize every single worker in the country into one union (included women → spoke to the increasing belief the workers needs needed to be protected).

Work Conditions → Response by Employers
- Resistant to unions (advocated of the free enterprise, market driven forces)
  - Impediment to business → force artificial changes (wages increases)
  - Don't want to be told how to run business
- Employer Associations
  - Ex. Canadian Bankers Association

Co-operatives = groups of people with similar interests all working together to reach a common goal

Small Business

Ongoing prominence of small business in all sectors of economy:
- Technological or Market conditions → cannot expand or the product/market is more appropriate for a small business (Ex. demand not high enough).
- Combinations → facing competition from big business, small ones band together to try and compete in one common association → pressure gov't)

Example: Farmers on the prairies
Farming = modern business practices, new technologies and more machinery being used in this time.
Commercially harvesting wheat (Western)
Form Producer Co-operatives → Work together to solve small business problems
  - "Integrate" production, transportation, storage (grain elevators), marketing → + Profitability

Political pressure to control freight costs (not a lot of choice [competition] in railway → want to remain competitive and keep price low)
- Gov't responds with imposing a limit that trains can charge when shipping agricultural products

United Grain Growers Ltd & Sask Co-op Elevator Co form
- Farmers purchase membership → use group power to purchase existing private grain elevators (Co-op then owns grain elevators → way to regulate it without the government).
  - Brings cost of storage down
- Marketing and Pricing
  - Government needed to increase production of wheat for WWI → Created "wheat board" who offered decent prices to farmers and buy the entire harvest at once. Disbanded after the war (decreased demand).
  - Farmers form marketing coops → Co-op Wheat Production Company ("wheat pools") Sask and Manitoba
    - Try to get every wheat farmer to become a member
    - Act as one when marketing or selling wheat → Co-op theoretically buys all wheat from all farmers at set price (stabilizes the sometimes unsure global market)
    - Allows small independent companies to come together and act according to some big business practices (control more of the resources (all of Western wheat) → have more power over controlling price, demand, etc.
    - Added stability

Business and the State – Early 20th Century
Increasing relationship b/w business and gov't:

1. Promotional activities
    a. Encourage growth and development (businesses they think to be positive in the country). Ex: Subsidies, tariffs, monopolies → *Railroads and the guarantee act*
2. Regulatory measures
    a. Control business to respond to problems arising from economic activities. Ex: labour laws, capital reserve requirements (Bank Act) *Laws restricting child labour* → businesses do not always agree
3. Public Enterprise
    a. Government owned or initiated business, usually to facilitate business that in the 'public good' → resulting when the private sector missed an essential part of the economy or whatever
       Ex. Inter-Colonial Railway → recognized that this would not be profitable and the private sector would not do it (no investors or stability), but it was required to have a rail link from Ontario to Quebec and the East Coast so gov't made it.

Why is there increasing gov't intervention in business?
*moderate the forces of the market
- Problems that occur from industrial and urban development
    - Ex. Child labour (understandable from economic standpoint, but not a desirable social outcome)
- The rise of big business → raises concerns to society (small businesses and consumers → big business has too much power over prices and supply of goods). Stop exploitation of the consumers.
- Nationalists Pressures → pressure on gov't to ensure there is economic growth equally throughout the country

1920s and 30s mark the beginnings of some of these pressures

National Policy
Tariffs → develop manufacturing sector (tariffs on manufactured goods coming from foreign countries) Ex. Automobile industry
- Result: Growth of manufacturing → new and more businesses opening up. Had the support of both the business community and politicians. Support of central and maritime regions.
- Criticism: Non-competitive manufacturing sector → manufacturing business people get rich by these protective measure, but don't lower their prices → consumers/workers still paying more than they would for foreign imports (promised good times, high wages and cheap living, but these did not deliver)
    - Exploiting the Canadian consumer

