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Full Name of Author — Nom complet de l'auteur

JEFFREY MICHAEL BELLINGER

Date of Birth — Date de naissance

28-03-59

Country of Birth — Lieu de naissance

Canada

Permanent Address — Résidence fixe

9215 Connors Road,
EDMONTON, Alberta.
T6C 4B8

Title of Thesis — Titre de la thèse

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V. Seymour Wilson

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AN HISTORICAL ANALYSIS OF THE GOALS, MEANS AND
PROCESSES OF FOREST POLICY FORMATION IN CANADA:
DETERMINANTS FOR AND AGAINST A NATIONAL FOREST POLICY

by

Jeffrey M. Bellinger, B.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of
Master of Arts

School of Public Administration

Carleton University
Ottawa, Ontario

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AN HISTORICAL ANALYSIS OF THE GOALS, MEANS AND
PROCESSES OF FOREST POLICY FORMATION IN CANADA:
DETERMINANTS FOR AND AGAINST A NATIONAL FOREST POLICY

submitted by Jeffrey M. Bellinger, B.A.
in partial fulfillment of the requirements for
the degree of Master of Arts

Thesis Supervisor

Chairman, School of Public Administration

Carleton University

25 May 1984

ABSTRACT

The Canadian forest sector holds the potential to contribute significantly to the social, political and economic development of the country well into the future. This thesis recognizes the role the sector has had in such development since well before Confederation and that if this contribution is to continue, various constraints and pressures facing the sector today must be dealt with immediately.

The introductory chapter defines the scope of the research in terms of the institutional constraints facing the forest sector and one particular option for circumventing these constraints - the development of a national forest policy.

The second and third chapters provide an historical analysis of policy-making within the forest sector and an analysis of the sector's impact on the Canadian socio-economic climate respectively. A brief survey of recent supply and demand studies is also presented in this section.

The institutional environment in which forest policy is formulated and implemented receives detailed attention in the fourth chapter. This chapter considers the jurisdictional rivalry which exists between the federal and provincial governments; the separation of responsibilities between various departments and agencies within both federal and provincial bureaucracies; the problems of

cooperation between the public and private sectors; and the inability of various private interests to work together in order to increase their influence in the policy-making process.

The fifth chapter documents the initiative behind the call for a national forest policy. The specific proposal developed by the Canadian Council for Resource and Environment Ministers is analyzed along with the reactions the idea of a national forest policy evoked from both the public and private sectors.

The sixth chapter considers alternative mechanisms for alleviating the institutional constraints facing the sector and illustrates through case analysis that the institutional environment responsible for forest management in Canada today can respond positively and effectively given the proper circumstances. The thesis' major findings are summarized in a separate and final chapter. It also explores the likelihood of Canada being capable of meeting its potential in regard to world forest product markets.

The thesis' analysis is intended to serve two distinct purposes: on one hand, it will begin to fill a void in non-technical research in the area of Canadian forestry; and on the other hand, it will provide the impetus for further research in this important policy field by drawing attention to the fact that it is necessary to develop a better understanding of forest policy decision-making if the country hopes to see the sector realize its potential in the near future.

This thesis is dedicated

to my grandfather

Arthur Firth,

a man who encouraged everyone he met

to think for themselves.

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CHAPTER 1

THE SCOPE AND JUSTIFICATION OF THE RESEARCH

THE PROBLEM AND ITS SETTING

Although natural resources have invariably played a principal role in the social, political and economic development of Canada, it was not until the past decade that environmental and natural resource issues gained national prominence. R. Brian Woodrow has argued that this increase in attention can be attributed to two distinct factors - increasing public concern with pollution abatement and the 1973 oil embargo and resultant "energy crisis".¹ Because of this particular orientation, consideration of the use of natural resources and the environment has, for the most part, been focused on events related to oil and natural gas reserves; water resources and air quality. Issues related to the mineral and fishing industries in Canada have also received a great deal of consideration because of their economic importance and the disagreements between the federal and provincial governments over their control.

¹ R. Brian Woodrow, "Resources and Environmental Policy-Making at the National Level: The Search for Focus," in Resources and the Environment: Policy Perspectives for Canada, ed. O.P. Dwivedi (Toronto: McClelland and Stewart Limited, 1980), pp. 23-48.

