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The Radical Origins of the Deindustrialization Thesis
From Dependency to Capital Flight and Community Abandonment

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Résumé de l'article

La désindustrialisation est devenue un enjeu politique pressant et un objet de recherche presque simultanément en Amérique du Nord. Cet article interroge les origines intellectuelles et les racines radicales de la thèse de la désindustrialisation au Canada et aux États-Unis. Bien que les deux pays partagent beaucoup de points communs, leurs formulations distinctes du problème désindustriel dans les années 1970 et 1980 reflétaient des différences économiques et politiques essentielles entre eux. Les économistes politiques radicaux du Canada et des États-Unis se sont tournés vers la théorie de la dépendance et la fuite des capitaux, respectivement, dans leur théorisation de la désindustrialisation. Le livre de Barry Bluestone et Bennett Harrison de 1982, The Deindustrialization of America, en particulier, est un texte fondateur pour le domaine en plein essor des études sur la désindustrialisation. Nous pouvons apprendre beaucoup en renouant avec cette première bourse. Ce faisant, cependant, nous devons combler le fossé analytique persistant entre les histoires de travail au niveau micro des communautés ouvrières et les études au niveau macro de l'économie politique et de la division internationale du travail.

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ARTICLE

The Radical Origins of the Deindustrialization Thesis: From Dependency to Capital Flight and Community Abandonment

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Abstract: Deindustrialization became a pressing political issue and an object of research almost simultaneously in North America. This article inquires into the intellectual origins and radical roots of the deindustrialization thesis in Canada and the United States. Though the two countries share much in common, their distinctive formulations of the deindustrial problem in the 1970s and 1980s reflected key economic and political differences between them. Radical political economists in Canada and the United States turned to dependency theory and capital flight, respectively, in their theorization of deindustrialization. Barry Bluestone and Bennett Harrison's 1982 book, *The Deindustrialization of America*, in particular, is a founding text for the burgeoning field of deindustrialization studies. We can learn much from re-engaging with this early scholarship. In doing so, however, we need to bridge the continuing analytical divide between micro-level labour histories of working-class communities and macro-level studies of political economy and the international division of labour.

Keywords: deindustrialization, political economy, dependency, staples, international division of labour, capital mobility

Résumé : La désindustrialisation est devenue un enjeu politique pressant et un objet de recherche presque simultanément en Amérique du Nord. Cet article interroge les origines intellectuelles et les racines radicales de la thèse de la désindustrialisation au Canada et aux États-Unis. Bien que les deux pays partagent beaucoup de points communs, leurs formulations distinctes du problème désindustriel dans les années 1970 et 1980 reflétaient des différences économiques et politiques essentielles entre eux. Les économistes politiques radicaux du Canada et des États-Unis se sont tournés vers la théorie de la dépendance et la fuite des capitaux, respectivement, dans leur théorisation de la désindustrialisation. Le livre de Barry Bluestone et Bennett Harrison de 1982, *The Deindustrialization of America*, en particulier, est un texte fondateur pour le domaine en plein essor des études sur la désindustrialisation. Nous pouvons apprendre beaucoup en renouant avec cette première bourse. Ce faisant, cependant, nous devons combler le fossé analytique persistant entre les histoires de travail au niveau micro des communautés ouvrières et les études au niveau macro de l'économie politique et de la division internationale du travail.

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Mots clefs : désindustrialisation, économie politique, dépendance, matières premières, division internationale du travail, mobilité du capital

"A more fully theorized account of de-industrialization would surely have to take fuller measure of dependency theory and models from Latin America."
– Ian McKay, historian, 1987

"'Deindustrialization' is one of these mongrel words that has crept into the language and ought to be kicked out."
– Robert J. Samuelson, economist, 1984

The postwar boom of unionized prosperity came to a crashing end in the 1970s and early 1980s. We have been grappling with its significance ever since. By any measure, the body count was staggering. The United States lost almost 8 million manufacturing jobs between 1979 and 2010; the United Kingdom saw total manufacturing employment drop from 6.8 million in 1979 to just 2.5 million by 2010; and France saw the percentage of its workforce employed in manufacturing drop from 39 per cent in 1970 to just 18 per cent in 2016. The proportion of private-sector workers belonging to a trade union collapsed in most countries. Explanations for these losses have varied from country to country, coalescing around two big ideas. One sweeping explanation was offered by American sociologist Daniel Bell, who surmised that these wrenching changes represented "the coming of post-industrial society," the next stage in humanity's evolutionary journey.[1] Just as we progressed from hunting and gathering to agriculture and then to industrialism, humanity was now entering a new stage of post-industrial development – or, at least, this was Bell's hypothesis in his influential 1973 book. Not surprisingly, the recontextualization of industrial closures as signs of societal progress did not sit well with everyone.

That same year, left nationalists in Canada offered the "deindustrialization thesis" in Robert Laxer's edited volume *(Canada) Ltd.: The Political Economy of Dependency*. In this formulation of the problem, industrial closures were the result of Canada's historic dependency on staples exports and US branch plants in the manufacturing sector. According to James Laxer (Robert's political scientist son), "De-industrialization is the price workers pay for Canada's dependent status in the American empire. … As the American empire enters a period of decline, the costs of decline are passed in disproportionately high amounts to workers in dependent countries like Canada and to minorities like the blacks within the United States."[2] Deindustrialization was thus understood within a wider political economy grounded in Latin American

1. Daniel Bell, *The Coming of Post-Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1973).

2. Jim Laxer, "Canadian Manufacturing and US Trade Policy," in Robert M. Laxer, ed., *(Canada) Ltd.: The Political Economy of Dependency* (Toronto: McClelland and Stewart, 1973), 146.

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dependency theory and Harold Innis' homegrown staples theory of Canadian underdevelopment. *(Canada) Ltd.* resulted from a twelve-part lecture series on deindustrialization organized by the Waffle movement, a youthful left-nationalist insurgency within – and then without – the centre-left New Democratic Party (NDP).[3] The new Canadian political economy emerged out of the debate over dependency, branch plants, and deindustrialization, providing left nationalists with an intellectual home in Canadian universities.[4]

It was no coincidence that the idea of dependent deindustrialization emerged amid the first great wave of plant closures and in the immediate aftermath of the "Nixon shock" of August 1971, when the United States overturned the global monetary system of fixed exchange rates, encouraged US multinationals to repatriate manufacturing jobs, and temporarily placed a 10 per cent surcharge on all imported goods.[5] Canada received no special treatment, despite the fact that 85 per cent of its exports went to the United States. One senior Toronto banker called the surcharge a "nuclear warfare type of tax" that threatened Canadian prosperity.[6] This searing experience proved to be generative in terms of deindustrialization theory. A few years later, even the Science Council of Canada, an arm's-length federal advisory body, was sounding the alarm that the country was being deindustrialized.[7]

3. David G. Blocker, "'To Waffle to the Left': The Waffle, the New Democratic Party, and Canada's Left during the Long Sixties," PhD diss., Western University, London, Ontario, 2019, 347. The Wikipedia entry pinpoints the origins of the name "Waffle" in a public comment that if the NDP was going to waffle to the right or waffle to the left, it should choose the left. Wikipedia, s.v. "The Waffle," last modified 23 August 2022, 11:11, https://en.wikipedia.org/wiki/The_Waffle.

4. This is not to say that there were no heated debates or divergent views among political economists. Left nationalists increasingly found themselves on the defensive within the field of political economy. See, for example, David McNally, "Staples Theory as Commodity Fetishism: Marx, Innis, and Canadian Political Economy," *Studies in Political Economy* 6 (1981): 35–63; William K. Carroll, "Dependency, Imperialism and the Capitalist Class in Canada," in Robert J. Brym, ed., *The Structure of the Canadian Capitalist Class* (Toronto: Garamond, 1985). The most extensive treatment can be found in Paul Kellogg, *Escape from the Staples Trap: Canadian Political Economy after Left Nationalism* (Toronto: University of Toronto Press, 2016).

5. Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010); Douglas A. Irwin, "The Nixon Shock after Forty Years: The Import Surcharge Revisited," working paper 17749, National Bureau of Economic Research, Cambridge, Massachusetts, 2012, http://www.nber.org/papers/w17749.

6. As quoted in Bruce Muirhead, "From Special Relationship to Third Option: Canada, the U.S., and the Nixon Shock," *American Review of Canadian Studies* 34, 3 (2004): 442. Muirhead characterized the Nixon shock as an "epochal event in the history of Canada–United States relations."