Regulating business in the Early 20th Century (#2 ^)
- Increased pressure for gov't regulation (unrestrained competition and consumer & small retailer exploitation)
- Even some big businesses agree that very high levels of competitions are counter productive for everyone

Ex. "anti-trust" legislation → targets both big businesses and business groups (associations). Associations, if they gain membership of all competing firms, can engage in price gauging and other unfair business practices.
- "Suppressing the evils arising from combinations and monopolies"

Problems:
- Vague wording (what is an unfair business practice? when is competition unfair?)
- Therefore, ineffective enforcement

Led to various acts (revisions) from 1889 onwards
→ 1910, 11, 23 – federal department of labour could hire individual to investigate these matters, but there is still some uncertainty in the law.

Market share (competition) can be indicative of the success of a business (ability to corner target market), so is there even unfair competition? → There is an ongoing reluctance by the gov't to regulate competition because it is what drives the economy and creates our business conditions.

Depression (1930s)
Canada still resource-based economy (ie. Forestry) → large market outside the country → exporting is essential → demand decreased because other countries also going into depression
- Hurts all sectors because consumers have less money going through economy and everyone struggles (ie. Manufacturing sector sales down)

Response of Canadian gov't
- Traditional response → ^ Tariffs: keep foreign products out and keep the market to feed domestic markets → Does not address Canada's staple/resource sector (still need export markets)
    - Result = world trade slowed even further (bad/not effective)
- New forms of Regulation:
    - Canadian Wheat Board (1935) = Originally set up to buy only the wheat surplus (anything the farmers couldn't sell themselves → Canada would eventually buy the entire wheat harvest of all Canadian farmers (solidify demand for farmers and use wheat for war), depression was so severe the previous wheat farmer co-ops did not have the surplus with their previous system to maintain that model.
    - Bank of Canada (1935) = set the tone (regulate) all other banks. One thing banks did was increase interest rates during the depression (weird? = led to decreased spending rather than increase → were preotecting their own business) → leads to pressure of the gov't to

increase regulation in monetary policy (ie. Responsibility of issuing notes).
    - "New Deal" → gov't implement wide range of social assistance and welfare programs to provide economic assistance to people who cant work → try to stimulate economy (keep people spending and getting people back to work).

The Business of War

Require increase in economic production and cooperation b/w gov't in community (increased level of involvement f gov't)

Total war effort = gears all resources toward helping achieve victory in the war

- New forms of financing or accessing money – Ex. Taxation
- Shortages of resources due to demands of production for war
- Centralized control of the economy → prioritize resources and ensure production levels
- Increase partnership b/w business and the state (increased need for regulation measures)

WWI (1914 – 1918)

Canada still part of British Empire, goes to war when Britain declares was on Germany in 1914.

- Canada not particularly prepared for war
    - Small military
    - Relied on Militia (Reserves) system → received some training, but not permanent soldiers

Britain contracts Canada to produce ammunition (Coordination of production for the war) → **Shell Production Committee** – receive these contract orders and then distribute (allocate) the contracts to a private company with quota.

- Inefficient → allocate contracts based on patronage (to associates and friends) – not giving contracts to companies that are always able to do a good job – problems with contracts not being filled
    - Reliance (demand) on Canada increases for both domestic needs and contracts from Britain

Gov't dismantles the Shell Committee and creates the **Imperial Munitions Board**

- Political move to get away from the bad reputation of the Shell Production Company
- Staffed by volunteer members
- Headed by **Joseph Flavelle**
    - Effective at choosing companies who can fulfill contracts

Business / State Relationship

- Political boards have preference to turn to the private sector to fulfill contracts

  - Cannot fill the demand; lack of technology and firms in these sectors cannot always make a profit from these orders

New Methods:
- Creating State Owned Businesses (Ex. Factories producing acetone used in explosives and airplanes used in the war) → things that were beyond the technical and skill level of the private Canadian business sector

