Comparing Employment Relations in a Cross-Border Region: the Case of Cascadia’s Forest Products Industry

by

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Abstract

In North America, deepening economic integration under free trade has led to the formation of several cross-border regions between Canada and the United States and such regions have become a significant focus for public policy research in Canada. A key question is whether, as a result of increased economic integration, there are tendencies towards policy and institutional convergence within cross-border regions; especially in areas viewed as critical in determining competitive economic advantage. One such area is employment relations. However, relatively little research has focused on how, or even if, employment relations are changing within cross-border regions.

Previous studies comparing differences and similarities in employment relations between Canada and the United States have tended to focus on one of three scales: the nation, the firm, or the individual workplace. Here, the focus is on employment relations within a cross-border region. Such regions often share similar economic and social characteristics. Thus, we might expect that if cross-national employment relations are becoming more similar due to deepening economic integration this would manifest most clearly at this scale.

The empirical focus is the forest products industry in the cross-border region of Cascadia, comprised of British Columbia, Washington state, and Oregon. Employment relations are compared across three components of the forest products industry: pulp and paper, solid wood processing, and logging. Data are organized around case studies of each component and focus on employment, wages, and productivity; the restructuring of firms and ownership; the labour movement; work practices, training, and the
reproduction of the labour force. The dissertation concludes that employment relations in the pulp and paper and logging industries in Cascadia are becoming more similar cross-nationally, while those in solid wood processing are increasingly differentiated cross-nationally. Moreover, it concludes that employment relations in British Columbia’s solid wood processing and pulp and paper industry are becoming more similar, while employment relations in the PNW solid wood processing and pulp and paper industries are increasingly differentiated. The dissertation contributes to broader debates in economic geography by examining the tensions between national and sub-national political economic actors contribute to the production of scale and territory.
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Abbreviations and Acronyms

AOL – Association of Oregon Loggers
AFL-CIO – American Federation of Labor
AWPPW – Association of Western Pulp and Paper Workers
BCTS – British Columbia Timber Sales
BCFP – British Columbia Forest Products
BLM – United States Bureau of Land Management
CBR – Cross Border Region
CEP – Communications, Energy, and Paperworkers Union of Canada
CIO – Congress of Industrial Organizations
CME – Coordinated Market Economy
CONIFER – Council of Northern Interior Forest Employment Relations
CPPU – Canadian Pulp and Paperworkers Union
CPU – Canadian Paperworkers Union
CSA – Canadian Standards Association
CWC – Communications Workers of Canada
CZ – Crown Zellerbach
ECWU – Energy and Chemical Workers Union of Canada
ENGO – Environmental Non-Governmental Organization
EU – European Union
FIR – Forest Industrial Relations
FSC – Forest Stewardship Council
GDP – Gross Domestic Product
IB – International Brotherhood of Pulp, Sulphite, and Papermill Workers
IBPM – International Brotherhood of Paper Makers
ICEM – International Chemical, Energy, and Mining Workers
IFLRA – Interior Forest Labour Relations Association
IT – Information Technology
IWA – International Woodworkers of America
IWAC – Industrial, Wood, and Allied Workers of Canada
LME – Liberal Market Economy
LSWU – Lumber and Sawmill Workers Union
LWIU – Lumber Workers International Union
MNC – Multi-National Corporation
MoFR – Ministry of Forests and Range (British Columbia)
MPB – Mountain Pine Beetle
NDP – New Democratic Party of Canada
NGO – Non-Governmental Organization
NWA – National Woodworkers of America
PACE – Paper, Atomic, Chemical, and Energy Workers Union
PNW – Pacific Northwest
PPEBC – Pulp and Paper Employers Bargaining Council
PPIRB – Pulp and Paper Industrial Relations Bureau
PPWC – Pulp, Paper, and Woodworkers of Canada
PRI – Policy Research Initiative
PWC – PricewaterhouseCoopers
REIT – Real Estate Investment Trust
SFI – Sustainable Forestry Initiative
SKM – Southern Kraft Multiple
TIMO – Timber Investment Management Organization
TLA – Truck Loggers Association
TNC – Trans-National Corporation
UBCJ – United Brotherhood of Carpenters and Joiners
UPIU – United Paperworkers International Union
UPP – United Papermakers and Paperworkers
USFS – United States Forest Service
USW – United Steelworkers of America
VoC – Varieties of Capitalism
WCLA – Washington Contract Loggers Association
Foreword

On October 28th, 2009 – while I was in the throes of making the final revisions to my dissertation – the West Fraser Timber Company announced the closure of the Eurocan pulp mill in Kitimat, British Columbia. This effectively ended the production of pulp and paper on British Columbia’s northern coast. The Eurocan closure had been preceded by the closure of pulp and paper mills in Prince Rupert (2001) and Ocean Falls (1980). Now, for the first time since before the First World War the northern coastal region is without pulp and paper production.

Cyclical downturns have always been common in the forest products industry, but the recent deep recession in the global economy (2008-2009) has devastated production and employment throughout British Columbia, Washington, and Oregon. The fieldwork for my dissertation took place between June 2007 and August 2008, and was completed just one month before the global financial crisis came to a head. However, I remain confident that the data I collected are appropriate for the broader aims of this dissertation. Although many of my research subjects were not overly optimistic regarding the future prospects of the forest products industry, it is unlikely that any would have predicted the depth and breadth of the recession and the effects it would have on the industry. Although subjects were aware of an impending housing crisis in the United States as early as June 2007, they were also quite confident that low housing starts constituted only short-term and cyclical challenges, and they trusted analysts’ forecasts that lumber prices would recover and peak again by early 2009. Such forecasts did little to comfort the thousands of forest products workers laid off as sawmills were idled throughout British Columbia,
Washington, and Oregon in the winter of 2009. Nor did Canadian pulp and paper workers find comfort when the automotive industry received major government bailouts, while pulp and paper producers received only paltry benefits in the form of a black liquor subsidy.

One small comfort amidst the devastation wrought by the ‘Great Recession’ is that the neo-liberal ideologies that have been hegemonic since the late 1970s have been called into question. The decisions by the Bush, Obama, and Harper administrations to proceed with bailouts and stimulus packages are reminiscent of the Keynesian economic policies of counter-cyclical spending pursued during the thirty years following the Second World War. What is unclear is whether these policies are simply short-term measures enacted to alleviate long-term problems (as cuts to social spending loom), whether they signify a return to redistributive policies commonly associated with the ‘golden years’ of Fordist/Keynesian political economic regulation, or whether they will give way to new and innovative forms or state and industrial organization that are as yet unknown.

Another event also had significance for my research. Only days after defending my dissertation proposal in May 2007, Weyerhaeuser of Canada finalized plans to sell its pulp and paper assets to Domtar in a complicated capital-for-stock transaction. As I drove west, Weyerhaeuser’s trademark green and white triangle with an inlaid tree was being replaced with Domtar’s corporate logo. I first encountered this in Dryden, and later in Kamloops. On the trip home that July, there was little sign that Weyerhaeuser – which had conducted a highly-publicized takeover of MacMillan-Bloedel only eight years
earlier – had ever operated in these communities. Less than one year later, Weyerhaeuser
divested all but one of its pulp and paper mills in the United States to International Paper.

These ownership changes required me to revisit my research design and abandon plans to compare employment relations in Weyerhaeuser mills in British Columbia, Washington, and Oregon. It also stifled a campaign led by the United Steelworkers to share information between union locals at Weyerhaeuser mills. The revised research design permitted a more flexible and inclusive project. It also added another dynamic, and allowed me to consider the extent of differences and similarities in employment relations under Weyerhaeuser compared to those under new owners. These changes also served as important reminders to a researcher/academic early in his career. They illustrated how both the field (‘real world’) and the theories employed to conceptualize or understand it are dynamic and in a constant state of flux. Such reminders proved critical in helping me understand how my research, writing, and teaching is situated within a political economy where while commonalities exist, the same outcomes are seldom produced twice.
Chapter 1 – Introduction

Over the past decade, economic geographers have become increasingly preoccupied with questions of scale (see Brenner, 1998; 2001; 2009; Christopherson, 2006; Herod and Wright, 2002; Jessop, 2002a; 2003; 2004; et al., 2008; Peck, 2002; Swyngedouw, 2000; 2004). A number of these authors focus on the integration of different scalar entities into global circuits of capital accumulation and production networks. In particular, their attention focuses on the rescaling that appears to be integral to contemporary processes of political economic restructuring and globalization. Of specific interest are the processes Brenner (2004) refers to as ‘deterritorialization’ and ‘reterritorialization.’ Inspired by Harvey (1982; 1989), Brenner describes deterritorialization as processes of time-space compression that facilitate capital’s desire to eliminate spatial and territorial barriers to accumulation. Concomitantly, ‘each moment of deterritorialization hinges upon an equally essential moment of reterritorialization in which relatively fixed and immobile spatial arrangements are established or modified as a basis for extending and accelerating capital’s orbit’ (Brenner, 2004, 33). Through these processes, awash in the tendencies of creative destruction also common in earlier periods of capitalist restructuring, new forms of multi-scalar economic organization and governance have emerged. Many of these forms of organization challenge – but do not go so far as to eliminate – the supremacy of the nation-state as the primary container of political and economic activity.

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1 The processes of deterritorialization and reterritorialization are uneven and marked by a number of features, including the acceleration and expansion of the mobility and flow of commodities, capital, and people through space, and the transformation of socio-territorial institutions that enable or restrict such movement (Brenner, 2004, 35).
One feature of modern reterritorialization is the emergence of cross-border regions (CBRs). CBRs are comprised of groups of contiguous sub-national units that span two or more countries. According to Perkmann and Sum (2002, 3), ‘the construction of cross border regions has become a more or less explicit strategic objective pursued by various social forces within and beyond border regions.’ Because they are constructed according to a variety of scales, CBRs vary in their territorial extent. For example, Brunet-Jailly (2004) writes of a CBR comprised of the automotive manufacturing cities of Detroit, Michigan and Windsor, Ontario, while P. Smith (2008) describes an ecologically-based CBR comprised of the coastal regions of Washington and British Columbia. Moreover, some CBRs are much larger in their geographical scope and constructed according to a number of intertwined contexts. This is evident in Bukowcyk et al.’s (2005) CBR based around the North American Great Lakes, or the Canadian federal government’s Policy Research Initiative (2005; 2008), which examines five Canada-United States CBRs constructed according to economic, political, socio-cultural, historical, and physiological characteristics. Yet regardless of their geographical or contextual scope, CBRs constitute an increasingly important scalar component of the global political economy. Moreover, CBRs are no longer simply the ‘contact zones’ of nation-states, but rather – and in the same sense that supranational institutions and trading blocs represent sites of ‘macro-integration’ – they constitute site of ‘micro-integration,’ where national-scale influences meet, mingle, and spill over (Blatter, 2004).
This dissertation develops and deploys a framework to examine and compare employment relations in CBRs. Both of the latter are complex topics shaped according to a variety of economic, political, socio-cultural, historical, and physiological forces. Martin (2000, 464) elaborates on the complexity of employment relations and labour markets, which he characterizes as ‘a regulatory space where systems of social rules, norms, customs, legal structures, and governance mechanisms intersect to shape and institutionalize the behavior of both workers and employers.’ It is these spatially-specific subjectivities and intricacies that attract scholars – including economic geographers – to the study of employment relations. However, and despite the concurrent effects of economic restructuring, the rescaling of governance, and processes of deterritorialization and reterritorialization, employment relations and labour markets are persistently characterized as nationally-, regionally- or locally-based entities. Van Houtum and Van der Velde (2004, 104, italics in original) elaborate:

‘The national borders are designed to and still function as a performance of a fictitious yet for many appealingly easing purity of “we here” and “them there.” National borders thereby produce an imagined mental nearness to the members of one’s nation and exclusion or mental distance to non-members […] the labour market across the border may be physically near, but is perceived and interpreted as there, not here, the “other side” […] This provokes an attitude of indifference towards the market on the “other side”.’

In an era where capital, policy, and culture are increasingly unbounded and transnational, labour markets and systems of employment relations continue to be situated within specific national contexts. Yet the bundles of policies and social norms that shape them are inherently linked, to some degree, to global circuits of capital, multi-national

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2 Similar to Bamber and Lansbury (1998), I employ the term ‘employment relations’ to encompass a variety of aspects of the employment relationship, including the institutions that govern and regulate employment and labour markets, human resource management, and the social production and reproduction of labour.
policy networks, and international socio-cultural influences. For these reasons, employment relations – which are embedded at a variety of scales that lie within national boundaries but influenced by actors at a variety of inter- and intra-national scales – are well-suited to demonstrate the outcomes of the tensions originating from nationally- and internationally/globally-based influences and hegemonies. More specifically, I argue that the tensions between and influences of actors at these scales is most profoundly experienced within CBRs, and that the latter provide an exceptional scale for such analyses.

Empirically the dissertation focuses upon employment relations in the forest products industry of the Cascadia CBR. The aims of the dissertation are threefold. The first is to analyze the restructuring of the forest products industry in British Columbia and the Pacific Northwest (PNW) since the late 1970s. It seeks to establish similarities and differences with regard to the structure and governance of the forest products industry in the Canadian and American sections of Cascadia. The second is to examine and compare changing employment relations in three Canadian- and American-based components of Cascadia’s forest products industry supply chain: pulp and paper, solid wood processing, and logging. In conjunction with the broader analysis of industry restructuring, this aspect of the dissertation seeks to identify where employment relations are becoming more similar within the CBR and where they remain differentiated. It engages Katz and Darbishire’s (2000) notion of ‘converging divergencies’ to examine how employment

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3 Cascadia is a Canada-United States CBR comprised of British Columbia and the United States’ Pacific Northwest (PNW), comprising the states of Washington and Oregon.
4 Generally, logs are shipped to solid wood processing facilities where they are processed into lumber, plywood, or other engineered wood products. Residual materials from these processes are then used in pulp and paper mills (although some pulp and paper mills also have the capacity to process logs).
relations in specific components of the forest products industry are becoming more similar or remain differentiated at the intra-national scale. Moreover, Smith and Meiksins’ (1995) system, society, and dominance (SSD) analytical framework is employed to unpack the intertwined influences on employment relations of the global political economy, nationally-based socio-cultural and socio-political hegemonies or institutions, and dominant modes of production and employment organization. The third aim of the dissertation is conceptual in nature, and seeks to assess the usefulness of CBRs as an empirical frame of reference for comparative cross-national studies of employment relations.

The empirical analysis is organized around six case studies: one for each component of the forest products supply chain in the PNW, and one for each component of the forest products supply chain in British Columbia. According to Elger and Smith (2005), empirical case studies are essential in advancing the theoretical base of comparative cross-national employment relations research. The forest products supply chain can be sub-divided into those components based on productive/transformative activities (pulp and paper, solid wood processing) and that involved in the extraction of the natural resource (logging). The division between productive/transformative and extractive activities is critical to the dissertation, as qualitative differences exist in the organization of work and production within each category. For example, workers in productive/transformative components are more likely to be full-time and unionized, while work in extractive activities is more likely to be contingent, non-union, and be subject to varied rates or systems of remuneration. The productive/transformative components are generally owned by large and well-capitalized firms (many of which are
publicly-traded and some of which operate in more than one country), while extractive components are more likely to be owned by relatively small and locally-based firms that perform work for the mills on a contractual and non-permanent basis.\textsuperscript{5}

The productive/transformative components of the supply chain are more directly integrated into global and continental commodity markets than are extractive components. Many of the firms involved in such activities are large and have corporate systems of production and employment organization applied across the firm’s entire operations. As a consequence, production and employment organization in productive/transformative components are hypothesized to be shaped and influenced significantly by trends and ‘best practices’ that emanate from a variety of scales. However, the manner in which these practices diffuse or are implemented by firms in the PNW and British Columbia is expected to vary according to the influence of socio-institutional effects such as the role of governance and the reproduction of the labour force and occupational cultures. The system of production (e.g. production focus, ownership, firm size and scope) in each component is also conditioned by the effects of such socio-institutional factors, which can also create differentiation in employment relations. Conversely, it is hypothesized that the organization of production and employment in smaller and locally-based logging firms and contractors will be more highly influenced by nationally- and locally-based socio-institutional factors because they are not directly integrated into global or continental commodity markets to the extent that productive/transformative firms are. However, they are directly linked to their clients –

\textsuperscript{5} It is sufficient to note that these generalizations are not all-encompassing. Some contingent and low-paid work exists in productive/transformative components, while some permanent and unionized work exists in extractive components.
the productive/transformative firms – and are thus conditioned, at least in part, by the systemic needs (e.g. cost reduction, demand) and dominant features of production and employment organization set out by their clients.

My research design draws inspiration from the works of Cappelli (1985) and Turner (1991). Cappelli examines employment relations across multiple components of the United States airline industry in the early 1980s. His analysis includes a number of aspects of airline work, such as mechanics, pilots, flight-attendants, and airport-based service staff. His design lends strength to his analysis, as employment relations in each component are marked by different overarching features and workers are represented by different unions. Turner (1991) examines and compares the restructuring and reorganization of work in the United States and West German automotive, telecommunications, and apparel industries in the 1980s. He focused on the role of the state in negotiating the restructuring of employment relations, and found that specific attributes of employment institutions – such as formalized union involvement in the creation of industrial policy – are highly influential in shaping employment relations outcomes, particularly those related to union-management relations and collective bargaining (Turner, 1991, 222-44).

Therefore, this dissertation combines these research designs by comparing employment relations across the entire supply chain of an industry across national boundaries, but refines the scale of analysis by doing so in a CBR, rather than at the national scale. This modifies Turner’s (1991) research design in two ways. First, it refines his design by focusing on CBRs, which exist due to numerous economic, political, socio-cultural, historical, and bio-physical similarities. Because of this, we might expect to find
that employment relations are highly similar across nations. However, any instances
where this is not the case may help shed light onto overarching national factors that
create differentiation or distinction. This may be one of the most useful functions of
refining analysis from the cross-national scale to the cross-border regional scale. Second,
and similar to Cappelli, it examines several components of a supply chain, each with their
own operational intricacies. This permits a broader and deeper analysis of the interaction
of the effects outline in the SSD framework. It also assists in engaging Katz and
Darbishire’s (2000) notion of ‘converging divergencies’ to provide intra-national
analysis.

In a broader sense, another motivation to conduct comparative cross-national
employment relations research is to gain insight into the workings of employment
institutions, practices, and structures in one’s own country. These, as Kahn-Freud (1979)
notes, are not inevitable and universal, but are the historic outcomes of a wide variety of
factors and influences. The growth of international commerce and economic linkages
makes it imperative for states, capital, and labour to be aware of employment relations
and production organization in other nation-states or regions. It is therefore critical to
understand the employment relations systems and practices that exist elsewhere,
especially when supply chain security is an important component of a firm’s (and their
employees’ and union’s) competitive strategy (Bamber and Lansbury, 1998).

Four broad questions guide the dissertation. The first three are primarily
empirical, while the fourth engages broader conceptual debates within economic
geography, labour studies, and the organization of the political economy:
1. How, and to what degree, are employment relations in each component of the forest products industry becoming more similar between the PNW and British Columbia? Conversely, how, and to what degree, do they differ?

2. How, and to what degree, are employment relations in different components of the forest products industry within each of the PNW and British Columbia becoming more similar? Conversely, how, and to what degree, do they differ?

3. Which key factors related to system, society, and dominance are responsible for increased similarities in employment relations and which account for the continued differentiation of employment relations?

4. How useful are CBRs for examining the impact of political economic integration on changes in employment relations?

The dissertation proceeds as follows. Chapter 2 reviews literature related to the emergence of CBRs within the context of the contemporary restructuring and rescaling of the global political economy, theoretical positions regarding cross-national political economic integration, and conceptual frameworks for undertaking comparative cross-national employment relations research. The chapter culminates by emphasizing the usefulness of CBRs as a scale at which to conduct comparative cross-national employment relations research in the context of political economic integration. Chapter 3 describes the research design and methodology employed in the research. Chapter 4 examines the evolution of the political and economic relationships between Canada and the United States, the emergence of Canada-United States CBRs, and the construction of the Cascadia CBR. Chapter 5 examines the evolution and restructuring of the forest products industry in the PNW and British Columbia since the late 1970s. Chapters 6, 7, and 8 examine and compare case studies of the pulp and paper, solid wood processing, and logging industries, respectively. Chapter 9 concludes the dissertation. It is divided into three sections. The first undertakes intra-national comparisons of employment relations in the different segments of the forest products supply chain. The second
outlines the primary factors that lead to similarities or differentiation in employment relations. The third discusses the usefulness of CBRs as a scale at which to investigate the impacts of political economic integration on cross-national employment relations.
Chapter 2 – Cross-Border Regions, Comparative Political Economy, and Employment Relations

This chapter situates literature regarding the emergence of contemporary CBRs in the context of broader theoretical debates in economic geography, comparative political economy, and comparative cross-national employment relations research. The chapter is divided into four sections. The first discusses the emergence of contemporary CBRs alongside economic restructuring and the rescaling of governance. The second examines competing approaches to comparative studies of nationally-based political economies, including recent works by economic geographers such as Brenner, Peck, and Theodore (Brenner et al., 2009). The third reviews comparative cross-national approaches to employment relations research, including Smith and Meiksins’ (1995) SSD framework, which provides the conceptual framework for this dissertation. The final section underscores a central theoretical tenet of the dissertation; that CBRs provide a useful scale for comparative cross-national employment relations research and assessing the nature and extent of cross-national political and economic integration. This argument is itself informed by Blatter’s (2004) view that CBRs represent a scale of ‘micro-integration’

2.1 – The Restructuring of Economies, the Rescaling of Governance, and the Emergence of Cross-Border Regions

Debates regarding the outcomes of the rescaling and restructuring of the contemporary political economy have engaged social scientists from an array of
disciplines, including human geographers. Within these debates there is a general consensus that the destabilization of the Fordist model of mass production and Keynesian economic policies and the rise of neo-liberalism created new and radically different scalar hierarchies of production and state organization. The unraveling of the Fordist/Keynesian system first became evident during the 1970s as demand patterns changed (and broadened), productivity slowed, international production and competition increased, and firms – especially in the United States – grew wary of long-run product-specific technologies and sought more flexible forms of production (Sabel, 1994). The resulting economic restructuring is examined extensively in Piore and Sabel’s (1984) influential book *The Second Industrial Divide.*

Consequences of the second industrial divide include the evolution of new systems of production, the decentralization of national economies, and a renewed focus on regional production networks and industrial districts. According to Amin (1994), these occurred for four reasons. First, new production technologies arose alongside small, specialized, and flexible firms. These firms fostered higher levels of worker involvement than large publicly-owned or multi-national corporations. Second, the increasing emphasis placed on interdependencies between small firms and other institutional actors (e.g. larger firms, the state, non-governmental organizations) differs from previous neo-classical notions of rational independent and atomistic economic

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1 The Second Industrial Divide was an era of transformation brought about by the ‘deterioration of economic results from the limits of the model of industrial development that is founded on mass production: the use of special purpose (product-specific) machines and semiskilled workers to produce standardized goods’ (Piore and Sable, 1984 in Phillimore, 2007, 125). Piore and Sable’s work is important for two reasons. First, it summarizes a large literature concerning the resurgence of small firms and emerging industrial districts, both of which are important components of the second industrial divide. Second, it links changes in production systems and economic organization with broader changes to national macro-regulatory environments.
behavior. Third, innovative capacity was perceived to be best facilitated in regionally-based economies. Fourth, and crucial for economic geography as a (sub-)discipline, the resurgence of regionally-based production networks renewed and re-affirmed the power of place in the global political economy.

A concurrent rescaling of governance occurred alongside the rescaled and restructured production systems that emerged from the second industrial divide. Boyer and Hollingsworth (1997) understand this ‘double shift’ as a function of the decline in the macro-regulatory maneuverability of nation-states and the need for new forms of governance in response to regional agglomerations of production, particularly in manufacturing industries. In general, the rescaling of governance refers to the displacement of certain functions of the nation-state to other scales. While rescaling can occur at all levels of government, the post-Fordist era is marked by the transfer of responsibility upwards from the national scale to supranational bodies such as the EU, NAFTA, or the WTO; downwards from the national scale to sub-national (e.g. regional) or municipal institutions; and sideways to institutions operating at similar scales (e.g. between federal ministries). Regardless of the form it takes, rescaling creates systems of governance that are ‘radically different from the classical democratic state in terms of accountability, democratic control, or citizen’s representation’ (Swyngedouw, 2000, 549). However, this does not imply that national governments are being dismantled. Rather, they are being transformed, as institutions ‘above’ and ‘below’ continue to draw upon national governments for legal, regulatory, and financial power (Brenner, 2004; Swyngedouw, 2000). Moreover, national governments maintain the responsibility for the
transfer of power to and from different scales, and are thus instrumental in legitimizing sub- and supra-national institutions (Jessop, 2002b).

As dynamic centres of regionally- and locally-embedded commodity production emerged in the 1980s and 1990s, they became integrated into broader global networks of capital accumulation. In turn, qualitatively new forms of state and non-state institutions emerged in efforts ‘to position urban and regional economies optimally within global and supranational circuits of capital’ (Brenner, 2004, 3). These regionally-based production networks seek concentrations of skills, flexible technologies, and natural resources that exist at that scale. The success of these concentrations – which can transcend state borders (Porter, 2003) – is partially dependent upon the existence of ‘untraded interdependencies’ that represent sources of competitive advantage (Storper, 1995; Leamer and Storper, 2001).

One territorial manifestation of contemporary regionally-based systems of production and governance are CBRs, which have become prominent aspects of the spatial organization of the global political economy. CBRs exist across the globe, and have attracted attention from academic, policy, and business communities alike. While their recent proliferation is a result of the aforementioned rescaling and restructuring, they have been spurred on by the decline of national protectionism, the rise of neoliberalism, the end of the Cold War (in the case of Europe), and political commitments to regional integration (Jessop, 2002a). In a geo-economic sense, these factors allow for the (re)emergence of ‘natural economic territories’ formerly suppressed under Fordist/Keynesian systems that gave primacy to the national scale. In a geo-political sense, CBRs are interpreted as the result of increasingly decentralized systems of cross-
border or cross-national governance, which are generally the result of the divesting of responsibilities by nation-states (Perkmann and Sum, 2002).

The emergence of CBRs is not the production of a singular political economic logic, but rather the result of a number of factors. Jessop (2002a, 38-41) lists nine factors (in ascending order of importance, according to him) underpinning the emergence of CBRs since the early 1980s:

- Through the existence of obscure and liminal forms of economic and political organization along borders or in border-regions, such as ‘black’ and ‘grey’ markets.
- Through the opening of suppressed historical and economic spaces, including links to shared resources and trade routes inherited from colonial empires.
- Through the growth of urban areas along national borders
- Through the creation of functional economic spaces where complementary resources, common problems, or a shared peripheral status prompts cooperation.
- Through the promotion of regional economies by national governments to ensure the success of the former through the latter.
- Through the promotion of CBRs by supranational institutions with the hopes of undermining national state sovereignty with a ‘pincer’ movement from above and below.
- In reaction to uneven development or other region-building processes.
- As a part of a process of nation-building in countries which are home to multiple nationalities or ethnicities.
- Through career- and institution-building initiatives.

The order of this list is logical for the purposes of Jessop’s work which focuses on the EU. However, it is not definitive, as CBRs exist and emerge in a variety of political, economic, social, and historical contexts. For example, CBRs in the EU are more likely to be outcomes of the erosion of borders to the movement of goods and people, as well
as regional policies that create groupings of local or regional authorities that are integrated into various systems of multi-national governance or networks of policy implementation (Perkmann and Sum, 2002). In contrast, the construction of North American CBRs is primarily market-driven (Van Nijnatten and Boychuk, 2004). Firms play a leading role, and seek to exploit factor price differentials or access local markets and suppliers as a component of their production network or supply chain. In these cases, institutional arrangements are seldom formal, and are thus more likely to be ad hoc, issue-driven, finite and ephemeral, loosely-organized, and feature the involvement of a wider variety of private and state-affiliated actors.

Although the emergence of CBRs is widely recognized, their function remains the subject of debate. CBRs are often viewed as evidence of processes of supra-national integration (see Courchene, 2001; and Telmer, 1998; Brunet-Jailly, 2008). For these authors, economic and political integration are not directly correlated, but similar and integrated economic activities drive policy-makers to share goals and adapt parallel solutions to common problems. Others emphasize growing socio-economic integration as a key component of processes of cross-border regionalization (Ohmae, 1993). Some authors draw upon Jacobs’ (1984) city-regions and Sassen’s (1996) global cities when discussing the role of CBRs in processes of glocalization² (Ratti and Reichman, 1993; Blatter, 2003; 2004). As Blatter (2004, 532) notes,

‘many border regions are no longer “peripheral”; quite often they are witnessing economic prosperity above the national average. At least in North America and in Western Europe, and after the fall of the Iron Curtain in Central and Eastern

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² The concept of glocalization was developed to help grasp the dynamic and contingent dimensions of the local and global (Swyngedouw, 1992; 1997; 2004; Courchene, 1995; Salazar, 2005). Processes of glocalization are marked by both the downward rescaling of governance and the ‘strategies of global localization of key forms of industrial, service, and financial capital’ (Swyngedouw, 2004, 37).
Europe as well, border regions are changing (or at least complementing) their character from “front lines” of the sovereign states towards socio-economic “contact zones” for neighbouring societies.’

Additionally, Blatter echoes Keating’s (1999) claim that regional institution-building across borders is primarily a pragmatic response to common problems, but notes that institution-building also constitutes a component of the reorientation and reconstruction of regional identities and politics in some CBRs. Of importance to the approach developed in this dissertation is Blatter’s (2003) assertion that while supranational institutions represent a form of ‘macro-integration,’ CBRs represent a form of refined or scaled-down ‘micro-integration,’ where the processes of glocalization are more evident. This reasoning is critical to arguments developed later in this chapter; namely, that CBRs are highly indicative of the processes of political economic integration, and represent a useful scale at which these processes can be examined.

2.2 – Cross-National Political Economic Integration: Theories and Debates

This section engages with debates regarding broader conceptualizations of cross-national political and economic integration qua globalization, glocalization, and neoliberalization. Originally, these debates revolved around two opposing positions. One argued that the processes of globalization are leading to inexorable convergence in economic organization and systems of governance, and a ‘borderless’ world where the scale of the nation-state is increasingly irrelevant. The other posited that despite the generalizing tendencies of the processes of economic globalization and neo-
liberalization, distinct national systems of business and governance persist alongside heterogeneous forms of political economies.

The ‘borderless’ position emerged soon after the collapse of Soviet communism alongside discourses of the triumph of capitalism and the ‘end of history.’ These discourses reinforce – and were reinforced by – ideologies of neo-liberalism that were increasingly prevalent in the politics and economies of the industrialized world (Peck and Theodore, 2007). Ohmae (1990; 1995) is perhaps the best-known proponent of the notion that an increasingly ‘borderless’ world is giving rise to political economic convergence and homogenization. According to him, these processes are shaped by four distinctive tendencies: the increased mobility and internationalization of capital and finance, the internationalization of industry and production networks, improvements in information and transportation technologies, and the increasing global orientation of consumer tastes and consumption. The ‘borderless’ rhetoric drew support from the growing influence of supranational institutions and increased economic and political interdependencies. In his critique of this argument Yeung (1998, 295) notes,

‘globalization rhetorics are subsequently deployed prescriptively by political leaders and global strategists to legitimize a particularly neo-liberal ideology that has gained rapid ascendency in many Western societies today. This neo-liberal ideology is used to justify the annihilation of localities by global forces, and territorial states by capital, as evidenced by the call for putting the global logic of capital above the interests of local people.’

Neo-liberalism, in many ways, has ‘usurped globalization as the explanatory term for contemporary forms of economic restructuring’ (Larner, 2003, 509). Market liberal ideologies and practices were present in the works of Friedman and Hayek (among others), but took hold in the 1980s when the likes of Reagan and Thatcher set neo-liberal
projects in motion (Brenner et al., 2009). In the most general sense, neo-liberalization
denotes a politically-guided intensification of market-rule and commodification. Two
broadly-conceived commonalities exist in the form of the processes of neo-liberalization,
regardless of where or in what context they are implemented. First, neo-liberalism
facilitates the commodification of services and other goods previously provided and
administered by the state. Second, neo-liberalism intensifies the uneven development of
regulatory forms and economic structure alongside processes of marketization and
commodification.

For these writers, the relevance of the nation-state dwindles and that of capital
ascends, the transnational corporation (TNC) assumes the leading role as capital’s agent
in space and place. Proponents of this view, as critically reviewed by Martin and Sunley
(1997) and Gertler (2001), argue that the cross-penetration of TNCs, alongside
globalized competition and the rescaling of national institutions, propels the convergence
of political economies. According to Dunning (1997), TNCs eclipsed the formerly
dominant model of the MNC, which were merely foreign clones of nationally-grounded
parent firms. In contrast, and despite being headquartered in a specific nation, the TNCs
supply chain and production network span across numerous countries and benefit from
the comparative advantages available only in specific places (McDougall, 2004). The
contemporary TNC is therefore

‘both the owner and orchestrator of a complex portfolio of interrelated assets,
located in two or more countries. In some instances, these internal markets are
closely integrated, and the parent company enjoys the advantages of common
governance and diversification of risk […] Over the last thirty years, and
particularly as the range and extent of international production has increased, and
as regional integration has facilitated the cross-border specialization of economic
activity, an increasing number of [TNCs] have begun to embrace globally integrated strategies’ (Dunning, 1997, 100).

Thus, while MNCs are more apt to impose the culture and practices of their parent nation in the spaces of foreign branch plants, TNCs coordinate complex networks of production, distribution, and marketing that exist in distinct national contexts. Furthermore, and similar to TNCs, the involvement of international and non-governmental regulatory, certification, and standards boards fosters integration and the convergence of practices. These entities also constitute another means of rescaling; 

*outward*, whereby responsibility is divested from the state to non-state actors (e.g. environmental or industrial certification and standards boards), which can be added to the existing re-scaling nomenclature of *upwards*, *downwards*, and *sideways*.

Inasmuch as TNCs influence some aspects, forms, or scales of governance, the manner in which they do so is context-dependent. TNCs are often required to adapt at least some components of their production strategies or systems of work organization to intermesh with the prevailing socio-institutional structures at the location of their operations (Rutherford, 2004). This phenomenon is the focus of Abo’s (1994; 2007; Kumon and Abo, 2004) work, which examines Japanese manufacturing firms operating in North America, Europe, and East Asia. Specifically, Abo examines how Japanese firms – seeking competitive advantages – apply nationally-based systems of production in host nations, and how that system of production is modified or adapted to suit local, regional, or national conditions; a process that Abo refers to as ‘hybridization’ (Kumon and Abo, 2004). Abo’s work also seeks to determine which elements of foreign production systems are adopted in host nations and the patterns that emerge in the diffusion of such practices. The ‘hybridization’ model developed within this literature
concludes that the universality of production systems are mediated and limited at the national level by various socio-institutional factors. Other writers have incorporated societal effect theory (Maurice et al., 1986) in similar contexts, but their research design is the inverse of Abo’s, as the socio-institutional norms and hegemonies of the host nation in which Japanese production models are implemented constitute the point of departure (Sorge, 1996).

Another body of literature emerged in reaction to writers such as Ohmae. It claimed that national systems of business and governance persist and lead to unpattered heterogeneity through which the processes of globalization diffuse and coalesce. Hollingsworth and Boyer’s (1997) work exemplifies this approach, especially considering their focus on the role played by the intermingling of market and non-market actors alongside the ‘stubborn’ embeddedness of state institutions. Both of these are shaped by the ‘power of the past’ and path dependencies that (re)produce national specificities in the form and nature of political economic organization (Sorge, 1991; Smith, 2005). Whereas proponents of convergence and homogenization theories emphasize the primacy of market, capital, and TNCs, this perspective suggests that the diffusion of neo-liberal capitalism occurs within nation-states that are not merely political instruments created and propped up by capital (Jessop, 1990). Furthermore,

‘States (and the social institutions within them) do not encounter profound ownership change in the same way as private firms, but they do make structural adjustments, such as the shift from Keynesianism to neo-liberalism since the late 1970s. However, international competitiveness between states is unlike that
between firms because states do not go bankrupt or get taken over, and therefore behave differently from firms’ (Smith, 2005, 608). Therefore, neither the state nor TNCs (or, in broader terms, capital) are the singular agents of restructuring and rescaling. Rather, both play competing but interconnected roles in the form, structure, and scalar organization of governance and state-capital relations.

A middle ground is evident in the varieties of capitalism (VoC) literature, which is best exemplified in the works of Albert (1991; 1993) and Hall and Soskice (2001). Recent approaches by economic geographers also suggest that the manner in which nation-states engage in processes of political and economic globalization and neo-liberalization are hybrid and variegated (Peck and Theodore, 2007; Brenner et al., 2009). Such approaches are often employed to make sense of the overlapping approaches reviewed above.

The VoC literature suggests that a small number of approaches to the organization of national-scale economies and governance can be distinguished. According to Peck and Theodore (2007, 732), this approach is generally associated with a number of ‘substantive and theoretical claims,’ including

‘the complex embedding of strategic behaviours of firms and other actors in a range of institutional environments; the establishment of institutionally mediated forms of comparative advantage; the emergent “supermodular” qualities of institutional systems; and the tendency for non-convergent, path-dependent evolution in national regimes, even in response to “common” threats and pressures.’

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3 Recently, both national (e.g. Iceland) and sub-national (e.g. California) states have faced bankruptcy, primarily due to the recession and debt. However, this does not necessarily alter the point made by the likes of Jessop or Smith that states inherently behave differently than firms.
Albert characterizes this as a struggle between a ‘Rhinish’ model of capitalism typical of Germanic and Nordic countries, and a neo-American model typical of the United States and Canada. According to him, ‘[c]apitalism, we can now see, has two faces […] the neo-American model is based on individual success and short-term financial gain; the Rhine model, of German pedigree but with strong Japanese connections, emphasizes collective success, consensus, and long-term concerns’ (1993, 18). It is also sufficient to note that Albert’s work generally favours the Rhinish model and decries the neo-American one.

The most prominent approaches to VoC are found in Hall and Soskice’s (2001) aptly named edited collection, Varieties of Capitalism. This collection emphasizes the interaction between firms – the central actors – and institutions at various scales. As they note in the collection’s introduction, ‘the most important institutions distinguishing one political economy from another will be those conditioning such interaction, and it is these that we seek to capture’ (p. 5). According to Peck and Theodore (2007, 743), this departs from previous comparative studies of political economies due to the insistence ‘on a change in emphasis, away from approaches that conceptualize institutions as sites for the exercise of power, and that emphasize their functions in socialization and norm-making.’ Hall and Soskice view institutions as arenas for resolving ‘coordination problems’ related to firm behaviour, focusing on five specific spheres: industrial relations, training and education, corporate governance and firm-investor relations, inter-firm supply chain relations, and workplace organization and governance (2001, 6-7). According to them, national business culture is revealed through the search for solutions to these coordination problems, which engage in symbiotic relationship with institutions
that ‘reflect and recursively reproduce common cultures and shared understandings (Peck and Theodore, 2007, 744).

Ultimately, Hall and Soskice recognize two broadly-conceived types of capitalism: liberal market economies (LMEs), best characterized by the United States and the United Kingdom, and coordinated market economies (CMEs), best characterized by Germany or Sweden.\(^4\) In LMEs,

‘firms coordinate their activities primarily via hierarchies and competitive market arrangements. Market relationships are characterized by the arm’s-length exchange of goods or services in a context of competition and formal contracting. In response to the price signals generated by such markets, the actors adjust their willingness to supply and demand goods or services, often on the basis of the marginal calculations stressed by neoclassical economics. In many respects, market institutions provide a highly effective means for coordinating the endeavors of economic actors’ (2001, 8).

CMEs, on the other hand, rely more on non-market modes of coordination, which

‘generally entail more extensive relational or incomplete contracting, network monitoring based on the exchange of private information inside networks, and more reliance on collaborative, as opposed to competitive, relationships to build the competencies of the firm. In contrast to [LMEs] where the equilibrium outcomes of firm behavior are usually given by demand and supply conditions in competitive markets, the equilibria on which firms coordinate in [CMEs} are more often the result of strategic interaction among firms and other actors’ (2001, 8).

The prominence of CMEs was challenged during the mid-1990s as the economies of Japan and Germany stagnated while North American enjoyed a burst of prosperity, and neo-liberalism that had been generally confined to LMEs began to infiltrate CMEs. This elicited fears and expectations that the latter would unravel in the face of financial and

\(^4\) Hall and Soskice’s categorization, though inspired and notably similar to Albert’s, is not only broader in the nations it includes but also places a number of nations overlooked by Albert in ambiguous positions. These include Japan, as well as France, Italy, Greece, Spain, and Portugal, which are often referred to as ‘Mediterranean’ economies, and are based on large agrarian populations and high but intermittent levels of state intervention.
cost-driven competition and ultimately converge to the institutional standards of LMEs (Brenner, et al., 2009). However, the LME/CME binary is unable to identify how ‘neo-liberalization processes intensify rather than alleviate regulatory and institutional differentiation’ (Brenner et al., 2009, 10, italics in original), and how they produce uneven, cumulative, and layered national-institutional forms.

Although they share deep-seated criticisms of both the ‘borderless’ convergence and heterogeneity schools, the entry of economic geographers into these debates came relatively recently. Dicken (2003) writes extensively of the tendencies of globalization, and progressively emphasizes the lack of unitary outcomes and failure to erase national differences in business culture, corporate strategy, and government policy. This idea is central to the work of economic geographers as recounted in the introduction of Peck and Yeung’s (2003) Remaking the Global Economy. Furthermore, as Tickell and Peck (2003) note, the politics of the processes of globalization and neo-liberalization are hybrid and reflect the balance of local political forces, sources of resistance, and institutional legacies. The implementation of such processes invariably takes on ‘spatially variegated, institutionally specific, and historically changing forms’ (Tickell and Peck, 2003, 179).

Consensus has yet to be reached among geographers regarding the extent, form, and processes of neo-liberalism (Springer, 2009). In light of this, Brenner et al. (2009, 36) employ the concept of variegation in order to ‘reconceptualize the process of neo-liberalism outside the disabling binary frame of inexorable convergence versus unpatterned heterogeneity.’ Equally importantly, they note that the processes of neo-liberalization that produce systemic geo-institutional variegation constitute ‘a
cumulative, market-oriented reworking of the macrospatial frameworks and interspatial circulatory systems within which such geoinstitutional differences are produced and modified over time’ (p. 26). Here lies the strength of the concept of ‘variegation.’, that neo-liberalism is neither finite, nor is it an end-state. Rather, the processes of neo-liberalization create layered and path-dependent outcomes shaped by past rounds of economic and political restructuring as well as the hegemonies and dominant policy regimes of the present.

In summary, the processes of globalization, glocalization, and neo-liberalization have fundamentally restructured the global political economy. In turn, social scientists studying comparative political economies have conceptualized these processes through simplistic convergence/heterogeneity binaries, the ascendent role of TNCs, and the VoC approach’s LME/CME framework. These literatures lack unity, and only recently have some economic geographers synthesized these theoretical positions through the conceptual development of ‘variegated capitalisms and neo-liberalisms’ (Peck and Theodore, 2007; Brenner et al., 2009). While the previous sections focused on broader conceptualizations of national political economies and the effects of rescaling and restructuring on the organization of nation-states, the next section reviews cross-national comparative studies of employment relations. These reflect a similar range of approaches and theories, but in a more narrowly-defined milieu. A review of this literature culminates in a discussion of the analytical framework employed in the dissertation which is based on the work of Smith (2005; 2008) and his colleagues (Smith and Meiksins, 1995; Elger and Smith, 2005).
2.3 – Comparative Cross-National Employment Relations

Over the past two decades, and partly in reaction to the restructuring and rescaling of the global political economy, particularly at the international scale, among researchers there has been a renewed interest in comparative cross-national studies of employment relations (Budhwar and Sparrow, 2002). A number of commonalities exist between the conceptual bases used when conducting cross-national comparisons of broader political economies and employment relations (within those political economies). In fact, three of the five ‘coordination problems’ emphasized in the VoC approach focus directly on matters related directly to employment (Hall and Soskice, 2001). Similar to the broader social sciences, debates amongst comparative cross-national employment relations researchers are positioned along a spectrum from total convergence to heterogeneity and differentiation. Proponents of convergence describe both ‘directional’ convergence, or increasing similarities in specific trends and processes related to employment relations, and ‘final’ convergence, which refers to similarities in work practices and human resource management models (Mayrhofer and Brewster, 2005). For such writers, the TNC is viewed as the primary agent of convergence, both through its influences on broader policies and structures of economic governance, and at the scale of the workplace where managers and employees are subjected to the current corporate IR and HR practices (Smith, 2008).

Counterpoised to convergence approaches are comparative cultural approaches, which include both the national business system and the societal effects schools of thought (Hyman, 2001; 2005; Maurice and Sorge, 2000; Streek, 1992; Whitley, 1992;
These approaches, originally developed in the fields of organizational sociology during the 1970s, produced ideas that diffused across the fields of industrial relations, economic sociology, and labour studies (Smith, 2008). Often written in reaction to generalizing accounts of the processes of globalization and neo-liberalization, comparative cultural approaches emphasize the inimitability and uniqueness of cultural and ideological practices that exist at national and sub-national scales. They argue that a broad set of societal norms continues to differentiate nationally-based employment and industrial relations regimes. As a consequence, TNCs are required to adapt and integrate their corporate practices with the legislative frameworks and social hegemonies of host nations (Lee et al., 2000). Some nations (or regions) attempt to create competitive advantage by catering to the needs of business through the development and promotion of specific cultural and institutional frameworks (Porter, 1990; 2003). According to Tregaskis and Brewster (2006), the cultural and institutional embeddedness of firms limits convergence by mediating the diffusion of ‘best practices’ and fosters competition between the different political economic models characteristic of leading industrialized nations (e.g. the United States, Japan, Germany).

Comparative cultural approaches – particularly those that focus on national business systems – maintain that systems of political economic governance are produced and reproduced at the national scale. In short, specific business systems exist for each nation. However, most authors recognize that regionally-based intra-national variations in business systems exist. This is particularly the case in nations where federal governments divest key functions to sub-national units, or in those that are large in territory and contain heterogeneous populations with significant geographic, cultural,
and political variations (Whitley, 1992). Although Whitley points to the United Kingdom and Italy as prime examples of countries with strong regional variations in their national business systems (and Japan and South Korea as examples of countries with highly cohesive systems), Canada and the United States warrant similar consideration given the regionally varied nature of their economic geographies, political allegiances, and, importantly, the relatively high levels of autonomy afforded to sub-national actors. Yet intra-national variations are still embedded within national business systems and sub-national units are only able to modify or differentiate their business models if national-scale actors are confident that such strategies will yield aggregate benefits and enable such differentiation. Although the transfer of nationally-administered powers to sub-national administrative units often occurs out of necessity or duress imposed at the supra-national or global scale, such forces are mediated within sub-national versions of specific national business systems (Whitley, 2005). This serves to reinforce the power and influence of the national scale, rather than undermining it (Smith, 2008). This relates directly to one of the aims of this dissertation: to highlight and unpack the sub-national variations of the Canadian and American business systems that exist within British Columbia and the PNW in order to determine how they influence employment relations.

The VoC approach has also been employed by labour studies and industrial relations scholars. Thelen (2001) argues that recent trends in employment patterns and industrial relations are closely related to structural pressures to adjust to global market competition. These include an increase in flexible work practices and the rescaling of labour politics away from nationally-based class movements towards the level of the firm or even the individual worker. This literature posits that the outcomes of such
processes are best captured by distinguishing nationally-specific types of systemic and institutional arrangements that influence industrial relations, and thus draws upon the LME/CME binary (Hall and Soskice, 2001). The industrial relations regimes in CMEs are generally held to be ‘strong,’ relatively labour-friendly, and characterized by high levels of centralization and coordination produced through legislative frameworks, ‘cartel-like’ inter-firm linkages, and politically and economically powerful trade unions. Conversely, the industrial relations regimes of LMEs are more likely to be ‘weak’ and characterized by managerial flexibility, a desire for short-term profitability, market responsiveness, and decentralized and informal bargaining systems. Thelen (2001) gives ample consideration to market forces, which are viewed by proponents of convergence as generating a shift among European firms towards more flexible and individualistic American-style models of employment relations (Mayrhofer et al., 2004). Yet the inertia and embeddedness of institutional forces is also held to be a defining factor. Such ‘non-market’ factors shape the legislative frameworks and policies governing employment. In CMEs this manifests in a more collective approach within the labour movement and a focus on high quality and value-added production that requires stability. By contrast, in LMEs the link between plant-level employment relations and broader collective representation is increasingly being severed. In situations where skill development and stable labour relations are of prime importance, firms tend to internalize the functions performed by national-scale institutions in CMEs (Thelen, 2001).

The primary criticism of the VoC approach as it is applied to employment relations is that it limits states and markets to binary roles and leaves little room for middle ground, nor does it permit an active role for labour (Hyman, 2005; Smith, 2008).
One approach that questions this binary logic is found in Katz and Darbishire’s (2000) *Converging Divergencies*. Through in-depth analyses of the automotive and telecommunications industry in several countries, they find that while employment relations in specific industries or segments of industries are becoming more alike across nations, there is increasing divergence between different industries within nations. They also note general trends towards decentralized collective bargaining and corporate structures, an increase in contingent forms of work and remuneration, and greater informality in labour-management interaction. Their research also suggests that firms are not inexorably striving for ‘best practices’ in workplace organization based on any one dominant model. Rather than simply facilitating or blocking the implementation of ‘best practices,’ nationally-specific institutions shape and limit the breadth of possible work organization or industrial relations outcomes, thus contributing to the eventual forms assumed by such patterns.

One facet of Katz and Darbishire’s work that is critical to this dissertation is that nationally- and regionally-specific challenges for workers and unions brought about by diverse labour market outcomes inhibits efforts to foster solidarity internationally. Accordingly, too often unions and workers – who *de facto* are less mobile than capital – must *react* to the factors shaping employment relations imposed by the state and capital. In turn, they are less likely to *adapt* or be proactive, strategies more commonly employed by capital. This reinforces Van Houtum and Van der Velde’s (2005) observation that labour and labour markets are ‘grounded’ in particular local, sub-

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5 The decentralization of bargaining is generally equated with a weakening of labour’s power relative to capital’s, as the ability of unions to establish and enforce uniform national standards is impinged (Thelen, 2001). Decentralization also provides management with a means to whipsaw union locals, many of which are more inclined and better structured to bargain centrally, and must commit more resources to plant- or firm-level negotiations (Eaton and Kriesky, 1994; Katz and Darbishire, 2000).
national, or national scales. Although labour geographers have focused on the ability of labour to exercise agency (Herod, 1997; Holmes, 2004), many of these studies focus on the successes of unionized workers and are not necessarily representative of the experience of labour writ large (Castree, 2007; Lier, 2007). Labour geographers tend to focus on certain events and case studies, and often neglect to conceptualize or take for granted the everyday, engrained, or indirect instances of labour’s agency. It is therefore critical to engage with a framework that incorporates – but does not overestimate – the role of labour in shaping workplace outcomes.

Such an approach is found in the SSD framework developed by Smith (1990; 2005; Smith and Meiksins, 1995) to conduct comparative cross-national research on the employment relationships of professional engineers. Subsequently the SSD framework has been extended to examine employment relations amongst trans-national automotive manufacturers operating in the UK (Smith and Elger, 1997; 2000; Elger and Smith, 2005), and is increasingly a key component in the comparative cross-national employment relations and human resource literatures. Smith and Elger focus on the challenges faced by TNCs when attempting to transfer employment practices and organizational models developed in their nation of origin to their overseas operations. Their framework is useful for a number of reasons. First, it recognizes the agency of capital, labour, and the state in shaping employment relations. Second, it permits analysis of the cyclical and temporal limits to the exercise of agency, and entails in-depth empirical research in order to better understand the influences of national and regional political economic systems, TNCs, and global standards (or ‘best practices’) on labour market and employment relations outcomes (Elger and Smith, 2005).
The SSD framework is capable of incorporating the processes of convergence and heterogeneity discussed by authors such as Katz and Darbishire, Whitley, and Thelen. Broadly speaking, Smith (2005, 620) asserts that the

‘internationalized workplace condenses the effects of globalizing capital forces, national institutional rules, and world best practice work and employment standards within local and unique work situations. But it is only through social interaction that groups and individuals negotiate which of these different (and perhaps competing) ways of working, standards of quality, authority relations, and methods of employment will actually shape particular work situations.’

In the SSD framework, developed to systematically address the complexity of these ‘condensation’ processes, similarities and differences in the organization and governance of employment relations and workplaces are conjectured to be shaped by the interaction of systemic, societal, and dominance factors (Figure 2.1). Workplaces – especially those owned by firms that operate in two or more countries – are sites where the interaction of these factors produces a ‘reflexive recombination of local and international practices’ takes place (Mayer and Whittinger, 1999, 936). The framework does not afford primacy to any one factor, although it does allow that in specific instances one specific factor may be more influential than the others in shaping production organization and employment relations. Rather, it helps identify the extent and nature of the influences emanating from each factor, and the effects that these influences have on the form, structure, and continuity of employment relations (C. Smith, 2008).

Systemic factors are those related to the broader capitalist political economy. These factors shaped the most broadly-conceived environment in which firms operate, and incorporate those elements common to all capitalist actors. These include fundamental and often taken-for-granted ‘rules’ governing property ownership and the
motivation to produce for profit and exchange labour power for financial compensation. Such factors have generalizing tendencies and create common issues and recurrent problems regardless of the nation in which they are located (C. Smith, 2008). Yet some nations, regions, industries, or firms may constitute distinct sub-systems housed within the broader systemic context, and reflect distinct histories, agendas, and interests (Smith et al., 1990). In short, the systemic defines the breadth and depth of opportunities available to firms (and their consequent limitations), but does not predetermine the outcomes of a firm’s organization, structure, or employment practices (Smith and Meiksins, 1995).

Figure 2.1 – The System, Society, and Dominance Framework

Source: Elger and Smith, 2005, 68
Analyses that are overly reliant on systemic variations are incomplete and fail to recognize the competing socio-institutional and historical processes that modify systemic factors when replicated in different nations. As Smith and Meiksins (1995) emphasize, systemic factors do not exist in a vacuum, but are mediated, modified, and encultured by specific societal factors. Therefore, while systemic features represent a critical point of departure for the analysis of employment relations, they are constrained by established social and institutional arrangements that furnish particular resources or constraints with which capital and labour ultimately engage (Smith and Elger, 2005). It is here where firms, managers, and workers interact, where these interactions are conditions by socio-cultural and institutional norms and legacies, and where outcomes in the forms, practices, and standards of employment relations are ultimately determined. While proponents of convergence often afford primacy to systemic factors, critics emphasize the manner in which systemic factors are mediated and conditioned by nationally-specific institutional and cultural codes and practices, themselves products of the national contexts in which they were developed (Maurice and Sorge, 2000). Analyzing the societal context in which employment relations are situated is thus necessary in order to understand changes in the organization of firms, production, and employment relations. Moreover, societies themselves are in a constant state of flux, and many of their defining aspects are simultaneously becoming more and less similar to others across the globe.

In the case of TNCs, a dynamic relationship is created with the societies in which they operate. A dialectical process conditions employment relations and production
organization through the interplay of the policies of the TNC (replete with the societal norms of its country of origin) and the socio-institutional hegemonies and frameworks of the host nation or region (Elger and Smith, 2005). Such firms constitute ‘dynamic forces that challenge settled national institutions, by changing ownership and integrating activities cross-nationally, operating within a global reach that few states (or national institutions) can possess as they are tied to a territory in a way capital, and to a lesser extent labour, are not’ (Elger and Smith, 2005, 64). However, national governments continue to wield regulatory powers different from and unavailable to capital (e.g. monetary policy). Put simply, states are, as Elger and Smith point out, for the most part territorially fixed, and unlike even the largest TNCs – as is evident in the recent woes of financial and automotive firms once believed too large to fail – generally do not go bankrupt and persist in their basic form through recessions and restructuring (Krugman, 1994).

Yet states are not created equal, which perpetuates dominance effects, whereby the best practices or production standards that originate in one nation are adopted and emulated by other societies. Hierarchies have long existed within the global capitalist system, but have been subject to change over longer historical periods. Furthermore, there has always been ‘a tendency for one society to take the lead in evolving work organisation or business practices considered to be more efficient than those operating in other countries’ (C. Smith, 2008, 47). Although states exercise some agency in these processes through the replication of policies designed to foster or enhance best practice models, TNCs are the primary actors in the diffusion of dominant practices from home to host countries (Elger and Smith, 2005). In many cases ‘host’ societies have difficulty
resisting the implementation of ‘best practices’ or dominant production methods – which are themselves linked to specific nations (e.g. Fordism/Taylorism and the United States, Toyota Production System and Japan) – especially when the ‘home’ society witnesses sustained economy growth due in part to these practices and methods (Smith and Meiksins, 1995).

Despite the success and staying power of some modes of production (e.g. Fordism), many dominance factors are impermanent and fleeting. Jacoby (2005) notes that ‘dominant model’ forms of production ‘suffer from the problem of selection, namely the question of whether the parts of a country’s institutional practice that others are being urged to copy are the actual parts that produced the associated economic success in the first place’ (Smith, 2008, 47). Home country practices are retained by TNCs abroad only if they are perceived to be efficient within specific systemic-societal contexts (Edwards, 1998; 2004). Thus, the adoption of best practices and global standards occurs only when context makes it advantageous for firms to do so. Models of best practice also tend to have only short-term currency as the systemic-societal contexts in which they originated and evolved inevitably encounter challenge and crisis (Crouch, 2001). Claims to dominance are therefore tied not only to the economic success of a nation, region, sector, or firm, but to historical periods and market cycles, broader tendencies of uneven development, and importantly, the specific policy bundles and institutions of the nation in which they originated (C. Smith, 2008). After experiencing disinvestment or crisis, such models are quickly replaced by emerging practices and standards better suited to the new temporal and socio-institutional context (Elger and Smith, 2005). Emerging practices and standards are modified at least in part by the legacy of previously dominant
systems of production organization or employment relations – in addition to systemic and societal effects – which mediate, or dilute emerging dominance factors.

The SSD framework is predicated on the belief that comparative cross-national employment relations research must address the interaction of systemic, societal, and dominance factors. The strength of the SSD framework lies in its emphasis on the contradictory and competing pressures that face capitalist firms when implementing systems of production organization and employment relations in varied national contexts, as well as the agency exercised by labour, the state, and the host society. Put simply, the SSD framework locates the impetus for tendencies towards convergence and the sources of continued differentiation in workplace relations and practices. Furthermore, the SSD framework does not neglect or simplify the interaction between actors, such as TNCs, domestic firms, the state, labour, and cultural hegemonies as they relate to the transfer, adoption, or implementation of employment relations systems or practices. This is best exemplified in Smith and Elger’s (Smith and Elger, 2000; Elger and Smith, 2005) studies of Japanese firms operating in the UK, studies which emphasize that the process of transferring employment practices is ‘not a simple diffusion […] or a generic process of “Japanization” [although] there are certainly real traces of borrowing, learning, transfer, and transformation through the interaction of internationally dominant TNCs in national economies’ (C. Smith, 2008, 51). The framework also accounts for the fact that different sectors, industries, or nations integrate into the global economy at different rates or in different temporal contexts, which creates cross-national similarities in the employment relations in specific industries while
simultaneously creating intra-national differentiation between industries (Katz and Darbishire, 2000).

In addition to avoiding simplistic binaries of convergence and divergence, or the overly broad and infinite forms of political economic organization common to the heterogeneity school of thought, the application of the SSD framework – which has to date been primarily used by scholars to examine employment relations – in CBRs is an apt and appropriate strategy. This involves systematically analyzing a number of aspects of employment relations in different components of Cascadia’s forest products industry. Applying the SSD framework in CBRs requires little modification because it recognizes the potential for sub-national variations in systemic and societal factors. It is also particularly useful in that it – partly by drawing upon the works of Katz and Darbishire (2000) – accounts for simultaneous pressures towards and away from integration. However, Smith (2005; Elger and Smith, 2005) notes that further research – that should come primarily through a greater breadth of empirical studies – is required in order to fully capture the efficacy and potential applications of the SSD framework.

