

CASCADIA: THE OTHER GATEWAY

Robin Neill

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In the nineteen nineties it was fashionable to talk of the end of “Fordism” in the new information economy, and of innovative small clusters of flexibly organized businesses. On the West Coast it was fashionable to see Vancouver reinventing itself as a “world class city”, a “global city”, and a “gateway to a fast growing Asia-Pacific region” (Barnes *et al.* 1992, p. 190 *et passim*) in this “Post-Fordist” economy. The view was bolstered by an increase in trade, capital flows, tourism, and immigration with and from West Pacific Rim countries. With its increase in “software industries” Vancouver was expected to rise as part of Cascadia, a “New Pacific metropolis stretching from Portland to Burrard Inlet” (*ibid.* p. 198). No longer was it to be “slightly in the backwaters” of the North American economy.

Without a doubt Vancouver grew into an early twenty-first century, congested, high rise, North American city, though not without opposition from within. There were those who, watching the social changes that came with the rise of the two worker childless family and non-European immigration, preferred the former “urban village on the edge of a rain forest” to the emerging “world city” (North and Hardwick, 1992. pp 200-233; Ley *et. al.*, 1992). Further, though Vancouver grew in size, it continued to lack “the large an diversified manufacturing base characteristic of the industrial city and possesse[d] neither the major complex of corporate head offices that (in part) define the services city, nor the world-scale high-technology sector that is associated with the “urban technopoles” of the knowledge or information era” (Hutton, 1998, p. 9). We may add that, over four decades of advance, 1977-2007, measured by dramatic changes in its architecture and the size of its population, Vancouver continued to hold a subordinate position in the hierarchy of Canadian and world finance and corporate power (Carroll, 2001-2002, and 2004).

Was there, then, a dramatic change in the economic character of Vancouver and an entailed substantial change in the economic structure of the British Columbia economy over this same period?

During W.A.C. Bennett's Government (1952-1972) primary products constituted 80% to 90% of the province's exports (Peters and Shearer, 1970-71). Exports to the United States were between 50% to 60% of total exports (Johnson, 1975, p. 270). Exports to the United Kingdom fell from 27% to 9% of total exports, and exports to Japan rose from 4% to 24% of the total. The European Common Market, apart from the United Kingdom, increased its share from 3% to 8% of the total. British Columbia's exports to the rest of Canada were about 20% of its total exports (Shearer, 1971, p. 26). The increase in exports to Japan, a massive increase in Japan's purchase of coal, led to the initial development at Point Roberts, the location of early twenty first century investment in a "Gateway to the Pacific".

By the end of William Bennett's Government (1975-1986), the external orientation of the province's exports seemed to be changing. Over the inflationary years between 1981 and 1986, total exports rose by 30%, with the portion going to the United States falling and the portion going to Japan and the other Asian countries rising. The portion going to the European Common Market fell. The province still depended on exports of "crude materials" (Resnick, 1985; Barnes, 1990), but there was evidence that it was turning away from North America.

The New "Imaginary" Vision?

Presumption that there was great significance in this seeming change in the external orientation of the province was slow to come. In 1991, in one place Jean Barman wrote,

The structure of the economy has remained relatively unchanged from the arrival of the first Europeans. All that alters are the names of the particular staples being exploited, and the ownership of the means of production (Barman, 1991, p. 341).

However, only a few pages earlier she had written,

The economy of British Columbia is becoming divided between two distinct segments: a service oriented urban economy of metropolitan Vancouver and the resource based hinterland economy of the rest of the province. ... Vancouver seemed destined to become an international city More than ever it looked outward to the world(ibid, p. 388).

Barman was unaware of any contradiction in these statements. Others were.

There was a greater shift to services in Vancouver and Victoria than in the largely "goods producing" interior, and there was less "cyclical instability" in the metropolitan economies than in that of the hinterland. (Davis and Hutton, 1989). It seemed possible that British Columbia was experiencing a fundamental shift away from reliance on primary product exports (Howlett and Brownsey, 1996; 2001). Indeed, Vancouver was seen to be losing its character as a hinterland urban area set in mountains and forests, and to be becoming part of an "emerging network of Pacific Rim global cities" (Edgington

and Goldberg, 1989). The proposition being put forward was that, as part of a North American gateway to the East, British Columbia's Lower Mainland, with its Asian trade, its increasing Asian immigration, and its advancing service sector, was no longer dependent on the province's interior goods producing region.