^ Demands → very costly war – ever increasing production – strained economy - Shortages = inflation and price increases
- More direct role of control by Government (economic management)
  - Appoint volunteers and commissioners to ensure critical resources (food, fuel, paper) get where they need to be.
  - War Trade Board = ensures the appropriate amount of goods are moving to and from the US

Financing of war:
- New forms of taxation → 1917 introduce income tax as temporary war measure
- Victory Bonds → Individuals buy bonds with a decent interest rate guaranteed for a set term (gov't borrowing money from the Canadian people to be paid back w/ interest when bond expires)
- Canada-US Economic Integration → Increased trade management to ensure both countries can fulfill war contracts.

WWII (1939 – 1945)
Canada not much more prepared than WWI (small military, no defence production sector), but Canada makes its own declaration of war this time → independence from Britain

John Inglis Co. – "Bren gun girl" (Veronica Foster)
- Make appliances, 1 of 2 companies close to ready to produce war materials

Other company = National steel car – produce planes → major production aspect of WWII

British Commonwealth Air Training Plan
- Canada to become site to train ally pilots
- Increased demand on Canada to produce more war materials early on

* Canada does not always get paid for production of war materials from Britain

New Wartime production coordination = create a department/ministry of the gov't itself (rather than a board/commission)
- A lot more power to execute decisions and change regulations etc.
- Has appointed minister to oversee (member of cabinet)

Department of Munitions and Supply

- Preference still to give contracts to the private sector
- Greater government coordination and promotion of business

State owned businesses used to produce high tech things like chemicals and targeting devices → began making aircrafts too to help reach demand

Ex. El Dorado mining – mines uranium (atomic bombs)

Government control of economy = C.D. Howe 1942

- Boards and committees created to assist

Wartime Prices and Trade Board = ensure prices and wages avoid excessive inflation with such a high demand economy.

- Implemented price and wage maximums
- Keep track of human resources (skill base) → prioratize importance of sectors (Ex. Defence) and match most skilled workers to most important sectors (higher wages used to attract)
- Implement rationing goods

Had the power to change things, not just suggest

Canada increasingly had to turn to US to purchase needed items (economic integration with US) → even earlier than in WWI

- Canada is paying for supplies, but not being paid by Britain for produced goods - trade deficit
- US did not want to see UK fall and somewhat wanted to assist Canada

* Permanent Joint Board of Defence & Hyde Park Agreement

* US agrees to look to Canada for their consumption needs to balance the trade b/w the countries

* Work together on defence of North America as a whole

Greater economic integration continues → Canada's economic well-being relies on it after the war.

Consequences of War:

Changes in Canadian industry

* Less production required after the war

- Enlarged manufacturing base → increasingly technological
    - Shift to making other products, does not decline after war
- Higher orientation toward and integration with United States

Business and the State (Postwar Period)

1. Influence of gov't on business development
2. Canada continues to be effected by US integration postwar
    a. Business sector doing well

Balance of power changes → US (Western World) and Soviet Union (Eastern) become new world superpowers → World divides → various smaller conflicts arise (Vietnam, Korea, etc.)

New Challenges/Opportunities:

- Cold War (state of potential global warfare erupting again) → stops business from returning to lower levels of production like after WWI
  US as world power does not immobilize army and is still spending quite a lot
    - Increased military production and spending
    - Increased US – Canada Trade (high demand for Canada's resources)
        - Ripple effect = good for consumer industries (stimulation of economic growth and opportunity)
- "Better Life"
  Young people returning from war, looking to their future. Previous lives had been structured by insecurity (war and before that the depression) → Demand for a better life (measured by material goods – house, car, etc):
    - Prosperity and Consumerism (sustained growth for about 30 years)
    - Increase in demand for consumer products
        - Huge consumer base purchasing goods
        - Better wages, more jobs, etc. coming from demand for stuff

  Results in businesses doing quite well with more consumers to sell to
  People making wider range of new consumer goods

