

TIME LINE

- 1867** • CONFEDERATION OF CANADA
- 1930** • THE GREAT DEPRESSION BEGINS
- 1936** • CANADIAN BROADCASTING CORPORATION IS FORMED
- 1947** • LEDUC OIL FIELD SOUTHWEST OF EDMONTON OPENS
- 1965** • CANADA-US AUTO PACT
- 1968** • CANADIAN RADIO-TELEVISION COMMISSION (CRTC) IS ESTABLISHED
- 1980** • PRIME MINISTER PIERRE TRUDEAU INTRODUCES NATIONAL ENERGY PROGRAM
- 1984** • PRIME MINISTER BRIAN MULRONEY IS ELECTED; NATIONAL ENERGY POLICY IS DISMANTLED
- 1989** • CANADA-US FREE TRADE AGREEMENT
- 1994** • NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

The nineteenth century was the century of the United States. I think we can claim that it is Canada that shall fill the twentieth century.

—WILFRID LAURIER, 1904

Prime Minister Wilfrid Laurier said these words in a speech to the Canadian Club of Ottawa in 1904. What does his statement reveal about his attitude towards the United States? Only seven years later, Laurier advocated free trade with the US and lost the federal election. Why would many people have seen his 1904 speech and his position in the election of 1911 as contradictory?

INTRODUCTION

to downsize: to reduce the workforce through layoffs or early retirement

As a new century begins, Canada's economy continues to change dramatically. You probably have a personal awareness of some of these changes. Maybe a family member has lost a job because of **downsizing**, or maybe someone you know has started a business. You may be asking yourself where you fit into this ever-changing and increasingly global economy. What choices should you make to prosper in the twenty-first century? What must you study to prepare yourself for a job market that seems as fickle as the economy?

As you have learned in previous chapters of *Horizons*, many factors led to the founding of Canada. Some historians have argued that the most important reasons were economic. It

was the wealth of natural resources—from land, fur, and fish, to minerals, forests, and gold—that led to colonization in the first place. It was, and is, the promise of a better life that has drawn waves of immigrants to Canada throughout its history.

You learned in Chapter 2 and Chapter 6 that the debates during the drive for Confederation hinged on economic concerns. Those lobbying for Confederation argued successfully that uniting the colonies would bring great economic benefits and prosperity. Once Confederation had been achieved, Canada went on to build an intercontinental railway—a massive financial undertaking that literally transformed the country. Railways linked the country from sea to sea and accelerated

Figure 8-1 Langley, BC, is a thriving, expanding community. How will its growth affect the region's rich farmland?



the pace of industrialization and the growth of cities. Canada and Canadians were on the move.

Today, changing economic forces continue to shape the destiny of Canada. Economic trends are still evolving. Some of these are relatively easy to understand, but others are complex and require critical analysis. In this chapter you will learn the “nuts-and-bolts” of basic economic principles. These will help you better to understand not only the history of Canada, but also the

choices we face as a nation. You will also examine the economic regions of Canada—their history, geography, resources, and future prospects.

Canada’s relationship with the United States has always played a pivotal role in shaping Canada’s development. In this chapter, you will look more closely at that relationship and its history, and how it has affected Canada’s economy and politics, indeed, the very way in which Canadians view and define themselves.

THE CHANGING ECONOMY

Urbanization

Canadians have been leaving the farm and countryside and moving to the city for more than a hundred years. At the time of Confederation, Canada experienced terrific changes. As industrialization continued, cities beckoned with promise of employment and became population magnets. The pull of the city continued throughout the twentieth century. At the end of the nineteenth century, approximately two out of three Canadians lived in rural areas. By 1996, the situation had completely reversed, and three out of four Canadians lived in urban areas.

At the end of the twentieth century, the trend towards urbanization continued. Young people, immigrants, and retirees were attracted to urban areas for a number of reasons. Cities offered more hope for employment and better business prospects. They promised rich opportunities

and access to recreational, educational, entertainment, cultural, and healthcare facilities that not even the most prosperous small town could offer. This migration trend was self-perpetuating. As people left for the cities, services had to be cut back in the rural areas and small towns, which in turn encouraged more and more people to leave.