2.4 – Comparative Cross-National Employment Relations Research, the SSD Framework, and Cross-Border Regions

Existing cross-national comparative studies of employment relations generally focus on one of three scales: the nation-state, the firm, or the workplace (Budhwar and Debrah, 2001). National-scale studies focus on the comparison of broader trends, and draw heavily on quantitative data. As is particularly evident in the case of Canada and
the United States, such research often fails to capture regional variations that exist within national boundaries. Comparative studies of firms generally focus on TNCs and are most useful in demonstrating the diffusion and subsequent mediation of dominant systems of production organization or employment relations in different national contexts (see Elger and Smith, 2005). Comparative cross-national studies of two or more individual workplaces are also common, but best employed to examine specific and highly-contextual research questions. Such strategies are used extensively by industrial sociologists (Roberts, 2003).

This dissertation does not reject the usefulness of these scales in conducting comparative cross-national employment relations research. However, it makes a case for the inclusion of CBRs as an appropriate additional scale at which to analyze employment relations. There are three primary and interrelated reasons why CBRs provide a useful scalar ‘laboratory’ to examine the impact of cross-national political economic integration on employment relations and workplace practices.

First, if economic integration is leading to a convergence in cross-national employment relations we might expect this to be most clearly manifested in CBRs. Second, and despite significant efforts to examine and conceptualize political economic integration, there is little consensus regarding the extent, nature, or form of this integration (or lack of integration). This dissertation argues that one reason for this lack of consensus is that the prevalent national-scale comparisons employed by researchers are too broad, especially considering the amount of influence and agency that exist at supra- and sub-national scales. This is especially the case in North America, where sub-national regions are often highly differentiated in terms of their economies, politics,
histories, socio-cultural hegemonies, and bio-physical attributes. The manner in which these regions are differentiated is similar on the two sides of the Canada-US border, and this has served as a major impetus for the emergence of Canada-US CBRs. While the dissertation does not refute the importance or primacy of the national scale, it does emphasize the usefulness of undertaking comparative cross-national studies of all aspects of political economies at the scale of the CBR.

Several authors have focused on policy convergence in Canada-United States CBRs with regards to a number of social, economic, and environmental justice issues (Boychuk, 1999; Courchene, 1995; 2001; Van Nijnatten and Boychuk, 2004). Much of this research emerged due to skepticism of claims that the increased integration of the North American economy was leading to policy convergence (Boychuk and Banting, 2004). These authors emphasize the distinct economic structures and trade patterns that exist in CBRs, and also describe the key ‘policy levers’ housed within Canadian provinces and the increasing importance of American states in determining or influencing social and economic policies (Fry, 2004; Van Nijnatten and Boychuk, 2004). More specifically, they focus on objectively-measured convergence in a number of policy arenas. For example, Boychuk (1999) examines increasing similarities in social welfare provision between contiguous provinces and states during the 1990s, while Van Nijnatten and Boychuk (2004) develop a methodology to identify tightly-linked pairs of provinces and states, and then employ it to examine income redistribution and pollution abatement and control programs. They find that in the latter half of the 1990s there is strong evidence that convergence was occurring in these policy arenas, but that while
this convergence was evident in contiguous groups of provinces and states, this was not the case at the national scale.

There is little research that examines the degree to which employment relations are becoming more or less similar in Canada-US CBRs. This dissertation is designed to address this lacuna by developing and applying a conceptual framework derived from the work of Smith and his colleagues to examine and compare employment relations in the forest products industry of Cascadia. Such an approach is timely and useful in that most instances where economic geographers have found evidence of political and economic integration are limited to ‘specific arenas’ such as ‘production organization, sectoral strengths and weaknesses, equity investment patterns, and […] labour market practices’ (Christopherson, 2002, 1). CBRs are therefore an extremely useful scale at which to examine and compare cross-national employment relations because they house both the ‘specific arenas’ outline by Christopherson and critical sub-national policy levers directly related to the governance of these specific arenas (Van Nijnatten and Boychuk, 2004).

Lastly, comparative cross-national employment relations research at the scales outlined by Buhdwar and Debrah (2001) often examine ‘close pairs,’ or nation-states with similar economies, traditions, and socio-institutional structures (Esping-Anderson, 1990; Kumar, 1993; Godard, 2003). The advantage of studying close pairs is that

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6 In addition to this dissertation, the only other research that explicitly examines employment relations in CBRs can be found in the recent works of Holmes and Rutherford (forthcoming), who examine employment relations in the automotive industry in Ontario and the Great Lakes states.

7 Examples of close pairs best characterized as LMEs include Canada and the United States, Australia and New Zealand, and the United Kingdom and Ireland. Close pairs better characterized as CMEs include Germany and Austria, Norway and Sweden, and Belgium and the Netherlands (Strauss, 1998).
‘[their] similarities permit us to hold many characteristics constant while concentrating on the relatively few on which the countries differ. Such studies begin by focusing on the similarities and later shift to the differences’ (Strauss, 1998, 1986). The political economic relationship of Canada and the United States is marked more by a ‘tyranny of small differences,’ than by more fundamental or significant differences. Focusing the scale of analysis in this dissertation on a Canada-US CBR reinforces and refocuses the study of close pairs; in fact, it allows for the study of a close pair within a close pair.
Chapter 3 – Employment Relations in Cross-Border Regions: Methods and Research Design

This chapter describes the research design and methods employed in the dissertation. It begins with an overview of the research design, which is based on comparative cross-national case studies. The following sections examine the methods used to collect the primary (qualitative) data which underpin the case studies presented in Chapters 6 through 8.

3.1 – Research Design

Cascadia’s forest products industry was chosen as the empirical focus of the dissertation for a number of reasons. First, the forest products industry is one of, if not the, most important contributors to the socio-cultural and political development of Cascadia. Despite perceptions of forest products as a ‘sunset’ industry, its economic contributions and political significance remains a critical component of the lives of many Cascadians. Second, the forest products supply chain (Figure 3.1) includes three components – pulp and paper, solid wood processing, and logging – each of which exhibits distinct operational and contextual characteristics. This permits both a cross-national comparison, as well as intra-national comparisons of each component in the supply chain; the latter enabling an assessment of Katz and Darbishire’s (2000) concept of ‘converging divergencies.’ Third, two of Cascadia’s largest most significant firms – Crown Zellerbach and Rayonier – operated throughout the region until 1980, and
numerous others established some productive capacity in both the PNW and British Columbia at some point. For example, Weyerhaeuser established a significant (but short-lived) trans-Cascadian supply chain through mergers and acquisitions between 1998 and 2004. Although these linkages are less prevalent today (and are now more likely comprised of groups of firms owned by similar asset management companies), the legacies left by these large and influential trans-Cascadian firms has significantly impacted the organization of production and employment, and continues to today. Lastly, the majority of Cascadia’s pulp and paper workers belonged to the same union until 1974, and the same union represented most unionized loggers and solid wood processing workers until 1987. However, and with the exception of some members of the United Steelworkers of America, few formal cross-border linkages currently exist between unionized forest products industry workers. Therefore, and similar to the case of their employers, the employment relations systems of most of Cascadia’s unionized forest products workers evolved from what were once very similar systems governed by similar unions into more varied, dynamic, and complex arrangements.

Figure 3.1 – The Forest Products Supply Chain
Each component of the forest products supply chain exhibits distinct operational characteristics. Thus, it is necessary to employ a research design that while applicable to all four components is also able to incorporate their differences. In fact, the differences are central to the dissertation, and permit the analysis of interactions between systemic, societal, and dominance effects in different national and operational contexts. The pulp and paper industry is extremely capital intensive, facilities are large and operate on a continuous basis, almost all production and trade workers belong to industrial unions, and the industry provides a ready market for the residual wood fibre produced by other components of the supply chain. Increasingly, pulp and paper firms are owned by a small number of large firms, many of which are controlled by international investors. The solid wood processing industry is the most heterogeneous component of the supply chain in terms of ownership, production organization, capital intensity, and employment relations. An increasing proportion of production occurs in large and capital intensive mills, but numerous small locally-based mills with a variety of production technologies exist. These mills are also owned by a diverse group of firms and investors. The organization of production and employment relations in the logging industry is qualitatively different to those in other components of the forest products industry. This is due to the ‘eco-regulated’ nature of logging, which subjects production to uncertainties based on climate and shifting and dispersed sites of production. The concept of eco-regulation was developed by Benton (1989) to describe the differences between agricultural production processes and the productive-transformative processes of manufacturing industries, whereby labour power is applied to raw materials in order to produce a finished product. This is developed in more detail in Chapter 8.

Independent contractors account for an increasing proportion of production. This has come at the expense of unionized loggers employed directly by parent firms. British Columbia and the PNW
also have different forest ownership regimes, which influences the organization of production and work in each component of the supply chain.

Despite changing theoretical and methodological fashions in employment research, case studies persist as the most commonly used strategy (Kitay and Callus, 1998; Whitfield and Strauss, 2000). Yin (2008) makes an important distinction when he notes that case studies are not methodologies in and of themselves, but are research strategies and components of research designs that can house various and multiple methodologies. Two strengths of case studies are readily apparent. First, they reflect a multi-disciplinary agenda. This is evident in the works of social scientists from a range of disciplines (e.g. geography, sociology, political science/studies), who use case studies in employment-related research (Cornfield and Kane, 1998; Patmore, 1998). Second, case studies allow for comprehensive understandings of intertwined economic, historical, political, and socio-cultural phenomena. This is critical when studying employment and workplaces, which require the researcher to address and make sense of myriad complex social interactions and subjective qualitative elements of social and economic life: a task for which case studies are particularly well-suited (Kitay and Callus, 1998).

The research design employed in this dissertation is organized around six case studies: one of each component of the forest products industry in each of the PNW and British Columbia (Figure 3.2).2 These case studies are used to compare employment relations in each of these components both across and within the Canadian and United States sections of Cascadia. Each case study (Chapters 6 through 8) begins by

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2 Although pulp and paper are not combined in Figure 3.1, they are dealt with as a distinct industrial component. While a number of mills produce only pulp, there are very few paper mills that do not have adjoined pulp-producing facilities.
introducing the nature of work and production in that industry. The case studies of the pulp and paper and solid wood processing industries are then organized around four aspects central to employment relations: employment, wages, and productivity; the structure of firm ownership; the labour movement; and work practices, training, and reproduction of the labour force. The case study of the logging industry is similar, but the sections that examine the structure of firm ownership and the labour movement are combined due to significant overlap of these aspects. The final section of each chapter then explicitly engages the SSD framework to analyze the evolution, change, and restructuring of the various aspects of employment relations within that component since the late 1970s.

Figure 3.2 - Comparative Case Studies
Despite the advantages of this research design – one of which was the flexibility in the recruitment and inclusion of subjects – it is important to understand the practical limitations that existed. Although it would have been ideal to interview executives, managers, and employees at every forest products firm in Cascadia, this was not temporally or financially feasible. Even including actors from every firm in the highly-concentrated pulp and paper industry proved unrealistic, especially given that some firms were being restructured and were unwilling to grant access or spend time with a researcher. However, it was imperative to ensure that my data included information from subjects representing a variety of interests (e.g. labour, front-line managers, executives) and a variety of firms in each component (e.g. private or public ownership, different sizes, vertically- or horizontally-integrated). Table 3.1 lists the characteristics of firms that participated in the project. Each firm is assigned an alphabetical code for reference later in the dissertation. The names of these firms are omitted in the excerpts of interviews. Excerpts from interviews do not omit the proper names of firms that are defunct, or that did not participate in the study. Moreover, interviews conducted with union representatives (many of whom had experience working for participating firms), contractors, the representatives of contractors’ associations, or industry lobby groups provided valuable insight into production organization and employment relations at firms listed in Table 3.1 and those not directly interviewed.

3 I initially planned on interviewing at Weyerhaeuser, which until recently had extensive trans-Cascadian linkages. This would have yielded valuable insight into the manner in which that firm’s corporate practices diffused and were mediated in different national contexts. However, during the early stages of my fieldwork, Weyerhaeuser was in the midst of divesting most of its assets in British Columbia, and many in the PNW.

4 To warrant inclusion, at least one interview was conducted with a direct employee, manager, or executive. In most cases more than one subject was interviewed. This list does not include timberland owners or logging contractors.
In addition to secondary statistical data collected from Statistics Canada, the United States Census Bureau, United States County Business Patterns, and the Washington and Oregon State Employment Agencies, primary data were collected through seventy in-depth and semi-structured interviews.\(^5\) To ensure that case studies were broadly representative of the range of opinions and positions of subjects based on their role in the industry (e.g. labour or management), the industrial component, firm, or region in which they worked, and the organizations that they represented, interviews were conducted with a variety of respondents including:

- Production and trade workers at pulp, paper, and solid wood processing mills (some of whom were also elected officials in their local unions),
- Salaried staff representative or elected officials of unions representing forest products workers (almost all of whom had experience in one or more components of the forest products industry),
- Loggers,
- Logging contractors (some of whom were independent owner/operators),
- Representatives of logging contractors’ associations (most of whom had experience working as loggers or logging contractors),
- Executives and managers of forest products firms,
- Forest products industry lobbyists,
- Representatives of provincial, state, and municipal government (some of whom had experience in the forest products industry or as elected union officials), and
- Representatives of provincial, state, and municipal labour councils.

In-depth and semi-structured interviewing gained favour in the 1980s amongst geographers who study work, and continue to be used extensively. The strength of this style of interviewing is that it permits the interviewer to uncover, examine, and engage

\(^5\) Confidentiality and anonymity were offered to subjects, but waived by some. Most subjects who waived anonymity were elected union officials.
with specific issues and events, oral histories, and socio-cultural phenomena otherwise unavailable through highly-structured questionnaires or surveys (Whipp, 1998; Mullings, 1999). On occasion, the interview process afforded access to production facilities, which I toured with representatives of management and labour (most often separately). A number of interviews were also conducted at union or contractors’ association conferences. Although I generally acted as an observer at such events, these experiences provided opportunities not only to network with and recruit subjects, but to gain insight into the issues critical to workers and their respective industrial sectors. It also led to numerous informal conversations (not classified as formal interviews) that assisted in the evolution of my research agenda and interview schedules.

Table 3.2 lists the number of interviews conducted in each component of the forest products industry. The number in parentheses indicates the number of interviews conducted with subjects classified as ‘labour.’ This includes hourly-paid production and trade workers, loggers paid by the piece, and union representatives or officials. Appendix A lists the characteristics of individual interview subjects. These include the code (1-70) used to identify the origins of interview excerpts included in the following chapters; the month and year the interview was conducted; the component of the supply chain in which the subject was involved; the subject’s primary, and if applicable, secondary occupation; the assigned code of their firm or employer; the union that represents or employs the subject (if applicable); and the region in which the subject works.

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6 This category is used primarily in the case of production or trade workers with a formal position in their local union.
Table 3.1 – Characteristics of Participating Firms

<table>
<thead>
<tr>
<th>Firm Code</th>
<th>Ownership</th>
<th>Size⁷</th>
<th>Integration⁸</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Public</td>
<td>Large</td>
<td>Vertical</td>
<td>BC</td>
</tr>
<tr>
<td>B</td>
<td>Public</td>
<td>Large</td>
<td>Vertical-Lumber</td>
<td>BC</td>
</tr>
<tr>
<td>C</td>
<td>Public</td>
<td>Large</td>
<td>Pulp and Paper</td>
<td>BC</td>
</tr>
<tr>
<td>D</td>
<td>Public</td>
<td>Large</td>
<td>Pulp and Paper</td>
<td>BC</td>
</tr>
<tr>
<td>E</td>
<td>Public</td>
<td>Large</td>
<td>Vertical</td>
<td>BC</td>
</tr>
<tr>
<td>F</td>
<td>Private</td>
<td>Small</td>
<td>Lumber</td>
<td>PNW</td>
</tr>
<tr>
<td>G</td>
<td>Public</td>
<td>Large</td>
<td>Pulp and Paper</td>
<td>PNW</td>
</tr>
<tr>
<td>H</td>
<td>Public</td>
<td>Medium</td>
<td>Pulp and Paper</td>
<td>PNW</td>
</tr>
<tr>
<td>I</td>
<td>Private</td>
<td>Medium</td>
<td>Vertical-Lumber</td>
<td>PNW</td>
</tr>
<tr>
<td>J</td>
<td>Private</td>
<td>Medium</td>
<td>Vertical-Lumber</td>
<td>PNW</td>
</tr>
<tr>
<td>K</td>
<td>Private</td>
<td>Medium</td>
<td>Vertical-Manufacturing</td>
<td>PNW</td>
</tr>
<tr>
<td>L</td>
<td>Private</td>
<td>Large</td>
<td>Vertical-Manufacturing</td>
<td>PNW</td>
</tr>
<tr>
<td>M</td>
<td>Public</td>
<td>Medium</td>
<td>Lumber</td>
<td>PNW</td>
</tr>
<tr>
<td>N</td>
<td>Public</td>
<td>Medium</td>
<td>Lumber</td>
<td>PNW</td>
</tr>
<tr>
<td>O</td>
<td>Private</td>
<td>Medium</td>
<td>Vertical-Lumber</td>
<td>Cascadia</td>
</tr>
</tbody>
</table>

Table 3.2 – Interviews by Region and Industrial Component

<table>
<thead>
<tr>
<th></th>
<th>Pulp and Paper</th>
<th>Solid Wood</th>
<th>Logging⁹</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PNW</td>
<td>11 (9)</td>
<td>10 (4)</td>
<td>12(2)</td>
<td>0</td>
<td>33(15)</td>
</tr>
<tr>
<td>British Columbia</td>
<td>17(13)</td>
<td>6 (5)</td>
<td>8(5)</td>
<td>3 (2)</td>
<td>34(25)</td>
</tr>
<tr>
<td>Trans-Cascadia</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>28 (21)</td>
<td>17 (9)</td>
<td>21 (7)</td>
<td>4 (2)</td>
<td>70 (40)</td>
</tr>
</tbody>
</table>

⁷ A small firm is defined as one with between one and three processing facilities. A medium firm is defined as one with between four and nine solid wood processing facilities, or firms with two or more pulp and paper mills. A large firm is defined as one with ten or more facilities of any type, or three or more pulp and paper mills.

⁸ A vertical firm is defined as one that owns timberland, solid wood processing, and pulp and paper operations. A Vertical-Lumber firm owns timberland and solid wood processing operations. A Vertical-Manufacturing firm owns solid wood processing and pulp and paper operations.

⁹ In the case of logging, many subjects – particularly contractors and owner/operators occupied an ambiguous position in that they were concomitantly both an employer and in many ways the employee of the client for whom they carried out work. This relationship is elaborated upon in Chapter 8, but for the purposes of this dissertation, contractors are not listed as labour.

¹⁰ Subjects listed as ‘Trans-Cascadian’ are those whose primary occupation involves work throughout Cascadia and whose employer is an agency or institution with at least some formal interest in fostering more integrated and harmonious economic, political, or social relations in the CBR.
3.2 – The Interviews

Each interview lasted between half-an-hour and three hours. Most were conducted in private or semi-private locations, including union halls, offices (including my own in Seattle), subjects’ homes, vehicles, and restaurants or taverns. Four interviews were conducted over the telephone. Most were digitally recorded, but a small number were recorded using written notes. This occurred at the request of the subject, or in the instances where interviews were conducted over the telephone. Recordings and written transcriptions were destroyed once data were entered into a word processing program and coded. No compensation was offered to subjects.

Recruitment occurred primarily through two means: ‘cold-calling’ and referrals from ‘gatekeepers.’ The initial stages of recruitment involved contacting representatives from six unions involved in the forest products industry, a number of regionally-based logging contractors’ associations, and a number of forest products firms. Union representatives were generally willing to participate in my research, and many enthusiastically promoted my project to colleagues in hopes that they would agree to be interviewed. Contractors’ associations also demonstrated a willingness to participate. This is likely based on their function in promoting the interests of their members. The response of forest products firms was mixed. Many were more than willing to participate, and some were extremely interested in voicing their opinions and hearing my insight regarding where their firm’s employment relations were situated within the broader industry. This was most often the case with privately-owned firms with familial links (most of which are located in the PNW). Conversely, the executives and senior
managers of large publicly-owned firms engaged in restructuring were extremely difficult to access, let alone persuade to participate.

The interview guide was organized around the nine cells in an intersecting three-by-three matrix based on Peck’s (1996) causal factors of the formation and segmentation of labour markets (labour demand, labour supply, and the state) and Martin and Sunley (1998) and Gertler’s (2001) scales at which employment relations and production organization are shaped (the region, the firm-internal, and the firm-external).

Peck’s factors highlight the focal issues studied by labour market segmentation theorists since the 1970s. Prior to that, segmentation theories were not unified, but were presented as a cluster of models (Rubery, 1992). Peck’s first emphasis – labour demand – focuses on the effects of technical requirements, market stability, labour control strategies, and industrial structure on the demand for labour. The second – labour supply – emphasizes the mutual dependence of labour and capital, and contends that even if capital acted coherently (which it does not), labour markets are inherently socially produced and reproduced. Factors shaping the supply of labour include the gendering of work, occupational socialization, the stigmatization of certain social or ethnic groups, the influence of unions, and household divisions of labour. The third – the state – focuses on the governance and regulation of labour market institutions. Examples include education and training, industrial relations, and social welfare systems or regimes. Therefore, while each provides a different point of departure, the processes shaping labour markets are ‘multiply determined’ and result from ‘the combined effects of these three sets of causal tendencies’ (Peck, 1996, 61, italics in original).
The work of Martin and Sunley (1998) and Gertler (2001) helps organize each of Peck’s causal factors around the primary scales at which employment relations are determined. Engaging with the region allows for analyses and comparisons of broader trends in Cascadia, such as the volume and nature of employment and wages in each component of the forest products industry, or the volume and proportion of provincial or state GDP provided by the forest products industry. The effects of trade agreements, environmental governance, and industrial and labour relations policies are also examined at this scale. Analyses at the scale of firm-external focuses on inter-divisional relations, inter-firm relations, and the relations of employers with the institutions and communities that govern, regulate, and shape the structure of the industry and labour markets. The relationships between parent firms and suppliers or contractors are also examined here. Analyses at the scale of firm-internal focus on the organization of production and work and the division of labour in specific firms or contractors. They also focus on the internal employment relations and recruitment systems or strategies of such firms.

Table 3.3 illustrates the specific topics examined at each intersection within the matrix. The open-ended interview guide is organized around this matrix. The guide was, for the most part, just that, a guide. The interview guide is listed in Appendix B. Some questions were not applicable to certain subjects, and a number of questions or topics that were not included in the guide arose in particular interviews. This latter point demonstrates an advantage of conducting semi-structured and open-ended interviews, which facilitate the collection of systemic data (e.g. employment history) as well as more subjective and experiential information, which is critical in providing insight into research questions (Whipp, 1998).
Table 3.3 – Intersecting Themes of Analysis

<table>
<thead>
<tr>
<th>Region</th>
<th>Firm-External</th>
<th>Firm-Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Demand</td>
<td>Demand for Local Products or Services</td>
<td>Inter-divisional Relations</td>
</tr>
<tr>
<td></td>
<td>Local/Regional Wage Rates, Employment Rates, and Living Costs</td>
<td>Inter-firm Relations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Corporate IR/HR Policies and Practices</td>
</tr>
<tr>
<td>Labour Supply</td>
<td>Labour Migration</td>
<td>Relationships with Employers Associations</td>
</tr>
<tr>
<td></td>
<td>Ethnic, Cultural, and Gender Makeup of Labour Market Segments</td>
<td>Relationship with State Education, Training, and Certification Institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relationship with Private Education, Training, and Certification Institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>Trade Agreements and Disputes</td>
<td>Influence of Tax Rates and Incentives on Location of Production</td>
</tr>
<tr>
<td></td>
<td>Environmental Regulation</td>
<td>Influence of Existing Infrastructure on Location of Production</td>
</tr>
<tr>
<td></td>
<td>Industrial Relations Regimes</td>
<td>Relationships with Cross-Border Trade and Development Institutions</td>
</tr>
<tr>
<td></td>
<td>Social Welfare Regimes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Education and (Re)Training Programs</td>
<td></td>
</tr>
</tbody>
</table>

Interview questions related to the firm-internal scale focused on employment relations at the subject’s workplace. Here, questions related to labour demand focused on the day-to-day duties associated with the subject’s job, the relationship between owners, management, labour, and unions (where applicable), or the relationship between clients, contractors, and labour. Employee recruitment was also discussed here. Questions related to labour supply focused on occupational cultures, the influence of unions on employment relations, and the work-related concerns of subjects. Questions related to the state focused on the role of the workplace or firm in the local or regional economy, as well as the role of policy and the state in production and employment.
Interview questions related to the firm-external scale focused on the relationship of the employer with labour market institutions and the state. Questions related to labour demand focused on intra-firm, inter-firm, and client-contractor relations, and the importance of these relationships in the context of provincial or state economies, or the broader forest products industry. Questions related to labour supply focused on the relationships between employers and labour with various institutions that provide education, training, and certification. These include unions, employers’ and contractors’ associations, private certifications boards (e.g. Canadian Standards Association), and the state. Questions related to the state focused on the role of taxation, labour, and environmental policies, the provision of infrastructure, and the relationships between firms and trade or development institutions.

Interview questions related to the region focused on the role of the firm, employer, or institution within the provincial, state, or Cascadian political economy. Questions related to labour demand focused on the demand for products or services offered by employers, the cost of living in communities where production occurs and where subjects reside, and the nature of other work opportunities and industries both within the region and outside the region. Questions related to labour supply focused on the ethnic, gender, and cultural composition of the labour force, and the local or regional stigma attached to specific groups of workers or managers. Questions related to the state focused on the effects of regional trade agreements on production and employment, as well as social, economic, education, and training policy.
3.3 – Positionality

During the course of my fieldwork it was important to reflect on my positionality, especially considering the variety of subjects interviewed. Throughout the fieldwork, my positionality was fluid and dynamic, and I was often required to adapt to specific situations, albeit without deceiving or misinforming subjects. This strategy is discussed by other geographers. As Herod (1999, 321) notes, ‘the researcher can often shift her/his positionality in a self-conscious way, on some occasions playing up social distances between researcher and interviewee, on others playing down such differences.’

My positionality was influenced by broad factors such as age, gender, class, institutional affiliation, and, because of the cross-national context of my research, nationality.

A large proportion of interview subjects wielded relatively more power than I did (based on occupation and earnings), and are therefore characterized as ‘elite.’ This was certainly the case during interviews with elected and salaried union representatives, representatives of contractors’ associations, logging contractors, and the executives and managers of forest products firms. Consistent with the experiences of other economic geographers, elite subjects provided the most useful interviews, especially during the initial stages of fieldwork. They were able to speak with authority and helped inform or direct research questions (Gertler and Vinodrai, 2005).

A number of economic geographers provide insight into their experiences interviewing the elite (see Schoenberger, 1991; Herod, 1999; Mullings, 1999; Ward and Jones, 1999). These researchers describe some of the advantages in recruiting and accessing elites, including the fact that many belong to institutions with clearly defined
hierarchies and accessible contact information. This was certainly the case in my research, as firm, association, and union websites or publications provided the email and telephone contacts of potential (and many eventual) subjects. Recruiting subjects over the telephone and through email permitted not only initial contact, but also provided opportunities to describe the motivations and rationale of the research project prior to the actual interview. Of those who responded to initial inquiries, few declined to participate, and such cases were generally due to scheduling constraints rather than outright refusals to participate.

Initially, the interview structure provided a means to pose questions and initiate discussions consistent with my interview schedule. It also permitted subjects to shape portions of interviews, which was critical in establishing the constantly evolving agenda of my research (see also Mullings, 1999). This was particularly important during initial forays into particular networks of subjects. As Lawson (1995) notes, such strategies allow researchers to avoid setting priorities in a ‘top-down’ fashion that may ultimately obscure the data collected. In addition to providing their own insights, these subjects also acted as ‘gatekeepers’ and provided access to others within their network(s). The value of gatekeepers cannot be overemphasized. This is well documented by industrial relations researchers (Strauss and Whitfield, 1998; Whitfield and Strauss, 2000) and economic geographers (Herod, 1999; Mullings, 1999) alike. Herod (1999) notes that accessing elite informants can provide access to entire networks through direct and indirect means, and provides credibility to researchers when asked ‘how did you get my name’ (p. 316). This was certainly the case during the initial stages of my fieldwork, when many subjects were recruited through referrals. Although a number of referred
subjects did not wield the same power as gatekeepers (e.g. production workers), a number were indeed more powerful, as was the case with high-ranking executives at forest products firms who may have otherwise balked at unsolicited requests for interviews.

Another issue emphasized by Mullings (1999) and Herod (1999) is the need to maintain multiple subject networks and multiple points of entry. Throughout my fieldwork, I developed and maintained separate networks with subjects representing capital and labour in each component of the forest industry in the PNW and British Columbia. Maintaining these networks separately avoided problems experienced by Mullings (1999), who in some cases relied upon managerial subjects to provide access to workers, found that her prior relationships with managers limited the relationships she was able to develop with workers. Some of the networks I maintained included adversarial parties, while in other cases parties were simply unfamiliar with one another. In others yet, formal and informal linkages were present. These included firms with linked supply chains, employees of different firms represented by the same union, and representatives of different unions who had experience working with one another in some context.

Herod (1999) struggles with the ethical conundrums presented when researching multiple intertwined or adversarial networks. He emphasizes the need to avoid divulging the entire research agenda to subjects, and believes this practice is ethical because it does not undermine critical and engaging research. During the course of my research I rarely divulged information that was garnered from subjects within one network to those in another, nor did I reveal the identities or affiliations of previous subjects (unless these
identities were well-known to gatekeepers or the subject’s colleagues). This strategy was tested by some, such as a mill manager who bluntly questioned which firms or executives I had interviewed. My vague response was ultimately critical to his decision to participate. This was, as he attested, his ‘test’ to determine whether I was in the habit of divulging information to other subjects.

My position within the academy was also a consideration. Both the nature of the institution(s) that I represented and my discipline were important. My affiliation with two large established institutions – Queen’s University and the University of Washington – provided legitimacy that may not have been bestowed upon researchers from lesser-known universities. Additionally, the ability to selectively represent one or the other depending on the context ensured that subjects were familiar with my affiliation. The ambiguity of being a geographer offered a chance to explain my research project to wary subjects (see also Herod, 1999). In my experience, this fostered a deeper initial engagement prior to interviews, and in some instances, provided insight that helped set the agenda for the interview.

Extensive travel, frequently changing sites of interviews, and a varied subject base required that I ‘adapt’ my positionality in order to avoid ‘mis-fitting’ (Vanderbeek, 2005). In addition to other broad characteristics, dress, personality, language, and general demeanour influences the relationships between researcher and subjects (McDowell, 1998; Ward and Jones, 1999). When interviewing executives and managers, I was more apt to emphasize my institutional affiliation(s), while during interviews with

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11 Generally, I chose the University of Washington as my ‘primary’ affiliation when conducting research in the PNW, and Queen’s when conducting research in British Columbia.
unionized workers and their representatives I often mentioned my father’s union affiliation (the same as most Canadian pulp and paper workers) or that I was born in Hamilton, long a stronghold of the Canadian labour movement. It was also important to ensure that visual and aural displays were appropriate and did not alienate myself or my subjects. For example, when interviewing executives and managers in corporate offices business attire was appropriate. However, when interviewing at union halls or workplaces more casual dress was required, and it was generally best to avoid speaking ‘academ-ise’ (Herod, 1999).

Another concern was the partiality of the research agenda, especially as it relates to the relationships developed with subjects and their networks. It is widely held that regardless of positionality, every research project is invariably partial (Herod, 1999; Gertler and Vinodrai, 2005). This is crucial considering the nature of personal relationships created with subjects. As Herod (1999) notes, this creates an ethical paradox: personal relationships are required for access to the network, but such relationships can skew data and results. This conundrum illuminates the need to constantly reflect on positionality, as well as maintain the primacy of one’s status as ‘researcher.’ This is especially critical when research becomes personal (or at least, personable), and interviews resemble friendly conversations or social engagements rather than formal academic exercises. I was confronted with this situation on a number of occasions, where interviews were conducted in relaxed settings. In other cases, informal socialization occurred following interviews, and alcohol and marijuana were present. Subjects (and their colleagues) generally accepted my presence, and often discussed issues at the forefront of my research agenda during these social interactions.
When thinking ‘positionally,’ my gender was critical in accessing these situations, which occurred almost exclusively with males employed in traditionally male industries and in traditionally male spaces. It is almost certain that the nature of my relationships with subjects and access to the spaces in which research and socialization occurred would have been very different if I were not male.

In summary, the study of employment relations in CBRs is largely uncharted territory. It was therefore critical to ensure that the research design and methods employed meshed appropriately with the empirical subject matter and conceptual framework. To do so, a carefully considered design was developed that incorporates the work of economic geographers studying employment relations and comparative political economies, as well as the work of those studying comparative international industrial and employment relations. Organizing the project around six case studies also facilitates a comparison of the effects of the factors that shape employment relations in a manner that informs how integration occurs within CBRs, as well as how the presence of nationally-specific factors continues to produce differentiation. The latter point is critical in informing how and where national scale factors remain relevant in shaping employment relations.
Chapter 4 – Canada-United States Cross-Border Regions

Few nations share such extensive commonalities as Canada and the United States. For some, the physiographic unity of the two nations is paramount in fostering these commonalities:

‘The Americas seem to have a north-south axis, and also an east-west one. The former is geographic and is the principal one because it results from the very conformation of the continents themselves. It is expressed by the majestic geological folds, by the vertical arrangements of the climactic zones, and the natural trend of commerce. It is even to be seen in the flow of public opinion. One feels that its effects are inevitable, and that, in the end, it will overcome all resistance’ (Brescia and Super, 2008, 4).

Others emphasize the legacies left by colonial histories and patterns of development, mercantilism, international conflicts, and independence from Great Britain (Bolton, 1964). According to Brescia and Super (2008), these have led to a growing sentiment that political economic commonalities and similar geographies are leading to convergence and integration of all facets of Canadian and American society. However, such assertions also provoke more cautious approaches. This is evident in the work of Shindler et al., (2003, 30), who note that

‘It is more accurate to say that Canada and the United States have had a shared historical trajectory rather than to say they have a shared history. The similar outcomes in policy and practices have more to do with similar pressures, similar environments, and similar immigrant populations with similar goals and expectations in relation to land, land settlement, and land use, than with shared institutions or explicit collaboration in the development of policy.’

Despite Canada’s deep-seated resistance to political integration with the United States, the economies of both nations have become increasingly integrated since the Second World War (McDougall, 2004). Canada and the United States share the world’s
largest trading relationship (despite the rapid increase of United State-China trade since
the late 1990s),\(^1\) which has strengthened and deepened under the progressive
liberalization of trade in the past two decades. Yet this was not always the case, as both
nations avoided formal bilateral free trade for longer than conventional theories would
suggest (Golob, 2003). This chapter examines the development of CBRs in Canada and
the United States in the context of the evolution of both nations’ political economic
relationships. The first section focuses on the evolution of this relationship since the
mid-19\(^{th}\) century. The second focuses on the emergence of CBRs in Canada and the
United States. In doing so, it draws upon a variety of literature, including the work of the
Canadian federal government’s Policy Research Initiative (PRI). The third focuses on
the political, economic, socio-cultural, and environmental constructions of one such
CBR: Cascadia, the geographic focus of this dissertation.

4.1 – ‘The Remarkable Relationship’: the Evolution of Canada-United
States Political and Economic Relations

The decision to ratify the Canada-United States Free Trade Agreement (FTA)
‘marked a significant departure from century-old Canadian politics of economic
nationalism’ (Wallace, 2002, 3). Canadian proponents held that the advantages of
integration were necessary to compete globally, while opponents argued that free trade
would lead to job loss, declining wages, and a vitiation of Canada’s national identity and

\(^1\) In 2008 the total volume of trade between Canada and the United States was over US550 billion,
while trade between China and the United States was US409 billion (US Department of Commerce, 2009;
US Census Bureau, 2009). However, the volume of trade between the United States and China increased
more than fourfold between 1999 and 2008.
political sovereignty. In the history of Canadian politics, the issue of free trade with the United States is second only in prominence to the question of Quebec’s sovereignty (itself a result of political and cultural regionalism (Brescia and Super, 2008)) (Hoberg, 2000).

While formal bi-national trade agreements prior to 1988 were few and far between, there were exceptions. The first of these was the 1854 *Reciprocity Agreement* between the United States and British North America, whereby American tariffs on lumber and grain were relaxed in exchange for American navigation rights on the St. Lawrence and fishing rights in the Atlantic. The agreement was abrogated in 1866, one year before Canada’s confederation. Attempts by Mackenzie’s government to renegotiate the agreement in the late 1870s failed, and gave way to MacDonald’s National Policy. Ratified in 1879, the National Policy raised tariffs on American goods in an attempt to promote Canada’s fledgling manufacturing sector, and to reorient trade along an east-west axis. The first wave of United States branch plants was established in Ontario and Quebec during this era, as American-based firms sought to avoid tariffs. Interestingly, tariffs remained low on natural resource exports to the United States, as the Canadian government was reliant on these sectors for revenue. Aside from an attempt made by Laurier’s government to reinstitute reciprocity in 1911, little of note occurred until 1935, when the United States rescinded the *Smoot-Hawley Tariff Act*2 as part of Roosevelt’s ‘new deal.’ In its place they enacted the *Reciprocal Trade Agreement Act* (RTAA) (Irwin, 1998a). The Smoot-Hawley ‘disaster’ warned policy-makers of the

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2 Enacted in 1930, the *Smoot-Hawley Tariff Act* increased tariffs by approximately twenty per cent on over 20,000 goods imported into the United States. It was enacted partially due to production overcapacity in the United States. It is widely associated with ‘an outbreak of worldwide protectionism, the collapse of world trade, and the onset of the Great Depression’ (Irwin, 1998b, 326), as well as a decrease in American GDP.
dangers of protectionism, and the policies set forth in the RTAA were critical in the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947.

The first formal agreement between Canada and the United States under the RTAA was the 1941 *Farm Implements Act*, which abolished tariffs on agricultural implements and machinery. This act devastated Canadian manufacturers, who lost market share to more dominant producers in the United States (Anastakis, 2004). In 1965, the Canada-United States Automotive Agreement – commonly known as the Auto Pact – was ratified. Not only did this agreement abolish tariffs on cross-border automotive trade, but proved extremely beneficial to Canada because it required companies to meet specific levels of Canadian value-added and production to sale ratios. It is also generally viewed as the first shift in federal policy towards liberal trade arrangements with the United States (Anastakis, 2004; Holmes, 2004). Despite recent woes, the addition of Toyota, Honda, and CAMI’s manufacturing facilities in the 1980s and 1990s increased the extensive vertical linkages and economic multipliers that make the auto industry the ‘driving’ force of southern Ontario’s manufacturing sector. Moreover, this created a significant level of integration in a CBR comprised of Ontario, Michigan, Ohio, and Indiana, all of which depend on automotive manufacturing and related industrial activities (e.g. steel fabrication, automotive parts manufacturing).

Pierre Trudeau’s National Energy Program and the protectionist measures enacted by the Reagan administration amidst the recession of the early 1980s led to economic and political tensions between Canada and the United States, and the

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3 CAMI is a joint venture of General Motors and Suzuki. It operates a production facility in Woodstock, Ontario.
establishment of the *Royal Commission on the Economic Union and Development Prospects for Canada* (the MacDonald Commission) in 1982. The MacDonald Commission was designed to examine Canada’s prospects within the global political economy. The commission’s 1985 report rejected protectionism, recognized the intertwined nature of the global economy, and asserted that ‘Canada should seek, and would benefit from, more liberal trading conditions, both at home and abroad’ (1985, 271). It also concluded that ‘[f]ree trade would create a desirable restructuring and rationalization of Canadian industry as a result of increased competition from abroad’ (p. 273). This report was significant in that it signaled a shift towards neo-liberal economic policies, and laid the foundation for the FTA. This shift – and the eventual ratification of the FTA – came as no surprise to many, as Canada was simultaneously dependent on American export markets and foreign direct investment from American firms (McDougall, 2004). The North American Free Trade Agreement (NAFTA), which included Mexico, was ratified five years later, albeit with reluctance from Canada and the United States (Golob, 2003). Although ‘sovereignty preserving’ principles have not created a single market or customs union in the fashion of the European Union (Courchene, 2003; Brunet-Jailly, 2004), economic restructuring and the rescaling of governance have significantly altered the structure and form of the North American political economy.

Between 1989 and 2001, trade between Canada and the United States grew rapidly, outpacing economic growth threefold (Brunet-Jailly, 2004). Figure 4.1 illustrates

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4 United States-Mexico CBRs are also prominent features of North American integration. Similar to Canada-United States CBRs, economic factors provide the primary impetus for integration. Of particular importance is the expansion of export-based manufacturing in Mexican border cities, which led to a related increase in manufacturing activities in American counterpart cities (Hanson, 1996; 2001). This also led to population increases, particularly in Mexican border cities (Pena, 2005).
exports to, imports from, and the total volume of trade between the United States and
Canada between 1985 and 2008. Despite the decrease in trade resulting from the
recession of the early 2000s and increased security measures after the terrorist attacks of
September 11th, 2001, trade between Canada and the United States continued to increase
until 2008. It is only amidst the current recession that the volume of trade has faltered.

**Figure 4.1 – United States Trade with Canada, 1985-2008 (US$Billions)**

Equally significant to the growth of trade is its shift in orientation. Prior to the
FTA, Canadian policy favoured east-west flows of goods and capital, with urban regions
such as Halifax, Montreal, Toronto, Winnipeg, and Vancouver acting as focal nodes.
This system was often considered inefficient, but instrumental in the development and
maintenance of a national economy. Between 1989 and 1996, however, new patterns of

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5 All figures in the dissertation are in nominal dollars unless otherwise noted.
north-south trade emerged. During this period trade between contiguous provinces and states doubled, while trade between neighbouring provinces grew by only fourteen per cent (Industry Canada, 1999). These patterns are perhaps most evident in Ontario. Throughout the 1980s, Ontario’s exports to the United States (the primary destination for goods manufactured in the province) were equal to its exports to the rest of Canada. However, by 1998, Ontario’s exports to the United States were nearly two and a half times the value of those to the rest of Canada (Courchene and Telmer, 1998). Although the initial growth of north-south trade has leveled off (Figure 4.2), these trade patterns remained stable until the latter half of 2008, and bilateral trade relations remain high on the policy agendas of both nations.7

Figure 4.2 – Destination of Ontario-Based Exports, 1997-2005 (C$Billions)

Source: Statistics Canada, 2009; CANSIM Table 386-0002

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6 These are similar to those that existed in Ontario’s automotive and British Columbia’s forest products industries prior to 1989.
7 This was evident in the media’s attention to ‘buy American’ campaigns associated with federal stimulus spending in the United States during 2008 and 2009.
Notwithstanding free trade and other pressures for integration, frictions between Canada and the United States – couched in terms of both genuine grievances and political posturing – continue to surface. Such disputes include military responses to conflicts in the Middle East, passport requirements at border crossings, the trafficking of guns, people, and drugs, and commercial disputes. Examples of the latter include the export of Canadian beef, wheat, and corn, intellectual property rights and the trade of pirated or counterfeit goods in Canada, and Canadian regulations designed to encourage domestic ownership and cultural industries such as film, television, and magazines (CRS, 2007). However, the most pressing dispute in the recent past concerned the export of Canadian softwood lumber products. This dispute lasted nearly three decades, and its effects were most pronounced in British Columbia, Canada’s largest producer and exporter of softwood lumber. The Softwood Lumber Agreement (SLA) offered some respite between 1996 and 2001, but was followed by the United States levying an export tax of twenty-nine per cent on softwood lumber from British Columbia, Alberta, Ontario, and Québec. A tentative settlement to the dispute was reached in 2006, with Canada agreeing to collect a sliding-scale export tax on lumber based on market prices and the United States agreeing to refund five billion dollars in duty deposits (CRS, 2007).

A more recent issue related to North American integration is the Security and Prosperity Partnership (SPP). The SPP surfaced in 2005 as a protocol to address the ‘tyranny of small differences’ that inevitably emerge alongside integration (Blank et al., 2006). The SPP is designed to address the negative effects of border security on trade since 2001 and to ‘reinvigorate’ NAFTA in order to compete with the growing economic power of the Asian bloc (CRS, 2007). However, critics – and even some proponents –
took exception to what they perceived to be ‘integration-by-stealth.’ Commonly voiced concerns are that the SPP is driven by large business interests and that the SPP will privilege border crossing for some, while making it more onerous for others. After receiving little attention from the mainstream media, the SPP was thrust into the public spotlight in August 2007, when the Sûreté du Québec inserted agents provocateurs amongst protesters at a summit in Montebello.

4.2 – Canada-United States Cross-Border Regions

Although the momentum provided by liberalized trade is essential to North American integration, a number of other factors facilitated the emergence of Canada-United States CBRs. First, since the late 1980s North American federal governments have divested a significant amount of power downwards (Courchene, 2001). This is particularly the case with regard to Canadian provinces, which control critical policy levers, have distinct institutional structures, and policy regimes related to regionally-specific natural resource endowments. Moreover, both Godard (2003) and Fry (2004) suggest that Canadian provinces are highly-dependent on north-south flows of trade and are afforded more agency than American states in the formation of economic, social, and environmental policy. Consequently, provinces are better able to adapt to American standards and norms than vice-versa, as critical financial and economic policies are

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8 Van Nijnatten and Boychuk (2004, 39) note that ‘provinces have more distinct structures and trading patterns requiring unique policy adjustment, and provincial governments are arguably more sensitive than the federal government to the pressures generated by cross-border economic integration.’ Because of this, provinces tailor public policy towards those in states with which they compete or have close economic relations (Courchene, 2003).
controlled by the federal government in the United States. Second, CBRs also require institutional linkages at the supranational scale. While NAFTA has not created such institutions to the extent that they exist in the European Union, regional cross-border organization help fill this ‘institutional void’ (PRI, 2005, 4). These organizations ‘involve an extraordinarily broad range of endeavours connecting private and non-governmental organizations (NGOs), enterprises and different levels of government. The bulk of these take place “beneath the surface,” involving informal and largely non-institutional relationships, where person-to-person linkages are vital. The informal relationships are often specific to an issue, and can involve information sharing, symposia, conferences and sometimes joint training of personnel. The issues can include many sensitive cross-border economic matters in the areas of energy, water, agriculture, transport, and how to facilitate the movement of goods and people in a heightened security environment’ (PRI, 2008, 6).

Third, the historical trajectories of the states and provinces that comprise CBRs are often similar. For example, large portions of the eastern seaboard existed as a single British territory until 1776, and much of the west was co-managed as the Oregon Territory until 1846. Westward settlement also took similar forms, and many regions were populated by like waves of immigration (PRI, 2005; Brescia and Super, 2008).

A series of research reports by the PRI (2005; 2008) examine the emergence of Canada-United States CBRs as a feature of North American integration. This work was deemed necessary since previous ‘research on Canada-US relations had mainly focused on the larger national perspective, but it is increasingly apparent that strong and multi-dimensional linkages are taking hold at the regional level, especially between adjacent and nearby areas along the border’ (PRI, 2008, 1). Consistent with arguments put forward in the dissertation, these reports contend that ‘[c]ross-border regions are where Canada-US relationships are most intense and dynamic, where Canada-US bridges of
friendship, co-operation, and business are often first developed, and where the benefits and challenges of North American integration are first and foremost felt’ (PRI, 2008, 35). The PRI identifies five distinct CBRs: the West, the Prairies/Great Plains, the Great Lakes/Heartland, an eastern region focused on Québec and the American northeast, and an eastern region focused on the Maritimes and northern New England (Figure 4.3).

**Figure 4.3 – Canada-United States Cross-Border Regions**

Three dimensions of relationships in CBRs are examined by the PRI: economic linkages, socio-cultural similarities, and networks and organizations that exist primarily in CBRs. The PRI determined that economic dimensions are most crucial, as economic benefits are often the primary reason and incentives to develop regionally-based cross-border initiatives. This is consistent with other prominent works on Canada-United States CBRs (Sparke, 2000; Brunet-Jailly, 2008). Table 4.1 illustrates the primary economic activities in the CBRs identified by the PRI. The PRI also found that despite
the importance of economic activities, networks of state and non-state institutions are the most likely vehicles to complement and promote economic linkages. Yet the prosperity of CBRs is highly dependent on the recognition of the important roles played by these ‘bottom-up’ networks by state actors. Within such networks and organizations lie extensive bi-national – but regionally focused – interests and expertise that is seldom evident within the formal bureaucracies of federal governments (PRI, 2008). Similar socio-cultural values – which are particularly prominent on the eastern and western seabords (PRI, 2005; 2008) – also facilitate the construction of regionally-based cross-border identities. The assertion of these identities can challenge the supremacy of national identities. Moreover, the emergence of regionally-based cross-border identities is thought to be both modifying the course of North American politics and society and altering the manner in which the past is interpreted (Brescia and Super, 2008).

Table 4.1 – Provinces, States, and Economic Activities in CBRs

<table>
<thead>
<tr>
<th>CBR</th>
<th>Provinces</th>
<th>States</th>
<th>Economic Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>East 1</td>
<td>Quebec</td>
<td>Vermont, Maine, New Hampshire, New York</td>
<td>Forest Products, Leather, Footwear, Publishing and Printing, Furniture Production</td>
</tr>
<tr>
<td>Great Lakes/Heartland</td>
<td>Ontario</td>
<td>Michigan, Ohio, Indiana</td>
<td>Automotive, Metal Fabrication, Construction Equipment</td>
</tr>
<tr>
<td>Prairies/Great Plains</td>
<td>Manitoba, Saskatchewan, Alberta, Montana, Wyoming, North Dakota, South Dakota, Minnesota</td>
<td>Agricultural Products, Heavy Machinery</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>British Columbia, Alberta, Yukon</td>
<td>Washington, Oregon, Idaho, Alaska, Montana</td>
<td>Forest Products, Transportation and Logistics, Oil and Gas Products and Services, Fishing Products, Biotechnology</td>
</tr>
</tbody>
</table>

Source: PRI, 2008, 6

The PRI reports also emphasize the role of geography, history, demography, and transportation corridors in CBRs. For example, gateways and corridors provide
necessary linkages required to move people and goods, and regionally-based cross-border supply chains – like those common in the automotive industry of Ontario and the Great Lakes states, much of which is organized around ‘just-in-time’ production practices (Holmes and Rutherford, forthcoming) – require cross-national efforts to eliminate barriers to trade and production. The shared geographies and physical landscapes of CBRs also facilitate and orient the flow of goods and people, and often provide the impetus for similar economic activities (Figure 4.4). Furthermore, many regionally-based cross-border organizations are created to address issues related to shared geographies and conjoined infrastructure (e.g. border crossings). Lastly, the identity of residents in CBRs with shared natural environments (especially those highly dependent on economic activities related to agriculture or resource-based production) is shaped partly by similar daily endeavours and tacit histories that reflect shared local or regional experiences (Morris, 1999).

Figure 4.4 – Shared Geographies of Canada and the United States

[Diagram showing shared geographies of Canada and the United States, marked with regions like Rocky Mountains, Pacific Coast, Great Plains, Great Lakes, Atlantic Coast, and major rivers and lakes.]

Source: PRI, 2008, 3
The final results of the PRI reports were reviewed by Brunet-Jailly et al., (2008), who arrived at three broad conclusions. First, the pragmatic construction of Canada-United States CBRs occurs through ‘complex networks of private and public sector linkages’ (p. 8) rather than the formal bureaucratic institutions common in the EU. Second, cross-border interaction at the sub-national level is well established and widespread, and complements formalized governmental ties, despite the latter being separate from the former. Third and last, these networks are regionally distinct and generally goal oriented, problem focused, and task specific. The following section draws upon the work of the PRI, Brunet-Jailly, and others in order to introduce the Cascadia CBR, the geographic focus of the dissertation.

4.3 – Cascadia

A number of names are used in reference to a CBR spanning western Canada and the northwest United States. The term ‘Pacific Northwest’ is common, but carries connotations more consistent with the United States; for most Canadians, British Columbia lies to the literal and figurative west rather than the northwest. Callenbach’s (1975) ‘Ecotopia’ defines the region according to its physiological and geographic features as well as the environmental concerns and philosophies prevalent among many of its citizens. Ecotopia is also used in Garreau’s (1981) *The Nine Nations of North America* to describe a coastal region stretching from Alaska to Santa Barbara, California. The Pacific Northwest Economic Region, of ‘PNWER’ (pronounced ‘pen-wûr’), is an
acronym applied to the region by the cross-border institution of the same name, and is appropriate primarily in an economic and institutional sense. The geographical delimitation of a western North American CBR varies according to the scope and interests of its defining agents. The broadest definition is that used by the PNWER. When created in 1991, the PNWER included the American states of Washington, Oregon, Idaho, Montana, and Alaska, and the Canadian provinces British Columbia and Alberta. The Yukon Territory was added in 1994, and Saskatchewan in 2008 (P. Smith, 2008). Narrower definitions are also common, two of which are prevalent. The first, ‘Main Street,’ encompasses the Interstate 5/Highway 99 Corridor that runs from Whistler, British Columbia to Eugene, Oregon (Figure 4.5). This corridor houses the region’s most densely populated areas and major metropolitan centres including Seattle-Tacoma, Vancouver, Portland, provincial (Victoria) and state (Olympia, Salem) capitals, a high-speed rail link, and the head offices of the region’s largest firms (e.g. Microsoft, Boeing, Google, Weyerhaeuser, Canfor). This definition shares some similarities to Jacobs’ (1984) city-regions, but is better described by the more flexible definition used by Savitch and Vogel (1996) who tailor city-regions to incorporate locally-relevant conditions. This helps ensure that they are products of local histories, economic activities, institutions, and social identities. The second narrow definition is an ‘urban bio-region’ centered on the Georgia Basin and Puget Sound (Figure 4.6). The Willamette Valley is sometimes included in this region (P. Smith, 2008). Geographically, this region is only slightly different from ‘Main Street.’

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9 The PNWER aims to enhance the competitiveness of business in the region while preserving its natural environment. It is also designed to ‘coordinate provincial and state policies throughout the region; to identify and promote “models of success”; and to serve as a conduit to exchange information’ (www.pnwer.org).
However, it is more ideologically consistent with ecologically-based constructions of the region, as opposed to the urban/economic constructions of ‘Main Street.’

The term ‘Cascadia’ was coined by McCloskey (1989) to describe the ecological region coincident with the watershed of the Cascade mountain range (Figure 4.7). Despite consequent contestations of its ideological and territorial constructions, ‘Cascadia’ has proven staying power and serves as an ‘emblematic appellation’ of the only Canada-United States CBR that relies on symbolic reference (PRI, 2005). Cascadia is therefore the term used to describe the western CBR in this dissertation.
Figure 4.8 illustrates various territorial definitions of Cascadia, but similar to Artibise (2005) and Cold-Ravnkilde et al. (2004), I define the CBR as Washington State, Oregon, and British Columbia. These sub-national units display the highest levels of economic integration when compared to other contiguous provinces and states. They also contain a combined population of over fourteen million\textsuperscript{33} and generate a ‘GDP’ of almost US$620 billion (Figure 4.9).	extsuperscript{34} Furthermore, empirical evidence presented in PRI reports (2004; 2005; 2006) suggests that economic, institutional, and socio-cultural similarities are strongest between these three sub-national units within the PNWER. For example, of nine major western North American economic, political, and environmental development organizations listed in these reports, only British Columbia and Washington were members of all, while Oregon was a member of eight (Figure 3.13 in PRI, 2005).\textsuperscript{35} Washington, Oregon, and British Columbia also share economic and ecological similarities not evident elsewhere. Possibly the most obvious is coastal proximity. According to Brescia and Super (2008), when combined with the geographic barrier imposed by the Rocky Mountains, Cascadia’s economic and cultural focus is oriented equally towards the Pacific Rim as it is to the rest of North America. They also share a linear north-south urban corridor (Main Street), similar natural resource endowments, and urban-rural dichotomies. Limiting analysis to British Columbia, Washington, and Oregon also permits a less ambiguous approach when comparing

\textsuperscript{33} In 2007 Washington’s population was 6,488,000, Oregon’s was 3,747,400, and British Columbia’s was 4,338,100.

\textsuperscript{34} If it were sovereign, Cascadia would be the world’s twenty-first largest economy, ranking above Argentina, Chile, and the Netherlands (P. Smith, 2008).

\textsuperscript{35} Of the other fifteen westernmost states, none was a member of more than six, and of the other three westernmost provinces, none was a member of more than four.
provincial and state policies, especially considering that other contiguous provinces and states are often included only as peripheral components of Cascadia.

**Figure 4.7 – McCloskey’s Cascadia**

Source: McCloskey in P. Smith, 2008, 62; Figure 2

**Figure 4.8 – Territorial Definitions of Cascadia**

Source: Cold-Ravnkilde et al., 2004, 64

For a region – especially one based partly on the strength of its economic linkages – to transcend international boundaries some degree of socio-cultural integration must be present (Ohmae, 1993). This is evident in Cascadia, where ‘citizens’ are believed to share a sense of distance and isolation from their respective federal governments and to be resistant to ‘big’ federal governments located thousands of kilometres away. According
to Sparke (2000, 7), Cascadian sentiment ‘represents a neo-liberal, market-oriented, anti-state transmutation of what is generally understood as democratic political sovereignty.’

Supporters of this ideology believe the region embodies neo-liberal concepts and that policies imposed by federal states are irrelevant and cripple the region’s socio-economic success. Furthermore, demands for increased regional control may exacerbate federal/regional tensions, as central governments may be unwilling to relinquish certain key policy levers (although others are readily divested) (Brunet-Jailly, 2008). Cascadians also base some aspects of their identity on their ‘natural’ environment. As mentioned, these identities provided a basis for early conceptions of Cascadia by Callenbach (1975), Garreau (1981), and McCloskey (1989). These and other writers (e.g. Sparke, 2000; 2002; PRI, 2005; P. Smith, 2008) argue that although environmentalists and ENGOs are active throughout North America, nowhere are ecological concerns more predominant in defining regional character than in Cascadia.

**Figure 4.9 – Annual GDP in Washington, Oregon, and British Columbia, 1997-2007 (US$Billions)**

Source: Statistics Canada, 2009, CANSIM Table 379-0025; Bureau of Economic Analysis, United States Department of Commerce, 2009
British Columbia and the PNW states share similar dichotomies between their urban and rural areas. While the region’s political and economic decision-making centres lie within the urbanized ‘Main Street,’ their resource peripheries comprise the majority of the region’s territory, and are the source of wealth generated by resource-based industries, particularly forest products. Yet production and employment in these industries are highly susceptible to volatile and globally-determined commodity markets, and recent tax policies designed to benefit urban industries compromise the ability of industries in peripheral regions to weather economic downturns (Lee and Field, 2005). This creates uneven economic geographies within Cascadia and skewed distributions of wealth, because those who engage directly in the initial extraction (and in many cases, processing) of primary resources lack influence in decisions regarding investment in the industries in which they are employed or the communities where they reside. Moreover, there are many cases where the skewed distribution of wealth and decision-making perpetuates socio-economic divisions through processes of ‘othering’ (Dunk, 2003). Even where efforts to increase peripheral communities’ control over resources are made, it remains that these efforts must occur at least partly within broader regional, national, continental, or global circuits of capital accumulation if they are to achieve success. And inasmuch as provincial and state governments cede control over some resources to local interests in the form of ‘community forests’ (McCarthy, 2006) or sawmills owned by worker cooperatives (Prudham, 2008), a ‘community pulp mill’ has yet to come online.36

36 Those considered ‘other’ are not accepted as equals or afforded solidarities of place, community, or otherwise. This is often the result of unevenly distributed wealth and power. 37 There are two instances of (partially) worker-owned pulp and paper mills in Cascadia. These are located in Nanaimo and Oregon City. However, they are financed and owned in part by large investment groups who allow workers to operate the mill. This also represents a short-term strategy, as mills owned in this fashion are often purchased by leading firms after market recoveries.
Furthermore, ongoing debates regarding the environment and forest resources tend to pit urban environmentalists against the residents of resource peripheries, where the livelihoods and culture are often dependent on the extraction of primary resources (White, 1995; Prudham, 2005). This can, and sometimes does, result in the vilification of production processes and occupational identities (Heilman, 1994; Carroll, 1995). At the same time, corporations based in urban regions are insulated from the criticism of environmentalists, and loggers, mill workers, and the residents of timber-dependent communities become scapegoats (Smith, 1997). Shareholders and asset managers also play contested roles in that they too remain distanced from sites of production, but accrue profits that provide a major source of funding for ENGOs (Rose, 2004).