There was evidence to the contrary (Davis, 1993), and an authoritative pronouncement that,

given the difficulties involved in empirical demonstration, any assertion that there was a substantial disconnect between the activities of the interior and those of Vancouver/Victoria, was bound to remain and unproven conjecture (Shearer, 1993-94). An alternative conjecture, that received no space in the literature on the question, was that relatively faster growth in the service industries of Vancouver/Victoria was, in part, a consequence of technological advance reducing the amount of labour needed in the goods producing interior, and, in part, due to the interior's out-sourcing of services to providers in the Lower Mainland. What was occurring, according to this conjecture, was not a disconnect between the interior and Vancouver, but the emergence and relocation of specialized interdependent activities. In general, private sector services multiplied in Vancouver, public sector services expanded in Victoria, and goods producing activities, with a lower labour component remained in the Interior. Further, so the conjecture runs, the province's turn of the century decline into the status of a have-not province due to reduced external demand for its primary products, despite the contemporary rise of the Pacific Rim economy, is consistent with Vancouver remaining dependent on exports, largely of primary products generated in the interior and in the Prairie Provinces. In 2004 and 2005, the province's service sector exports were only 3% of its total exports¹.

Not only can it be argued that any disconnect between the Lower Mainland and the Interior was imaginary, resolving into a distinction of type of activity and not of diminished interdependence, it can be argued also that a principal element in the conjectured transnationalization of Vancouver, the other side of the coin of conjectured disconnect, was equally imaginary. A central element in the notion of Vancouver as a transnational city was an assertion that it was part of an emerging, closely linked, urban complex in the Pacific northeast. Running from Portland, Oregon, to Vancouver, British Columbia, this complex was promoted as the essential Cascadia. It was said to be emerging as part of the general economic rise of Asia and the Pacific Rim. It was also alleged, however, that the idea of Cascadia was, itself, an imaginary thing intended to support a "neo-liberal" privatization of economic activity. In proof of this view numbers were presented showing that the North American free trade agreements of the late twentieth century had not increased the integration of British Columbia and the United States northwest (Spark, 2000).

There are two matters here in consideration: (1) the internal structure of the British Columbian economy, that is the nature and interdependence of metropolitan and hinterland activities, and (2) the external orientation of the province's trade, that is its connection with Portland and Seattle, and with the Pacific Rim, as opposed to its connection with continental North America in general. The general question is, "Is

British Columbia transnationalizing into the Pacific Rim in such a way as to reduce the Lower Mainland's dependence on the Interior, on the North American economy as a whole, and on the rest of Canada?"

1. The data used in this presentation, when not attributable to any specific source, are drawn from 'Strategis, Trade Data Online' (the federal Department of Industry Trade and Commerce), from BC Stats, and from Statistics Canada time series. These sources are not always consistent with one another..

The first of these matters is a specification of a hoary question in histories of economic development. Has the hinterland ("the country") developed before the metropolis ("the city"), or does development run the other way? For Adam Smith, the city developed in dependence on the country. For Frederick Jackson Turner, the country determined the nature of the city. For Norman B. Gras, the country was a frontier of the city and its character depended on the character of the city. Lenin asserted that the workers in the cities were the vanguard of progress, and Chairman Mao assigned that role to the peasants of the country side. Harold Adams Innis conjectured a mutual interdependence between metropolitan centres and their respective hinterlands (Innis, 1956). And we can point to the importance of provincial policy in the period of the Coalition Government of British Columbia, following the Second World War, and Of the Bennett Governments, in generating development in the Interior. It is as reasonable to argue that development in the interior depended on the capability of metropolitan forces, both outside of the province and in Vancouver/Victoria, as it is to say that the latter depended on the former. This critique of the narrower staples theory [Development depends on hinterland primary product exports.] was available even as the narrower version of that theory became the default version of Canadian and British Columbian economic development (Fowke, 1946; Buckley, 1958; Tibout, 1956).