Cities not only acted as population magnets, they expanded physically. The continuing influx of people led to a phenomenon known as **urban sprawl**. In cities such as Toronto, Montreal, and Vancouver, small towns once on the outskirts were absorbed into the metropolitan area. Surrounding areas, often composed of some of Canada’s finest agricultural land, were transformed into housing developments and suburbs. Highways were built, which absorbed even more prime farmland, so that people living in the suburbs could commute to work in the city.

urban sprawl:
uncontrolled growth of
an urban area

As this table shows, the percentage of Canadians living in urban areas has grown to a large majority. In what twenty-year period did the percentage increase the most? What factors contributed to this? Consider world events, as well as what was happening in Canada.

Table 8-1 Percentage of Canada's Population Living in Urban Areas

Year	Population of Canada	Urban Population	Percentage of Total
1931	10 377 000	5 469 000	52.7
1951	14 009 000	8 817 000	62.9
1971	21 962 000	16 410 000	76.1
1991	28 031 000	20 907 000	76.6
1996	29 672 000	22 461 000	77.9

DID YOU KNOW?

Rural-to-urban migration is a worldwide phenomenon, and nowhere is it more extreme than in the developing nations. In the People's Republic of China, for example, Special Economic Zones have been established to attract foreign investment. The resulting job opportunities have lured millions of **migrant labourers** from the interior.

migrant labourers:

workers who must travel to find employment

resource-based: an

economy that relies on the extraction or primary processing of raw materials

manufacturing-based:

an economy that relies on the manufacturing of goods

regional disparity:

different levels of income between regions

primary: an industry that

collects natural resources

sector: a clearly defined

segment or area

Technological Innovation

Some Canadians left their communities because technology was changing and evolving, and work was only to be found elsewhere. By the 1980s, Canada's economy had shifted from being **resource-based** and **manufacturing-based** to a much more diversified system. As some resource-based towns closed down, cities and towns in other regions grew and thrived, becoming service, transportation, and manufacturing centres. As you learned in Chapter 7, push-pull factors had been at the root of the huge wave of immigration to Canada between 1896 and 1914. Now these factors were becoming a force within the country itself.

In Atlantic Canada, for example, generations of young people ended up "goin' down the road." They went where they could find work, sometimes to urban centres in the Maritimes, but often to cities like Toronto and Montreal. As older traditional industries, such as the cod fishery and coal mining, continued to decline, **regional disparity** became a pressing issue.

Atlantic Canada was not the only area of the country affected. In British Columbia, the forestry industry took a downturn in the 1990s, and forestry towns saw thousands of

people migrate. Salmon canneries closed down and threw people out of work. The federal Department of Fisheries and Oceans' conservation programs led to more closures, so that fish stocks could be revived and maintained. Towns along the BC coast that had once prospered and thrived lost their economic basis, a situation described in this chapter's Window on the Past.

As Canada's economy expanded beyond resource-based industries, technological breakthroughs led to increased automation. This meant that the need for human labour decreased, not only in the **primary** industries but also in the manufacturing **sector** of the economy. During the 1980s and 1990s, high-tech innovations increased productivity and efficiency, and reduced costs. As the impact of these changes hit home in the workplace, tens of thousands of Canadian workers lost their lifetime employment. Some manufacturing regions became depressed. Many factories and mills closed down. Others moved into new facilities that relied less on human labour and more on computerized systems. As a result, unemployment itself became a major trend in Canada in the final decades of the twentieth century.

Some **multinational** enterprises decided to locate in Canada, while others abandoned older factories in

favour of locations in developing countries. Often they were attracted by lower labour costs and weaker labour and environmental regulations. After Canada signed free-trade agreements in 1989 and 1994, many companies relocated to the United States and Mexico. Part of this movement of companies was because of **globalization**. Again, high-tech innovations in communication, manufacturing, and transportation made it possible for companies to operate differently. Now they could build different components of a finished product anywhere in the world. They could then transport them to another site to be assembled and shipped out to the world market place.

Such changes led to greater competition between the developed and the developing nations, and among businesses. To survive in the new global system, many smaller companies merged with—or were swallowed up by—larger competitors. Some smaller firms disappeared altogether. The term “globalization” was

used in the 1980s and 1990s to justify corporate downsizing, **reorganizing**, and **restructuring**. In real life, these terms meant one thing—people lost jobs, whether on the factory floor or in middle-management offices.