Defining Cascadia’s core and periphery is no easy task. Certainly, most of the territory within ‘Main Street’ is considered part of the core, but even this claim is open to interpretation. The most visible socio-spatial dichotomies are evident in the division of the region from the urban corridor eastward to the Alberta, Idaho, and Nevada borders. In the PNW this division is referred to as the ‘Eastside-Westside.’ Of this, Desmond (2004, 41) notes, ‘[i]f the settlers had been wiser, the Oregon territory should have been divided in half by the crest of the Cascade Mountains rather than the Columbia River. East-side residents of Washington have more in common with their fellow brethren in east-side Oregon than the urban populations of the Seattle-Tacoma megalopolis.’ In British Columbia, this dichotomy is manifested in ‘coast-interior’ narratives, where the province is divided by the Coast Range Mountains. Moreover, both the Eastside and the

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38 Rose (2004) examines the dynamic and intertwined relationships that exist between capital, labour, and environmentalists. He notes that capital has historically been able to pit unions and environmentalists against each other to meet its needs. Capital is able to do so because both labour and ENGOs are reliant on resource provided by capital that come in the form of wages or donations.
interior were beneficiaries of policies that redistributed infrastructure and production into the periphery during the 1960s and 1970s (Brunelle, 1990; Hayter, 2000). However, in recent times, the economy of British Columbia’s interior has fared much better than that of the PNW’s Eastside, for reasons explored later in the dissertation.

The ‘coast-interior’ and ‘Eastside-Westside’ dichotomies are real, but at the same time do not encompass Cascadia’s urban-rural divisions in their entirety. For example, a significant portion of the territory encompassed by British Columbia’s ‘coast’ and the PNW’s Westside are not part of the core. These include many traditional timber-dependent communities such as Kitimat, Port Alberni, and Powell River in British Columbia; Port Angeles and Aberdeen in Washington; and Coos Bay and Roseburg in Oregon (see Figure 4.10). Furthermore, although these communities are not part of the core, they are more economically diversified than most communities in the interior or Eastside. Their coastal location or proximity to major urban centres makes tourism and retirement-based industries increasingly important components of their local economies. This differs from Prudham and Reed’s (2001) broadly-conceived assertion that Oregon’s rural economy is more diversified than British Columbia’s. If we compare the current state of Eastside Oregon to Vancouver Island or the north-central interior, this is certainly not the case.39 Conversely, several medium-sized urban areas stand in contrast to the surrounding rural regions in the interior and the Eastside. These include Prince George, Kamloops, and Kelowna in British Columbia; Walla Walla, Yakima, Richland, and Spokane in Washington; and Bend and Medford in Oregon (see Figure 4.10).

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39 Some of the least developed regions of Cascadia are found in the semi-arid regions of eastern Oregon. These regions were historically dependent on timber harvested from public forests which is no longer available. Conversely, British Columbia’s coastal regions are benefiting from an influx of retirees, while formerly peripheral northern regions are the focal point of the province’s oil and gas industries.
Despite their location in the resource periphery, these cities contain administrative and commercial functions more commonly associated with the core. In a sense, they are extensions of the core, and constitute necessary nodes that link the extraction and processing of natural resources in the periphery with the administrative, financial, marketing, and distribution functions of the core.

According to Alper (2005), Cascadia is driven towards regional integration because of the need for both economic functionality and concerns regarding the natural environment. Those concerned with the environment often envision a borderless ecosystem and seek trans-national means and solutions to environmental problems, while the business community seeks to harmonize conflicting and counter-productive public policies to better position itself and the region in continental and global markets (Sparke, 2002). Recent debates highlight these tensions, which mark the construction of ‘Cascadian’ meanings and ideologies (Sparke, 2000; 2002; Cold-Ravnkilde et al., 2004; P. Smith, 2008). The legacy of early ecologically-based constructions of Cascadia lends an environmental or ecological flavour to conceptualizations of the CBR. More recently, however, and alongside the ascendancy of neo-liberal free market ideologies, urban-rural dichotomies, and specifically, the PNWER, Cascadian narratives increasingly have become contested. Some of the earliest critiques are found in the work of Sparke (2002, 214), who perceived contemporary constructions of the CBR as unstable because of the idiosyncrasies that simultaneously characterize Cascadian discourse according to the ‘ecologies of bioregionalism’ and the ‘economics of strategic regionalism.’
Cold-Ravnkilde et al. (2004) and P. Smith (2008) elaborate on this criticism. Cold-Ravnkilde et al. emphasize the mutually beneficial relationships that arise from the efforts of two often-antagonistic groups – ENGOs and the business community – who both seek to redefine the region, its borders, and their meanings. Both groups generally agree that current national and sub-national boundaries do not reflect ecological and
socio-cultural realities. They also seek create a ‘brand’ for the region. While this has the potential to be employed to meet the aims of ENGOs, it has more traditionally been deployed as a marketing tool for the business community (P. Smith, 2008). Such ‘branding’ is most evident in constructions of the Great Lakes CBR that label it as the ‘rust belt’ or ‘foundry,’ while the construction of other North American CBRs take on economic and ecological meanings, as is evident in the ‘breadbasket,’ or Prairies/Great Plains CBR (Garreau, 1981). However, and unlike the situation in Cascadia, the ‘branding’ of the latter CBRs has not yet been used as promotional material by the business community, but rather by academics, journalists, or policy-makers as regional descriptors.

Branding Cascadia is useful in promoting eco-tourism as an alternative economic activity to resource extraction. Eco-tourism relies on efficient transportation networks and border crossings, as do Seattle, Portland, and Vancouver’s high-tech and cultural industries (e.g. film, television, music; see Cold-Ravnkilde et al., 2004). Yet regional branding draws the ire of those who perceive it as an inherently exclusionary strategy. The promotion of eco-tourism, high-tech, and cultural industries bodes well for those dwelling in the urban core, but deflects the attention of policy-makers away from the plight of displaced forest products industry firms and workers. Despite rhetoric to the contrary, such workers rarely find work in these emerging industries (Desmond, 2004). It is also worth noting that the economic contributions of Cascadia’s forest products industry remain significantly greater than those of high-tech and cultural industries in the region (for examples, see Figures 4.11 and 4.12). An executive of a British Columbia-based pulp and paper firm discussed this dichotomy as follows:
Figure 4.11 – Annual GDP in Cascadia’s Motion Picture and Sound Recording Industry, 1997-2005 (US$Millions)

Source: Statistics Canada, 2009, CANSIM Table 379-0025; Bureau of Economic Analysis, United States Department of Commerce, 2009

Figure 4.12 – Annual GDP in Cascadia’s Forest Products Manufacturing Industry (Pulp and Paper and Wood Products Manufacturing, 1997-2005 (US$Millions)

Source: Statistics Canada, 2009, CANSIM Table 379-0025; Bureau of Economic Analysis, United States Department of Commerce, 2009
‘I think there is a rural-urban dichotomy. I don’t think it’s isolated to B.C., I think it’s a condition of city-states, and you see that happening across the country. Policy-makers tend to represent urban population centres. Urbanized populations don’t necessarily have the same understanding of the chain of custody that goes from where it all began to where that finished product hits your home or office or whatever [...] I don’t think there are a lot of people that appreciate that in Vancouver, one in seven jobs are still dependent on the forest products sector. One is seven is still pretty significant. In Vancouver though, I think if you talk to people and you ask them, “what do you think drives the B.C. economy?” They would probably say Electronic Arts or the film industry. Well the film industry, the entire B.C. film industry contributes less to the GDP than one company does, us.”

Lobbies for expedited border crossings and other measures to facilitate cross-border trade and movement also exhibit exclusionary properties. The stringent NEXUS border crossing program facilitates movement for the neo-liberal elite, but makes travel more onerous for the remainder of Cascadians, thus entrenching processes of ‘othering’ (Rossiter, 2008). Moreover, branding Cascadia as a sort of contemporary ecological utopia attracts residents and tourists – most often from the affluent classes – that place undue stress on the region’s ecosystem. In short, the blurring of boundaries and contemporary tensions that mark the ideological construction of Cascadia contribute to intra-regional ‘othering,’ and strengthen the hand of elite members in the business community, state, and ENGOs in influencing policy.

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40 Interview 26.
41 The NEXUS program is designed to expedite border crossing for frequent low-risk travelers in Canada and the United States. It is administered by the Canada Border Services Agency and United States Customs and Border Protection. Participants are privy to self-serve kiosks and NEXUS-only lanes at select border crossings. NEXUS differs from the CANPASS program – which is designed primarily for Canadian citizens who travel frequently to the United States for work – in that it is jointly administered by both nations.
4.4 – Conclusion

It is more accurate to describe the evolution of Canada and the United States as having occurred along similar rather than integrated trajectories. However, the differences in these trajectories are narrowed as the economies of the two nations grow more integrated amidst liberalized trade agreements and globalization. The increased economic integration occurred partly as a result of volumes of trade that increased fivefold since the ratification of the FTA (and the subsequent ratification of NAFTA). These phenomena also ushered in new north-south patterns of trade and the growth of new sub-national institutions led by a variety of state and non-state actors. These trade patterns and sub-national institutions were instrumental in the emergence of Canada-United States CBRS.

The Cascadia CBR is the territorial focus of this dissertation. The sub-national units within this CBR share a number of similarities, including coastal proximity, a metropolitan corridor (e.g. Main Street), rural-urban dichotomies, a shared socio-spatial and economic orientation to the Pacific Rim, and similar natural resource endowments. These endowments, particularly forest products, persist as some of the most economically and culturally important industries in Cascadia, despite the rise of so-called ‘new economy’ industries.
Chapter 5 – The Political Economy of Cascadia’s Forest Products Industry

This chapter examines and compares the political economies of the forest products industries of the PNW and British Columbia since the late 1970s. In addition to providing context for the case studies that follow, the chapter explores how influences at the global, continental, national, and regional scales have shaped the structure of industry and the governance of forest resources in Cascadia. The chapter begins by examining the evolution and contemporary structure of the global forest products industry. The second and third sections examine the evolution of the forest products industry in the PNW and British Columbia, respectively. The main part of the analysis begins at the close of the 1970s, a decade in which Cascadia’s forest products industry experienced extraordinary growth. The concluding section compares the restructuring of the forest products industries of the PNW and British Columbia in order to provide context for the analyses of employment relations in Chapters 6 through 8.

5.1 – The Global Forest Products Industry

While the history of lumber production and logging dates back centuries, the first large-scale wood-based pulp and paper production began in North America and northern Europe towards the end of the 19th century. The earliest firms were privately owned and

1 Paper was previously produced primarily from cotton. Recycled waste textiles were the primary source of raw material in the production of cotton-based papers.
served regional markets (Lamberg and Ojala, 2006), and many of the predecessors of the most influential forest products firms of the 20th century – notably Crown Zellerbach (CZ) and International Paper – were formed from the amalgamation of smaller firms during this era (Smith, 1997). Most firms grew organically prior to the Second World War, but new financing schemes and the inception of paper as a ‘strategically necessary’ commodity in the United States led to rapid post-war expansion (Radforth, 1987). During this period, growth was concentrated in the hands of existing producers and regionally-based timber brokers and logging firms that integrated ‘forward’ along their supply chains in order to enter higher value-added pulp and paper production (Lamberg and Ojala, 2006). Many did so to optimize rents obtained from residual products derived from lumber and plywood production (Ahola, 2006). During this era, most of the largest firms were privately-owned but underwritten by financiers. Moreover, they were vertically integrated, regionally-based, and served specific segments of continental markets. Although vertical integration was often rife with inefficient transaction costs, it provided firms with supply chain security and allowed them to shift resources across their operations to profit from counter-cyclical lumber and pulp commodity prices (Figure 5.1).

At the close of the Second World War, twenty-six per cent of the global pulp and paper industry was concentrated among ten producers, and over two-thirds among the top one hundred (Table 5.1; Lamberg and Ojala, 2006, 9). As the industry grew and logging and lumber companies expanded into pulp and paper production, global concentration decreased. When compared to other traditional Fordist industries such as automotive and steel production, forest products was, and continues to be, the most fragmented. This
trend continued as the industry expanded during the 1960s and 1970s, with new investors moving into remote and peripheral regions in order to access low-cost raw materials or service emerging markets (Marchak, 1990; Weeks, 1990). Because forest products is primarily a commodity-based industry with little ability to differentiate product lines, this led to intensified competition, excess capacity, and declining returns on investment during the 1980s. Furthermore, during the 1960s and 1970s productivity varied widely from mill-to-mill and region-to-region, yet firms maintained profitability due to supply chain security, strong market demand, and stable or rising commodity prices. This was certainly the case during the late 1970s. A Canadian executive of an American-based forest products firm described this era as follows:

‘The industry was growing. We as a company continued to grow – continued to build mills, continued to buy mills – in all facets of our business, as did a lot of people. Some rationalization was going on with Rayonier being bought out, but the MacMillan-Bloedel mills were growing, the Weyerhaeuser mills were growing, Great Lakes Pulp and Paper was growing. In those days the market was such that the attitude in general was “just produce the product, the salesmen will sell. Go find more fibre, put more volume through the mill, we’ll find someone to buy it, and we’ll be profitable.” Exchange rates weren’t an issue. Not a lot of mills closed, except for mills that got bought – they got retooled, and became more profitable and produced more volume.’

In a 1988 interview, industry magnate George Weyerhaeuser Sr., then Chairman of the Weyerhaeuser Corporation, spoke similarly of the North American forest products industry in the 1970s, as well as the difficulties faced when restructuring in the 1980s:

‘Through the 1970s we were organized for growth and were producing at a breakneck pace in a seller’s market and some big changes had to be made. We had to regroup, to change our organizational course, structure, and culture – something easier said than done in a large enterprise’ (Weyerhaeuser Sr. in Houser, 1988, 28).

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2 Interview 4.
Figure 5.1 – Pulp and Lumber Price Index (1997 = 100), 1981-2007

Table 5.1 – Proportion of Global Sales Revenue Accounted for by the Top 10 and Top 100 Pulp and Paper Producers, 1950, 1974, and 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Top 10</th>
<th>Top 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>26</td>
<td>67</td>
</tr>
<tr>
<td>1974</td>
<td>16</td>
<td>60</td>
</tr>
<tr>
<td>2000</td>
<td>24</td>
<td>72</td>
</tr>
</tbody>
</table>

Source: PWC, 2008

The price of timber peaked in 1980, but fell precipitously during the 1981-83 recession. At the same time, the price of wood chips used in the production of pulp and paper rose sixty-seven per cent in North America as timber harvests in the PNW plummeted, restricting supply (Mattey, 1990; Marchak, 1990). This proved exceptionally disruptive, as production capacity had increased significantly in the 1970s and firms adopted high output, capital intensive, and product-specific technologies (Eaton and Kriesky, 1994; Diesen, 2007). Such processes are most efficient when operated at full capacity, and require high levels of financing with fifteen- to twenty-year horizons for
returns on investment (Valtonen, 2008). During the early 1980s, excess supply, increased barriers to entry and exit, downward pressure on commodity prices, and tight supplies of raw materials permeated the industry.

Not surprisingly, this brought about an era of restructuring, job loss, and mill closure in traditional North American regions of production such as Québec, New England, the Great Lakes, and Cascadia. These regions’ proportion of global production decreased as existing producers and new entrants sought lower labour and raw material costs elsewhere (Siitonen, 2005). Since 1980, most new investment in the forest products industry – and particularly the pulp and paper component – has been concentrated in the southeast United States, the Iberian Peninsula, Brazil, Chile, and Southeast Asia (Marchak, 1997). These regions provide competitive advantages in labour costs, tax rates, and raw material costs through plantation forests. Environmental regulations are also generally more lax.

As the recession of the early 1980s waned, the forest products industry entered an era marked by shifts towards horizontal integration through mergers and acquisitions, the advent of computerized automation, increased output per worker, the emergence of non-traditional ownership (e.g. pension trusts, asset management firms), and the consolidation of global capacity. The top ten producers accounted for twenty-four per cent of global production in 2000 (Table 5.1), and this figure has increased in the past nine years due to a number of mergers and acquisitions that placed just under one fifth of global production in the hands of five firms (Diesen, 2007). However, these levels of concentration remain
low when compared to other large manufacturing or commodity-producing industries.\(^3\)

According to a number of managerial or executive interview subjects, the lack of consolidation in the forest products industry is a major impediment to profitability and sustainability.

Several key issues currently pose a challenge to the profitability and sustainability of the global forest products industry. These include the restructuring of the governance of timberlands, an increased reliance on non-traditional sources of wood fibre (e.g. plantation forests, recycled paper), the amplification of commodity price cycles (see Figure 5.1), and a seemingly constant restructuring of firm ownership. By the early 1980s, North America’s supply of old-growth and virgin forests had dwindled, and the preservation and conservation of surviving forest resources emerged as a major public policy concern (Reed, 2004). Thus, forest products firms were tasked with finding new supplies of wood while simultaneously appeasing ENGOs, who were gaining in public support and political influence. Their solution was often to relocate to regions – such as Brazil, Indonesia, and the southeast United States – with ample supplies of timber and lax environmental regulations, and distanced from the gaze of prominent ENGOs. Some relief was found in the growth of the recycled paper industry, which consequently led to the locating of smaller ‘de-inking’ pulp mills in large urban areas with ample supplies of recyclable paper (Diesen, 1998).

The amplification of commodity price cycles and the restructuring of ownership results from shifts from vertical to horizontal integration. Because forest products firms

\(^3\) For example, sixty per cent of global market share in the automotive industry was concentrated among five producers in 2006 (Diesen, 2007).
are price-takers for both inputs and outputs (Hayter, 2000), they are extremely vulnerable to changes in commodity prices, supply, and demand. Horizontal integration also prevents firms from shifting resources along their supply chains to take advantage of price cycles. Concomitantly, because most of the largest forest products firms are publicly owned, there is pressure to provide maximum short-term value to shareholders. To do otherwise is to risk losing share value and investors. Operating during troughs in the commodity price cycle is very difficult for horizontally integrated firms, and increases the likelihood of ‘rationalization’ through the sale or abandonment of assets in order to improve cash flow or off-set losses. Operating during peaks is less difficult, but publicly-listed firms are limited in their ability to reinvest profits for long-term gain or to set aside cash to carry them through the inevitable troughs since, once again, shareholders demand maximum short-term value. Another consequence of horizontal integration is that innovation, research, and development functions – once key components of competitive strategies – are externalized to universities, production technology firms, and regionally-based small and medium-sized firms (Lamberg and Ojala, 2006). The latter remain competitive by focusing on niche markets, a strategy that often requires innovative capacity.

5.2 – The Forest Products Industry in the PNW

For much of the twentieth century, the PNW dominated the production of wood and paper products in the United States. The primary competitive advantages of producers in the region were the abundant stocks of Douglas fir and western cedar and,
especially in the case of the pulp and paper industry, the waterways that enabled power generation, the shipment of raw materials and processed goods, and ample supplies of water for production processes. Ownership is much more fragmented in the PNW than in other timber-producing regions, which is partly the result of distinct and diverse regional patterns of timberland tenure. Even in the pulp and paper industry some medium-sized and privately owned firms persist due to the availability of reasonably priced residual wood fibre from regional logging and lumber producing firms.

The governance and ownership of forest resources continues to be a major determinant of the structure of the industry in the PNW. Timberland is owned by one of three groups of actors: private/industrial, private/non-industrial, and public. Each group can be sub-divided further as illustrated in Figure 5.2. Private/industrial owners are commodity-producing forest products firms or supply these firms with timber, while private/non-industrial owners do not produce commodities, and may or may not seek to harvest and market timber. The latter includes conservation groups and ENGOs that purchase timberland to ensure that it will not be harvested for commercial purposes. Private owners control approximately forty per cent of timberlands. Privately owned forests are also most likely to be located in the Westside, where highly-productive Douglas fir and western cedar stands abound. The remaining timberlands are controlled by the state through the United States Forest Service (USFS) and the Oregon/Washington division of the Bureau of Land Management (BLM). This mixed system of ownership differs from other competing timber-producing regions of North American, such as British Columbia, where firms are almost exclusively dependent on public forests, or the southeast United States, where the vast majority of timber is privately owned.
Until the early 1980s, large vertically integrated firms in the PNW relied primarily on timber harvested from their private timberlands, while smaller firms were more reliant on licenses to harvest public forests. Such licenses were tendered through competitive bids. However, the scope of these licenses created spatial limitations due to the cost of transporting logs, and very few firms bid on relatively small timber contracts far from their processing tendered by the USFS and BLM. The USFS also set aside timber contracts exclusively for firms with under 500 employees to ensure that smaller producers could access timber locally and remain competitive; a practice often met with disapproval by larger firms (Brunelle, 1990). Public timber licenses were also subject to fees and restricted the export of raw logs. Firms of all sizes purchased the rights to standing timber or logs – often at auction – from private landowners with no processing facilities. Firms with processing operations and their own private timberlands often
purchased timber at auction when log prices were depressed, but harvested their internal timberlands when log prices were high.

This system was significantly restructured during the 1980s, with ramifications for the organization of industry in the PNW that soon affected the entire industry in North America. Lumber prices peaked in 1980, but plummeted amidst the high mortgage rates and weak housing starts between 1981 and 1983. This led to a widespread default on fees attached to public timber contracts and ensuing dispute between the state and industry, with the latter claiming that macroeconomic policies had increased interest rates and undermined the value of contracts. Conversely, the USFS and BLM blamed over-speculative investors for artificially bidding-up licensing fees in late 1970s (Mattey, 1990). In 1981, licensees were granted extensions on their timber contracts on the grounds that the seller – the United States government – had altered business conditions by modifying monetary policy. Licensees facing insolvency were allowed to buy out contracts at a minimum rate of US$10 per thousand board feet. This rate was adjusted according to the licensee’s ratio of loss to net worth. Between 1982 and 1984, over 190 firms in the PNW bought out 8.5 billion board feet of timber for approximately US$135 million (Mattey, 1990, 7). Mattey estimates that three-quarters of these firms would have become insolvent in the absence of government intervention.

Between 1978 and 1982 no less than eighty-two sawmills and thirty plywood plants closed in the PNW. The majority of these were owned by smaller locally-based firms whose operating and material costs became prohibitive, although some were owned

4 One thousand board feet (or mbf) is a standard measurement for timber and estimated timber harvests. One board foot is equal to a piece of wood 1” x 1” x 1’.
by larger firms that responded to the recession by shifting resources to the southeast United States (Brunelle, 1990). Many of the mills owned by these firms were designed to process larger diameter logs, which were abundant until the late 1970s, but in short supply since. These firms were unable to invest in costly new technologies geared towards processing small diameter logs, which became necessary to remain competitive. While this restructuring reduced employment and the number of mills in the PNW, the volume and efficiency of production in the region’s lumber, engineered wood products, and pulp and paper industries increased due to technological improvements. During this era, regionally-based medium-sized firms – most of which owned timberlands – coped better with restructuring that their larger and smaller counterparts. This was due primarily to the supply chain security afforded by internally-owned timberlands and because they had not over-expanded during the 1970s (Brunelle, 1990). Mill closures accelerated once more between 1984 and 1985, although some reopened under new owners. These new entrants insisted on operating non-union facilities in order to exercise control over labour and compete with the non-union mills elsewhere in the United States. These firms seldom owned timberlands (see Brunelle, 1990; Widenor, 1995a; 1995b).

There was also significant merger, acquisition, and rationalization activity amongst the PNW’s largest vertically integrated firms during the 1980s. A major impetus was the ‘discovery’ and exploitation of an accounting practice whereby firms held timberlands at depreciated values (whether harvested or not) to reduce taxes. Hundreds of thousands of hectares of ‘depreciated’ timberlands could thus be valued at one dollar on company ledgers. The catalyst for change came when notorious corporate raider and asset
stripper Sir James Goldsmith\textsuperscript{5} purchased Diamond International in 1983, and after a failed attempt to acquire St. Regis Paper, executed a hostile takeover of CZ in 1985. CZ was headquartered in San Francisco and Portland, and had been Cascadia’s largest forest products firm for most of the 20\textsuperscript{th} century. CZ’s assets spanned the entire Cascadian coast until 1982, when New Zealand-based Fletcher-Challenge purchased CZ’s extensive holdings in British Columbia. After purchasing CZ, Goldsmith quickly divested its pulp and paper and solid wood processing assets at or near market value (most of which were purchased by the James River Corporation and the Fort Howard Corporation), and retained the timberlands at almost no cost.

For many interview subjects, the acquisition of CZ was the pivotal event in the history of Cascadia’s forest products industry. A union official in the PNW and a former manager in CZ’s Oregon operations noted, respectively:

‘[Restructuring] began when Sir James Goldsmith bought Crown Zellerbach and opened the books and realized that the pieces were worth more than the inflated price he paid to buy it, so he broke it up. He sold the sawmills, the paper mills, and the panel mills. What he couldn’t sell, he just shut down. He made a bazillion dollars, and all of a sudden the industry went “oh, my god.” They developed two responses. A portion of the industry developed poison pills to prevent themselves from being bought by hostile suitors, and the rest went on to raise price to earnings ratios, and that’s the event that created investor-based companies. Every decision made from that point forward can be looked at in that context.’\textsuperscript{6}

‘It was fairly easy for [CZ] to be taken over. That whole transaction, once it got rolling, was done in a fairly short period of time. That started the whole restructuring of the business. Goldsmith came in, bought it, sold the assets, and took the timberlands as profit. That’s what the analysts had been saying, that the timberlands were undervalued relative to the mills.’\textsuperscript{7}

\textsuperscript{5} Goldsmith was the inspiration for the character Sir Larry Wildman, the rival of leading man Gordon Gekko in Oliver Stone’s 1987 film \textit{Wall Street}.
\textsuperscript{6} Interview 31.
\textsuperscript{7} Interview 63.
The acquisition and divestiture of CZ’s assets soon resonated throughout the political economy of the forest products industry across North America. Champion International acquired St. Regis Paper, Weyerhaeuser withdrew from plywood production but acquired significant tracts of timberland from Georgia-Pacific, and Boise-Cascade divested its mills and timberlands in the Westside in order to invest in production in the Eastside and the southeast United States (Brunelle, 1990, 117). In a broader sense, firms re-examined their propensities towards vertical integration and subsequently reoriented horizontally in order to focus and capitalize on specific components of the supply chain. Many firms also divested timberlands during the late 1980s and early 1990s in order to finance restructuring. Currently, and with the exception of Weyerhaeuser, there are no fully vertically integrated forest products firms in the PNW. Additionally, only three pulp and paper firms – Weyerhaeuser, Longview Fibre, and Inland Empire Pulp and Paper – own or manage timberland.

These shifts in supply chain organization gave way to new modes of timberland regulation, primarily Timberland Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs). TIMOs are ‘private companies acting as investment managers for institutional clients, primarily pension funds, endowments, and wealthy individuals. Timberlands are owned as illiquid direct investments or partnership shares, generally in separate accounts but frequently in pooled funds’ (Erickson and Rinehart, 2005, 10). TIMOs emerged in the mid-1980s, a result of a fundamental change in the business practices of the Washington-based firm Rayonier. In 1985 – the same year

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8 However, Weyerhaeuser operates only one pulp and paper facility in the United States (at Longview, Washington) since it divested US$6 billion of assets (and 14,000 employees) to International Paper in April 2008.
Goldsmith acquired CZ – Rayonier began auctioning timber from its private lands to the highest bidder rather than guaranteeing intra-firm transfers of timber, often at prices below market value, in order to ensure the profitability of its lumber, pulp, and paper divisions. Under this system short-term log and chips contracts are sold at market-determined prices, which are updated on a quarterly basis. This occurred alongside the shift away from vertical integration, as new tax policies were implemented that aimed to optimize federal and state revenues from the proceeds of private timber sales. REITs had been common in the commercial real estate industry, but were introduced into timberland ownership in the early 1990s. REITs are ‘companies […] with a high degree to liquidity through the public trading of shares on a stock exchange’ (Erickson and Rinehart, 2005, 10). TIMOs and REITs both provide investors with significant tax breaks but place strict limitations on the amount of manufacturing or processing assets that can be owned. Because timber prices tend to run counter-cyclical to the stock market, REITs and TIMOs are attractive to hedge fund managers and investors seeking to diversify their portfolios (Erickson and Rinehart, 2005). Furthermore, TIMOs and REITs capture non-timber values – such as speculative carbon credits – that industrial landowners have historically neglected.⁹

By the late 1990s few pulp and paper or solid wood processing firms in the PNW retained any substantial timberlands. Erickson and Rinehart (2005, 12) note that:

‘Forest products companies found they could deliver greater value to their shareholders by selling their timberland to an investor with a lower cost of capital

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⁹ Examples of prominent TIMOs in the PNW include the Hancock Timber Investment Group (which own large tracts of land formerly owned by CZ) and the Green Diamond Resource Group (which is comprised of land recently divested by the Simpson Investment Company). Examples of prominent REITs include Plum Creek Timber, Rayonier, and Pope Olympic Resources (comprised of former assets owned by the trans-Cascadian firm Pope and Talbot).
from whom they could, in turn, buy back raw material. The traditional need for raw material self-sufficiency was replaced by the realization that one needn’t own the forest in order to have it.’

An executive of a PNW-based pulp and paper firm elaborated on this phenomenon:

‘The tax laws changed in the mid-1980s and those of us that are corporations get taxed twice. The corporation gets taxed, and then the shareholders get taxed again for capital gains and their own personal income tax. That was a model that worked, but when things changed, a lot of financial types figured out that there was a benefit to purchasing timberland. We now have only one major integrated player in the US – the Weyerhaeuser Corporation – that is not a TIMO or a REIT.’

The sale of industrial timberlands accelerated again in the mid-1990s as firms sought to increase cash flow during the Asian market crisis and the loss of market share due to the SLA, both of which led to mill closures and depressed lumber prices. Between 1996 and 2000 pulp and paper and solid wood processing firms reduced their timberland assets by US$2.5 billion, while TIMOs and REITs increased theirs by nearly the same amount (Erickson and Rinehart, 2005, 11).

Interview subjects frequently referred to the effects and rationale for the shift from vertical to horizontal integration. A company executive, referring specifically to the separation of pulp and paper and lumber assets, described the shift as follows:

‘When our company was much more integrated, when we had pulp mills and sawmills, our strategy was based on the cycle. When paper’s up, lumber’s down and vice-versa. As it turned out, timber was subsidizing paper to a very large degree. Finally, when we started breaking those barriers and looking at it more closely, the poor performing pulp mills were always the poor performing pulp mills, and those were the ones that actually failed and were divested first. You can say “well [vertical integration] was a good thing” because you’re buffering the good times and the worst times and you’re kind of in the middle, but you’re also covering up a lot of poor performers and you’re probably hurting a lot of good competitors who are performing well in a market that they deserve to be performing well in. We were siphoning off revenues from our timber company

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10 Interview 48.
when we could have been investing in it, and we fooled ourselves when we should have been reinvesting sooner in our sawmills and culling our poor performers.¹¹

Two other executives of PNW-based firms also spoke specifically regarding the disaggregation of timberlands and processing facilities:

‘One of the advantages is that we aren’t tied to making dumb decisions based on the mill’s needs. We used to operate so you could “wood” sawmills or supply the paper mills. There were times when we took export logs and made chips out of them because the mill needed them. From a divisional standpoint that wasn’t the right thing to do, but from a corporate standpoint it was. Now, from a divisional standpoint you make the decisions on a more rational basis. If you’re tied to a mill, you’re giving up value because some of your export wood is going to go into that mill rather than going to the person who will pay the highest price.’¹²

‘The advantages [to horizontal integration] are that you won’t have as many mills that are subsidized by other parts of the business through the supply chain. If a sawmill is unable to compete, it will go out of business and shut down. It will cause over time a better rationalization of that marketplace and that segment of the industry. The disadvantages are that it will interject a degree of instability into your supply chain.’¹³

Two criticisms of TIMOs and timberland-owning REITs are common. First, the cyclical nature of timber markets creates a ‘churning’ of investors whose aim is to maximize their portfolio’s value and capture returns on investment within ten to fifteen years (PWC, 2007). Second, financially-stable TIMOs and REITs may reduce or discontinue timber sales when market prices are low, and in a complete departure from the practice of holding timberlands at depreciated values, can realize appreciation as timber stocks increase through growth. This removes the economic linkages of landowners further from those of solid wood processing and pulp and paper firms. REITs – whose assets are more liquid than TIMOs – often derive rents by converting timberlands into residential or recreational properties. This occurs at the expense of

¹¹ Interview 51.
¹² Interview 52.
¹³ Interview 54.
processing firms, which face increasingly constricted timber supplies. Converting timberlands from industrial to residential or recreational use also has significant environmental consequences: a forest harvested for industrial purposes is replanted, but the same forest harvested for ‘ranchettes’ or recreational properties (e.g. ski hills, golf courses) is unlikely to ever be replanted. Criticism is also directed towards financially insecure TIMOs and REITs when they increase harvests beyond sustainable levels in order to generate cash flow or meet debt schedules (Erickson and Rinehart, 2005). Not only is this ecologically harmful, but it places downward pressure on commodity prices (although this may benefit some processing firms). The consequences of the emergence of TIMOs and REITs were felt most profoundly by larger firms that relied primarily on private timberlands.

The governance of the PNW’s public forests changed significantly again during the 1990s. The addition of the Northern Spotted Owl to the endangered species list by the United States Fish and Wildlife Service in 1990 was the major catalyst for change. This owl is revered as an indicator of the biological health of the forest ecosystems in the PNW (Rubin et al., 1991), and after it became endangered, timber harvests on the PNW’s USFS and BLM forests essentially ground to a halt (Haynes, 1998). By 1995 nearly two and a half million acres of forests were removed from production in Washington (Haynes, 1998), and over four million were removed in Oregon (Prudham, 2005). Most interview subjects in the PNW concurred with research claiming that this controversy was not about the bird per se, but that the owl served as a surrogate for the environmental lobby, reflected growing urban-rural dichotomies, fueled frustrations over the legacy of
ecologically-destructive logging practices, and was an expression of concern regarding the impending shortage of old-growth forests (Johnston and Krupin, 1991; Carroll, 1995).

It is widely held that the Spotted Owl controversy devastated the PNW’s forest products industry, largely because producers were not prepared for the sudden reduction in public timberlands. Direct employment in the PNW forest products industry fell by nearly 20,000 between 1988 and 1995, with Oregon bearing the brunt (Carroll et al., 1999). An executive of a PNW-based firm noted that during the early 1990s ‘the rest of the country was in a recession, but [harvest reductions] sent us into a depression.’ While some authors assert that job loss was inevitable because of increased competition from outside the region, technological change, and a lack of investment (Freudenberg et al., 1998), these arguments are flawed since the most significant effects of these changes had already been felt during the 1980s (Carroll et al., 1999). Another major concern over reduced harvests from federal forests was that job loss and mill closures disproportionately affected smaller firms and contractors in peripheral areas (especially in the Eastside), as they relied almost exclusively on public timber (Carroll, 1995; Carroll et al., 1999). In fact, TIMOs, REITs, and industrial landowners benefited as timber prices rose as a result of constricted supply. Some timberland owners enjoyed annual returns of as high as twenty-five per cent in the early 1990s (Erickson and Rinehart, 2005). Unlike smaller firms, larger firms were able to offset tight timber supplies through economies of scale, product diversification, and log imports.

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14 Detailed employment statistics are included in the following chapters.
15 Interview 55.
Mill closures and job losses were abundant in Oregon, but Washington’s pulp and paper industry and large stocks of private timber provided some respite north of the Columbia River (Gray and Shadbegian, 1998). This, however, presented two problems the industry has not yet overcome. First, small- and medium-sized sawmills and logging companies provide more stable, community-oriented employment than large firms which are more susceptible to market cycles and tend to transfer work across their national or continental supply chains in response to market swings (Brunelle, 1990; Lee and Jennings-Eckert, 2002). This is especially the case as horizontal integration increases, making firms more vulnerable to market cycles. Smaller firms are also more likely to maintain close familial or paternalistic ties to their communities, and interview subjects generally lamented the loss of such firms. For example, a representative of a logging contractors’ association in the PNW remarked:

‘One of the things that kind of disturbs me is the sense of community we had when the federal government was selling timber to the family-owned mills that are not there anymore. [The families that owned the mills] were the ones who built the swimming pool at the YMCA when they needed one, or they built the bleachers at the local high school baseball field. They were the major funders of community projects, and that’s largely gone away.’

Second, the long-term viability of the industry is compromised when perpetual timber supplies are not guaranteed to potential investors. For many, the increased competitiveness of the forest products industry in British Columbia and the southeast United States when compared to the PNW is partially attributable to the decline of timber harvests on public forests in the PNW (Cashore, 1999). As one union official in the PNW noted:

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Interview 64.
Nobody will invest in a pulp mill or a sawmill without having a guaranteed [fibre] supply. Even in third world [countries] like China or Indonesia they spend their time looking at fibre acquisition. [Investors] look at the mill, they already know they want that. What they’re looking for is a long-term contract of [fibre] supply.¹⁷

One response to pressures from environmental groups was forest certification schemes. Under such schemes, firms and landowners adhere to environmental, social, and economic standards set forth by organizations such as the multi-national Forest Stewardship Council (FSC) and the American industry-led Sustainable Forestry Initiative (SFI). One of the companies interviewed Company I was the first firm in North America to receive FSC certification. An executive from this firm discussed the rationale for this certification, which had been exclusively a European phenomenon prior to 1993:

Whatever trend starts in Europe eventually comes to the United States, whether it’s lattes, miniskirts, or bellbottoms. It might take six months to get here, it might take twenty years […] We saw [certification] was a trend, we saw it coming way-out, we knew we were certifiable to the FSC standards, or we thought we were. We’re small compared to all those other folks out there, and we saw it as a way to accentuate our strengths as a small player in the forest products industry.¹⁸

After initial resistance, certification is now common in the PNW. FSC certification is more common amongst smaller firms, while larger firms generally opt for SFI certification. In fact, SFI certification is mandatory for membership in the American Forest and Paper Association, the national trade association for the United States’ forest products industry (McDermott and Hoberg, 2003). SFI is perceived as less stringent than FSC, but still allows firms to apply a ‘green’ label to their products. Although technically voluntary, certification is increasingly required in the highly concentrated lumber retailing business, where firms such as Home Depot and Lowe’s have been persuaded by ENGOs to sell only certified products (Goergen, 2003).

¹⁷ Interview 59.
¹⁸ Interview 46.
The PNW’s forest products industry had stabilized to some degree by the late 1990s. However, this stability has been again undermined by a recent wave of mergers and acquisitions (Figure 5.3). Many of these mergers were targeted at maintaining or increasing market share, a common strategy during periods of low growth or stagnation. This activity took on its own momentum as the largest firms – many of which produce
primarily for commodity markets – were required to consolidate in order to maintain a viable market presence and keep pace with competitors. These mergers and acquisitions came at a high price, and a number of firms

‘carried a heavy debt burden into the new century and many of the deals left acquirers with sprawling portfolios of assets across a wide range of forest products sectors. In short, many of these deals didn’t pay their way and investors lost interest. Since then, the industry has been tasked with transforming its value chain with the non-traditional investors in the sector leading the way’ (PWC, 2007, 16).

A wave of divestitures followed as firms entrenched their strategies of horizontal integration. Many of the largest firms – including Georgia-Pacific\(^{19}\) and International Paper – divested non-core assets to an array of smaller firms. An executive of a PNW-based firm described the current structure of the PNW’s forest products industry as follows:

‘We find ourselves today with different owners and different ownership types. Timberlands are owned by TIMOs and REITs and correspondingly pension funds and other long-term investors, which places a different dynamic on the marketplace. Pulp and paper mills are owned by larger companies, I[nternational ]\(J\)P[aper], Weyerhaeuser, and the sawmills are owned by a third group of investors who are more fragmented, typically more privately owned, but not necessarily privately owned. I think that has changed the industry profoundly and it’s going to change more in the next decade. In the next decade you’re going to see more consolidation, more focus on the competitiveness of the individual segments, as opposed to looking at the overall economics of the supply chain.’\(^{20}\)

\(^{19}\) Georgia-Pacific is thought to be the second largest forest products firm in North America (behind International Paper). In 2005 it was acquired by Koch Industries for US$21 billion and removed from the New York Stock Exchange. Georgia-Pacific no longer reports financial information publicly.

\(^{20}\) Interview 49.
Table 5.2 – Principal PNW Forest Products Firms

<table>
<thead>
<tr>
<th>Firm</th>
<th>Product Focus</th>
<th>Scale</th>
<th>Assets in BC?</th>
<th>World Rank&lt;sup&gt;21&lt;/sup&gt;</th>
<th>Ownership</th>
<th>Headquarters</th>
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<tr>
<td>Weyerhaeuser</td>
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<td>23</td>
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<td>Georgia-Pacific</td>
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</tr>
<tr>
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<td>3</td>
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<tr>
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<td>Vertical Pulp and Paper</td>
<td>National</td>
<td>No</td>
<td>n/a</td>
<td>Public</td>
<td>Longview, WA</td>
</tr>
<tr>
<td>Collins Pine</td>
<td>Vertical Lumber</td>
<td>National</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Portland, OR</td>
</tr>
<tr>
<td>Simpson Investment Co.</td>
<td>Vertical Manufacturing</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Tacoma, WA</td>
</tr>
<tr>
<td>Hampton Affiliates</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>Yes</td>
<td>n/a</td>
<td>Private</td>
<td>Portland, OR</td>
</tr>
<tr>
<td>Roseburg Forest Products</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Dillard, OR</td>
</tr>
<tr>
<td>Boise-Cascade</td>
<td>Vertical Lumber</td>
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<td>Yes</td>
<td>n/a</td>
<td>Private</td>
<td>Boise, ID</td>
</tr>
<tr>
<td>Interfor</td>
<td>Vertical Lumber</td>
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<td>98</td>
<td>Public</td>
<td>Vancouver, BC</td>
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<tr>
<td>Stimson Lumber</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
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</tr>
<tr>
<td>West Linn Paper Co.</td>
<td>Pulp and Paper</td>
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<td>Private</td>
<td>Portland, OR</td>
</tr>
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<td>Blue Heron Paper Co.</td>
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<td>n/a</td>
<td>Private</td>
<td>Oregon City, OR</td>
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<tr>
<td>Inland Empire Paper Co.</td>
<td>Vertical Pulp and Paper</td>
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<td>Private</td>
<td>Millwood, WA</td>
</tr>
<tr>
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<td>n/a</td>
<td>Private</td>
<td>Port Townsend, WA</td>
</tr>
<tr>
<td>Gray’s Harbor Paper</td>
<td>Pulp and Paper</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Aberdeen, WA</td>
</tr>
</tbody>
</table>

Table 5.2 lists the PNW’s most prominent forest products firms. Weyerhaeuser is the only fully vertically-integrated firm, and along with Georgia-Pacific, Interfor, and

<sup>21</sup> World rankings (by sales revenue) are established by Pricewaterhouse-Coopers (see PWC, 2008).
Hampton Affiliates, the only one with assets in both the PNW and British Columbia. Although a number of firms are very large and globally- or continentally-integrated, a number of small- and medium-sized firms persist in both the pulp and paper and solid wood processing industries. The latter are more likely to be privately owned and key components of regionally-embedded supply chains, with many being previously owned by large vertically integrated firms, such as CZ. They are also more likely to produce higher value-added products, such as coated freesheet papers (e.g. West Linn Paper), semi-finished building products (e.g. Simpson Investment Company), decorative veneers (e.g. Collins Pine), or specialty-cut lumber. These firms utilize more innovative environmental and production processes, and can better address niche markets generally ignored by larger firms oriented towards the production of commodities. Finally, due to the nature of ownership, they are better able to make investments in their mills.

5.3 – The Forest Products Industry in British Columbia

Historically, the political economy of British Columbia’s forest products industry has been shaped by four factors: trade disputes with the United States; environmental opposition to industrial forestry; Aboriginal land claims; and currency exchange rates; the latter being a function of global political economic and macroeconomic policy (Hayter, 2000; 2008). Until the Second World War, British Columbia’s forest products industry was concentrated in coastal regions, with Vancouver as its administrative centre. Its original focus was to service the growing demand for timber in the Prairies and the United States, although exports to the latter were disrupted by high tariffs imposed by the
Smoot-Hawley Act. Imperial Preference was re-instated at the same time, however, and Britain soon became the primary destination for Canadian lumber exports (Hayter, 2000). Until the 1940s most firms were privately owned entrepreneurial ventures. This changed dramatically after the 1945 Sloan Royal Commission laid the foundation for British Columbia’s post-war forest policy regime. These policies provided large-scale producers with long-term timber harvesting licenses on public lands, and essentially thrust the province’s forest products industry into the Fordist era. Sloan believed that such policies would promote sustainable economic development throughout the province, and that large financially-stable firms with significant capital investments would commit themselves to long-term forest stewardship and production (Hayter, 2000).

Sloan was not mistaken, and the new system of forest tenure attracted investment from large firms. Throughout the 1950s and 1960s production in the forest products industry grew rapidly. Eight new pulp mills were constructed on the coast between 1947 and 1970, and numerous others expanded. Five of the eight new mills were constructed on Vancouver Island, and the other three in the more northerly coastal towns of Prince Rupert and Kitimat (Hayter, 2000, 61). While regionally-based domestic firms such as MacMillan-Bloedel and Canadian Forest Products (Canfor) expanded, the majority of new investment came from outside of Canada in the form of majority-owned subsidiary firms (Hayter, 2000). The first wave of foreign investment saw large firms from the PNW acquiring smaller producers or expanding existing operations. Joint ventures – such as British Columbia Forest Products (BCFP), a partnership between Mead and Scott Paper – were also common (Hak, 2007). Moreover, many coastal pulp mills constructed newsprint facilities adjacent to their existing operations. This solidified British
Columbia’s position as the world’s largest supplier of low-cost, high-volume forest commodities such as dimensional lumber, pulp, and newsprint. Additionally, abundant local stocks of high-quality timber also played a critical role in the development of the province’s forest products industry.

Many of British Columbia’s coastal forest-dependent communities were geographically isolated. Firms generally sought locations with local timber supplies and access to a harbour, but did not necessarily require access to road or rail. For example, the large-scale pulp, paper, and lumber operations at Ocean Falls, Gold River, and Port Alice were entirely dependent on water transportation until the early 1970s (Marchak, 1990). A union representative and former Port Alice resident described life in the community during the 1960s:

‘The road didn’t go in until 1967. It was all local logging roads that allowed you to get in and out. It was a twelve hour trip to Campbell River […] if the road was good and it wasn’t snowing. At present it takes you two and a half hours to drive to Campbell River from Port Alice. […] All the foods came in by barge to the community. If the weather was rough around the north end of Vancouver Island you didn’t get a barge in for a couple of weeks, so if there were no food supplies in the local store, the company general store, you just didn’t get it.’

The isolated nature of these communities influenced almost every facet of production and community relations. The same union representative noted that:

‘Crown Zellerbach and MacMillan-Bloedel were very paternalistic. They were involved in the communities. Powell River and Port Alberni for example were the two MacMillan-Bloedel communities. MacMillan-Bloedel funded the building of the new rec. centre, the new pool, they paid for it all. They subsidized the operation of the hospital. They maintained the town sites. The logging operations were solely theirs and the fibre went directly into the mill. Wherever they were, it was a very good working relationship between the unions and employers.’

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22 Interview 58.
The Sloan Commission also sought to expand production into the province’s interior. No pulp mills existed in the interior prior to 1960, but by 1973 there were nine (Hayter, 2000). Previously, the economies of the interior had been based around lumber-producing communities such as Cranbrook, Kamloops, and Prince George. Although interior communities lacked the water transportation networks of the coast, they were linked to the markets of the Prairies and the Midwest United States by rail (Hak, 2007). When investment entered the interior during the 1960s, it was often in the form of partnerships between foreign subsidiaries (with significant financial resources) and locally-based firms, as new entrants attempted to harness local producers’ knowledge of regional production and administration. In Kamloops, for example, Weyerhaeuser’s integrated complex was built in 1965 with the assistance of two local firms, and two pulp mills built at Prince George in 1966 and 1968 were owned jointly by Canfor and German, British, Ontarian, and American investors (Hayter, 2000). A number of Japanese firms also embarked on joint ventures; long before the establishment of Japanese automotive and electronics subsidiaries in North America. The most notable of these were located in Mackenzie, Skookumchuck, and Quesnel. The one notable failure during this era occurred in the Bulkley Valley, west of Prince George, where a conglomerate of European firms attempted to build and operate a lumber and pulp complex without the assistance of local firms (Hayter, 2000).

Similar to the PNW, the 1970s was the heyday of British Columbia’s forest products industry. Labour-management relations were well institutionalized, profits were high, firms invested and expanded, and both capital and labour generally fared well (Wilson, 1997; Hak, 2007). However, the foundation of the industry became increasingly
unstable. Producers remained focused primarily on the production of commodities, and, unlike other timber-producing regions, few expanded into the production of sanitary products, specialty papers, or semi-finished building products. The provincial government also passed up the opportunity to extract higher rents from forest licensing during the prosperous 1970s, thus losing the opportunity to promote regional economic diversification, higher valued-added production, or sustainable forest practices (Marchak, 1990). Furthermore, firms rarely underwrote local equipment suppliers in order to develop capital inputs; another common practice in U.S and European timber-producing regions (Hayter, 2000).

In 1979 the British Columbia forest products industry posted profits of over $500 million, but this was followed by a similar sized loss in 1981. Debt-equity ratios were unsustainably high due to the expense of debt financing expenses for capital expenditures initiated in the late 1970s (Hayter, 2000). 21,000 jobs were lost in the British Columbia forest products industry during the early 1980s. Although temporary layoffs had been common during previous economic downturns, it soon became evident that these losses were permanent (Grass, 1987). There were also a number of ownership changes in the early 1980s, the most significant being the sale of CZ’s Canadian assets to Fletcher-Challenge in 1982.23 This allowed CZ to refocus investment into their core PNW operations. Rayonier had already divested its Canadian assets to Western Forest Products, then a consortium of Doman Industries, BCFP, and Whonnock Industries (now Interfor) in 1980. Both CZ and Rayonier, long amongst Cascadia’s leading forest products firms, were defunct in the CBR by the end of the decade. The ownership of

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23 Fletcher-Challenge subsequently acquired a controlling interest in BCFP in 1987.
MacMillan-Bloedel, then the largest forest products firm in British Columbia, also changed in 1981 when a controlling interest in the company was acquired by Noranda (then a subsidiary of Brascan).

The departure of CZ and Rayonier signaled the end of large-scale American investment in British Columbia’s forest products industry until the mid-1990s. What investment did occur in the early 1980s was concentrated in the new integrated complexes near Quesnel. Aside from job loss and the restructuring of ownership, the recession of the early 1980s had a number of deep-seated effects. First, it stimulated rationalization, often through capital substitution (Hayter, 2008). Consequently, employment levels remained low compared to the 1970s, despite record levels of production towards the end of the decade. Second, the combined effects of trade disputes (which tend to be exacerbated during recessions and when the value of the Canadian dollar is low relative to the American dollar), growing environmental opposition to industrial forestry, and Aboriginal land claims came to the political fore. These issues were originally believed to be merely creatures of recessions and restructuring, but soon became entrenched as broader challenges to the competitiveness of the industry (Hayter, 2008).

Unlike forest product firms in the PNW and elsewhere in the United States, most of those operating in British Columbia remained vertically integrated throughout the 1980s and 1990s. This was largely due to the basic premises of British Columbia forest policy and timberland ownership that linked public timber to private firms so long as raw materials were used to promote production, employment, and infrastructural development throughout the province. However, there were some exceptions. For example, Fletcher-
Challenge focused on the production of pulp and paper, and divested its solid wood processing facilities and timber licenses to Finlay Forest Products and Western Forest Products. Fletcher-Challenge also created a spin-off firm, TimberWest, to operate the sawmill at its integrated Elk Falls (Campbell River) complex. As part of this spin-off, TimberWest was obligated to provide the Elk Falls pulp mill with wood chips in perpetuity. Similarly, MacMillan-Bloedel reoriented production in order to concentrate on lumber and engineered wood products that were developed and produced in Vancouver-area facilities (Hayter, 2000; 2004; 2008). Despite the presence of other coastal producers such as Doman Industries and the Howe Sound Pulp and Paper Company (a joint venture of Canfor and the Japanese firm Oji Paper), Fletcher-Challenge and MacMillan-Bloedel remained the region’s leading producers. Their horizontal reorganization of production also had a distinct spatial dimension since their operations were limited primarily to the coast. Also notable is that horizontally integrated pulp and paper and solid wood processing firms entered into symbiotic relationships whereby they relied on one another as, respectively, suppliers of and markets for wood chips and residual products.\(^{24}\)

In the early 1990s, British Columbia’s forest products industry again experienced recessionary times, and employment has declined steadily since then. A provincial NDP government took power in 1991, and immediately instituted changes to long-standing forest policies and practices. Many of these changes were influenced by the vocal opposition of ENGOs and First Nations groups to the harvesting of old-growth coastal

\(^{24}\) Many of the recent woes in coastal British Columbia’s forest products industry are related to the idling of Western Forest Products’ sawmills, which creates a shortage of wood chips upon which local pulp mills (mostly owned by Catalyst Paper) are dependent.
rainforests; expressed most strongly at demonstrations held near Tofino to protest decisions to allow MacMillan-Bloedel to harvest timber in Clayoquot Sound. These protests fuelled American claims that British Columbia’s environmental standards were lax and constituted an unfair subsidy. However, some claim that British Columbia became the target of protesters because it was home to the last remaining old-growth stands, in contrast to the PNW where the old-growth timber had long been harvested (Cashore and Auld, 2001). These protests resulted in numerous arrests, recommendations to curtail coastal logging, and massive counter-demonstrations by forest products industry workers, unions, and Vancouver Island residents who saw harvest regulations as deleterious to the regional economy (Wilson, 1997; Neufeld and Parnaby, 2000). The 1994 *Forest Practices Act* was a response to these controversies and mandated improved forest management and ecologically-sensitive logging practices. Licensing fees to harvest public forests also increased dramatically between 1993 and 1997, but fell precipitously in 1998 in the wake of the Asian economic crisis (Marchak et al., 1999).

Despite their importance, environmental policies played a secondary role to those governing employment during the 1990s. The British Columbia government’s proactive involvement in the sphere of employment ran counter to the neoliberal policies of deregulation and privatization common to this era (Hoberg, 2001). The 1994 *Forest Renewal Act* established Forest Renewal British Columbia (FRBC), a Crown corporation designed to retrain and re-deploy displaced forest products workers by creating jobs in landscape and ecosystem restoration. FRBC was funded almost entirely through increased licensing fees (Marchak et al., 1999), and its agenda was set in consultation with policy-makers, organized labour, and ENGOs. Between 1994 and 1999 FRBC spent
$1.6 billion to create 12,500 forest sector jobs (Hoberg, 2001). However, as market conditions and industrial organization changed – influenced strongly by the SLA and the Asian economic crisis – proactive employment policies were terminated.

The SLA’s mandated export schedules offered some stability to British Columbia’s forest products firms during the latter part of the 1990s. This was particularly true for interior-based firms whose production was mainly for export to the United States. Coastal producers, however, exported significant components of their production to Asian markets – particularly Japan – in order to reduce their exposure to more volatile U.S. markets. Many geared production to lumber grades designed specifically for use in the Japanese construction industry, grades which had few practical applications in North America (e.g. square Hemlock fir beams).

The Asian economic crisis and mounting pressures from ENGOs and Aboriginal groups affected no firm more adversely than long-time ‘regional champion’ MacMillan-Bloedel (Hayter, 2004; 2008). MacMillan-Bloedel’s ownership was significantly restructured when an investor group led by the Ontario Teacher’s Pension Plan and a Texas-based pension fund assumed a controlling interest in 1993. MacMillan-Bloedel then divested its pulp and paper assets to new entrant Pacifica Papers, and unexpectedly closed its highly successful research and development operations near Vancouver. In 1999 Weyerhaeuser acquired MacMillan-Bloedel’s remaining assets, an event as significant in British Columbia as the takeover of CZ was in the PNW. According to Hayter (2004, 34), this sale precipitated ‘[…] “inevitable” trends towards concentration in the global forest products industry.’ Aside from the symbolism of a regionally-based
firm being acquired by a large American corporation, it set in motion a decade of corporate restructuring in British Columbia that is only now beginning to stabilize.

A Washington State official with significant experience working in the forest products industry throughout Cascadia described the acquisition of MacMillan-Bloedel, as well as Weyerhaeuser’s eventual departure from British Columbia in the following terms:

‘The shareholders and ownership of McMillan-Bloedel changed over the ‘80s and ‘90s. The ownership was very different from when McMillan-Bloedel was in its heyday in the ‘70s and early ‘80s. You’ve got a bunch of stakeholders sitting a long ways away that have considerable interest in this watching their investment lose value. [CEO] Tom Stephens came in, polished the car up a little bit, changed the sparkplugs, pointed it in a new direction, and gave folks a lot of hope. Weyerhaeuser was delighted to take it over, but they had no idea what they bought. They really didn’t […] you can tell they didn’t know what they were getting into because they didn’t keep it for very long. They tried working it this way and that way, and it just didn’t work. They tried differentiating the coast and the interior, and eventually bailed out.’

Weyerhaeuser’s tenure in coastal British Columbia was short-lived, and its coastal assets were divested between 2005 and 2006. These assets are now incorporated into two firms: Western Forest Products and Island Timberlands.

Weyerhaeuser’s decision to withdraw from British Columbia was related to the need to generate cash flow to finance its purchase of Willamette Industries in 2001, the expiration of the SLA, and British Columbia’s employment policies. It was commonly

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25 Interview 47.
26 Western Forest Products was initially managed by a consortium of firms, but eventually became a division of Doman Industries. Brookfield Asset Management (formerly Brascan) acquired these assets in 2003, as well as most of Weyerhaeuser’s coastal assets in 2005. Brookfield currently owns seventy per cent of Western Forest Products and fifty per cent of Island Timberlands, which is a REIT comprised mostly of private land formerly owned by MacMillan-Bloedel. Weyerhaeuser also divested its Canadian pulp and paper assets to Domtar in 2007 in exchange for Domtar stock. This included the sale of the pulp and paper mill at Weyerhaeuser’s flagship Canadian complex in Kamloops, where the sawmill is now idle and the related timber licenses controlled by West Fraser Timber.
believed that Weyerhaeuser expanded its ownership in British Columbia (and elsewhere in Canada) with the hopes that lobbying efforts for liberalized trade in softwood lumber products would lead to a resolution of the decades-old dispute, thus allowing them to better integrate their supply chain throughout Cascadia. However, the high tariffs imposed on Canadian lumber by the U.S. following the expiration of the SLA dashed these hopes. It is also said that the labour regulations set out in collective agreements and provincial labour legislation were incompatible with Weyerhaeuser’s top-down American-style management practices and employment policies. A union representative in British Columbia discussed his dealings with Weyerhaeuser’s Washington State headquarters.

‘Weyerhaeuser wanted to rubber-stamp everybody in Canada. “This is the way you’re going to do it.” Well that doesn’t work. There’s a border there, a blurred border, but there is a difference in culture between Canadians and Americans. Weyerhaeuser actually came out once and said “we think the unions in Canada are red, and we don’t like the unions in Canada, and that’s all there is to it.”27

Weyerhaeuser’s expansion and subsequent withdrawal from British Columbia is reminiscent of CZ’s ascension and rapid demise during the 1970s and early 1980s. Both firms saw opportunities for profit-making and policy-shaping, but were ultimately forced to retrench back into the PNW due to internal and external challenges, and to refocus investment on core assets.

Weyerhaeuser’s acquisition and divestiture of MacMillan-Bloedel is perhaps the most significant transaction in British Columbia’s forest products industry since the early 1980s, but was by no means isolated. As merger and acquisition activity in the forest products industry increased across North America, British Columbia’s firms entered a

27 Interview 2.
period of rapid consolidation. Figure 5.4 illustrates merger and acquisition activity in British Columbia since the late 1990s. Consolidation is often employed as a strategy for expansion during periods of low growth, and allows producers to capitalize on economies of scale in order to dominate key markets. In the case of British Columbia, firms were also able to offset losses resulting from the expiration of the SLA (Pollock, 2004). Four firms have emerged as British Columbia’s dominant producers since 2000. On the coast, Western Forest Products is the primary producer of solid wood products, and Catalyst Paper is the primary producer of pulp and paper. In the interior West Fraser Timber and Canfor dominate both the production of pulp and paper and solid wood products. Respectively, they are the second and third largest lumber producers in North America (after Weyerhaeuser).