7. Science Council Committee on Industrial Policies, *Uncertain Prospects: Canadian Manufacturing Industry 1971–1977* (Ottawa: Minister of Supply and Services, 1977); John N. H. Britton and James M. Gilmour, *The Weakest Link: A Technological Perspective on Canadian Industrial Underdevelopment* (Ottawa: Canadian Industrial Science Council, 1978); Science

An American variant of the deindustrialization thesis emerged in 1982 with the publication of Barry Bluestone and Bennett Harrison's *The Deindustrialization of America*. It differed in so far as the authors singled out the accelerating pace of capital mobility rather than economic dependency as the main driver of mine, mill, and factory closures. This was hardly surprising as the United States was the engine of the world's industrial economy in the postwar era, though its economic hegemony was being heavily eroded during the 1970s and 1980s. Bluestone and Harrison defined deindustrialization as "a widespread, systemic disinvestment in the nation's productive capacity."[8] Community abandonment was also emphasized, offering a moral argument in favour of the regulation of plant closings and an industrial policy for the United States. The book and the debate that it sparked served to popularize the term across the English-speaking world. It was also a foundational study for the emerging field of deindustrialization studies. According to historian Christopher Lawson, *The Deindustrialization of America* "helped establish the contours of the field and provides a model of a work that successfully combines economic, political and social analysis."[9] As a result, most historiographic discussions of deindustrialization begin with Bluestone and Harrison's book, before quickly moving on to more current scholarship.

The intellectual origins of *The Deindustrialization of America* were primarily in the Union of Radical Political Economics (URPE), which was formed in 1968 by graduate students at the University of Michigan before expanding across the country. In Cold War America, they were met with the overwhelming hostility of the economics discipline. New Left economists were denied tenure or had their employment contracts unrenewed at Ivy League schools, forcing them to find employment elsewhere. Activist historians were also under threat, with radical historian Staughton Lynd famously denied tenure at Yale University because of his outspoken opposition to the war in Vietnam and effectively blacklisted from getting another university job. Deindustrialization studies in the United States was forged by two of the founding members of the URPE, Bluestone and Harrison, as well as Lynd, who authored *The Fight against Shutdowns* in 1983. In each case, the political resistance to factory closures provided the spark for deindustrialization research. The Progressive Alliance, a coalition of unions and other groups that was "part think tank,

Council of Canada, *Forging the Links: A Technology Policy for Canada*, Report 29 (Ottawa: Minister of Supply and Services, 1979). See also Donald J. Daly, "Weak Links in 'The Weakest Link,'" *Canadian Public Policy / Analyse de Politiques* 5, 3 (1979): 307–317.

8. Barry Bluestone and Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment and the Dismantling of Basic Industry* (New York: Basic Books, 1982), 5.

9. Christopher Lawson, "Nothing Left but Smoke and Mirrors: Deindustrialization and the Remaking of British Communities, 1957–1992," PhD diss., University of California, Berkeley, 2020, 4.

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part political caucus, part coordination for mobilization,"[10] commissioned Bluestone and Harrison to write a report, while the local struggle to stop steel mill closings in Youngstown, Ohio, inspired Lynd, then a lawyer, to publish an account of this epic confrontation between capital and community.

In delving into the underlying analysis, intellectual roots, and disciplinary formation of the first generation of deindustrialization scholars in North America, this article builds on an earlier historiographic article where I periodize the international field's first 30 years.[11] Deindustrialization became a pressing political issue and an object of research almost simultaneously. French historians Marion Fontaine and Xavier Vigna make the essential point that the study of deindustrialization emerged in North America and the United Kingdom before continental Europe because of the "extreme violence of the phenomenon" in these countries.[12] This article takes a closer look at the intellectual origins and radical roots of the deindustrialization thesis in Canada and the United States. Though the two countries share much in common, their distinctive formulations of the deindustrial problem reflected key economic and political differences between them. Put simply, my aim is to historicize and deepen our understanding of the emergence of a foundational concept during the economic and political crucible of the 1970s and early 1980s. If deindustrialization is central to the understanding of post-1945 history, as Jim Tomlinson suggests, and is a "particularly fertile approach to understanding contemporary societies," as Fontaine and Vigna have argued, then we need to better understand its genesis in order to better understand its meaning.[13] The rise of right-wing populism in many deindustrialized areas of Europe and North America has made this field of research more urgent than ever.

Dependent Deindustrialization

Deindustrialization first surfaced as an idea during World War II and its immediate aftermath to describe the purposeful stripping of manufacturing equipment from occupied areas first by the Nazis and then by the victorious Soviets. In this sense of the word, deindustrialization was the product of intentional policy by a foreign occupying power. Its first mention in Canada's House of Commons came in 1949 when a member of Parliament

10. Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (New York: New Press, 2010), 299.

11. Steven High, "'The Wounds of Class': A Historiographical Reflection on the Study of Deindustrialization, 1973–2013," *History Compass* 11, 11 (2013): 994–1007.

12. Marion Fontaine and Xavier Vigna, "Introduction: La Désindustrialisation, une histoire en cours," *20 & 21. Revue d'histoire* 4, 144 (2019): 7.

13. Jim Tomlinson, "De-industrialization: Strengths and Weaknesses as a Key Concept for Understanding Post-War British History," *Urban History* 47, 2 (2020): 199–219; Fontaine and Vigna, "Introduction," 3.

stood up during a debate on Canada's falling exports to the United Kingdom to warn of the danger of relying on US markets. Economic integration with the US "would end all reason for the maintenance of the vast majority of the United States branch plants in Canada," resulting in the "de-industrialization of Canada."[14]

Canadian left nationalists in the 1960s and 1970s took this idea a step further, arguing that the country's dependent relationship on the United States had largely reduced Canadians to "hewers of wood and drawers of water."[15] What manufacturing there was consisted mainly of US branch plants. Canadian political economists and historians traced the historic roots of dependent industrialization, pointing to the high tariff wall erected by Canada's first prime minister.[16] Built to serve the domestic market exclusively, Canada's branch plant economy was therefore vulnerable to falling trade barriers and the shifting international division of labour. Historic underdevelopment and threatened deindustrialization were thus viewed as the chief legacies of economic dependency.[17]

Underpinning the left-nationalist critique of underdevelopment was the staples theory developed by economic historian Harold Innis, a liberal nationalist who chaired the Department of Political Economy at the University of Toronto. Over the course of his career, which spanned much of the first half of the twentieth century, Innis wrote a series of expansive books on staples production and showed how staples exports of fur and fish set the pace for economic growth.[18] His "essential insight was that structural imbalances from external demand and the price distortions of commodity booms expose Canadian industries and communities to a highly volatile business cycle."[19] It was a history of arrested development and cyclonic growth. Economist Mel Watkins, who took a few classes with Innis during his undergraduate

14. Canada, Parliament, *House of Commons Debates*, 21st Parl, 1st Sess, Vol 3 (1 December 1949) at 2566.

15. This saying was in regular circulation during the 1970s and 1980s. I certainly knew of it as a teenager in the resource town of Thunder Bay in Northern Ontario.

16. Rianne Mahon, *The Politics of Industrial Restructuring: Canadian Textiles* (Toronto: University of Toronto Press, 1984), 7. For a longer history, see Michael Bliss, "Canadianizing American Business: The Roots of the Branch Plant," in Ian Lumsden, ed., *Close the 49th Parallel etc.: The Americanization of Canada* (Toronto: University of Toronto Press, 1970), 27–42.

17. Daniel Glendau, "Rich but Semiperipheral: Canada's Ambiguous Position in the World Economy," *Review (Fernand Braudel Center)* 12, 2 (1989): 218.

18. Harold Innis, *The Fur Trade in Canada: An Introduction to Canadian Economic History*, rev. ed. (1930; Toronto: University of Toronto Press, 1956); Innis, *The Cod Fisheries: The History of an International Economy* (Toronto: Ryerson Press, 1940).

19. Daniel Drache, "'Rowing and Steering' Our Way out of the Modern Staples Trap," in Jim Stanford, ed., *The Staple Theory @ 50: Reflections on the Lasting Significance of Mel Watkins' "A Staple Theory of Economic Growth"* (Ottawa: Canadian Centre for Policy Alternatives, 2014), n.p.

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studies, translated Innis' staples theory to a new generation in an influential 1963 article, "A Staples Theory of Economic Development."[20] Watkins investigated the relationship between resource extraction and the manufacturing industries.[21] The article was so influential that Jim Stanford, Canada's most prominent labour movement economist, organized a series of lectures to mark its 50th anniversary. Stanford noted that Watkins' original article "laid the intellectual foundation for so many subsequent theoretical and policy interventions during the tumultuous 1960s and 1970s."[22]

Both the Liberals and the NDP grappled with the issue of foreign direct investment during these years. In 1967, Watkins was appointed by the federal cabinet in Ottawa to lead the Task Force on Foreign Ownership and the Structure of Canadian Industry. The resulting "Watkins Report" recommended that Canada set up a development corporation to encourage Canadian ownership of the economy and to regulate foreign takeovers of Canadian companies. While the Liberal government initially rejected these steps, the Nixon shock altered the political calculation and led to the creation of the Canadian Development Corporation and Foreign Investment Review Agency in the early 1970s. By then, however, Watkins had turned away from the Liberal Party and toward socialism.