- Support for Government Regulations
    - Ensure transition from wartime to postwar econonomy (Ex. Going from making guns back to appliances → Costly, slow, etc.)
    - Avoid inflation and create a healthy business environment

Government Intervention in Economy

- Increased regulation after 1945 (public support)

Keynesian economics → keep people being able to spend, use gov't regulation to ensure this happens and whole economy is stimulate → Can indirectly stimulate economy

Early Measures:

- Employment insurance (1940) → in preparation for the end of the war
- Welfare programs → keeps low income families with enough money to remain a good consumer, keeps money moving

- Reconstruction programs → specifically to assist in transition from wartime to postwar economy
    - Tax deductions/credits for these transitioning businesses → right off the costs of re-tooling/re-formatting of equip. and business.
- Tax incentives (could encourage small business creation)
- Housing stock is falling → Introduce Housing Act putting money into the industry to stimulate construction
    - Solves housing issue
    - Provides jobs (for returning soldiers)

Support of the business economy (even though historically they want free enterprise economy).
C.D. Howe → in charge of facilitating this reconstruction process

Problem = balance a free enterprise economy with a regulated/controlled economy
- Unregulated economy will have more fluctuations (highs and lows), regulations will provide stability → Find balance

Economic Policies / Programs
Directed toward re-establishing private enterprise:
- Indirect tax incentives → Ex. Deductions for small business creation

Tariffs vs. Free Trade
After WWII, there is talk of removing tariffs and making a free trade agreement with US → significant amount of tariffs (US main trading partner with Canada)
- Perception is that the business community might oppose free trade with the US →Nationalist concerns (US will have to much control of Canadian economy)

Process began in 1945, eventually free trade introduced → tariffs will hurt the Canadian economy
- (Early stages of Globalization)

G.A.T.T (General agreements on tariffs and trade)
Agreements created after WWII (Countries could chose to sign on or not), dealing with issues that effect the whole world, not just one nation. Economic talks b/w countries → sometimes world economy must be addressed.
- Dismantle tariff barriers (general trend away from tariffs postwar)

Needed to have control/influence in several countries to fix domestic problems sometimes (Ex. big depressions)

Crown Corporations → Gov't sells off any of these crown corporations they can back to the private sector. Some continue to operate as crown corporations:
Ex. Eldorado Mines (remains very involved for moral reasons)
Ex. Aircraft industry (both production and transportation purposes)

- Trans Canada Airlines → gov't recognizing air as new form of transportation

C.D. Howe limits these other firms giving TCA monopoly
Eventually sell off the sector to private sector (Canadair ??) → make contracts for military planes and shit like that

Defence Incentives:
Military industrial complex – industry and military and interconnected (Cold War continuing to 80s → stockpiling of weapons, research & design, etc.) → Large sector is postwar period. Military needs connected to industry → stimulating domestic economy through this military buildup

Development of Mining Sector
Nickel demand and other mineral resources go up in postwar (military demand and consumer use) → happens for various new mineral resources, global value is high enough (iron ore) to focus on these resources for trade.
Uranium → grows as cost on global markets rises (export most to US – used in weapons and nuclear power)

Eldorado Mines expand → Saskatchewan

Western provinces' resources make them prosperous postwar

Infra-structure development → Ex. Housing shortage

- Improve transportation systems
  - Trans Canada Highway → as cars/trucks become major form of transportation of people and goods (400 series highway)
- Improve St Lawrence water system (move lumber, minerals, etc.) SAME METHOS USED IN FUR TRADE

Postwar Boom and Business
Prosperity and consumer demand provide opportunities for businesses:

Ex. MacMIllan Bloedel

- Large timber reserves and rights to cut in BC
- Also owns export company, combines all compenents of forest industry into one company (timber reserves, sawing/cutting, transportation – from start to finish)

