

RADICAL NEOLIBERALISM IN BRITISH COLUMBIA: REMAKING RURAL GEOGRAPHIES

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Abstract. This paper argues that rural regions of British Columbia, Canada, are currently the subject of a radical political-economic experiment dismantling traditional Fordist and Keynesian approaches to economic development and replacing them with neoliberal strategies. This experiment targets both corporate resource economies and local or community-based economies. The paper argues that current reforms aim to enhance flexibility in major resource sectors (particularly in forestry) by “liberating” corporate actors from traditional obligations to environment, labour, and communities. This strategy is buttressed by concurrent reforms to community development policies to promote “entrepreneurial” forms of development that (it is assumed) can be achieved independently of the dominant resource economy. Using field research from several case communities in coastal British Columbia, the paper argues that these developments are having a strong impact on traditional economic structures and practices, as neoliberal reforms seek to disaggregate corporate and community-level economies.

Résumé. Cet article propose que les régions rurales de la Colombie Britannique, sont présentement le sujet d’une expérience politique radicale qui comprend le démantèlement des institutions et stratégies de développement économique fordistes et keynésiennes traditionnelles et leur remplacement par des approches néolibérales. Cette expérience cible les économies industrielles (basées sur les ressources naturels) comme les économies locales des communautés rurales. Cet article propose que la stratégie néolibérale naissante vise d’abord à libérer les grandes entreprises impliquées dans l’extraction de ressources naturelles de leurs obligations traditionnelles envers l’environnement, la main-d’œuvre, et les communautés rurales. Cette stratégie est étayée par des réformes simultanées des politiques de développement communautaires qui favorisent l’entrepreneurial, en indépendance supposée de l’économie existante dominés par les ressources

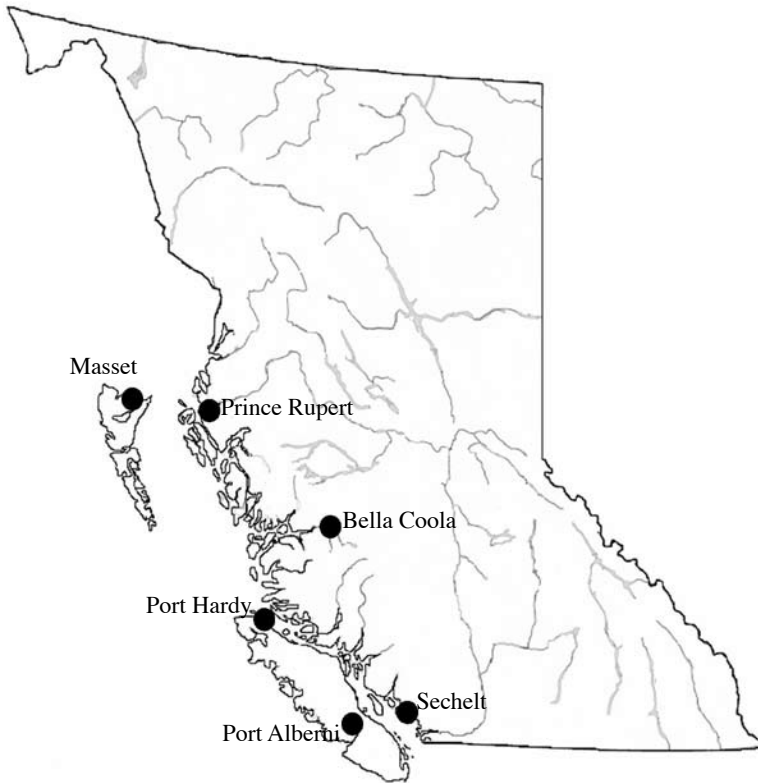
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naturelles. Fondé sur une recherche de terrain dans plusieurs communautés côtières en Colombie Britannique, cet article propose que l'expérience néolibérale a un effet important sur les structures et les pratiques économiques traditionnelles, en ce qu'elle tente de désagréger les économies industrielles et communautaires dans les régions rurales de la province.

INTRODUCTION

This paper argues that rural regions of British Columbia, Canada, are one of the most rigorous sites of neoliberal policy experimentation in the world today. It posits that the Government of British Columbia (and, to a lesser degree, the Government of Canada) is committed to an extreme application of neoliberal principles to reform both corporate resource economies and local or community-based economies across rural regions of the province. The neoliberal experiment thus far has dismantled traditional institutions for rural economic development and regulation, and implemented policy reforms that broadly but selectively transfer economic authority and responsibilities from public to private domains. This paper addresses the contours of this policy movement, and analyzes its impact on traditional economic structures and practices in rural British Columbia. I argue that current neoliberal reforms are, at root, concerned with the liberalization of economic geographies and spaces within the province. This is occurring across two key dimensions. First, the neoliberal project in BC seeks to “free” corporate actors to manipulate the spaces of resource production in order to gain efficiencies that are deemed crucial to (global) market competitiveness. This strategy is most evident in forestry, which is the province’s largest industry and a primary focus of this paper. But, as we will see, the granting of new freedoms to corporate actors is having a significant impact on “place-based” actors such as communities, labour, and local businesses. Therefore, the second dimension of neoliberal reform in rural British Columbia involves policies that “encourage” place-based actors to achieve a measure of independence from corporate resource production — to act self-sufficiently and mobilize local entrepreneurialism as a means of directly participating in broader economies.

This paper draws on interview and ethnographic research conducted in several communities on BC’s rural coast that have been deeply affected by current political and economic restructuring. The central component of this research is a series of 47 in-person interviews conducted in 2004 and 2005 with community leaders and small business owners and/or managers in the resource-dependent communities of Bella Coola and Port Hardy. In addition, the paper draws on research conducted in

Figure 1. Case Communities for this Research

the communities of Sechelt, Port Alberni, Prince Rupert, and Masset regarding local economic restructuring and upheaval (see Figure 1).²

Each of these communities has traditionally experienced the cyclical periods of boom and bust that characterize staples economies (cf. McGillivray 2000). Generally speaking, however, the period since the crippling 1982 recession has been particularly difficult for these places, as that event spurred a series of ongoing attempts to reform British Columbia's resource sectors and forestry in particular (more on this below).

2. These communities are partners in a research initiative entitled *The Coastal Communities Project* (CCP), which is funded by the Social Sciences and Humanities Research Council (SSHRC) under its Community-University Research Alliance program. The CCP works collaboratively with civic and Aboriginal leadership to address local issues of concern regarding social and economic development, health and well-being, environmental sustainability, governance, and/or education. Please see www.coastalcommunitiesproject.ca for more detail. Ralph Matthews and Bruce Milne are Co-directors of the CCP.

While the long-term effects of the 1982 recession have been well considered in existing literature (e.g., Marchak 1983; Hayter 2000; Markey et al. 2005), the emphasis in this paper is on the latest attempt to restructure the rural economy of British Columbia in the name of profitability, competitiveness, and “recovery.” I will argue that these latest efforts, which are explicitly neoliberal in philosophy and practice, are fundamentally altering resource and community economies, and stand as a final rejection of the traditional Fordist- and Keynesian-inspired model for rural development that has served as the province’s economic cornerstone since the Second World War.

NEOLIBERALISM

Neoliberalism is a worldwide philosophical and political movement. While this movement exhibits substantial variation across national and regional boundaries, its power and influence as a strategy and worldview rivals that of Keynesianism or welfarism — its predecessor as the predominant political-economic orthodoxy on the capitalist world stage (cf. Brenner and Theodore 2002a: 10). But despite the significance and depth of the movement, Peck (2004: 393) argues that neoliberalism, much like “globalization,” is a difficult phenomenon to pin down theoretically or empirically (see also Guillén, 2001).

Most discussions of neoliberalism begin by acknowledging the intellectual roots of the movement in the works of celebrated neoclassical economists such as Hayek (1960) and Friedman (1962). These authors, along with students and colleagues at the University of Chicago, wrote extensively on the capacity of markets to translate individual self-interest into collective goods. This literature often leans more towards political philosophy than economics, as early proponents of neoliberalism advanced “the theory that society and its institutions are neither ‘natural’ nor the outcome of human design; instead, they originate in the spontaneous coordination of a multiplicity of actions by self-interested individuals through market relationships” (Petsoulas 2001:2).