In the 1960s, the NDP was also wrestling with the significance of foreign direct investment and Canada's branch plant economy. The party approached Kari Levitt, a faculty member in McGill University's Department of Political Science – and daughter of renown political economist Karl Polanyi[23] – to write a series of background papers on the problem, culminating in an oral presentation to the NDP's Federal Council in 1966.[24] A specialist on economic development in the Caribbean, Levitt explained the economic consequences of US economic domination using a combination of Innis' staples theory and the dependency theory then emerging out of Latin America. Dependency theory, she reasoned, offered Canadians a framework for understanding domestic class relations as well as the wider international division of labour within a chain of exploitive relations between the economic centre and periphery. One Latin American theorist defined dependency as "a situation in which the economy of certain countries is conditioned by the development and expansion of another

20. Mel Watkins, "A Staple Theory of Economic Development," *Canadian Journal of Economics and Political Science* 29, 2 (1963): 49–73.

21. Alberto Daniel Gago, "The Staples Trap in Developing Countries," in Stanford, ed., *Staple Theory @ 50*, n.p.

22. Jim Stanford, introduction to Stanford, ed., *Staple Theory @ 50*, n.p.

23. Karl Polanyi, *The Great Transformation* (New York: Farrar and Rinehart, 1944).

24. Sean Mills, "Without Surrender: An Interview with Kari Levitt," *Race and Class* 52, 1 (2010): 49–56.

economy to which the former is subjected."[25] Asymmetrical relationships "tend to create alliances between the dominant classes of the metropolitan and peripheral nations, reinforcing the power of each."[26]

Initially, Levitt set out her thinking on these matters in an article published in *New World Quarterly*, a journal of Caribbean commentary.[27] Watkins later noted that photocopies of this hard-to-get article circulated underground on campuses across Canada.[28] Levitt then expanded her analysis into *Silent Surrender: The Multinational Corporation in Canada*, published in 1970, which offered a far-reaching analysis of "Canada's slide into a position of economic, political and cultural dependence on the United States."[29] Labelling this the "new mercantilism," Levitt provocatively argued that the multinational corporation was a "modern re-incarnation of the chartered companies of the mercantile era that pre-dated industrial capitalism." Her book took "the campuses by storm" and resonated as far as the Caribbean given its critical examination of US multinational corporations.[30] Soon after, R. T. Naylor offered a historical framework for a new mercantilist understanding of Canada's past. In this formulation, industrial capitalism had been prevented, or at least delayed, from taking root in Canada because the country's mercantile and financial elite were wedded to staples exports.[31]

25. Theotonio dos Santos (1970) quoted in Louis A. Perez Jr., "Dependency," *Journal of American History* 77, 1 (1990): 135. For English speakers, dependency theory was closely associated with André Gunter Frank, a radical economist trained at the University of Chicago, who published *Capitalism and Underdevelopment in Latin America* in 1967. Cristóbal Kay, "Andre Gunder Frank: 'Unity in Diversity' from the Development of Underdevelopment to the World System," *New Political Economy* 16, 4 (2011): 523–538. See also Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979).

26. Wallace Clement, *Continental Corporate Power: Economic Linkage between Canada and the United States* (Toronto: McClelland and Stewart, 1977), 22.

27. Kari Levitt, "Canada: Economic Development and Political Disintegration," *New World Quarterly* 4 (1968): 57–139.

28. Mel Watkins, foreword to Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada*, 1st ed. (Toronto: Macmillan, 1970), xvii.

29. Levitt, *Silent Surrender*, xix.

30. Mel Watkins, foreword to Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada*, new ed. (Montréal and Kingston: McGill-Queen's University Press, 2002); Mills, "Without Surrender," 49–56. Mainstream economists hated the book, dismissing it as a "first class political tract" and little better than a "political pamphlet." Raymond Vernon, review of *Silent Surrender*, by Levitt, *Business History Review* 46, 1 (1972): 102–103; G. L. Reuber, review of *Silent Surrender*, by Levitt, *Journal of Business* 45, 3 (1972): 467–468.

31. R. T. Naylor, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence," in Gary Teeple, ed., *Capitalism and the National Question in Canad*a (Toronto: University of Toronto Press, 1972), 1–42. Many labour historians objected to the emphasis on external metropolitan-hinterland relationships instead of on internal class relations in industrializing Canada. For an overview of this debate, see Mahon, *Politics of Industrial Restructuring*, 7–9.

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The Liberal Party's refusal to act on the policy recommendations of the Watkins Report, combined with his growing radicalization, led Watkins to help write the left-nationalist Waffle Manifesto of September 1969 and campaign for James Laxer as a radical young candidate for NDP federal leader. Both the proposed platform and leader were defeated at the federal NDP convention that October due to the fierce opposition of the major US-based international unions that were a force within the party. The Waffle Manifesto called for an "independent socialist Canada" in order to combat the "major threat to Canadian survival today," namely "American control of the Canadian economy." Canada's political independence required that "these bonds must be cut," and the only way to effect this change was for capitalism to "be replaced by socialism, by national planning of investment and by the public ownership of the means of production in the interests of the Canadian people as a whole."[32] After the convention, the Waffle's relationship with the international unions continued to deteriorate. Forty years later, Watkins recalled that the Waffle was "too weak to win and too strong to be tolerated, [so] the Waffle was, in effect, turfed out of the party. It struggled on, like a dead man walking, and by 1974 was no more."[33]

Before it died, however, the Waffle movement formulated the deindustrialization thesis as part of its wider analysis of the political economy of dependency. With the wave of factory closings of the early 1970s, and the Nixon shock, it was only natural that the debate in Canada shifted from the distorting effects of foreign investment to the idea that foreign disinvestment was resulting in the deindustrialization of Canada. In his introduction to *(Canada) Ltd.*, Robert Laxer declared that the "thesis of de-industrialization receives its first treatment in this volume, within the broader context of a developed anti-imperialist analysis."[34] With the end of the post-1945 boom, he continued, deindustrialization became "the most important result to Canada of integration in the American empire."[35] Deindustrialization was therefore the "Achilles heel of continentalism" as the proponents of Canada-US integration had no response to the Nixon shock.[36] Indeed, "it is our contention that the theory of de-industrialization as a consequence of imperial dominance will have more practical consequences for the future of jobs, economic security, and quality of life for Canadians than any single explanatory concept on the

32. "The Waffle Manifesto: For an Independent Socialist Canada" (1969), paras. 5, 8, 13, Socialist History Project, accessed 9 February 2023, https://www.socialisthistory.ca/Docs/Waffle/WaffleManifesto.htm.

33. Mel Watkins, "Once Upon a Waffle," *Canadian Dimension*, 12 November 2009, https://canadiandimension.com/articles/view/once-upon-a-waffle.

34. Robert Laxer, "Foreword," in R. Laxer, ed., *(Canada) Ltd.*, 7–8.

35. R. Laxer, "Foreword," 9.

36. R. Laxer, "Foreword," 22.

Canadian horizon."[37] For Robert Laxer, as for the other Waffle contributors, "What has been lacking is an understanding that the thrust of de-industrialization and plant shut-downs, combined with resource sell-outs, would not only rouse the anger of a few sentimental nationalists but would set millions of Canadians into political motion to challenge the disaster which faces them."[38] The deindustrialization thesis was therefore as much a rallying cry as it was an explanatory framework.

"Now Nixonomics means de-industrialization," proclaimed James Laxer grandly in his contribution to the volume.[39] In one chapter after another, the contributors cast their fight against the deindustrialization of Canada as part of a global anti-imperial struggle. Watkins made this point explicit when citing the work of Marxist dependency theorist André Gunder Frank and the hierarchical linkages of "long imperial chains."[40] The political economy of dependence firmly established itself in Canadian universities in the years that followed. "The protesters of the 60s became the professors of the 70s," recalled Watkins.[41] Indeed, the "rebirth" of Canadian political economy during the 1970s centred on the paradox of Canada being a rich but industrially underdeveloped country.[42] The "centrepiece" of the new Canadian political economy has thus been "its far-ranging exploration of the origins and development of Canadian manufacturing."[43]

However, the left-nationalist focus on external trade relations and on the country's elites, rather than its workers, or class conflict, was strongly challenged by labour historians and Marxist internationalists. Early on, Steve Moore and Debi Wells offered a harsh critique of the Waffle's deindustrialization thesis, which they dismissed as a myth that was "symbolic of the theoretical poverty of left-nationalism."[44] Others felt the "uncritically borrowed formulations" of neo-mercantilism from Latin America were inappropriate given

37. R. Laxer, "Foreword," 9.

38. R. Laxer, "Foreword," 19.

39. J. Laxer, "Canadian Manufacturing," 142.

40. Mel Watkins, "Resources and Underdevelopment," in R. Laxer, ed., *(Canada) Ltd.*, 111.

41. Watkins, foreword to Levitt, *Silent Surrender* (2002).

42. Rianne Mahon, Ann Shola Orloff, Eric Parker, and Jorge Niosi, "New Developments in Comparative Political Economy," *Canadian Journal of Sociology* 14, 4 (1989): 501–519.