The External Orientation

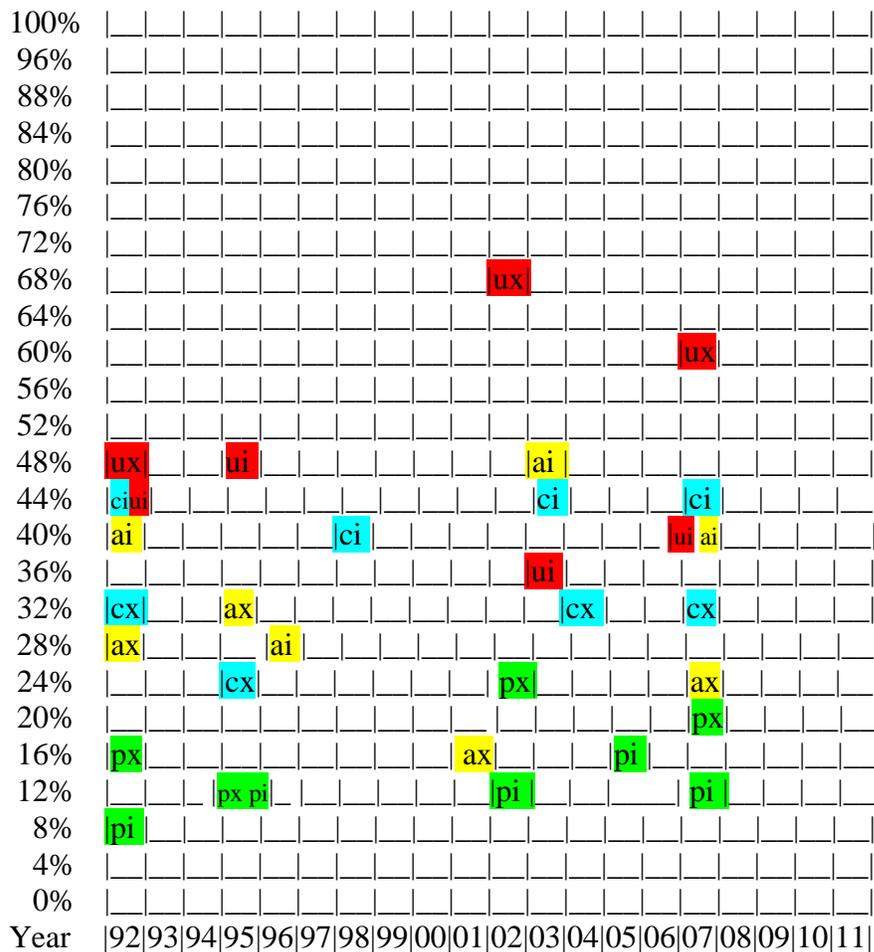
The second question, having to do with the external orientation of the British Columbian economy is amenable to empirical measurement. The question breaks into two parts. "What were the important external regions with which British Columbia was connected?" and, "What happened to the relative importance of the province's trade relations with each of these regions?"

It is not clear that British Columbia became less economically interdependent with the rest of Canada over the turn of the century. As a portion of its total exports, British Columbia's exports to the rest of Canada were 34% in 1981, 34% in 1992, and 34% in 2004. The portion fell to 26% in 1995 and to 32% in 2007. This reading is consistently much higher than the 20% reported by Ron Shearer in the brief 1962-1964 period (Shearer, 1971). On the other side, as a portion of total imports, British Columbia's imports from the rest of Canada were 57% in 1981, 47% in 1992, and 44% in 2007. The portion fell to a low of 40% in 1998 and floated at about 44% thereafter. On the side of exports, then, there is very weak evidence of an increase in British Columbia's relative interdependence with the rest of Canada over the past half century, while there is

even weaker evidence on the side of imports of its becoming less relatively interdependent with the rest of Canada over the decade and a half to 2007. On the whole, the best conjecture would be that there has been no long run change in the province's relative interdependence with the rest of Canada.

There is some indication that there has been improvement in British Columbia's balance of trade with the rest of Canada. Between 1981 and 1994, British Columbia's unfavourable balance of trade with the rest of Canada [imports over exports] varied between 34% and 61%, 1993 being an outlying year at 67%). Beginning in 1995 at 53%, the balance improved fairly steadily to 74% in 2007. The province's domestically generated exports to the rest of Canada fell about 10% in relation to its total exports to the rest of Canada, indicating a rise in the relative importance of flow through trade from external sources.

British Columbia's Exports and Imports as a Per Cent of Its Total Exports and Imports, Respectively, to and from various External Regions, Based on Current Dollar Values.
 Canada Exports: **cx**, Canada Imports: **ci**, US Exports: **ux**, US Imports: **ui**, Asia Exports: **ax**,
 Asia Imports: **ai**, Cascadia Export: **px**, Casadia Imports: **pi**¹



1. It is evident from the chart that the percentages do not add to 100. This reflects inconsistency between Industry Canada numbers, Statistics Canada numbers, and those of BC Stats. It also reflects the margin of error in all time series, imprecisions due to rounding, the effect of not including all trade, and any errors that have been made in the construction of this specific chart. The numbers are intended only as a rough attempt, given available data, to make an informed guess at the relative importance of different major trading partners in the case of British Columbia over the years in question.

The province's relative interdependence with the United States changed both in balance and degree. The ratio of British Columbia's exports to the United States to its total exports stood at 50% in 1992, rose unsteadily to 69% in 2002, and then fell to 60% in 2007. The ratio of the province's imports from the United States to its total imports began at 44% in 1992, rose to a peak of 45% in 1995, fell to a low of 37% in 2003, and rose to 41% in 2007. In short, over the whole fifteen years, British Columbia's relative dependence on exports to the United States rose by 20% and its relative dependence on imports from the United States fell by 7%. Taking into account the province's export markets in both Canada and the United States, its relative dependence on North America, so defined, increased. Its relative dependence on imports from North America decreased, but not by as much as exports increased. Its overall relative dependence on North America increased.