The market fundamentalism of the “Chicago Boys” directly influenced governments in Latin and South America (Pinochet’s Chile being the most notorious) as well as the Thatcher and Reagan governments of the 1980s. By the 1990s, it appeared to many commentators that the movement had lost significant momentum with the declining fortunes of anti-welfarist governments in Britain, the United States, and Canada (cf. Peck and Tickell 1995). However, more recent literature argues that the neoliberal movement has proven very resilient, and has become a world-

wide orthodoxy as global economic integration has become more complete. Indeed, neoliberalism is now most commonly associated with the darker side of economic globalization, namely the dramatic extension of corporate authority and “market discipline” over labour, communities, and environment at a global scale (e.g., Bourdieu 1998; Peck 2004).

However, as the concept of neoliberalism has gained popularity, it has also been exposed to critique. Several authors have recently criticized the common usage of imprecise and/or implicit definitions of neoliberalism (cf. Lerner 2003; Barnett 2005; Castree 2006). Barnett (2005:10) argues that the term has been abused to the point that any policy initiative not readily identifiable as “leftist,” progressive, or social-democratic is deemed part of an overarching neoliberal agenda or hegemony. Furthermore, leading scholars are now arguing that the neoliberal movement is much more complex and flexible than was previously assumed. For instance, while the tendency in neoliberalism to dismantle, de-regulate, and privatize has long been recognized, now more attention is paid to emerging policies constructed according to neoliberal principles. In other words, neoliberalism is increasingly understood to involve the “creative destruction” of policy environments, where regulations are not necessarily erased but rather “rearticulated” (Brenner 2003:210). Peck and Tickell (2002:384) now employ the dual terms “roll back” and “roll out” neoliberalism to capture this process; the former refers to “the active destruction and discreditation of Keynesian-welfarist institutions” and the latter “the purposeful construction and consolidation of neoliberalized state forms, modes of governance, and regulatory relations.” Understanding the *construction* of neoliberal policy structures is becoming as important as investigating the movement’s assault on traditional political-economic arrangements.

The definition and discussion of neoliberalism in this paper draws on these assertions. For our purposes, neoliberalism is defined as a policy strategy that aims to achieve specific political and economic goals through the partial transfer of authority and/or responsibility from the public sphere (where it is subject to collective political contestation) to private domains (be they corporate, group, and/or individual) (cf. Jessop 2002a:454). In some contexts, these transfers of authority and responsibility can be described as privatization or liberalization (in a manner consistent with Peck and Tickell’s notion of “roll back neoliberalism”). In other contexts, the transfer or devolution of authority/responsibility to private actors is more complex than the terms privatization or liberalization allow. These forms involve a “reconstruction” of state involvement and intervention rather than its withdrawal. Drawing on the governmentality literature (cf. Rose 1999; Dean 1999), this type of reconstruction

(or “roll out neoliberalism”) is distinguishable by the creation of market or quasi-market mechanisms that encourage target populations to “act rightly,” that is, to exercise their new freedoms (received through the transfer or devolution of authority/responsibility) in a manner that reflects the goals of “post-welfare” governance (typically self-sufficiency, self-discipline, and efficiency — cf. Herbert-Cheshire and Higgins 2004). As we will see momentarily, both types of neoliberal reform are being aggressively pursued in rural British Columbia, and are having a strong impact on resource and community-based economies.

THE SIGNIFICANCE OF NEOLIBERALISM IN THE PERIPHERY

Neoliberalism is generally studied as an urban phenomenon (a key exception being the Latin and South American literature on agricultural reform — see Perrault and Martin 2005). In the words of influential political theorist Bob Jessop (2002a:453), “although neoliberal projects are being pursued on many different scales, it is in cities and city-regions that the various contradictions and tensions of neoliberalism are expressed most saliently” (see also Brenner and Theodore 2002b:367). In truth, many of the best-known instances of neoliberal “creative destruction” in advanced capitalist nations have occurred in urban settings. Primary among these are Thatcher’s attempts to reform urban governance by restricting local spending on services, as well as the Reagan administration’s reversal of “New Deal” housing and urban regeneration programs (Macgregor 1991; Hays 1995). Partly in response to such policies, a significant academic literature has emerged regarding the effects of neoliberal reforms on urban development (e.g., Harvey 1989; Graham and Marvin 2001; Brenner 2004).

However, the tendency to focus inquiry on urban phenomena threatens to leave us with an incomplete picture of the neoliberal movement. This dilemma is captured by Hayter et al. (2003:17), who argue that while the academic literatures on political and economic change are generally focussed on urban issues, the governance of peripheries is becoming an increasingly urgent question in global political economy.

In the current [academic] discourse, cities are conceived as ‘sticky places’ that are diverse, interesting, and whose experience is at the explanatory heart of economic geography.... The other side of this metaphorical coin casts peripheries in the role of ‘slippery spaces’, unstable, ephemeral and scarcely relevant to a basic understanding of processes underlying [political and economic change].... [But] for the global economy to function, the core must constantly seek out new sources of the resources it con-

sumes in ever increasing quantities, and increasingly those resources must come from peripheral regions. A truly global economic geography cannot exclude the larger part of the world that comprises the periphery. Theorizing from the core, or using the experience of the core as a conceptual template, is inadequate.

In Canada, questions of resource and “peripheral” development are particularly urgent. The Canadian economy has traditionally been based on resource production. Moreover, as the classic works of Innis (1933; 1956) and later theorists have demonstrated, these economies are inherently volatile, being deeply influenced by both international markets and domestic policies. Indeed, Canada’s “peripheral” economy has long been subject to radical policy experiments intended to counter this volatility (cf. Norrie and Owrarn, 1991:299). These interventions have been both indirect (for instance, in the establishment of transportation subsidies such as the Crow’s Nest Pass Agreement), and direct (such as the massive federal investments in rural industry in the postwar period by agencies such as the Department of Regional Economic Expansion).

Canada’s resource sectors are again at a moment of volatility and change, which has significant consequences for the entire nation. Canada’s resource economies have long been export oriented. However, the structure of commodity markets has changed significantly in the past 20 years, as new producing regions have entered the global market. This is strongly pressuring Canada’s relatively high-cost resource industries (Burda and Gale, 1998). In many provinces, major sectors such as forestry, mining, and energy are strongly lobbying government to reform resource policy to give greater flexibility and discretion to corporate actors. As we will see below, British Columbia is a leader in this latest round of experimentation in resource and rural development. Turning the usual arguments around, I will argue that BC’s periphery is a key front in the neoliberal movement in Canada — the site of ambitious attempts to significantly reform entire economies.

THE FORDIST-KEYNESIAN EXPERIMENT IN BRITISH COLUMBIA

The modern economy of British Columbia is built on a radical political experiment begun immediately following the Second World War. While British Columbia’s resource sectors were well established prior to this time, the postwar period involved unprecedented state activism in extending and reshaping rural economies. Historians generally attribute the force of this rural development agenda to the populist politics of British Columbia’s Social Credit government, and specifically to the personal

agenda of Premier W.A.C. Bennett (e.g., Robin 1972; Mitchell 1983; Barman 1991). Bennett, who served as Premier from 1952 to 1972, had deep roots in the Okanagan region and was a strong advocate of resource development. Following the Second World War, economic conditions were ripe for a tremendous expansion of British Columbia's resource sectors. Marchak (1983:38) argues that the war effort left the United States with a ramped-up industrial sector but strained domestic markets for natural resources. This opened up the dual possibilities of massive foreign investment in Canadian resource development and the establishment of an integrated continental market for commodities.

The Bennett government firmly believed that the future development and prosperity of British Columbia hinged on large-scale industrial development of the province's natural resources. Bennett himself stated in 1954 that "if there is anything that is of basic importance to the future development of British Columbia ... it is the development of the rich resources of the northern and central regions" of the province (quoted in Marchak 1983:39). Consequently, the provincial government adopted a strategy for resource development characterized by Hayter (2000:49) as a "recipe for Fordism." This recipe involved significant shifts in resource rights and social policy. Primary among these changes was the overhaul of forestry policy in 1947, which established long-term tenure rights as the primary basis for state-industry relations. The idea behind this policy was to achieve environmental and economic stability, whereby "long-term leases covering huge forest areas [would] allow permanent large-volume supplies of wood while permitting harvesting areas sufficient time to renew" (Hayter 2000:49). This approach explicitly favoured large firms with integrated harvest and processing operations, in the belief that "large firms with major investments would be committed to forest renewal and would have the capacity to follow through."