Ironically, the natural resource commodity which contributes to just under one-fifth of all Canadian exports and either directly or indirectly employs one of every ten people within the Canadian labour force (these contributions to the Canadian economy are analyzed in greater detail in the third chapter) has received very little attention from either the public, the political sphere or the academic community. "The great majority of Canadians have only the vaguest notion of the economic and social role of the forest sector."² This neglect has lead to the situation that the Canadian forest sector is in today - an inability to plan or develop policy over the long run. The country faces the unenviable situation of losing its position in world markets for forest products, markets which have been predicted to grow steadily over the next twenty years.

In June 1978, a consultative task force commissioned by the federal government to study the Canadian forest products industry reported that the country's forest sector "... has the potential to contribute in a substantial way to the achievement of both national and regional economic and social goals far into the future."³ However, it has become increasingly evident that this potential will not be realized without a more concerted effort to develop forest policy which

² F.L.C. Reed, "Realizing the Economic Potential of Canada's Forest Resource," The Forestry Chronicle, 55, No. 6 (1979), p. 217.

³ Canada, the Forest Products Industry Consultative Task Force, Report, June 1978, p. 1. This task force was one of twenty-three formed after the February 1978 First Ministers' Meeting to improve private sector consultation on measures to improve the performance of the Canadian economy.

recognizes the demand and supply situation facing the Canadian forest sector over the next fifty years.

A.J. Leslie, Director of the Forest Industries Division of the Food and Agriculture Organization of the United Nations⁴ indicated to the Canadian Forest Congress in 1980 that recent studies completed by his staff substantiated the fact that the world supply of softwood timber, the kind that grows best in Canada, is beginning to run short. At the same time, demand for a variety of forest products in world markets is increasing steadily. "There will be tremendous market openings for any country that cares to take advantage of its position ... to supply increased quantities of traditional softwood timber."⁵

A Discussion Paper prepared in 1981 by the federal Department of the Environment noted the positive market outlook for forest products and the country's competitive advantage in the area and drew the conclusion that wood supply is the crucial issue facing the sector today.

The sector is in difficult transition from harvesting wild forests to creating managed ones. Unless forest

⁴ The Food and Agriculture Organization (FAO) of the United Nations is the acknowledged authority on world-wide demand for forest products and the supply of industrial wood fibre needed for their manufacture.

⁵ Forests for the Future, Summary of the Proceedings of a Conference of the Canadian Forest Congress, 22-23 September 1980 in Toronto.

management becomes much more intensive*, the industry will face shortages of economically available timber. (6)

Policy makers must consider these economic forces and develop forest policies which will enable the country as a whole to receive the maximum benefit from the sector. Policies developed to attain the greatest benefit from the sector cannot, however, be based solely on economic criteria. There are a variety of benefits to be derived from the forest, each of which should be considered in the development of forest policies. These include recreation and aesthetic value, maintenance of watersheds and protection of wildlife. "Forest lands can usually be best administered under the multiple-use concept* of land management. In these circumstances, use priorities must be determined in the context of the total present and future needs of the people."⁷

Although consideration of a variety of benefits often leads to conflicting or contradictory policies, it is widely recognized that the sector can provide for many uses simultaneously; economic benefit does not need to be sacrificed to secure other benefits. "In terms of its potential for generating income and exports, and new employment and investment in primary and secondary manufacturing and the service industries, it [the forest sector] is one of Canada's strongest industrial cards."⁸

* See Appendix A for a definition of these concepts.

⁶ Canada, Department of the Environment, Canadian Forestry Service, A Forest Sector Strategy for Canada. Discussion Paper, 30 September 1981,

⁷ Ontario Professional Foresters Association, A Forest Policy for Ontario (Toronto: October 1979), p. 4.

INTRODUCTION

The development of a national forest policy for Canada has been proposed as a means of ensuring that this card is played properly. Although the concept of a national policy for the country's forest sector is not new, a concerted effort to develop and implement legislation of this nature was not undertaken until the early nineteen-seventies. In light of the demand and supply situation outlined above, the proposal for a national forest policy takes on added significance for the nineteen-eighties.