Ex. Broncmans
Whiskey/Rye brewing company

- Significant growth postwar to become largest distillery in the world

Ex. Argus Corporation and E.P. Taylor

- Business man before postwar years
- Holding in brewing company → a lot of smaller breweries are bought out or pushed out reducing competition for larger brewers

- Dismantle prohibition
- Re-introduce sale of alcohol to consumers through government (LCBO) to control liquor sales
- Eventually allow bars and stuff to sell alcohol again

E.P. started with brewery holding and tried to buy/push others out
As expands, closes the smallest ones (consolidates them together)
Aggressive tactics:

- Threatens smaller companies with things like price competition
- Becomes second only to Labatt
- Moves into malting and soy bean mills → develops food, soft drinks, bakeries, cafeterias, etc.

Brings all of his holdings (and encourages others) into the Argus Company (1945) → companies hand over holdings, but keep controlling interest → encourages further expansion
Taylor thought key to success was to create a monopoly or invest in those who you predict to become major players (monopoly) → did this with Argus Company, three most important ones:

- Brewing company
- Dominion Stores
- Maxi Harris (Maxi Ferguson)

Regional Economies Postwar Period

Regionalism/economic trends/changes after 1945
- Canadian economy increasingly integrated into US economy (previous imports/exports dominated by Britain)
- Core of continental (North American) economy shifts to the South and West US
    - East coast develops first (access from Europe and to natural resources), increasingly moving west now
- Growing emphasis on resource-based industries
    - Ex. Alberta and Saskatchewan oil industries

Significant impacts on economic development of West, Quebec and Maritimes = Growing regionalism → different areas of the country growing / declining at different rates → growing dissatisfaction → governments begin to try to introduce policies to help these regions to address unequal economic development (more provincial government role in this balance)

Regional Economies
- Growing complaint that economic policies were meant to benefit central Canada (Ex. Tariff policies – only affected Ontario and Quebec with the strong manufacturing base)
- Policies may also hinder economic development in other regions (not just ignore the needs of some regions, but actually hinder/harm them)
- Active involvement by provincial government
    - "Province-building" : promotional activities by gov't to promote business development and defend against negative federal government intervention

Rise of the West
- Regional discontent with national policy, federal policies and Central Canada-focused economy (lack of federal attention → alienation)
- Strong wheat economy → viable economic base, but now going beyond

Economic trends lead to new opportunities for growth and development

Alberta: Oil and Gas Industry

Ranching Industry → beef/cattle ranching – develops as critical aspect of farming

Alberta government – aware of provinces oil and tar sands. Before 1945, the industry was untapped and unexplored:
- Technologic development required (more costly and difficult to extract)

- Requires high price in world markets for oil (creates wealth, required since it is so costly to do, couldn't make a profit in this industry until world market price was high enough to cover high administrative costs)
- Demand for oil (gasoline, heat/power source) does not develop until after 1945 → growing population, technology (Ex. Cars), etc. → Oil becomes instrumental to overall economic wealth

American companies (Ex. Imperial Oil) subsidize in Canada

Leduc 1947 (Imperial Oil)
Post was oil boom → drive Alberta's economy and growth.
Oil production in Alberta dominated by foreign firms (5 largest firms = all foreign owned → account for half of Alberta's oil production):

- Imperial
- Shell
- Texco
- Gulf
- British Petroleum (BP)

Canadian Firms:
Involved in related capacities rather than drilling operations (Ex. Pipelines).

- Dome Petrolium

New staple exploitation = tension b/w federal and provincial government and private business concerns

- Pipelines: used to transport oil and gas → costly to build. Where (what markets) is this oil and gas going? Large area b/w central Canada and Alberta (costly and time consuming – worth it?)
    - Oil pipeline = first to be built by private sector → Moving oil from land to refinery, then shipped by truck and other things
    - Gas pipeline = More contentious → best way of moving natural gas → being transported to who you are selling to (Ex. Individual Home)
        - More issues: where will they run, to who, through where, etc.