Fordism in rural BC also hinged on the dispersion of production across the province. This was pursued by several means. First, immediately following election, the Bennett government began implementing a "northern vision" based on massive investments in the construction of a province-wide transportation infrastructure. The latter half of the 1950s saw more capital investment in highways than in the entire history of the province (Barman 1991:281). Second, the province sought to directly encourage dispersion by establishing conditions on tenure rights in the forest sector. This is most evident in the "appurtenancy" condition, which required that timber be processed in the region of harvest. Appurtenancy was quite simply "aimed at preserving community stability by requiring a company to commit to building and operating processing facilities as part of the tenure contract" (Blanchard 2002).

While in practice this condition was occasionally forgiven, the substitute requirement was that harvest be redirected to other facilities owned by the firm. Other policies to encourage dispersion in forestry included the implementation of minimum annual harvesting (thus guaranteeing regional stability in employment and commodity supply) and “utilization” requirements obliging tenure holders to harvest a mix of species, thus encouraging dispersion in pulp and paper manufacturing by spreading woodchip production across the province (Barr and Fairbairn 1974; Hayter 1978).

The third manner by which the BC government sought to disperse production was through settlement and community building. The Fordist model of resource production encouraged intensive capital investment in large facilities (particularly in forestry, mining, and fish processing). These facilities depended upon particular labour arrangements such as shift work, rigid job specialization, and collective bargaining (Marchak 1983:175). From an industrial development perspective alone, community building became a major priority. This led the provincial government to forge direct agreements with major resource firms to jointly invest in new communities or “instant towns” across the province, and to provide new amenities and infrastructure to existing communities. According to Bradbury (1978:117), instant towns in particular “represented a deliberate attempt to bring about social change” in rural production. They were intended to promote stability in the labour market by offering a high quality of life, including amenities appropriate to young families. More than this, Bradbury argues that the towns themselves were a direct strategy for rural economic development, as the establishment of “a network of new and permanent settlements could be expected to facilitate further exploitation of natural resources in the future” (1978:118).

The Fordist-Keynesian experiment in British Columbia dramatically expanded the resource economy of the province: direct employment in forestry grew threefold from 1945 to 1970 (Hayter 2000:58), while employment in mining doubled from 1951 to 1981 (Caves and Holton 1976:157; British Columbia 2006a). However, the experiment also yielded conflicting results. On the one hand, the Fordist-Keynesian project brought unprecedented prosperity, stability, and overall improvements in quality of life to the periphery — to the extent that many remote communities enjoyed per capita incomes on par with or exceeding Canada’s major urban centres. On the other hand, this economic strategy entrenched relationships of dependency and inequality in the rural economy, where control over rural industry was overwhelmingly located in corporate headquarters in Vancouver, Toronto, and the United States (cf. Evenden 1978; Matthews 1983).

The Fordist-Keynesian project has come under significant pressure in British Columbia since the deep recession of 1982. While resource economies are notorious for recessionary cycles, 1982 stands as a watershed moment. The causes and consequences of this crisis are complex. Generally speaking, however, the recession occurred during a time when resource sectors were both overextended in capital expenditures and encountering real environmental limitations (Marchak et al. 1999). Consequently, beginning in the mid-1980s, major resource sectors began an extended period of restructuring in a series of attempts to enhance productivity (Hayter and Barnes 1997; Wallace 1996). This restructuring occurred primarily at the level of the firm, most often involving the reorganization of production (closing of mines and mills, and/or their refurbishing for flexible specialization), as well as the rewriting of labour contracts to enhance flexibility in shift-work and hours worked. These changes have substantially reduced the labour intensity of resource production. For instance, the number of persons employed in forestry in the province fell 25 percent (by more than 23,000 jobs) from 1980 to 1999; during the same period, employment in mining fell 50 percent (by more than 11,000 jobs).

As British Columbia's resource sectors struggled to recover from this crisis, successive provincial governments sought to assist and/or steer restructuring by enacting a series of significant policy experiments. The Social Credit government of the 1980s sought, in archetypal Fordist fashion, to address weakness in the resource sectors by expanding production. It implemented an internal policy of "sympathetic management" allowing resource firms to overharvest and circumvent key environmental regulations without penalty (Jackson and Curry 2004:29). In contrast, the subsequent efforts of the social democratic New Democratic Party (NDP) government (1991–2001) to reform rural economies attempted to limit environmentally destructive practices while encouraging value-added activities. This approach was exemplified in the stringent environmental and inspection regimes under the *Forest Practices Code*, as well as the selective but substantial raising of forestry stumpage rates to increase the value of timber and (it was hoped) prompt investment in secondary manufacturing (Hayter 2000).

However, the most radical state attempts to reform British Columbia's rural economy have proceeded since the 2001 election of the BC Liberal Party (BCLP). The BCLP in its current form has its roots in the now-defunct Social Credit Party; many MLAs, ministers, and staff in the present government were also part of the 1980s Social Credit government committed to the legacy of W.A.C. Bennett's high-volume, low-value vision of resource production (and that sought to resolve the re-

cessionary crisis of 1982 through “sympathetic management”). In some ways, the BCLP’s current reforms to British Columbia’s resource economies, particularly forestry, mirror the spirit of the Social Credit strategy, as significant authority and discretion is currently being devolved to resource firms. Where the present strategy differs, however, is that while the earlier Social Credit and NDP experiments sought to reform the Fordist-Keynesian basis of BC’s resource economy, the current BCLP experiment explicitly abandons this foundation. The Fordist-Keynesian model envisioned stability and spatial dispersion as cornerstones of the rural economy; the present strategy for rural development in the province is premised on the levering of *instabilities and inequalities* across economic spaces and geographies.

THE NEOLIBERAL EXPERIMENT IN BRITISH COLUMBIA

As scholars of neoliberalism such as Larner (2003) and Castree (2006) remind us, neoliberal policies are enacted in complicated and contested political environments, and there exist multiple counter-currents to the unfolding neoliberal experiment in British Columbia. For a quarter-century, rural and resource regions of BC have been subject to political and economic unrest. This unrest has had much to do with recession-induced pressures on firms, labour, and communities. However, this is also the time of British Columbia’s infamous “war in the woods,” when environmentalist and Aboriginal claims to rural and resource spaces began to find real political and legal traction. The force of these movements has been extraordinary, particularly from the mid 1990s onwards, and they have had a lasting impact on land use and resource management practices in the province. The NDP government of the 1990s sought to resolve tensions among industry, environmentalists, and Aboriginal groups by implementing negotiation and consensus-based processes. This included a commitment to engage in participatory land and resource management planning, with stakeholder groups invited to participate directly in negotiations regarding land use and conservation (Jackson and Curry 2004).

The current BCLP government appears committed to this legacy. On Aboriginal issues, the BCLP initially made a controversial decision to conduct a province-wide referendum on treaty negotiations in 2002. In its second mandate, however, the government has softened its stance on Aboriginal issues and made significant progress with some Aboriginal groups in the ongoing BC Treaty Process. Notably, the BCLP has also been active in conservation, granting protected status to the “Great Bear Rainforest” on BC’s central coast in 2006. In the remainder of this paper,

however, I will argue that the BCLP government has also implemented a radical neoliberal rural development strategy that differs sharply from these commitments. Since election in 2001, the BCLP government has enacted key policy and legislative reforms to *protect and extend corporate rights to resources* outside of explicitly protected areas.

With these complexities in mind, in this section I argue that current neoliberal reforms in rural British Columbia are remarkably comprehensive — targeting both the corporate resource economy (particularly forestry), and local or community-based economies. I will argue that the corporate resource economy in BC is being reformed on the principles of “roll back neoliberalism,” where the province has transferred significant freedoms to corporate actors in the name of flexibility and competitiveness. The liberalization of corporate resource economies is the most controversial aspect of current reforms, and is having a strong impact on many regions and communities (see below). A key argument of this paper, however, is that senior governments have introduced an equally strong policy regime based on the principles of “roll out neoliberalism” that targets community-level development — unrolling new programs that encourage local self-sufficiency and entrepreneurialism at the same time that major corporate actors are “freed” from traditional obligations to communities, labour, and environment. The dynamic between these dimensions of neoliberal policy is key to understanding state efforts to reform BC’s rural and resource economies.

Neoliberal Reforms to Rural Industry

Current reforms to British Columbia’s major resource sectors are explicitly intended to transfer significant decision-making power and authority from the public domain (legislators and ministries) to private domains (corporate and individual economic actors). This involves actively dismantling the institutions and regulations that were established as part of the Fordist-Keynesian quest for stability and spatial dispersion in resource harvesting and production. Simply put, the policies and regulations that anchored the explosive development of BC’s postwar rural economy are now considered severe hindrances to economic growth.