43. Neil Bradford and Glen Williams, "What Went Wrong? Explaining Canadian Industrialization," in Stanford, ed., *Staple Theory @ 50*, n.p.

44. Steve Moore and Debi Wells, "The Myth of Canadian De-industrialization," in Craig Heron, ed., *Imperialism, Nationalism and Canada* (Toronto: New Hogtown Press, 1977), 45. Murray E. G. Smith suggests that "it is precisely the fact that tendencies toward capitalist crisis manifest themselves unevenly across the world economy that creates an opening for 'nationalist' explanations of economic downturn." Smith, "Political Economy and the Canadian Working Class: Marxism or National Reform?," *Labour/Le Travail* 46 (2000): 349.

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that Canada was, in their eyes, a developed country. Dependency theory was better coupled with dependent industrialization than with underdevelopment in the Canadian context, according to political scientist Leo Panitch: "Rather than pretend that our historical trajectory has been one of the development of underdevelopment, it is perhaps more relevant to ask whether Canada stands as the prototype of the form of dependent industrialization."[45] It is an important point and helps us bridge the macro-level studies in political economy and the micro-analyses of the new labour history.[46]

The other major criticism focused on the tendency of Ontario-based left nationalists to conflate central Canada with the entire country. R. James Sacouman, for example, argued that "the de-industrialization of southern Ontario in the 1970s should not be seen as a new event in Canadian history."[47] Nova Scotia deindustrialized during the interwar years, not because of the economic and political power of the United States but because of the economic and political power of central Canada.[48] Taking some inspiration from the scholarship on the Maritimes, historian John Lutz argued that British Columbia's boiler and engine-making industry deindustrialized at the turn of the 20th century owing to discriminatory railway freight rates that favoured central Canada.[49] All of these studies drew attention to uneven capitalist development within the country and the ways that national policies favoured Ontario and Québec. It turns out that Canada had its own asymmetrical heartland-hinterland relationships.

If Canadian political economists drew on Latin American models of dependency to show how external linkages led to dependent deindustrialization at a macro level, Canadian social and labour historians, influenced by the British and American scholarship, focused primarily on the micro level of class structures and conflict in industrial Canada.[50] Historian Ian McKay lamented how little "creative fusion" existed between these two scholarships, arguing that we

45. Leo Panitch, "Dependency and Class in Canadian Political Economy," *Studies in Political Economy* 6 (1981): 8.

46. Rianne Mahon made precisely this point in *Politics of Industrial Restructuring*, 9.

47. R. James Sacouman, "The 'Peripheral' Maritimes and Canada-Wide Marxist Political Economy," *Studies in Political Economy* 6 (1981): 139.

48. T. W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880–1910," *Acadiensis* 1, 2 (1972): 191–202; E. R. Forbes, "Misguided Symmetry: The Destruction of Regional Transport Policy for the Maritimes," in David Jay Bercuson, ed., *Canada and the Burden of Unity* (Toronto: Macmillan, 1977), 60–86; Michael Clow, "Politics and Uneven Capitalist Development: The Maritime Challenge to the Study of Canadian Political Economy," *Studies in Political Economy* 13 (1984): 135.

49. John Lutz, "Losing Steam: The Boiler and Engine Industry as an Index of British Columbia's Deindustrialization, 1880–1915," *CHA Historical Papers* 23, 1 (1988): 184.

50. Jorge Niosi, "The Canadian Bourgeoisie: Towards a Synthetical Approach," *Canadian Journal of Political and Social Theory* 7, 3 (1983): 128.

need to understand the interplay between the two.[51] This gap remains a key challenge to the global field of deindustrialization studies, as we scale up our analysis from the single locality or industrial region.

Despite the wider debate about dependent industrialization and regional deindustrialization, *(Canada) Ltd.* failed to grab much public attention. The Science Council of Canada helped to spark a public debate in the late 1970s about the thesis after publishing a series of controversial reports. In *The Weakest Link* (1978) and *Forging the Links* (1979), it argued that the limited (and declining) technological capability of Canada's branch plant economy put the country at a competitive disadvantage and risked the "deindustrialization of Canada." Only an industrial policy could protect Canada's "technological sovereignty."[52] Mainstream economists pushed back, however – most notably those associated with the right-wing Fraser Institute – arguing that the state should not interfere with the free market.[53] Thereafter, the spectre of deindustrialization was invoked repeatedly in Canada's Parliament as the opposition parties hammered away at the Liberal government. It sounded like a "slogan," one journalist wrote, but deindustrialization was justified as "a short form for the serious structural problems in the economy."[54]

During these years, left nationalism served to politicize plant closings in Canada. In *Industrial Sunset: The Making of North America's Rust Belt*, I argued that trade unions wrapped themselves in the Canadian flag and forced reluctant politicians to legislate advance notification, mandatory severance pay, preferential hiring rights, and pension reinsurance in order to soften the blow of economic displacement. For a time, Canadian workers occupied their closing plants singing the labour anthem "Solidarity Forever" alongside the national anthem of "O Canada."[55] When Chrysler sought a bailout in 1979–80, President Jimmy Carter and the US Congress tied aid to steep wage concessions from workers, whereas the Canadian government required that the company make massive new investments in its Ontario production facilities.

51. Ian McKay, "The Crisis of Dependent Development: Class Conflict in the Nova Scotia Coalfields, 1872–1876," *Canadian Journal of Sociology* 13, 1–2 (1988): 11. Others made the same point; see, for example, Clement, *Continental Corporate Power*, 21–22.

52. G. Brent Clowater, "Canadian Science Policy and the Retreat from Transformative Politics: The Final Years of the Science Council of Canada, 1985–1992," *Scientia Canadensis* 35, 1–2 (2012): 107–134. See also James Gilmour, "Industrialization and Technological Backwardness: The Canadian Dilemma," *Canadian Public Policy* 4, 1 (1978): 20–33.

53. See, for example, Kristian Palda, *The Science Council's Weakest Link: A Critique of the Science Council's Technocratic Industrial Strategy for Canada* (Vancouver: Fraser Institute, 1979).

54. Hugh Windsor, "Differences on Halting a Decline," *Globe and Mail*, 25 June 1980.

55. Steven High, *Industrial Sunset: The Making of North America's Rust Belt* (Toronto: University of Toronto Press, 2003).

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The result was the reindustrialization of the Canadian automotive industry.[56] Québec nationalism and regional identities likewise became sites of resistance to plant closures.[57] Only occasionally, however, were closing plants actually saved, and Canadian politicians were loathe to interfere with managerial prerogatives to close plants and shed workers at will.[58] Manufacturing industries other than automotive, aeronautics, and steel appeared to be disposable, especially if they employed women. Canada's textile industry was essentially traded away at the international trade relations bargaining table, a victim of "tariff-induced deindustrialization."[59]

Capital Mobility and Community Abandonment

The American deindustrialization thesis likewise had its origins in the new generation of radical political economists. However, unlike Canada, the war in Vietnam made the New Left in the United States largely allergic to nationalist prescriptions. Instead, they cast the problem as one that pitted mobile capital against rooted community.[60] The Union of Radical Political Economics was formed in spring 1968 at the University of Michigan, a few weeks before the infamous Democratic Party Convention in Chicago.[61] A larger conference in Philadelphia that December attracted 120 radical economists from 50 universities across the United States. Among them were the future authors of *The Deindustrialization of America*. Radical economists like Barry Bluestone and Bennett Harrison directly challenged the disciplinary establishment of economics, preferring an interdisciplinary approach to the economy that incorporated political science, history, and sociology. They called for a new kind of economist, one "concerned with the important problems of the world in which he lives and works."[62] Like their Canadian counterparts,

56. Dimitry Anastakis, "Industrial Sunrise? The Chrysler Bailout, the State, and the Re-industrialization of the Canadian Automotive Sector, 1975–1986," *Urban History Review* 35, 2 (2007): 37–50.

