

Book Review

John Burton

Potash: An Inside Account of Saskatchewan's Pink Gold
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Reviewed by Eleanor D. Glor

During the past 21 years, this journal has addressed many innovations and some innovative governments. None of the articles and books has detailed the innovativeness and innovations of these governments to the extent that the Government of Saskatchewan, Canada, has been documented (e.g. Harding, 1995; Glor, 1997, 2002; Pitsula & Rasmussen, 1990; Baron and Jackson, 1991; Biggs and Stobbe, 1991). Some might think there is nothing more to be said about this highly innovative government, but they would be wrong.

Potash is a unique insider's look at the unprecedented purchase by the Government of Saskatchewan of forty per cent of the province's potash mining capacity in 1975 and subsequent years. It is not, however, a one-sided, partisan look at the issues, strategies and developments. Rather, it is a balanced, nuanced and dramatic description of the public sector attempting to assure that the people of Saskatchewan secured adequate returns on their resource and economic development from their enormously rich endowment of "pink gold". At the same time, while it carefully describes the positions of those who favoured the innovation, it also attempts to understand and describes the positions of those who were opposed to this strategy.

The book is of interest not only for its outlining of this inventive and strategic policy but also because of its clear description of the political and administrative tactics and administrative tools used to conceptualize, legislate and implement the policy. It likewise provides key evaluative measures.

John Burton has been a public servant or consultant most of his life, but he also spent four years as an elected member of the national Parliament of Canada. He has a keen mind and a deft pen and adds enough personal material to make this book a real page turner.

Saskatchewan was a poor province during most of its history, dependent on agriculture and a small amount of primary industry that suffered from severe ups and downs in prices and production. A Cooperative Commonwealth Federation (CCF) farmer-labour social democratic government was elected in 1944 and remained in power until 1964. It attempted to improve the provincial economy by investing in a sodium sulfate mine and steel, box and boot factories. The precedent had thus been set.

The Allan Blakeney New Democratic Party (NDP), the successor to the CCF, was elected in 1971 and remained in office until 1982. It sought to diversify the economy through

development of its rich natural resources, including oil, forestry, coal, uranium and potash. Potash production began in Saskatchewan in 1962. At the time his government was elected, Saskatchewan had 10 producing potash mines (Appendix B). Potash is a key ingredient in agricultural fertilizers; its price and production tends to move in cycles. The previous government had initiated a supply control system which disadvantaged Saskatchewan potash as provider of last resort. World demand was, however, increasing and windfall profits were being made and about to increase substantially.

The Saskatchewan innovations of the early 1970s were a potash reserve tax (in effect, a land tax), a requirement that potash companies submit their financial statements (so that the government could understand the industry better), higher taxes on production, and some other measures. The province also provided the industry with a number of benefits, including infrastructure, research, special grants and loans, support in creating a marketing agency, etc. (page 83).

The potash producers resisted these measures and, following the 1975 reelection of the government, brought court cases against the provincial government. The federal government joined the case, on the producer's side, an unprecedented move. In its refusal to comply with Saskatchewan law, the industry considered itself on a par with the government (p. 92). The U.S. government also investigated the potash industry for price fixing. If successful, these court cases would have rendered the province's efforts null and void.

Saskatchewan wanted to buy a substantial stake in the industry but all but one company refused. Indicating it still wanted to buy into the industry at fair prices, the government introduced legislation which would allow it to force the companies to sell (expropriation or nationalization) and allow it to develop new mines. The companies then sold 40 per cent of the industry to the province at market prices. This investment made the province a substantial dividend during the late 1970s and the province's good financial management won it a better rating for borrowing money. During the Blakeney government, the province had a budgetary surplus every year.

In 1982, the NDP government was defeated and replaced by Canada's first neoconservative (neoliberal) government. The same thing happened around this time in New Zealand, the United Kingdom and the USA. The Conservatives argued successfully, in the 1982 Saskatchewan election, that the province was becoming wealthy from potash and other crown corporations, but that the people of the province were not benefitting. The early 1980s were a time of recession but the Conservatives introduced new expensive programs and reduced taxes, driving the province into deep deficit and then debt. This government sold the Potash Corporation of Saskatchewan by 1989 and the industry has been entirely privately owned since 1993. Subsequent NDP governments dealt with the province's large debt but did not have the resources to repurchase potash mines or stand up in the same way to the industry. They might have faced other obstacles in the form of free trade agreements. The potash industry is doing very well and PCS Inc., the privatized entity is doing very well. Saskatchewan was Canada's second largest mineral producer in 2013 but Saskatchewan potash is "a pawn in the hands of international mining giants and companies owned by foreign nations" (p. 150).

Today the potash industry remains privately owned and the province secures much lower revenues from it (Appendix G). The dream of publicly owned potash creating head office jobs in Saskatchewan and helping the people of Sask to have better social programs has largely disappeared.

This book makes clear that the policies of the NDP government would have produced better results for the province. At the same time, it outlines the many complex issues addressed and steps taken to implement this unique innovation.

About the Author:

Eleanor D. Glor is adjunct Professor in the School of Public Policy and Administration, Faculty of Liberal Arts and Professional Studies, and Fellow, McLaughlin College, York University, Toronto, Canada. During her working life as a practitioner, she worked for the Government of Canada, two Canadian provincial governments (including the Government of Saskatchewan), a regional municipality and a city. Before retiring she worked on sustainable development in the Public Health Agency of Canada. Eleanor has published about innovation in the areas of aging, rehabilitation, public health, and aboriginal health. She has published five books, a chapter and numerous articles on public sector innovation from an organizational, especially a public service perspective. She is editor-in-chief of *The Innovation Journal: The Public Sector Innovation Journal* (www.innovation.cc).