A union representative discussed the changing vertical and horizontal strategies of firms over time:

“In the ‘70s when I first got in, all the companies were integrated, they almost all had pulp mills and sawmills and logging divisions. They were all cyclical businesses. It worked in the sense that when two were down one was up, when two were up one was down. The company had more of a flatline in terms of their profits. Then they go into this thing in the ‘80s about dividing everything up – pulp company, logging company, paper company, steam company, whatever [...] Then we saw them selling those pieces or contracting out all those pieces, so they have even less obligation [...] but when I was reading the West Fraser magazine, what I thought was interesting was Hank Ketcham’s comments around why they purchased this thirteen or fifteen mill package [from International Paper subsidiary Weldwood of Canada], and they talked about all these synergies that would be created that would save them millions of dollars, and I’m thinking “are some of you going full circle, while others are taking the opposite approach?” You’ve got some companies that are trying to bring more pieces in, hopefully to flatline their revenue, while others are saying “we just don’t want to be bothered anymore”.”

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28 Interview 2.
That Canfor and West Fraser Timber are vertically integrated is interesting considering that most forest products firms have reoriented along horizontal lines elsewhere in the world. This has much to do with the location of their mills, as well as provincial forest policies. Both firms are located primarily in the north-central interior of British Columbia, and are thus further from markets and seaports that their coastal competitors. Yet they are situated amongst abundant stocks of public timber and are distanced from the gaze of ENGOs. Moreover, the symbiotic relationships that exist between solid wood and pulp and paper producers elsewhere are absent. Canfor and West Fraser both produce market pulp and dimensional lumber for export to the Midwest and Great Lakes, and are thus direct competitors. Rather than relying on each other for raw material inputs, they absorb the transaction costs associated with vertical integration in order to maintain supply chain security and ensure that their lumber divisions have adequate markets for their residual products. Their mills – especially those that produce dimensional lumber – are also extremely large and benefit from economies of scale.

Tables 5.3 and 5.4 list the characteristics of prominent forest products firms in British Columbia and the ownership structures of public firms, respectively. A number of trends are evident. First, the proportion of Canadian ownership has risen significantly, especially when compared to the late 1970s. British Columbia’s forest resources and processing facilities are now more likely to be controlled by Canadian-based entities than by subsidiaries of U.S. firms. Second, ownership patterns are increasingly complex, as firms come under the control of networks of both private and institutional investors, as well as asset management firms. Some of the latter are owned privately by Canadian citizens (e.g. Jim Pattison’s Pattison Group) or Canadian-based firms (e.g. Brookfield),
but large U.S.-based firms continue to have ownership stakes in firms such as West Fraser, Canfor, and Catalyst.

Figure 5.4 – Merger and Acquisition Activity in British Columbia’s Forest Products Industry, 1997-2008
Table 5.3 – Prominent British Columbia Forest Products Firms

<table>
<thead>
<tr>
<th>Firm</th>
<th>Product Focus</th>
<th>Scale</th>
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<th>World Rank</th>
<th>Ownership</th>
<th>Headquarters</th>
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<td>Continental</td>
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<td>15</td>
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<td>Montreal, QC</td>
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<td>Continental</td>
<td>Inoperative</td>
<td>31</td>
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<td>Vancouver, BC</td>
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<td>West Fraser</td>
<td>Fully integrated</td>
<td>Continental</td>
<td>No</td>
<td>32</td>
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<td>Vancouver, BC</td>
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<td>Toronto, ON</td>
</tr>
<tr>
<td>Kruger Inc.</td>
<td>Pulp and Paper</td>
<td>National</td>
<td>No</td>
<td>n/a</td>
<td>Public</td>
<td>Montreal, QC</td>
</tr>
<tr>
<td>Tolko Inc.</td>
<td>Vertical Lumber</td>
<td>National</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Vernon, BC</td>
</tr>
<tr>
<td>Catalyst Paper</td>
<td>Pulp and Paper</td>
<td>Regional</td>
<td>No</td>
<td>57</td>
<td>Public</td>
<td>Richmond, BC</td>
</tr>
<tr>
<td>Western Forest Products</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>No</td>
<td>86</td>
<td>Public</td>
<td>Duncan, BC</td>
</tr>
<tr>
<td>Interfor</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>Yes</td>
<td>99</td>
<td>Public</td>
<td>Vancouver, BC</td>
</tr>
<tr>
<td>Ainsworth Lumber</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>No</td>
<td>100</td>
<td>Public</td>
<td>Vancouver, BC</td>
</tr>
<tr>
<td>Neucel</td>
<td>Pulp and Paper</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Richmond, BC</td>
</tr>
<tr>
<td>Gorman Bros. Lumber</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Westbank, BC</td>
</tr>
<tr>
<td>Hampton Affiliates</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>Yes</td>
<td>n/a</td>
<td>Private</td>
<td>Portland, OR</td>
</tr>
<tr>
<td>Dunkley Bros. Lumber</td>
<td>Vertical Lumber</td>
<td>Regional</td>
<td>No</td>
<td>n/a</td>
<td>Private</td>
<td>Prince George, BC</td>
</tr>
</tbody>
</table>

In addition to West Fraser and Canfor, Tembec is the only other fully vertically integrated firm. Tembec’s operations are concentrated near Cranbrook in the southeast of the province. A number of firms, including Domtar, Neucel, and Mercer International, operate pulp and paper mills, but have no wood processing facilities or timber licenses. Kruger operates a pulp and paper mill in New Westminster and holds a license to harvest
public timber. A number of medium-sized firms, such as Interfor, Hampton Affiliates, Ainsworth Lumber, Tolko, Dunkley Brothers Lumber, and Gorman Brothers Lumber, hold licenses to harvest public timber and produce lumber or engineered wood products. Some Aboriginal groups control timber licenses and supply processing firms with lumber, the most notable being Coast Tsiamshian Resources. REITs, TIMOs, and other private timberland owners are limited due to prevalent systems of land tenure, but some operate in the southern regions of Vancouver Island where most land is privately owned. Island Timberlands and the Hancock Investment Group are the most prominent of these.

Table 5.4 – Ownership of Select British Columbia Forest Products Firms

<table>
<thead>
<tr>
<th>Company</th>
<th>Controlling Interest(s), April 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canfor</td>
<td>Jim Pattison Group, 25.06%; Jarislowsky-Fraser Ltd., 18.32%; Mackenzie Financial Corporation, 10.8%; Matthews-Cartier Holdings Ltd., 8.48%; Third Avenue Management (USA), 18.81%</td>
</tr>
<tr>
<td>Western Forest Products</td>
<td>Brookfield Asset Management, 70%</td>
</tr>
<tr>
<td>West Fraser Timber</td>
<td>Jarislowsky-Fraser, 14.3%; AIM Funds Management, 11.1%; Tysa Investments (William. Ketcham, USA), 7%; Ketcham Investments (Ketcham family, USA), 11.4%</td>
</tr>
<tr>
<td>Catalyst Paper</td>
<td>Third Avenue Management (USA), 37.97%</td>
</tr>
<tr>
<td>Dunkley Brothers Lumber</td>
<td>Novak Family, 100%</td>
</tr>
<tr>
<td>Ainsworth Lumber</td>
<td>Grant Forest Products, 34.14%; David and Catherine Ainsworth, 21.22%; D. Allen Ainsworth, 18.82%; Brian Ainsworth, 17.11%</td>
</tr>
<tr>
<td>Tolko Industries</td>
<td>Tolko Forest Products, 100%</td>
</tr>
<tr>
<td>Gorman Brothers Lumber</td>
<td>Gorman Family, 100%</td>
</tr>
<tr>
<td>Babine Forest Products/Hampton Affiliates</td>
<td>Hampton Lumber Mills (USA), 90%; Burns Lake Native Development Corporation, 10%</td>
</tr>
<tr>
<td>Domtar Inc.</td>
<td>Domtar Paper Company, LLC, 100%</td>
</tr>
<tr>
<td>Interfor Ltd.</td>
<td>Mountclaire Investment Corporation, 99.7% (William L. Sauder)</td>
</tr>
</tbody>
</table>

Source: Economic and Trade Branch, British Columbia MoFR, 2007

Trade disputes with the United States have significantly affected British Columbia’s forest products industry since the expiration of the SLA in 2001. To appease
American interests, British Columbia’s Liberal government enacted a number of fundamental changes to forest policies in 2003. Most of these were geared towards liberalizing the governance of forest resources (British Columbia MoFR, 2003; 2005; Marchak and Allen, 2004), including the relaxation of appurtenance clauses that require timber to be processed locally, and shifts from administrative- to market-based calculations of licensing fees. Firms are now able to sub-divide, lease, and trade harvesting rights, move logs freely throughout the province, and export any timber harvested that exceeds provincial manufacturing capacity. According to critics, this policy bundle constituted the *de facto* privatization of public forests (USW, 2005a).

Government involvement in the administration of forest resources is also reduced as responsibility for the oversight of forest practices is shifted *outwards* and assumed by certification boards such as FSC and the Canadian Standards Association’s (CSA) Sustainable Forest Management Program (Marchak and Allen, 2004). Furthermore, the provincial government clawed back twenty per cent of the land under license to forest products firms upon implementing its new forest policies in 2003, and ultimately plans on reducing the volume of land under tenure by fifty per cent. Half of the land removed from licensees was distributed to Aboriginal and community groups, and the other half publicly auctioned through British Columbia Timber Sales (BCTS), a division of the provincial Ministry of Forests and Range (MoFR). These auctions are designed to ‘provide a reference point for costs and pricing of all timber harvested from public lands in British Columbia [and are] used to calculate the stumpage [licensing] fees paid on public timber harvested under other forms of tenure’ (British Columbia MoFR, 2005, 11).

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29 The last policy is highly contentious considering that firms can ‘exceed capacity’ by curtailing production at local mills.
In addition to its role in valuing licensing fees, BCTS creates a market between harvesting and processing, which is counter to previous forest policy doctrines geared towards the administration of timber resources for local economic and infrastructural development.

Controversy continues with regards to the new system of forest tenure and the related trade settlement with the United States. However, a more recent concern is the mountain pine beetle (MPB) infestation. The MPB infestation is a component of natural disturbance cycles, but when combined with processes of climate change, it threatens provincial supplies of lodgepole pine, the primary species harvested in the interior. Although there have been previous outbreaks, the current infestation is the most severe in the province’s history. Harvest levels have increased in order to encourage firms to capture value from dead or dying resources. Such high rates of harvest are expected to be unsustainable in the long-run, especially due to the sixty to eighty year lag before replanted pine stands are merchantable (assuming that adequate and timely reforestation occurs). Equally concerning is the impact of the increased rates of harvest on what is already a highly-cyclical industry (Patriquin et al., 2007). With new housing starts having plummeted in the United States and consequently depressed lumber prices, the elevated supplies of timber, lumber, pulp and wood chips available for purchase from the MPB-infested interior will likely depress commodity prices still further. This adversely impacts regional production and employment, as is evident in the recent wave of production curtailments at mills throughout British Columbia.
5.4 – Conclusion

Prior to the 1980s, forest products firms in the PNW and British Columbia operated in similar environments. Firms were likely to be regionally-based and vertically integrated, and served expanding markets in the United States, and to a lesser extent, Canada. During this era there was a wider variety of firms, although there were some firms which operated throughout Cascadia (e.g. CZ, Rayonier, Weyerhaeuser) as well as some very prominent domestically-based firms (e.g. MacMillan-Bloedel, Canfor, Boise-Cascade). Despite differences in the ownership of timberlands, firms were generally able to secure supplies of reasonably-priced timber inputs. In the PNW this came in the form of ‘depreciated’ or undervalued private timberlands and timber contracts let by the USFS and BLM. In British Columbia, this was the result of the province’s forest policy regime, which provided firms with access to public timberlands.

Firms throughout Cascadia faced a number of challenges during the recession of the early 1980s. Markets and timber supplies contracted, exchange rates fluctuated, and competition from firms operating in regions with lower production costs – particularly the southeast United States, South America, and Indonesia – threatened to undermine the dominance of Cascadia’s leading producers. Moreover, the manner in which firms and the state reacted to these changes differed significantly between the PNW and British Columbia.

One of the catalysts for change occurred in the PNW during the hostile takeover of CZ and the implementation of practices designed to capture full value for timber by
Rayonier in 1985. This led to both a disaggregation of timberlands and a shift from vertically to horizontally integrated firms. These shifts also accelerated as federal timberlands were all but closed to industrial forestry during the early 1990s. The shift in the governance of forest resources – which are controlled by private firms and operate at the behest of commodity markets – demonstrates how the need to reduce costs was met by changes to governance, which then reoriented the organization of supply chains. These shifts also had significant impacts on the ownership of firms that process timber. Like other regional operators such as Kimberly-Clark and Abitibi-Bowater, Boise Inc. divested its solid wood processing facilities (to privately owned Boise-Cascade, its former namesake) in an effort to focus on pulp and paper production. Weyerhaeuser, on the other hand, divested all but one of its pulp and paper mills in order to focus on the production of solid wood products and timberland management. Georgia-Pacific remains the only major producer of both pulp and paper and solid wood products, and it focuses primarily on higher-valued added goods such as semi-finished building materials and sanitary papers and do not control any timber assets. A network of smaller pulp and paper producers persists (e.g. Grays Harbor Paper, Port Townsend Paper), as does a broad and varied network of solid wood processing firms, many of which control some timber assets (e.g. Collins Pine, Sierra-Pacific, Hampton Affiliates). These firms vary widely in their ownership structures. The presence of these firms is primarily related to the varied system of timberland ownership that exists in the PNW. Although the systems of employment relations implemented by these firms vary, some are heralded as being more innovative and environmentally conscientious than their larger publicly owned counterparts.
The recession of the early 1980s devastated many producers in British Columbia, but there were fewer fundamental changes to the broader structure of the industry, largely because the state remained involved in the governance of forest resources. This was also related to the need to maintain production and employment, considering the more significant role played by the forest products industry to British Columbia’s economy as compared with the PNW (particularly Washington) (Widenor, 1995a). This illustrates the interplay between the need to reduce costs, the governance of the industry and timber resources, and forms of production organization. Yet this is not to say there were no changes to the industry. The withdrawal of CZ and Rayonier and the restructured ownership of MacMillan-Bloedel signaled a shift from industrial- to institutional-based investors in the province. This was also made easier considering the corporatist agenda of forest policy, which facilitated the involvement of large publicly owned corporations.

Exchange rate fluctuations and commodity price cycles also began to be felt more profoundly by British Columbia’s forest products firms after 1980. This is because British Columbia-based firms did not diversify their product lines and switch to higher value-added goods to the same extent that firms in the PNW did, and because the majority of their production was geared towards export to the Midwest United States. A significant proportion of the fortunes of British Columbia’s forest products industry has since been tied to trade agreements and disputes with the United States, as well as the value of the Canadian dollar.

The fact that firms such as Canfor, West Fraser Timber, and Tembec remain vertically integrated is interesting, especially considering the prevalence of horizontal integration in other timber-producing regions of the world. Moreover, the fact symbiotic
relationships persists between seemingly horizontally integrated pulp and paper firms such as Catalyst Paper and Mercer International and solid wood processing firms such as Western Forest Products and Interfor is also telling of the influence of pressures emanating from the state. Canfor, West Fraser, and Tembec – all of which are direct competitors – are tied to timberlands that are located far from their primary markets. The solid wood processing mills of these firms are required to be large so that they can gain economies for scale and overcome the higher costs associated with distance to markets. This distance also limits their ability to sell residual products from solid wood processing facilities, and therefore they enjoy greater economic benefits from producing pulp themselves. Again, these are related to cost pressures that emanate from serving distant commodity markets, as well as provincial forest policy that require that producers process timber locally.
Chapter 6 – Pulp and Paper

Pulp and paper is the highest value-added component of Cascadia’s forest products industry and is the most capital intensive of all manufacturing industries in North America (Smith, 1997). The production of pulp and paper relies on a number of non-timber inputs (e.g. chemicals, water), has power generating capacities, and with the exception of scheduled maintenance shutdowns, operates on a continuous basis. Unlike the production of lumber, it is extremely costly for firms to discontinue pulp and paper production (Marchak, 1990; Gray and Shadbegian, 1998). For these reasons, pulp and paper workers enjoy higher rates of remuneration and job security than workers in other components of the forest products industry. Union density is extremely high, and the unions representing pulp and paper workers tend to portray their members as highly-skilled and more critical to the profitability and sustainability of the forest products industry than solid wood processing workers or loggers (Hak, 2007). Historically, the construction of pulp and paper workers as more skilled than solid wood processing workers was produced by the managers of vertically-integrated firms, who often streamed their most diligent and efficient workers away from sawmills and logging operations, and into pulp and paper. Most pulp and paper workers – especially those who entered the industry after 1980 – have some college or vocational training. Increased levels of education and training are a function of both the capital intensity of the industry, as well as competitive wages and remuneration (Birecree, 1993).

In the 1960s and 1970s, most new investment in the pulp and paper industry was used to construct new facilities that serviced emerging markets and growing continental
demand. As these opportunities waned in the late 1970s, firms invested in existing mills rather than the construction of new ones. The majority of post-1980 investment went to the purchase of new machinery, the computerized automation of production processes, and new chemical pulping technologies (Zuboff, 1988; Eaton and Kriesky, 1994; Holmes, 1997; Hayter, 2000). With respect to North America’s pulp and paper industry, Vallas and Beck (1996, 343) note, ‘[i]n less than a single decade, micro-electric controls and mill-wide information systems have transformed this terrain from a traditionally organized craft industry into a major outpost of automated manufacturing.’

Computerized automation technologies are designed to achieve production control, process stability, and productivity increases (Zuboff, 1988). Pulp and paper has always been capital intensive, and the implementation of such technology was not particularly surprising. Rather, it was the rapidity with which new systems of production were implemented that proved unsettling for workers accustomed to more traditional command and control principles of work organization. The inception of control systems reduced manual labour, but made the monitoring of machinery more important. A long-time pulp and paper worker in British Columbia described the transition:

‘I can remember production in the pulp mill in the early days. There were some control panels and some control rooms, but they were still controlled manually off the floor, to close valves and open valves [...] today, it’s all computerized. The computer can run the pulp mill day in and day out in many times.’

The shift to computerized automated production systems alienated many workers, as the power and control provided by their hard-earned experiential and tacit knowledge was wrested away. According to Zuboff (1988, 74), pulp and paper workers

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1 Interview 13.
were no longer ‘paid to work,’ but were ‘paid to think.’ For many, this meant sacrificing sensory knowledge gained on the shop floor, and replacing it with trust in the symbolic medium of a computer screen located in a control room and away from the actual site of production. Some workers – especially those renowned for their abilities on the shop floor – resisted and hesitated to engage with computers for fear of appearing foolish or incompetent (Zuboff, 1988). According to Vallas and Beck (1996, 347), ‘[t]he new processes intimidated many workers, especially those with less education, and left them fearful of the consequences of a personal failure to master them.’ When asked to list the most significant changes to production, a local union president and pulp and paper worker in the PNW described this transition in a way similar to his British Columbian counterpart quoted above:

‘Technology. Computerized control systems. Pneumatics. It eliminated a lot of older workers that couldn’t grasp that. You have to remember that at my age – I’m 51 – we had computers when I was younger and we were indoctrinated along the way a little bit, but not to the extent that a younger man was. The generation before me, they had a hard time adapting.’

Cost pressures required that firms adopt increasingly capital intensive equipment in order to remain competitive. However, such systems were not implemented uniformly, but rather on a mill-by-mill and firm-by-firm basis. Mills or firms that did not invest in computerized automation were either idled, or purchased and retrofitted by other firms. While the basic principles of computerized automation differed little between the PNW and British Columbia, mills in the PNW were more likely to produce higher-value added goods, and modernized their facilities more rapidly than mills in British Columbia, which benefitted from larger volumes of relatively inexpensive fibre. The subsequent

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2 Interview 44.
closure of a number of large coastal pulp and paper facilities in British Columbia, such as those at Ocean Falls, Prince Rupert, and Squamish, was due to antiquated machinery and technology.

In the context of the pulp and paper industry, the advent of computerized automation is the primary aspect of the ‘dominance’ aspect of the SSD framework. Despite the high degree of similarity in the way these continuous process technologies were implemented across Cascadia, the final outcomes with regard to employment relations were mediated by a number of factors ‘grounded’ in the PNW and British Columbia. These include ownership, production focus, access to raw materials, and the governance of labour and unions.

Non-salaried/hourly-paid work in the pulp and paper industry is divided into three categories: production, mechanical maintenance, and instrumentation. Production workers comprise approximately sixty per cent of hourly-paid workers in the pulp and paper industry. This category includes machine setters and operators, and any other work directly involved in the production of pulp and paper. In most cases production workers hold less formal education and are paid less than trade workers, but some positions are highly dependent on tacit knowledge and their remuneration is among the highest of all hourly-paid workers. This is particularly the case for paper machine operators (Holmes, 1997). However, the advent of new technologies that undermined and delimited the tacit knowledge of these workers has restructured their role in relation to co-workers, managers, and the overall production process (Zuboff, 1988).
The remainder of the labour force is split relatively evenly between mechanical maintenance and instrumentation trade workers. The importance of these categories of workers is directly related to the capital intensity of their workplace. Mechanical maintenance workers include millwrights and machinists who provide support for mechanical aspects of production. Instrumentation workers include electricians, system technicians, and information technology workers who support automated aspects of production. The skill base required of trade workers also increases their job security relative to production workers (Hardcastle and Mann, 2005). In the PNW trade workers generally command a five to ten dollar an hour wage premium (Table 6.1). In British Columbia, trade workers are remunerated in a fashion similar to many production workers, but receive less pay than most senior paper machine operators (Table 6.2). However, many interview subjects in British Columbia expected that the wages of trade workers soon would increase relative to production workers due to shortages of trade workers in western Canada.

Table 6.1 – Average Hourly Wages in the PNW Pulp and Paper Industry

<table>
<thead>
<tr>
<th>Entry Level</th>
<th>Hourly Wages ($US)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Production 18.19</td>
</tr>
<tr>
<td></td>
<td>Mechanical 26.24</td>
</tr>
<tr>
<td></td>
<td>Instrumentation 26.24</td>
</tr>
<tr>
<td>Experienced (10 years)</td>
<td>Production 24.34</td>
</tr>
<tr>
<td></td>
<td>Mechanical 28.24</td>
</tr>
<tr>
<td></td>
<td>Instrumentation 28.24</td>
</tr>
</tbody>
</table>

Source: Hardcastle and Mann, 2005, 13

Although these wage rates are based specifically upon a collective agreement between the CEP and workers at Catalyst Paper’s Campbell River facilities, they are similar throughout the province due to a system of pattern bargaining. This is examined in detail in Section 6.2.3.
Table 6.2 – Average Hourly Wages in the British Columbia Pulp and Paper Industry

<table>
<thead>
<tr>
<th>Entry Level</th>
<th>Hourly Wages ($CDN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanic</td>
<td>26.50</td>
</tr>
<tr>
<td>Pulp Machine</td>
<td>25.35</td>
</tr>
<tr>
<td>Paper Machine</td>
<td>26.84</td>
</tr>
<tr>
<td>Experienced (10 years)</td>
<td></td>
</tr>
<tr>
<td>Mechanic</td>
<td>33.01</td>
</tr>
<tr>
<td>Pulp Machine</td>
<td>32.47</td>
</tr>
<tr>
<td>Paper Machine</td>
<td>40.55</td>
</tr>
</tbody>
</table>


6.1 – Pulp and Paper in the Pacific Northwest

During the 1960s and 1970s, the pulp and paper industry of the PNW was characterized by dominant Fordist paradigms of work, whereby unionized workers, local managers, and owners achieved material gains and enjoyed mutually beneficial employment relations. Labour-management relations were adversarial but stable, and work was governed by Taylorist and command and control principles. However, a series of strikes in pulp and paper mills in the southeastern United States in the late 1970s and early 1980s had broad repercussions for across the industry in the United States and shifted bargaining power towards management and owners. The shift of power was directly related to the implementation of new production systems in the 1980s. These strikes are examined in further detail below, but it suffices to note that many occurred at firms that operated mills in both the PNW and the southeastern United States.

The introduction of new production technologies and the restructuring of ownership that began with the hostile takeover of CZ ushered in a new era of employment relations marked by a management-led drive for increased flexibility and a
shift from adversarial to participatory collective bargaining and union-management relations. By the early 1990s these had became common and generally-accepted features in the PNW. Despite relatively stable employment relations amidst a slow but steady reduction in employment, a number of contentious issues arose. These include animosity towards ‘lean’ forms of work organization, a lack of formal training provided by employers, skill shortages, perceived decreases in worker solidarity, and occupational health and safety concerns.

6.1.2 – *Employment, Wages, and Productivity*

After significant reductions in the 1980s, employment in the PNW pulp and paper industry has decreased by a further twenty five per cent since the early 1990s (Figure 6.1). According to Hardcastle and Mann (2005), and affirmed in a number of interviews, this workforce reduction was achieved primarily through retirements. A small proportion of this reduction was related to mill closures and contracting out. Mill managers surveyed by Hardcastle and Mann (2005) noted that employment in their workplace had not increased since the early 1990s (of the sixteen surveyed only one reported an increase). When combined with seniority clauses in collective agreements, the reductions have led to an aging workforce and have limited the hiring of younger workers. Subjects estimated that the average age of workers in the PNW pulp and paper industry is currently over fifty. Seniority clauses also ensure that older workers receive the highest scheduled rates of pay. Average pay itself has increased at an annual rate of between two and three per cent since the mid-1990s (Figure 6.2). Major increases in
productivity also occurred between the mid-1980s and early 1990s, but have increased only slightly since (Figure 6.3).

**Figure 6.1 – Employment in the PNW Pulp and Paper Industry, 1991-2008**


The labour force is overwhelmingly dominated by white men. Union representatives, managers, and executives were often quick to defend any implied thought that this phenomenon resulted from discriminatory hiring practices. Structurally, seniority clauses and cyclical layoffs entrench the oldest workers thus maintaining the white male status quo. Employer interview subjects and Hardcastle and Mann’s (2005) study acknowledged that their labour forces were not representative of the broader ethnic or gender makeup of the labour market. However, most argued that recent white male hires – many of whom had prior experience in forest products or continuous process

4 http://www.workforceexplorer.com/admin/uploadedPublications/3392_industry_seasonal.xls. This table also includes information for the solid wood processing and logging industries in Washington used in subsequent chapters.

5 http://www.qualityinfo.org/olmisj/CES?areacode=41010000001&action=summary&submit=Continue. This table also includes information for the solid wood processing and logging industries in Oregon used in subsequent chapters.
industries – simply fared better on mathematical and mechanical aptitude tests than did women and minorities.

**Figure 6.2 – Average Annual Wages in the PNW Pulp and Paper Industry, 1998-2005**

![Graph showing average annual wages in the PNW Pulp and Paper Industry from 1998 to 2005.](image)


**Figure 6.3 – Productivity per Employee in the PNW Pulp and Paper Industry, 1997-2006**

![Graph showing productivity per employee in the PNW Pulp and Paper Industry from 1997 to 2006.](image)

Pulp and paper production in the PNW has historically been concentrated in the Westside, with the exception of a cluster of mills near Spokane and a large mill on the Columbia River near Richland in the southern portion of the Eastside of Washington. There are no pulp and paper mills in the Eastside of Oregon. During the 1960s and 1970s, most employers were large and vertically-integrated. Labour markets were not overly tight, but firms did face some competition when recruiting local and high school educated workers (Eaton and Kriesky, 1994). Employment relations during this era were marked by control and compliance through narrowly defined jobs. Mildly adversarial relationships were common between workers and managers, although these were rarely problematic or disruptive. This was primarily due to systems of production that provided material and intrinsic benefits to owners and managers (in the form of profits and expansion) as well as workers (in the form of wages, benefits, skill development, and job security). Such relations persisted throughout the 1950s, 1960s, and 1970s. Eaton and Kriesky (1994, 42) note that in ‘1979 relations among the major unions and major companies were relatively cordial, and contracts featured double-digit wage increases in response to the high rate of increase of consumer prices.’ While these relationships were not as intricate as those in British Columbia, interview subjects described high levels of camaraderie and solidarity associated with their work, their unions, and their communities, which were dominated by regionally-based vertically-integrated employers such as CZ, Weyerhaeuser, Georgia-Pacific, and Rayonier.
Those who had entered the industry in the 1970s noted that many first worked for vertically integrated firms as a logger in hopes of ultimately transferring to a sawmill or pulp and paper mill. However, upon being transferred to a mill, it was likely that a worker would remain at that workplace. One local union president and pulp and paper worker discussed his work history, whereby he entered the industry as a logger (which was the norm), found work in the same company’s sawmill (which was also the norm), but was later transferred to their pulp mill (which was anomalous).

‘I got married and went to work in the woods in about 1976. I worked in the woods with a couple of different outfits, then I got on with Weyerhaeuser, which was a good thing in the ‘70s. I worked in the woods for a couple of years, then Weyerhaeuser came up with this short crew concept [...] and they laid off people to the point where I was permanently laid off in the woods. I was laid off for about two months, then I went to work in the Aberdeen sawmill. All the while I was thinking ahead. We’d heard that the pulp mill was a cleaner place to work, the money was a little better, the vacation was a little better, retiring was a little better, so the whole while I worked at the sawmill it was in the back of my head. [Transferring] wasn’t a common thing at that time. They needed a bunch of people for some reason [and] I put my name in. I think there were three or four of us that got to go over, and never again [were there transfers] after that.’

The process of transferring the most desirable workers in the eyes of management to pulp mills is often referred to in the forest products industry as ‘creaming.’ This practice, however, was rare as divisional and departmental managers sought to retain their best employees. A union official elaborated:

‘[Firms] spend a lot of money and time and training on that worker, and if they can fit them into a bunch of different spots, it’s hard to let them go. If they’re a hard worker and a reliable worker, a certain facet doesn’t want to lose them to another facet. That’s why they shut the door.’

These are the observations of subjects with experience working in vertically-integrated firms. What is noteworthy here is that workers were retained by specific divisions or

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6 Interview 44.
7 Interview 43.
departments of vertically-integrated firms. Despite being organized in this fashion in order to provide supply chain security and ensure the efficient allocation of resources, the managers of individual departments operated and were evaluated in a semi-autonomous fashion. Divisional managers thus retained favoured workers for their own benefit, and were loath to transfer them even if doing so would likely result in aggregate benefits for the firm.

This dominant system of employment relations changed dramatically in the 1980s. Job losses were numerous, although not as severe as in the logging or solid wood processing industries. A number of companies were sold and restructured, leading to an era of change that is only now beginning to stabilize. Pulp and paper workers and union representatives commented extensively on the effects of this restructuring, particularly as it relates to shifts from vertically- to horizontally-integrated firms and the changing nature of ownership. Most agreed that these changes undermined whatever trust previously existed between workers, unions, managers, executives, and owners. As one pulp and paper worker noted:

‘I think people are getting used to not working for Weyerhaeuser or Crown Zellerbach or whichever company is out there because they’re used to them being sold. Every time there’s a sale there’s always a song and dance put on for the workers. I think there’s very much a distrust between workers because they’re not sure anymore. It used to be that you could go to a Weyerhaeuser, and if you got in you were making good money, you were being taken care of in your medical, you were going to have a pension. All you had to do was come to work every day and do your job. Now no one’s sure about that. Everything’s uncertain. They say the plant’s going to be there for the next twenty years and it’s gone in five. It’s all the result of who owns it, what they’re willing to put into it [and] I think workers are very suspicious of what’s going on.’

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8 Interview 43.
Although some mills have closed since the 1980s, it was more likely that firms achieved cost savings and maintained profitability through new production processes and employment reductions. One pulp and paper worker described the situation at his workplace:

‘At one time there were 1800 hourly people, now we have a little over 700 folks. We’re making more paper than we ever have, we’re shipping more product than we ever have [...] with less than half the people we had when I hired in, which was down from before I hired in.’

In contrast to other inputs, pulp and paper firms are able to exercise some control over their labour costs. This is especially the case in large, publicly-traded firms, which have a tendency to bolster short-run financial performances by sacrificing the material well-being of their workers (Kaufman, 1996). This condition is not limited to the PNW, and most instances of downsizing have detrimental effects on worker morale (Hayter, 2008). As Wanda (2008, 36) notes, ‘[c]onsolidation aimed at capturing market milieus, reduction in capacity [output] to steady prices, [and] mergers and acquisitions that fail to account for different cultures, all bring uneasiness to paperworkers’ and ‘when workers witness mergers, acquisitions, and the inevitable redundancies, they often lose faith.’

Two pulp and paper workers and local union officials elaborated on the effects of restructuring on themselves and their co-workers:

‘Every time one company takes over from another or there’s a merger, we lose jobs. Overall I would think just because the company restructures itself, there’s still X amount of demand and X amount of capacity. I personally believe that the restructuring is symptom of automation and international trade, and that’s why every time you see a restructure you see a reduction in capacity, because it’s being shifted elsewhere. But there’s no doubt that every time it happens there’s a reduction in capacity. When G[orgia]-P[acific] took over James River, we saw

9 Interview 41.
the same thing. Now the Koch Brothers have took over G[еorgia-]P[acific] and we’ve seen the same thing.\textsuperscript{10}

‘At this point I think for the rank and file worker it really is “here we go again.” It was very traumatic for workers when it would happen twenty years ago. Now it has been so commonplace and even if it hasn’t directly affected workers in the mill, they’ve heard about it in other towns or industries. Another thing I’d like to mention is that there are tremendous market pressures in our industry. There’s a segment of the industry that makes premium products, but so much of it makes commodity products. There’s not a lot of room for a company to make adjustments to different pressures. But at the same time, so many decisions that affect individual mills are not bottom line driven. We had a mill in West Tacoma, and it changed hands several times, but in the end it was owned by a company that had this mill down here and several other mills. The market was good, the mill was making money, it was in the black. Newsprint prices were rising, but the company made the decision to shut that mill down so it could tighten supply and drive the price of newsprint up even higher and their remaining mills would make more money.\textsuperscript{11}

This second excerpt illustrates the disjuncture and mistrust between workers and firms with non-traditional ownership structures, which undermines once-congenial employment relationships. Subjects also discussed the fact that the population of many communities where pulp and paper mills are located has grown. This serves to reduce the relative importance of a mill to the local economy, and undermines many of the bonds and place-based solidarities that previously existed between workers, unions, employers, and the broader community.

6.1.3 – The Labour Movement and Collective Bargaining

Although the earliest efforts to organize workers were met with resistance from employers, the size and capital intensity of mills, continuous production processes, and

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\textsuperscript{10} & Interview 44. \\
\textsuperscript{11} & Interview 41. \\
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the timing of the industry’s emergence in the 1940s (after the inception of the Wagner Act in 1935) made organizing pulp and paper workers much less arduous than was the case in other components of the forest products industry. The history of unions in Cascadia’s pulp and paper industry is under-researched (Hak, 2007). However, almost all pulp and paper workers in Cascadia can trace their unions’ origins to the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers (IB), which emerged in the northeast United States in the 1890s. The IB and the smaller International Brotherhood of Paper Makers (IBPM, later the United Papermakers and Paperworkers, or UPP) were the exclusive bargaining agents for pulp and paper workers in Cascadia until the 1960s. The IB traditionally represented the majority of production and trade workers, while the IBPM represented paper machine operators. The two unions forged an alliance in 1909, and thereafter usually bargained in tandem (Hak, 2007). Gradually, over the next half century, most IBPM locals were subsumed by the IB, while those that persisted ultimately morphed into the UPP. The UPP was concentrated primarily in Wisconsin and Michigan, but represented some workers in the southeast United States and at a Union Camp mill on the Olympic Peninsula in the 1950s and 1960s.

The 1950s were a period of relative stability for pulp and paper workers in the PNW. Aside from day-to-day operations and the negotiation of collective agreements, the only major concern of the IB was ensuring that trade workers came under their jurisdiction (rather than that of occupationally-based craft unions). As new mills came online, the IB flourished and North American membership reached 171,037 in 1957 (Hak, 2007, 112). However, workers in Cascadia began to resent the eastern-based leadership and their lack of support for regional needs. Kleinsorge and Kirby (1966, 2)
note that ‘there was a feeling in the West that unions were being operated in a dictatorial fashion by eastern officers who gave little thought to the problems and needs of western locals.’ Hak (2007, 113) elaborates:

‘[f]eeling that the international was controlled at the top by closely linked bureaucrats in the eastern United States, rebels in the western United States and British Columbia fought for increased democracy, regional recognition, and more autonomy at the local level. The hiring practices of the executive, hints of corruption, and constitutional questions were fiercely discussed.’

Although the IB added regional vice-presidents in the 1950s, eastern officers often assumed these positions to fulfill political ambitions (Kleinsorge and Kirby, 1966). This led to the breakaway in 1964 of 21,000 pulp and paper workers in the PNW and northern California to form the Association of Western Pulp and Paper Workers (AWPPW).

The newly-formed AWPPW locals had been relatively content with the way the IB handled ‘business’ issues, such as wages, scheduling, overtime, and holidays. However, local concerns regarding grievance procedures, management rights, and job demarcation had not been adequately acknowledged by IB leaders. For example, the executives of western IB locals had devised a plan to address these issues prior to 1964, but were coerced by eastern leaders to abandon them (Kleinsorge and Kirby, 1966). In an about-face from the bureaucratic IB, the AWPPW based its constitution on participatory democracy. Although heralded by members as a source of identity and strength, fears that an overly democratic organization will yield chaos and inefficiency was as prevalent in the work of Kleinsorge and Kirby (1966) as it was in interviews with AWPPW members over forty years later.

In 1972 the IB and UPP merged to form the United Paperworkers International Union (UPIU). In 1974 the Canadian membership broke away (the Canadian breakaway
is discussed in detail in Section 6.2.3), making the UPIU an exclusive American organization. Throughout the 1950s, 1960s, and 1970s, the IB and UPIU engaged in pattern bargaining. Under this system, a number of locals at International Paper’s mills in the southeast United States – or the Southern Kraft Multiple (SKM) – established the pattern that the remainder of the country adhered to, with the exception of the PNW (Eaton and Kriesky, 1994). A regional system of pattern bargaining was employed by the IB in the PNW until the AWPPW broke away (Eaton and Kriesky, 1998). For the remainder of the 1960s and into the 1970s, agreements between the AWPPW and their employers established basic working conditions that IB and UPIU locals adhered to. Pattern bargaining in the PNW was unnecessary and restrictive due to the AWPPW’s preference for short-term collective agreements, which allowed them to stagger expiration dates and whipsaw employers (Birecree, 1993). However, disruptive strikes by AWPPW locals in 1978 led to the creation of the PNW-based Pulp and Paper Employer Bargaining Council (PPEBC) in 1981. The PPEBC included major employers such as CZ, Weyerhaeuser, and Georgia-Pacific, and was designed to stabilize employment relations during the restructuring of the 1980s (Eaton and Kriesky, 1994). Despite early successes, the PPEBC dissolved in 1987 when the AWPPW balked at employers’ demands for a wage freeze and the canceling of mandatory holiday shutdowns. For a brief period, the AWPPW was able to avoid making such concessions, which were similar to those agreed to by the UPIU elsewhere in the United States, but eventually succumbed.

Similar to other employers during the Reagan presidency, pulp and paper firms took aggressive stands at the bargaining table during 1980s. The newfound dominance of
the southeast United States in pulp and paper production and the reorganization of firms along horizontal lines also contributed to employers’ ability to force concessions from the AWPPW and UPIU. However, this did not occur in and of itself. Rather, firms adopted particular spatial and operational strategies that undermined the bargaining power of pulp and paper workers, and led to the restructuring of long-standing employment relations systems and practices. The advent of flexible systems of work organization contributed significantly to the shift of power away from labour and towards capital.

It was in southeastern United States that the restructuring of employment relations and collective bargaining were first apparent. Two firms were paramount in implementing these changes: Champion International and Boise-Cascade, both of which shifted productive capital from the PNW to the southeast during the 1980s (Brunelle, 1990). Ault et al. (1998, 102) describe the rationale for this restructuring:

‘Although unions in the industry [...] did not have a history of militancy, they did indeed take advantage of their leverage, and wages grew faster than in other large manufacturing industries in the 1970s. Historically companies negotiated at the local mill level, but a pattern had developed by this time of keeping pace with the largest company, International Paper, where annual raises were in the 10 percent range by the end of that decade.’

They continue:

‘A major power shift – brought along by advancing computer technology, which made process control less dependent on experienced labour – began in 1979, when Crown Zellerbach and Weyerhaeuser shut down mills and reopened them with replacement workers to avoid agreeing to union proposals for pattern wage settlements. When the unions struck Champion in 1980 at Courtland [Alabama], management chose to run the mill with salaried employees manning the process facilities. [...] Discovering that it could run the mills (at least temporarily) without union employees strengthened management’s hand (again, not only at Champion, but throughout the entire industry).’ (p. 102-3)
However, the disputes at CZ and Weyerhaeuser were relatively short and localized in the PNW, while the precedent-setting Courtland strike occurred in the southeast, which was (and is) openly hostile to organized labour. It was there that labour’s power waned relative to employers, who took advantage of their newfound leverage to restructure employment relations by imposing flexible work practices.

The AWPPW and UPIU were thus forced to make concessions during the 1980s. Many firms that operated in both the PNW and southeast threatened to relocate production and investment away from the PNW and to southeastern mills if concessions were not made. The strike by UPIU members at an International Paper mill in Jay, Maine, where 1,200 workers protesting concessionary demands were permanently replaced by workers from outside the community (who also decertified the UPIU) further demonstrated the bargaining strength of employers (Cutcher-Gershenfeld, 1995). Concessions included the acceptance of flexible work practices (e.g. work teams, reduced job demarcation), the elimination of premium pay, and the acceptance of the contracting out of some aspects of production (Voos, 1994; Block, 2003). Currently, the bargaining structures of the AWPPW and former UPIU locals in the PNW is fragmented, and although there are some firm-wide agreements (primarily with Georgia-Pacific), most bargaining occurs on a mill-by-mill basis. Many collective agreements are of a very short duration (one or two years). This is generally preferred by employers, as it provides more flexibility in their ability to react to market conditions and reduces long-term commitments to workers.

Not surprisingly, the membership of the AWPPW and UPIU declined throughout the 1980s and early 1990s. In 1992 the UPIU bolstered membership by absorbing the
much smaller Allied Industrial Workers. This was followed by a more significant merger in 1999 when 240,000 members of the UPIU merged with 80,000 members of the Oil, Chemical, and Atomic Workers International Union to form the Paper, Allied-Industrial, Chemical, and Energy Workers Union (PACE) (Rose, 2004). PACE then set itself the task of revamping organizing programs in order to promote and foster international solidarity. One major initiative that was realized almost immediately following the merger was their affiliation with the twenty million-strong International Federation of Chemical, Energy, Mine and General Workers (ICEM, 1999).

The trend of mergers continued, as PACE joined the United Steelworkers of America (USW) in 2005. This created the world’s largest union, with over 800,000 members in the United States and Canada (USW, 2005). This occurred after a proposed merger between the ‘big three’ unions of the United States – the USW, the United Auto Workers (UAW), and the International Association of Machinists (IAM) – failed to materialize. This merger was proposed in the hopes of consolidating labour’s power and resources in order to counter the strategies of capital during an era of declining union density. The original aim was to complete the merger by 2000, but the IAM withdrew in 1999 citing structural differences. According to former IAM president Steve Buffenberger (in McKay, 1999, np), the structural and cultural differences were too large to overcome. He noted that ‘[i]t’s too difficult, too burdensome, too emotional to take three separate union cultures and merge all three together with the expectation that you will satisfy everybody.’ A PNW-based executive of the USW discussed the failed merger, then ensuing merger with PACE, and the benefits of an international labour movement:
‘The fight is global. We have to be global. We have to make these alliances across our borders, and you’ve got to have a union that has the resources and the vision to do that if you’re going to succeed. We were looking at the big three, and it was supposed to happen by the year 2000, and it fell apart. Basically, the reason why it fell apart was some power struggles at the top of the unions. We’ve got to separate that, we’ve got to forget about that. We’ve got to figure out who’s going to be president of the union or who’s going to take care of the executive. Unfortunately [the merger] never happened, so we went ahead with other mergers. That’s what happened with PACE.’

Interview subjects in the PNW were generally concerned with the lack of solidarity amongst pulp and paper workers. Interestingly, the subjects who demonstrated the most concern were involved in some capacity with union affairs, were close to retirement age, or were amongst the youngest workers in their respective mills. The latter were rare, but demonstrate the efforts of some senior union officials to recruit and mentor younger workers. However, the fact remains that younger workers – themselves few and far between – were less involved in union affairs than more experienced workers. As one union official noted:

‘In my experience it’s easier to get older people involved. We’ve had a harder time trying to get younger people involved. [...] I actually did get involved at a fairly young age, but I was an aberration. Most of the union activists in our mill are older. Younger folks are typically more interested in punching in, doing their work, punching out, spending time with their family, or having fun. It takes a while, and it’s been much more challenging to recruit younger folks to be activists than older folks.’

The apathy of members towards the union was also a point of frustration. Yet subjects believed that the union could stand to improve communication in order to better convey the benefits derived from their work ‘behind the scenes’ through legislative lobbying or

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12 Interview 50. The USW recently forged an alliance with the British ‘Unite the Union’ in 2008. This alliance – dubbed ‘United Workers’ – represents over two million workers in the United States, Canada, the Caribbean, Great Britain, and Ireland (Toland, 2008). The USW also plans to target union mergers in Latin America, Asia, and Australia. As a USW executive above noted, ‘the movement is global, the business is global – it’s certainly that way with pulp and paper – and I think they looked at what we’ve done with alliances outside of the country, and that’s where we’re going to put up the best fight’ (Interview 50).

13 Interview 41.
through negotiations with management. For most union representatives or executives, the lack of communication between leaders and members was a concern. Officials from the USW and AWPPW spoke in regards to this:

‘Maybe it’s to the point where we’re spoiled? We had different issues in the ‘70s and ‘80s and ‘90s. We got to the point where there was too much channels on TV and too many things to do outside of work. It used to be that people participated in the PTA or church or the union or the bowling league, and now just don’t do that. We don’t even go to church anymore in the northwest. I think that we need to get a message out to our folks that it isn’t just about what happens on the shop floor.’

‘I don’t think the union’s done a good job communicating to their members or the general public all the different ways we impact the mills. We do a tremendous amount of stuff behind the scenes, either with the employers or on our own, ensuring the survival of the industry. I think it’s hard for Joe Worker who just comes and doesn’t want to be bothered, just wants to do his job and go home. They’re not going to be into some of these things. Oftentimes they’ll be down there for ten or fifteen years before something happens that really touches a person, and where they see that the union makes a significant difference. Probably eighty per cent of [workers in] the mill don’t have any contact with the union. They’re not in trouble, so they’re not being represented. They’re not involved in some of these other committees and efforts.’


The shift to more flexible systems of work organization had significant impacts on employment relations in the PNW during the 1980s and 1990s. Flexible systems were accepted under some duress in UPIU collective agreements during the 1980s (Vallas, 2003). Some of the primary features of flexibility include the relaxation of job demarcation and seniority provisions, team-oriented work systems, and contracting out. In some cases, management also won the right to assign work outside of job

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14 Interview 40.
15 Interview 41.
classifications or immediate work areas, as well as to require workers to perform routine maintenance or minor repairs (Eaton and Kriesky, 1994). These practices were generally adopted in *quid pro quo* agreements that provided enhanced severance or retirement packages for senior workers (Hayter, 2000). Increased remuneration was also offered in many instances. In the case of Boise-Cascade, ninety-four specific job classifications were reduced into a small number of team-oriented ‘clusters.’ Although clusters required fewer workers, each member received the rate of pay previously afforded only to the highest-ranked job included in a cluster (Cutcher-Gershenfeld et al., 1995). However, clusters tend to segregate specific groups of workers to individual sections of a mill and can create inter-divisional tensions (Vallas and Beck, 1996). This is problematic for labour, as it serves as a managerial tool to undermine solidarity. It is also problematic for management, as it reduces communication and cooperation throughout the mill – a facet of production that is increasingly important during the advent of automated production processes. Furthermore, such modes of flexible production are difficult to enact without commitments to job security. In the absence of job security, shifts towards flexibility are perceived by labour and unions as threatening rather than empowering (Hayter, 2000).

Flexible systems of work organization were common in the PNW by the late 1980s. They were not accepted uniformly, but rather implemented on a mill-by-mill or firm-by-firm basis, and often alongside pay and job security increases. The latter helped foster the shift to more cooperative systems of employment relations. The skills required by workers under flexible systems changed significantly compared to those required by workers under Fordist/Taylorist systems. Previously, work tasks were narrowly defined and could be done efficiently by individuals or small groups of workers. These tasks

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were generally allocated according to trade and seniority. Flexible and team-oriented work systems required workers with strong inter-personal skills, and computerized automation required that workers abandon their reliance on sentient knowledge and manual skills. Employers now placed a premium on workers adept in data management, analytical reasoning, and conceptual understandings of production processes (Zuboff, 1988). As Hayter (2000, 270) notes, ‘core workers under Fordism may not have the attributes to be core workers under flexible operating cultures.’ Streeck (1989, 97) elaborates, and posits that the flexible core worker is required to develop ‘unspecific, “extra-functional” skills, that are essentially of an attitudinal and behavioural kind, and which include individual characteristics like diligence, attention to detail, thoroughness, and a willingness to carry responsibility.’ The occupational cultures of many long-established pulp and paper workers in the PNW (and British Columbia) were often based on maintaining control over work practices and narrowly defined tasks, and did not mesh well with flexible systems of work organization. Moreover, the AWPPW and UPIU fiercely resisted the implementation of flexibility alongside computerized automation, which upset many of the gains they had made through collective bargaining since the 1950s.

Worker and union resistance to flexibility in the PNW was muted in the early 1990s, partly due to employer commitments to job security. However, most workers interviewed were extremely critical of more recent management-led flexibility initiatives implemented amidst recent ownership changes. There was a general sentiment that these initiatives were ill-conceived and not conducive to long-term success. One pulp and paper worker and local union executive noted that firms attempted to replace retired
machine operators by ‘spreading work out,’ or essentially having one employee perform the work previously done by two. According to this subject, these practices were foolish because the added stress placed on the employee makes it more likely that one – or both – machines that employee is responsible for will break down. In this sense, he noted that his employer ‘doesn’t just trim the fat until it bleeds, but they trim the fat until it bleeds, and keep cutting.’\textsuperscript{16} The same firm, he noted, contracted out most of its maintenance work: between one and two hundred jobs per mill. While this may save money in the short-term and appease owners or shareholders, it increases uncertainty, dilutes site- and context-specific skills held by millwrights or trade workers, and demonstrates a lack of commitment to permanent employees. Negotiating further flexibility is thus made more difficult, trust between labour and management is undermined, and worker morale suffers (Hayter, 2000). Significant occupational health and safety risks accompany the increased work intensity.

The shift to flexibility also restructured the work of plant-level managers. Many new managers were not experienced in the pulp and paper industry, but understood the concepts and intricacies of many aspects of computerized automation. However, many had difficulty reconciling their values with those of a more senior workforce (Hayter, 2000). Furthermore, the shift to flexibility often required that workers share their tacit knowledge with managers through mediums such as quality circles and team meetings. In some cases workers were even required to assist managers in producing manuals for specific machinery or areas of production. Yet in the face of downsizing and resentment

\textsuperscript{16} Interview 50.
towards restructuring, these managerial efforts to codify the experiential knowledge of workers do not always prove fruitful (Vallas, 2003).

The restructuring of job ladders within mills occurred in conjunction with the implementation of new production technologies. Until the 1980s, most of Cascadia’s pulp and paper firms employed managers with previous experience as production or trade workers. These managers shared both a tacit understanding of production processes and occupational cultures, as well as a solidarity of place (see Newby and Bell, 1974). Yet new production technologies created a ‘ceiling’ for production and trade workers, who are now rarely elevated beyond low-level supervisory positions (many of which are governed by the union). Senior managerial and supervisory positions are reserved for engineers and business school graduates, most of whom have little cultural attachment to the industry, are not indigenous to the region of production, and are less experienced in the industry (Vallas and Beck, 2003). Moreover, and based on field observations, engineers and managers in the PNW are on average much younger than production and trade workers. This devalues the patiently-earned experiential knowledge of labour, as well as their ability to self-manage (which most subjects believed was feasible). The most experienced pulp and paper workers in the PNW also noted their indifference to (and at times, resentment of) engineers and managers under the age of thirty.

Despite relatively stable (but declining) employment in the PNW pulp and paper industry, nearly half the current workforce are scheduled to retire in the next decade. This leads to major challenges with regard to the future reproduction of the labour force. Impediments to the latter include current forms of ownership, public perceptions of the industry, and inadequate training programs. The horizontal structure of the industry and
drive for short-term profitability limits the availability of task-specific training. According to Hardcastle and Mann (2005, 27),

‘employers noted that training budgets have steadily declined as their companies have downsized over the years, reducing their capacity to provide some forms of training to hourly employees. Even though there is a recognition of the importance of employee training for increasing productivity and future competitiveness, short-term pressures to reduce costs have increased the amount of scrutiny about the value of training.’

Training gaps are common, and most subjects perceive them to be detrimental to long-term profitability. Flexible and team-oriented work organization has rendered many mills so ‘lean’ that formal group training is impossible, as firms cannot idle mills in order to provide the necessary time off. Furthermore, whatever training occurs is implemented on an ad hoc basis. The skills acquired are generally specific to the employee’s division, mill, or firm, and are not easily transferable. Firms are reluctant to rehire employees who have been laid off for so long that their skills are outdated. Rather, they encourage current employees to work overtime, or in some cases, attempt to contract the work out. Lastly, few college or vocational training partnerships exist for production workers. This is because it is too costly for these institutions to purchase (replicas of) the machinery used in pulp and paper production (Hardcastle and Mann, 2005). The replacement of workers scheduled to retire is also a concern for unions, as subjects feared that there was not a suitable demographic to replace their skills sets or reproduce their occupational cultures. Moreover, as one union president noted, firms encourage older workers – who are often the most skilled – to accept early retirement or severance packages; many
acquiesce in order to maintain pension benefits that they fear may be lost in upcoming rounds of bargaining.  

6.2 – Pulp and Paper in British Columbia

Throughout the 1950s, 1960s, and 1970s, employment relations in British Columbia’s pulp and paper industry were simultaneously adversarial and paternalistic. Owners and managers were more involved in many facets of production than their counterparts in the PNW, and the remote nature of many of the communities in which production occurred fostered unique but complex working relationships. At the same time that computerized automation was being introduced, two of British Columbia’s largest employers – the PNW-based CZ and Rayonier – sold their Canadian assets to focus on their United States operations. The ownership of ‘regional champion’ MacMillan-Bloedel was also restructured when Noranda assumed control (Hayter, 2004; 2008).

Employment in coastal regions fell sharply in the early 1980s. Production recovered and then soared in the late 1980s, but employment remained low when compared to the late 1970s. Although modified Taylorist principles were introduced in the 1980s, employers did not implement flexibility in any significant fashion until the mid-1990s. The horizontal restructuring of firms also occurred much later and to a lesser extent than in the PNW, and limited to a small number of producers in coastal regions.

17 Interview 43.
Adversarial employment relations persist, as does pattern bargaining. Employment is more erratic and prone to fluctuations than in the PNW, and has trended downwards with a major decrease in 2001. Wages, however, have increased, and in some cases these increases are quite significant. Similar to the PNW, the workforce is aging and many of the most skilled production and trade workers are scheduled to retire within the next decade. This creates concerns for both labour and employers regarding the reproduction of the labour force. Union solidarity is also perceived to have decreased, although to a lesser extent than in the PNW. Training, occupational health and safety, and job security persist as critical issues for British Columbia’s pulp and paper workers and their unions.

6.2.1 — Employment, Wages, and Productivity

Employment in British Columbia’s pulp and paper industry is more volatile than in the PNW (Figure 6.4). Sharp decreases in employment are usually followed by slight recoveries and periods of stability. Employment is also more dependent on commodity prices, trade agreements with the United States, and exchange rates. The most significant decrease in employment came after the expiration of the SLA in 2001. In the same year, however, average annual wages and productivity both increased significantly, and have remained high since (see Figures 6.5 and 6.7). Between 2000 and 2002 alone, the average annual wages of a pulp and paper worker in British Columbia increased by over twenty thousand dollars. Negotiated base wage increases accounted for a small proportion of this, with the majority accounted for by increased overtime. Employers often rely on increased overtime in order to shed responsibility for pension or benefit...
costs, and to communicate a decrease in employment and overhead to shareholders. However, these practices are problematic for the long-term health of the industry. Overworked employees are more prone to workplace accidents or injury, which increase an employer’s insurance premiums and make it difficult to convince other employees to take more overtime. Doing so also concentrates skills and training amongst a smaller and more senior portion of the labour force, which may lead to human capital or training deficits.

**Figure 6.4 – Employment in British Columbia’s Pulp and Paper Industry, 1991-2007**

![Graph showing employment trends from 1991 to 2007](image)

Source: Statistics Canada, 2009; CANSIM Table 281-0024

Similar to the PNW, British Columbia’s pulp and paper workers are generally white males over the age of fifty, and the industry lacks ethnic and gender diversity. One reason for this was the long-standing (but mostly discontinued) practice of employing the high school and post-secondary student children of employees during the summer, and then offering them full-time employment upon graduation (High, 2007). Some union representatives lament the effects of hiring practices on the gender and ethnic makeup of the labour force. As one union representative noted,
Figure 6.5 – Average Annual Wages in British Columbia’s Pulp and Paper Industry, 1998-2005

Source: Statistics Canada, 2009; CANSIM Table 383-0009

Figure 6.6 – Average Annual Wages in British Columbia’s Pulp and Paper Industry, Adjusted for PPP, 1998-2004
Figure 6.7 - Productivity per Worker in British Columbia’s Pulp and Paper Industry, 1997-2007

![Graph showing productivity per worker in British Columbia’s Pulp and Paper Industry, 1997-2007.](image)

Source: Statistics Canada, 2009; CANSIM Table 281-0024; 379-0025

‘The pulp and paper industry is overwhelmingly white and even more overwhelmingly male. As an educated guess, it would be a miracle to have more than about five per cent women in the industry. [...] some of our workplaces continue to be really unhappy places for people who don’t fit in. The employer has a legal obligation to deal with that, but we also think that the union has a moral obligation to do more. Some workplaces are really good, I’ve talked to women in some of our pulp mills and they’re fine. Some of our mills are pretty horrendous, and some of the companies are spending huge amounts of money on settlements and legal fees and either dealing with human rights complaints or trying to buy their way out of human rights complaints. I sometimes think we actually haven’t made a lot of progress in this particular industry in the last couple decades. It seems very sad and discouraging.’

Throughout my fieldwork, it was rare to encounter women in pulp and paper mills. Most women that I did encounter gained access to the industry through a male relative who worked in the mill. Therefore, the presence of fathers, brothers, or uncles shielded some women from gender-based discrimination. However, it also perpetuates male dominance, as women’s access to work is based on the presence of male relatives. Both workers and employers discussed the constraints on efforts to foster diversity. The same union

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18 Interview 2.
representative noted that the union has no control over the hiring process, but maintains a moral obligation to promote respect for diversity in the workplace.

‘I guess I’ll start by saying that we don’t do the hiring. It’s not like craft unions who choose their members. We are trying to tread carefully on the fact that we don’t have any tools to make people work more respectfully together, but we try to find ways to do that [through] positive encouragement.’

A Canadian executive of a PNW-based firm also discussed the need for formal training in the pulp and paper industry, which according to him, perpetuates the white male applicant pool. He also noted that his firms’ corporate headquarters promoted policies that prioritized diversity. ‘The major push we get out of [corporate headquarters] in respect to the hourly workforce is around diversity. It’s a non-issue in respect that we’ve got to have what the labour pool provides for us.’

In short, seniority clauses entrench the status quo, and training requirements and the employer’s control over recruitment perpetuate the lack of ethnic and gender diversity. Although fostering diversity is encouraged by unions and employers (in a top-down fashion), distinct social and geographic labour market limitations inhibit increased workplace diversity.