In order to accurately assess the impact and repercussions of the national forest policy proposal, an understanding of the country's current forest policy and forest policy decision-making process is required. The search for this understanding leads to a very basic question — what is Canada's forest policy? The answer to such a question is anything but basic.

For many decades Canada has had a forest policy of an informal character which consisted of a variety of elements. On the part of the provinces, there has been voluminous legislation and regulation. At the federal level there has been a range of policies dealing with taxes, trade, regional incentives, transportation and research. (9)

⁸ Forest Products Consultative Task Force, Report, p.3.

⁹ F.L.C. Reed and Associates Limited, Forest Management in Canada, Forest Management Institute Information Report FMR-X-102, January 1978, p. 139. This report was very well received in all corners of the Canadian forest sector and Mr. Reed was subsequently appointed as the Assistant Deputy of the Canadian Forestry Service in 1980.

The question of what constitutes a country's forest policy "... carries an implication that there must — or at least should — be a definite forest policy that is specifically written down somewhere, in perhaps a few concise paragraphs."¹⁰

Jurisdiction over the forest resources of this country is divided between the public and private sectors; among various private interests; between the federal and provincial governments; and among various departments and agencies at both levels of government. As a result of this fragmented jurisdiction, the institutional environment in which forest policy is formulated is very complicated and fraught with contradictory and countervailing forces.

There exists a wide range of factors which can be identified as constraints to the development of sound forest policy in Canada. "Good intentions abound in forestry. Translating these into action is another matter entirely, due to the numerous constraints which frustrate implementation."¹¹ These impediments have commonly been categorized under the labels of "technical", "economic" and "institutional". Technical issues dealing with forest practices such as mensuration*, silviculture* and protection* have received considerable attention

¹⁰ Albert C. Worrell, Principles of Forest Policy, (New York, St. Louis and San Francisco: McGraw-Hill Book Company, 1970), p. 6.

¹¹ Tomorrow's Forest . . . Today's Challenge? Proc. of a National Forest Regeneration Conference, 19-21 October 1977 (Quebec City: Canadian Forestry Association, 1977) p. 169.

* See Appendix A for definitions of these concepts.

from professional foresters in both the public and private sectors. Economic issues such as foreign ownership and international trade have also been studied quite carefully. On the other hand, issues relating to the operational and administrative practicality of forest policy and its attendant decision-making mechanisms have been neglected almost entirely. This is particularly noteworthy in light of the Reed and Associates consulting report which submitted that the institutional constraints were by far the most influential and deserving of closer attention.¹²

This thesis focusses on the latter set of constraints in an effort to foster more non-technical, non-economic consideration of the forest sector in Canada. Various institutional constraints including the constitutional division of responsibilities surrounding the sector; the poorly constructed or non-existent mechanisms for public/private sector consultation; and the complicated bureaucratic structure involved in regulating the forest sector are considered and analyzed in terms of their relation to the proposal for a national forest policy. The purpose of the thesis is not to test any given theory about Canadian politics and bureaucracy, nor to probe extensively into any particular institutional constraint. It is rather, to analyze the forest policy decision-making environment in Canada in order to highlight various institutional constraints and their inhibiting effect on the national forest policy proposal. The thesis focusses on six sources of institutional constraint:

¹² Reed and Associates, Forest Management, p. 143.

- (i) the constitutional division of powers and responsibilities related to the forest sector;
- (ii) the recurrent inability of the two senior levels of government to integrate their respective forest policies;
- (iii) the rising strength and professional quality of provincial governments and bureaucracies (often referred to as "province-building") (13);
- (iv) the inability on the part of both the federal and provincial bureaucracies to develop more efficient and rational means of integration;
- (v) the poorly constructed or non-existent mechanisms for public sector/private sector consultation; and
- (vi) the variety of interests which constitute the private sector influence on forest policy formulation.

The thesis will endeavour to illustrate that these constraints are likely to continue to influence forest policy development in this country well into the future. As a result, segments of forest policy which are not "national" in scope will continue to be developed and implemented in Canada. These constraints will render national forest policy-making very difficult if not impossible in this country. Other methods of coordination and integration will have to be developed if the country expects to realize its forest sector potential in the future. The thesis will conclude with a brief analysis of the alternatives open to the sector and the likelihood that the potential will be realized.