As the twentieth century drew to a close, mergers and the drive for higher corporate profits reshaped Canada’s economy. The pressure was on Canadian businesses to respond not only as competitors, but as creators, innovators, and leaders. This they did. In the last decade of the twentieth century, Canadians consumed products and services at a record pace, and corporate profits rose. Stock markets enjoyed an extended **bull** run. Canadian companies increased their spending on research and development and began to market new and innovative goods and services around the world. The level of Canadian exports continued to increase, and the economy showed signs of continued growth. Even faced with the challenge of such overwhelming change, Canada’s economy continued to diversify and grow.

multinational: a business that operates offices and branches in three or more countries

globalization: a trend towards interdependent national economies

to reorganize: to reduce labour costs by firing managers and redistributing the work among remaining employees

to restructure: to replace full-time employees with part-time or contract employees who receive no benefit packages or guarantees of job security

bull: a trend of rising share prices



Figure 8–2 *Goin’ Down the Road*, directed by Don Shebib, marked an international breakthrough for Canadian film in 1969. It tells the story of two Maritimers who travel to find work in Toronto. Their efforts are both comic and sad, and eventually fail. Their struggle, however, captures the human reality of regional disparity, and the sense of dislocation that many Canadians felt as the country became more urban.

Three Types of Unemployment

Three types of unemployment are prevalent today in Canada. Cyclical unemployment refers to work shortages that are seasonal in nature. For example, fishers must abide by regulated openings of fishing banks, and farmers are less active in winter. Frictional unemployment generally means that someone is only temporarily unemployed. They may be between jobs, or just entering the labour force. The third type of unemployment is structural unemployment. This refers to a work shortage that results from the closing of an industry or the major, perhaps permanent, decline of an economic activity. In other words, the jobs are lost forever. Structural unemployment, however, can also mean that an industry needs workers, but that there is a shortage of skilled labour.



Figure 8-3 This crowd in St. John's, Newfoundland is protesting trawler overfishing on the Grand Banks which, with other factors, led to an indefinite moratorium on cod fishing. As fishers, many of these people would have experienced cyclical unemployment in the past. If the damage to the cod stocks is irreversible, however, they will be confronted with structural unemployment.

demographics: study of population statistics, trends, averages, and so on

tertiary: concerned with services

underemployed: a worker employed in a job below his or her level of skill

The New Face of Employment

At the end of the twentieth century, Canada also felt the impact of a major shift in its **demographics**. In the years following World War II, Canada experienced a population and economic boom. The years from 1946 to 1965 came to be known as the "baby boom" era. By the late 1990s, many of the people born in the post-war period, a group popularly labelled the "baby boomers," were retiring or preparing to retire. This trend promised to open up job opportunities for their children and succeeding generations in the future.

More importantly, the new economy, based increasingly on advanced technology and a global perspective, created new job oppor-

tunities in the high-tech and information sectors of Canada's economy. However, only the highly skilled and educated need apply. Thousands of older Canadians who suffered structural unemployment faced difficult choices. They had to go back to school to get retrained, or they had to take lower-paying jobs in the **tertiary** sector. This sector of the economy had been growing for decades, but many of the jobs to be found in it required relatively low levels of skill, and they paid accordingly. Many workers had to secure two or three part-time jobs to maintain their standard of living. Other Canadians became chronically **underemployed** and saw their standard of living plummet.

Old perceptions of job-training were changing as well. As always,

These population statistics cover 100 years of Canada's history. Canada's population has been broken down into five different age groups. Study these figures for a few minutes. Can you spot any trends?

Table 8-2 Age Groups in Canada's Population, as a Percentage of Total

Year	Total population	under 5 years	5-19 years	20-44 years	45-64 years	65+ years
1891	4 833 000	12.64	34.49	35.40	12.91	4.55
1911	7 207 000	12.35	30.15	38.81	14.06	4.66
1931	10 377 000	10.36	31.29	36.07	16.74	5.55
1951	14 009 000	12.29	25.60	36.63	17.74	7.75
1971	21 568 000	8.42	30.97	33.87	18.66	8.09
1991	27 297 000	6.99	20.42	41.33	19.66	11.61
1996	28 847 000	6.65	20.60	39.03	21.49	12.23

A New Model of Mass Production

In the 1980s, General Motors of Canada began an \$8-billion re-industrialization program in Oshawa, Ontario. The strategy was to develop a high-tech, synchronized manufacturing complex. This marked a radical change from old manufacturing methods towards the model of the future.

In traditional mass production, automobiles moved along a never-ending assembly line, and each worker completed a specific task until the vehicle was finished. However, with the new system, called "flexible production," automobile frames are placed on automated guidance vehicles and moved to different work areas. Parts for each individual automobile are then assembled at each station. Robotic systems deliver parts to each section so that each car can be built to customer specifications. Robots paint the cars, and then laser and computerized checking systems monitor quality and workmanship.