6.2.2 – The Restructuring of Firms, Ownership, and Employment Relations

The experience of British Columbia’s workers in the face of the restructuring of ownership and firms is similar to those in the PNW in several respects, but is also influenced by the paternal relations once common in many pulp and paper-producing communities. The expansion of British Columbia’s pulp and paper industry following

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19 Interview 2.
20 Interview 4.
the Second World War was marked by tight labour markets. This was especially the case when the industry expanded into the interior, and firms began recruiting outside the province (Hayter, 2000). During this era, coastal communities thrived, established interior communities such as Kamloops and Prince George grew rapidly, and small communities such as Mackenzie and Gold River appeared ‘overnight’ (Marchak, 1990). To entice workers to migrate to the latter communities, firms offered higher-than-average remuneration (Hayter, 2000). Intra-firm labour mobility also became institutionalized. A number of subjects recounted time spent working as loggers in vertically-integrated firms while awaiting vacancies in pulp and paper mills. Based on their accounts, this mobility was more easily achieved than in the PNW. Others, discussed working in entry level positions in the pulp mills of the northern interior during their twenties, and alluded to the notion that this was a rite of passage pulp and paper workers were required to ‘endure’ before finding work in coastal mills.\(^{21}\)

Labour-management relations during the 1960s and 1970s were characterized as cozy and paternalistic. A ‘social contract’ between industry, labour, and the state prevailed, whereby the state provided infrastructure and raw materials, firms provided capital and employment opportunities, and labour restrained its bargaining agenda in order to promote economic growth, regional development, and industrial harmony (Panitch and Swartz, 1993). Subjects often looked back fondly on the relationships between workers, unions, management, and owners during this era. One union representative and former pulp and paper worker compared these relationships to current ones:

\(^{21}\) This was certainly the case for employees of BCFP (and later Fletcher-Challenge), companies that operated mills on Vancouver Island and in the interior town of Mackenzie.
‘The CEO used to regularly visit all the operations. He would come to the pulp mill three or four times a year. I think he fundamentally believed that is was important for him to have a relationship with all his employees. He didn’t just come in and have coffee or meet with management in the boardroom, he walked around the plant and got to know people, and would remember your names. I can remember him coming to my department and congratulating me on my marriage. That’s how in tune he was with the people in that facility. Those were the days when we had a Christmas party with union in staff. In a small town there wasn’t that division between union and management. Now, when I think about what’s going on in our pulp mills, the thought of a department Christmas party where you went to your supervisor’s home is completely unheard of. There’s just not that kind of relationship at all, and my guess would be that it fundamentally impacts productivity. When you feel like you’re part of something, you want to do your work, you want to go to work, you want to play the game. When you don’t, I don’t think you do, I don’t think that you want to go that extra mile. I think it’s almost impossible to get back, and I think that’s a really huge difference in three decades in this industry.’

This excerpt is consistent with a consensus developed among subjects, who believed the demise of amiable and paternalistic relationships began during the restructuring brought about by the recession of the early 1980s.

During this era, workers and unions were not so concerned with the actual implementation of new production technologies or work practices that threatened to alter employment relations. Rather, it was the replacement by newer companies such as Fletcher-Challenge or the restructured MacMillan-Bloedel of executives and managers who had a breadth and depth of experience in the forest products industry with corporate ‘bean counters’ that was more worrisome. As Dave Coles, the current president of the Communications, Energy, and Paperworkers Union of Canada noted:

‘Corporations that historically ran the industry were forestry and pulp and paper companies. They had deep roots in the industry and understood what is required to make these operations function [...] When you get private equity firms taking over companies, you lose that base of knowledge and it becomes worrisome that

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22 Interview 2.
they’re more interested in just the share value or asset value than they are with producing the product and making profit.’\textsuperscript{23}

Another union representative discussed the lack of autonomy given to locally-based managers when compared to the past:

‘Local managers had a lot of authority with regards to purchasing [and] capital investment. They could actually make an argument, pro or con, for a capital project, and probably thousands of other things. There was a tremendous amount of local management control [...] As companies have been getting larger and more international, the local management teams have less and less ability to do anything. You have a lot of local management teams, but are they managing anything? Are they managing our time sheets? [...] at one of the mills the mill manager now has a $5,000 [monthly] spending limit. $5,000! You can’t even buy a month’s worth of coffee for your operation for $5,000. It’s disrespectful I think. What’s the message to you as a management worker that you don’t get to participate in the decision-making?’\textsuperscript{24}

Subjects were also frustrated with the lack of contextual or tacit knowledge amongst managers, engineers, and executives, which was once required \textit{in addition} to formal training or education. As one pulp and paper worker and local union executive noted:

‘We don’t even need bosses here. Everybody knows their job, and there’s pride in being a papermaker. If you have to work all day to get the machine going, that’s what you do. If you’ve had a good day, that’s when you can sit with your feet up. In the old days, we had one of the best managers in the company, they hired him as a troubleshooter for one of the machines. He told them “when my guys are sitting down, that’s when you’re making the most money. If we’re working hard, you’re not making any.” [Currently], we’ve only got two supervisors who were actually papermakers. The rest are all engineers from all over the country. Even the mill manager is from Minnesota. The engineers know a lot, but they’re not papermakers. They know how to build a machine, they know how to maintain a machine, they can do the chemical engineering, but they cannot run a paper machine. We’ve only got two guys who can do that, and they help you out a lot.’\textsuperscript{25}

\textsuperscript{23} Interview 7. Dave Coles agreed to be interviewed on the condition that I use his full name and title.

\textsuperscript{24} Interview 2.

\textsuperscript{25} Interview 12.
Another pulp and paper worker discussed the manner in which his employer trained managers without considering the nuances in production systems in different departments of the mill.

“They took the head of our maintenance – he was a millwright – and he went to school and now he’s an engineer. They took him off that job and put him as a troubleshooter for the paper machine. He’s just, “what do I know about making paper? I can build a machine, but I don’t know nothing about papermaking.” They say, “a manager is a manager. You can manage anything.” Well it’s just not true. They’ve got no knowledge of what they’re deciding about.’

Conflict between unionized workers and engineers or front-line managers – all of whom tend to reside in the same communities and enjoy similar material lifestyles – is less common than in the PNW, where class-based divisions were more marked. One reason may be that strong job demarcation language in collective agreements and increased capital intensity limits the amount of influence each party has on the other’s work; or in line with subjects’ sentiments, creates a situation where the management of most workers is unnecessary. These groups also share frustrations with corporate practices dictated from ‘afar.’ Rather, conflict is more likely to occur between unionized workers and mill managers, the in situ representative of the parent firm and executive board whom the former recognizes as adversaries. Interestingly, many subjects noted a tendency for mill managers to reside outside the immediate community, a formidable task in many of the remote communities of Vancouver Island and the northern interior.

The provincial system of forest tenure – and its appurtenance clauses that required timber to be processed locally – was instrumental in delaying shifts towards horizontal integration. Fletcher-Challenge was the first to pursue such strategies (in

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26 Interview 13.
1990), and was followed by MacMillan-Bloedel (1997). However, when Fletcher-Challenge divested its timberlands and sawmills, MacMillan-Bloedel divested its pulp and paper mills in order to focus on logging, lumber, and engineered wood products. Additionally, almost every major forest products firm in British Columbia bought, sold, or merged major components of their operations between 1994 and 2004. These activities often involved the sale of one specific component or division, rather than the whole of their assets. This phenomenon has yielded a number of mills that have been owned by no less than seven firms since 1980. Needless to say, each firm (or division or mill) encapsulates its own legacies and variations of work cultures. It is therefore not surprising that challenges inevitably accompany the restructuring of employment relations during the restructuring of ownership.

One of the most pressing challenges for labour is the lack of knowledge of provincial legislation among owners and mill managers with experience in the United States. This is a major point of differentiation between British Columbia and the PNW, where foreign ownership is not an issue. Of one coastal mill, a union representative noted:

‘The new mill manager comes out of International Paper, and it’s going to prove to be a challenge compared to what we had before. [He] has a different mentality, let’s put it that way. His opening comment was ‘if I tell you to work on Saturday, how many hours do you have to work?’ Well you don’t have to work on Saturday. He says “what do you mean you don’t have to work if I call you in?” Well, in British Columbia overtime is not mandatory [...] It’s that mentality from the southern U.S. It’s very different, and it’s going to be a challenge for our people to re-establish the working relationships that we had with [the former mill manager].’

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27 Interview 58.
Table 6.3 – Ownership of Select British Columbia Pulp and Paper Firms, by Nationality: 1975, 1998, 2008 (Foreign-Controlled Firms in Italics)

<table>
<thead>
<tr>
<th>1975²⁸</th>
<th>1998²⁹</th>
<th>2008³⁰</th>
</tr>
</thead>
<tbody>
<tr>
<td>MacMillan-Bloedel</td>
<td>Fletcher-Challenge</td>
<td>Canfor</td>
</tr>
<tr>
<td>BCFP</td>
<td>Canfor</td>
<td>West Fraser</td>
</tr>
<tr>
<td>BC Cellulose</td>
<td>West Fraser</td>
<td>Catalyst Paper</td>
</tr>
<tr>
<td>Canfor</td>
<td>Doman</td>
<td>Tembec</td>
</tr>
<tr>
<td>Northwood</td>
<td>Weyerhaeuser</td>
<td>Domtar</td>
</tr>
<tr>
<td>Crown Zellerbach</td>
<td>Pacifica Paper</td>
<td>Kruger</td>
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<tr>
<td>Rayonier</td>
<td>Northwood</td>
<td>Mercer International</td>
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<tr>
<td>Weldwood</td>
<td>Skeena Cellulose</td>
<td>Neucel</td>
</tr>
<tr>
<td>Eurocan</td>
<td>Champion International</td>
<td>Nanaimo Forest Products</td>
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<td>Tahsis</td>
<td>Crestbrook Industries</td>
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Managerial staff also expressed frustration when negotiating the policies of corporate owners with the operational and regulatory realities in their mills. Again, the lack of knowledge concerning British Columbian legislation was the common source of frustration. Conversely, managers with shop-floor experience expressed more sympathy for workers, and shared a disdain for absentee corporate decision-makers. As one former logger, pulp mill worker, and Canadian executive of a PNW-based firm noted:

‘There’s some huge emotional challenges when dealing with the parent mill […] Things come out of [corporate headquarters] and they want it done like in the U.S. They pretend borders don’t exist. Labour codes are different in the U.S. they have one labour code in the U.S., and here we have one in each province. They don’t like it to be that way […] our parent right now, because of culture changes, says “this is the way we do it, and we need you to do it the same way.” Sometimes you get the impression that it doesn’t matter if it makes good sense or not, that’s the way we they do it, so you’ve got to replicate it.’³¹

Foreign control of forest products firms has long been a cause for concern in British Columbia. This persists, but is less problematic following Weyerhaeuser’s nearly total departure from Canada and the ‘Canadianization’ of firms such as West Fraser. Table 6.3

²⁸ Marchak, 1984, 84.
²⁹ Marchak et al., 1999, 83.
³¹ Interview 4.
illustrates the evolution of national ownership in British Columbia’s largest pulp and paper producers since the 1970s.

6.2.3 – The Labour Movement and Collective Bargaining

The IB and IBPM first organized workers in British Columbia in 1917, although their involvement was tenuous and only lasted until 1921.\textsuperscript{32} The IB did not return until 1937, when, with the help of organizers from Everett, Washington, they organized workers at Ocean Falls, who were certified in 1938. Workers at Port Mellon followed in 1941. By 1953 – after legislation and public opinion bolstered the spread of organized labour – the IB had organized nine coastal mills and over 4,000 workers (Hak, 2007, 84).

Despite relatively harmonious labour-management relations and ample material gains, a 1957 strike set a chain of events in motion that led to rifts between British Columbia’s IB locals and their American leadership. Like many of their counterparts in the PNW, there was growing dissent among British Columbia’s pulp and paper workers, who felt that their efforts were not being wholeheartedly supported by leaders in the union’s head office in Washington D.C. In the 1960s a number of Canadian unions outside the forest products industry broke away from their parent United States-based international unions, often under the guidance of Kent Rowley (Salutin, 1980).\textsuperscript{33} In

\textsuperscript{32} This follows a general pattern of unionization in Canada that occurred during this era (see Heron, 1996).

\textsuperscript{33} Kent Rowley was an organizer for a number of textile workers’ unions in the 1940s and 1950s, and later founded the Confederation of Canadian Unions in 1968. Rowley is well-know amongst labour activists for opposing the interference of American unions in the Canadian labour movement. Many credit Rowley for the spate of breakaway union movement in Canada during the 1960s and 1970s.
1963, pulp and paper workers at a new mill in Castlegar formed the Canadian Pulp and Paper Union (CPPU). The CPPU was initially courted for affiliation by the UPP, but instead, was joined by former-IB locals at Crofton, Woodfibre (Squamish), Prince Rupert, and Vancouver (Salutin, 1980; Hak, 2007). In 1965 the CPPU changed its name to the Pulp and Paper Workers of Canada (PPWC). Like the AWPPW, the PPWC was bent on retaining a regional focus and democratic rule. A former PPWC president discussed the breakaway movement:

‘It was the right thing to do in the ‘60s and ‘70s. We’re an independent country, and yet we were all dominated by American unions. Not only that, some of them were corrupt, especially the [IB]. There were moneies disappearing, the leaders were in bed with the Mafia [...] But don’t forget, there was also a breakaway movement in the United States itself. The AWPPW broke away from the [IB] at the same time that we were, for a lot of the same reasons.’

Despite business-as-usual bargaining, the labour movement was mired by

‘internal squabbles, based more on confrontations between the ins and outs than on principles, and inter-union battles [that] made a joke out of the supposed goal of solidarity. For outsiders, and even many union members, unionism was no longer the standard bearer for a great crusade of justice, but merely a locale for battles that were incomprehensible to those not directly involved’ (Hak, 2007, 121).

The PPWC undertook aggressive campaigns to bolster membership during their first decade of existence, as did the IB. These campaigns focused on both raids of existing locals and battles to establish charters in new mills in towns such as Gold River, Kamloops, and Quesnel. A union activist and pulp mill worker from Port Mellon discussed the climate of the labour movement during this era:

‘The ten years between 1965 and 1975 were a period of constant upheaval throughout the industry and Port Mellon was no exception. Local 297 was being raided from outside by the PPWC, whose raison d’etre was to form a Canadian

34 Interview 14.
union. To do this they conducted a raiding campaign on anybody and everybody, especially Locals of the [IB]. Not only did Local 297 have to fight raiders coming in from the outside, but the PPWC had many converts on the inside trying to subvert the local from within [...] The local union was in ferment and general meetings were raucous affairs. In June 1971 Local 297 fought off a vicious PPWC raid by the narrowest of margins’ (Allnutt, 2004, np).

The PPWC and AWPPW were not the only factions of the IB that were unhappy with the union’s leadership. Throughout the 1960s Canadian IB members sought to increase national autonomy. These efforts were successful in two important cases; much of this success was related to American leaders’ fear that they would lose more locals to the PPWC. The first occurred in 1963, when Canadian IB leaders proclaimed the Canadian Labour Congress – rather than the AFL-CIO – as the final arbiter in domestic jurisdictional disputes. The second occurred in 1967 when the first Canadian conference of the IB was held in Toronto. It was there that the Canadian Identity Council was formed. Recommendations for increased Canadian representation on the international executive and for the dues of Canadian members to be forwarded directly to the national office were enacted.

In 1973, one year after the IB and UPP merged to form the UPIU, American leaders negotiated a contract with International Paper that included six and a half per cent annual wage increases. This was to be the master agreement for North America. However, Canadian UPIU locals in British Columbia and those employed by Abitibi negotiated an agreement that included eight and a half per cent annual increases, which set the pattern for the Canadian industry (McCrobbie, 1996). Canadian subsidiaries of International Paper attempted to force the ratification of the American pattern agreement, but were struck in response and ultimately accepted the terms negotiated in Canada. In 1974, realizing they had ceded direct control to Canadian leaders and embarrassed that
they had been unable to negotiate the same terms as their northern counterparts, the UPIU executive facilitated the breakaway of 220 locals and 54,000 members in Canada (33 locals and 11,500 members were from British Columbia). These locals formed the Canadian Paperworkers Union (CPU) (Hak, 2007, 119).

The CPU and PPWC faced membership loses throughout the 1980s. This was common for industrial unions in Canada during this era, which previously focused on taking wages out of competition and making material gains. However, in the 1980s they were placed on the defensive for the first time since the Second World War. As Chaison (1996, 51) notes:

‘Since the early 1980s, Canadian unions have operated in an environment marked by severe recessions, rising foreign competition, declining employment in heavily unionized industries, and pressures for labor force reduction in the public sector. Most observers would agree that organized labor has been remarkably resilient; union membership expanded after 1980, employers’ attempts to reduce or freeze wages and benefits were widely rejected, and unions remained active in politics and coalition activities.’

The resilience of Canadian industrial unions in the 1980s relative to those in the United States is a result of two strategies. First, Canadian unions engaged in concessionary bargaining only as a temporary adjustment to market cycles, and they did not constitute fundamental changes to employment relations or bargaining structure (Wheeler, 1993). Second, Canadians unions maintained active social and political roles, and public and legislative opposition to organized labour was less pronounced than in the United States.

The membership and clout of many of Canada’s industrial unions continued to wane in the early 1990s. International competition and free trade limited the ability of unions and employers to pass wage gains to consumers. Trends whereby wage and benefit gains were sacrificed in exchange for long-term job security provisions also
became more common. The CPU, the Communications Workers of Canada (CWC), and the Energy and Chemical Workers Union of Canada (ECWU) were no exceptions, and all suffered losses that compromised their financial positions. Their strength was further compromised due to the fact that these unions represented workers in relatively homogenous industries whose bargaining strength was exposed to market and technological influences that resulted in restructuring and job loss. In 1992, 69,000 members of the CPU, 40,000 members of the CWC, and 35,000 members of the ECWU merged to form the Communications, Energy, and Paperworkers Union of Canada (CEP) (McCrostie, 1996, 25). This merger ‘hedged’ the bargaining power of each union, protecting against sudden membership losses due to employment reductions. Furthermore, the heterogeneous nature of the membership required few mergers at the local level (Chaison, 1996). This reduced the strain on resources that often accompanies mergers of locals that represent workers in similar industries, and also allows individual locals to maintain some autonomy. The inclusive nature of the CEP also attracted other unions seeking mergers, especially those that were smaller or less financially secure. This helped attract 3,200 members of the Southern Ontario Newspaper Guild, 8,000 members of the National Association of Broadcast Employees and Technicians, and the Canadian members of the International Typographical Union, all of whom joined the CEP in 1994 (McCrostie, 1996, 26).

Despite tensions between the CPU/CEP and PPWC, both unions cooperated on bargaining issues. This was facilitated by a system of industry-wide bargaining in British Columbia that lasted until 1994. From the 1970s until the early 1990s, labour was represented during bargaining by the CPU/CEP, and employers by the Pulp and Paper
Industrial Relations Bureau (PPIRB). This system brought stability to the industry and took wages out of competition. However, it unraveled in 1993, when Northwood Pulp and Paper of Prince George withdrew, citing a lack of forum for smaller producers, as well as their opinion that the PPIRB no longer represented the view of the entire pulp and paper industry (Hayter, 2000). This was not surprising considering the materially different operational circumstances of producers in coastal and interior regions.

Industry-wide bargaining was thus replaced by a system of pattern bargaining, whereby the CEP negotiates an agreement with a ‘target’ firm. Upon completion, this agreement serves as a template for employers throughout the province. This allows the CEP to concentrate bargaining resources on one firm. The target firm is generally the most financially stable, and the most likely candidate to offer lucrative gains to workers in order to avoid a strike. Moreover, the target firm’s competitors are then required to accept this agreement, or face costly work stoppages.

In 1994, Fletcher-Challenge – who operated mills in Campbell River, Crofton, and Mackenzie – was chosen as the target firm. Rather than bargaining centrally, Fletcher-Challenge insisted on bargaining mill-by-mill. A union official involved in these negotiations referred to this as the ‘travelling road show.’ He elaborates:

‘We would start bargaining with Fletcher-Challenge, but the mills wouldn’t bargain together. We’d start in Campbell River and do three days there, then we’d go down the road to Crofton and do three days there, then we’d go to Mackenzie and do three days there. We did that circle for about a month and a half before they realized that we weren’t changing our positions, and they had to come up with a common position on all the issues or else there would be inconsistency within the company. We ended up with centralized negotiations in Duncan.’\footnote{Interview 58.}
Despite the restructured system of bargaining implemented in 1994, the strike at Fletcher-Challenge that year was short; it lasted little more than a month. More importantly, the contract was considered a victory for labour, which maintained control over work in the face of employer demands for flexibility.

In 1997 the CEP again chose Fletcher-Challenge as the target firm. Fletcher-Challenge again strove to bargain mill-by-mill, but was again forced to bargain centrally. According to CEP members and executives, the ensuing strike revolved around the principles of flexibility (this is discussed at length in the following section). The 1997 strike lasted over nine months, and many suspected that Fletcher-Challenge was being subsidized by their competitors in order to establish a collective agreement that was similar to those of the United States. One union representative described the strike:

‘It was fought on the basis that the whole industry, all the employers, were after the same thing. Fletcher-Challenge was just the point person on it, they were being supported by the other employer groups. That’s when the major change in the workforce happened.’

A former PPWC president also discussed the 1997 strike:

‘There was a CEO that got his knuckles rapped in the 1994 bargain [...] and he said, “OK, I’m going to take you guys on.” He did take us on in a nine and a half month strike. There was a pattern bargain, so the two unions structured a strike fund that was funded by other members who were still working. The Fletcher[-Challenge] employees were getting $400 a week in strike pay. That’s a huge amount of strike pay. You would think that you could go out and strike forever under that, but [...] eventually the strike had to end. We also think that the industry subsidized Fletcher-Challenge, but we could never prove it. We think there was so much dollars a tonne that the other companies were producing that they paid to Fletcher-Challenge...’

He also noted that this agreement introduced flexible work practices and has since defined employment relations. Any flexibility gained in 1997 has been institutionalized,

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36 Interview 14.
but equally importantly, those initiatives resisted by labour (many of which are common in the United States) have not found their way into collective agreements.

Negotiations occurred again in 2002, and the CEP chose Catalyst Paper – an amalgam of mills formerly owned by Fletcher-Challenge and MacMillan-Bloedel – as the target. According to a union representative, the bargaining process in 2002 was amiable and efficient. He noted that:

‘There was a different approach to it. We’d approach it and say “let’s put everybody in one room. Let’s quit playing games and trying to jockey for position in one mill. Let’s see if we can do it in a constructive manner in a very short period of time.” It was actually Catalyst that came to us and said “we’ve got a whole bunch of contracts coming up at the end of 2003,” so they had to have negotiations concluded in the Fall of 2002 to be able to secure product delivery to their sales group. We entered into a very different round of negotiations, and very successful. We were able to mobilize all the local unions from the province under one roof [...] We were successful in getting things done on a very short basis. Our local issues were done in three days, and then all the other issues were done in five, which was remarkable because we used to spend months and months negotiating. That pattern agreement went throughout the industry with very little problem.’

In 2002 the CEP and PPWC capitalized on Catalyst’s need to meet delivery schedules. This reflects the decreased inventories currently held by employers, which were previously used as leverage during labour disputes, as employers could supply customers for at least a brief period. The 2002 agreement also included job security clauses and modest pay increases, as well as ‘trigger’ payments; whereby employees received bonuses if pulp and paper prices rose above an indexed level. Despite reluctance on the part of organized labour to accept incentive-based payment schemes (Chaykowski and Lewis, 1995), this bonus program has been fairly successful. According to interview subjects, employees have received an average of $500 annually in bonuses since 2002.

37 Interview 58.
The current pattern was negotiated by the CEP and Canfor in the summer of 2008. The agreement features modest wage increases (between two and three per cent annually), increased job security clauses, and improved severance payments. Like in 2002, the latest round of negotiations did not involve a strike. It also marked the first time that the CEP chose Canfor – an interior-based, vertically-integrated firm – as the target, rather than the coastal-based, horizontally-integrated Catalyst or Fletcher-Challenge. The agreement with Canfor was ratified in July of 2008, and diffused throughout the province by November. However, it differed from previous patterns in that it did not include two mills: Neucel’s small specialty pulp mill at Port Alice, and Catalyst’s large integrated pulp and paper operations in Port Alberni.

The case of Neucel’s Port Alice mill is unique, and examined in depth elsewhere (Sweeney and Holmes, forthcoming). This mill operates in a remote region of northern Vancouver Island. It was owned by Rayonier until 1980, and was part of the multi-mill package acquired by Western Forest Products (which was eventually controlled by Doman Industries), which operated the mill until 2003. The mill was then sold to the Wisconsin-based Lapointe Partners for one dollar later that year, and was subsequently closed in 2004 amidst accusations and an RCMP investigation regarding the misappropriation of employee pension funds by Lapointe. The mill was acquired by Neucel – a new entrant controlled by a Swiss investor group – after a lengthy campaign by the CEP. In 2007 it reopened to the delight of employees and those living in the community. Although the case of Port Alice is celebrated as a victory of the CEP and example of labour’s exercise of agency, the mill was reopened outside the provincial pattern. A CEP and former Port Alice resident discussed this at length:
‘We suspended for the term of the agreement several issues that were contentious, that the employer wanted to move out of the agreement, but that we said “no, it’s not going to happen, but to assist you in getting the mill operational and making a profit, we will suspend those for the term of the agreement.” Also, we agreed that we would freeze wage rates for the term of the agreement.’

The agreement between the CEP and Neucel also requires regular face-to-face meetings between local union officers and managers, which helps foster harmonious relationships. The negotiated wage freeze was also lifted late in 2007 in response to tight labour markets in western Canada. Trade workers received increases of thirteen and a half per cent, and production workers entered a bonus program that amounted to over $1,000 per worker in 2007. To some, the Port Alice agreement created a site for experimental employment relations in western Canada’s pulp and paper industry.

In April 2008, CEP locals at Port Alberni also negotiated an agreement outside the provincial pattern. Port Alberni is one of British Columbia’s pre-eminent timber-dependent communities, but has been devastated by job loss since the early 1980s (Barnes et al., 2001). The negotiation of this agreement was unbeknownst to regional or national union leaders, and resulted in the employer (Catalyst) receiving scheduling flexibility in exchange for the start-up of an idle paper machine (and sixty full-time jobs). Local union officials in Port Alberni claim the agreement was modeled after Port Alice’s, and was necessary to maintain production and employment. The viewpoint of regional and national leadership is that the agreement undermines the solidarity exemplified by pattern bargaining, and expressed concern that employers may use the Port Alberni agreement to whipsaw locals at other mills. As one union representative noted, there was concern that these actions may lead to a ‘race to the bottom instead of a

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38 Interview 58.
stabilization effect [...] there’s a challenge that other employers are going to come to the table with the same sort of demands, even when their operations are not in jeopardy. ³⁹ A pulp and paper worker from Port Alberni echoed these concerns:

‘...now we’re a mill on our own. They can just pick us apart. That’s what it’s all about, it’s all about union busting [...] We had a good relationship with [Catalyst], but now they’re pitting each local against the other [...] trying to see who can make the most cuts. If they succeed in what they want from us here, they’re going to the next mill to ask for even more. Then they’ll go to the next mill and ask for even more, until there’s nothing left.’ ⁴⁰

These concerns are also related to broader one that, similar to the PNW, fear that the solidarity of unionized workers in British Columbia is waning. For many, this is a result of two phenomena. First, senior workers are thought to better understand the sacrifices made to achieve the material wealth unionized workers enjoy. Second, the screening of new hires by large firms is seen as a tool to undermine the power of unions. Two subjects discussed this at length:

‘There’s this whole apathy thing towards the union [...] That’s just the mentality of people, they don’t vote, they don’t get involved. It’s a “me first” sort of attitude. “I’m taken care of. Everything’s good in my life, I don’t have to be involved in that.” But they don’t understand where all that came from [...] there is [also] a certain contingent of people who aren’t apathetic, they are kind of involved in the background, but they don’t necessarily come to the meetings because it’s two hours out of their lives that they could be spending with their family. As long as the union is taking care of them and they feel that everything is OK, they don’t get involved. Getting people involved on an everyday basis is hard, but every local is in the same boat. I think that’s just a function of society. There’s a lot of active people, but I think we’re a little bit spoiled. We think everything was given to us, but really it was all fought for.’ ⁴¹

‘It’s that whole new age of workforce that has been selectively hired by the corporations under their guidelines [...] Those employees go through very stringent hiring processes, and they’re basically that new age of worker. They’re materialistic, they’re individualistic. They’re kind of vision is not based around

³⁹ Interview 58.
⁴⁰ Interview 10.
⁴¹ Interview 11.
social or cultural values like pensions or health and welfare benefits. They say “just give me the money and I’ll look after myself.” There’s a real problem in the movement in general, because that’s where society is taking the average worker, especially people who are hired into a big corporation.  

Individualism among union members, according to some subjects, indicates increasing similarity with pulp and paper workers in the United States. Many feared that the hiring practices of employers could erode solidarity further and undermine the clout of the CEP and PPWC, leading to further problems in maintaining a pattern or avoiding concessionary bargaining.


British Columbia’s pulp and paper industry evolved around a social contract between the state, labour, and capital, which ensured steady supplies of raw materials, long-term employment and investment, and industrial harmony. Both Hayter (2000) and Hak (2007) describe the Fordist/Taylorist production systems that emerged in the 1950s in detail. In fact, these production systems were quite similar to those in the PNW, especially considering the influence of American employers such as CZ, Rayonier, Weyerhaeuser, and International Paper. However, many of the flexible work practices that became commonplace in the PNW (and most of the United States) during the 1980s were successfully resisted in British Columbia, despite the continued presence of American firms or subsidiaries. This is not to say that there were no attempts. A former president of the PPWC discussed Weyerhaeuser’s attempts to implement flexible practices during the 1980s. He noted that these attempts were short-lived and received

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42 Interview 13.
little support from labour, engineers, or managers alike. He also noted that the mill’s salaried employees at this time had gained most of their experience locally, and were not motivated to make significant changes to the organization of production and work. The successful resistance from both labour and managers set a precedent for other firms, and flexible practices were left off the bargaining agenda with the PPIRB, CPU/CEP, and PPWC until the mid-1990s.

The first instances of flexibility occurred as a result of the 1994 pattern agreement between Fletcher-Challenge, the CEP, and the PPWC. However, rising commodity prices gave labour bargaining power in this instance. Despite a desire by executives at Fletcher-Challenge (and other firms) to implement flexible work practices, the collective agreement – which was negotiated with the help of a court-appointed mediator and looming need to resume production to take advantage of elevated commodity prices – failed to include most of the employer’s demands around increased flexibility. This was the first experience with pattern bargaining in the province’s pulp and paper industry. One of the fundamental differences between pattern and centralized bargaining is that only the target firm and union representatives are involved in negotiations. Competitors are not present, and are forced to make their own interpretations of language and modifications included in the pattern agreement. Moreover, competitors are unable to voice their opinions on new initiatives. In this case, the implementation of flexibility was a higher priority for Fletcher-Challenge than it was for competing firms.

Interview 13.
Fletcher-Challenge’s executives had a cultural attachment to high-performance work systems, and according to subjects involved in the 1994 bargaining process, the desire for flexibility was primarily ideological. Furthermore, many of Fletcher-Challenge’s managers did not have experience in British Columbia, and were more accustomed to the style of management and production organization common in the firm’s New Zealand mills. It is interesting that American firms with long histories in British Columbia and which had successfully implementing flexibility in their American mills did not seem preoccupied with making such changes in their British Columbia operations. According to subjects, one potential reason was that at the time the managers of subsidiaries and branch plants were afforded autonomy, and were unwilling to expend resources in an attempt to implement measures that would in all likelihood be met by stiff opposition from labour, engineers, and local management.

The nine-and-a-half month Fletcher-Challenge strike of 1997 resulted in the negotiation of what is commonly referred to as the ‘flexdeal.’ As subjects noted, this strike was fought on ideological grounds, and Fletcher-Challenge was aggressive and insistent that its model of flexible production was the only acceptable way in which production and employment relations could be organized. Again, a shroud covered the bargaining process, and language in the eventual agreement was left open to interpretation by other firms, which did not apply changes in a uniform fashion. Subjects also noted that the language itself was confusing and comprehensible in its intended form only to those directly involved in bargaining. This resulted in a more literal and thorough application of flexibility in Fletcher-Challenge’s coastal mills and a focus on ‘common sense’ flexibility elsewhere. The latter focused more on having workers
perform simple and routine tasks that fell outside their immediate job classification, whereas Fletcher-Challenge focused on job-sharing, multi-tasking, and teamwork. These imperatives also led to immediate employment reductions. They also included severance packages to both the most senior and junior employees. One subject described how many junior workers received packages that included one year’s salary, tuition at accredited colleges or universities, and guarantees of summer employment. However, the same subject noted that downsizing due to the implementation of flexibility at other mills did not occur as rapidly, and that these changes were done simply to achieve more efficient production.\footnote{Interview 13.}\\

In addition to the lack of uniformity in the application of more flexible practices, subjects noted that many local managers were unwilling to upset established relationships with labour in order to implement practices that were as of yet unproven in British Columbia. Even in cases where managers implemented flexibility, especially in the interior, it was done in a haphazard manner and resisted by workers. As one union representative noted:

‘What we were finding was that companies were really lax in how they were applying the flex agreement, and they didn’t apply it the way they explained it to us at negotiations. People just assumed that they weren’t applying it so they just carried on and did their regular routines. When the companies did come and ask, we’d resist. Over time, things were engrained, and when they’d pressure us with new work systems we would refuse to do it, basically.’\footnote{Interview 18.}\\

Another pulp and paper worker blamed managers who did not understand the rationale for flexibility and were unable to motivate their workers.

\footnotesize{44} Interview 13.  
\footnotesize{45} Interview 18.
‘I think the biggest problem is weak supervision. Weak supervision promotes weak workers. When a supervisor cannot supervise his own men, and they’re sitting doing nothing, it’s not the workers’ fault. I know in some plants the workers have gone out and done work because they’re sick and tired of waiting around for their supervisors. Don’t tell me that our workers are lazy or whatever, [employers] have promoted it by allowing supervisors not to supervise properly. If you’re going to hold a supervisor responsible for the crew he’s supervising, then make sure he does a good job and you’ll see the results.’

Another pulp and paper worker perceived flexibility as a way to increase the workloads of individual employees while decreasing employment.

‘Basically they just want you to do double and triple your workload, not replace people when they call in sick, and take your holidays away from you because they don’t think you should have time off. They think you should be [at work] all the time. They expect you to work overtime to make the mill run instead of hiring new people. Right now, in our contract, we don’t work overtime unless there’s people laid off, but they’re forcing it right now by not training people.’

In instances where flexibility was implemented thoroughly, employees face increased physical and mental stress. Subjects also discussed working excessive overtime because of significant reductions in employment. When combined with a lack of training, this hinders the reproduction of a skilled and non-adversarial labour force.

It is important to recognize that it was in the 1997 ‘flexdeal’ that language concerning flexible work practices became legitimized in the collective bargaining agreements between British Columbia’s pulp and paper workers and their employers. However, whether or not it was implemented was the decision of managers and executives at individual companies. Recently, and despite relatively amiable bargaining between the CEP and Canfor, some firms have attempted to introduce flexible work practices as stipulated in collective agreements. The recent focus on flexibility is due primarily to the increased pressure on managers to find ways to reduce costs in the wake

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46 Interview 10.
47 Interview 11.
of the expiration of the SLA. This was certainly the case in the negotiation of the collective agreement at Port Alberni in 2008.

Some firms have difficulty recruiting and retaining workers; primarily those with certified trades. This is certainly the case in mills in the interior, which have always faced some challenges with regard to recruitment and retention (Marchak, 1984; 1990; Hayter, 2000). These mills must now compete for skilled workers with the oil and gas industries of northern British Columbia, Alberta, and Saskatchewan. Similar to those in the PNW, subjects discussed training gaps due to the lack of extra-industry programs and the reluctance of firms to invest in employee training, especially if this involves idling their ‘lean’ mills. However, shortages of trade workers are now a concern of coastal employers as well. A union representative and an executive from a pulp and paper firm discussed this, respectively, in the following terms:

‘In the interior of B.C. they’ve had a crisis around tradespeople for a couple of years. What’s interesting is it’s now hitting the coast. This is what we’re hearing from [forest products company] these past six or twelve months, that they are having recruiting difficulties. I’m not actually sure how they’re going to deal with it because we do have collective agreements [...] What I think they need to come to grips with is that they’re going to have to provide wages and benefits that may not match what’s going on in the oil and gas industry, but [that are] between where they are now and where [oil and gas] is at.’

‘We have one operation that currently has vacancies for 29 positions. Last week we thought we made improvements, we hired two people, but we lost four. Most of them are going to the oil patch. [...] Within the next ten years a significant portion of the workforce in our operations will retire. [...] it gets back to finding good individuals with a desire to be in this industry, who want to stay for a number of years. [These jobs pay] high twenties, low thirties [dollars] per hour, with a benefits package. And [trade workers] are leaving because other people can offer more. Traditional agreements in our industry in the last of years have been in the number of two or three [per cent wage increases annually]. Suncor, just a month ago in Fort McMurray, negotiated a contract with their employees.'

Interview 18.
There was a $400 signing bonus, significant improvements to their benefits and pension, and wages increases of seven, six, and six [per cent annually], and it was rejected because it wasn’t good enough. If we’re looking at competing with that right now we’re in trouble. Not with the market right now.49

The advent of flexibility, cyclical layoffs and production curtailments also led some skilled trade workers with school-age children to seek other locally-based work. One subject noted that in the interior city in which he resides, trade workers are increasingly leaving the mill to find work with the municipal services.50 Despite paying less than two-thirds of the wages paid at the mill, municipal service jobs provide more secure long-term employment, and are not subject to layoffs, shift work, and frequent overtime. Other subjects noted that they would discourage their own children from working in the pulp and paper industry. Because of this, many young adults migrate to Alberta to find well-paid work. A union representative spoke to this:

‘I have two children. I would have encouraged them to go into [the pulp and paper] industry. I think many parents have encouraged their children to seek other opportunities [...] people don’t see themselves making a career in [pulp and paper]. So, kids are leaving because if you don’t want to get a job at the mill, what are your other options? Well, you could get a job at the local restaurant, or at the grocery store or something like that. Those wages are very hard to raise a family on, so kids leave. I see it as a problem we have all across the country. It’s the depopulation of rural British Columbia. We saw it in the Prairies, kids don’t stay on the farm anymore, and this is what we’re seeing now in forest communities. Children don’t stay anymore. They believe there’s nothing for them. Once you believe there’s nothing for you in a community, there’s no point in staying.’51

This excerpt emphasizes one of the primary challenges in reproducing a local labour force in British Columbia that is not as prevalent in the PNW. Most of the PNW’s pulp and paper mills are located near the I-5 corridor – where urban areas and job opportunities are concentrated – and the same depopulation does not occur. In British

49 Interview 4.
50 Interview 13.
51 Interview 2.
Columbia, however, young adults are often compelled to migrate to Vancouver, Calgary, or the oil-rich communities of northern Alberta in order to find well-paid work. This, as subjects attested, is highly disruptive to the reproduction of skills and local occupational cultures in communities dependent on the pulp and paper industry.

6.3 – A Cross-National Comparison of Employment Relations in Cascadia’s Pulp and Paper Industry

The pulp and paper industry of the PNW focuses on the production of both commodity and higher value-added products. The mills of the PNW service domestic markets, and are not as vulnerable to fluctuations in the value of the American dollar as their counterparts in British Columbia. Moreover, firms that produce higher value-added products are less susceptible to market cycles than those that produce commodities. Although a small number of mills do produce higher value-added goods, British Columbia’s pulp and paper industry is geared primarily towards the production of commodity-grade products. Nearly three-quarters of British Columbia’s pulp and paper products are exported to the United States. The rates of production, profit, and employment in British Columbia are therefore highly responsive to internationally-determined commodity prices and the value of the Canadian dollar relative to that of the United States.

The restructuring of employment relations in the PNW pulp and paper industry began during the early and mid-1980s, when ownership and supply chains were reorganized (often according to trends that emerged in the region) and flexible work
practices (which emerged in the southeast United States) were first implemented. The disaggregation and reorganization of the supply chain occurred much later in British Columbia, and is not as prevalent as in the PNW. Most of British Columbia’s large pulp and paper firms (e.g. Canfor, West Fraser, Tembec) also maintain solid wood processing facilities and licenses to harvest public timber. Those who have pursued horizontal integration (e.g. Catalyst Paper) maintain symbiotic relationships with suppliers which maintain solid wood processing facilities and timberland operations. However, these relationships are sometimes problematic due to the countercyclical tendencies of pulp and lumber, which jeopardizes the affordability and supply of raw materials, and in turn, production and employment in pulp and paper.

Most pulp and paper production in Cascadia is controlled by a small number of large publicly-owned firms. The primary exception is Georgia-Pacific, which is extremely large, but owned privately by Koch Industries. There is a sentiment throughout Cascadia that institutionally-owned publicly-traded firms are detrimental to employees and the communities and environments in which they operate, as well as to the long-term health of the industry. These firms are also structured in such a way that it is difficult for executives or managers to sacrifice short-term profitability in order to invest in capital, infrastructure, or human resource development. A small number of privately-owned firms also operate in Cascadia (e.g. Neucel, Port Townsend Paper, West Linn Paper), but do not control a significant proportion of production. Finally, two worker-led groups have recently purchased mills in Nanaimo and Oregon City. Such worker-controlled firms are often heralded as being more responsive or sympathetic to the needs of their employees, communities, and surrounding environments, but often
succumb to competitive pressures and amend their generally more worker-friendly practices in a manner more consistent with those of their larger competitors.

Computerized automation became standard in Cascadia’s pulp and paper industry between the late 1970s and early 1980s. The implementation of these processes was often accompanied by management-led initiatives to reorganize employment relations and work practices. Despite initial resistance from workers and unions in the PNW, flexible work practices became common during the 1980s and were widely accepted by the early 1990s. The acceptance of flexibility was often due in part to *quid pro quo* arrangements that increased remuneration and job security, and offered older workers enhanced retirement and severance packages. Few changes were made to the dominant modes of production organization and work practices throughout the remainder of the 1990s, but some firms in the PNW have recently renewed their focus on achieving cost savings by restructuring employment relations. The contracting out of maintenance work is one of the primary means that this occurs, and has been hotly contested by organized labour.

These practices are not as widely accepted in British Columbia. Flexible work practices were implemented through the pattern bargaining agreements ratified in 1994 and 1997. Flexibility was a priority for the coastal-based Fletcher-Challenge, who had success implementing similar work practices in New Zealand. However, flexibility is often incompatible with the work practices and occupational cultures of British Columbia’s pulp and paper workers. Contracting work out is also more difficult due to legislative differences. Interestingly, American subsidiaries operating in British Columbia – many of which played a significant role in implementing flexible work
arrangements in the mills of the southeast and PNW – were relatively indifferent to the implementation of flexibility in their Canadian mills. There is a notion that American subsidiaries had a better understanding of employment relations and occupational cultures that did the ideologically-inspired Fletcher-Challenge, and were sceptical that the benefits flexibility would outweigh the costs and disruption caused by its implementation.

The state plays a much different role in the governance of the pulp and paper industry in the PNW and British Columbia. While the state is active in environmental regulation in the PNW, it is not active in the development of infrastructure or the governance of employment. The geography of the pulp and paper industry is also more cohesive in the PNW, as production is concentrated in relatively densely populated coastal regions. Labour legislation is also more employer-friendly and public support for organized labour has waned; this conforms to general trends in the United States. Moreover, the AWPPW and USW employ strategies of business unionism and focus on servicing the needs of current members, despite rhetoric that promotes the organization of workers in sectors generally excluded from the labour movement as a means to increase membership and foster alliances with non-labour interest groups. There is little coordination between unions, and bargaining is almost completely decentralized. Decentralization is most often associated with weaker bargaining systems that are advantageous to employers, especially during periods of low growth and restructuring.

In British Columbia, the state plays a central role in many facets of the pulp and paper industry; this has been the case since the 1950s. The development of the industry was critical to the state’s aspirations, and ensured that production and employment was
generated from locally available raw materials and ‘anchored’ to communities by state-provided infrastructure and large-scale continuous process mills. Although they are often criticized by American policy-makers and Canadian-based employers, the state continues to enact or maintain policies that maintain employment or provide displaced workers with more comprehensive social welfare than are offered in the PNW. Organized labour is also more influential in British Columbia than in the PNW. This is due largely to a more positive public opinion of unions and more labour-friendly employment legislation. Unions in British Columbia are also generally more pro-active and responsive to employer demands and broader socio-political issues than in the PNW. This helps foster public support for labour, as does the homogenous nature of the CEP. There is also more cooperation between the CEP and PPWC than between the AWPPW and pulp and paper workers represented by the USW.

With the exception of some recent initiatives brought about by the restructuring of ownership, employment relations in the PNW are relatively stable. Since the 1990s they have been marked by a slow but steady downsizing that has reduced the workforce by one quarter. Some job loss is the result of contracting out and the intensification of work, but as subjects attest, the majority is due to retirement. This helped maintain relatively cooperative or amiable relationships between workers, their unions, managers, executives, and owners, despite some frustration concerning reduced job demarcation and increased responsibility for workers. This has, in conjunction with seniority provisions in collective bargaining agreements, entrenched an aging white male labour force and limited gender and ethnic diversity. Concomitantly, hourly wages have risen at a rate of between two and three per cent annually. Because the majority of the labour
force is highly experienced, most receive wages at the top of pay scales. Slight annual productivity increases are evident as well, although the most significant gains were made during the initial implementation of flexible work systems alongside computerized automation in the 1980s. More recently, workers and their unions have expressed concern regarding the reproduction of skills, occupational cultures, and solidarity. This is largely due to the lack of investment in training and human resources (a function owners and investors who prioritize short-term profitability), the entrenched and aging labour force, and public opinion concerning the forest products industry in general.

Despite more involvement in industry by the state, employment relations in British Columbia are less stable than in the PNW. This is due partly to a regional focus on commodity production and volatile exchange rates. Since the 1990s, employment has been reduced by almost half. Annual hours worked, on the other hand, increased significantly as workers take on more overtime. This is problematic, however, as it concentrates wages amongst a small number of senior workers (most of whom are white males over the age of fifty), and reduces the number of employment opportunities for younger workers or those laid-off. This also leads to skill and training gaps – a result of the lack of investment in human resources by employers – which have created a shortage of trade workers in some mills, particularly in the interior. The replacement of centralized bargaining with pattern bargaining in 1994 has also elicited recent concerns. This is largely due to the fact that in 2008, two mills bargained outside the provincial pattern. Although one instance was given its blessing by the CEP, the other occurred unbeknownst to the union’s provincial or national leadership. The primary concern with regard to the latter is a fear that workers at other mills might follow suit in order to make
localized gains at the expense of broader solidarity and the CEP’s preferred method of bargaining.

Pulp and paper is the highest value-added component of the forest products supply chain, but is also highly exposed to international competition. The combined effects of systemic, societal, and dominance pressures have created similarities and differentiation in the organization of production and employment relations in the PNW and British Columbia. In the PNW, systemic pressures towards cost competitiveness are mediated by two factors. First, most mills service domestic markets, and are thus insulated somewhat from volatile exchange rates and international markets. Second, the focus on high value-added products provides some stability by insulating employers and workers from equally volatile commodity price cycles. However, employment relations have been significantly restructured, primarily during the period between the early 1980s and early 1990s. The state plays only a small role in the direct governance of competition, access to resources, or employment relations in the forest products industry, and did little to mediate dominant shifts to horizontal integration and the implementation of flexible systems of work organization. Furthermore, a pro-business environment promoted by federal and state governments has undermined the ability of unions to resist changes. In British Columbia, systemic pressures are more significant due to the focus on commodity goods bound for export to the United States. However, this volatility is mediated somewhat by societal factors; primarily those related to the involvement of the state in providing access to raw materials and infrastructure. This, in combination with the distance of employers in the interior from markets, also mediates dominant trends towards horizontal integration. Of the four largest pulp and paper firms in the province,
three are interior-based and vertically-integrated, while the other is coastal-based and despite its horizontal organization, maintains a regionally-focused symbiotic relationship with firms in other components of the supply chain. Moreover, relatively labour-friendly employment legislation and a stronger social welfare system have helped unions maintain more influence in politics, the workplace, and broader society. These last points are directly related to the ability of workers to resist the flexible systems of work organization that were implemented throughout the PNW by the early 1990s.
Chapter 7 – Solid Wood Processing

In many respects the solid wood manufacturing industry is the most varied component of the forest products supply chain. Facilities produce a variety of products, including dimensional lumber and studs, specialty-cut lumber, shingles, plywood, and oriented strand board (OSB). The production of wood chips from residual fibre for use in pulp mills is also an important aspect of the solid wood processing industry. The ownership, size, and organization of production facilities vary widely. While small locally-owned mills that focus on producing highly-specialized goods using labour intensive craft principles persist (particularly in Oregon), an increasing proportion of production occurs in large capital intensive mills owned by leading forest products firms such as Weyerhaeuser, Georgia-Pacific, Canfor, and West Fraser Timber. Most of the latter are located in the interior of British Columbia or the Westside of the PNW. The majority of mills, however, fall somewhere in the middle of this spectrum, and are just as likely to be operated by large publicly traded firms as by local or regional entrepreneurs (the latter are more common in the PNW than in British Columbia). Two firms – Interfor and Hampton Affiliates – operate throughout Cascadia. According to an executive of Firm O, the primary advantage for integrating operations throughout the region is to access new markets and expand the range of types of lumber the firm offers.¹

Solid wood is not a continuous process industry and is not reliant on chemical inputs. The primary inputs in solid wood processing facilities are timber, power (some of

¹ Interview 70.
which is produced on-site by burning bark and sawdust), and labour, which represents the largest production cost in most facilities (Eastin et al., 2007). There are no major costs beyond lost productivity associated with idling solid wood processing facilities, whether it is for one shift or one month. Consequently, employers have historically been more willing to let workers strike than in other resource-based industries (e.g. mining, pulp and paper). As a union representative from the PNW noted, ‘because the capital investment in paper is of a magnitude so much larger than the investment in solid wood, the industry in the U.S. has been extremely hesitant to put pulp and paper workers on strike, whereas they don’t have any problem putting [solid wood workers] on strike.’

Solid wood processing workers therefore wield less bargaining power than pulp and paper workers, and are more prone to both temporary layoffs and mill closures.

Historically, work in the solid wood processing industry has been more labour intensive than in the pulp and paper industry, and employees were often thought to be below pulp and paper workers in the forest products industry’s labour hierarchy (Hak, 2007). Nowhere was this more visible than in vertically integrated firms. As a Canadian executive of a large integrated firm noted:

‘Historically, pulp workers were called “cake eaters.” They got paid a little better and they worked a lot less, based on the sawmill view. [...] Historically, there was an education level you had to have to get hired into a pulp and paper mill, whereas in the sawmill, back in the ’70s, if a guy walked in and didn’t have a great education but was a warm body, he’d get hired. The last five years, sawmills [at Company A] out-performed pulp mills and paper mills [...] Pulp and paper mills got recognized for their performance years ago, there were years when every employee got a TV for Christmas. When the sawmills were doing well and the pulp mills weren’t, someone suggested we should recognize our sawmill workers in a similar way, but of course corporate said “You can’t do

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2 Interview 31.
that. The pulp mills are losing money. They lose in a day what you guys make in a year”.

In short, solid wood processing facilities have been reliant on labour intensive work practices, non-continuous production schedules, and workers with lower levels of formal education. The lack of chemical inputs also means that the employer is not required to invest in training, storage technology, and occupational health and safety related to chemically-based production processes. These are some of the reasons why solid wood processing workers are often thought to be less valuable or less skilled than workers in the pulp and paper industry.

In most facilities some labour intensive practices persist. However, many companies have upgraded their facilities or constructed newer and more capital intensive mills. These mills tend to be larger and are highly dependent on computerized automation in their production processes. This includes processes that utilize computer guided lasers to maximize the lumber produced from a specific log, reduce the kerf of the saw blade, and generally improve the speed and efficiency of production while reducing labour intensity. Tam (2006, np) and the executive quoted above both discuss this change, respectively:

‘In North America, the sawmilling industry’s historical “green chain” unskilled workforce has given way to a mix of semi-skilled and highly skilled workers. In modern mills (and value-added plants), capital has replaced lower skilled operations with knowledge-based and computer-literate staff. Some mills have yet to catch on, but a quick look at the BC interior and the Pacific Northwest signals the way forward.’

‘In a sawmill, years ago it was more manual. Today it’s been automated to some degree. The operators sit in booths and they’re heated and air conditioned, air ride seats, TV monitors, and computer screens.’

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3 Interview 5.

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While the situations describe above are not descriptive of all mills in Cascadia, they accurately reflect current trends within the solid wood processing industry.

Workers in solid wood processing facilities can be divided into three broad categories: skilled trades, machine operators, and manual labour. Skilled trades include power engineers, who are responsible for the operation and maintenance of machinery and boilers that provide heat and power; millwrights, who perform routine maintenance on production machinery; and sawfilers, who ensure that the blades of saws are sharp and properly aligned. The use of computers and sophisticated laser-guided equipment is becoming much more important in the work of skilled trade workers. Electricians and other instrumentation trade workers are also becoming more critical as capital intensity increases and computerized automation becomes more common.

Machine operators generally comprise between fifty and sixty per cent of all workers in solid wood processing facilities. They perform a number of duties, including the operation of various types of automated or mobile equipment to move logs or lumber through various stages of the production process or areas of the mill, sorting and stacking logs and lumber in preparation for processing and shipping, and operating equipment that cuts logs into desired dimensions. The practices associated with the latter position are changing as computerized automation increases. While formerly done on the shop floor, an increasing amount of this work is currently conducted from consoles or control rooms, thus removing operators from direct physical interaction with the production process.

4 Interview 5.
A number of positions are based solely on manual labour. These constitute the entry-level positions of the solid wood processing industry. Tasks performed by manual workers include the inspection, grading, and sorting of lumber, the manual replacement of standardized components of machinery, or using brooms or hoses to remove sawdust and other wood residues from machinery or areas close to machinery. These are among the most flexible workers in the mill, and may be required to perform a number of these duties as needed. There is also a tendency for machine operators in some mills – especially those in the PNW that are non-union – to perform some of these duties.

7.1 – Solid Wood Processing in the Pacific Northwest

Production organization and employment relations in the solid wood processing industry of the PNW are more varied than in any other component of the forest products supply chain in Cascadia, and are more varied than those in British Columbia’s solid wood processing industry. Production facilities are concentrated primarily in the Westside, although there are some areas in the Eastside – particularly near Spokane and along the Columbia River – where significant production capacity exists. While the size and product focus of individual mills varies, there is a marked transition underway towards larger and more competitive ‘Canadian-style’ facilities that are capital intensive and process smaller diameter timber extremely efficiently (Eastin et al., 2007). Prior to the mid-1990s, a significant proportion of regionally-produced lumber and plywood was exported to Asia. However, the combination of the Asian financial crisis and strong housing starts in United States in the late 1990s and earlier this decade reoriented output.
towards domestic markets. Washington’s solid wood processing mills service regional markets and the Midwest United States primarily, while Oregon’s service markets in California and the ‘sunbelt’ states of Arizona, New Mexico, and Nevada.

Employment relations are determined by a number of factors, but particularly ownership and whether or not workers are represented by a union. Approximately half of all solid wood processing workers in the PNW are unionized. Most are white males above the age of forty, and the average age of workers is increasing. However, women and visible minorities (primarily of Hispanic descent) recently have obtained more access to employment. At the time of my research, employment relations were marked by a number of contentious issues, including the lack of training alongside increased capital intensity, difficulties recruiting and retaining younger and skilled workers, and landscapes of production that are increasingly contested by those that value the recreational uses of timber-dependent communities.

7.1.1 – Employment, Wages, and Productivity

The solid wood processing industry is the leading employer of forest products workers throughout the PNW. In fact, the solid wood processing industry employs more workers than pulp and paper and logging combined. However, since the early 1990s the solid wood processing industry has accounted for the largest job losses within the forest products industry (Figure 7.1). In Oregon the fortunes of a large portion of the industry were tied to the processing of publicly owned timber, and the sharp decrease in
employment in the early 1990s is due primarily to the cessation of harvests on USFS and BLM licensed lands. Washington’s solid wood processing industry was less reliant on timber from public forests and although there was some job loss in the early 1990s, it was not as significant as in Oregon. After remaining relatively stable throughout the 1990s, employment in both states decreased slightly after 2000. This was followed by slight increases in employment in response to the booming US housing construction industry, and then by a sharp drop midway through 2007 when the housing bubble burst. Some job loss, especially in Oregon, can also be attributed to increased capital intensity, and occurred through retirement-based attrition rather than layoffs or mill closures. The increase in employment in Washington in 2005 was also due partly to the construction of a new sawmill by Sierra-Pacific on the Olympic Peninsula and increased timber imports from British Columbia (a result of changes to provincial forest policy).

Figure 7.1 – Employment in the PNW’s Solid Wood Processing Industry, 1990-2008

Source: Washington State Employment Security Department, 2009; Oregon Employment Department, 2009
Average annual wages in the solid wood processing industry are around US$40,000 (Figure 7.2). In general, these have increased steadily since the late 1990s, with some recent exceptions. Average annual wages in the solid wood processing industry are slightly higher than in logging, but significantly lower than in pulp and paper. Temporary layoffs and production curtailments are also common, but offset by just as frequent overtime during periods of increased production. The hourly wages and total annual remuneration of individual workers vary significantly depending on occupation, seniority, unionization, and the particular employer. Manual labourers and junior machine operators may earn little more than twelve dollars an hour in some non-union mills, while their counterparts in unionized mills may receive upwards of twenty dollars an hour. Skilled trade workers earn upwards of twenty-five dollars an hour and some earn significantly more depending on the capital intensity of their workplace. The variance in wages amongst skilled trade workers is much less than amongst manual workers and machine operators.

Figure 7.2 – Average Annual Wages in the PNW’s Solid Wood Processing Industry, 1998-2005

Figure 7.3 – Productivity per Employee in the PNW Solid Wood Processing Industry, 1997-2006

The GDP produced by each worker in the PNW’s solid wood processing industry increased throughout the late 1990s and the early 2000s. After reaching a high of approximately US$85,000 per worker in 2004, the GDP produced per worker decreased by approximately ten per cent by 2006 (Figure 7.3). This is likely because strong demand from the housing construction industry enabled many less efficient mills to increase production. Although accurate statistics for the period after 2007 are not yet available, it is likely that GDP per worker increased amidst the recession as only the most efficient mills were able to maintain production levels.

7.1.2 – The Restructuring of Firms, Ownership, and Employment Relations

Until the mid-1980s, most solid wood processing facilities in the PNW fell into one of three categories. The first consisted of mills concentrated in the Westside and
operated by large, publicly traded and vertically integrated firms. The workers in these mills were most often unionized and enjoyed relatively secure long-term employment despite periods of brief layoffs during market downturns. The second consisted of relatively large mills owned by regionally-based firms controlled by familial investors. Many of these firms (e.g. Collins Pine, Roseburg Forest Products) owned timberlands and operated small regional networks of mills. These firms were also concentrated on the Westside, and had significant proportions of both union and non-union employees (generally on a mill-by-mill basis). The third category consisted of small, locally-based firms that owned a single mill and processed timber from public forests. These mills were concentrated on the Eastside and tended to be significantly smaller, less capital intensive, and organized around craft principles. They remained profitable because of the cost advantages they enjoyed as a result of locally available public timber. Unions were less common among these firms and employment was marked by close and paternal relationships with local owners who often worked alongside their employees.

During the early 1980s some smaller local employers were forced out of business when timber prices plummeted and the federal government was forced to intervene (Brunelle, 1990; see Chapter 5). Although most survived the decade, they were all but eliminated when their access to public timber was severed in the early 1990s. The largest firms – many of which produced commodities and thus were highly sensitive to market cycles – also restructured significantly as they divested timberlands, shifted productive capital to the southeast US, and focused their efforts on specific aspects of their supply chain. Some of the latter – fearing overextension in an increasingly volatile economy – scaled down their operations in order to focus production at specific high-earning
Medium-sized firms with familial investors had always played some role in the PNW’s solid wood processing industry, but historically were more likely to follow the lead of larger firms when it came to employment relations and collective bargaining.

A new category of employer emerged in the mid-1980s. These firms consisted primarily of opportunistic institutional investors who purchased mills idled during the recession of the early 1980s, and reopened them amidst the recovery of 1984 and 1985 (Brunelle, 1990). This new group of owners insisted on operating non-union facilities, arguing that the economic climate had changed and that they could no longer compete with producers in the southeast United States (which had lower labour costs) or British Columbia (which had more secure timber supplies) if they were forced to adhere to the standards set forth in collective agreements. The demands of these employers were met thanks to restructured employment legislation implemented during the Reagan era, and served to further destabilize what had once been a stable and relatively uniform system of regional sectoral employment relations. Moreover, the increase in the proportion of non-union workers generally placed downward pressures on wages and working conditions (even in unionized workplaces), increased intra-sectoral variations in employment relations and the organization of production, and abetted management- and employer-led efforts to decentralize collective bargaining (Katz and Darbishire, 2000).

Employment relations in the largest firms (e.g. Weyerhaeuser) continue to be the most stable and well-institutionalized. This is due to standardized corporate practices,

5 The most prominent examples of these were Rayonier, who divested their Canadian assets, and the Simpson Investment Company, who divested mills and timberlands as far away as Saskatchewan and Vermont in order to focus on their operations in Tacoma and the Olympic Peninsula.