This movement to neoliberalism in resource management was first evident in federal reforms to Pacific fisheries implemented in the mid 1990s. Hannesson (2004) argues that the collapse of the Atlantic cod stock, due in large part to government preoccupation with maintaining employment, opened the door for significant reforms to west coast fisheries. These have included attempts at fleet reduction (by retiring vessels through buy-outs and “stackable” licensing), and the implementation of

Table 1. Major Resource Sector Reforms under BC's Heartlands Economic Strategy

- Forestry Revitalization Plan: ends requirements for minimum annual harvest; ends "utilization" requirement that firms harvest a variety of species; allows the subdivision and sale of tenures and licenses; abolishes appurtenancy requirements that timber be processed in the region of harvest.
- Working Forest Initiative: proposal to establish dedicated lands for forestry and mining (45 million ha.).
- Two-Zone land use system: allows mineral exploration and development on all Crown lands except for Parks and ecological reserves (85 percent of BC's land base is now "available for mineral exploration").
- Defined Forest Area Management Initiative: transfers responsibilities for environmental monitoring to forestry firms.
- Forest and Range Practices Act: establishes results-based regulation, which "allows flexibility in meeting environmental standards" by governing end-results rather than processes.
- Requiring forest license holders return 20 percent of tenure to the Crown, for redistribution to First Nations, Community Forests, and private woodlots.

Sources: British Columbia (2003a, 2003b, 2003d, 2005); Hoberg (2002:5); WCEL (2002)

Individual Transferable Quotas (ITQs) for several key groundfish species, including the lucrative halibut fishery. The ITQ system is significant because it grants tradable property rights to license holders (rights to numbers of fish) that can then be bought and sold as futures. Critics argue that the ITQ system is causing the value of licenses to far exceed the value of a given year's harvest, thus leading to a system of "fishing for millionaires," where licenses increasingly accumulate in the hands of private investors rather than locally based small-capital fishers (cf. Ecotrust Canada 2004; Brown 2005).

Reforms to land-based resource sectors are more recent, and have been the purview of the BCLP provincial government. While these reforms have been pursued across several ministries (particularly the oft-renamed Ministries of Forestry, Energy and Mines, and Sustainable Resource Management), the province has framed them as part of an overall rural development plan entitled the *Heartlands Economic Strategy* (HES), which was formally announced in February of 2003. The HES reforms, summarized in Table 1, significantly increase corporate authority over the economic and environmental geographies of resource production in British Columbia.³

3. As of August 2004, the Working Forests Initiative is no longer a coherent piece of legislation. However, the province appears committed to fulfilling

Indeed, the primary aim of the reforms outlined in Table 1 is to privatize authority over resource spaces. This “spatial liberalization” occurs across multiple dimensions. First, these reforms liberalize resource spaces by broadening access to Crown lands while strengthening the rights of corporate actors over these territories. This is most evident in the move toward a “two-zone classification” of Crown lands as either open or closed to private development. This is a significant departure from previous land-classification systems, which restricted access and activities to specific portions of land according to plural land classifications. Under the two-zone system, protected areas are limited to parks and ecological reserves, with the remainder being open (in principle) to forestry and mineral exploration and development (British Columbia 2003a; Hoberg and Paulson 2004). Indeed, the provincial government has legislated “open access” rights for mineral exploration in the province, meaning that “85% of the province is open for mineral exploration” with legal protection from Aboriginal or environmental rights claims (British Columbia 2005:32).

The second dimension of the HES strategy for spatial liberalization involves the transfer of significant responsibilities for environmental decision-making and compliance to corporate actors. For instance, the 2004 *Forest and Range Practices Act* implements “results-based” environmental and operational regulations aimed primarily at affecting outcomes or “end results” rather than processes and practices. In the forestry sector, firms are freer to choose method of cut, designate areas for cutting, and build access roads without requiring prior approval (WCEL 2002). The Act requires firms to submit five-to-ten-year “stewardship plans” that must be in congruence with regional land use management plans, but allow significant flexibility in on-the-ground practices (British Columbia 2003b:10). Similar results-based policies have been introduced in other sectors under provincial jurisdiction, notably aquaculture (Shaw, in progress).

The third dimension of spatial liberalization encompassed in the HES strategy involves the freeing of industry from attachments to specific places. For example, the *Forestry Revitalization Plan* announced in March 2003 ends the longstanding policy of appurtenancy, which requires the processing of timber at local mills. The elimination of this requirement has been condemned by labour groups such as the Industrial, Wood and Allied Workers union (IWA) as “the severance of the longstanding social contract between workers, communities, government and industry in British Columbia” (IWA 2002). The provincial government’s

key principles of the Initiative under existing legislation and policies (see British Columbia 2004).

rationale for removing the place requirement for processing strongly emphasizes the conflict between community attachments and economic productivity.

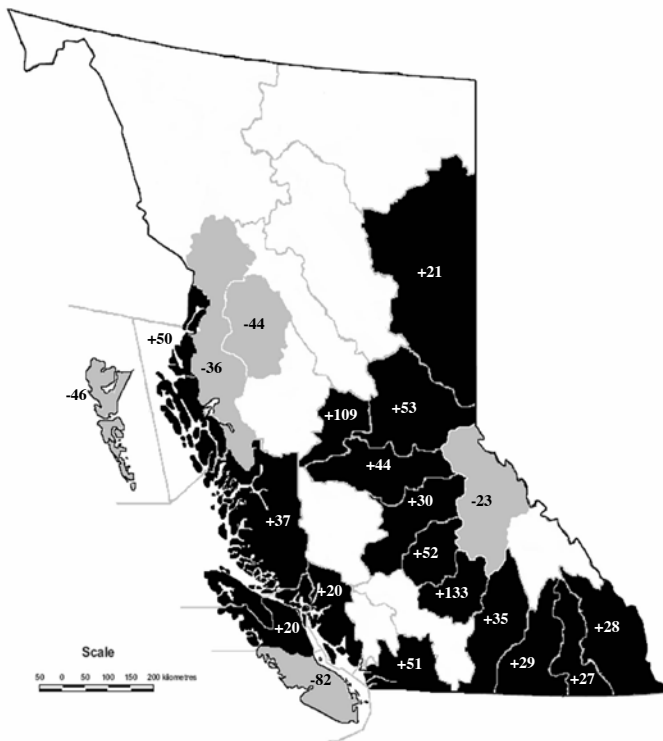
Timber processing rules [such as appurtenancy] were introduced in an attempt to create local or regional economic benefits from the timber that was [locally] logged. But these regulations led to a series of unintended consequences that hinder the forest sector's ability to make sound, business-based decisions. . . . Forcing licensees to process wood at mills with equipment that is outdated, or at mills that make products that are not in demand, prevents valuable public timber from flowing to other, better uses. . . . Some British Columbians view these policies as part of the social contract that forest companies should meet in exchange for the right to log public land. But while these policies may have made sense in a different time with different market conditions, they have not shielded today's communities from job loss and economic difficulties. In fact, they serve as a disincentive and impediment for the forest industry. (British Columbia 2003b:17).

Simply put, this argument asserts that industry must be liberated from obligations to place (environmental and community obligations) in order to achieve global competitiveness. This strategy stands in strong contrast to postwar development strategies that promoted dispersion and invested in communities as a support network for industry. Instead, state policy now sees rural and remote communities as obstacles to industrial profitability (cf. Simpson 2005).

Taken together, HES reforms grant significant spatial flexibility to corporate actors, particularly in forestry. While the environmental and Aboriginal rights movements have put real checks on resource development in some respects, the province's movement to a "two-zone" land classification schema is a clear attempt to contain these movements and protect corporate access rights to the vast majority of BC's resource spaces (in principle, 85 percent of the province's territory). Corporate discretion over these "open" spaces has been dramatically extended in the right to trade and lease access rights, and in the implementation of results-based environmental regulation. The elimination of policies such as appurtenancy, minimum annual harvesting, and utilization requirements remove restrictions on the economic geography of production — "allowing a licensee to make the appropriate business decision to cut and remove timber if and when it makes economic sense to do so" (British Columbia 2003c), and to freely manipulate geographies of harvest and production.