¹³ On the theme of "province-building", see E.R. Black and A.C. Cairns, "A Different Perspective on Canadian Federalism," Canadian Public Administration, 9, No. 1 (March 1979), pp. 27-45.

These institutional problems have existed within the Canadian forest sector for quite some time, thereby leading one to question why institutional change is suddenly so imperative. The combination of these institutional constraints and the pressures brought to bear on the sector by recent increases in competition within international forest product markets and decreases in the supply of the productive domestic forest land has lead Canada into a unique situation. The country is in jeopardy of losing its competitive advantage in forest product markets to Soviet and South American interests. As well, its supply of "... suitable timber is disappearing faster than it is growing back. There are plenty of trees out there, but they are often of the wrong species, poor in quality, or too far from the mills."¹⁴ Greater standards of forest management will go a long way towards solving these problems and, in turn, allowing the sector to meet its potential; however, a significant degree of institutional change is required to foster such standards.

It is to be expected that the kinds of political and administrative structures which are generated in response to the needs of this very important policy area will have impacts that go beyond the field of environmental quality per se.. (15)

¹⁴ Canadian Institute of Forestry article in Reader's Digest, August 1979, p. 151. Quoted in Robert Fashler and Andrew Thompson, "Constitutional Change and the Forest Industry," in Canada and the New Constitution: The Unfinished Agenda, Volume II, eds. Stanley M. Beck and Ivan Bernier (Halifax: Institute for Research on Public Policy; 1983), p. 58.

¹⁵ Michael Whittington, "Environment Policy," in Issues in Canadian Public Policy, eds. G. Bruce Doern and V. Seymour Wilson (Toronto: MacMillan of Canada Limited, 1974), pp. 225-26.

It is very possible that the mechanisms which are developed to formulate and implement forest policy in the future could provide examples for the improvement of federal-provincial integration; the increased rationalization of the country's bureaucracies; and the development of more private sector involvement in the policy-making process. It is also very possible that change will be very slow and, in many cases, non-existent. Albert Worrell, a leading authority on American forest policy, carefully studied the institutional environment responsible for forest policy in the United States and demonstrated that although many suggestions for institutional reorganization have been forwarded, they have met with considerable resistance. As a result, the overall institutional framework in the United States has changed very little since the early nineteenth hundreds.¹⁶ Reed and Associates have suggested that a very similar situation has manifested itself in Canada.¹⁷

THE NATIONAL FOREST POLICY PROPOSAL

In order to analyze changes to policy-making institutions, it is imperative to first gain an understanding of the particular type of policy under consideration. A brief reference to what constitutes the country's forest policy was provided above. A more general discussion regarding the policy considerations involved in the decision-making process within the forest sector compliments such a reference.

¹⁶ Worrell, Principles, p. 192.

¹⁷ Reed and Associates, Forest Management, p. 64.

A forest policy specifies certain principles regarding the use of a society's forest resources which it is felt will contribute to the achievement of some of the objectives of that society. (18)

A forest policy must consider a number of questions which do not always provide compatible answers. For instance, it must concern itself with issues such as the amount of land which should be occupied by forests; how much forest land should be harvested each year (referred to as AAC, annual allowable cut*); and with the type of relationship which should exist between public and private forest interests.

In his analysis of science policy in Canada, G. Bruce Doern draws an interesting distinction between what he labels "policies for science" and "science for policy".¹⁹ Basically, the former constitutes decision-making in support of science and research in Canada; whereas, the latter is concerned with other policy areas that may use scientific research and data in their respective decision-making processes. A similar distinction can be drawn between the type of policy issues noted above — policies for forestry — and the policy issues which require forest research and information in order to make sound decisions — forestry in policy. Examples of the latter include policy decisions in the areas of national and

* See Appendix A for a definition of this concept.

¹⁸ Worrell, Principles, p. 2.

¹⁹ See G. Bruce Doern, Science and Politics in Canada (Montreal and London: McGill-Queen's University Press, 1972).

regional development, taxation, housing, transportation and foreign trade. Policy-makers cannot legitimately focus on one side of the distinction without considering the influences of the other side.