6 At the time, these mills offered remuneration packages that were generally US$5 (or twenty-five per cent) lower than those in union mills (Ruben, 1987).
high levels of capital intensity and large production facilities, and the presence of organized labour. However, workers in these firms – which operate in highly cyclical commodity markets, and have some ability to shift production within their corporate supply chains – are more prone to layoffs than their counterparts in medium and small firms. Employment relations in what remains of the smallest class of mills vary, but are shaped in part by frequent social interactions between workers and owners both while at work and in the broader community. Unions are seldom present in these mills. As one union representative noted, ‘if all you’ve got is little mom and pop organizations, organized labour is not going to be doing much in a sawmill with thirty people. Usually organized labour is in sawmills with a hundred or more.’ This subject also mentioned that while many workers in these small mills share close personal relationships with their employers, it is unlikely that a union organizing drive would occur even if workers desired it. This is because it would be inefficient for the union to expend resources organizing a mill where profits are small and very little rent can be extracted from the employer. Such reasoning is consistent with the broader observation that the dominant industrial model of union organizing in the private sector is out of step with the contemporary needs of workers in smaller (and more ephemeral, precarious, and spatially varied or mobile) workplaces (Wills, 2001; Milkman and Voss, 2004; Tufts, 2007).

Employment relations within medium-sized firms are the most varied, running the gamut from amiable and paternalistic to heavy-handed, militaristic, and dictatorial. Some medium-sized firms are completely unionized – most often those in operation

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7 Interview 55.
since before the 1980s – while others operate both union and non-union mills. An executive from Company I, a medium-sized firm that has operated in Cascadia for almost a century described the situation at his firm:

‘We have a good percentage of both union and non-union facilities. Our largest softwood plant is union, the smaller one is non-union. Our panel plant is union. One of our hardwood plants is union, the other is not […] our hourly employees are probably seventy-five per cent union. The company as a whole [including managerial and administrative staff] is about sixty-five per cent union.’

As reflected in this excerpt, the size and production focus of specific mills have much to do with whether or not their workers are unionized. The largest of this firm’s sawmills and their capital intensive panel plant are unionized, while smaller facilities – including a recently constructed mill – are not. A union representative also discussed the basic differences in employment relations between medium-sized firms with exclusively unionized operations and those with only some operations unionized: ‘the places where we have the highest density within a company are the places we have the best labour relations. The places where we have the least density, we have the most contentious labour relations.’

In firms that operate union mills exclusively, union representatives and workers benefit from more uniform collective bargaining agreements, uniform wages and benefits, relatively standardized work practices, and a better understanding of employment relations and working conditions elsewhere in the firm. Conversely, employment relations in firms which operate both union and non-union facilities are more contentious largely due to the union and employer using every available advantage to whipsaw the other. As most subjects noted, this situation has worked to the advantage

8 Interview 46.
9 Interview 31.
of employers over the past two decades as the bargaining power and density of unions in the PNW’s solid wood processing industry has decreased.

The type of ownership also leads to marked differences in the employment relations between medium-sized firms. The least adversarial relations are generally found in firms owned by familial groups with long histories in the PNW and the forest products industry. Such firms are more likely to make significant and regular capital investments or conduct research and development than those that are publicly-traded or owned by private institutional investors. The former are less beholden to investors that seek returns on an annual or quarterly basis, and can thus make decisions regarding capital investments with the medium- or long-term success of the firm in mind. Their long-term vision can also lend itself to remuneration strategies that differ from the remainder of the industry. These firms may pay slightly lower wages, but offer competitive pensions, medical insurance, and education savings programs to their employees. An executive of such a firm described the philosophy behind this strategy, which he noted was implemented (with success) in both union and non-union environments:

‘We try and provide family wages to our folks [and] very good benefits. We’ve got a retirement plan as well. The company doesn’t pay the highest salaries or hourly wages, but in the end you’ve got a richer program because rather than giving someone a get-rich-quick program, you take care of them with good health care and good retirement programs. We take care of them for their lives. A lot of people, if you give them something now they’re going to spend it now. So don’t give it all to them now. We’re going to trickle it out so they’ll have something later in life, when their family needs it.’

10 Interview 46.
This remuneration strategy attracts workers with families that are more likely to benefit from non-monetary compensation. This differs from the strategies of other firms that attempt to attract workers by offering higher wages when labour markets are tight, but are unwilling to provide significant benefits that increase their long-term labour costs. The remuneration strategies of medium-sized firms owned by familial investors also help to retain workers, because as they gain seniority in the workplace, their medical, retirement, and scholarship benefits (for those workers with college- or university-aged children) become increasingly important and the cost of changing jobs increases.

In contrast, medium-sized firms owned by private institutional investors are more likely to employ short-term and market-driven employment relations strategies. They also have some of the most contentious relationships with their employees, and are fiercely and adamantly opposed to unions. This category of firm has become increasingly common in the PNW since the mid-1980s. Moreover, the remuneration and working conditions prevalent at these firms often serve as the primary points of comparison for unionized workers in both the mills of established firms and new entrants, and in many instances set the standard to which other employers and their workers are expected to adhere. It is thus not surprising that the majority of the mills constructed or acquired by firms after 1985 are non-union.

7.1.3 – The Labour Movement and Collective Bargaining

Approximately forty per cent of solid wood processing workers in the PNW are organized with roughly three quarters represented by the International Association of
The majority of unionized workers are employed by larger firms (e.g. Weyerhaeuser), while the remainder are generally employed by medium-sized family owned firms such as Collins Pine or the Simpson Investment Company.

The involvement of organized labour in the solid wood manufacturing industry began in the late stages of the First World War and the early 1920s with the UBCJ-affiliated and craft-based Logging and Sawmill Workers Union (LSWU) and the radical industrial-based Lumber Workers International Union (LWIU). The LSWU focused on organizing only the most highly-skilled workers in sawmills and logging operations, while the LWIU emerged as an affiliate to the Industrial Workers of the World and focused on organizing all workers in the mills and logging camps regardless of skill, experience, race, or ethnicity. LSWU and LWIU organizers faced much greater challenges in organizing lumber workers and loggers than their counterparts in the IB did organizing pulp and paper workers. Logging and lumber camps were often remote, ephemeral, and difficult to access, generally located on the employer’s property, and workers with union sympathies or caught with union literature were fired and blacklisted. Fostering solidarity between lumber mill workers and loggers was also challenging due to significant variations in the nature of work, pay, and the skills sets of workers. Despite these challenges, the LSWU had success organizing the most skilled workers, especially as permanent towns and camps began to spring up in the 1920s.

In 1935, the Wagner Act provided more legitimacy to workers in the LWIU, who merged with the LSWU in order to increase their bargaining power (Neufeld and
Parnaby, 2000). However, this merger was short-lived. The UBCJ, the parent organization of the LSWU, was affiliated with the conservative and craft-based American Federation of Labour (AFL), and many of its organization and occupational cultures did not integrate well with the more transient, ethnically diverse, and ‘frontier’ cultures of LWIU members (Hak, 2007). At a 1937 meeting of the UBCJ-LSWU in Portland, the majority of members voted to form the International Woodworkers of America (IWA) and pursue more democratic forms of worker representation.\textsuperscript{11} Despite strong opposition from the AFL and UBCJ, the IWA broke away and joined the CIO. By the end of the 1930s IWA membership approached 100,000, with the majority concentrated in the PNW (Neufeld and Parnaby, 2000, 54). Membership continued to be concentrated in the PNW, and later British Columbia, for the duration of the IWA’s existence.

The presence of both the IWA and UBCJ was critical in shaping the structure of bargaining in the PNW in the three decades following the Second World War. During the 1950s and 1960s, amidst industrial growth and Fordist/Taylorist systems of production organization and employment relations, both unions drew upon contracts negotiated by one another to whipsaw their employers. However, by the late 1960s this became more difficult as firms grew larger and more diversified, and could shift resources to pulp and paper manufacturing, thus making it difficult for the unions to hurt their employers with a strike in one segment of the industry.

\textsuperscript{11} This occurred in the same year that the Congress for Industrial Organization (CIO, who changed their name to the Congress of Industrial Organizations later that year) was expelled from the AFL (Heron, 1996).
During the 1960s and 1970s, both unions coordinated the majority of their bargaining efforts through a voluntary association of the largest forest products employers in the region (Widenor, 1995a). Other firms with unionized workers – often referred to as ‘me too’ companies\(^\text{12}\) – generally accepted collective agreements with terms similar to those bargained with larger firms in order to avoid labour unrest. Despite having a large and diverse group of locals, the agreements negotiated by the IWA and UBCJ throughout the PNW contained very little variance in provisions for remuneration, including shift premiums,\(^\text{13}\) holidays, vacation pay, and overtime (IWA, 1981). This style of bargaining reached its apex in the early 1980s when the IWA, UBCJ, and a ten employer association that included Weyerhaeuser, Rayonier, Georgia-Pacific, and CZ engaged in joint negotiations. The resulting pattern agreement was then ratified, in turn, by the Timber Operators Council, an association of smaller firms (Widenor, 1995b).

Despite organizing efforts in the emerging mills in southeastern states such as Georgia and Alabama, IWA membership in the United States declined in the 1970s. At the start of that decade nearly sixty per cent of membership was American and forty per cent Canadian, but by the early 1980s these proportions had been reversed (Widenor, 1995b). The recession of the early 1980s, the advent of new production technologies, the lack of available old-growth timber, and the flow of productive capital away from the PNW and towards the southeastern United States devastated IWA membership. As housing starts collapsed in the early 1980s and the federal government was forced to intervene to bailout smaller local producers, regional unemployment soared, mills closed, and harvests were reduced (Brunelle, 1990; Widenor, 1995a; 1995b).

\(^{12}\) Interview 55.

\(^{13}\) Workers generally receive a small premium for working night or weekend shifts.
Amidst these woes, employers demanded concessions. The labour movement was dealt a serious blow in 1983, when Louisiana-Pacific withdrew from regional pattern bargaining and permanently replaced 1,500 IWA members who balked at their employer’s demand for a ten per cent wage rollback with non-union replacements (Widenor, 1995a; 1995b). The use of replacement workers ‘demonstrated that an employer could step outside the pattern agreement and use non-union labour to break the wood products unions in Washington and Oregon’ (Widenor, 1995a, 447). The year 1983 was also significant for Cascadia’s solid wood processing workers, since it marked the first time that the average wages of workers in the PNW fell below those in British Columbia (Widenor, 1995a). Furthermore, the emergence of a new and diverse group of mill owners (that insisted on operating non-union facilities) and the disaggregation of timber assets undermined the once-militant IWA in the PNW. Finally, on the heels of massive layoffs and the ratification of a concessionary agreement following a six week strike, Weyerhaeuser withdrew from what remained of the employers association, effectively ending centralized bargaining amongst unionized solid wood processing workers and loggers in the PNW (Widenor, 1995a).15

In 1987 the IWA split along national lines. In addition to the declining bargaining power, employment levels, and average wages of the PNW locals relative to those in British Columbia, Widenor (1995b) notes that internal disputes regarding the IWA’s

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14 Workers at Weyerhaeuser received a twenty percent reduction in wages, which was replaced by a profit-sharing scheme (Pollack, 1986). This type of agreement was common in the United States at the time. Interestingly, this was the primary point of contention between auto workers in 1984, and the Canadian factions’ refusal to accept profit-sharing in lieu of guaranteed wage increases was a catalyst in the decision to create the Canadian Autoworkers Union (White, 1988).

15 Only Weyerhaeuser, Champion International, Willamette Industries, and Boise-Cascade remained in this organization in 1986. The withdrawal of Louisiana-Pacific in 1983 and the restructuring of Rayonier and CZ in 1985 also undermined the strength and efficacy of the employers’ association.
position on softwood lumber trade policies and the autonomy held by regional or national factions of the union also facilitated the breakup of the union. The breakup of the IWA is also quite different from the breakups of other North American international unions during the 1980s – the most significant of these being the United Auto Workers and Canadian Auto Workers (see Holmes and Rusonik, 1991; Kumar, 1993) – for two primary reasons. First, the majority of the IWA’s membership was Canadian at the time of the breakup. Second, authority had always been vested at national and regional levels. Thus, the breakup was distinct from the case of the automotive and pulp and paper workers unions in which the lack of autonomy accorded to the Canadian regions of those unions was a primary issue leading to the split.

The breakup also came at a pivotal moment of Canadian-American politics, as both nations were in the process of negotiating the free trade agreement that was finalized the following year. Many union executives and activists in the United States perceive the breakups of the IWA to be a poor and rash decision at this turning point in North America’s political economy. As a former IWA and current IAM representative noted,

‘the irony of [the breakup] was that almost to the day the split occurred, the governments began negotiating the Canada-US Free Trade Agreement. From my perspective, at that exact instant in history, when [IWA members] on both sides of the border needed a single voice to speak, we were destroying it.’

The American section of the IWA remained intact until 1994 as the National Woodworkers of America (NWA). NWA locals faced further difficulties as environmental conflict and timber shortages led to further job loss in the 1990s (Chaison, 1996). Between the mid-1970s and early 1990s, the IWA/NWA lost nearly two-thirds of

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16 Interview 31.
its American membership (Widenor, 1995a). With only 20,000 members remaining in 1994, the union executive could no longer provide the services and financial backing required by its members. In 1994 the NWA was absorbed by the IAM, who at the time had nearly half a million members. The IAM is currently the primary bargaining agent for unionized solid wood manufacturing workers and loggers in the PNW, although a small but well-institutionalized group of UBCJ locals still persist.

The general bargaining environment has not been favourable for unionized workers in recent years. Most contracts bargained in the past decade have been concessionary, and unionized workers often gain only modest wage increases in exchange for the ability of the employer to use non-union and contract labour for some functions in the mill. This has reduced the union’s aggregate bargaining power and undermined solidarity in many mills where both unionized and non-union workers are employed. Moreover, the growth of medium-sized firms owned by non-traditional investors creates a difficult environment for bargaining and organizing. Two union representatives described the current situation as follows:

‘[Employers] have outsourced incredible parts of their operations to either informal work or have replaced labour contracts with commercial contracts, which have no enforcement mechanisms per se, or no bargaining power. I don’t think we’ve bargained a contract in the last ten years that hasn’t been concessionary.’

‘In the ’60s and ’70s we had more presence from larger companies than we do now. There’s a lot of these smaller companies now, they have 1200 or 1500 people working for them […] and I think some of them will dictate wages and benefits […] The larger companies used to pretty well dictate what the wages were going to be. The unions would bargain wages and benefits with one large employer, then they would go to the others and try to get a pattern set. With the smaller companies you have to bargain individually and you can’t always set a

17 Interview 31.
pattern. If that company is not doing well, what do you do? Push them until they go out of business? What good does that do you? You want the company to be able to succeed, but you want to be able to do the best you can for employees.18

Labour legislation that favours the employer is also detrimental to the organizing efforts of the IAM and UBCJ. This is due to both onerous certification processes and the relative ease with which employers can victimize workers who show an interest in the union. As one union representative noted:

‘You cannot organize a mill right now. Well, I’m not saying you can’t, but it’s so difficult to organize a mill because the labour laws don’t allow you to do anything. It’s really sad because the union plants that are still around have the good wages and benefits, but you can’t get the younger people that work in these non-union plants to give you a look because they’re afraid they’re going to get terminated.’19

In addition to legislation that impedes organizing efforts, the IAM, UBCJ, or any other union that faces a seemingly continuous decline in membership also faces a scarcity of human and financial resources, and thus has difficulty contributing significant funds towards organizing efforts that are unlikely to pay dividends in the immediate future (Milkman and Voss, 2004). They are also likely to face employers with institutional practices and philosophies in their employment relations systems that are explicitly designed to deter unionization. Many of the institutions and legislations that enabled the organization of industrial workers in the United States from 1935 until the early 1970s have been undermined by employer-led and market-driven anti-union campaigns. These campaigns have resulted in less regulation of striker replacements, more onerous systems

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18 Interview 55.
19 Interview 55.
of union certification, a lack of mechanisms to ensure first contracts, and stronger speech rights for employers during organizing campaigns (Logan, 2002; Godard, 2003).

7.1.4 – Work Practices, Training, and Reproducing the Labour Force

Work in the solid wood processing industry has historically been quite flexible, although unions did mediate this by exercising job control measures through their collective agreements. Increases in job demarcation and well-defined systems of shift and overtime scheduling were the primary intent of these measures. Yet the prevalence of labour intensive positions meant that the pace of work was not always dictated by machines, and helped employers retain some flexibility in deploying entry-level workers, or assigning some routine tasks to machine operators and trade workers. In the restructuring experienced by the industry during the 1980s, employers implemented two types of flexibility that continue to permeate and shape employment relations. First, some employers in non-union mills began to outsource the most labour intensive aspects of production to temporary agencies or other labour contractors. These jobs generally required little training, and employers were better able to adjust their employment levels to match fluctuations in market demand. Second, employers reduced job demarcations and intensified the work of manual labourers, machine operators, and trade workers. For example, many machine operators were required to perform general maintenance and cleanup, tasks previously performed by manual labourers.

Meltz and Verma (1996) and Rose and Chaison (1996) both found the success rate of union certifications in the United States throughout the 1980s to be less than fifty per cent.
The capital intensity of mills also increased significantly during this period. In addition to increased productivity, capital intensity reduced monitoring and supervision costs, as work practices and the pace of work came to be increasingly dictated by the machine. However, and particularly in the most capital intensive facilities, mechanization influenced production in two other respects. First, it reduced the need for manual labour. It is generally here where managers sought to deploy numerically flexible workers. By this logic, a reduction in manual labour decreased the need for numerical flexibility. Second, the fact that the pace of work and work practices are dictated by the machine can be stood on its head: if workers are paced by the machine, the need for front-line supervisors is reduced. In these cases, many of the points of contention traditionally associated with flexibility are actually reduced as capital intensity increases. Yet this may drive employers to seek other forms of flexibility, particularly in scheduling and the assignment of work. This issue is a particular concern in the solid wood processing industry, which is not reliant on continuous processes and is highly sensitive to increases and decreases in demand. Moreover, any mill that does not make significant investments in capital is thus forced to seek higher rents from appropriating more labour power from workers, or through a reduction in labour costs. In the case of the solid wood processing industry, this often occurs through the implementation of forms of flexibility.

Not surprisingly, the importance of trade workers increased alongside capital intensity. However, solid wood processing employers in the PNW are experiencing difficulty recruiting and retaining trade workers. These difficulties are much more pronounced in solid wood processing than in other industries in the region (including
pulp and paper). It is also especially the case in the Westside, where trade workers have access to a broader range of employment options (Eastin et al., 2007). An executive of a PNW-based firm described the situation in one of his firm’s mills:

‘The mill that we have 120 people working at, when I started 17 years ago, we had 450 employees there, and there was company logging too. There’s 120 now and they produce twice as much lumber as they used to. That’s how we’ve done it, through technology, automation, and I don’t see that changing. We’ve invested capital in our mill. Capital is key, but there’s still a worry. Where are we going to find these skilled manual tradespeople that will work with their hands? Unfortunately the common drift today is that these kids don’t want to get their hands dirty and these are blue-collar – albeit very high-paying blue-collar – jobs that aren’t attractive to college students or eighteen or nineteen year olds.’

Another executive described the current situation in many of the communities where solid wood processing occurs, and the challenges when recruiting trade workers:

‘Our plants are more and more automated, [with] great use of computerization, but our average employee is about fifty years old. That wasn’t always the case. This was a young man’s job when you had people manually moving wood, guys in their 20s and 30s. We’ve seen more automation, and that’s the fear. In a lot of these small communities, it’s tough. These young kids go off to college and they don’t come back. When I started in this business, in a lot of these small towns a guy got out of high school and went into the mill and he was making pretty good money. His career was in the mill, he was a mill worker. That’s changed today. You don’t see too many 18 or 19 year olds. First off, we don’t have the unskilled kind of jobs, so these guys have to go off and learn a trade or skill […] so we can put them on a machine somewhere, or running a computer that runs several machines in many cases. Those kinds of people are few and far between.’

As the average age of workers increases and recruiting difficulties persist, the workforce is becoming increasingly diverse. Increased capital intensity, the retirement of older workers, and competition from other industries (notably construction) has

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21 Interview 46.
increased the incidence of female workers and workers of Hispanic ancestry.\textsuperscript{22} A union representative described the recent situation in many mills:

‘It’s loud, but it’s not as dangerous as it used to be. We have more women coming in as automation catches up. Our average labour force is forty-five plus years old with twenty years of experience. That’s our average. If failed drug tests and turnover were any indication, the newest twenty per cent is just churning. Once you get past two years you stick, but most people don’t get past two years. Companies keep wanting to raise the retirement age to keep the old guys.’\textsuperscript{23}

Although the situation has changed since the collapse of the housing construction industry, many employers and union representatives commented on difficulties in recruitment and retention. This was especially concerning considering that automation has increased the education and skill levels that workers require, and that the insurance policies of employers require that they perform drug testing. The practice of allocating new hires exclusively to night shifts was also perceived to impede recruitment and retention, especially when other opportunities were available locally. Many firms thus attempt to retain their older (and often most skilled) workers past the normal retirement age. However, and when combined with tight labour markets, the ‘churning’ of entry level positions provides women and (primarily male) workers of Hispanic descent with access to entry-level jobs in the solid wood processing industry. This is consistent with the work of Brandth and Haugen (1998), who found that it is during periods of labour scarcity or where employers have difficulty recruiting and retaining workers that women and racialized minorities have historically gained access to forestry or resource-based employment.

\textsuperscript{22} See Moseley and Reyes (2007) for a review of Hispanic workers in the PNW’s forest products industry.
\textsuperscript{23} Interview 31.
In the areas of the PNW that have seen the most significant job losses, firms have also found respite in the fact that every mill closure releases experienced workers into the regional labour market. As one executive noted,

‘The one way we’ve been able to staff [vacancies] is that there has been enough mill closures that we’ve been able to take people in their 30s and 40s with previous experience and hired them so they don’t have to go through the turbulence of changing industries.’

Despite the growth of ‘new economy’ industries such as information technology and pharmaceuticals in cities such as Seattle and Portland, few displaced forest products industry workers have found employment in these sectors since the early 1990s (Eastin et al., 2007). My research findings are similar to those of Eastin et al. (2007) and Helvoight et al., (2003), who found that displaced forest products industry workers are much more likely to find work in a related industry than in one of the region’s growth industries. However, this strategy is generally seen as unsustainable for the reproduction of the labour force in the long-run. Although it is logical that displaced workers take on work in their area of expertise, it limits the access of younger workers (let alone women or racialized minorities) to the most highly-skilled jobs in the industry.

There is also a finite limit to this strategy, as many displaced workers accept retirement packages and withdraw from the industry entirely.

In some instances the cost of living – which is above the national average throughout much of the PNW – is extremely high in timber-dependent communities. This is particularly the case where affluent urban residents purchase residential property for recreational purposes. This significantly increases property values, which may be

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24 Interview 46.
25 More specifically, Helvoight et al. found that of 16,000 displaced solid wood processing workers in the PNW, only 500 found work in ‘growth’ industries.
beneficial for older workers who own a home or property, but render it difficult for younger workers hoping to eventually buy a home. As a consequence, some firms have returned to the use of company housing, a practice common in the forest products industry throughout the first half of the twentieth century. Two PNW-based executives described how their firms have responded to this situation:

‘We’ve ended up building company housing which we used to do, but quit after World War Two. We’re having to go back to that to attract people back into these small towns because they can’t afford the houses. That goes back to the recreational value of these rural mountain towns that we’ve had to overcome.’

‘Housing has become an issue for our employees. These guys are making fifteen to twenty-five bucks an hour but having a hard time affording housing, especially if they’re new guys coming in. The prices of housing have really been run up by the [San Francisco] Bay Area folks that have come up, so we’ve built a couple of houses. We had some company housing from the ’50s, but we’re trying to build some more houses for people who come in, to try and get them on their feet until they can find a house.’

This practice was prevalent only amongst medium-sized family owned firms, most of which explicitly noted long-term interests in the industry. Company housing therefore not only fulfills the worker’s need for accommodation within his or her means, but also constitutes an investment that fulfills the desire of the employer (who owns land and building materials) to reduce labour costs, which would be extremely high if they were forced to pay a wage commensurate with the rising cost of housing and property in these communities.

Unlike many other manufacturing or processing industries, the incidence of managerial staff who once worked as production or trade workers remains common in the solid wood processing industry. This is largely because professional engineers – for whom upper-level managerial and supervisory positions are increasingly reserved for in

\[\text{Interview 46.}\]

\[\text{Interview 53.}\]
industries such as mining, pulp and paper, and heavy manufacturing – are not prevalent in the solid wood processing industry. In facilities where managers with practical experience work, employment relations were generally stable and cooperative. An executive of a medium-sized firm discussed the rationale for internal promotion:

‘A lot of people can rise into managerial positions. A lot of our mill managers come out of the ranks like that. They don’t have a four year degree. They’ve got it up here {points to head}, they understand that facility, they understand the mechanics, and they’re good with people. I’ve mentored some of these kids, they’re bright, but they don’t have the people skills. [Managers] have got to have basic people skills. I know it’s stereotypical, but you take that egghead and he goes into IT or research, and in many cases, they seem perfectly happy doing what they’re doing, but it restricts their growth. That could have been the kid who was the valedictorian, 4.0 student, but he doesn’t have the people or innovation skills to manage that subset of people.’

However, as capital intensity continues to increase, it is likely that firms will rely more on professional managers – either engineers or business school graduates – to manage their day-to-day operations. This issue is contentious, particularly in larger non-union mills, where there is a fear that managers may implement new systems of work organization that threaten the wages and working conditions of employees.

The lack of training is another contentious issue, especially within the medium-sized firms owned by institutional investors. One union representative described a particular situation that illustrates both the lack of training that workers receive, as well as the lack of knowledge that some professional managers have regarding the production process:

‘A mill in [a PNW town] was about to shut down, so they called and asked for our help. I got all of the machine operators, from the truck drivers to the shippers, and we started talking. They all said “the edgers” are screwed up.” So I told the

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28 Interview 46.
29 The edger is a machine used to produce boards with parallel sides and reduce any rounded edges when the board comes off the saw.
supervisor, “you’re edgers are screwed up” […] I send some [managers] over and everybody comes back and says they’re fine. I say “Really? I’ll bet the mortgage on my house that the edgers are screwed up.” So I called the [equipment] company rep, and the [equipment] company rep comes in. He stands by the edger with the plant manager, the head millwright, and the oiler (and the oiler is the lowest lackey in maintenance). The [equipment] company rep says to the plant manager, “who recalibrates the scanners?” The plant manager turns to the millwright and says “do you recalibrate the scanner?” The millwright turns to the oiler and goes “do you recalibrate the scanner?” The oiler goes “what’s a scanner?” At that point the [equipment] company rep goes “scanners have to be recalibrated every thirty days.” The technology went in, state-of-the-art computer scanners on this edger, and the training never followed. That is not an exception. [Managers] just stumble through.\textsuperscript{30}

Occupational health and safety training, especially as it relates to newly-acquired equipment, is also a major point of contention. The same union representative discussed this as it related to non-union mills:

‘They’re heavy-handed. Their big thing that they do is fire people for safety violations. Our defense is always “your supervisor taught him how to do it.” I would say that supervision in the solid wood side of the industry is probably up to the 1890s, most enlightened 1910s. They’re not trained, and the companies won’t invest in it.’\textsuperscript{31}

Not only is the incidence of non-union firms increasing, but their commodity production focus and short-term horizon for returns on investment make them less likely to invest in training in a number of critical aspects of production. This, however, creates significant impediments to profitability, as the lack of training has direct financial repercussions in the form of lost production and increased worker’s compensation premiums. It also inhibits recruitment and retention, as injured workers must be replaced, and already-scarce (during fieldwork) workers may be increasingly unwilling to take on such work if they perceive it as dangerous.

\textsuperscript{30} Interview 31.
\textsuperscript{31} Interview 31.
7.2 – Solid Wood Processing in British Columbia

Although by no means uniform, there is less variation in organization and employment relations in British Columbia’s than in the PNW. A significant and growing proportion of production occurs in the interior, where many of the largest and most capital intensive sawmills in the world are located. While the largest mills are located near Prince George and Quesnel, significant production also occurs in the Okanagan, Thompson, and Kootenay regions further south. As Eastin et al. (2007) note, these mills, which service markets in Canada and the Midwest United States, must rely on economies of scale in order to compete with American producers. Moreover, the largest firms, such as Canfor and West Fraser, have geared production towards servicing large retailers such as Lowe’s and Home Depot. Networks of smaller mills that are more varied in their production and market focus persist on Vancouver Island, the Sunshine Coast, and the Greater Vancouver Area; amongst them are some of the world’s largest cedar mills. However, it is in these coastal regions – once the epicenter of the province’s solid wood processing industry – that the most drastic reductions in production and employment have occurred. The major reasons for this are decreased timber supplies and the collapse of the Asian lumber market.

The relative stability of employment relations in British Columbia has been due largely to the provincial system of timberland governance, which promotes the involvement of large vertically integrated firms with capital intensive operations. Relatively strong provincial labour legislation and the economic and political influence

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The majority of production in the interior occurs in sawmills that produce between 300 and 600 mmbf annually, while few sawmills in coastal regions exceed 200 mmbf annually.
excercised by organized labour – historically the IWA, but now the USW – also contribute to stability.  

7.2.1 – Employment, Wages, and Productivity

The average worker in British Columbia’s solid wood processing industry is white, male, and above the age of forty. The average age of workers is higher in coastal regions than in the interior and is increasing, largely due to seniority restrictions that reduce the number of younger workers amidst a long-term trend of declining employment. However, in the years prior to 2006 and before the start of the collapse in the US housing market, subjects noted that the average age of workers had been decreasing as older workers retired and younger workers were (re)hired to replace them:

One union representative summed this experience as follows:

‘We’d already hollowed a generation out by successive economic crises since 1982. They whittled back the workforce to the most senior folks in ‘82 and ‘91 and ’97, so we’d already lost a whole generation of folks there. In the last half dozen years we were just starting to get some of them back. The folks in their fifties were retiring, and we were just starting to get a bunch of young folks – in their twenties and thirties – back, and along comes this crunch. We’re going to lose them, no question.’

Although the majority of workers are white males, there are a number of segments of British Columbia’s solid wood processing industry that are more diverse with respect to both ethnicity and gender. Workers of Japanese, Chinese, and Sikh ancestry have been prevalent since the beginning of the 20th century. In fact, some mills

33 In 1987 the IWA split along national lines. The Canadian region of the IWA then became the Industrial, Wood, and Allied Workers of Canada (hereafter IWAC).
34 Interview 37.
– particularly in the Greater Vancouver Area and lower Fraser Valley – are staffed predominantly by Indo-Canadian workers (Rajala, 2003). Some segments – particularly in facilities that produce engineered wood products – employ a significant number of female production workers. As Klausen (1998) observes, this phenomenon began during the Second World War when a number of engineered wood products mills came online. These mills were originally more capital intensive than those that produced lumber, required less physical strength from workers, and when faced by male labour shortages, attracted many young women.

Figure 7.4 – Employment in British Columbia’s Solid Wood Processing Industry, 1991-2007

![Graph showing employment in British Columbia's solid wood processing industry, 1991-2007.](image)

Source: Statistics Canada, 2009; CANSIM Table 281-0024

British Columbia’s solid wood processing industry employs more people than the province’s logging and pulp and paper industries combined. In the 1990s, and despite a number of fluctuations, employment actually increased slightly (Figure 7.4). However,

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35 In fact, Doman Industries, long a major vertically integrated firm on the coast, was founded and run by Harbanse ‘Herb’ Doman (and his son Rick), a Sikh immigrant until it was acquired in 2003.
employment decreased sharply after the expiration of the SLA. Although employment stabilized for a short period, it decreased again due to the collapse of the United States housing market in 2007. Moreover, and what is not evident in Figure 6.4, are the frequent short-term fluctuations in employment (via short-term layoffs) due to production curtailments that may only last for one or two weeks.

Figure 7.5 – Annual Average Wages in British Columbia’s Solid Wood Processing Industry, 1998-2005

The average annual wages of British Columbia’s solid wood processing workers are just above $50,000 (Figure 7.5). Wages have increased only slightly since the late 1990s in terms of Canadian currency, but these increases are more pronounced – especially since 2004 – when adjusted for purchasing power parity (PPP) (Figure 7.6). The relatively high earnings of solid wood processing workers in British Columbia are due to the presence of the IWA, IWAC and USW, the high levels of capital intensity in many mills, and the ‘premia’ that employers have historically paid workers in remote
or peripheral regions in order to attract and retain them (Marchak, 1990; Hayter, 2000). Skilled trade workers generally earn close to thirty dollars an hour, which is significantly more than machine operators and manual labourers who earn upwards of twenty-three dollars an hour. In many of the larger non-union mills employees are remunerated at levels similar to their unionized counterparts.

**Figure 7.6 – Annual Average Wages in British Columbia’s Solid Wood Processing Industry, Adjusted for PPP, 1998-2005**

As mentioned, British Columbia’s solid wood processing mills are among the largest and most productive in the world (Rioux, 2006; Eastin et al., 2007). The high productivity of British Columbia’s solid wood processing mills (Figure 7.7) is a function of their size, capital intensity, and their focus on producing more uniform commodity-based goods such as dimensional lumber. Given their distance from principal markets in the Midwest United States and Ontario, high volume-based productivity is essential to ensure that BC mills remain competitive with mills in the PNW and southeast United States.
Figure 7.7 - Productivity per Employee in British Columbia’s Solid Wood Processing Industry, 1997-2006

Source: Statistics Canada, 2009; CANSIM Table 281-0024; 379-0025

7.2.2 – The Restructuring of Firms, Ownership, and Employment Relations

Although production and employment relations have been restructured significantly throughout British Columbia’s solid wood processing industry, employers and workers in coastal regions have been disproportionately affected as compared with their counterparts in the interior. This is summed up well by a union representative:

‘The nature of the industry, the nature of the timber, the geography, the kind of stuff that you run through sawmills, that’s all totally different [between the coast and the interior]. Also culturally, the coast is totally different than the interior, in ways that it’s sometimes hard to put your finger on […] but it’s definitely clear as night and day that it’s different. They’re older communities, they’re more stable communities on the coast. I think that stability and settledness is a big factor. Those are communities that have been there a long time. You have generations of people who have been in the union. In a lot of those interior towns, you don’t have generations of people at all. They’re sort of carved out of the woods. If you look at a place like Powell River – which I know about because I used to live there – it’s a really settled community, and yet it’s a one industry town. Compare that to Houston, which, you have a feeling that it was sort of carved out of the woods two weeks ago. It’s still got a feeling of a frontier town, a really redneck
town. You don’t get that sense at all, say, in Port Alberni or Powell River or places like that.\footnote{36 Interview 37.}

Industrial restructuring began on the coast during the early 1980s, as the reliance on labour intensive technologies to process old-growth timber became obsolete due to tightening supplies of large logs and increases in the capital intensity of competing mills in the interior and the PNW (Hayter, 2000). Some employers alleviated cost pressures by implementing more flexible forms of production, such as outsourcing more specialized or labour intensive jobs, or by reducing job demarcations (Hayter, 1997; 2000; Hayter et al., 1994). However, this restructuring was more likely to occur in smaller mills, and was highly contested in many communities where vertically integrated firms operated and the then-current and hard-won systems of employment relations were deeply embedded in occupational, familial, and local cultures (Hayter, 2000). Conversely, an increasing majority of production in the interior took place in relatively new and more capital intensive facilities, which were supplied by abundant stocks of timber. The average age of those working in the interior mills was well below the average age of those on the coast, and the occupation-based cultures were less ingrained.

Throughout the 1980s and 1990s coastal workers faced widespread restructuring of their employment relations, the closure of mills, and declining levels of employment, save for brief instances in the late 1980s and mid-1990s when lumber prices rose. After acquiring MacMillan-Bloedel’s solid wood processing, logging, and timber interests in 1999, Weyerhaeuser attempted to implement standard systems of employment relations similar to those used in the firm’s American operations, but this was fiercely resisted by the IWAC and its members. During this period, Weyerhaeuser developed a practice of
simply ignoring provisions in collective bargaining agreements that did not conform to their corporate practices developed in the United States. Many perceived this as a practice designed to drain the resources of the IWAC. As one union representative noted:

‘Weyerhaeuser was very dominant. It seemed like every time there was anything that went to arbitration, Weyerhaeuser, it was a bit of an American trait, they just ignored it or kept appealing. I know some of our locals were getting clobbered by legal costs. Weyerhaeuser seemed to not want to deal with things through the grievance procedure, everything was off to arbitration.’

Weyerhaeuser’s bypassing of grievance procedures and repeated resort to arbitration accelerated during the early years of the current provincial Liberal government’s tenure; a regime under which rulings have often been more favourable for employers than for labour.

Weyerhaeuser’s style of employment relations soon found its way into the firm’s mills in the interior, where most American-based firms had previously given their subsidiaries the autonomy to operate as they saw fit. However, many senior American-based managers were not pleased with the rigid seniority and job demarcation restrictions that limited their ability to promote or reallocate workers. A Canadian-based executive of an American-based firm expressed the difficulties he encountered when dealing with American-based executives:

‘When you get into a competitive environment where you want to be more efficient, a number of operations in the US say, “well we’re going to take the very best person in the mill and put them in a special job. We’re going to move him, promote him.” Not based on seniority, not based on any job postings, just that’s the guy who’s going to do the best job so we’re going to move him. They expect us to do the same here, and of course you can’t, we have collective agreements, seniority rights, training rights. [American-based executives] don’t understand that and don’t want to, and they feel that we’re just an uncooperative business. If you’re having trouble with productivity, just take this person and put

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37 Interview 68.
them there. They may look at someone who’s only been here for two years, and you’ve got a hundred people who’ve been here for twenty years and would love that opportunity. It would take a bit of training, and in the end they could do a good or better job. [American-based executives] don’t understand that they don’t have the control and power to do what they want, when they want. We’ve been talking about that for a few years now, and the receptivity is just not there.”

In addition to their ‘American’ approach to employment relations, Weyerhaeuser has been criticized by labour and community interests regarding their lobbies and influence regarding provincial forest policy following the SLA. Although their agenda was not fully realized, Weyerhaeuser advocated many of the recent changes that have liberalized forest policy in British Columbia. Former employees and union representatives noted that lobbying was deceptive, and held that Weyerhaeuser – working in concert with Western Forest Products and Interfor – created mistrust. One union representative discussed this at length:

‘In 2002 there was a tour, called the ‘Three Amigos’ tour, supported by Interfor, Weyerhaeuser, and Western Forest Products […] they went around and said that in the next ten years they were going to invest ten billion dollars into infrastructure and create 10,000 jobs. I think that this [Liberal] government sat back and thought “wow, this is wonderful, we don’t have to do anything. This industry will grow and it will be hands-off.” What promptly happened is they relaxed the [forest practices and labour] laws, then the old IWA negotiated a collective agreement where they were legislated back to work, and many of the historical things in their collective agreement were gutted. Again, I think that many of the guys thought this was too good to be true, many wonderful things will come out of this, so the government relaxed some of their terms and conditions and all they had to do was wait for good things. Guess what? The Three Amigos didn’t deliver on any of those things. All we’ve seen is mill closures, job loss, just horrific attacks on working people throughout the province.’

Weyerhaeuser has since sold the vast majority of its former operations in British Columbia, many of which were purchased by Western Forest Products. It is commonly thought that Weyerhaeuser’s departure largely was due to frustrations with the forest

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38 Interview 5.
39 Interview 27.
policy changes made in 2004, which, while liberalizing many aspects of the governance of timberlands, did not go far enough in helping Weyerhaeuser integrate their supply chain across the border. In their wake they left an environment of mistrust between employers, labour, and communities, especially in coastal regions. An excerpt from an interview with a representative of a logging contractors’ association underscores such sentiments as he describes the recent closure of a large sawmill on Vancouver Island:

‘One of the companies here recently found a loophole in the shutdown legislation. What they did, they found that there were 200 people working in the mill, laid off 197, called it a ‘partial temporary closure’ and kept three guys working. After the recall dates were up two years later, they didn’t owe any of the 197 severance. I’m not a union guy, but that’s absolutely atrocious when you’ve got guys that have worked there for thirty-five years. When they do stuff like that, it permeates through the entire industry.’

The system of timber licensing in British Columbia has a significant impact on the organization of production and employment relations in the solid wood processing industry. Historically, by the terms of the license, locally or regionally harvested timber was required to be processed at nearby mills, and although such terms were relaxed in 2004, in most regions of British Columbia transportation costs inhibit the shipment of raw logs to other provinces or countries. However, the changes in licensing do allow producers to concentrate the processing of raw materials in specific areas of the province, rather than distribute it across a network of smaller mills that are very close to timber sources (Young and Matthews, 2007). The geographical concentration of production is also associated with larger firms and larger mills that are concentrated in specific areas of the province. For example, Canfor and West Fraser are concentrated in the north-central interior, Tolko in the central interior, Tembec in the southeast, Western

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40 Interview 9.
Forest Products on Vancouver Island, and Interfor in the Greater Vancouver Area. In addition to being relatively large and publicly-owned (except for Tolko), these firms also operate some of the highest volume lumber and engineered wood products mills in the world. Moreover, the vast majority of the mills owned by these firms are unionized. In cases where there is no union representation, employment relations are similar to those in unionized operations a result of employers’ standardized corporate practices, the organization of production in capital intensive facilities, and employer concerns that any erosion of working conditions or remuneration may ultimately lead to unionization.

There are some privately-owned firms that hold a license to harvest public timber and operate a high-capacity mill, the most notable being Gorman Brothers Lumber and Dunkley Brothers Lumber. Employment relations at these firms are generally amiable, and more personable than those at many larger firms due to the day-to-day presence at the mill’s owners. These firms are also more actively involved in their local communities. As one union representative noted:

‘There are some good examples of family run businesses, like Gorman Brothers. If you watch the way they operate, it’s very different. I think having displaced or absentee shareholders has a huge effect on operations and the direction companies take, and the responsibility they feel towards the communities in which they operate.’

It is also sufficient to note that although workers at Gorman Brothers Lumber are not unionized, there is frequent dialogue between the firm and the USW. In many respects, the USW views firms like Gorman Brothers – which historically have good relationships

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41 Interview 68.
with their workers – as an ally amidst the current challenges faced by employers and labour.  

7.2.3 – The Labour Movement and Collective Bargaining

British Columbia’s solid wood processing workers and loggers first organized in response to frustrations with dangerous work conditions and a lack of job security in the often-remote mills and camps of the 1920s and 1930s. During this era, organizing workers was no easy feat for the LSWU, LWIU, and eventually the IWA. Legislation legitimizing industrial unions was not enacted in Canada until 1944, workers were transient and ethnically diverse, and recently established union locals could seldom afford to hire full-time staff organizers. At the outset of the Second World War, IWA membership in Canada stood at just over 200 (Neufeld and Parnaby, 2000). However, the IWA experienced unprecedented growth in British Columbia following the Second World War. The ethnically-diverse Canadian wing of the IWA is revered within the labour movement for its early efforts to establish wage parity across gender and race (Rajala, 2003). These efforts came to fruition in the 1960s, when workers of Asian, Chinese, and Indian ancestry, as well as Aboriginal peoples, received the same wage scales as white Canadian- or European-born workers (Neufeld and Parnaby, 2000; Hak, 2007). Advocacy for civil rights was long a component of the Canadian IWA’s

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42 A number of ‘independents’ – or smaller privately owned mills – also operate in British Columbia. These firms generally service niche markets. Some, particularly on Vancouver Island, purchase and process timber harvested from private lands. Others purchase timber from larger licensees, produce lumber or other wood products, and sell back residual fibre to licensees for use in pulp production. Employment relations in these firms vary, but close and paternalistic relationships are common between workers and employers/managers. These firms are just as likely to be unionized (by the USW) as not.
philosophy, and was critical in thwarting employer’s attempts to exploit racial divisions among workers.

British Columbia’s IWA membership grew throughout the 1950s and 1960s, but leveled-off in the 1970s. The impact of the recession in the early 1980s had significant repercussions for membership and employment relations in British Columbia, but did not restructure the industry to the same extent as it did in the PNW. For example, British Columbia’s IWA members were able to make wage gains after a six-month strike in 1986, the same year that Weyerhaeuser withdrew from pattern bargaining in the PNW. Widenor (1995a, 442) notes that

‘while basic structural and cyclical economic changes in the wood products industry were similar in the United States and Canada during [the 1980s], there were crucial institutional and public policy differences that enhanced the power of the IWA-Canada vis-à-vis that of the unions in Washington and Oregon.’

These institutional and public policy differences are related to a number of aspects of the structure, organization, and governance of the broader forest products industry in British Columbia. First, British Columbia’s economy is highly dependent on the forest products industry. Strikes and labour unrest are thus damaging to both employers and the province’s tax revenues, which depend on licensing payments in exchange for timber harvesting rights, the income taxes of forest products industry workers, and the corporate taxes from employers. All of these factors helped foster a corporatist agenda whereby the state, employers, and labour emphasized timely dispute resolution without dismantling prevalent systems of collective bargaining (Widenor, 1995a). Second, the legal environment is also more favourable to labour, particularly in areas such as union certification and successorship rights, and the banning of the employer’s use of
replacement workers during a strike (Godard, 2003). In the event of prolonged strikes, layoffs, or job loss, risks to workers’ livelihoods are not as severe due to a relatively well-financed union strike funds and relatively generous employment insurance and social welfare programs. Third, the internal structure of the IWA was more stable and centralized in British Columbia than in the PNW (Lembke and Tattam, 1984). Fourth, British Columbia avoided the major shifts in mill ownership that occurred in the PNW during the mid-1980s. Although some firms divested assets, they were acquired by either other existing producers, or by large and well-capitalized firms with experience in the forest products industry elsewhere in the world. Finally, firms in British Columbia benefited from ample timber supplies and the low value of the Canadian dollar relative to the American dollar, which helped them expand their presence in the American lumber market during the 1980s (Widenor, 1995a).

The centralized collective bargaining structure included three regional employer associations with their own staff: Forest Industrial Relations (FIR) in the coastal regions, the Interior Forest Labour Relations Association (IFLRA) in the Thompson, Kootenays, and Okanagan, and the Council of Northern Interior Forest Employment Relations (CONIFER) in the northern and north-central interior. These associations were the legally-accredited bargaining agents for all affiliated employers and their unionized mills. In addition to the size and capital intensity of production facilities, the centralized system of bargaining is also a reason why only thirteen IWA locals historically existed in British Columbia (compared to forty-four in the PNW during the 1980s) (Widenor, 1995a). The structure facilitated the coordination of strike efforts, reduced the resources allocated to bargaining, and assisted in formal cooperative efforts with the CPU and
The employers also supported centralized bargaining as a means to foster solidarity amongst themselves, and as a defense against being whipsawed by union locals.

After the IWA split along national lines in 1987, the IWAC moved away from American-style business unionism and pursued strategies more ideologically consistent with the broader social and political goals espoused by the Canadian labour movement. These included the promotion of racial and gender equality, a rejection of competitive partnership programs with management and the accompanying contingent payment or profit-sharing schemes (thus maintaining adversarial bargaining systems), an outright refusal of concessionary bargaining, an entrenched social democratic agenda, and formal partnerships with the NDP and other community or special interest groups (see Kumar, 1993).

The IWAC was able to maintain its membership levels in British Columbia throughout the 1990s due to its formal alliance with the provincial NDP government. This alliance was critical in the mid-1990s when the provincial government developed initiatives to assist displaced forest products industry workers find employment in reforestation and ecosystem restoration industries. The IWAC promoted these activities, and extolled the opportunities they provided for stable, well-paid work with significant economic multipliers for local communities (Lunny and Pollock, 1998). However, the majority of these programs were cancelled after the NDP’s defeat in 2001 which also coincided with efforts by coastal employers – led by Weyerhaeuser – to contract out

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43 For example, the three unions negotiated common wage rates for trade workers throughout the industry in 1972.
44 The NDP controlled the British Columbia legislature from 1991 to 2001.
unionized logging operations (IWAC, 2001). The challenges presented to the IWAC soon escalated as Doman Industries – with which the IWAC had long maintained stable and good employment relations – was sold and restructured in 2003, and as the legal costs of resisting contracting out mounted (Garcia, 2003).

It is widely held that unions benefit when their structure and scale of bargaining is congruent with that of the firms that employ their members (Katz and Kochan, 1992). For much of the 1990s, the IWAC’s membership in British Columbia was relatively secure and stable, and job losses were offset by NDP-sponsored employment and training programs. However, the wave of mergers and acquisitions between 1999 and 2004 challenged the dwindling organizational capacity of the IWAC. This led to the merger of the IWAC (and its 55,000 members) with the USW. At the time, the USW had 190,000 members in Canada, and over 600,000 in the United States (IWAC, 2004). A former IWAC and current USW representative based in British Columbia explained the rationale behind the merger:

‘It became obvious that to be able to fight these big multi-national companies we had to get bigger. At the time [2004] the forest industry, where most of the IWAC members worked, was slowly getting smaller, instead of growing. I guess hindsight being 20/20, it’s probably a very good idea that we did merge.’

Prior to the mid-1990s the centralized bargaining between the IWAC and FIR-affiliated employers was generally considered to be productive and cooperative. The relatively small Pacific Forest Products was the first employer to withdraw from FIR (in 1993), but then rejoined the association in the following year (IWAC, 1996). However, in the shadow of the impending Asian financial crisis and on the heels of the ratification

45 Interview 68.
of the SLA, MacMillan-Bloedel – who had recently divested their pulp and paper mills – rescinded its accreditation of FIR, taking with it twenty-nine per cent of the workers previously covered by the bargaining association. As a result, the IWAC consolidated their 1997 round of bargaining with all MacMillan-Bloedel operations, and then used those negotiations to set the pattern for FIR, and later CONIFER and IFLRA.

Negotiations with CONIFER\textsuperscript{46} and IFLRA generally progress more smoothly than with FIR due to the fact that the latter organization includes both company and contract loggers in addition to solid wood processing workers, and thus a wider variety of interests. This was particularly evident during negotiations and strikes in 2003 and 2007, when the IWAC and USW were forced into much more complicated negotiations with FIR than in previous rounds. The 2003 negotiations included the largest solid wood and logging employers on the coast: Weyerhaeuser, Interfor, Doman Industries, and TimberWest. Also included were over thirty smaller firms with non-integrated sawmilling or logging operations (Garcia, 2003). After individual employers withdrew from bargaining when they could not agree with the union or each other regarding severance, benefits, pensions, and the scheduling of logging shifts, a provincial government arbitrator was appointed and the IWAC struck.\textsuperscript{47} The arbitrator legislated the IWAC back to work at the end of 2003, and implemented a modified version of the previous collective bargaining agreement. The modifications included clauses that permitted employers to contract out logging operations and to increase flexibility by introducing new scheduling systems for loggers. Although provisions over contracting

\textsuperscript{46} CONIFER does not include Canfor, although the latter generally adheres to the pattern agreement set by the former.

\textsuperscript{47} Interestingly, the IWAC did not strike Doman Industries, long a favoured employer, in what they claimed were efforts to assist them in restructuring (IWAC, 2003).
out remain contentious, the IWAC prevented employers from ‘selling’ logging divisions in order to decertify unionized loggers.

In 2007, and amidst the collapse of the housing market in the United States and the global financial crisis, the USW and FIR entered a round of negotiations quite different from those previous. The most significant of these differences was the refusal of a number of key employers to bargain in concert: Interfor, TimberWest (now defunct), and Island Timberlands each sought to negotiate separate agreements. This left FIR with Western Forest Products and an assortment of thirty-one smaller firms, each with its own diverse interests. This led to a coast-wide strike of USW forest products industry workers, the rationale for which was explained by a union representative:

‘The issues weren’t exclusively and primarily economic. They were issues like the establishment of hours of work, of work weeks, and workdays; safety; and partial closure severance. Those were the main issues, and they weren’t, for the most part, wage issues. Wage issues were solved relatively easily. However, the outstanding issues – particularly shift scheduling – were still on the table and we couldn’t get an agreement, so we went on strike.’

Another described the bargaining environment, which proved difficult to coordinate even for a large and well-financed union with ample human and information resources:

‘We were running four bargaining tables simultaneously, which is extremely complex. We’d go to one table and get a response, bring it to another table, and they would say the first employer was wrong, go to the third table, and they would say the first two were wrong. The only common thing was the Steelworkers, we were everywhere. The employers were at their little self-interest stuff, but it really impacted the process. Somebody said to me once that bargaining on the coast of British Columbia was like playing three dimensional chess in an earthquake. It just simply moved daily.’

48 Interview 68.
49 Interview 37.
Once again, it was the larger employers’ demands for flexibility and the desire to sever long-term commitments to workers that were the primary sticking points in the negotiations.\textsuperscript{50} The strike was resolved in just over twelve weeks, and included improved language and provisions related to scheduling, transportation and supervision of loggers in remote areas, and for the first time, severance benefits for workers affected by the ‘partial closure’ of solid wood processing facilities. It also included pay increases of two per cent, three per cent, and two per cent between 2007 and 2010 (USW, 2007).

7.2.4 – Work Practices, Training, and Reproducing the Labour Force

During the long boom of the 1950s and 1960s British Columbia’s solid wood processing industry developed ‘the essential characteristics associated with Fordism’ (Hayter et al., 1994, 30). However, the rapid implementation of new technology and the introduction of flexible work practices became prevalent in the 1980s, as firms sought to remain competitive. This was particularly the case on the coast. Hayter et al. (1994) describe the restructuring of production and employment relations at two coastal sawmills owned by MacMillan-Bloedel and BCFP. At one, employment was reduced from 650 to 140, while production only decreased from 167 mmbf to 101 mmbf a year between 1980 and 1989. At the other, employment was reduced from 655 to 176, while production increased from 128 mmbf to 140 mmbf a year (p. 31). This style of restructuring was deemed necessary in many cases as coastal firms shifted product

\textsuperscript{50} Occupational health and safety in the logging industry was also a key concern, and is addressed in the following chapter.
offerings from standardized commodity lumber to a more diversified range of products catering to a broader market base (including an increased focus on servicing Asian markets). Specific changes to work practices included increases in teamwork and an associated reduction in job classifications, the contracting-out of non-essential functions, the introduction of ‘gain-sharing’ or other variable pay systems, and an increased priority placed on hiring workers with higher levels of scholastic achievement. The cases outlined by Hayter et al. describe many of the common patterns in the shift towards flexibility in the solid wood processing industry in coastal regions of British Columbia. However, this restructuring was not implemented uniformly, but varied from mill to mill reflecting the embedded social and institutional relations (primarily with the IWA and IWAC) situated in specific places or regions, and in many cases was highly contentious (Peck, 1993; 1996).

The restructuring of employment relations was not nearly as significant or contentious in mills in the interior of British Columbia. This was due to four factors: the timing of the interior’s incorporation into the provincial and continental forest products industry; the stability of timber supplies; the production orientation of interior mills; and, the relatively high levels of capital intensity in these mills. Many of the interior mills came online during the 1960s and 1970s and using much more capital intensive processes than the mills in coastal regions were able to produce markedly larger volumes of sawn wood. Unlike those on the coast, mills in the interior were unable to operate with older machinery due to the low value of the smaller diameter timber that they processed and the distance to markets. Moreover, firms in the interior had access to

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51 For example, in BCFP’s sawmill at Youbou the number of job categories dropped from 120 to 12 between 1980 and 1988 (Hayter et al., 1994).
ample supplies of timber appropriate for use in their mills; a feature that still remains one of the primary competitive advantages held by producers in the interior. The abundant supplies of timber in the interior do not necessarily provide interior firms with a cost advantage – counter to the opinion of many American-based producers – but rather with an advantage in their supply of timber. This is an advantage that firms on the coast or in the PNW do not share. Interior-based firms thus operate in a more stable environment which then translates into more stable employment relations systems. These firms are also able to enter into long-term supply agreements with large retailers, further improving their operational stability.

The higher levels of capital intensity in interior mills also serve to reduce conflict and contention in the workplace. First, these mills have always been relatively capital intensive, and workers (whose average age is lower than on the coast) are generally more familiar with and less resistant to computerized automation or other production technologies. The addition of new equipment therefore does not require a significant change in their occupational cultures. Second, the drastic employment reductions that occurred in coastal mills during the 1980s and 1990s were not as widespread in the interior. Many of the jobs eliminated in coastal mills were amongst the most labour intensive and such positions were never as prevalent in the more capital intensive mills of the interior due to their higher levels of computerized or automated equipment. Third, the bargaining environment is different in the interior, as employers who belong to CONIFER or IFLRA have more issues in common than the more diverse group of employers in the FIR. Negotiations between the USW and FIR have been adversarial
(and at times sour), and both parties are often at a loss to find solutions that meet the needs of both solid wood processing workers and loggers.

Increased capital intensity alters the skills and attributes that employers seek from new hires and existing workers. Although the perception persists (and in some cases, is correct) that work in solid wood processing facilities is extremely labour intensive and physical, these mills are increasingly implementing computerized automation. Where this occurs, employers prioritize workers that are better educated and able to adapt well to training. As an executive of one firm noted when speaking of recent changes to employment relations:

‘A lot of it got driven by the change in technology. People need to understand it, we’re putting in new machinery on a regular basis. Also because what we forecast is a demand for talent. We wanted people who we hired today to do cleanup to be the tradesmen of the future, or the supervisor of the future, or the manager of the future. If you’ve got the basic education and you can perform well and accept training, you’ve got the potential.’

Many local managerial positions – including senior ones – are held by those with practical experience as machine operators or trade workers. The same interview subject noted that his firm had pursued this strategy since the 1980s, and has also increased the education requirements of new hires.

‘We realized a number of years ago that moving senior employees or managers from site to site wasn’t going to work. There wasn’t going to be enough bodies. We saw the bulge in the baby boomer population come in twenty years ago and we said that we need to do something about that. So we increased the talent pool, the gene pool I guess, of the entry level workforce so that we can build supervisors and superintendents out of that workforce. We’ve done that for some time. It doesn’t meet all your needs, but we’re in much better shape now that we were twenty years ago.’

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52 Interview 5.
53 Interview 5.
Recruitment and retention is currently a major concern for solid wood processing employers. Due to the increased education requirements for workers the mills are competing with other industries in western Canada for the best workers. Subjects repeatedly remarked on this. As one union representative noted:

‘I think that a lot of the folks in the forest industry by now are starting to get this once bitten, twice shy attitude. It is so cyclical and so unsuitable, and right now I do not see where the restoration in the price of lumber and building products is going to come from.’

Some noted specific geographical patterns related to the migration of workers in coastal and interior regions. According to one union representative:

‘My guess would be we’ve lost a lot more people out of the interior to Alberta than we have on the coast. Folks on the coast are more likely to come to the Lower Mainland before they would go to Alberta, whereas people from Prince George or Kamloops would be more inclined to go to Alberta. But I’m sure there’s folks from the coast going there as well, out of necessity.’

Subjects also noted that it was much more difficult for workers to leave coastal communities, where familial and social ties are often more rooted than in communities in the interior. Workers in the interior are also more easily able to ‘commute’ to work in Alberta where two week shifts are common than are those from coastal regions, for whom such travel would be disruptive.

The creates a difficult situation within the industry, where markets and production are depressed, but simultaneous pressures exist to maintain and reproduce a labour force that is becoming more skilled and educated. In some ways, this increases organized labour’s leverage at the bargaining table. One union representative discussed this:

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54 Interview 27.
55 Interview 37.
'It kind of strengthens our hand, in the sense that people really can just go if they want. If they screw with me today, tomorrow I’m going to tell you that I’m going to go to Alberta, and fuck you. On another level it’s a real problem that we’re losing people. We lost people during the strike who I suspect won’t come back. They’ve gone off to other industries or they’ve gone to Alberta and they’re making big money. It’s a huge pull and it’s impossible for companies to keep folks. The real problem for them, here you have this industry that’s in the tank, but you have this huge pressure to keep folks.' \[56\]

However, interview subjects were generally skeptical of this type of agency. They noted that even though high-paying work was available in Alberta, it required workers to relocate – albeit in most cases temporarily – and was disruptive for their family and social lives, as well as their communities in general. Moreover, many subjects believed that work in the oil and gas industry was just as cyclical as forest products, and that because so many highly-skilled workers were drawn to it, it was a hindrance to the long-term sustainability and profitability of the solid wood processing industry (and the broader forest products industry).

