

***Space and Capital in Industrial Decline:
The Case of Nova Scotia Steel***

L.D. McCann

Geographical space as a source of explanation affects all historical realities, all spatially-defined phenomena."

Fernand Braudel, *The Perspective of the World*.

What role does geographical space play in shaping urban-industrial development in the Maritimes? Contrary to the argument I presented in a recent article in this journal, L. Anders Sandberg criticizes my research by dismissing outright its contextual focus on fragmentation, which he states "is not a useful concept onto itself;" and also by claiming that "resources and location cannot be held up as general and absolute factors of industrial decline." Sandberg, a dependency theorist and advocate, believes that geographical space has played little or no role in the region's development process, and that geographical factors hold minimal importance for critical analysis. For him, only people-based (that is, class) analyses of industrial decline—and in particular of those situations involving the interplay between capital and labour—offer meaningfully explanations of the specific "Scotia" case and, more broadly, of Maritime industrial decline.

My research objective was to examine whether "Scotia's" (the Nova Scotia Steel and Coal Company's) "long-developed spatial structure of integrated operations could remain economically feasible in a hinterland region characterized by considerable fragmentation."¹ Fragmentation, of course, comprises several dimensions, including social, political, economic, cultural and spatial or geographical factors.² The dimension of fragmentation I emphasized—the contextual or mediating influence of the space economy as an intervening agency (but not as a natural or physical, pre-determined, and direct causal factor as Sandberg inaccurately asserts)—provided the geographical arena, if you like, for my exami-

nation of "Scotia's" evolving 'sphere of operations.'

A space economy, of course, is socially-constructed and comprises such features as the urban settlement system with its interacting production and distribution facilities. It is usually distinguished by a core-periphery pattern where power and innovation associated with industrial capitalism typically reside at the centre. Subject to the dynamics of political, economic, technological and other forces, the space economy is constantly evolving. The space economy also includes basic and ever-changing geographical attributes that companies like "Scotia" were forced to re-evaluate continuously: location (of production), accessibility (to markets), interaction and integration (of material and product flows), and (quality of) resource endowments.³

Sandberg claims that I elevate the concept of fragmentation "to something inherent and timeless to the region." To support this assertion, he neither examines the evidence that I provided to illustrate how fragmentation characterized the space economy of both the Maritimes and Canada, nor the ways in which I showed how conditions of fragmentation changed constantly over time. There are no comments nor countering evidence to refute my discussion of how "Scotia" repeatedly ran into mining and manufacturing difficulties which increased production costs, first in the mid-1890s and later early in the 20th century, forcing "Scotia" to restructure its 'sphere of operations' and eventually to close some of its submarine coal mining operations and the blast and steel furnaces at Sydney Mines.⁴

Furthermore, Sandberg pays no attention to my analyses of data on "Scotia's" annual shipments of pig iron and steel from 1904 to 1910 which show, first, that the regional market for pig iron became increasingly smaller over time; and second, that Maritime iron and steel markets alone were insufficient to sustain "Scotia's" production capacity, efficiency, and type of output after 1907, when Hamilton iron and steel producers finally captured "Scotia's" significant Ontario markets, once the company's largest. Companies like STELCO, with newly-won market prominence in Ontario, Quebec and the emerging West and with savings from economies of scale and scope of production, could compete successfully against the limited product line of "Scotia," even in the Maritimes. Findings like these, which demonstrate the weakening locational advantages and increasing spatial fragmentation over time of "Scotia's" 'sphere of operations' within the Canadian space economy, do not support Sandberg's assertion that I consider fragmentation as "something inherent and timeless to the region." In fact, I never use the word "inherent" in my article.

Instead of evaluating evidence and conclusions like these, or of providing alternative evidence, Sandberg instead chose to criticize matters like my failure to consider the legacy of mercantile capitalism, stating that "[t]here was nothing in geography that pre-determined the Maritimes to this fate [of industrial decline]." This is a very curious statement for Sandberg to make, for it unwittingly refutes his own arguments. To stress the legacy of mercantile capitalism in "Scotia's" on-going policies of export-led growth and development, is to accept