Better forest management must begin now if Canada is to have enough economically available wood to maintain its forest industry, much less expand it. A national forest policy is needed as an expression of national will to meet this challenge and to provide guidelines for harmonious development of public and private forestry programs. (20)

This statement was contained in the Canadian Council of Resource and Environment Ministers' 1979 proposal for a national forest policy. The development of a national policy for the Canadian forest sector would be a very substantive departure from the traditional decision-making mechanisms in the country. The British North American Act, 1867, granted the provinces the major responsibility for forest management. The federal government has, however, become very involved in the sector. All too often, the efforts of the two levels of government are contradictory or very poorly integrated. Proponents of a national forest policy argue that there is a "... need for revision in the relationship between the federal and provincial governments so that natural resources and environmental issues such as forest management can be confronted more comprehensively."²¹ It is argued that a national forest policy would, among other

²⁰ Canada, Canadian Council of Resource and Environment Ministers (CCREM), Forest Imperatives for Canada: A Proposal for Forest Policy in Canada, June 1979.

²¹ Woodrow, "Environmental Policy-Making", p. 44.

things, provide the formula for a coordination of efforts between the two senior levels of government. As well, proponents of such a policy point out that the management of the nation's forest resources requires a national perspective. Several lines of reasoning have been forwarded to support this argument, including the positions that there exists a distinct relationship between economic development for the country and the forest; that issues related to forest development often carry international implications; and that forest resource problems transcend provincial and regional boundaries.²²

Critics of the national forest policy proposal suggest that the idea is vague and full of rhetoric.

In ancient times alchemists believed implicitly in the existence of a philosopher's stone which would provide the key to the universe and, in effect, solve all of the problems of mankind. The quest for coordination is in many respects the twentieth century equivalent of the medieval search for the philosopher's stone. If only we can find the right formula for coordination we can reconcile the irreconcilable, harmonize competing and wholly divergent interests, overcome irrationalities in our government structures and make hard policy choices to which no one will dissent. (23)

Donald V. Smiley applied the logic of this metaphor to an analysis of resource development in Canada and suggested that in many cases, proposals for increased

²² Thomas L. Burton, Natural Resource Policy in Canada (Toronto: McClelland and Stewart Limited, 1972), p. 18.

²³ Harold Seidman, Politics, Position and Power (New York, London and Toronto: Oxford University Press, 1970), p. 169.

coordination are nothing more than what he labelled "the ammunition of advocacy".²⁴ Smiley is quoted at length here because of the appropriateness of his warning for those interested in increased coordination within any sector.

There is no better example of the excesses of rationalist sentimentality than some of the recent official pronouncements in respect to mineral policy. In April 1973 the ministers responsible for mineral policies in their respective provincial governments and in the federal government met to establish a 'formal mechanism for consultation and cooperation . . . to achieve more effective coordination in mineral policy development.' Out of the conference issued a glossy booklet containing a diagrammatic presentation of 'mineral policy goals and objectives' with the master objective being to 'obtain optimum benefit for Canada from present and future use of minerals' with twelve purportedly more specific aims such as 'foster a viable mineral sector', 'strengthen knowledge base for national decision-making', and 'improve mineral conservation and use'.

Late in 1974 the results of another meeting led to an even more pretentious compendium of pictures, charts, and vacuous intentions. Yet throughout most of this latter year the federal and provincial governments had been locked in a bitter struggle about the taxation of resource revenues and relations between governments and the mining industry were less constructive than in any previous period. (25)

Frank Quinn's analysis of the potential for a national water policy uncovered circumstances and events within this sector which are remarkably similar to those disclosed by Smiley in respect to the mining sector. "The events of recent years

²⁴ Donald V. Smiley, "The Political Context of Resource Development in Canada", in Natural Resource Revenues: A Test of Federalism, ed. Anthony Scott (Vancouver: University of British Columbia Press, 1976), p. 72.