### 7.3 – A Cross-National Comparison of Employment Relations in Cascadia’s Solid Wood Processing Industry

The organization of production and employment relations in the solid wood processing industry are more varied than any of the other components in Cascadia’s forest products supply chain. Some of the primary and intertwined factors contributing to variation and differentiation in employment relations are the role of the state in governing industry, employment, and timberlands; the ownership, size, production focus,
location, and capital intensity of firms; and broader systemic factors such as commodity prices and exchange rates.

Mills in the PNW process timber acquired from a variety of landowners. However, few control timberlands (with the exception of Weyerhaeuser), and fewer still have access to public timber. These firms produce both commodity-grade and higher value lumber, engineered wood products, and semi-finished goods for use in construction. The majority of these products are sold domestically; primarily in California and the Sunbelt and Midwest states. Firms that produce higher value goods are thus less susceptible to market cycles than those that produce commodity goods. However, even the producers of the highest value added products have not avoided the adverse effects of the housing crisis and recession. Production is increasingly concentrated in the Westside. This is primarily a result of harvest reductions on public forests, which are abundant in the Eastside. By contrast, the majority of production in British Columbia is geared towards commodities, and is shipped to markets in the Midwest United States and Ontario. Some product is shipped to Asia, but the proportion declined after the mid-1990s. Levels of profit, production, and employment in British Columbia are thus more responsive to commodity prices, trade agreements with the United States, and exchange rates than they are in the PNW. Furthermore, production has decreased significantly in the coastal regions and is increasingly concentrated in the interior. British Columbia’s solid wood processing industry is also more uniform in terms of ownership, production focus, mill capacity, capital intensity, raw material inputs, and employment relations than that of the PNW.
The restructuring of production organization and employment relations in the PNW began during the recession of the early 1980s. This occurred for a number of reasons. First, abundant supplies of large diameter timber became constricted, rendering many mills – which relied on labour intensive production – obsolete or inefficient. Second, competition from the southeastern states and British Columbia increased. Competition for market share in the Midwest was a particular concern, as the depreciation of the Canadian dollar relative to the American dollar provided an advantage for producers in British Columbia. Third, the disaggregation of the supply chain and the divestiture of timberlands had significant ramifications on the cost structures of regional producers. Fourth, a number of new firms emerged in the mid-1980s. These firms insisted on operating non-union mills, claiming that this was a necessity to remain viable amidst increased competition and raw material costs. These practices were facilitated by the restructuring of labour legislation and pro-business environment created under the Reagan administration. This was particularly evident in the 1983 strike by IWA members at Louisiana-Pacific, where unionized workers were permanently replaced by non-union workers (Widenor, 1995a; 1995b).

The combination of these factors was extremely significant in restructuring employment relations in the PNW, especially the emergence of the new group of non-union firms. Not only did workers in these firms receive lower remuneration, lack job security, and work on a more flexible basis, the presence of their employers placed downward pressure on the employment relations at unionized workplaces owned by larger firms (e.g. Weyerhaeuser) and medium-sized family-owned firms that had long operated in the PNW (e.g. Collins Pine, Roseburg Forest Products). This was evident
during the concessionary agreements, decertification, and breakdown of pattern bargaining that occurred between 1983 and 1987, as well as the division of the IWA along national lines. These trends continue, albeit at a slower rate. The industry was also troubled by the constriction of timber supplies and the elimination of smaller locally-based firms (particularly in the Eastside) as a result of harvest restrictions on public lands in the early 1990s. Because of these factors, the employment relations systems common amongst the emerging group of medium-sized firms have become prevalent. Even where workers are unionized – which is often the case in the most capital intensive mills owned by large or family-owned firms that offer higher job security, competitive remuneration, and better working conditions – there has been significant pressure to conform with the less labour-friendly employment relations systems common in non-union mills.

The recession of the early 1980s also led to restructured production organization and employment relations in British Columbia. However, unlike in the PNW, it did not fundamentally alter the ownership of firms, the governance of timberlands, or the structure of bargaining. Moreover, restructuring was concentrated primarily in coastal regions, and little change occurred in the interior, where large mills with modern and capital intensive production systems processed smaller diameter timber from their outset. Additionally, and despite significant job losses in coastal regions due to increased capital intensity, the state remained active in maintaining stability in production and employment relations. Although some firms changed hands, the disaggregation of the supply chain did not occur to the same extent that it did in the PNW, largely because of the persistent effects of provincial forest policy. The social, political, and legislative
environment also fostered a more economically, socially, and politically active labour movement, and the Canadian locals of the IWA (and later IWAC) maintained intra-regional pattern bargaining and successfully resisted concessions. In contrast to labour disputes in the PNW in 1983 and 1986, British Columbia’s IWA member made wage gains during a 1986 strike (Widenor, 1995b).

British Columbia has, however, experienced significant changes to employment relations since the early 1990s. Again, these changes have been concentrated primarily in coastal regions. Four notable events prompted changes on the coast: the 1994 *Forest Practices Act*, the Asian financial crisis, the sale of MacMillan-Bloedel to Weyerhaeuser in 1999, and the bankruptcy of Doman Industries in 2003. The *Forest Practices Act* constricted supplies of large diameter timber, thus eliminating the cost advantages of many producers. Coastal producers were also dealt a significant blow during the Asian financial crisis, as they had oriented a significant proportion of their production to servicing these markets, and were unable to access many American markets which were served by producers in the interior, the PNW, and elsewhere in the United States.

The sale of MacMillan-Bloedel to Weyerhaeuser and the bankruptcy of Doman Industries also eliminated two of the more stable producers in coastal regions and led to a restructured system of bargaining that supplanted the traditional centralized system of bargaining between the IWAC (and later the USW) and FIR. Bargaining in coastal regions has since been increasingly decentralized due to the diverging needs of individual employers, and the influence of Weyerhaeuser, which attempted to implement systems of employment relations similar to those in the company’s operations in the PNW. However, Weyerhaeuser’s ownership of mills in coastal British Columbia was
relatively short-lived. This was due largely to the incommensurability of their US-style systems of employment relations with the legislative and social environment of the solid wood processing industry in coastal British Columbia. Yet it is worthy to note that employment relations at Weyerhaeuser’s PNW mills are generally stable and union density at these mills – which are among the larger and more capital intensive facilities in the PNW – is high. Therefore, Weyerhaeuser’s employment relations systems are not akin to those of all employers in the PNW, but are rather somewhere between those common in British Columbia and those in medium-sized non-union firms in the PNW. Moreover, and despite the impact that Weyerhaeuser had on employment relations in British Columbia’s solid wood processing industry, their eventual frustrations illustrate the role of social and political factors in providing labour with agency to contest and resist the implementation of employment relations systems developed in different national contexts. In the interior – and despite decreased demand due to the expiration of the SLA and recent job losses – employment relations proved more stable. This is due to higher levels of capital intensity, stable supplies of timber, and the persistence of centralized bargaining between unionized workers and employers’ associations CONIFER and IFLRA.

Increased capital intensity (often through computerized automation) and flexible systems of work organization increased significantly in Cascadia since the early 1980s. However, the manner in which these changes were implemented, accepted, or contested by workers differs between the PNW and British Columbia. Producers in the Westside of the PNW and coastal British Columbia were both affected by shifts away from large diameter timber that could be profitably processed using labour intensive production
systems. Many firms were thus required to implement more capital intensive systems of production as well as more flexible systems of work organization, which was certainly the case in coastal British Columbia. Firms that were unable to do so generally went out of business. Moreover, seldom did these changes result in union decertification or reduced remuneration. However, in the Westside of the PNW – where there was also a shift to full value for timberlands that were disintegrated from the supply chains of parent firms in the 1980s – firms were more likely to seek to reduce costs by using non-union labour, reducing remuneration costs, and increasing productivity by implementing more flexible and intensified systems of work organization. These practices persist, as many firms achieved competiveness through lower labour costs rather than investments in capital intensity. Conversely, the majority of production in British Columbia’s interior is extremely capital intensive. Interior mills are required to be large and capital intensive in order to achieve the economies of scale necessary to offset the costs of shipping relatively low value commodity wood products to distant markets in the Midwest and Ontario by rail. Yet this has long been the case in the interior. Furthermore, the implementation of flexibility is generally designed to eliminate or intensify the most labour intensive jobs. Because labour intensity has always been low in interior mills, the implementation of flexibility was not as significant as in coastal regions or the PNW. The capital intensity and systems of employment relations common to the interior have also become more prevalent in coastal regions, where the remaining mills of dominant producers Western Forest Products and Interfor are relatively large and capital intensive.  

57 Some relatively small mills remain, but produce higher value products from cedar or hemlock.
There are also significant differences in the manner and extent to which the state is involved in the governance of industry, employment, and timberlands between the PNW and British Columbia. In the PNW, restructured federal labour legislation has undermined the ability of unions and workers to resist employer-led changes to employment relations since the 1980s. These changes led to decreased union density, as well as the decreased social and political relevance of the labour movement. Moreover, the disaggregation of timberlands (itself partly the result of restructured accounting practices in the United States) and the almost complete decrease of harvests on public lands increased the cost of raw materials, decreased supply chain security, and signaled the retreat of the state from the governance of the forest products industry. These cost pressures and restructured labour legislation led employers to seek concessions from workers to maintain production and profitability.

The situation in British Columbia is quite different, as the state remains actively involved in governing production, raw materials, and employment relations, although it has retreated somewhat through liberalized forest policy enacted in 2004. Yet provincial forest policy continues to promote the involvement of large and well-capitalized employers. In fact, production is increasingly concentrated amongst a small number of very large firms, most of which are publicly-owned, three of which are fully vertically integrated, and the others have symbiotic relationships with pulp and paper firms that purchase their residual fibre. The employment relations of these firms – the majority of whose workers are unionized – tend to be similar, and are also influential in determining the employment relations in the mills of other producers. This contrasts the situation of
the PNW, where few large firms remain involved in solid wood processing, union
density is lower, and employment relations are more varied.

In the past decade – and despite job losses – recruitment and retention has been a
common concern for employers throughout Cascadia. The recruitment and retention of
skilled trade workers is a particular concern, and is linked to the increasingly capital
intensive nature of the solid wood processing industry and recent tight labour markets of
the PNW and western Canada. Firms in the PNW faced competition with the
construction industry for trade workers, while those in British Columbia faced
competition from both the construction industry and the booming oil and gas sector.
Employers in the PNW were cushioned to some degree by recruiting trade workers from
recently closed mills. British Columbia’s employers responded by increasing
remuneration, yet with only limited success. This reflects the challenges facing even the
most productive and efficient solid wood processing employer to offer remuneration at a
rate competitive with other regional industries that employ skilled trade workers.

Employers throughout Cascadia also face challenges recruiting younger workers
due to a number of reasons. First, there is a general pessimism surrounding the future of
the solid wood processing industry. This deters potential applicants, who are skeptical of
long-term employment prospects in the industry. Second, seniority provisions in
unionized mills block the access of younger workers to the most desirable jobs. This is
especially the case in British Columbia, where union density is high, but is also common
in the unionized mills of the PNW. Moreover, the positions accessible to younger
workers with little education or training are primarily low-paid entry level jobs, and in
the PNW, these are increasingly non-union. The high turnover in entry-level jobs,
described by interview subjects, is indicative of the undesirable nature of such work compared to other available options. Third, and similar to the difficulties encountered in recruiting skilled trade workers, younger workers are drawn to other more stable and higher-paying industries. These phenomena were fairly common throughout Cascadia.

In the PNW, systemic pressures towards cost competitiveness are exacerbated or mitigated by a number of factors. First, the disaggregation of timberland has increased the cost of raw materials and decreased the stability of timber supply. However, the production of higher value goods destined primarily for domestic markets insulates producers from competition and market volatility to a greater degree than in British Columbia. Yet these factors did not protect workers and unions from dramatic shifts in employment relations. This is evident in the animosity shown by many employers towards unions, efforts to decertify unions, as well as the implementation of flexibility and decreased remuneration, which was met with little resistance from labour. The pro-business environment promoted by state and federal governments also restricts the ability of labour to resist workplace change, much of which was championed by the increasingly dominant group of medium-sized firms owned by non-traditional investors. These firms restructured employment relations systems in order to compete with more capital intensive producers in British Columbia and the southeast United States (which also have more stable timber supplies). In many cases, cost savings have been achieved primarily through a reduction in labour costs, rather than through capital investments. Concomitantly, other employers in the PNW – particularly large publicly-traded firms and medium-sized family-owned firms – have been forced to restructure their employment relations to some degree in order to compete with the systems used by the
newer medium-sized firms. In short, the presence in the PNW of different types of employers and a mix of both union and non-union workplaces led not only to lower rates of remuneration than in British Columbia, but also to more intra-sectoral variation in all facets of employment relations.

In British Columbia, systemic pressures to maintain cost competitiveness are exacerbated by the production of commodity goods and the high cost of shipping goods by rail to the Midwest United States. Firms are thus required to operate extremely large and capital intensive mills in order to achieve necessary economies of scale. This has always been the case in the interior, but led to significant restructuring of employment relations and job loss in coastal regions, where employers were required to shift towards more capital intensive systems of production during the 1980s and 1990s. Yet production in British Columbia to some degree is insulated from volatile commodity markets and exchange rates by the involvement of the state. The provincial system of forest tenure, despite recent changes, persists in providing firms with raw materials that maintain production and employment. Moreover, the presence of an NDP government in the 1990s helped maintain public and legislative support for labour during an era where pro-business policies were rampant elsewhere in North America. The active role played by the state in the British Columbia forest products industry led to more stable systems of production organization and employment relations. The latter whilst still marked by adversarialism resulted in generally mutually beneficial relationships between workers, unions, and employers. In short, and although employment is often erratic and cyclical, and layoffs are frequent, the actual experience in the workplace in terms of work practices, union density, and labour-management relations have not been significantly
altered in British Columbia. Remuneration and productivity are higher in British Columbia than in the PNW, and centralized bargaining between the USW and three regional employer groups survives. This is largely the result of the role of the state in governing industry, employment, and timberlands, and the location of production relative to markets, which results in more stable timber supplies and an extremely capital intensive industry with many of the largest solid wood processing facilities in the world.
Chapter 8 – Logging

Logging is the primary extractive activity in the forest products industry. The nature of production and the labour process in the logging industry are qualitatively different than those in the pulp and paper and solid wood processing industries primarily since work occurs in the forest rather than a mill or factory. Thus, logging work is subject to a variety of natural uncertainties and is ‘eco-regulated’ by extensive production geographies, irregular terrain, weather, and the frequent relocation of sites of production (Prudham, 2005). The concept of eco-regulation was first developed by Benton (1989) in the context of a larger critique of the agricultural labour process in Marxist theory.\footnote{Benton contrasts the agricultural labour process with the productive-transformative processes common to manufacturing industries, whereby labour power is applied to raw materials to produce a specific end product. Although a transformation occurs in agricultural labour processes, it differs from productive-transformative ones in that ‘transformations are brought about by naturally given organic mechanisms, not by the application of human labour’ (Benton, 1989, 67), and extended the concept to other ‘intentional’ labour processes such as hunting, gathering, mining, and logging.} Here, human labour is applied directly to subject raw materials, which are appropriated, but not transformed. In the case of the broader forest products industry, eco-regulated labour processes occur in the logging industry, whereas the subsequent productive-transformative labour processes occur in pulp and paper and solid wood processing mills.

Logging is highly dependent on the tacit knowledge of employers and workers due in part to the eco-regulatory processes that create more uncertainties and variable rates of production than in productive-transformative components of the forest products industry. Although the ‘strength, agility, and “working knowledge” of loggers [is]
paramount,’ logging practices are increasingly mechanized, affording employers a ‘means to subdue nature and workers by subjecting them to the machine’ (Rajala, 1998, 9). Yet these processes of mechanization are themselves eco-regulated and strict limits are placed on the size and scope of machinery-based operations. Large firms that focus solely on logging are uncommon, as economies of scale rarely extend beyond individual operations, or ‘sides’ (Pearse, 1976). Furthermore, many of the specific tasks within the overall process of logging are performed by individual owner-operators or contractors that employ fewer than ten workers. Although owner-operators and small contractors are employers themselves, they too perform the work of loggers and must adhere to the increasingly strict guidelines set forth by powerful clients. Many of these guidelines are currently perceived by contractors to closely resemble direct employment relationships, despite the fact that operate as independent businesses. The cost of operating machinery and travel in coastal, montane, and other remote or difficult-to-access (or, the most highly eco-regulated) regions also influences the organization of production and employment. The dispersed and frequently changing worksites common to the logging industry also render the direct supervision of work difficult. For these reasons, parent firms have found it more advantageous to rely on contractors (or networks of contractors). Piece-wages or volume-based remuneration systems are also common strategies to ensure productivity in the logging industry (Prudham, 2005).

Logging work falls into three categories: falling, yarding and rigging, and hauling. Falling refers to the harvest of timber, an act performed by ‘fallers’ – the elite of the logging industry (Carroll, 1995). Fallers are generally paid according to the volume
of wood that they cut, and work ahead of or independent from the rest of the crew. A faller’s daily work rarely exceeds six hours, yet their wages are (often significantly) higher than other logging-related jobs. Fallers are very often individual owner-operators, but even where this is the case, they tend to work in pairs or small groups for safety reasons and to minimize travel costs. There are also cases where one faller is the employer but works alongside a small group of employees, but partnerships between individual fallers are more common (Carroll, 1995).

Some fallers work directly for a parent firm, but most are contracted by landowners, license-holders, or larger contractors (whose primary activity is yarding and rigging). Fostering solidarity between fallers and other loggers has historically been difficult, as fallers rarely work in concert with the rest of the crew, and fiercely adhere to payment systems based on productivity (Neufeld and Parnaby, 2000). Both Radforth (1987, 77) and Goodwin (in Neufeld and Parnaby, 2000, 193) discuss the nature of falling work in relation to payment systems, respectively as follows:

‘The results-oriented [faller] was likely to work hard for himself – and hence for his boss. And since he was paid according to his own individual records, an important basis for solidarity and collective action was lacking.’

‘[The faller’s work] is one of the last bastions of true capitalism to be found today […] He is paid for the amount of logs he produces, and the more skilful he becomes and the harder he works, the more money he makes; the reverse also being true.’

In this sense, the faller’s interests are often more closely aligned with those of the employer or client. This has historically created rifts between fallers, other logging industry workers, and unions.

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2 Falling is commonly perceived to be the most dangerous forestry occupation. In addition to the danger presented when cutting standing timber, there are significant occupational health and safety risks associated with the remote and isolated nature of the work.
The yarding and rigging crew is responsible for moving logs from where they were cut to roadside landing areas from where they are loaded onto trucks. This is the most time-intensive component of the logging industry, and the only instance where workers – most of whom are paid by the hour – work in groups. However, in some parts of Cascadia, falling and yarding is almost completely integrated and mechanized, and requires very few workers. Conversely, logging in coastal and montane regions is carried out by a mix of mechanical and manual methods. This includes ‘cat’ logging, where bulldozers winch and transport logs from the forest floor to a landing, and ‘tower’ or ‘high-lead’ logging, where a portable spur and system of cables, winches, and pulleys transports logs to a landing at the area near the spur atop a hill. Such approaches are also more appropriate for environmentally sensitive areas, as they reduce road-building and erosion caused by machinery. Helicopter logging – where logs are harvested by hand but winched and transported to log depots by helicopters – is also used in some extremely remote or difficult-to-access areas. Workers operating machinery are among the most experienced loggers who have most often developed their skills through informal and on-the-job training, and are remunerated fairly well (although not as well as fallers). Remuneration is usually based on an hourly or daily rate. The manual attachment and removal of winches and cables is performed by ‘choker-setters,’ who work on the forest floor, and ‘landing chasers,’ who work on or near the landing. After falling, these are the most dangerous and labour-intensive jobs, and are major determinants of the pace of work and profitability of the overall logging operation (Carroll, 1995). They are also the logging industry’s entry-level positions and not surprisingly, most loggers interviewed
spent some time in the early part of their career working as choker-setters or landing-chasers.

The final component – hauling – involves the transportation of logs by truck to a mill or other depot (e.g. rail terminal, river). Parent firms or large contractors may own these trucks, but it is more likely that they are the property of independent owner-operators or smaller trucking companies. Log truck drivers are generally paid according to the volume of lumber they deliver to mills of depots. Like other components of the logging industry, hauling was once primarily the responsibility of parent firms in many parts of Cascadia. In fact, many trucks currently used in coastal regions of Cascadia were once the property of large firms such as MacMillan-Bloedel, CZ, or Weyerhaeuser, and still bear each firm’s custom paint (for example, MacMillan-Bloedel’s fleet was painted Scarlet with a green hood, and CZ’s were painted orange).

8.1 – Logging in the Pacific Northwest

Approximately three quarters of all logging in the PNW occurs in the Westside. Although some logging is conducted by the unionized employees of parent firms and landowners, an increasing majority is carried out by independent contractors and owner-operators. There was a higher incidence of unionized loggers in the past, but this declined during the 1980s due to the disaggregation of the forest products supply chain and the decreasing influence of the IWA and UBCJ. The timber harvested in the Westside comes primarily from privately-owned forests, and is generally sold on the open market. Most is processed regionally, but a small proportion of raw logs are
exported to California or Asia. Logging in the Eastside – where publicly-owned forests abound – decreased significantly after the reduction of harvesting on USFS and BLM lands in the early 1990s. Only a very small percentage of timber harvested in the Eastside is carried out by unionized loggers, but unlike the Westside, unions seldom represented loggers in the Eastside. Moreover, the more moderate and accessible terrain of the Eastside is more conducive to capital intensive logging practices, which directly impacts the organization of production and employment relations. Most of the timber harvested in the Eastside is processed regionally, but some raw logs are shipped to mills in Idaho.

8.1.1 – Employment, Wages, and Productivity

The majority of loggers in the PNW are white males over the age of forty. Subjects noted that very few women work in the logging industry. However, the ethnic diversity of the workforce is increasing due to an influx of migrant and immigrant workers. This is discussed more fully later in the chapter. Similar to other segments of the forest products industry, the number of workers employed in the logging industry has decreased since the early 1990s (Figure 8.1). The most significant decreases occurred between 1991 and 1994 when the majority of logging in USFS and BLM forests was discontinued. While Washington’s loggers were not spared from job loss, those in Oregon – where a higher proportion of productive timberland is federally owned and administered – faced more significant decreases in employment. After the initial shock brought about by the closure of federal timberlands to harvest, employment has continued to decrease due to a combination of increased capital intensity and decreased
demand for timber harvested in the PNW. Some of this decrease in demand is the result of increased imports of raw logs from British Columbia since 2004. The closure of mills in coastal British Columbia resulted in further increases in the volume of Canadian timber processed in PNW mills (Eastin et al., 2007). The recent housing crisis in the United States has led to depressed demand for timber and a further reduction in logging employment in the PNW.

Figure 8.1 – Logging Employment in the PNW, 1990-2008

Average wages in the logging industry increased steadily over the past decade, despite reductions in employment (Figure 8.2). While average wages were always marginally higher in Washington than in Oregon, this gap increased in the past decade. This is due partly to the more stable demand for timber from Washington’s better-developed pulp and paper industry. Contractors in Oregon therefore face more competition for work, which drives down profits and remuneration. Production and employment are also much higher in the Eastside of Washington than in the Eastside of Oregon. Fallers’ wages are significantly higher in Oregon than in Washington (Table
8.1). This is possibly a reflection of the higher quality timber harvests and longer work seasons in the coastal regions of Oregon where production is concentrated. It also reflects the fact that a higher proportion of falling in these regions of Oregon is performed manually, which requires more experienced and highly-skilled fallers. Manual fallers also command a premium due to the increased risk of injury. Although this is similar to fallers’ work in the Westside of Washington, it contrasts with the Washington Eastside, where the terrain is more conducive to integrated and mechanized falling and yarding operations.

**Figure 8.2 – Average Wages in the PNW Logging Industry, 1998-2005**

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>OR</td>
<td>29500</td>
<td>31000</td>
<td>34500</td>
<td>37500</td>
<td>39500</td>
<td>41500</td>
<td>44500</td>
<td>47500</td>
</tr>
<tr>
<td>WA</td>
<td>28200</td>
<td>30000</td>
<td>32000</td>
<td>34000</td>
<td>36000</td>
<td>38000</td>
<td>40000</td>
<td>42000</td>
</tr>
</tbody>
</table>

**Table 8.1 – Average Hourly and Annual Wages in the PNW by State and Job Category, 2007 (2007 Dollars)**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Hourly Wages (Mean)</th>
<th>Annual Wages (Mean)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fallers</td>
<td>$23.09</td>
<td>$48,030</td>
</tr>
<tr>
<td>Equipment Operators</td>
<td>$19.94</td>
<td>$41,070</td>
</tr>
<tr>
<td>All Others</td>
<td>$18.19</td>
<td>$37,480</td>
</tr>
<tr>
<td>Oregon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fallers</td>
<td>$27.47</td>
<td>$57,130</td>
</tr>
<tr>
<td>Equipment Operators</td>
<td>$18.68</td>
<td>$38,850</td>
</tr>
<tr>
<td>All Others</td>
<td>$15.82</td>
<td>$32,680</td>
</tr>
</tbody>
</table>
The productivity per worker (in terms of GDP) also increased steadily in the past decade (Figure 8.3) due primarily to increased capital intensity. This phenomenon is more marked in Washington than in Oregon. It is also worth noting that the amount of GDP produced by each worker is the highest of all segments of the supply chain. This appears odd at first glance, as processing components are generally associated with higher value-added production. However, much of the value ‘added’ by the logging industry is not associated with the act of harvesting per se, but is a result of the natural capital accrued through the growth of timber. In this sense, loggers do not necessarily create this value through productive activity, but rather, they harness the value of ecological processes that led to the growth of trees.

Figure 8.3 – Productivity per Employee in the PNW Logging Industry, 1997-2006
The primary differences in logging between the Westside and Eastside are seasonality and climate, tree species and timber quality, land ownership, and proximity to processing facilities. Because of this, Eastside logging is conducted on a much smaller scale than Westside logging. This was the case even before the reduction of harvests on public lands in the early 1990s. The economies of the Eastside are less diverse than those of the Westside, and the general infrastructure is not as well-developed. Therefore, Eastside communities have faced major challenges when responding to the cessation of logging in public forests and the related industrial restructuring and job losses. A representative of a logging contractors’ association in Oregon discussed this:

‘Fifty-eight per cent of the forests are owned by the federal government statewide, but when you get east of the Cascades it’s more like seventy-five per cent. John Day, Baker City, Klamath Falls, they were hit really hard and they’re still suffering. It’s a lot easier to diversify your economy if you’re along the interstate than it is when you’re out in the middle of nowhere.’

Logging on the Eastside is – and has historically been – performed by smaller locally-based contractors, or ‘gypos,’ and unionized loggers employed directly by parent firms are rare. ‘Gyppo’ generally is not applied as a pejorative term, but rather is used to denote the entrepreneurial and independent contractors who are often well-established within the socio-economic fabric of their communities.
The situation of the Eastside contrasts that of the Westside, where company-run, unionized crews were long the norm. Figures 8.4 and 8.5 illustrate the volume and proportion of timber harvested by company and contract loggers in the Eastside and Westside of Washington, respectively. Although the UBCJ was involved to some extent, the majority of unionized loggers were represented by the IWA (and today, the IAM). However, since the late 1960s there has been a noticeable trend away from unionized company logging crews and towards loosely-organized networks of contractors in the Westside of the PNW. This trend began slowly, but accelerated during the 1980s amidst the restructuring and disaggregation of the industry. One well-established contractor noted that during the 1960s,

‘[Westside loggers] were totally unionized. Even the gyppo loggers were unionized. It had been good for them for years and years. Family after family of logger grew up working for Rayonier or Weyerhaeuser. Consequently, they had pretty nice logging companies with nice equipment. They had several generations of families working for one company. In the late ‘60s competition started, and ITT bought out Rayonier and changed the whole philosophy. They went to a contract-based system and got rid of all the unions. In fact, it took the union crews and made them into contractors. They let the individual union guys matriculate to whichever company they chose, and I think they formed nine or ten, maybe eleven, individual companies. The union “good guys” drifted to those contractors, and the rest of them just went belly up. That was the change on the [Olympic] peninsula, where the union crews were totally ousted. The only union crews we have now are at Weyerhaeuser companies. I think [Company J] has a union crew, and they employ independent contractors to supplement, and they know it’s cheaper. I think the only reason that they’re keeping the crews they have is because they don’t want to start World War Three.’

A major factor in the shift towards contract logging was disaggregation. Because the landowners that emerged in the mid-1980s and 1990s had no manufacturing assets, production became more market-oriented and thus seasonal, cyclical, and unpredictable. Timberland owners – essentially severed from the relationships that existed between

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5 Interview 34.
vertically integrated firms and the weakened IWA and UBCJ – then demanded more flexibility in their production schedules, which they achieved through the use of contractors.

Figure 8.4 – Volume of Timber Harvested by Company and Contract Loggers in Washington State, by Region, 2007

[Bar chart showing volume of timber harvested by company and contract loggers in different regions of Washington State, 2007.]

Source: Eastin et al., 2007, 178

Figure 8.5 – Proportion of Timber Harvested by Company and Contract Loggers in Washington State, by Region, 2007

[Bar chart showing the proportion of timber harvested by company and contract loggers in different regions of Washington State, 2007.]

Source: Eastin et al., 2007, 178
Tension between unions, company loggers, and logging contractors is common in Cascadia. As Carroll (1995) notes, the primary criticism of unions in the logging industry is that they are a ‘creature of the mills,’ and that collective bargaining agreements are not designed to accommodate eco-regulated or incentive-based work in the forest. Even unionized fellers are often paid on the basis of production, and are therefore critical of work rules that restrict flexibility, and thus their earning potential (Carroll, 1995; Neufeld and Parnaby, 2000). Seniority clauses are particularly contentious, as they are viewed as impediments to productivity and earnings, and to stifle the ambitions of those with well-developed bodies of tacit knowledge upon which production is highly dependent. Conversely, unionized loggers, who rarely deny the relative short-term efficiency of contractors, argue that the involvement of the union is beneficial for the long-term health of both the industry and the forest ecosystem. Such benefits include improved health and safety of workers, improved forest practices and stewardship, and skill retention and development. They also contend that union regulations stabilize prices and work schedules while dissuading short-term overproduction and highly cyclical employment (Carroll, 1995). The latter points are critical, especially considering the combined effects of the cyclical nature of markets for logs and lumber, the drive for short-term profits by non-traditional investors, and the often lengthy planning and bureaucratic processes involved in harvesting.

Only two firms currently maintain internal logging crews in the PNW: Weyerhaeuser and Company J. Both company’s PNW timberland operations are concentrated in the Westside. Interestingly, Weyerhaeuser increased the proportion of

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6 Company J is a REIT with some lumber milling operations that were divested by Company K in 2004.
logging conducted by company crews in the past decade. This was largely in an effort to improve quality and safety standards (Prudham, 2005). However, both companies employ a mix of company and contract logging crews. Their rationale for maintaining company crews is that it allows for more accurate costing estimates when tendering work to contractors while maintaining close relationships with their most experienced and productive unionized crews. Furthermore, unionized company crews are increasingly operated and remunerated in a fashion similar to contractors. An executive from Company J described the rationale for maintaining company crews, as well as some of the operational difference between them and contractors:

‘What we’ve done is try to use our crews where they can be most effective, and in the other areas use contractors where they can work better [...] when we went in the downturn in the ‘80s, we found the model we should follow is contractors because they’re more flexible. With the contractor, if an employee doesn’t show up, the contractor can, say, run the bulldozer. In a union camp, the supervisor is not qualified. [...] We’ve evolved and we’ve changed. We’ve put company loggers on an incentive system. We’ve modeled it like a contractor. Safety incentives, production incentives, we share in those things. Their mindset becomes more like a contractor’s, but we have more limitations in terms of work hours. Benefits and labour costs are higher, but offset hopefully by productivity, putting the right machine in the right place. Basically we get our crews to bid on units, and if they beat it they get a little bonus, and if they don’t they don’t [get a bonus].’

Managing company logging operations provides parent firms with first-hand insight into operational costs, which are used as templates to negotiate future remuneration with contractors. However, this places company crews in competition with contractors, ensuring that the former meet cost and productivity targets. It also allows firms to whipsaw contract and company loggers in order to ‘ratchet down’ rates of remuneration (Prudham, 2005). The competitive nature of such systems is often viewed negatively by

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unions, as it aligns the interests of unionized loggers with the parent firm, thus undermining solidarity. Many unionized loggers also fear that productivity gains made under the bonus system will ultimately lead to aggregate decreases in remuneration (Lunny, 2001).


This section begins by examining the increased capital intensity of logging (through mechanization) and the effects on employment relations, recruitment and retention, and training. The focus is primarily on the experiences of contract loggers, and leads into a discussion of the strategies that contractors have employed to maintain their labour force. The latter part of the section examines issues related to occupational health and safety, which is a critical aspect of work and employment relations in the logging industry. These issues are directly related to the restructuring of ownership and the increase in contract logging at the expense of unionized logging crews.

Logging contractors are reliant on parent firms or landowners for contracts and capital inputs that keep them constantly in debt. In many cases, contractors owe money to the same firms or landowners that they carry out work for. This practice began in the 1970s, when parent firms transformed formerly unionized loggers into independent contractors by selling them equipment that was once the property of the parent firm. When timber markets slump – as is the case recently – contractors’ rates of remuneration and profit decrease, and many, desperate for work, bid on contracts at extremely low

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8 This section focuses primarily on contract loggers. The issues examined herein are generally not a concern for unionized loggers due to their relationship with their employers, the parent firms.
rates in order to maintain market share and cash flow. A representative of a logging contractors’ association discussed the difficulties of maintaining fair prices amidst debt:

‘You got a payment book sitting on your desk and you’ve got to make a payment every month, you’ve got to find work, and sometimes desperate people do desperate things. If someone else needs a job and bids too low, that sets the water level low for everybody else. Trust me, we’ve all scratched our heads and wondered if there’s a better system, but all it takes is one guy who doesn’t really know what his real costs are or who really needs a job to set the rates that everyone else is expected to adhere to and comply with.’

Other subjects described how it is common for contractors to operate at a net loss simply to maintain cash flow. A number of problems are associated with this, including depressed wages for loggers (or depressed profits for owner-operators), increased occupational health and safety risks, and difficulties in maintaining and reproducing a diligent and skilled labour force.

Machinery and equipment are the primary sources of debt for logging contractors. Client firms are thus able to externalize capital expenditures and download the risks of financing costs (which are high due to the cyclical nature of the forest industry) onto contractors. This also provides client firms to exercise control over contractors. Contractors forced to increase capital intensity to increase productivity then face high financing costs on capital equipment. This renders them increasingly reliant on a diminishing client base with specific geographic boundaries, and forces them to work for low returns on investment. Although most contractors succumb to the pressures to mechanize, some are reluctant to expand their operations and make significant capital investments for fear that they will become overly reliant on a very narrow group of clients. Some thus choose to remain small or niche-oriented, and are found to be more

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9 Interview 64.
responsive to market cycles and cost pressures, and the most stable long-term employers (Lee and Jennings-Eckert, 2002). Interview subjects generally agreed that mechanization is a double-edged sword. While investment in machinery increases productivity and reduces labour costs and worker’s compensation premiums, the debt cycle is often seen as detrimental to the long-term viability of contractors and their workers. However, most interview subjects noted that contractors were required to mechanize as a survival strategy, especially when faced with recent labour shortages. As a representative of one PNW logging contractors’ association noted, ‘mechanization is being driven by the fact that we have a very difficult time finding people to work in the woods. I know it’s the same in Oregon, and it’s the same thing in B.C.’

In a conceptual sense, the mechanization of logging (and other eco-regulated industries) is designed to subject nature and labour to capital (Rajala, 1998). In the case of the PNW, Rajala’s rationale can be extended, as mechanization is employed by contractors as a component of recruitment strategies during labour shortages as well as being a tool of subjugation or cost reduction. The labour shortages facing contractors in the PNW are the result of three intertwined phenomena. First, the remuneration contractors receive from clients is depressed as the demand for lumber and commodity prices decrease. In turn, contractors pay their workers lower wages, unless they are able to increase productivity by increasing capital intensity or the pace of work. Interview subjects discussed how once-competitive logging wages have stagnated

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10 Interview 29.
11 This was certainly the case from 2007 on, and was exacerbated by the housing crisis in the United States.
relative to other sectors, and how this now presented challenges to recruitment and retention:

‘When I started logging we were paid three [dollars and] seventy-five [cents] an hour back in [19]72, and the checker at the local Safeway was getting a buck an hour. Ten years later, we were getting twelve bucks an hour and the checker was getting ten. Twenty years later our average wages were sixteen or seventeen bucks an hour, and the checker in the Safeway was getting fourteen or fifteen. The [logging] industry has not kept up with other vocations.’\textsuperscript{12}

‘Construction in general has been a booming industry in Washington in the past several years, so a lot of our people have left the logging industry […] They’re going from our industry to construction, and they’re getting more hours per year […] that’s the problem with logging, it’s a bit cyclical, so if you can’t keep a good person busy at least eleven months a year, why would they want to be there if they can find work elsewhere, closer to home?’\textsuperscript{13}

‘Right behind paying their bills, the biggest concern I hear our members express today is workforce issues. Trying to find people that will come to work everyday, pass a drug test, and work five days in a row […] Thirty years ago, a young man or a young woman coming out of high school, in your community you went to work in the sawmill or in the woods. Today there’s a lot more choices. Wabigon is a little town south of here, and it has always been a logging town. Lowe’s recently built their 160,000 square foot distribution centre, and they were hiring kids to drive a forklift for sixteen dollars an hour, medical benefits, and a 401K, working in a heated building with a roof over their heads. Why would you want to go to work at six AM in the woods?’\textsuperscript{14}

In some cases, however, where more successful contractors are able to achieve stability and profitability in their capital intensive logging practices, they are able to provide workers with competitive remuneration. These cases tend to be concentrated amongst more experienced loggers. Interestingly, subjects noted that the most successful and capital intensive contractors can often pay higher wages than unionized crews, which is a relatively recent phenomenon.

\textsuperscript{12} Interview 33.\textsuperscript{13} Interview 30.\textsuperscript{14} Interview 64.
Second, logging is often perceived as a ‘sunset’ industry, and younger workers are often reluctant to take on an occupation that they believe is unstable. As a representative of a logging contractor’s association noted:

‘The industry has been painted negatively, like it’s a dying industry and there’s no future in it. Why would you go to work in the woods when you’re not going to be employed in several years? Some of the publicity it’s got in the United States – that timber falling is the most dangerous occupation – that type of publicity is not favourable. I think just the fact that the industry, the image as a whole that has been painted, that there’s not future has a lot of effect on not bringing people [to logging].’

The hazardous and arduous nature of logging also dissuades workers, especially if more desirable options are available. Yet contractors are reluctant to hire inexperienced, or ‘green,’ workers, who are less productive and pose a greater risk to occupational health and safety. This has become more prominent as mechanization increases. One contractor noted that mechanized logging is more common:

‘not only because it’s more productive, but it’s harder to find timber cutters just like it’s harder to find somebody to go out in the wood and set chokers. Manual labour is tough to come by. What contractors are getting paid, it’s difficult to hire a “green” person and invest the time and training. The learning curve is too steep.’\(^{15}\)

Another subject believed that contractors were reluctant to use inexperienced workers to operate extremely complex and expensive machinery. He noted that ‘putting inexperienced people on very expensive and technological equipment is very serious as well […] a lot of these ground-based machines are computerized, and you don’t want to put a young person with no experience on a $400,000 machine. That would be disastrous.’\(^{16}\)

\(^{15}\) Interview 34.

\(^{16}\) Interview 33.
Third, the average age of loggers in the PNW is increasing. A survey by the Washington Contract Loggers Association (WCLA) found that in 2007 the average age of loggers in Washington state was just over fifty (Pickell, 2007). Interview subjects in Oregon also described similar trends. The average age is also likely to increase as fewer younger workers enter the industry. According to many subjects, logging requires a work ethic that is not prevalent amongst young workers in the PNW. One contractor put it bluntly:

‘The younger generation, their work ethic might be a little different from what it was fifteen or twenty years ago. By the time they get out of school they haven’t really established a work ethic where they know what hard work is all about, and what it means to go out and give a day’s work for a day’s pay, get muddy, get dirty, and get sweaty and be tired at the end of the day.’

Another contractor discussed the combined influence on younger workers of the public perception of the logging industry and the rise of computer-based industries:

‘There seems to be more kids who want to sit on a computer for eight hours a day and get paid for it, rather than going outside and doing the work. In addition to that, they’ve been told for the last fifteen years that we’re a dying industry and there is no future in the forest products industry. They’ve read it in the newspaper and they’ve been told that at school. It’s the second biggest industry in the state behind high-tech. The forests are going to continue to grow, and there’s going to be a continued demand for wood products.’

Despite their criticisms of the work ethic of younger generations, subjects in the PNW noted that advances in mechanization could make logging more attractive to young workers, and that computer- and technology-based skills could transfer well into a capital intensive logging industry. A representative of a logging contractors’ association believed young workers were misinformed about the nature of logging work, and it would be mutually advantageous if ‘they found out that there is [logging] machinery that

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17 Interview 30.
18 Interview 34.
they would be interested in. All the joysticks they’re playing with at home, they could be playing with in the woods.”

In light of these recruiting difficulties, the reproduction of a skilled labour force was a common concern of those involved in the PNW’s logging industry. This is especially critical considering that logging is highly reliant on the development and transfer of tacit knowledge. Traditional forms of training and knowledge transfer in the logging industry are currently difficult for two reasons. First, few formal college or vocational training programs exist that are designed specifically for logging. This is one reason why logging-related skills and knowledge are tacit rather than formal; they have not been codified and are transferred only through hands-on practice within the industry. Second, loggers traditionally honed their skills on-the-job. They were able to do so because profit margins were regularly high enough that contractors could hire a ‘spare,’ or an extra worker to relieve or assist other members of the crew as needed. Company crews also had ample resources to provide spare workers; in fact, stipulations in collective agreements often required that a spare be present. The presence of a spare gave employers and supervisors flexibility in training members of the crew in a number of tasks, whether through observation or by allowing them to operate machinery under the supervision of an experienced worker. For example, the spare might work as a choker-setter or landing-chaser for an afternoon, while the latter worker learned to operate large machinery.

Two labour pools have been identified as potentially providing relief from the recruitment challenges facing contractors: Hispanic migrant workers and military

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19 Interview 34.
veterans of recent conflicts in the Middle East. Migrants – most of whom hail from Mexico – have been employed in the PNW’s reforestation, forest management, and non-timber forest products industries since the 1970s (Brown, 2001; Prudham, 2005; Moseley and Reyes, 2007). According to many interview subjects, migrant workers are a welcome addition to the logging industry. Contrary to some accounts, subjects noted little animosity between Hispanic migrants and local workers or employers. This is largely due to labour shortages that ensure that logging and other forestry work is generally available for those willing to whole-heartedly take it on. Of this, a logging contractor and a representative of a logging contractors’ association noted:

‘We’re seeing a lot of the Hispanic workers entering the logging industry as well. It’s a natural crossover [from agriculture or reforestation] for them. We’re seeing some whole rigging crews comprised mainly of Hispanic workers, most of the time out of Mexico.’

‘I have not heard of any animosity out there, because there’s more than enough jobs to go around to the people who want one. It’s just making sure that your crews are working well together, whether they be totally Hispanic or a mix of American and Hispanic. A lot of ours are working fine together. I’ve heard from a lot of our contractors that ever since they went to a Hispanic crew down in the brush, their production jumped dramatically, simply because these guys will work their butts off all day long and not whine about it.’

Despite this seemingly positive reception, Hispanic migrants are segregated into the most hazardous and labour intensive jobs on yarding and rigging crews, and the majority are employed as choker-setters. Few are employed as machine operators, fallers, or supervisors (save for a few who supervise small crews of choker-setters). Therefore, there is not only a division in the status, remuneration, and labour intensity of the work performed by Hispanic and American workers, but a geographic separation as well. This is most evident in high-lead and tower systems of logging, where non-Hispanic workers

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20 Interview 30.
21 Interview 33.
perform their duties on or near machinery located on the landing at the top of a hill, and Hispanic workers perform theirs in the ‘brush’ further down the mountain where felled timber lies. This limits the *in situ* training and transfer of tacit knowledge, thus reserving the more coveted positions working near the machinery on the landing for non-Hispanics.

One of the most pressing concerns surrounding the use of migrants is their legality. Contractors were generally reluctant to disclose that the migrant workers that they or their counterparts employ are undocumented, but when prodded, implied that this was often the case. They noted that while documented workers would be preferable, recruiting them through legal channels was neither time- nor cost-efficient, especially considering current market pressures. These sentiments echoed those in a study of the recruitment of undocumented migrants in Alabama’s reforestation industry (McDaniel and Casanova, 2005). A representative of a logging contractors’ association discussed the use of migrants:

‘A lot of our guys are going to the Latino workforce, or immigrants, whether they’re Russians or Hispanics or whatever. The goal of our organization isn’t to keep illegals here, it’s to figure out a way to make them legal. I don’t think amnesty is going to be used, but whether it’s a large-scale worker program or whatever, we need to figure out a way to keep them here legally, and we need to keep the state legislature out of it. It’s a federal issue that ought to be solved by Congress. A lot of states have passed laws like Arizona, if an employer gets caught with illegal workers they can lose their business license for three months, and if they’re caught a second time, they can be jailed. We don’t want to see that.’

Another concern was that language and communication barriers can result in more dangerous working conditions. Contractors were for the most part impressed by the

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22 Interview 64.
willingness of migrants to work quickly and efficiently, but discussed the need for a balance between productivity and safety. They also noted that in addition to communication barriers, the occupational cultures of Hispanic workers in the United States – especially those whose legal status is uncertain – may cause them to take undue risks as a measure of job security. A logging contractor in the PNW noted that:

‘Oftentimes people assume more risk than they should when they’re out on the job. Especially in the Hispanic workforce, some of the workers might be a little bit more on the risk-taking side, simply because they might not know what needs to be done. They might know the risk, but they think it’s expected of them. We just need to be able to communicate how we want the job done.’

Logging contractors pay extremely high worker’s compensation premiums for employees with ‘boots on the ground,’ and because the majority of migrants are employed as choker-setters (or other manual rigging duties) they fall into this category. What remains unclear is whether contractors who employ undocumented workers are required to pay these premiums, or whether migrants are advantageous hires not simply due to their work ethic and productivity, but because their status allows contractors to avoid paying worker’s compensation premiums.

The use of military veterans recently returned from Iraq and Afghanistan has also been suggested as a potential solution to labour shortages. A number of subjects had themselves served in combat situations with the United States military (most often in the Vietnam War, which reflects the average age of loggers in the PNW), and agreed with the motivations of this strategy. Most believed that veterans possessed the technical skills, work ethic, and mental preparedness to perform arduous and isolated logging work. They also noted that logging may help the reintegration into American society of

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23 Interview 30.
veterans recently involved in active combat. However, most were skeptical that this strategy would do more than provide a short-term solution to labour shortages. It was generally held that although returning soldiers might take on logging work for a brief period, they would ultimately return to their community or region of origin. A representative of an industry lobby group discussed this:

‘I think that people that are coming back from the military are going to be going back to the city. The lure of high-tech work is very strong. The whole notion of technology [...] the way people are getting acclimatized to video games and high-tech televisions and cars that talk to them. It’s just a different way of life, and I think it’s attractive to most people. They’re not going to want to give it up to go back in time.’

Occupational health and safety constitutes another critical aspect of work and employment relations in the logging industry. Logging is one of the most dangerous professions in North America. In the United States, the average annual number of fatalities per 100,000 workers in all industries is rarely higher than five. In logging, annual fatality rates often exceed 100 (Figure 8.6). Only fishing and fishing-related industries had higher fatality rates (Figure 8.7). The hazardous and physically strenuous nature of logging directly influences the organization of work and the labour market. While this has always been the case, contractors, landowners, and parent firms are paying increasing attention to these issues due to the significant increases in costs associated with occupational health and safety during an era of low profit margins and tight labour markets. As one contractor noted:

‘There’s nothing wrong with working as hard and as fast as you can, as long as you do it safely. The problem is deciding where that point is. Logging will always be production-oriented if contractors are dealing with landowners. They pay on a production basis, so it’s all about production. But you want to do that as

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24 Interview 35.
safely as possible. If you don't, any gains in production will be offset by increased worker’s comp[ensation] premiums and downtime for investigation of equipment and all these other things. It’s kind of a balancing act, you never want to sacrifice safety for production, but they have to go hand-in-hand.\textsuperscript{25}

Interestingly, Weyerhaeuser – the only firm in the PNW with a fully integrated supply chain – is also the primary employer of unionized company loggers and, in fact, over the past decade has increased the proportion of harvesting conducted by company loggers (Prudham, 2005). This occurred primarily because of difficulties the company experienced in managing the occupational health and safety programs of contractors. It is also worth noting that fatalities (proportionately and in absolute numbers) in the PNW are concentrated in the labour intensive logging operations of the Westside (where Weyerhaeuser’s operations are concentrated), rather than in the more highly mechanized operations of the Eastside.

\textbf{Figure 8.6 – Fatalities per 100,000 in the United States Logging Industry, 1996-2006}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{Figure86.png}
\caption{Fatalities per 100,000 in the United States Logging Industry, 1996-2006}
\end{figure}


\textsuperscript{25} Interview 34.
Figure 8.7 – Fatality Rates and Total Fatalities in the United States, Select Occupations, 2006

It is not surprising, therefore, that one of the most pressing concerns of loggers and logging contractors regarding occupational health and safety is their oft-contented relationships with clients. Contractors rarely dispute the need for safe working practices, and recognize the direct financial and operational consequences associated with unsafe work practices. Subjects were also quick to point out that the most stable and profitable contractors generally have the best health and safety records. Their concern lies in instances where clients dictate health and safety procedures, and require contractors to implement programs that are perceived to be inefficient allocations of already scarce resources. A representative of a logging contractors’ association discussed some of the difficulties faced by contractors in his organization:

‘Safety is a good thing, it’s the number one priority for every logger I know. It’s ahead of production, and it’s a dollars and cents issue. The issues we have with some of landowners [is that] they cross the line on the arm’s length relationship between the employer and the client. The issue is that we have to do everything that they say, but if someone gets hurt, whose responsibility is that? Is it [the

Source: United States Department of Labor, Census of Occupational Fatalities, 2007, 4
landowner’s] or is it the contractor’s? Well so far, it’s always fell on the contractor. For a landowner to be dictating the way everything is done breaches that independent relationship. The requirements to go to a safety meeting every month – time is money – and they don’t get compensated a nickel for that. They’re taking hours out of the day to go to these meetings and get chastised for what they do. I don’t know anyone in our membership that isn’t keenly aware of the importance of operating safe, but when landowners carry things to an absolute extreme it’s costly.26

The latter point is a particular concern for smaller contractors and owner-operators, who are often required to implement the same safety programs as loggers employed by parent firms or larger multi-faceted contractors. A representative of a logging contractors’ association noted, ‘many of our loggers are small, under ten employees, they’re owner-operators, and they’re out on the ground all the time. They don’t have time to spend at a computer putting together a safety or a training program.’27

8.2 – Logging in British Columbia

Similar to the PNW, there are distinct regional variations in British Columbia’s logging industry. Vancouver Island and other coastal regions were long the epicenter of the province’s logging industry. Abundant stocks of high-quality and easily accessible timber, numerous local mills, and efficient water transportation provided regionally-based competitive advantages. It was also common for coastal loggers – where work is often extremely labour intensive – to be employed by parent firms or extremely large contractors, and unionized by the IWA. However, since the 1980s there has been a significant shift away from larger employers and towards smaller contractors and independent owner-operators. As a result, and despite relatively strong union successor

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26 Interview 64.
27 Interview 29.
legislation, the incidence of unionized loggers has decreased. The volume of logging has decreased in coastal regions since the late 1990s, as stocks of merchantable and accessible timber dwindled and production at local mills was curtailed or discontinued. An increasing proportion of timber previously destined for coastal mills is now being exported to the PNW and Asia. While the majority of these logs are harvested from private lands in southeastern Vancouver Island, an increasing proportion originate from public lands. Due to mill closures and liberalized forest policy, these logs constitute ‘surpluses’ that are allowed to be exported.

The organization of logging production and employment relations in the interior is markedly different. Smaller contractors are the norm, and the terrain is much more conducive to capital intensive and highly-mechanized logging practices. Unions and parent firms have historically had very little involvement in logging. After 1990 the interior – particularly in and around Prince George and Quesnel – became the focal point of British Columbia’s logging and broader forest products industry. Recently this focus has been reinforced by the rapid increase in timber harvest as a result of the Mountain Pine Beetle infestation. The vast majority of timber is processed regionally, and very few logs are exported due to the high transportation costs associated with shipping raw materials from the interior to market.

8.2.1 – *Employment, Wages, and Productivity*

British Columbia’s loggers are primarily white, male, and over the age of forty. Like other timber-dependent regions, there are very few female loggers. Logging
employment in British Columbia has, like other segments of the forest products industry, declined since the early 1990s. However, the decline has not been steady, but erratic and cyclical (Figure 8.8). The evident peaks and troughs reflect the cyclical nature of the logging industry, especially as it relates to broader economic, political, and social changes. These are reflected in the precipitous decrease in employment during a labour dispute and the environmental protests of the early 1990s, the sharp recovery of employment in 1999 and 2000 as firms increased harvest levels to ship product to the United States before the expiration of the SLA, and the recent employment decreases due to the United States housing crisis and deep global recession. Although some of this job loss occurred due to increased capital intensity, much was simply due to reduced demand. Some was also due to shifts in the proportion of logging performed by labour intensive operations in coastal regions to more capital intensive operations in the interior. In short, the cyclical and erratic nature of employment reflects the sensitivity of British Columbia’s forest products industry to broader political economic factors.

British Columbia’s loggers earn approximately fifty thousand dollars a year, a slight increase from the late 1990s and following a decrease in 2003 (Figure 8.9). The minimum wage rate for unionized machine operators and rigging workers in British Columbia is approximately twenty-five dollars an hour. Unionized workers are also likely to receive enhanced medical and dental benefits and pensions. Rates for contract loggers vary and are often based on productivity. Yet the cyclical and seasonal nature of logging in British Columbia can lead to erratic and intensified work schedules for loggers, with significant portions of the year spent idle. This is especially common in

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\textsuperscript{28} This decrease was likely due to a labour stoppage on the coast and lack of steady year-round work rather than depressed wages.
northern regions, where logging is primarily a winter activity. Productivity has also increased steadily since the mid-1990s (Figure 8.1). While this is due partly to increased capital intensity in general, it is also a result of the shift of production away from coastal regions and into the interior.

Figure 8.8 – Logging Employment in British Columbia, 1990-2008

![Logging Employment Graph]

Source: Statistics Canada, 2009; CANSIM Table 281-0024

Figure 8.9 – Average Annual Wages in British Columbia’s Logging Industry, 1998-2005

![Average Annual Wages Graph]

Source: Statistics Canada, 2009; CANSIM Table 383-0009
8.2.2 – Ownership Structure, Production Organization, and the Labour Movement

As noted, loggers in coastal regions of British Columbia are more likely to be unionized employees of parent firms or large contractors. Until the mid-1990s, the
majority of coastal loggers were unionized. This was the case even in instances where work was tendered to contractors (many of which were initially spun-off from parent firms). The resilience of organized labour in coastal regions is due to the prevalence of vertically integrated firms, union successorship legislation, and language in collective bargaining agreements forbidding job loss due to contracting out. Currently, both primary tenure-holders on the coast – Western Forest Products and Interfor – operate internal logging crews and multiple lumber mills. Furthermore, the vertical integration of firms helped foster solidarity amongst IWA, IWAC, and USW members on the basis that logging and solid wood processing workers shared common employers.

The resilience of organized labour was underscored in 2004 when the British Columbia Ministry of Labour upheld a clause initially bargained in a 1986 collective agreement between the IWA and FIR that unionized jobs could not be replaced through contracting out (Lunny, 2004), and that firms could not avoid the stipulations of collective agreements by divesting logging divisions; essentially, the acquirer would be bound to the collective agreement in the event of a sale (IWAC, 2004). Provincial legislation also specifically provides successor rights to contractors who harvest in specific timber tenures. This is enshrined in Bill 13, or the ‘evergreen contract,’ which stipulates that when a timber license is transferred, contractors maintain their right to harvest a predetermined volume of timber within that license. This affords stability to contractors and unions, and the latter are generally better able to maintain a presence when their employer is stable. In addition, logging in British Columbia often occurs in remote, isolated, and far-flung regions. This is especially the case on the coast, where a significant portion of work is accessible only by barge. Many contractors, therefore,
focus their operations in specific regions, and face little competition for work. However, this also renders them less mobile and hinders their ability to work elsewhere when local economic conditions are not favourable. As one logging contractor in British Columbia noted, ‘we don’t have a lot flexibility or mobility as they do down in the states, where contractors can throw your shit on a lowbed [truck] and go somewhere. Up here, given isolated camp locations and the infrastructure in place, you can’t do that.’

Changes in ownership (particularly the acquisition of MacMillan-Bloedel by Weyerhaeuser), the Asian financial crisis, and cost pressures that permeated the broader industry in the mid- and late-1990s led to a highly-contested trend towards contract logging in coastal regions. The withdrawal of firms from the negotiations between the IWAC/USW and FIR weakened the relative strength and solidarity of unionized loggers. The provincial’s government’s appropriation of twenty per cent of tenure from licensees in 2004 accelerated the shift towards contract logging, as timberlands previously harvested by company crews were placed for open bid through BCTS. The number of unionized loggers employed by parent firms harvesting BCTS-licensed land is extremely small. A union representative, discussing changes on the coast in general, noted that ‘ten years ago there was a huge difference. The big companies – the parent companies – had their own camps, or if it was a contractor it was a fairly large contractor. We’re starting to look more like the interior every day.’ Figures 8.12 and 8.13 illustrate that the proportion of company loggers is decreasing, even in instances when there has been an overall increase in employment.

29 Interview 8.
30 Interview 69.
In contrast, unionized company loggers have never been a feature of logging in the interior. A union representative described the situation in the interior, noting that it is characterized by:
‘smaller owner-operators, people who only own one piece of equipment, although there are some larger contractors. That’s the big difference. It’s highly unorganized in the interior, I guess there’s a bit of that entrepreneurial mentality. People want to do it themselves and they’re less inclined to work as a group.’

The few company logging divisions that existed have since been contracted out. An executive of a firm whose operations are based primarily in the interior discussed this:

‘We had one [internal] logging operation, one side. For years that would be beneficial, we would run it ourselves, and had the actual experience in logging costs, equipment costs, factual instead of out of a book. We sold that to a contractor a number of years ago because he could make more money doing it than we could, which is embarrassing in some respects, but as a [company] owner, you’ve got a [company] supervisor who goes out as a supervisor and sits and watches and can’t touch anything. The minute the contractor owns it, if someone can’t make it to work that morning and he wants to get on the feller-buncher or the skidder, nobody says anything. If our supervisor wants to do that, it would be a big issue. They get some flexibility that we don’t have, so we save that work for the contractors.’

Today, the presence of company logging crews in the interior of British Columbia is a rarity. Large-scale logging and production began much later in the interior than on the coast, and by the time it did, mechanized logging systems suitable for the terrain of the interior were common. Logging crews in the interior are much smaller; in fact, many ‘crews’ are simply small familial firms or partnerships that own task-specific machinery (Hayter, 2000). Consequently, the involvement of unions has been minimal. Moreover, logging in the interior is currently much more competitive than on the coast. Barring any successful organizing drive or ‘cartelization’ of contractors, the entrepreneurial networks are likely to remain the dominant mode of production organization in British Columbia’s logging industry.

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31 Interview 69.
32 Interview 5.

Contractors have been responsible for most recent new hires in the British Columbia logging industry, and there have been few aggregate increases in employment as a result of increases to unionized company logging crews. Here the focus is primarily on the experience of the employees of logging contractors. Not surprisingly, British Columbia’s contractors are under competitive pressure to increase their capital intensity in order to improve productivity, and to reduce worker’s compensation premiums and occupational health and safety risks. One contractor noted that there is currently a

‘tie between the productivity of the worker and compensation because we’re so highly mechanized. The mechanization is so capital intensive that you can’t afford to just put “meat in the sea.” You’re going to find that what’s driving compensation is going to be productivity. It’s very typical now that non-union employers pay more than union employers. That never used to be the case, but that’s not true anymore. That’s largely a product of mechanization.’