While these reforms are recent, the spatial liberalization of resource economies in British Columbia is already having a strong and demon-

Figure 2. Forest Districts Experiencing Changes in Forest Harvest Levels of 20% or Greater From 2001 to 2004



stable impact on rural economic geographies. These are expressed most strongly in forestry, where liberalization is not only affecting the amount of harvest and processing undertaken in the province, but *where* these are taking place. Data comparing 2001 (the last full year under previous regulations) and 2004 (the most recent year for which full data are available at the time of writing) demonstrate massive shifts in the geographies of forest production. For instance, Figure 2 indicates forest districts that have experienced a *twenty percent or greater change in harvest levels* from 2001 to 2004. This graphic shows dramatic increases *and* decreases in harvest within and across regions in the province, involving large quantities of timber. For example, the 21 percent increase in harvest in the Peace Forest District in northeastern British Columbia involved an actual increase of 547,000 m³ harvested, while the 82 percent decrease in harvest on southern Vancouver Island represents a decline of 1,539,000 m³.

There are several possible explanations for these swings. First, it needs to be acknowledged that the dramatic increases in harvest in southern and central interior regions of the province are largely due to the provincial government's (temporary) forgiveness of maximum harvest limits as a strategy to contain the mountain pine beetle epidemic that is destroying vast tracts of forest in these areas. The pine beetle problem is exceptional, but it is also consistent with the core story of these data; resource firms have begun to significantly adjust geographies of harvest in pursuit of market efficiencies. These shifting geographies can readily be seen by comparing *total "within regions" variances* in harvest before and after spatial liberalization. This is calculated by assigning positive values to all plus/minus changes in harvest *within* each forest district, and then summing these to achieve a provincial approximation of total regional variance. Province-wide, the total variance for 2001–2004 is nearly two and a half times higher than for 1999–2001.⁴ There is also evidence that the year-over-year variance in harvest within regions is accelerating. From 2001 to 2002, the average plus or minus change in harvest within all forest districts was 263,000 m³. From 2002 to 2003, average variance was 447,000 m³; and from 2003 to 2004, average variance stood at 1,011,000 m³. Major forestry firms are demonstrating an increased capacity and willingness to significantly vary harvest both within and across regions — to increase and decrease harvest year over year and across geographies at the expense of regional stability.

The geographic volatility and variance in forest harvesting is having an impact on labour and communities in BC. While province-wide harvest volumes are at or near all-time highs (thus fuelling media and popular images of a dramatic resource boom in BC), the period from 2001 to 2005 has seen an overall *reduction* in employment in forest harvesting in the province (from 24,700 to 21,600 jobs), thus continuing a downward trend from 36,100 in 1995 (British Columbia 2006b). Surprisingly, this drop is also occurring in areas such as the southern and central interior,

4. A total "within regions" fluctuation of over 22 million m³ from 2001–2004 compared with 9 million m³ 1999–2001. It should be noted that the period 1999–2001 encompasses 3 years, while the 2001–2004 period that is used as a standard in this paper encompasses 4 years. This discrepancy is due to a change in the manner in which harvest data were collected and presented by the BC Ministry of Forests beginning in 1999, making 1999 the earliest year in which an accurate comparison with later data may be made. However, the "total within regions variances" figures are achieved by comparing 1999 *and* 2001 levels, 2001 *and* 2004 levels, rather than as a year-by-year cumulative variance. This minimizes the impact of the extra year's data on the figures given.

which have demonstrated dramatic increases in harvest since 2001 (with employment falling from 12,200 jobs in 2001 to 10,600 in 2005).⁵

This disjuncture between higher volumes and lower employment is partly attributable to further consolidation in the forest sector (continuing a trend in place since the 1950s), and partly to technological advances in harvesting (Luke 2002). It is also the direct result of spatial liberalization. According to the IWA (2003), the removal of spatial restrictions on harvest is allowing forestry firms to further reduce “resident workforces,” or the number of employees who are directly employed by the tenure holder and residing in close proximity to the tenure (direct employment has more of a tradition on the coast than in the interior of the province — see Hayter 2000:190). At the same time, spatial liberalization is allowing tenure holders to re-articulate their relationships with subcontracted firms (that are often locally based). Indeed, available evidence suggests that contractors are bearing a heavy burden for the volatility and variability of harvest, as it is increasingly difficult for community-based labourers, contractors, and forestry support firms to predict and plan for periods of harvest in the region. This frustration was articulated by a forestry contractor in one of the case communities as follows:

We’re market driven [now], so we see shutdowns all the time... It used to be a lot more stable and predictable. In early 2004, we were going like crazy. Now, I don’t know what’s happening. I mean, it’s February and we should be out there cutting — it’s a fucking shame that we’re not but we have no control over it... What I want to ask them [tenure holders] is how the fuck am I supposed to keep a workforce here when nobody knows if and when we’ll be working?... How in the hell do you plan a business and get people into the business without any certainty about if they’re [going to] work? We can’t do this at the last minute! (Male, Owner of small business, Interview reference # 92)⁶

To sum thus far, these data suggest that major resource firms are rapidly adapting to the new policy environment and towards the achievement of a form of “spatial flexibility” in harvesting operations, which has allowed firms to dramatically elevate cut (from 65 million m³ in 2001 to 79 million m³ in 2004) while, at the same time, further reducing employment. Moreover, there is also evidence that spatial flexibility is also changing the geography of forest processing in the province. As

5. These figures are achieved by combining available statistics for the “development regions” labeled by BC Statistics as “Thompson-Okanagan” and “Cariboo” — see British Columbia (2006c).

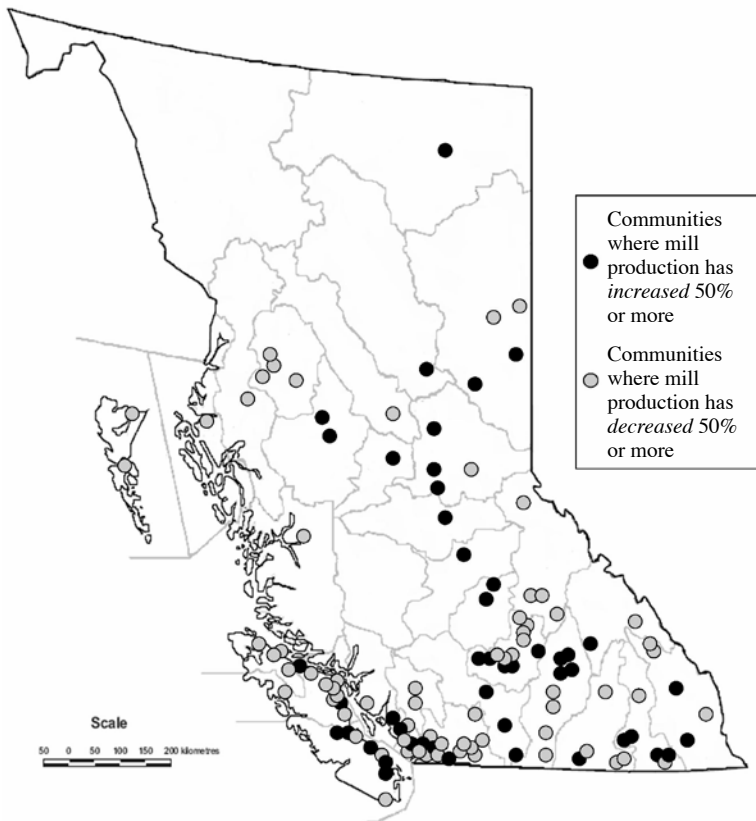
6. Interview data are presented throughout this paper according to an internal referencing system in order to preserve confidentiality.

discussed previously, among the major changes to resource policy in British Columbia has been the elimination of appurtenancy, utilization, and minimum harvesting requirements — regulations which anchored the “dispersed” economic geography of the Fordist-Keynesian period. The elimination of these requirements means that firms are much freer to move commodities within the province — to aggregate or disperse production as deemed appropriate. Available evidence suggests that this is indeed occurring. First, the period 2001–2004 saw the total number of mills in operation in the province decline by 50.⁷ A total of 97 mills ceased operation (versus 47 that came or returned online during this period) at a time when harvest levels in the province rose 18 percent from 2001 to 2004 (from 65 to 79 million m³). Second, available data suggest that spatial liberalization is allowing firms to concentrate production in specific mills and regions. From 2001 to 2004, a total of 86 mills in British Columbia saw their production *increase by 50 percent or more*, while over the same period 124 mills had their production *decrease by 50 percent or more*. This suggests that resource firms are aggressively taking advantage of neoliberal reforms to redefine the spaces of resource processing — choosing to significantly expand production at some facilities while greatly reducing it at others.