It's easy to see how the need for human labour is reduced with this type of system. Another cost

advantage for GM is that many auto parts do not have to be produced or stored at the Autoplex, since they are manufactured elsewhere by other companies. With modern communication and transportation links, suppliers guarantee delivery of the parts, and only when needed. This shift in technology has resulted in increased productivity and efficiency, better quality cars, and bigger corporate profits. It has

DID YOU KNOW?
The Internet has created a new form of business called "e-commerce," or electronic commerce. A consumer fills in an order form on the Internet and sends it directly to the retailer. The information is processed, your credit card or account is charged, and a warehouse employee ships the order. This eliminates the need for retail space and salespeople.

also resulted in the creation of new jobs in technology that pay very well. The drawback has been the loss of traditional assembly-line jobs and a lower demand for human labour.

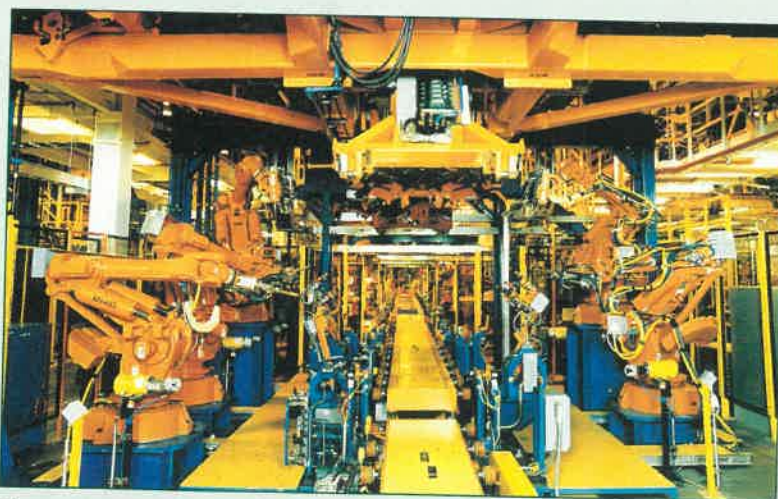


Figure 8-4 GM's high-tech Autoplex in Oshawa

employers wanted hard-working young people with good attitudes towards work. They also needed young people with varied educational backgrounds, people who could be flexible and creative. The new workplace made new demands on workers, and offered different rewards. Lifetime security at one full-time job, a feature of the post-war period, was not one of them. In the new job market, people often were hired on contract, and only for specific projects. New work methods required people to work together in teams, using cooperation to solve problems and collaboration to make decisions.

In a sense, the workplace had changed completely. Employers still

required new employees to have traditional literacy and numeracy skills, but they also had to be computer literate. The primary change, perhaps, was that employers needed new workers with highly developed creative-thinking skills. The old training programs that had prepared people for primary and secondary activity jobs needed to change—those jobs were now a declining segment of Canada's economy. In the next sections of this chapter, you will examine our economy in greater detail. A deeper understanding of its history—and its future trends—will help you better to understand your place in it and how best to prepare for working life in the twenty-first century.

ACTIVITIES

- Refer to Table 8–1 in this chapter and to Table 2 in Chapter 7, page 265. Plot a line graph showing the urban percentage of Canada's total population in the years 1891, 1911, 1931, 1951, 1971, 1991, and 1996. Based on your graph, make three observations about Canada's rate of urbanization over the last century.
 - Based on your graph, what predictions would you make about Canada's rate of urbanization in the future?
- Examine Table 8–2. Offer three pieces of evidence to indicate that one of Canada's challenges in the twenty-first century will be to deal with an aging population.
- In groups of four or five students, do one of the following:
 - Ms. Mega Developer acquires some good farmland in order to create a new suburb. List some benefits to society and to the economy resulting from her development.
 - Mr. Magna Developer acquires some good farmland in order to create a new suburb. List some reasons that might be put forward by environmentalists and local farmers who are trying to stop his development.
 - Design a billboard, based on your points, to win public support for your case. Your group could present your billboard to the class on large construction paper or sketch it on the chalk board. Remember that billboards use text sparingly. Try to distill your message to two short sentences. Select a dramatic image to accompany your text that reinforces your viewpoint.
- In a paragraph, explain how globalization can be seen as both a threat and a promise for Canada's economy. Refer to pages 294 to 296 and this chapter's Window on the Present.
- List the advantages and disadvantages of the new style of assembly used at the GM Autoplex from the perspective of
 - the company
 - the worker
 - the consumer.