Despite this, the coastal regions – where a higher proportion of the work is carried out by unionized loggers – are also the most highly eco-regulated and there are often efforts to increase capital intensity are limited by the terrain. Therefore, any incidences of increased mechanization of the labour process are profoundly experienced in coastal regions as they replace more labour intensive systems of logging. Because increased mechanization is likely to lead to the need to modify provisions within existing collective agreements, it is likely that any attempt to increase capital intensity in the coastal regions will be hotly contested.

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33 Interview 8.
British Columbia’s logging workforce is aging. Subjects estimated that the average age of loggers in the province was between forty-five and fifty years old, and is higher in coastal regions than in the interior. A coastal-based contractor described the situation:

‘In the good old days you had the twenty-somethings running the chokers, the thirty-somethings were the rigging slingers telling the choker-setters what to do, and you had the forty-somethings operating the equipment, and the fifty-somethings were supervising. Now you’ve got the thirty year old guys running up and down the hill and the forty year old guys working the rigging on up the line. Once those guys in their fifties and sixties are retiring, that’s when the crunch is going to occur.’[^34]

A representative of a logging contractors’ association also discussed the aging logging labour force in relation to the broader western Canadian labour market:

‘The [logging] labour market is very short of supply, and it’s aging. The average age of the person working in the bush is forty-six years old. It’s older on the coast than the interior. Skilled operators, sixty per cent of them, roughly thereabouts, are over the age of fifty. We’re not attracting young people into our business. The skills [of loggers] are transferable into some of the growth industries, oil and gas, construction, mining. We are generally not as competitive in the wages we offer as those industries […] Half of the workforce operates in isolated communities or isolated camp locations up and down the coast. It’s extremely difficult given those labour conditions to find people.’[^35]

Similar to other components of Cascadia’s forest products industry, British Columbia’s logging contractors must compete with growth industries in the broader region not only to attract labour, but also to retain current employees. The skills of loggers are in demand by higher-paying industries in western Canada (e.g. oil and gas, construction), as are the perceived strong work ethic and experience working in remote or isolated communities.

[^34]: Interview 21.
[^35]: Interview 9.
Interestingly, few subjects in British Columbia criticized the work ethic of younger workers. In fact, many pointed to the reforestation, construction, and oil and gas industries as evidence that young Canadian workers did indeed possess a strong work ethic and willingness to take on remote resource-based work (at the right wage). Subjects were thus more apt to blame factors such as the availability of alternative work offering more stability and higher remuneration for their labour woes. The reproduction of a skilled logging workforce remained a central concern for many subjects. Few solutions to these challenges were offered by subjects, and most agreed that it was likely that older workers – including those displaced from other segments of the forest industry, some of whom have previous experience as loggers – were the most likely source of new employees for the foreseeable future. Others noted that further increases in capital intensity are necessary to offset workers lost to retirement and the lure of higher-paying and more stable industries.

Training workers has become increasingly difficult due to depressed profit margins, which inhibit the use of spares. As one union representative and former logger noted, ‘the days of having an extra guy kicking around the landing are gone. The ability to train people on the job is gone. We’ve seen a lot of skill leave the industry.’

Recently, one contractors’ association lobbied the provincial government in an effort to establish forestry-specific training and accreditation programs at colleges in the Greater Vancouver Area and on Vancouver Island. As a representative of this association noted, such programs would assist in developing a skilled and stable labour force, and help

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36 Interview 69.
instill value and pride to the most highly-skilled facets of logging. This representative noted that:

‘We’ve got a big project that we’re working on geared towards identifying where training comes from, where we can access training dollars, and what we can do to get more people into the industry. We need to have a training program in place, some sort of recognized regime so that young people can say “I want to get a trade.” Well, what’s that trade? A backhoe operator is a trade, so we can recognize that […] I think that there’ll be a general push to get out of the cities because people won’t be able to afford the lifestyle. I think there’s a lot of kids that come out of Grade 12 without a clear idea of where they’re going, but they’re not going to university. The more people you can steer into logging, maybe they’ll stay there.’

In addition to the need for institutionalized and accredited training programs, this comment illustrates an important point: the cost of living in British Columbia’s urban regions – particularly Vancouver – is extremely high. For most young adult workers, home ownership in these urban regions is simply unrealistic. According to this subject, the cost of living may ultimately steer young adult workers interested in manual or resource-based work into timber-dependent regions. While such young workers are also likely candidates to work in the oil and gas industries of northern Alberta and northern British Columbia, there is a notion that logging may provide a more stable and community-oriented alternative. Whether or not this is realistic is up for broader debate.

While the migration of young adult workers from the largest urban areas to resource-dependent communities is touted as a possible solution to the reproduction of the logging workforce, it is unlikely that the province’s smallest and more peripheral communities will be recipients of this migration. Rather, the most likely destinations are mid-sized cities such as Prince George and Kamloops, where forest products firms have

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37 Interview 9.
increasingly concentrated processing activities and logging contractors are staging their operations. A representative of a contractors’ association discussed the difficulties faced by contractors amidst the spatial reorganization of production, as well as the need to ensure that smaller communities benefit from local timber harvests.

‘we have a tremendous number of companies, independent contractors, that are on the edge of not being able to make it. I think they’re living off past profits or they’re being subsidized from other businesses. I don’t think they’re being rewarded for their capital investment. I think you’ll see the exact same story in Washington State and Oregon. If you were to try and capitalize a new piece of equipment, factor in your labour and a reasonable rate of return, you’ll find that the rates are probably about sixty per cent of what the number should be, and eventually that capacity will disappear […] Even contractors are more centrally located, they’re more mobile. There’s some bigger contractors, and what that’s done, the towns that used to rely on taxes from mills, they’ve lost them. The companies don’t live in town anymore, they send crews out, it’s more of a camp situation. We need to find ways for communities to benefit once again from the forest products industry because they effectively are the gatekeepers to this resource. We need the communities onsite, whether it’s in the form of how the US does it with royalties, or how we do it in the northeast of the province with oil and gas revenue sharing. We should do it through timber, whether it’s returning export fees to them or something else. We need to ensure that one line item in their budget is attributable to “here’s what we get for supporting forestry,” and making sure they continue to support us.'\(^{38}\)

Some of the points covered in this interview excerpt are also examined by Young and Matthews (2007). They describe the difficulties of maintaining viable small logging and forestry businesses and retaining skilled workers in light of the cyclical and uncertain nature of production schedules in British Columbia over the past decade. An interview subject quoted in their study describes this situation in a manner similar to the sentiments expressed by many of my subjects:

‘We’re market-driven, so we see shutdowns all the time […] It used to be a lot more stable and predictable […] What I want to ask [tenure-holders] is how the fuck am I supposed to keep a workforce here when nobody knows if and when

\(^{38}\) Interview 9.
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?’

As Young and Matthews note, this is not the first instance of a cyclical downturn in the forest products industry, nor will it be the last. However, what is troubling is the redefinition of the relationship between the state, the residents and workers (amongst them loggers) of timber-dependent communities, and the forest products firms that hold licenses to harvest public timber. This relationship was once mutually beneficial to all, but the liberalization of forest policy and the market-driven nature of the industry have eroded the sense of obligation felt by large forest products firms towards workers and their communities.

Similar to the situation in the PNW, occupational health and safety is a foremost concern of those involved in British Columbia’s logging industry. The combination of contracting out and the intensification of production – especially in coastal regions where production is more labour intensive – are primary concerns for union and non-union loggers alike, as well as for the representatives of parent firms and contractors’ associations. One owner-operator discussed the current situation faced by coastal contractors:

‘With contractors now, safety is out the window. It’s production over safety. My brother still works for a contractor and they’ll work them twelve, eighteen hours a day. There’s no time for sleep or rest or family life. They travel a lot. They used to get paid travel time on a crummy, but they cut that out. So now they’re out there sixteen, eighteen hours a day, but they’re only getting paid eight. They used to get paid for travel time, which made it a little more tolerable. With those contractors it’s all about production, and they don’t care what happens. There’s no safety meetings, no talk of safety.’

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39 Interview 21.
According to this subject and others, the contracting out of work previously done by parent firms or large contractors with unionized crews resulted in the implementation of intensified production schedules and work practices. This translated into an increasingly dangerous work environment. Between 1996 and 2003, an average of twenty loggers died on the job each year, while an average of ninety-two were injured (British Columbia Auditor General, 2008; Figure 8.14). To put this in perspective, these injury rates are over ten times higher than all other British Columbia industries combined.

**Figure 8.14 – Logging-Related Deaths in British Columbia, 1997-2006**

Source: WorkSafe BC data, in British Columbia Auditor General, 2008, 15

In response, the provincial government’s Worker’s Compensation Board, WorkSafe BC, created and administers a number of safety programs and certifications. For most contractors in British Columbia – especially larger ones – certification by WorkSafe BC is required to be considered for tenured work from major license-holders and BCTS. Certification requires that contractors conform to programs and standards set forth by WorkSafe BC. Most interview subjects extolled the virtues of working safe, but were critical of WorkSafe BC’s certification schemes. As one union representative noted:
‘I think that there’s nothing wrong with aspiring not to hurt someone. It’s a good way to do business. Someone said once, “if you can’t do it safely, then don’t do it.” That’s pretty straightforward, it’s not a new concept. All you have to do is plan it. Make sure people are properly trained, not this bullshit where we certify contractors and say “now that they’re certified they’re safe.” People have driver’s licenses, but it doesn’t mean they’re safe. You’ve got to supervise the work. You’ve got to make sure it’s done properly. If they can’t do the job, then take management steps. Management has all the tools in the world to make sure the job is being done right. If it’s a quality control issue, they can do it. If it’s a health and safety issue, they avoid it.’

One of the primary criticisms of these certification programs is that they are implemented in order to replace effective systems of supervision common amongst license-holding parent firms. When these systems of supervision are replaced by WorkSafe BC certifications, so is the onus of parent firms for the well-being of loggers and contractors. It is widely held that parent firms are best able to monitor and administer health and safety programs because they are large, have access to more resources, and are more stable than contractors. However, monitoring and administering internal health and safety programs is costly for parent firms. Moreover, parent firms have reduced their full-time forestry staff and supervisors – who previously monitored contract and company loggers – over the past decade in order to reduce costs.

A related concern is the increasing use of sub-contractors, the majority of which are owner-operators or very small employers. Due to their size, these sub-contractors and their employees are less likely to make worker’s compensation claims when injured since they result in onerous insurance premiums and direct losses to productivity and earnings due to the loss of experienced workers for the duration of their injuries. Such issues are especially prevalent amongst fallers. As a union representative noted:

40 Interview 69.
‘Right across the province they’ve eliminated the big falling crews, and now fallers are pretty much owner-operators. The rationale behind that was the [worker’s] compensation costs. Now they’re able to push the costs off onto those owner-operators. You would think that if it was your own compensation, if you twisted an ankle, when you work for a big company you would have gone to first aid and taken a few days off. Now, when you’re worried that your compensation rates are going up you’ll try to work through it. You can only imagine a job like falling, when you have to get away from the stump in a hurry, it could very well lead to a tragic event because the person is hobbling on one leg. Another thing is, with the big companies, they have the resources to do fairly thorough health and safety programs. Now you’ve got these one-man companies working in groups of four or five, and nobody has much ability to do a heck of a lot when it comes to health and safety. The supervision is not what it once was back in the big company days.’

The decrease in large falling crews also reduces the ability of owner/operators and small contractors to maintain earnings and profits when returns on investment are negligible. Subjects were often critical of the aforementioned safety programs that constitute an added burden to such small employers. One union representative discussed this:

‘I’ve heard that some of these smaller guys are in the office doing paperwork when they would rather be out on the ground making sure people are doing what they’re supposed to be doing and supervising them correctly. There’s a yin and a yang there, and there’s been complaints about the cost of it and everything. At the end of the day the audits are just compliance audits, so it costs them money.’

Despite being recognized as a necessary component of logging, the requirements of WorkSafe BC safety programs are excessive for smaller contractors and owner-operators who must sacrifice time engaged in direct production, where they could contribute directly to improving the safety, efficiency, and productivity of their loggers, in order to comply with the administrative regulations of certification programs.

Occupational health and safety was one a focal point in the dispute between coastal-based employers and the USW in 2007. As previously mentioned, even

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41 Interview 69.
42 Interview 38.
unionized loggers were facing erratic shifts scheduled unilaterally by employers, a right won in the arbitrated end to a labour dispute in 2003. Employers were thus able to schedule work in any way they saw fit, as long as the total number of hours worked in a week did not exceed forty. A union representative described this:

‘We had people working sixteen hour days when you factor in travel time. In our view it was a major contributor to the huge number of fatal and serious accidents in the industry. We had forty-three fatalities in 2005. Our folks were fed up with it. Our view was that our members should have some say in what their workweek and their working day should look like. The industry took the position that if they didn’t have the unilateral right they would have to go out of business.’

Compressed work weeks allowed employers to split their timber harvest operations between union and non-union crews. The eventual agreement did not entirely eliminate the employer’s right to schedule shifts, but did include language that ensured that the scheduling of work without employee input would occur only if based on bona fide business rationale.

8.3 – A Cross-National Comparison of Employment Relations in Cascadia’s Logging Industry

Cascadia’s logging industry provides an interesting case in that there are numerous cross-border similarities in the dominant forms of production organization and employment relations, despite the influence of a number of societal differences. The logging industry is marked by production organization and employment relations that are qualitatively different than those in the pulp and paper and solid wood processing industries. One of the major differences in the logging industry is that it provides raw

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43 Interview 28.
materials to productive-transformative industries, and is thus highly responsive to market cycles, even more than other components of the forest products industry. There are very strict limitations to the size and scope of production in logging, and unlike other components, there are significant diseconomies of scale associated with operations that are too large. These limitations, and other features of employment relations and production organization, are directly related to the eco-regulated nature of logging work, whereby naturally-based factors inhibit rationalization and predictability. These constitute particularly influential aspects of the manner in which production and employment relations are organized, regardless of the region of operation.

The shift from unionized logging crews employed by parent firms to logging contractors is the most significant change to have affected Cascadia’s logging industry in the last thirty years. This shift was led by employers’ desire to increase flexibility in their production organization. However, the eco-regulated nature of logging limits the pace and volume of production. Unable to achieve internal cost savings and flexibility in ways similar to the pulp and paper and solid wood processing industries, logging employers instead sought numerical, functional, and temporal flexibility by using contractors. There are similar cross-border patterns with regard to the use of contractors. Unionized company loggers were long the norm in coastal regions of the PNW and British Columbia, but less prevalent in the British Columbia interior or the PNW Eastside where contractors have always been the norm. Although some unionized loggers remain in Cascadia’s coastal regions – where capital intensity is lowest, natural uncertainties are more prevalent, and the experience and tacit knowledge of hand loggers is paramount – they are employed by a dwindling number of firms (in the PNW, Weyerhaeuser and
Green Diamond, and in British Columbia, Western Forest Products and Interfor). Moreover, unionized loggers throughout Cascadia are, on average, older and thus are likely to retire in the near future, and parent firms have little incentive to replace them.

Although parent firms in the Westside of the PNW experimented with contract logging in the 1970s, the majority of work continued to be carried out by unionized company loggers. However, after the recession of the 1980s, a significant proportion of unionized loggers were eliminated. This occurred due to a number of reasons. First, the bargaining power of the IWA waned as decertifications increased and new entrants to the solid wood processing industry sought to operate without collective agreements. Second, firms divested timberlands to opportunistic investors that had no processing capacity and were not bound to unionized logging crews. These firms generally chose to tender work to non-union contractors. This trend continued throughout the 1990s, as parent firms divested timberland to TIMOs and REITs. Third, the rolling-back of labour protections by the Reagan administration in the 1980s limited the ability of unions and their members to resist these changes. The use of non-union contractors to carry out work has thus become a dominant practice for timberland owners without processing facilities. Interestingly, the primary employer of unionized loggers – Weyerhaeuser – continues to own and operate both substantial timberlands and processing facilities.

In coastal British Columbia there were some shift towards contract logging in the wake of the recession of the early 1980s, but the more significant shift did not come until

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44 In the case of British Columbia, many unionized loggers are employed by smaller firms contracted by Western Forest Products and Interfor. Unionized loggers have persisted due to the province’s successor legislation. Successor legislation governs the transfer of union certifications in the event of the sale of a firm or transfer of a specific division or department of a firm to another within that firm.
the mid-1990s and early 2000s. The latter coincided with cost pressures due to shrinking Asian markets, the divestiture of key employers MacMillan-Bloedel, Doman Industries, and TimberWest, and later, the restructuring of provincial forest policy which resulted in a twenty per cent take-back of forest tenure. The latter was assigned to state and community interests that continued to harvest timber but seldom used unionized loggers. One of the key differences between British Columbia and the PNW is the existence of unionized logging contractors in the former. This is due primarily to labour legislation and to the structure of the industry in British Columbia. First, provincial successor legislation and language in collective agreements ensures prevents firms from circumventing unions simply by contracting work out. Second, the vast majority of logging occurs on public lands licensed to parent firms, and thus the disaggregation of timber assets has not occurred to any significant extent in British Columbia. Third, union density and membership in the former IWA/IWAC locals that now belong to the USW remains much higher than in the PNW. Many of these locals represent workers that carry out both processing and logging work for similar employers. The USW (and previously the IWA and IWAC) thus constitutes a much more powerful and relevant institution in shaping economic, social, and political matters in British Columbia than do the IAM and UBCJ in the PNW.

In the Eastside of the PNW and the interior of British Columbia, contract logging has always been the norm due to the later period in which the industry was established in this region and the relative ease of logging in the interior as compared with the more montane terrain of coastal British Columbia and the PNW Westside. Smaller contractors using highly mechanized production systems are the norm in the British Columbia
interior and the PNW Eastside. However, the industry has unfolded quite differently in each region. The proportion of logging in the Eastside of the PNW had always been small compared to the Westside, but harvest reductions on public lands in the 1990s decimated production significantly. It also eliminated many smaller locally-based solid wood processing and logging firms on which the economies of rural communities were highly dependent. By contrast, production in the interior of British Columbia has increased both in absolute volume and as a proportion of provincial production since the 1980s. The highly mechanized and non-union logging contractors of the interior now constitute the dominant form of production organization in the province. This places pressure on employers in coastal regions to adhere to this model, which, although it has not supplanted unionized company loggers completely, has increased the proportion of logging activity carried out by non-union contractors in coastal regions.

Contractors and parent firms throughout Cascadia have increased the mechanization of their operations, especially in coastal and montane regions where varied and precipitous terrain historically limited such practices. This occurred because of the broader desire of employers and clients to subject both labour and (unlike production/transformative industries) nature to the control and discipline of the machine (Rajala, 1998) and the need to increase short-term profitability and productivity. Increased capital intensity makes logging more attractive to potential employees, and reduces health and safety risks. This is critical considering recent recruitment and retention difficulties faced by contractors. Increased capital intensity also increases productivity and short-term profitability, thus allowing contractors to increase their
short-term earnings and the remuneration of their employees, which assists recruitment and retention efforts.

However, increased capital investments present a conundrum for contractors. Such investments require contractors to assume heavy debt loads. Because of the cyclical and increasingly volatile nature of the forest products industry, the prevalence of debt jeopardizes the viability of contractors when timber markets are depressed and work is scarce. This leads contractors and owner-operators to work at an unsustainable pace in order to maintain cash flow and service debts, the profits and remuneration of contractors and contract loggers shrink, and smaller or less profitable enterprises are forced out of business. Although similar challenges are faced by contractors throughout Cascadia, there are some differences in how they are manifested in PNW and British Columbia. PNW contractors are generally more mobile, but also face more competition from their equally-mobile competitors. In contrast, British Columbia’s contractors are less mobile due to the more remote location of work in coastal and peripheral regions, but face less competition due to regulations that guarantee work to locally- or regionally-based firms, as well as the high cost of entry for competitors.

Labour shortages and retention difficulties are common on both sides of the border as a result of tight labour markets in other regional industries that draw upon similar labour pools, but offer more stable work and higher rates of remuneration. The perception of logging as a dangerous, physically demanding, ‘sunset’ industry also poses challenges. In addition to increased capital intensity through mechanization, contractors employ a number of strategies to meet their labour needs. Cascadia’s loggers are generally white males above the age of fifty. However, PNW contractors have begun
employing Hispanic immigrants and migrants to perform the most labour intensive work. What is possibly surprising is that there is little friction between Hispanic and American-born workers. This is due to the ready availability of work and the concentration of Hispanic workers in the logging industry’s entry-level positions. PNW contractors are also beginning to work with local offices of the Department of Veterans Affairs to recruit military personnel returning from conflicts in the Middle East. Such strategies, however, are thought to provide only temporary solutions to the long-term reproduction of a skilled logging labour force. In British Columbia, where tight labour markets are even more pronounced due to a construction boom and expansion of the oil and gas industry, neither of these strategies is reasonably feasible. British Columbia’s contractors are more likely to recruit workers displaced from other components of the forest products industry, many of whom have past experience as loggers. This is particularly the case in coastal regions, whereas logging operations are highly mechanized in the interior and require fewer workers.

The combination of tight labour markets and difficulties in maintaining profitability raise concerns related to training, the reproduction of skills, and occupational health and safety. The razor-thin profit margins of most contractors limit their ability to provide on-the-job training, and few formal training or apprenticeship programs exist. This is increasingly problematic as logging becomes more capital intensive and reliant on workers trained in the operation of heavy machinery. Occupational health and safety concerns are also critical. Although capital intensity reduces some risks and costs, this is offset when older or inexperienced workers are used to perform the most labour intensive jobs. Contractors are also being required to adhere
to a variety of safety certification schemes. The administration of these schemes reflects the differences in the governance of the forest products industry in the PNW and British Columbia. Contractors in the PNW are certified by parent firms or landowners, while contractors in British Columbia are certified through the provincially-administered WorkSafe BC. Despite differences in administration and a general recognition of the need for safe work practices, certification schemes were the target for similar criticisms by contractors and loggers throughout Cascadia. Two specific criticisms were prevalent. First, such programs are seen to be time-consuming and do not offer added remuneration for contractors or owner-operators, many of whom are already on the brink of financial hardship. Second, such programs displace and divert the responsibility for occupational health and safety away from the parent firm or landowner to the contractor or owner-operator. Many of the latter argue that occupational health and safety should be the responsibility of the license-holder or landowner, which have greater administrative and supervisory resources at their disposal. This was often the case in the past, when the staff of parent firms or landowners actively administered, trained, and supervised internal and contract loggers.

In the PNW, systemic pressures emanating from disaggregated solid wood processing and pulp and paper firms have led to a significant restructuring of production and employment relations in the logging industry since the early 1980s. The divestiture of timberlands by processing firms, the ensuing need for cost reductions, and the weakening of the labour movement (itself a result of legislative changes in the 1980s) all worked in unison to undermine the position of unionized company loggers and increase the proportion of production carried out by contractors. Even in the cases where
unionized logging crews persisted – primarily those employed by Weyerhaeuser in the Westside – they were forced to organize production in a fashion similar to contractors in order to remain competitive (Prudham, 2005). The capital intensity of logging operations also increased. By increasing capital intensity contractors can offer higher remuneration to workers – which assists them in their challenging recruitment and retention efforts – but also incur heavy debt loads. The costs of carrying debt leads to declining profits, especially during periods of depressed demand, and jeopardizes not only the viability of contractors, but also of the long-term health of the industry, employment relations, and the reproduction of the labour force.

In British Columbia, systemic pressures towards cost competitiveness have also led to restructuring in the production organization and employment relations in the logging industry since the early 1980s. Yet unlike the PNW, the disintegration of parent firms and timberlands has not occurred (at least to any significant extent), and the state continues to play an active role in governing the industry. Some unionized loggers have persisted in coastal regions, largely due to stronger provincial labour legislation and the presence of an NDP government in the 1990s. However, the focal point of the industry has shifted to the interior, where union crews have always been the exception. Even on the coast, production is increasingly being performed by contractors, although many operate using unionized crews due to successor legislation. What is interesting is that despite many of the societal differences – particularly the role of the state – production organization and employment relations in British Columbia’s logging industry are becoming increasingly similar to those in the PNW. Rates of remuneration, increases in productivity, the proportion and location of work carried out by unionized workers, the
increasing dominance of capital intensive contractors, occupational health and safety concerns, and the challenges of recruiting, retaining, and reproducing a skilled labour force appear to be quite similar between British Columbia and the PNW. The main driver of this convergence are the competitive cost pressures dictated from parent firms, which require ever lower cost raw materials in order to compete in volatile global markets.
Chapter 9 – Employment Relations in Cross-Border Regions: Empirical and Theoretical Conclusions

This chapter draws on the findings from the field research reported in the previous three chapters to address the research questions set out in Chapter 3. It is divided into three sections. The first addresses the question of whether employment relations are becoming more similar or increasingly differentiated in each component of the forest products industry between the PNW and British Columbia. This section also provides an intra-national comparison to assess whether employment relations are becoming more similar or increasingly differentiated across the different segments of the forest products industry within each of the PNW and British Columbia. The second section examines underlying reasons for similarities and differentiation in employment relations. It then addresses the third question by determining the role and influence of the factors outlined in the SSD framework in explaining the similarities and differences. The final section reflects on the insights that can be gained by conducting cross-national employment relations research at the scale of the CBR.

9.1 – Comparing Employment Relations in Cascadia’s Forest Products Industry

Employment relations in the pulp and paper industries of the PNW and British Columbia are quite similar. This has historically been the case; with the exception of a
period between the 1980s and late 1990s during which flexible work practices were common in the PNW but yet to be implemented in British Columbia. Pulp and paper workers throughout Cascadia are most likely to be white males above the age of fifty, employed by large and well-capitalized firms. These workers are almost exclusively unionized, have relatively high levels of formal training and education, and are remunerated very well. Employment relations systems in pulp and paper are generally stable and well-institutionalized, despite the introduction of flexible work practices in the PNW in the 1980s and in British Columbia in the 1990s. This is true of both large (e.g. Georgia-Pacific, Canfor, Boise Inc., and Catalyst Paper) and smaller (e.g. Simpson Timber Company, Neucel, Inland Empire Pulp and Paper) firms. The organization of production and employment relations in pulp and paper are similar across firms because of the significant presence of unions, high levels of capital intensity, and the continuous nature of the production process. The primary differences between the PNW and British Columbia are the relatively greater stability of employment in the PNW and the higher annual wages enjoyed by workers in British Columbia. The former is due to the PNW’s focus on the production of higher value added goods destined primarily for domestic markets. This contrasts with the focus in British Columbia on lower-valued commodity-grade products destined for export markets in the United States. Such markets are more susceptible to swings in market demand and exchange rates. The higher annual average wages of pulp and paper workers in British Columbia are explained by the significant amounts of overtime worked to meet production needs when commodity prices are high or the value of the Canadian dollar is low. British Columbia’s pulp and paper workers
are pressured to work overtime because their employers are increasingly unwilling to recall laid off workers.

Today, and in sharp contrast to pulp and paper, employment relations in Cascadia’s solid wood processing industry are becoming increasingly differentiated between the PNW and British Columbia. This divergence began after the recession in the early 1980s and is quite different from the situation that prevailed in the 1960s and 1970s. In the PNW, solid wood processing workers are most often white males over the age of forty, although there is evidence that women and Hispanic men have begun to be employed in some sawmills (see Chapter 6; Moseley and Reyes, 2007). Nearly half of the PNW’s solid wood processing workforce is unionized. The majority of unionized workers are older white males who work for large and well-capitalized firms (e.g. Weyerhaeuser, Georgia-Pacific) or medium-sized firms with long and deeply embedded histories in the region (e.g. Simpson Timber Company, Collins Pine). These workers are well-paid and enjoy relatively high levels of job security. The presence of unions and overarching corporate human resources and industrial relations policies helps create stability and uniformity in employment relations. However, a number of medium-sized firms owned by institutional investors – many of which emerged following the recession of the 1980s – play an increasingly influential role in the PNW. These firms strongly resist unionization, and usually provide lower wages and less job security. They are also reluctant to make significant capital investments in their mills, and consequently seek to enhance profitability by appropriating more surplus value from their workers. As a result, other larger and medium-sized firms increasingly feel the competitive pressure to achieve cost-savings at the expense of their workers.
The situation in British Columbia is in many ways quite different. British Columbia’s solid wood processing workers, in general, are unionized, well-remunerated, and work for large, well-capitalized firms (many of which are vertically integrated). Moreover, wages and working conditions in many non-union mills are similar to those in unionized mills. This is due to high levels of capital intensity, competition between union and non-union mills for labour, and the likelihood that non-unionized workers would organize (and receive union certification) if working conditions and wages were threatened. Although the majority of workers are white males over the age of forty, there are significant numbers of Sikh-Canadian, Asian-Canadian, and First Nations workers, particularly in the Greater Vancouver Area (see Rajala, 2003), and some plywood and engineered wood products mills have a high proportion of women workers (see Klausen, 1998). The capital intensive nature of solid wood production in British Columbia requires workers with relatively high levels of training and education. This, when combined with high union density and the overarching corporate industrial relations and human resource management policies of large firms, gives rise to a relatively uniform and stable system of employment relations. However, since British Columbia’s producers focus primarily on supplying commodity markets in the United States, layoffs or production curtailments are common during periods of low demand, or when the value of the Canadian dollar has a depressive effect on solid wood exports.

Generally speaking, employment relations in Cascadia’s logging industry are becoming more similar across the PNW and British Columbia. One obvious similarity is the switch from unionized company logging crews to contract logging since the 1980s. Despite differences in supply chain organization and the governance and ownership of
timberlands, employers in both the PNW and British Columbia have externalized the majority of their logging operations in order to reduce risk and uncertainties. Geographically, the decrease in unionized loggers has been most pronounced in Cascadia’s coastal regions. Since few unionized loggers have been hired in the last decade, the consensus is that company logging will not exist to any significant extent once current unionized loggers retire. Logging contractors and their employees face similar challenges throughout Cascadia. Many contractors have incurred debt to invest in machinery in order to increase short-term productivity. However, the volatile and cyclical nature of the logging industry makes it difficult for contractors to service debts during periods of low demand. Contractors then resort to low bids on contracts in order to secure work and maintain cash flow. This erodes the remuneration of contractors and employees alike, and leads to difficulties in recruiting and retaining experienced and diligent workers, an already challenging task due to tight and competitive regional labour markets. By reducing manual labour, mechanization helps reduce occupational health and safety risks, which have always been a concern in the logging industry. The need to reduce work-related injuries is a concern shared by contractors, company loggers, and unions throughout Cascadia. Contractors must seek to balance productivity and safety, since work-related injuries result in higher worker’s compensation employer premiums and makes the retention of experienced workers even more challenging. During my interviews, logging contractors throughout Cascadia described the difficulties they were experiencing in training younger workers and reproducing a skilled and committed labour force. Low profit margins, which hinder contractors’ ability to provide much-needed on-the-job training, was a particular concern.
In short, employment relations in the PNW’s pulp and paper and solid wood processing industry are becoming increasingly dissimilar. Although they have always been different to some degree, the differences have become more pronounced since the 1980s. The primary catalysts for increased differentiation were the disaggregation of the supply chain and the consequent decrease in the number of vertically integrated firms. Amidst this disaggregation, the ownership of pulp and paper firms became increasingly concentrated. This created more uniformity and stability in employment relations. However, employment relations in the solid wood processing industry were significantly restructured and rendered less uniform across an increasingly diverse group of employers and in the context of an emerging pro-business regulatory environment. These regulatory changes had a much greater impact on employment relations in the solid wood processing industry than in the pulp and paper industry. Despite the implementation of flexible work practices, the latter was spared somewhat – especially in terms of declining union density – due to high levels of capital intensity, employer consolidation, and a lower proportion of operating costs accounted for by wages. On the other hand, employers in the more labour intensive solid wood processing industry frequently cited the need to reduce labour costs in order to compete with producers in the right-to-work states of the southeast United States and the timber-rich regions of British Columbia. The pro-business environment that prevailed in the PNW facilitated the introduction of employer practices designed to undermine or circumvent unions. Moreover, the trend towards vertical disaggregation within the broader forest products industry severed the solidarity of place and occupational cultures that previously existed between pulp and
paper and solid wood processing workers employed by vertically integrated firms such as Weyerhaeuser, CZ, and Rayonier.

The differences in employment relations between pulp and paper and solid wood processing workers in the PNW are less pronounced in the case of large and more capital intensive solid wood processing mills. The workers in these mills are very likely to be unionized, have higher levels of training and education, and enjoy relatively high levels of remuneration and job security. Employment relations within these mills are more similar to those in the PNW pulp and paper industry, as well as the solid wood processing industry in British Columbia. However, collectively they do not constitute a large or dominant enough group of producers to reverse the persistent trends towards increased differentiation of employment of employment relations between the two sectors that began in the 1980s.

Unlike the PNW, employment relations in British Columbia’s pulp and paper and solid wood processing industries have become increasingly similar. This is especially true in the province’s interior, which in the 1990s eclipsed the coastal region as the primary source of forest products. The increasing similarity of employment relations within the two sectors is a result of the increased size and capital intensity of solid wood processing facilities, the persistence of vertically integrated firms, the location of production relative to raw materials and markets, and state policies regarding timberlands and employment legislation.

The increasing similarities of employment relations in the pulp and paper and solid wood processing industries is directly related to the shift in the focal point of
British Columbia’s forest products industry from the coast to the interior. Many of the largest employers in the interior (e.g. Canfor, West Fraser Timber, and Tembec) bucked the global and continental trend towards vertical disaggregation and actively pursued a strategy of vertical integration. Vertical integration is encouraged by provincial forest policy which promotes the involvement of large and well-capitalized firms and the location of mills in relatively close proximity to timberlands, but far from markets in the Midwest United States. Since interior mills focus primarily on the production of commodity-grade goods (e.g. dimensional lumber, market pulp) that offer low profit margins, they must operate facilities large enough to achieve economies of scale in order to offset the high transportation costs to markets. Vertical integration also provides interior-based firms with an internal supply of residual wood fibre from sawmills that can be used in pulp production. When combined with the abundant timber resources attached to local mills by forest policy and significant transportation costs, this supply chain security allows the forest products producers in the interior of British Columbia to weather the vagaries of volatile commodity markets and exchange rates. Even on the coast, where pulp and paper assets are separate from firms that control sawmills and timber assets, major producers in both sectors (e.g. Catalyst Paper, Western Forest Products, Interfor) maintain symbiotic relationships and rely on each other to supply or provide a market for residual wood fibre. Furthermore, many of the smaller and more antiquated mills in coastal regions have been eliminated, leaving primarily the largest and most capital intensive.¹

¹ However, a number of facilities that cater to niche or specialty markets remain in coastal regions.
These factors have led to increasing similarities in the employment relations experienced by pulp and paper and solid wood processing workers in British Columbia. High levels of capital intensity in both industries have fostered well-paid workers with high levels of formal skills and education. Similar to pulp and paper, increased capital intensity provides solid wood processing workers with more power relative to their employers, as any interruption to production is extremely costly. Increased skill requirements reduce the long-standing stigma attached to solid wood processing workers whose work was viewed as less valuable than that of pulp and paper workers. Furthermore, the use of more sophisticated production technology – especially where computerized automation or laser-guided production processes are employed – requires more skilled trade workers in sawmills. The persistence of vertical integration and the consequent presence of common employers in both pulp and paper and solid wood processing leads to uniformity in corporate employment relations systems. It also fosters and reinforces the solidarity of place and occupational cultures among workers employed by the same firm across the two sectors. Finally, and in comparison with the PNW, British Columbia’s provincial employment legislation, and the stronger public support for unions in Canada, results in higher union density and a culture of collective bargaining that fosters stable labour-management-relations and improved material conditions for workers.

In the PNW, employment relations in the logging industry are increasingly similar to those in the solid wood processing industry in several respects. Possibly the most obvious similarity is that both logging and solid wood processing have been disaggregated from the broader forest products supply chain (and particularly from pulp
As a result, there has been a decrease in the amount of logging carried out by unionized workers. The most drastic decreases in union density in both logging and solid wood processing occurred in the 1980s, when industrial restructuring and changes in labour legislation undermined the strength of the IWA and UBCJ in both sectors. Employment relations are held to be more stable and cordial in the logging and solid wood processing operations of Weyerhaeuser – the only remaining fully vertically integrated firm in the PNW, and primary employer of unionized loggers – than in those operated by smaller solid wood processing firms and logging contractors. Recently, both logging and solid wood processing firms have faced similar difficulties recruiting and retaining workers, especially for entry-level positions. This is related to the volatility of production schedules and lower rates of remuneration relative to other industries in the region. In response, many employers in both industry segments have begun employing workers of Hispanic descent (Moseley and Reyes, 2007).  

In British Columbia employment relations in the logging and solid wood processing industries are increasingly dissimilar, especially as employment relations in the latter move closer to those in the province’s pulp and paper industry. At the same time, employment relations in logging are moving away from those in the solid wood processing industry due to the use of non-union contractors. However, both logging and solid wood are characterized by an aging workforce, increased capital intensity, and difficulties recruiting workers with appropriate skill sets.

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2 The legality and citizenship of these workers is often left in question. This was true in both my research and the research of Moseley and Reyes (2007).
These intra-national comparisons give greater depth to the dissertation’s broader analysis, and relate to Katz and Darbishire’s (2000) notion of ‘converging divergencies’ which conjectures that employment relations are becoming more similar within the same industry across nations, but less similar between industries within a particular nation. In the case of Cascadia’s forest products industry, it appears that the pulp and paper and logging industries lend support to the Katz and Darbishire’s concept, but that the solid wood processing industry does not.

In summary, employment relations in the Cascadia’s pulp and paper and logging industries are increasingly similar across national contexts, while those in the solid wood processing industry are increasingly differentiated. Moreover, employment relations in British Columbia’s solid wood processing industry are increasingly similar to those in the pulp and paper industry and less similar to those in the logging industry. The inverse is true in the PNW, where employment relations in the solid wood processing industry are increasingly differentiated from those in the pulp and paper industry, but more similar to those in the logging industry.

9.2 – Underlying Factors Shaping Employment Relations in Cascadia’s Forest Products Industries

This section identifies the key factors shaping the similarities and differences in employment relations across different components of Cascadia’s forest products industry, and demonstrates how they relate to the three dimensions – systemic, societal, and dominance – of the SSD framework developed by Smith and Meiksins (1995).
The systemic pressures faced by Cascadian forest products firms to simultaneously reduce costs and increase productivity in order to respond to increased competition from outside Cascadia and amplified commodity price cycles provided the impetus for the restructuring of employment relations and production organization. The manner in which employment relations and production organization were restructured – which results in either increased similarities or greater differentiation between industrial components and/or regions – is mediated through four intertwined factors. These include both societal factors, such as the location of production relative to markets and raw materials and the role of the state in governing industry, employment, and forest resources, and dominance factors, such as the ownership structure and supply chain integration of firms and the flexible forms of work organization that increased through the implementation of capital intensive computer automated production systems.

The location of production does not affect employment relations directly, but influences production organization that, in turn, impacts employment relations significantly. Prior to the 1980s, many of Cascadia’s forest products firms derived competitive advantage from abundant supplies of high quality timber in close proximity to their production facilities. This was particularly beneficial to firms in coastal British Columbia and the Westside of the PNW, which processed large-diameter timber. These competitive advantages in both the diameter and abundance of timber were generally not available to producers elsewhere in North America. The quality and stability of raw material supplies and strong continental demand for paper and wood products allowed Cascadian firms to operate profitably, despite high labour costs, aging production
technologies, and the high cost of shipping commodity-grade products to markets in the Midwest United States, California, and southern Ontario.

Large-diameter timber resources were depleted at the same time that competition from producers outside of Cascadia increased. As a result, the location of firms relative to timber supplies became an important determinant of production organization, profitability, and employment relations. In the PNW, the vertical disaggregation of forest products firms and harvest reductions on public forests\(^3\) reinforced the Westside’s position as the primary region of production in the PNW. In British Columbia, large-diameter timber stocks were depleted in coastal regions thus depriving producers of their primary competitive advantage, and the focus of production shifted to the interior. This trend was accentuated by British Columbia provincial environmental legislation enacted in the mid-1990s that restricted the harvest of remaining large-diameter timber in coastal regions.

The concentration of Cascadia’s forest products industry in the Westside of the PNW and interior of British Columbia had significant impacts on production organization, the governance of industry and forest resources, and the ownership structures and integration strategies of firms. In turn, these factors had significant impacts on employment relations. In the PNW, the concentration of production in the Westside led to an industry with a highly concentrated pulp and paper sector with relatively stable and uniform employment relations, a highly differentiated solid wood processing industry with diverse employment relations, and a variety of timberland

\(^3\) This occurred in rapid succession. Whether these two phenomena are linked politically is a discussion best engaged in elsewhere.
owners. These firms produce a variety of high value-added and commodity-grade products destined for markets in California, the Midwest United States, and the Sunbelt states. The concentration of production in the Westside – and increasing privatization of timberland ownership – diminished the role of the state in governing forest resources. The role of the state was further diminished when the USFS and BLM reduced timber harvests in public forests to negligible levels. The pro-business regulatory environment promoted by the Reagan administration in the 1980s also reduced the role of the state in governing production and employment, and served to increase the power of employers relative to labour. This was particularly evident in the solid wood processing and logging industries, where union decertification was widespread and employment relations were significantly restructured.

The effects of the shift in the focal point of British Columbia’s forest products industry from the coast to the interior impacted production organization and employment relations very differently than in the PNW. The industry shift to the British Columbia interior was due largely to the availability of timber resources, although interior timber is generally of a smaller diameter and lower value that that harvested in coastal British Columbia or the Westside of the PNW. The availability of plentiful low value timber in the interior has impacted production organization and employment relations. The form of production organization and employment relations in the interior are shaped by provincial forest policy and the persistence of large vertically integrated firms. Unlike the Westside of the PNW, timberlands in the British Columbia interior are almost exclusively publicly-owned. Moreover, provincial forest policy has, and continues to, privilege large and well-capitalized firms over smaller producers. These firms focus on
the production of commodity-grade products destined for markets in the Midwest United States and Ontario. Because of the high costs of transportation and the relatively low value of commodity-grade products, profit margins are generally narrow. Interior-based firms are thus compelled to operate large and capital-intensive production facilities in order to achieve the economies of scale necessary to remain profitable. They are also likely to pursue strategies of vertical integration in order to secure internal supplies of fibre for pulp production, as transportation costs prohibit the profitable sale of low-value residual products to markets beyond the interior. The combination of vertical integration, large production facilities, and high levels of capital intensity foster uniformity and stability in the employment relations of both pulp and paper and solid wood processing workers. In coastal regions, sawmills have increased in size and capital intensity despite the fact that disaggregation the supply chain has led to separate firms owning pulp and paper mills, sawmills, and timber assets. In short, employment relations in British Columbia’s pulp and paper and solid wood processing industries are influenced by mill size, capital intensity, and the structure and ownership of firms, which, in turn, are the result of the combined effects of mill location relative to both raw materials and markets and provincial forest policy.

The influence of capital intensity on employment relations in Cascadia’s forest products industry cannot be overstated. Increased capital intensity improves firm competitiveness by increasing productivity and lowering unit labour costs, but in doing so, can bestow power and agency upon workers and their unions (relative to their employers). First, capital investments lengthen employers’ commitment to local production. Second, increased capital intensity makes interruptions to production more
costly for the firm. Third, labour costs decrease as a proportion of total operating costs as capital intensity increases. Firms with high levels of capital intensity are thus less resistant to making wage concessions to workers in order to maintain production than firms that rely on labour intensive production processes. Fourth, increased capital intensity requires workers with higher levels of formal skills, education, and training. Finally, increased capital intensity increases uniformity and objectivity in employment relations and work organization, as production organization and work practices are increasingly determined by machines. Firms that operate highly capital intensive workplaces are likely to offer stable and long-term employment and are more likely to avoid lengthy work stoppages (e.g. strikes, production curtailments). They are also likely to be able to pay higher wages because wages account for a smaller proportion of total operating costs. At the same time, however, recruiting and retaining skilled and committed workers – who, in Cascadia, are often in high demand by employers in other regional industries – becomes a greater challenge. My research found that work practices and employment relations in large, capital intensive workplaces fostered uniformity and stability, as well as more cooperative union-management relations.

Firms often resort to increasing capital intensity when alternate competitive advantages – such as lower raw material costs – are no longer available. In the pulp and paper industry, the nature of the continuous production process requires high levels of capital intensity. While cost reductions can be sought at the expense of labour, labour costs represent a relatively low proportion of total operating costs. The ability of pulp and paper workers in Cascadia to maintain union coverage in virtually all mills, high rates of remuneration, and relatively stable and uniform systems of employment relations
despite different national contexts is related directly to the nature of the production process and the industry’s high levels of capital intensity. Employment relations in British Columbia’s solid wood processing industry are also strongly influenced by high levels of capital intensity. However, capital intensive mills require fewer workers, and as a consequence high wages and uniform and stable employment relations have become concentrated in a decreasing proportion of Cascadia’s forest products workers.

Unlike their counterparts in British Columbia, many, but not all, solid wood processing mills in the PNW have not increased significantly in size or capital intensity. This is due to their proximity to domestic markets, their focus on higher value-added and commodity-grade products, and pro-business regulatory environment that increases the ease with which they can change work practices to reduce labour costs. The regulatory environment of the PNW also limits the ability of workers and unions to exercise agency or resist managerial demands for more flexible work practices. In particular, this is reflected in the relative ease with which employers in the PNW either decertified union locals or avoided unionization in their mills entirely during the 1980s (see Widenor, 1995a; 1995b). It is also reflected in the difficulties recently faced by the IAM and UBCJ when attempting to organize sawmills. However, the most capital intensive solid wood processing facilities in the PNW offer competitive wages, are likely to be unionized, and enjoy relatively stable employment relations (similar to those in the solid wood processing industry of British Columbia). However, such mills account for only a smaller proportion of total solid wood production. Thus, the PNW solid wood processing industry also demonstrates the effect capital intensity has on employment relations.
Increases in capital intensity in the logging industry produce similar productivity and wage results to those in pulp and paper and solid wood processing. Increased capital intensity has also enhanced the skills, training, and education required of loggers. Yet slim profit margins and a highly competitive environment – the result of the systemic need of goods-producing firms to reduce raw material costs – have increased the financial risks assumed by logging contractors and inhibited their ability to service the debts accrued through capital intensification. The slim profit margins also inhibit the ability of contractors to recruit, retain, and reproduce a skilled and committed workforce. When compared with other components of the forest products industry, the externalization of logging activities through the use of contractors has also rendered the location of production less significant as a determinant of production organization and employment relations. However, socio-political and legislative factors affecting the bargaining power and political clout of unions remain critical. Examples of this include the existence of successor rights that allow unions to resist decertification through contracting out in British Columbia, or the unwillingness of Weyerhaeuser to externalize company logging in the PNW for fear that it will lead to widespread labour unrest, a loss of experienced loggers, and increased occupational health and safety risks.

These findings emphasize the interplay between the systemic need to increase productivity and reduce operating costs when faced with extra-regional competition and amplified commodity price cycles and the societal and dominance factors that lead to similarities or increased differentiation in the production organization and employment relations of specific industrial components. In the pulp and paper industry, the systemic need for increased competitiveness resulted in the establishment of new dominant forms
of production and employment relations based on increased capital intensity. Competitive pressure and increased capital intensity resulted in management’s drive to implement more flexible forms of work organization. Societal factors, and in particular the shift towards a pro-business regulatory environment in the United States that occurred during the 1980s, contributed to labour’s widespread acceptance of flexible work organization in the PNW forest products industry. While similar levels of capital intensification were present in British Columbia’s pulp and paper industry during at this time, the relatively more labour-friendly political and regulatory environment and the reluctance of local mill managers to implement US-style flexible work practices for fear that it would disrupt production – allowed Canadian pulp and paper workers and unions to resist the implementation of such practices until the late 1990s. However, and despite some nuances between US and Canadian mills, systemic needs to reduce costs and improve competitiveness eventually led to the implementation of dominant forms of flexible work organization and similar employment relations across Cascadia’s pulp and paper industry.

In Cascadia’s solid wood processing industry, societal factors played a critical role in shaping – and creating differentiation in – production organization and employment relations across the international border. The pro-business regulatory environment of the PNW that undermined the agency of workers and bargaining power of unions allowed sawmill owners to implement flexible work organization similar to those introduced first in the southeastern United States. The restructuring of accounting practices and reductions in timber harvests from public forests led to a further restructuring of production and supply chain organization; and, in particular, the
separation of ownership of solid wood processing facilities (and timberlands) from pulp and paper firms as a result of vertical disaggregation.

Production organization and employment relations in British Columbia’s solid wood processing industry have become increasingly differentiated from those in the PNW. Primarily this is related to cross-border differences in societal factors. In British Columbia, the role of provincial forest, employment, and industrial policy and the relatively labour-friendly legislative and political environment afforded stability, legitimacy, and political leverage to workers and their unions. These factors have directly influenced employment relations, and helped maintain high levels of union density, uniform systems of collective bargaining, and stable employment relations within British Columbia sawmills. They also enabled sawmill workers and their unions to resist the widespread restructuring of employment relations experienced by fellow workers in the PNW. Moreover, British Columbia provincial forest policy promoted the growth of vertically integrated employers with large capital intensive sawmills. Larger mills are more likely to be unionized, to offer relatively high levels of remuneration, require more highly skilled and educated workers, and enjoy more stable and uniform systems of employment relations.

In the case of the logging industry, before undertaking the field research I conjectured that societal factors would result in a differentiation of production organization and employment relations between the PNW and British Columbia. However, it turned out that the combination of the systemic need to reduce costs and increase productivity and the widespread introduction of a new dominant system of production and work organization built around the use of logging contractors and
increased capital intensity had been more significant in shaping employment relations in logging. The research findings suggest that both the restructuring of employment relations and the persistence of unionized company logging crews were generally similar in both the PNW and British Columbia. Similar to the pulp and paper industry, societal factors had led to a temporal ‘lag’ in the implementation of contract logging in coastal regions of British Columbia as compared to the Westside of the PNW.

9.3 – Conducting Comparative Cross-National Employment Research in Cross-Border Regions: Conclusions and Possibilities

This dissertation demonstrates that CBRs provide a useful scale at which to conduct comparative cross-national employment relations research. Specifically, the dissertation suggests that conducting such research in CBRs is useful because it is here that one might expect evidence of increasingly similar production organization and employment relations due to increased political economic integration to be most evident. Research that uncovers evidence that runs contrary to this expectation is critical in determining the underlying reasons for and factors contributing to the persistence of cross-national political economic differentiation. This deepens our understanding of the persistent nuances that exist between nations amidst an environment of supposed widespread political economic integration and institutional and policy convergence.

The case studies of Cascadia’s pulp and paper and logging industries demonstrate increasing similarities in production organization and employment relations. These similarities are thus most prevalent in industries where dominance factors play a critical
role in shaping and influencing employment relations outcomes. In contrast to these, the case studies of Cascadia’s solid wood processing industry demonstrate increasing differentiation in production organization and employment relations. This differentiation is due to the persistent effects of societal factors that are nationally and historically contingent. These societal factors – many of which are seemingly small nuances – thus remain critical even amidst a general environment of political economic integration.

There is little prior research that explicitly examines employment relations in CBRs. There are, however, examples of previous comparative cross-national employment relations research in regionally concentrated industries in North America (see Widenor, 1995a; 1995b; Kumar and Holmes, 1996; 1997). These studies – perhaps unknowingly – helped lay the methodological and empirical foundations for this dissertation.

Widenor’s research, which I have drawn upon extensively in my own work, examines the dissolution of the IWA in Canada and the United States. The geographic scope of his research is effectively limited to Cascadia, since that is where the majority of the IWA’s membership was concentrated, and because many of the issues that led to the dissolution of the IWA were distinctly regional. Widenor’s work informs the broader discussion of my own research through its emphasis on the manner in which societal factors (or what he refers to as ‘environmental’ factors) facilitated or limited the relative bargaining power and agency of solid wood processing and logging workers in the PNW relative to those in British Columbia. In many ways, his conclusions are similar to my own. For example, Widenor focuses on how the partial ‘insulation’ from the systemic need for cost competitiveness afforded to workers and employers in British Columbia by
provincial forest policy and a relatively labour-friendly socio-political environment. These factors helped the IWA maintain public support, political relevance, and coordinated centralized bargaining in British Columbia in a way that the IWA simply could not in the PNW. His research also emphasizes the ease with which employers in the PNW replaced unionized workers with non-union labour during strikes at Louisiana-Pacific and Weyerhaeuser in the PNW in 1983 and 1986, respectively. The use of replacement workers and decertification of union locals was enabled by the presence of an increasingly pro-business regulatory environment in the PNW.

Kumar and Holmes (1996; 1997) examined the implementation of lean production in Ford, General Motors, and Chrysler’s automotive assembly plants in the 1980s. The majority of these facilities are concentrated in a CBR comprised of Ontario and the Great Lakes States. Like Widenor, they emphasize how societal factors – particularly those that facilitated the strength and relevance of the economic and political agendas of the labour movement, as well as material conditions of production – provided more agency and bargaining power to the autoworkers’ union in Canada (CAW) relative to its counterpart in the United States (UAW). Similar to Widenor, Kumar and Holmes demonstrate the role of societal factors in mediating employers’ systemic need to remain competitive through the implementation of new dominant systems of production organization and employment relations, and how the interplay of these factors differed across national context.

In the case of the solid wood processing industry, the findings of this dissertation are consistent with conclusions drawn by Widenor and Kumar and Holmes. The evidence suggests that societal factors are critical in shaping the form and structure of
production organization, and consequently, employment relations. In general, we might expect employment relations in industries where specific societal features are highly influential and are likely to vary between national contexts. Societal influences such as business and employment legislation and policies, the role of the state in the ownership and management of natural resources, and the strength of the labour movement remain critical in shaping employment relations outcomes. Societal factors thus remain highly influential in the acceptance or resistance of dominant forms of production organization and employment relations. However, the role of societal factors is highly context-dependent. In the case of Cascadia’s forest products industry, societal factors were most influential in determining employment relations outcomes in the solid wood processing industry, but were not as prevalent in the pulp and paper and logging industries. The latter cases suggest that increased similarities in production organization and employment relations across national contexts are most likely in instances where dominance factors are highly influential. Specifically, the role of capital intensity – often a requirement to increase productivity and cost efficiency – is highly influential in shaping employment relations outcomes.

The research design employed in this dissertation was critical in determining the nature and extent of similarities and differences in employment relations outcomes in Cascadia’s forest products industry. The analysis of the entire forest products supply chain provided a breadth and depth to empirical and theoretical findings not normally available in cross-national comparisons that focus on a single industry, firms, or small group of workplaces. The research design permitted an engagement with Katz and Darbishire’s (2000) concept of ‘converging divergencies.’ The findings presented in
comparative case studies of the pulp and paper industry were consistent with Katz and Darbishire’s conjecture in that they demonstrated instances where employment relations were becoming more similar within specific industries across national contexts. However, in the case of the solid wood processing industry, they fell outside the broader trends conjectured by Katz and Darbishire, and demonstrated instances where employment relations within a specific industry were becoming more differentiated between countries, while in the case of British Columbia’s solid wood processing and pulp and paper industry, employment relations were becoming more similar to other industries within a particular country.

The use of Smith and Meiksins’ (1995) conceptual framework facilitated a thorough analysis of employment relations outcomes in Cascadia’s forest products industry. Their SSD framework was developed to guide empirical studies of workplace practices at the level of individual workplaces with the expectation that there are persistent differences in the form and structure of employment relations between workplaces. The strength of the framework lies in its recognition of geographic and historical specificities in employment relations and workplace governance, and its emphasis on the contradictory pressures emanating from a number of factors. Moreover, it is useful because it does not inherently privilege the effects of one set of factors over another. All of these aspects were critical in reaching the conclusions made in this dissertation. However, the role of geographical location – a societal factor – in shaping production organization and employment relations outcomes needs to be made more explicit in applications of the SSD framework; especially when applied to resource-based industries. While the framework emphasizes the analysis of nationally- or
regionally-ground socio-political traits, it gives short shrift to features such as infrastructural or raw material availability. In the case of Cascadia’s forest products industry – or any other resource-based industries – the location of production relative to natural resources and markets is of great importance to production organization and employment relations outcomes.

In conclusion, this dissertation argues that CBRs are an important addition to the scales at which cross-national employment relations research have traditionally been conducted; namely, the nation, the firm, and the workplace (see Buhdwar and Debrah, 2001). While it does not negate the usefulness of these scales, it reasserts the importance of carefully considering the context when determining the most appropriate scale at which such research is to be conducted. My findings suggest that comparative cross-national employment research that focuses on CBRs is particularly useful in gaining insight concerning the extent to which differences in employment relations across national contexts continue to persist even in light of increasing political economic integration.
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## Appendix A – Characteristics of Interview Subjects

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Appendix B – Interview Guide

1. Firm-Internal – Labour Demand

➢ Describe your job? How long have you held this position? How much technical training does this position require?
➢ Describe the labour-management/union-management/union-labour relations in your workplace?
➢ What type of recruiting strategies do you use? Have you used different strategies in the past? Are there any strategies you might implement in the future? (For managers/contractors)

2. Firm-Internal – Labour Supply

➢ Does your workplace have a work culture that is distinct from the culture of the parent firm? If yes, how does it differ?(for TNFs and DFs)
➢ Are new workers easily integrated into your workplace? Are there any procedures or processes that new workers encounter before they are fully integrated into the workplace community?
➢ Describe your relationship with your union local (co-operative, adversarial, combatative, etc…)? Do you feel that your union local is adequately representative of your needs?
➢ What are your main workplace concerns at the moment? Do you believe that these concerns are similar to the concerns of workers in other segments of the forest products industry or other regions of Cascadia?

3. Firm-Internal – State

➢ How important is your workplace/employer/firm to the local economy? Do you have close connections with many local/nearby industries or businesses?
➢ Do you feel that the existing local physical and social infrastructure adequately meets your firm’s needs? What could be improved to help the competitiveness of your firm? What are some major infrastructural changes in the recent past? Have these helped or hindered your firm?
➢ Describe your relationship with local regulatory or development boards (e.g. Chambers of Commerce, municipal government)? Do you work closely with any of the latter, and for what ends?
4. Firm-External – Labour Demand

- How would you describe the relationship of your workplace with other branches and divisions of your firm? How would you describe the relationship of your branch/division with the head office? How much autonomy and decision-making power does the head office afford your branch/division? Do the decisions made by head offices reflect the local needs of your branch/division?
- How would you describe your relationships with clients/contractors/suppliers (arms length, collaborative, contractual)? What are the strengths and weaknesses of these relationships? Have either changed over time?
- Do you have long-term/stewardship relations with clients/contractors/suppliers? How has this changed over time? What criteria do you use to determine which clients/contractors/suppliers you work with?

5. Firm-External – Labour Supply

- Describe your general experience working for your firm/employer. Does your firm/employer have a distinct work culture? Describe this culture. How is this culture (re)produced? Has this culture changed over time?
- Describe your relationships with producers/contractors associations? What are the strengths and weaknesses of these relationships? Have either changed over time?
- What are your relationships with cross-border institutions (state, NGO, trade and development? Are there any major cross-border issues or initiative on a cross-border scale presently? How has this changed over time?

6. Firm-External – State

- What influence do tax rates (corporate, income, property, etc…) have on decisions concerning the location of production? How has this changed over time?
- What influence does the region’s infrastructure have on decisions concerning the location of production? How has this changed over time?
7. Region - Labour Demand

- Is there significant local demand for your product/service? How has this changed over time?
- Is the cost of living in your community high, low, or average? How has this changed over time?
- What other work opportunities are available in your region? How do there wage and benefits compare to your own? Would you ever attempt to work another industry? Why or why not?

8. Region - Labour Supply

- What is the ethnic, cultural, and gender makeup of the labour force in the communities where production occurs? What are some of the factors that have led to this makeup? How has this changed over time?
- Are there any groups of workers that you believe are stigmatized in this region? If yes, which groups? Why?
- Do any industries in your region use migrant labourers? Does the forest products industry? If yes, in what context? If no, do you foresee the use of migrant workers in the future?

9. Region – State

- How have trade agreements (particularly the SLA) influenced the segment of Cascadia’s forest products industry in which you work? What, if any, influences has this had on the labour force?
- What environmental policies and legislation have influenced the segment of the forest products industry in which you work? What are some of the major changes to environmental policies and legislation you have encountered in the past? What, if any, subsequent influences have they had on the labour force?
- How does the industrial relations regime in your state/province affect the labour force in the segment of the forest products industry in which you work? Are workers in your workplace unionized, or have there ever been unionized workers in your workplace? Which union (if applicable)? In your opinion, do unions help or hinder the workers and industry in which you work? Why?
- What level of formal education or training do you have, and by whom was it provided? Are there any publicly-funded education and training programs offered in your domain of work?