Figure 3 gives some indication of the emerging post-Fordist economic geography of forestry processing in British Columbia. This figure shows the communities in the province that *gained or lost more than 50 percent of mill production capacity from 2001–2004*. The percent change is calculated cumulatively, meaning that in communities that have more than one mill, the percentage change in production for each mill has been combined. For instance, if the production of one mill in the community increases from 50 units to 75 (a 50 percent increase), while another mill’s production drops from 100 to 25 units (a 75 percent decrease), then the total percentage change for the community is -25 percent (50-75).⁸

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7. All figures are taken from the annual “Major Primary Timber Processing Facilities in British Columbia” report from the BC Ministry of Forests. The number of mills in operation includes lumber, post, pole, chip, pulp, paper, shingle, shake, plywood, and veneer mills.
 8. This measure is justified in two respects. First, the use of percentage changes to measure fluctuations in output is a means of harmonizing the data. For instance, a “unit” of output for a lumber mill is defined in the source data as one million board feet, while for a pulp mill it is one thousand tonnes of raw pulp. The use of percentage changes negates concerns about comparing different units across types of mill. Second, the use of a cumulative percentage measure is justified as a means of reflecting the quality as well as quantity of change within a community. For example, if a community were to suffer the closure of two smaller mills but have incremental gains in a larger facility (or, conversely, the opening of two smaller mills coupled with a small decrease

Figure 3. Communities Where Mill Production has Changed by 50% or More, 2001–2004



Three things are particularly notable in Figure 3. First is, again, the sheer degree of volatility involved. There are 118 communities illustrated here: 48 are “big gainers” and 70 are “big losers” of production.⁹ Clearly, the spatial reorganization of production is a province-wide phenomenon that is deeply affecting many communities. The second trend of note is the decline of production taking place in coastal communities. Aside from increases in Port Alberni and the Duncan areas on south and central Vancouver Island (which had seen significant declines in the per-

in output from a larger mill), these changes would wash out if the cumulative measure simply summed unit-based output across mills in a community. The cumulative percentage change is more sensitive in this regard.

9. The location of mills has been taken directly from the “Major Primary Timber Processing Facilities in British Columbia” source document, which lists “location” of mills.

iod prior to 2001), as well as the Greater Vancouver Area, the declines are consistent despite dramatic increases in harvest in some areas (see Figure 2). The coastal region has been long criticized by resource economists for inefficiencies stemming from outdated mills, under-utilized capacity, and obstructionist union locals (e.g., Pearse, 2001). From this data, it appears that the forest industry is intent on moving production away from this region. The third trend of note in Figure 3 is the decline in production in many smaller communities, coupled with increases in larger centres. This trend is by no means a rule (with small gainers such as Mackenzie, Fort Nelson, and Houston, as well as large losers such as Kelowna and Maple Ridge). However, the pattern of draining capacity from smaller communities to larger centres is widespread. Take, for instance, the trend in the central Okanagan and Kootenay regions of the province, where production has increased in areas such as Kamloops, Vernon, and Cranbrook, while nearby communities such as Louis Creek, Nakusp, and Sparwood (each with 2001 populations under 4,000) have lost significant production capacity.

To recap, available data strongly suggest that spatial liberalization is allowing corporate actors to rewrite the economic geography of forestry in the province. The ideals of stability and spatial dispersion as the basis of economic growth, are being abandoned in favour of leveraging efficiencies from new abilities to manipulate geographies of harvest and production according to perceived market demands. While BC's "resource boom" has been well publicized, it is essential to recognize that this boom has occurred in the context of *reductions* in employment in harvesting (24,700 in 2001 to 21,500 in 2004), as well as in processing (from 48,900 to 46,900 jobs). Moreover, spatial liberalization is severely diminishing the traditional economies of many small communities across the province — settlements that had been founded and/or developed as *essential components* of the resource economy. This presents serious challenges to many rural communities in British Columbia, particularly those losing their traditional economic purpose despite being surrounded by an ostensible resource boom.

Neoliberalism and Community in British Columbia

The neoliberal restructuring of rural British Columbia involves attempts to disaggregate corporate-resource and community-based economies. As previously discussed, postwar efforts to achieve stability and dispersion in resource production involved the hand-in-hand expansion of settlement and industry to serve the needs of high-volume Fordist resource production. In its efforts to end this arrangement and "free" the corporate

resource economy, the provincial government is acting on two fronts. On the one hand, as we have seen, the province is extending corporate authority over resource spaces and economic geographies. On the other hand, I will argue in this section that the provincial government (and, to a lesser extent, the federal government) are seeking to reform local economies by implementing policies and programs that “encourage” communities to achieve a measure of economic self-sufficiency or independence from the dominant corporate resource economy. This is the other side of the neoliberal coin in rural British Columbia. Just as reforms to rural industry are proceeding through the delegation of authority into private hands, the reforms to community-level institutions involve the devolution of responsibilities for local development from senior governments to local leadership and private ventures. I will argue that this is a development strategy that encourages local actors to mobilize local human, financial, and natural capitals as means for communities and local businesses to “build their own bridges” to broader economies. Local economies are envisioned as distinct economic spaces that complement but do not interfere with the vast seas of corporate rights and wealth in which they are embedded.

I argue that the core strategy of senior governments in this respect is to establish a “guided entrepreneurialism” as the core principle of community-level economies. Specifically, I posit that the spatial liberalization of resource economies is accompanied by an equally powerful movement to reduce traditional forms of government involvement in communities, while promoting and guiding entrepreneurial behaviours among key actors in the local economy, particularly community leadership and local businesses.

These reforms come at a time of momentous economic change in many communities in rural British Columbia. For the case communities in this research (see Figure 1), the collapse of traditional Fordist resource production has meant a steep decline in corporate involvement in the local economy. Under Fordism, the local economies of resource-dependent communities typically reflected the needs of major corporate clients that maintained a strong presence in the community (cf. Marchak 1983; Hayter 2000; Markey et al. 2005). Much of the local economy was oriented to providing contract services for major corporate employers, or, alternatively, to providing goods and services to a local population with above-average incomes. This created a highly structured and rigid economic environment, where top-down decisions in corporate or government boardrooms dominated the shape and character of local economies (Hayter 2000:288).

The current disaggregation of corporate and community economies is, therefore, creating a significant vacuum in many communities, as corporate withdrawal hits both the contract-service and consumer-service sides of local economies (see Young 2006:191). These changes are deeply frustrating local leaders and community members.

Forestry really isn't even done here anymore. . . . Almost all the cutting [around here] is now being done by [crews] from [Vancouver] Island and the Lower Mainland. I only know of a half dozen guys doing falling work anymore. That's it. For these crews, home is the South. . . . It's real frustrating — they're still logging out there. . . . The hotel's full of [fallers] right now, and they're working just 20 miles away. But how do we get a local guy on that crew? We can't — they just don't seem to want us involved anymore. (Male, Involved in forestry, spoken at a community meeting regarding forestry development, October 20, 2004)

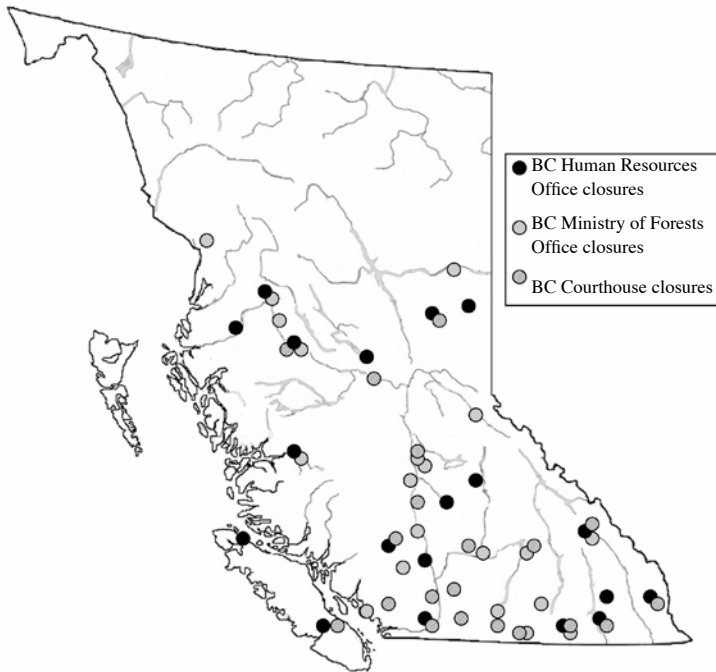
If you want to know how much things here have changed, let me tell you a story. . . . We have a yearly festival here called "Filomi Days." [*Interviewer: What's that?*] It's for fishing, logging, and mining, Fi-lo-mi. Anyways, when the [local copper] mine closed, some people just started calling it "Filo Days." And then it was just "Lo Days," which is kind of appropriate [*laughs*]. And now some people think it should just be "Days" and to hell with it all. (Female, Community leader, Interview reference #32)

Thus, the economic vacuum left in many places means that neoliberal reforms are not merely "tinkering at the edges" of local economies, but are very influential in the current context of economic change and vulnerability. This is particularly true in coastal regions of British Columbia, where the fieldwork was performed, since they are particularly vulnerable to spatial liberalization in the forest sector.