57. Lachlan MacKinnon, *Closing Sysco: Industrial Decline in Atlantic Canada's Steel City* (Toronto: University of Toronto Press, 2020).

58. Steven High, "A Fruitless Exercise? The Political Struggle to Compel Corporations to Justify Factory Closures in Canada," *Labour History* 63, 3 (2022): 297–315.

59. Mahon, *Politics of Industrial Restructuring*.

60. I have written extensively on the conceptual and political limitations of community and its uncertain relationship to class. See, for example, John Walsh and Steven High, "Re-thinking the Concept of 'Community,'" *Histoire social / Social History* 17, 64 (1999): 255-74. See also High, *Industrial Sunset*.

61. Frederic Lee, "History and Identity: The Case of Radical Economics and Radical Economists, 1945–1970," *Review of Radical Political Economics* 20, 10 (2004): 10.

62. Lee, "History and Identity," 12.

they identified with political economy because of its more holistic and historic associations.[63]

Born in 1944, Bluestone grew up in Detroit as the son of Irving Bluestone, the United Auto Workers (UAW) chief negotiator with General Motors and a union vice-president during the 1970s. He once described himself as a "charter member" of the Students for a Democratic Society, recounting how he and his friends drove down to Montgomery, Alabama, in 1965 to march alongside Robert Moses during a Student Nonviolent Coordinating Committee (SNCC) protest. In those days the struggles were about "clear-cut fundamental human values," he mused. Not so the "more complex" economic issues of the 1980s, where one needed "a Ph.D. to figure it out."[64] Bluestone taught at Boston College, serving as director of its Social Welfare Research Institute, and then at UMass Boston before ending his career as professor of political economy at Northeastern University. For his part, Harrison grew up in a diverse working-class neighbourhood in Newark, New Jersey. His father had to change his family name from Horowitz to Harrison to get a job in radio. Harrison went to Brandeis and the University of Pennsylvania on scholarship, receiving his PhD in 1970. His first book was on economic development in Harlem. He spent much of his career in the Department of Urban Studies and Planning at MIT and devised economic development plans for a series of left-leaning Democratic Party presidential contenders, centred on ways to more equitably share the wealth generated by the market.[65]

Bluestone and Harrison were invited by the Progressive Alliance, led by UAW president Douglas Fraser and Coretta Scott King, the widow of Martin Luther King Jr., to produce a pamphlet about the plant closing problem. Six months later the two economists returned with a 336-page report. "It was hardly the kind of thing you would hand out at the factory gate," Bluestone laughed.[66] The Progressive Alliance had been formed by 100 unions and other liberal organizations in late 1978 to give the progressive wing of the party more influence. Historian Andrew Battista finds that its genesis "can be traced to the destabilization of the postwar settlement between capital and labor" and the failure of the Democratic Party to deliver on its promises.[67] It supported local

63. For an examination of radical political economics, see Tiago Jorge Fernandes Mata, "Dissent in Economics: Making Radical Political Economics and Post Keynesian Economics, 1960–1980," PhD diss., London School of Economics, 2005.

64. Barry Bluestone, "Deindustrialization and Unemployment in America," *Review of Black Political Economy* 12, 3 (1983): 27–42, 28.

65. Sylvia Nasar, "Bennett Harrison, 56, Urban Economist, Dies," *New York Times*, 19 January 1999.

66. Nasar, "Bennett Harrison."

67. Andrew Battista, "Labor and Coalition Politics: The Progressive Alliance," *Labor History* 32, 2 (1991): 401–421.

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and state anti–plant closing coalitions across the United States and lobbied Congress for new legislation.

Now difficult to obtain, Bluestone and Harrison's photocopied and stapled report entitled *Capital and Communities: The Causes and Consequences of Private Disinvestment* was in many ways a first draft of what would later become *The Deindustrialization of America: Plant Closings, Community Abandonment and the Dismantling of Basic Industry*. That said, surprisingly given its centrality later, deindustrialization was not even mentioned in the report. Instead, as the report's title indicates, disinvestment is the primary target of their ire. When asked how they came to adopt deindustrialization as their central framework, Bluestone recalled,

> If memory serves, once we had a contract from Basic Books to turn Capital and Communities into a trade book, we spent some time reading a good bit about plant closings and job loss and almost certainly came across reports of deindustrialization in Great Britain and perhaps in Canada. At the time, Americans were not familiar with the term, but it so fit what we [were] describing that we decided to not only use the word in the text but to put it in the title of our book. I don't believe any other American author had used this term before us.[68]

This explanation makes a good deal of sense. It was a matter of naming the pattern they were already seeing rather than the concept driving their analysis. "You don't have to be an economist or an unemployed worker to be aware of the epidemic of plant closings and other forms of capital flight now sweeping the country," they wrote in the report.[69]

Nonetheless, Bluestone and Harrison were shocked to find how extensive the plant closing problem had become. Relying on Dun and Bradstreet Corporation data, they ran the numbers on how many of the factory, store, and office jobs in existence in 1969 were gone by 1976. The answer was 22.3 million jobs lost, or 39 per cent of the total. "So staggering was the number that we ran the data through the computer several times before we were convinced we had not made a computational error," recalled Bluestone.[70] They were also surprised to discover that the Sun Belt, covering the South and Southwest, lost nearly as many jobs as the Frost Belt, which covered the Midwest and Northeast: 11 million and 11.3 million, respectively. When Bluestone and Harrison restricted their search to manufacturing firms with at least 100 employees, the picture was much the same: 30 per cent of all industrial jobs had disappeared.

Capital mobility, they explained, came in different forms. It could be immediate and direct – for example, when a company moves production from one site to another, perhaps even physically moving the manufacturing equipment

68. Barry Bluestone, email communication with the author, 8 March 2021.

69. Bluestone and Harrison, *Capital and Communities: The Causes and Consequences of Private Disinvestment* (Washington, DC: Progressive Alliance, 1980), 1.

70. Bluestone, "Deindustrialization and Unemployment," 29.

in the process. These were often single-site operators. But most capital mobility was more subtle than that, milking older plants for profits that were then invested elsewhere until the original manufacturing site was no longer viable. Usually, old and new manufacturing plants coexisted for a time. Accordingly, the definitional line between factory "relocation" and "closure" is not always straightforward or even useful. Corporate investment and disinvestment decision-making are part of the same profit-maximization calculus. Bluestone and Harrison framed deindustrialization as a problem that pitted corporate capital against local community, thereby transforming it from a private matter between an employer and its employees into a matter of urgent public concern: "It is our hope that this evidence and explanation of the actual extent, causes and impact of capital flight will add compelling weight to the growing ground swell of opinion against unregulated private investment decisions which have so negative an effect on workers, communities and the American economy at large." They argued that the "economic and social wreckage" left behind by capital flight constituted a "major American crisis."[71] Over the longer term, companies used the threat of plant closures to tame unions or to thwart unionization altogether. These were acts of "social violence."[72]

At the same time, Bluestone and Harrison insisted that industrial closures were a national problem and not simply a regional one. To that end, the report tends to externalize the problem, by emphasizing capital flight to other countries rather than to low-wage areas within the United States. Overall, their policy recommendations are modest, consisting mainly of mandatory advance notice of mass layoffs, state planning, and worker-community buyouts. This was not the Waffle Manifesto with its emphasis on public ownership over the means of production. There is no evidence – in the citations, at least – that Bluestone and Harrison were aware of earlier deindustrialization debates in Canada or the United Kingdom. In fact, there is very little in the way of non-American sources of any kind. Sociologist Lauri Perman also suggests that Bluestone and Harrison's book was "remarkably parochial in its failure to treat the economic crisis of the 1970s as something shared by other advanced industrial nations."[73] It is an excellent point.

The *Capital and Communities* report was tabled before the Joint Economic Committee of Congress and Bluestone gave expert testimony to a committee of the House of Representatives.[74] In January 1981, in the dying days of his administration after losing the election to Ronald Reagan, President Carter tabled an economic report that stated, "We have heard much about

71. Bluestone and Harrison, *Capital and Communities*, i.

72. Bluestone and Harrison, *Capital and Communities*, v.

73. Lauri Perman, review of *The Deindustrialization of America*, by Bluestone and Harrison, *Journal of Political and Military Sociology* 12, 2 (1984): 348–350.