Shipping to US becomes focus → shorter distance to cover and significant demand

Profit (considered by Oil/gas companies and government who make money from it) vs. national and regional policies

Trans-Canada Pipeline → pipeline to bring oil from Alberta to Central Canada and all across Canada

- Canadian government concerned with it being only on Canadian soil rather than through the US (private profit seekers would disagree – more profit available if running through US) "serve Canadians first"

Provincial Policy:
Alberta wants to serve Alberta first, make sure it is not being exploited to quickly or wastefully:

- Alberta Oil and Gas Conservation Board → government regulatory board to:

- Makes decisions about what company can drill and where
- Resolves disputes b/w companies
- Control production (how much you can drill) and allocation

Alberta Gas Trunk Line → natural gas pipeline running through Alberta (made themselves and only it runs in Alberta – complete control inside province)
- Provincial jurisdiction of natural resources

National Oil Policy 1961 – Oil as a "national asset"
Federal policies directed toward trade, exports, things that move across provincial boundaries
Price of oil skyrocketing on world markets by 1970s (Global oil boom) → potential for even more growth and profit for Alberta
Oil was still mostly imported from Middle East, as prices rise it causes inflation and other problems in Canada → need for more self-sufficiency to depend less on world markets
- Export tax on Oil leaving the country
- Set maximum that oil can be sold at in Canada (protect consumer) → companies getting a lower price than they could on world markets

Alberta enraged by this effect on profits
Tension b/w provincial and federal government (confusing overlap on who can legislate on these matters, how should Alberta operate?)

Peter Lougheed 1975 → fought the federal government about these issues
National Energy Program

Saskatchewan: Potash
Large deposits discovered in 1940s → developed by large (most American) multi-nationals

1975: Saskatchewan gov't creates Potash Corporation of Saskatchewan (PCS)
- Holds 40% of market share
- Large marketing organization
- 1989: Sold back to private sector (privatized)

Quebec and the Quiet Revolution
- Dramatic social and economic changes introduced in Quebec during 60/70s
- Nationalist agenda → not just concerned with developing economy of Quebec, but also trying to strengthen control of French Canadians in business

Limits to these objectives:
- Canada part of global economy (reliant on trade) and increasingly globalizing → difficult to turn back trends back, cant push all non-French out

Measures to diversify economy and encourage French participants:

- Investment fund (Societe Generale de Financement) – provide capital for new (French-Canadian) companies or to expand for existing companies
    - Sidbec (Steel company to encourage manufacturing sector)
    - Hydro Quebec – government owned – bought out all distributors and consolidated into province-wide monopoly (critical industry to stimulate other types of growth – power for reasonable prices – take away from private sector to be regulated by government)
        - Mixed success
            - Hydro Quebec greatly increasing hydro production

Long-term impact:
- Fighting a losing battle → manufacturing sector beginning to decline by 1980s, unskilled manufacturers (High tech manufacturing remains in Canada)

Maritimes (Economic Decline)

"De-industrialization" after WWI → manufacturing (iron and steel, textile, etc.) begins to disappear
- Cannot compete with Central Canadian businesses or bought out by them

Why?
1. Geographic location – to far from central Canada
2. National Policy – i.e. Tariff policy → movement away from ship building economy, embrace policy to develop manufacturing and such, but then couldn't compete

Introduce new policies (maritime provincial governments)
- Provide capital or incentives for manufacturing to locate in the Maritimes
    - Ex. Tax breaks, subsidies, free land, startup capital, etc.
    - Industrial Estates Ltd. Provides the startup capital

Bricklin Car → produces a car to compete with Big three (Ford, Chrysler and GM) in the elite sports car market (Niche market)
- Approaches New Brunswick government for capital → Invest a lot $$$

Failure:
- Government loses investment money
- Focus is on the manufacturing sector (although automobile still viable) → trying to compete with extremely successful auto companies
    - Did not have enough time/money to compete and continuously fix problems with the car and stuff