

Institutional Inertia in Staple Industries

A second general point, with respect to the export staple industries (putting aside oil and gas for the moment) is the very considerable problem of making them more effective when there is a deeply entrenched set of rights or beliefs in rights, or contractual and institutional arrangements that are inherited from the past. To take a simple example, the forest resources of Newfoundland had very largely been let out on large concessions to private pulp and paper companies, except for the area around the coast which was essentially treated as a common property open to exploitation without regulation or payment by any citizen for cutting logs and firewood, etc. Under the arrangements that existed until comparatively recently, the Government of Newfoundland got practically nothing in the way of rents or stumpage out of the forest industry. There was practically no reforestation program. Greatly to its credit Newfoundland has taken hold of the forest and mineral legislation and regulations; it has put in place regimes which will, over time, yield better results in terms of productivity, product and income to the province and royalties and stumpage fees.

When one comes to the hydroelectric situation, there is a general awareness that, for one reason or another Newfoundland entered into a very long term contract with an option of extension for twenty-five years (that is for a contract total of sixty-five