Essentially, I argue that the emerging state strategy for community-level development in British Columbia is strongly neoliberal in the sense that it involves both the "rolling back" of traditional forms of state involvement and the "rolling out of new forms of institution-building and government intervention" that encourage self-discipline and self-sufficiency (cf. Peck and Tickell 2002:389). Furthermore, I posit that this combination of government withdrawal and new forms of state activism is changing the *character* of state presence and intervention in local economies, exacerbating the economic vulnerability of communities while, at the same time, opening up new avenues and means for government influence over local development.

Roll-back neoliberalism has been harshly applied in rural British Columbia since 2001, when the BCLP government began to significantly reduce its institutional and regulatory presence in non-metropolitan re-

Figure 4. Closures of (Select) Service Offices in Non-Metropolitan Areas Since 2001



gions of the province. In particular, this has involved the reduction and/or closure of rural centres of service-delivery and government administration. Some of these closures are mapped in Figure 4. As this graphic demonstrates, the withdrawal of state institutions reaches across human services (such as the social assistance and employment resources offered by Human Resources Offices), administrative and regulatory capacities (as with BC Ministry of Forests Offices) and “social contract” institutions such as legal and justice services (cf. Canadian Bar Association 2002).

In place of these traditional forms of state presence, senior governments are rolling out new means of state involvement in local economies. While these new policies vary in their aim and structure, they share a common concern with enhancing local capacities to pursue endogenous or “bottom up” projects and opportunities. Table 2 outlines the intended purposes and constituencies of several major development initiatives currently administered in British Columbia. While this table is not exhaustive, it demonstrates that both the governments of Canada and British Columbia are investing significant resources into development

Table 2. Select Development Initiatives Targeting Rural British Columbia

<i>Program</i>	<i>Purpose</i>
<i>Government of Canada</i>	
<ul style="list-style-type: none"> • Rural Development Initiative 	Invites applications from community groups and/or local governments for funding “to support the development and adoption of long term, sustainable rural development strategies.”
<ul style="list-style-type: none"> • Community Economic Adjustment Initiative (Fisheries and Softwood Programs) 	Invites applications from corporations, community groups, and/or governments deemed to have suffered from the decline of the salmon fishery or the current trade dispute with the United States over exports of softwood lumber. The program directly funds new public and private ventures and infrastructure.
<ul style="list-style-type: none"> • Community Futures Development Corporation (Entrepreneur Programs) 	Invites applications from small and start-up businesses for lending up to \$125,000; also provides specialty pools for youth and the disabled.
<i>Government of British Columbia</i>	
<ul style="list-style-type: none"> • Community Forests Pilot Program 	Reclaims small portions of Annual Allowable Cut to be designated (via competition) as community tenures. “A community forest can be described as any operation managed by a local government, community group, First Nation or community-held corporation for the benefit of the entire community.”
<ul style="list-style-type: none"> • Coast Sustainability Trust 	Invites applications from communities and First Nation groups on the coast for the funding of projects related to: “regional planning, infrastructure to support Crown land access and development, and marketing (attracting investment).” All funding must be matched from non-provincial sources.
<ul style="list-style-type: none"> • Northern Development Initiative 	Creates \$135 million trust to be invested (by a Board of Directors advised by four regional committees) in development projects relating to: “forestry, pine beetle recovery, transportation, tourism, mining, Olympic opportunities, small business, economic development, energy.”

programs that seek to enhance (and govern) local capacities to pursue development goals.

The policies outlined in Table 2¹⁰ represent a very different form of state activism and intervention from the Fordist-Keynesian period. In

10. Quotes taken from: http://www.rural.gc.ca/rural-dev/guidelines_e.phtml, http://www.wd.gc.ca/siceai/default_e.asp, <http://www.communityfutures.ca/provincial/bc/programs/#program0>, British Columbia (2003e:1), British

contrast to the top-down, centrally planned method of local development that anchored the postwar rural economy, these policies and programs target the behaviours of local leadership and private ventures — with the specific aim of encouraging and even forcing entrepreneurial behaviours in local governance and business. Consider that each of the programs in Table 2 adopts a passive stance toward community-level development. Instead of the command-and-control approach to local economies of the Fordist-Keynesian period, these new programs establish “pools” of expert and financial resources to be accessed (usually via competition) by local actors for specific projects. As a typical example, the Coast Sustainability Trust (CST) program was founded by the provincial government to provide communities with support for activities such as “regional planning, infrastructure to support Crown land access and development, and marketing [to] attract investment” (British Columbia 2002). Each of these is a new responsibility for local government. Moreover, communities are entirely responsible for design and execution of development projects, and are also required to secure matching funding dollar-for-dollar from sources outside the provincial government. This requires significant risk-taking and investments of community capital and labour (in proposal writing, consultants’ fees, etc.) without any guarantee of support.

This form of “entrepreneurialist” development policy is increasingly common and controversial in advanced capitalist nations (see Terluin 2003; Herbert-Cheshire 2003; Che 2003). For some observers, this approach is an important step towards community empowerment, and it certainly involves a significant transfer of responsibility for local development to local actors (e.g., Freebairn 2003). At the same time, it is often strongly condemned as an abdication of core responsibilities of the state (e.g., Peck 2001; Beer et al. 2005). Despite these disagreements, what is clear is that the move to indirect, entrepreneurialist strategies for community development devolves a significant degree of responsibility to local actors, while state agencies retain “veto powers” over the direction of development (as arbiters of competitively allocated funding). According to Herbert-Cheshire and Higgins (2004), this allows the state to exert significant influence over local entrepreneurialism despite having an increasingly indirect involvement in local development.

In the remainder of this section, I argue that new development policies in rural British Columbia are indeed exerting pressures on local actors to pursue particular kinds of local development. Specifically, I posit

Columbia (2002:9), *Northern Development Initiative Act*, available at <http://www.legis.gov.bc.ca>. “Olympic opportunities” refers to Vancouver-Whistler’s successful bid to host the 2010 Winter Olympic Games.

that local actors are currently being “encouraged” to link local economies directly with broader markets. This is rooted in the idea that for local economies to recover in a post-Fordist rural economy, they must achieve a measure of independence from the whims of the dominant corporate resource economy.

The power to “encourage” this type of self-sufficiency is achieved in two ways. First, the new development programs simultaneously grant significant freedoms to local actors while structuring the conditions in which these freedoms may be exercised. To reinforce a point made earlier, this is the other side of the neoliberal coin in rural British Columbia. While corporate resource actors are enjoying devolution in the form of liberalization and privatization, local actors are targeted with new programs that encourage new freedoms, but also structure and pattern them. At its simplest level, this structuring of freedom is accomplished by setting funding priorities and criteria for evaluating proposals. For example, the Northern Development Initiative (NDI) is a significant new program with a broad mandate to fund a range of local development projects (see Table 2). However, NDI documents state that funding is prioritized to initiatives that “diversify the local economy,” with particular emphasis on initiatives that “provide new products/services to markets outside the area” (NDI 2006a; 2006b). As we will see below, this “pushing” of local actors to pursue extra-local markets is a common theme across many of these programs.