74. Battista, "Labor and Coalition Politics."

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American industry losing its competitive edge in international markets and about the 'deindustrialization' of America."[75] The outgoing Carter administration took issue with this idea, claiming the economic situation was not nearly so dire. Once safely out of power, however, Democratic politicians wielded deindustrialization as a political cudgel against their Republican opponents. "Reaganomics, from its inception, was a prescription for deindustrialization," declared New Jersey representative James Florio in 1982.[76] The *Capital and Communities* report was invoked repeatedly.[77] As a result, *Capital and Communities* was in high demand and had to be reprinted three times in its first six months.[78]

The publication of Bluestone and Harrison's *The Deindustrialization of America* in 1982 placed the deindustrialization thesis at the centre of their analysis. But the central problem remained capital flight. With increasing global competition and declining profit margins, companies turned to cost reduction or diversification out of manufacturing instead of modernization of older factories or technological innovation. US Steel's acquisition of Marathon Oil for $6 billion in 1982 was offered as a case in point. *The Deindustrialization of America* was released at a time when the unemployment rate in the United States had reached 10.8 per cent, the highest since the Great Depression. "With memories of the post–World War II glory days fading fast, many were asking whether the United States had lost its economic way," Bluestone later recalled.[79] As a result, the core message of the book rang true for many Americans. Bluestone and Harrison dedicated the book "to the movement of individuals and organizations who have been struggling for several years to resist the economic destruction of their communities."[80]

The Deindustrialization of America sparked considerable debate among politicians and economists. In Congress, the book was offered as evidence of the urgent need for an industrial strategy. One of Michigan's congressmen told the House of Representatives in May 1983 that "the dominance of the United States in the post World War II world allowed us to avoid, for a while, the need for an explicit industrial strategy. As two leading industrial strategists, Barry Bluestone and Bennett Harrison explained in their book, 'The

75. President Jimmy Carter, "Economic Report of the President and Annual Report of the Council of Economic Advisers," *Congressional Record*, 97th Cong, 1st Sess, Vol 127, Part 1 (19 January 1981), 456.

76. James Florio, *Congressional Record*, 97th Cong, 2nd Sess, Vol 128, Part 13 (28 July 1982), 18410.

77. *Congressional Record*, 96th Cong, 2nd Sess, Vol 126, Part 14 (1 July 1980), 18039.

78. Battista, "Labor and Coalition Politics," 411.

79. Barry Bluestone, "Foreword," in Jefferson Cowie and Joseph Heathcott, eds., *Beyond the Ruins: Meanings of Deindustrialization* (Ithaca: Cornell University Press, 2003), vii.

80. Bluestone, "Foreword," x.

Deindustrialization of America,'" the country had a problem that urgently needed to be addressed.[81] Their Republican opponents pointed instead to senior economists, including Charles Schultz, former head of the Council of Economic Advisers under Carter, who countered that what America "doesn't suffer from is 'de-industrialization' and what it doesn't need is a new government agency charged with protecting the losers and picking the winners."[82]

Mainstream economists were almost uniformly hostile to Bluestone and Harrison's analysis. Robert Samuelson equated deindustrialization with "disinformation" in the *Washington Post*, saying it "is one of these mongrel words that has crept into the language and ought to be kicked out."[83] Over at the *New York Times*, Alfred E. Kahn, an economics adviser to Carter, dismissed the book as "an ideological tract masquerading as objective research." Even so, he conceded that it was an "intensely irritating but important book." As he explained, "even though I found their analysis distorted, their explanations simplistic and their remedies of dubious efficacy, I commend their message."[84] It is unlikely that Brookings Institute economists like Robert Z. Lawrence and Charles Schultz would even go this far, as they were strongly opposed to the idea of an industrial policy and claimed industrial closures were a necessity.[85] Schultz, in particular, was indignant that most advocates of an industrial policy were outside the economics mainstream of econometrics and formal models based on neoclassical theory.[86] As for Lawrence, he was heavily invested in "preserving the ideological space for their brand of liberal activism."[87] Many who reviewed *The Deindustrialization of America* in economics or business journals were similarly irritated.[88]

The most substantive critique came from Lawrence, who called deindustrialization a myth. Using aggregate manufacturing and employment data, Lawrence showed that the actual number of US manufacturing jobs did not,

81. *Congressional Record*, 98th Cong, 1st Sess, Vol 129, Part 9 (12 May 1983), 12238. See also *Congressional Record*, 98th Cong, 1st Sess. Vol 129, Part 24 (17 November 1983), 33528.

82. Norman Shumway of California read the entirety of a *Washington Post* editorial by Charles L. Schultz, "The Wrong Cure for the Wrong Illness," into the *Congressional Record* (98th Cong, 1st Sess, Vol 129, Part 20 [20 October 1983], 28807).

83. Robert J. Samuelson, "Deindustrialization Is Disinformation," *Washington Post*, 30 May 1984.

84. Alfred E. Kahn, "Where Has All the Business Gone? The Deindustrialization of America," *New York Times*, 12 December 1982.

85. Richard McIntyre, "Economic Rhetoric and Industrial Decline," *Journal of Economic Issues* 23 (1989): 485–486.

86. Charles Schultz, "Industrial Policy: A Dissent," *Brookings Review* 2 (October 1983): 3–12.

87. McIntyre, "Economic Rhetoric," 486.

88. Linda E. Friedman, review of *Community and Capital in Conflict: Plant Closings and Job Loss*, by John C. Raines, Lenora E. Berson, and David Gracie, *American Economist* 27, 1 (1983): 87.

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in fact, decline between 1973 and 1980.[89] There was, however, relative decline as the proportion of Americans working in manufacturing declined from 26.2 per cent in 1973 to 22.1 per cent in 1980. He also raised pointed questions about how deindustrialization was defined and measured. In response, Bluestone emphasized sectoral and regional decline as well as relative decline of manufacturing employment.[90] Myth or not, Lawrence would eventually come to embrace the deindustrialization framework as industrial decline became impossible to ignore.[91]

Other social scientists in the 1980s were more receptive. One reviewer noted that Bluestone and Harrison exposed "the essential contradiction that exists between the imperatives of capital accumulation and the needs of communities."[92] Sociologist Sharon Zukin, who published her foundational study *Loft Living* in 1982, saw considerable "synergy between gentrification and deindustrialization."[93] In 1985, Bluestone and Harrison's work also inspired a special issue of an urban anthropology journal, edited by Katherine S. Newman, that offered "concrete studies of the impact of deindustrialization."[94] According to one contributor, "the paradigm of de-industrialization has presented urban anthropologists with a framework in which to come to grips with important relationships between local populations and the larger political economy."[95] For her part, Newman noted that the study of plant closures "has occupied the attention of policy makers, applied social scientists, and union activists. Given the urgency of the problem for the country and for the victims of deindustrialization, it comes as no surprise that the 'macro' perspective has dominated much of this literature." But she believed there was a place for qualitative research that seeks to "capture a different, but no less

89. Robert Z. Lawrence, "The Myth of US Deindustrialization," *Challenge* 26, 5 (1983): 12–21, reprinted as "Is Deindustrialization a Myth?" in Paul D. Staudohar and Holly E. Brown, eds., *Deindustrialization and Plant Closure* (Lexington, Massachusetts: Lexington Books, 1987), 28.

90. Barry Bluestone, "Is Deindustrialization a Myth? Capital Mobility versus Absorptive Capacity in the US Economy," *AAPSS Annals* 475 (1984): 39–51, reprinted as "In Support of the Deindustrialization Thesis" in Staudohar and Brown, eds., *Deindustrialization and Plant Closure*, 44.

91. Robert Z. Lawrence and Lawrence Edwards, "US Employment Deindustrialization: Insights from History and the International Experience," Policy Briefs 13-27, Peterson Institute for International Economics, Washington, DC, October 2013.

92. Leon Grunberg, review of *The Deindustrialization of America*, by Bluestone and Harrison, *American Political Science Review* 77, 4 (1983): 1026–1027.

93. Sharon Zukin, "Gentrification: Culture and Capital in the Urban Core," *Annual Review of Sociology* 13 (1987): 144.

94. Louise Lamphere, "Deindustrialization and Urban Anthropology: What the Future Holds," *Urban Anthropology and Studies of Cultural Systems and World Economic Development* 14, 1–3 (1985): 259–268.

95. Lamphere, "Deindustrialization and Urban Anthropology," 268.

important dimension of the drama of plant closings."[96] However, the policy prescriptions offered by Bluestone and Harrison were short on ambition.