²⁵ Smiley, "Political Context", p. 71.

raise the question of whether it is worth the time and trouble to formulate a national policy for water. . . ."²⁶

What then are the prospects for a national forest policy? What would the goals and objectives of such a policy be? Are recent proposals for such a policy going to have an impact on the method of decision-making within the forest sector or are they simply more "ammunition for advocacy"? In weighing the prospects for what he called a "New National Policy" (an economic strategy), Michael Jenkin pointed out that they are ". . . dependent upon whether or not the present Canadian constitutional, institutional and administrative environment is conducive to the development and implementation of strategies geared to economic restructuring".²⁷ There are, of course, other variables which have an influence on whether or not various policies will be adopted; but in the case of forest policy, the institutional — which includes constitutional and administrative — constraints are the most crucial. As noted above, the focus of this thesis is concentrated on these types of constraints in its consideration of the national forest policy proposal and the pressures which have come to bear on forest policy decision-making in Canada.

²⁶ Frank Quinn, "Notes for a National Water Policy", in Managing Canada's Renewable Resources eds. Ralph Krueger and Bruce Mitchell (Toronto: Methuen, 1977), p. 235.

²⁷ Michael Jenkin, "The Prospects for a New National Policy," Journal of Canadian Studies, 14 No. 3 (1980), p. 262.

A national forest policy would require ratification and support from all of the provinces and the federal government. Such a policy assumes that there exists some common goals and objectives for the sector and that the satisfaction of these will lead to greater prosperity for the country as a whole. In essence, such a policy would answer the question of

when does the need for a national standard by federal law outweigh the need for provincial autonomy and possible variety as developed by the laws of several provinces, or vice versa? (28)

The goals and objectives outlined in a national forest policy would be complementary but distinct from federal and provincial ones. A national policy would not attempt to override federal and provincial policies, but rather would guide them. The situation surrounding a national forest policy would be similar to Thomas Burton's description of a national policy for all natural resources:

Such a policy is not seen as a federal policy. Nor is it visualized as a gigantic monolith embracing all resources and all problems of resource use; but rather, it is seen as a set of key tenets to which resource planning at both the federal and provincial levels would conform. (29)

In addition, a national forest policy would address the issues of the supply of and demand for domestic wood and wood products, multiple use of the forests, science and research, as well as regional and national security. The development

²⁸ W.R. Lederman, "The Concurrent Operation of Federal and Provincial Laws in Canada," McGill Law Journal, 9 (1962-3), p. 186.

²⁹ Burton, Natural Resources Policy, p. 18.

of such a policy would necessitate a change in the roles that the two senior levels of government hold today. Smiley contends that federal-provincial conflicts are due, in part, to a lack of information among disputants in regard to their perceptions of each other's jurisdictions.³⁰ In a speech by the Honourable John Roberts, Federal Minister of the Environment, it was recognized that there exists sharply divided opinion on "... the relative roles that the various levels of government should play in the management of Canada's economic and social affairs."³¹ Presumably, a national forest policy would clarify this situation. A sound national forest policy would contain answers to the following questions which have not been addressed within legislation in the past:

- i) which level of government should have the major powers relating to the management of the forest sector?
- ii) what level of cooperation should exist between governments in the management of the forest sector?
- iii) how far does the ownership of resources imply complete control over their management?
- iv) which departments and agencies within each level of government should have the major responsibilities relating to the management of the forest sector?
- v) what level of cooperation should exist between various departments and agencies in the management of the forest sector?

³⁰ Donald V. Smiley, "Federal-Provincial Conflict in Canada," PUBLIUS, The Journal of Federalism, (Summer 1974), p. 217.

³¹ Remarks by the Honourable John Roberts, Federal Minister of the Environment to the Canadian Institute of Forestry, Central Ontario Section on 12 November 1980, Sault Ste. Marie, Ontario. Published in The Forestry Chronicle, 56, No. 6 (1980), p. 262.

- vi) what level of cooperation should exist between public and private interests in regard to forest management?