British Columbia’s much-vaunted Community Forestry (CF) program also demonstrates how new programs both grant and structure local economic freedoms and autonomy. The CF program has existed since 1998, but was greatly expanded in 2004 following the pledge in the *Forestry Revitalization Plan* to reclaim 20 percent of tenure rights from major tenure holders for redistribution to local groups and private woodlots. Despite this boost in designated tenure rights, Community Forests are very hard to achieve and to operate (less than one percent of BC forest rights have been allocated to CFs as of 2006). Designations are allocated via competition; prior to approval, communities or champion groups are required to demonstrate need (in the form of local unemployment, difficulty among local processors obtaining timber supplies, etc.), as well as the capacity to profitably manage the tenure (cf. Gunter 2004; McCarthy 2006).

According to McCarthy (2005; 2006), Community Forestry programs in Canada and the United States speak to both social democratic and neoliberal ideologies. On the one hand, they reflect the progressive idea that communities ought to have a measure of control and influence over adjacent spaces. On the other hand, CF programs also mirror neo-

liberal ideas that communities ought to rely on local resources (entrepreneurial and natural) rather than state and corporate benevolence as means to local development.

Both tendencies can clearly be seen in British Columbia's CF program. Once the CF is awarded, communities are given significant latitude over the administration of the tenure, to the degree that some communities have elected to abstain from industrial forestry altogether while others have subleased operations in their entirety to private firms (Gunter 2004:53). At the same time, the conditions placed on CF administration by government steer local actors towards "self-sufficiency." Of particular importance is the requirement that Community Forest applicants must incorporate, and thus become legally responsible for the solvency of the tenure.¹¹ This requirement affects different CF operations in different ways (see Gunter 2004:23–6). However, interviews conducted in one of the case communities in advanced stages of applying for a CF indicate how the need for profitability encourages communities to become "players" in the broader commodities market.

[Interviewer: So the goal of the Community Forest is to support local business?] Well, honestly, I could say yes or I could say no. . . . Our goal as a [Community Forest] corporation is to get a viable operation going along the lines of a regular logging company that would have to work here [in the community]. . . . We would like to see more wood processed locally, for sure. But that can't really happen even with a Community Forest. For us to make money, wood will have to be shipped south, like the major [firms] do. Only processing for niche markets will work in the short term here. . . . This is really an opportunity to get some wood to [local] processors, and, frankly, to make the real money in the bigger [log] market. (Male, Involved in forestry, Interview reference #41)

For all its progressive elements, Community Forestry thus arguably reinforces the new divide between the dominant corporate and "new local" economies in neoliberal rural British Columbia. It provides a means for community-based actors to build a locally based economic system that is in some measure independent of (although complementary and often partnered with) the dominant corporate resource economy. While it transfers limited authority to local actors, it also devolves significant responsibilities for them to "find their own ways" back into mainstream economies.

11. This does not mean that Community Forests must adopt corporate structures (many opt to exist as Societies or Cooperatives). The important point here is that they are required to establish a legal entity to exclusively hold the license and all liabilities.

The second way in which new policies encourage local “independence” and participation in the broader market is through the “softer powers” of intervention that are implicated in these new policies. For instance, local representatives of state-sponsored funding and lending agencies (such as the Community Futures Development Corporation, see Table 2) often work closely with local actors (community leaders and small businesses) in drafting and implementing proposals and plans. As such, these agencies have significant influence over how “ground-up” endogenous development occurs (cf. O’Riain 2004). In interviews, the main obstacle to local development identified by lenders is making proposals “realistic” or capable of long-term profitability. Almost invariably, this involves “working with” local entrepreneurs to convince them that traditional business models focussed on local services and consumption ought to be replaced with plans to reach directly into broader markets.

The problem right now is that most ideas come straight out of people’s backyards. You have friends talking and one will say “why don’t you do such and such? This town really needs such and such,” but nobody does any arithmetic. The population’s just not here anymore to support them. . . . The future is not in site-specific businesses. By that, I mean that a service plan cannot be based on a place-based clientele. [A business must] draw on outside clients and sales. . . . Current businesses here have survived a massive downturn. There’s simply no room for new players in this place. The future is to reach outside of [the community]. (Male, Associated with lending agency, Interview Reference # 161)

I wouldn’t touch a business with an exclusively local market. [In fact], I can’t think of one project we’ve put through that deals with local markets. [For instance], I would never touch restaurants or retail. They’re untouchable. We just can’t do it. There’s no way to be sustainable or profitable [when] focussed on the local market. I do get a lot of proposals [like that], and you just have to be honest. It just won’t work. (Male, Associated with lending agency, Interview Reference # 52)

Entrepreneurs have to understand what city-dwellers want in a product or in a tourism service. That is a real obstacle. . . . [Also,] marketing is a big problem. Yes, that brings in new expenses like freight and marketing, but *you must* have an outside market for almost any new business [to survive] these days. (Female, Associated with lending agency, Interview Reference # 141)

In summary, the neoliberal restructuring of rural economies in British Columbia targets local and community-based economies as well as major resource firms. These reforms are similar in some respects, particularly in the selective transfer of economic authority and responsibil-

ity from public to private domains (from government and regulatory policy to corporate, group, and individual actors), and in their targeting of economic spaces and geographies (specifically the project of spatially liberalizing resource economies while investing in attempts to develop self-sufficient place-based economies). At the same time, the two sides of the neoliberal coin in rural BC reflect deep power imbalances. Neoliberal reforms to the corporate resource economy significantly extend corporate powers by removing nonmarket obligations to environment, labour, and communities. Neoliberal reforms to community economies in large measure seek to compensate for and reinforce the latter by encouraging and promoting a “guided entrepreneurialism” among place-based actors as the basis for self-sufficiency. The consequences, as discussed in the concluding section below, may include a movement toward a “splintered” economy in the periphery, where inequality and instability become the foundation for economic growth in rural territories.

CONCLUSIONS

The British Columbian experience demonstrates the force and subtlety of the neoliberal movement within Canada and its vital rural and resource economies. By all accounts, BC’s rural economy has stood as one of the most rigorous applications of the Fordist-Keynesian development model ever attempted in this country (cf. Marchak 1983; Hayter 2000). Recent developments demonstrate the speed at which neoliberal reforms are changing traditional institutions and practices that once seemed overbearing and unmoving (Young and Matthews 2007). Within a few short years, the notion that the role of government was to promote stability and the codevelopment of rural industry and community has been replaced by the idea that *distinct and separate* corporate resource and community-based economies are both possible and desirable — that these must be “liberated” from one another so that each may be independently “re-aligned” to the demands of broader economic forces.

While these changes are recent and the data only preliminary, the case may be made that the neoliberal project is “splintering” the rural economy of BC. The ideal of dispersion and relative uniformity in the rural economy is succumbing to new economic strategies and practices that not only accept but exacerbate differences within and across rural spaces (cf. Graham and Marvin 2001). The data regarding the geography of forestry production after 2001 (Figures 3 and 4) suggest that spatial liberalization (the elimination of nonmarket obligations to environment and community) is allowing a major geographic reorganization of har-

vesting and production. Some regions and communities are clearly benefiting from corporate decisions to concentrate or “pool” production in particular spaces. Other rural spaces, most notably coastal regions and many smaller communities across the province, find themselves increasingly excluded. As noted by many neoliberal policy theorists, this is a development strategy that sacrifices regional inequalities in pursuit of sectoral growth (e.g., Jessop 2002b; Brenner 2003). British Columbia’s current “resource boom” is in large part a function of major firms’ new freedoms to pursue spatial efficiencies — to concentrate investment in specific places while broadening its rights over vast resource spaces.

Neoliberal reforms to local or community-based economies also contribute to this splintering. State efforts to create alternative economies based on entrepreneurialism among community leadership and local enterprise rely strongly on new programs that allocate funding and support competitively. While the academic literature remains divided on this approach (is it empowerment or abdication?), such programs can exacerbate inequalities, as groups that are better able to compete for state support enhance their future capacities to compete, while “lagging” groups or regions risk falling further behind (Harvey 1989; Herbert-Cheshire and Higgins 2004). Following this strategy, success stories in local development are, by design, small and localized, while the challenges posed by corporate divestment and roll-back neoliberalism manifest much more broadly.

Thus the neoliberal project in British Columbia poses important questions about the future of rural and resource economies. If the policies and state actions considered in this paper may be summarized as a vision of rural development, it is of a powerful and profitable corporate resource economy that is committed to doing business in British Columbia, but not bound to any particular region or population within it, complemented by distinct community-based economies that do not interfere with corporate rights but survive due to enhanced capacities to connect directly to broader economies. There are distinct winners and losers in this vision, particularly among communities that had once served as the backbone of the industrial resource economy but are now increasingly identified as obstacles to the latter.

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