American historians were also beginning to engage with the deindustrialization thesis during these years.[97] As already noted, Staughton Lynd published an account of the spirited fight in Youngstown, Ohio, against the closure of three of its steel mills in quick succession. Lynd served as a general counsel to the local coalition trying to reopen the first mill, represented the local union in the second, and was lead counsel for the legal effort to stop the third from closing using eminent domain.[98] His conclusions, grounded in the practical challenges of stopping mills from closing or trying to reopen them, went considerably further than those of Bluestone and Harrison. In *The Fight against Shutdowns: Youngstown's Steel Mill Closings*, Lynd raised fundamental questions about whether big corporations owed something more to the communities they were abandoning. He later credited Judge Thomas D. Lambros for coming up with the idea of a community property right when he accorded workers a temporary injunction preventing the company from removing equipment from the closed mill.[99] The eminent domain powers of municipalities, used to expropriate private property for a public purpose, offered place-based anti-closure activists a legal strategy of sorts. But critics, such as historian Judith Stein, suggested that Lynd appeared more interested in "making an ideological point than a viable project."[100]

Inspired in part by Lynd's book, many other studies of local struggles across the US Rust Belt were published in the years that followed. South Chicago, Pittsburgh, and the Calumet region of Indiana each has its movement biographer.[101] Youngstown has several. There were limitations, however, in these locally based efforts, as Lynd subsequently recognized:

96. Katherine S. Newman, "Turning Your Back on Traditions: Symbolic Analysis and Moral Critique in a Plant Shutdown," *Urban Anthropology and Studies of Cultural Systems and World Economic Development* 14, 1–3 (1985): 142.

97. See, for example, Irwin Marcus, "The Deindustrialization of America: Homestead, A Case Study, 1959–1984," *Pennsylvania History* 52, 3 (1985): 162–182.

98. Staughton Lynd, *The Fight against Shutdowns: Youngstown's Steel Mill Closings* (San Pedro, California: Singlejack, 1982), 11.

99. Staughton Lynd, "Genesis of the Idea of a Community Right to Industrial Property in Youngstown and Pittsburgh, 1977–1987," *Journal of American History* 74, 3 (1987): 939.

100. Judith Stein, *Running Steel, Running America: Race, Economic Policy and the Decline of Liberalism* (Chapel Hill: University of North Carolina Press, 1998), 247. For more on Lynd's years in Youngstown, see Mark W. Weber and Stephen H. Paschen, *Side by Side: Alice and Staughton Lynd, the Ohio Years* (Kent: Kent State University Press, 2014).

101. See, for example, David Bensman and Roberta Lynch, *Rusted Dreams: Hard Times in a Steel Community* (Berkeley: University of California Press, 1988); Thomas G. Fuechtmann, *Steeples and Stacks: Religion and Steel Crisis in Youngstown* (New York: Cambridge University Press, 1989); Dale Hathaway, *Can Workers Have a Voice? The Politics of Deindustrialization in Pittsburgh* (University Park: Pennsylvania University Press, 1993); Bruce Nissen, *Fighting for*

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> It is understandable that the fight against shutdowns arises plant by plant, because that is how plants are closed. To acquiesce in this dynamic, however, without struggling to implant a broader consciousness, is to accept a kind of collective egotism as inevitable. Workers whose aspirations go no further than the survival of their jobs and their plant place themselves in competition with fellow workers who make the same product, sometimes even members of the same union. Campaigns undertaken in this spirit do not bring to birth a new world from the ashes of the old, even when they succeed.[102]

One of the first historical studies to break from this local case study approach to deindustrialization was Jefferson Cowie's brilliant *Capital Moves*, which follows RCA as it moved television production from one US city to another until it reached Mexico. Cowie thus geographically and temporally scaled up his analysis without losing the study's grounding in locality and everyday life. In doing so, he demonstrates how the offshoring of jobs is a "continuation of earlier patterns and strategies" of cost reduction and union avoidance.[103] After all, the spectre of the anti-union "runaway plant" emerged in the 1950s. Cowie's book builds on Bluestone and Harrison's community versus capital formulation of deindustrialization by showing how social changes at the local level contributed to the repeated relocation of jobs.

It is surprising that race was largely absent from *The Deindustrialization of America*, given the fact that both Bluestone and Harrison had earlier focused their research on the political economy of Black America. Bluestone's 1982 speech at Clark College in Atlanta, published in the *Review of Black Political Economy*, failed to go much further, though he did recognize that African Americans experienced the effects of deindustrialization to a greater degree than whites, given how concentrated they were in inner-city areas across the Rust Belt.[104] It therefore took sociologist Gregory D. Squires and historian Thomas Sugrue to delve further into the interplay between deindustrialization and structural racism. Squires most directly engages with Bluestone and Harrison, titling his 1994 book *Capital and Communities in Black and White*. For his part, Sugrue's prize-winning 1996 book, *The Origins of the Urban Crisis*, uses Detroit to show just how entangled the histories of race, residence, and class actually were in Rust Belt cities.[105] Unfortunately, neither book is generally cited in works focused on deindustrialization. Racial analysis, sadly, has

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Jobs: Case Studies of Labor-Community Coalitions Confronting Plant Closings (Albany: State University of New York Press, 1995).

102. Staughton Lynd, "Resisting Plant Shutdowns," *Labor History* 30, 2 (1989): 300.

103. Jefferson Cowie, *Capital Moves: RCA's 70-Year Quest for Cheap Labor* (Ithaca: Cornell University Press, 1999), 2.

104. Bluestone, "Deindustrialization and Unemployment."

105. Thomas J. Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996), 6.

been peripheral to deindustrialization studies from the start, further coding class as white.[106]

Harrison was a visiting professor at Berkeley's City Planning and Geography Department in the 1980s while he worked on *The Deindustrialization of America*. So too was Doreen Massey while she worked on *Spatial Divisions of Labour*, a foundational book on industrial restructuring in the United Kingdom.[107] Massey argued that "a country's internal economic geography reflects its place in the international political economy, the international division of labour. It is well recognised that countries on the receiving end of imperialism, as it were, reflect in their internal spatial structure their subordinate and externally oriented position within the world economy. The same applies to metropolitan countries."[108] In her view, manufacturing branch plants led to "production dependence" on foreign multinationals.[109] Graduate students remember this time at Berkeley as a particularly inspiring moment. One student, Ann Markusen, who would later publish extensively on political economy issues, recalled that Harrison revealed in a talk to planners and geographers his intention to shift from the study of "labor – the victims of the process – to studying the perpetrators, capital."[110]

Without question, *The Deindustrialization of America* has had a far-reaching impact outside the United States. British economic geographers Ron Martin and Bob Rowthorn, who published *The Geography of De-industrialization* in 1986, took their inspiration from Bluestone and Harrison's attention to the geography of regional rise and decline. Accordingly, they wrote, "the aim of the present book is to introduce a similar geographical perspective into the discussion of British de-industrialisation."[111] In the years that followed, other authors examined deindustrialization in France, Chile, and other countries.[112] Bluestone and Harrison's work even resonated in Canada, where the Metro Toronto Social Planning Council released a major report in 1985 entitled *The*

106. For more on this point, see Steven High, *Deindustrializing Montreal: Entangled Histories of Race, Residence and Class* (Montréal and Kingston: McGill-Queen's University Press, 2022), introduction.

107. Richard Walker, "Bennett Harrison: A Life Worth Living," *Antipode* 33, 1 (2000): 34–38.

108. Doreen Massey, *Spatial Divisions of Labour: Spatial Structures and the Geography of Production* (London: Macmillan, 1984), viii.

109. Massey, *Spatial Divisions of Labour*, 105.

110. Ann Markusen, "The Activist Intellectual," *Antipode* 33, 1 (2001): 39–48. See also, for example, Ann Markusen and Joel Yudken, *Dismantling the Cold War Economy* (New York: Basic Books, 1992).

111. Ron Martin and Bob Rowthorn, *The Geography of De-industrialization* (London: Macmillan, 1986).

112. Donald Reid, *The Miners of Decazeville: A Genealogy of Deindustrialization* (Cambridge, Massachusetts: Harvard University Press, 1985).