Over the whole of the 1992-2007 period, presumably the high years of transnationalization, British Columbia's slightly declining relative dependence on North America in the matter of imports was not accompanied by an increasing dependence on Asia [defined as Japan, China, South Korea, Taiwan, and Hong Kong]. The province's exports to Asia were 30% of all exports in 1992, rose to a peak of 33% in 1995, then fell to a low of 19% in 2001, and rose again to 24% in 2007. Imports from Asia were 40% of all imports in 1992, fell to a low of 28% in 1996, rose to a peak of 48% in 2003, and then fell back to 40% in 2007. In short, British Columbia's relative dependence on exports to Asia fell by six percentage points over the period, while its relative dependence on imports from Asia, though varying, did not significantly change.

This evidence points to the conclusion that over the fifteen year period from 1992 to 2007, British Columbia became relatively more dependent on the the United States and less on Asia, and with some qualification, less dependent on the rest of Canada for export markets. Over the same period its relative dependence on Asia for imports did not change, while its relative dependence on imports from sources other than North America and Asia rose.

The question remains, "How did British Columbia's relative interdependence with Cascadia [defined as the States of Washington and Oregon] change over the same period?" Was there a partial Revival of what Howay, Sage, and Angus called a pre Confederation "unified economy of the Pacific Coast"? (Howay, 1942, p. 217). What of Vancouver's place in the rise of a northeast Pacific global urban agglomeration?

Exports from British Columbia to the rest of Cascadia were 17% of all exports in 1992, fell to 15% in 1995, rose to a peak of 27% in 2002, and fell to 20% in 2007. Imports into British Columbia from the rest of Cascadia were 11% of all imports in 1992, rose to a peak of 15% in 1995, fell to 12% in 2002, peaked again at 15% in 2005, and ended at 14% in 2006-07. On this reading, the integration of Cascadia, the relative interdependence of British Columbia with Washington and Oregon, increased only slightly over the fifteen years from 1992 to 2007. British Columbia's relative dependence on imports from within the region rose in relation to both its relative dependence on imports from the rest of Canada and from the United States as a whole, but also in relation to its relative dependence on imports from Asia. Its relative dependence on exports to the rest of Cascadia rose in relation to its relative dependence on domestically generated exports to the rest of Canada, and to its relative dependence on all of its exports to Asia. Its relative dependence on exports to Cascadia fell in relation to its relative dependence on its exports to the United States as a whole. It would seem then, based on the flow of trade, that there was some weak evidence of a revival of a "unified economy of the Pacific Coast". That is, there were some grounds for recognizing the emergence of Cascadia. The importance of these grounds, however, can be questioned. The emergence proceeded at a glacial pace, and it does not appear to have been centred on an urban agglomeration dependent on increasing trade in all Pacific Rim markets.

Conclusion

On the whole, then, what flawed evidence there is¹ fails to support an assertion that, between 1992 and 2007, British Columbia transnationalized into the Pacific Rim in such a way as to reduce the Lower Mainland's dependence on the Interior, on the North American economy as a whole, and on the rest of Canada. There were substantial changes in the technical and institutional character of the province's economy, but only such as would allow it to maintain the principal lines of its established internal structure and external orientation in a transnational economy experiencing similar technical and institutional changes.

Apparently, the province's reliance on primary product exports was heavy and unchanged from the 1950s into the early 1990s. Neither did it change between 1992 and 2007. The ratio of its total exports to Provincial Gross Domestic Product was 19% in 1992 and in 2006. It peaked at 27% in 1995 and 2000, and bottomed at 17% in 1998 and 2007. These fluctuations in the ratio are typical of a resource exporting economy. It seems a safe conjecture, then, that Jean Barman was close to a correct view even for the first decade of the twenty first century when she summed up British Columbia's economic history with the statement, "All that alters are the names of the particular staples being exploited, and the ownership of the means of production." (Barman, 1991, p. 341).

1. Given the inconsistencies in available time series of economic aggregates in Canada (See Isabel Anderson, "What Data Base and Which Estimates for Forecasting Economic Performance", <http://library2.usask.ca/gic/v3n1/anderson/anderson.html>), it is not possible to present an accurate account of the relative importance of different export and import regions for any province. All that can be said of the numbers presented here is that they have been consistently constructed over the time period indicated so that, though they do not provide an accurate picture of the relative importance of any region to which goods are exported or from

which they are imported at any one time, they do indicate changes in their relative importance over time; and that is what is in question.

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