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Deindustrialization of Metropolitan Toronto.[113] That same year, Daniel Drache and Wallace Clement wrote that it was "ironic that while the Waffle was among the first to raise the spectre of deindustrialization, Canadian political economists have not kept pace with their British and American counterparts, who are involved in a lively debate on this question."[114]

Conclusion

Since the 1980s, deindustrialization scholars have regularly cited Bluestone and Harrison's *The Deindustrialization of America* as "something of a founding text for the field."[115] Indeed, "what was so central to Bluestone and Harrison's contribution," explain British sociologists Tim Strangleman and James Rhodes, "was the way it sought to place social and community factors alongside economic and political considerations of industrial change."[116] In another influential piece, Strangleman noted that "the book's legacy, over 30 years later, is the way Bluestone and Harrison understood deindustrialisation as an ongoing process which linked international capital flows and investment decisions with local and personal troubles for those left behind."[117] The extent to which Bluestone and Harrison's book serves as a benchmark study for the study of deindustrialization, especially in the United States, is evident in the 2003 edited volume *Beyond the Ruins: The Meanings of Deindustrialization*; editors Jefferson Cowie and Joseph Heathcott positioned the volume in relation to the earlier study and then invited Bluestone to write its preface. According to Cowie and Heathcott, "Today the struggle to preserve basic industry that fired Bluestone and Harrison's project is all but gone, but the legacy of deindustrialization remains." *Beyond the Ruins* "accepts and departs from the fundamental insights set forth in *The Deindustrialization of America*; it expands on the chronology, complicates the causation, draws out the complexities, and pushes the problem into previously unexplored realms."[118]

When scholars engage further with Bluestone and Harrison's scholarship, it is usually to cite their definition of deindustrialization as a widespread

113. Victor Malarek, "Planner Bemoans De-industrialization," *Globe and Mail*, 27 June 1985; Leon Muszynski, *The Deindustrialization of Metropolitan Toronto* (Toronto: Metro Toronto Social Planning Council, 1985). See also J. Paul Grayson, *Corporate Strategy and Plant Closures: The SKF Experience* (Toronto: Our Times, 1985).

114. Daniel Drache and Wallace Clement, *The New Practical Guide to Canadian Political Economy* (Toronto: Lorimer, 1985), 239.

115. Tim Strangleman and James Rhodes, "The 'New' Sociology of Deindustrialisation? Understanding Industrial Change," *Sociology Compass* 8, 4 (2014): 413.

116. Strangleman and Rhodes, "'New' Sociology of Deindustrialisation," 411.

117. Tim Strangleman, "Deindustrialisation and the Historical Sociological Imagination: Making Sense of Work and Industrial Change," *Sociology* 51, 2 (2016): 7–8.

118. Cowie and Heathcott, introduction to *Beyond the Ruins*, 7.

disinvestment in a country's industrial capacity. However, as historian Tracy Neumann points out, deindustrialization's working definition has widened considerably since 1982. As a case in point, she offers Cowie and Heathcott's own definition of deindustrialization: "a process, a historical transformation that marks not just a quantitative and qualitative change in employment, but a fundamental change in the social fabric on a par with industrialization itself."[119] In their next project, Bluestone and Harrison were commissioned by the Joint Economic Committee of the US Congress to write a major report on growing income inequality, which was published in 1988 as *The Great U-Turn*. The book explained "how and why America moved from the path of higher wages and greater equality in earnings and family incomes to lower wages during the 1970s and 1980s and to income inequality that rivals that of the Great Depression of the 1930s."[120] It has since become commonplace to present the 1970s and 1980s as a key turning point in American history.

Tragically, Harrison died at the youthful age of 56. His obituary in the *New York Times* identifies him as a "vocal critic of United States economic policy."[121] But even in death, his ideas remained controversial. The author of this poison-pen obituary claims Harrison was more popular with "readers of editorials than with members of the economics fraternity" and that he and Bluestone were "routinely introduced as Drs Doom and Gloom in the 1980s."[122] For good measure, she then quotes from a critical review of the book. But as Markusen later commented in a special issue of *Antipode* dedicated to Harrison, the publication of this "extraordinary obituary" provided a good measure of Harrison and Bluestone's political challenge to prevailing right-wing thinking.[123]

By comparison, the Canadian thesis of dependent deindustrialization has received little attention in public discourse or even within the wider field of deindustrialization studies. The reasons for this are multiple, starting with the decline of left nationalism after the watershed 1988 federal election that ushered in free trade first with the United States and then Mexico. The idea that US multinational corporations were more loyal to American workers than Canadian workers is risible in the face of what then happened to the US Rust Belt. Corporations were, and are, loyal to no one. Canadian theorization of dependent deindustrialization also relied heavily on an explanatory framework designed for hinterland economies, making it less obviously applicable

119. Tracy Neumann, "Goodbye, Steeltown: The Politics of Space in Pittsburgh and Hamilton," PhD diss., New York University, 2011, 17. See also Neumann, *Remaking the Rust Belt: The Postindustrial Transformation of North America* (Philadelphia: University of Pennsylvania Press, 2016).

120. Bennett Harrison and Barry Bluestone, *The Great U-Turn: Corporate Restructuring and the Polarizing of America* (1988; New York: Basic Books, 1990), ix.

121. Nasar, "Bennett Harrison."

122. Nasar, "Bennett Harrison."

123. Markusen, "Activist Intellectual."

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to the old industrial powerhouses of Europe and the United States. It may yet prove more relevant in analyzing deindustrialization in the Global South.[124] After all, branch plants made workers vulnerable to trade liberalization. Dependent deindustrialization also has the value of directing our attention to the changing international division of labour and the asymmetrical relationships that exist between nations and regions within global capitalism. As we scale up our analysis from locally and regionally based studies in order to consider deindustrialization as a transnational or global process, we would be well served in revisiting some of this analysis. There is no need, as historian Fred Burrill recently argued, to abandon older "frameworks that seek to understand core-periphery relations and to problematize resource extraction."[125]

The tidal wave of job losses in Canadian manufacturing between 2002 and 2008 – which saw the loss of 400,000 industrial jobs, or one-third of total employment in the sector – revived the deindustrialization debate. Jim Stanford, trade union economist for the auto workers, pointed to the sharp rise of the Canadian dollar during these years resulting from record commodity prices, especially oil, which made it much more difficult for manufacturing firms to export their goods.[126] The resulting crisis became an issue during the 2012 federal election when NDP leader Thomas Mulcair argued that Canada was experiencing the "Dutch disease," a phrase coined by the *Economist* in 1977 to describe what happened in the Netherlands during the North Sea Oil boom. Mulcair could just as easily have invoked the homegrown staples theory.[127]

The Canadian and American variants of the deindustrialization thesis originated in a new generation of New Left political economists who bravely challenged established neoclassical economics that seemed increasingly out of touch with the real world. These path-breaking researchers shone a harsh light on corporate decision-making, specifically the investment and disinvestment decisions within global capitalism. Deindustrialization did not just happen but was made to happen. As Cowie has since argued, the "command of spatial relations, therefore, becomes a crucial weapon in management's arsenal, and its

124. Seth Schindler, Tom Gillespie, Nicola Banks, Mustafa Kemal Bayırbağ, Himanshu Burte, J. Miguel Kanai, and Neha Sami, "Deindustrialization in Cities of the Global South," *Area Development and Policy* 5, 3 (2020): 283–304; Lachlan MacKinnon and Steven High, "Deindustrialization," in Olaf Kaltmeier, Anne Tittor, Daniel Hawkins, and Eleonora Rohland, eds., *The Routledge Handbook to the Political Economy and Governance of the Americas* (London: Routledge, 2020), 57–67.

125. Fred Burrill, "Re-developing Underdevelopment: An Agenda for the New Histories of Capitalism in the Maritimes," *Acadiensis* 48, 2 (2019): 185.

126. Jim Stanford, "Staples, Deindustrialization, and Foreign Investment: Canada's Economic Journey Back to the Future," *Studies in Political Economy* 82, 1 (2008): 7–34.

127. Gordon Laxer, "Alberta's Sands, Staples and Traps," in Stanford, ed., *Staple Theory @ 50*, n.p.

mobility increases the return on investment and bolsters its ability to contend with competition."[128] This is not a new phenomenon.

Back in 1981, sociologist Charles Tilly made the essential point that industrialization was not a linear process. He challenged us to think of deindustrialization not as a historical bookend of the industrial era but rather as an integral part of capitalism itself.[129] Waves of industrial closures have devastated localities and regions around the globe since the early days of the Industrial Revolution, yet the world, as it is today, has not deindustrialized: everything is made somewhere. "If the process moves in only one direction," Tilly wrote, "then its reversal is abnormal, pathological, a failure." Indeed, "the research we undertake should tell us how and why."[130] Despite all their shortcomings, the first generation of radical deindustrialization researchers grappled with the how and why of factory closures in a way that those of us who followed have largely failed to do. Prompted by the rise of right-wing populism in many countries, we are only now returning to the political economy concerns that originally animated the field. We can therefore learn a great deal from re-engaging with the scholarship of the 1970s and 1980s. In doing so, however, we need to bridge the continuing analytical divide between "internal" micro-level labour history analyses of working-class communities and "external" macro-level studies of political economy and the international division of labour.

128. Cowie, *Capital Moves*, 185.

129. For an example of this tendency, see Strangleman, "Deindustrialisation and the Historical Sociological Imagination."

130. Charles Tilly, "Protoindustrialization, Deindustrialization, and Just Plain Industrialization in European Capitalism," CRSO Working Paper No. 235, Center for Research on Social Organization, Ann Arbor, Michigan, 1981, 9, 11–12.

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