Richard Simeon outlined several questions in a recent paper presented to the Institute of Public Administration of Canada which a national forest policy would indirectly but inevitably address:

Is there a national interest, distinct from the interests of provinces and regions? How is it to be defined and expressed? Is Ottawa merely one of eleven governments? Is it only provincial governments that can present provincial/regional interests, or does Ottawa do so as well? (32)

OUTLINE AND METHODOLOGY

The second and third chapters of the thesis provide background to the problem of institutional constraints within the forest sector. The former begins with an analysis of the country's experiences with forest policy formulation and proceeds to document the various stages of development that these processes have gone through. "The objective here is not to give a complete history but to show through historical example how forest policy formation takes place."³³ A documentation of the history of this process provides a great deal of insight to the understanding of present forest policy. This type of analysis is also important because it draws

³² Richard Simeon, "Intergovernmental Relations and the Challenges to Canadian Federalism," A Paper prepared for the Conference of the Institute of Public Administration of Canada, Winnipeg, August 1979.

³³ Worrell, Principles, p. 26.

attention to past attempts at intergovernmental coordination and to the trade-offs inherent in the development of forest policy.

Once this historical analysis is completed, the thesis considers the contribution the sector makes to the economic and social development of the country's regions and the nation as a whole. The sector, as noted above, holds the potential to expand employment opportunities, increase export earnings, and contribute to regional development — all of which the present Liberal government has endorsed as goals for this decade.³⁴ The analysis, which constitutes the third chapter of the thesis, concludes with an exploration of the demand and supply conditions in current market for forest products and the potential the sector holds for future social and economic development in the country.

The fourth chapter of the thesis provides a description of the institutional environment in which forest policy is formulated and implemented. The chapter considers the jurisdictional rivalry which exists between the federal and provincial governments; the separation of responsibilities between various departments and agencies within both the federal and provincial bureaucracies; the problems of cooperation between the public and the private sectors; and the inability of

³⁴ See G. Bruce Doern, "Spending Priorities: The Liberal View," in How Ottawa Spends Your Tax Dollars, ed. G. Bruce Doern (Ottawa: Carleton University School of Public Administration, 1981) pp. 1-55.

various private sector interests to work together to secure greater representation and influence with governments.

The fifth chapter identifies the development of a national forest policy as an alternative or mechanism which has been proposed to circumvent the constraints facing the forest sector. It attempts to evaluate this alternative in an historical manner. Although several interests have endorsed the idea behind a national forest policy, it is most often associated with the work of the Canadian Council of Resource and Environment Ministers (CCREM) Task Force on Forest Policy. This chapter details the history of the Council and its Task Force on Forest Policy. Their original mandates, membership and actions are scrutinized in an attempt to determine the impetus behind the national forest policy proposal.

This chapter proceeds with its evaluation through the identification and explanation of the major principles associated with the proposal. The concept of a national forest policy has been interpreted in a number of ways; the thesis attempts to develop a concrete definition of what was intended by the original proposal. This analysis is crucial for speculating on the "implementability" of the proposal.

The chapter concludes with an analysis of the reactions of the federal and provincial governments, as well as the private sector, to the national forest policy proposal. The policy-making process is often described as a development of

reactions; in other terms, a policy is developed to deal with a specific environment and often serves to alter that environment thus necessitating the formulation of another policy.³⁵ The national forest policy proposal arose in an environment created by previous attempts at forest policy development. Similarly, it is quite legitimate to argue that current forest policies in Canada are partly a reaction to the national forest policy proposal of the previous decade.

The sixth chapter considers alternative mechanisms for alleviating the institutional constraints facing the sector and illustrates through case analysis that the institutional environment responsible for forest management in Canada today can respond positively and effectively given the proper circumstances. The case documented to illustrate this point concerns the United States' attempt to impose a softwood timber countervailing duty on Canadian exports.

The seventh and concluding chapter draws the major findings of the research together and speculates on the future of the national forest policy question and the likelihood of the country realizing the potential offered by the forest sector.

The research is based on documents published by both the federal and provincial levels of government and forest-related interests in the private

³⁵ See Charles E. Lindblom, "The Science of Muddling Through," Public Administration Review, 19, No. 2 (1959), pp. 79-88.

sector. Secondary source research was carried out primarily at three libraries: the university libraries at Carleton University in Ottawa and the University of New Brunswick in Fredericton and the Environment Canada Library located in Hull, Quebec. The resources of the National Library and the Public Archives of Canada were also consulted on a regular basis. Correspondence with representatives of the Canadian Forestry Service, the Canadian Council of Resource and Environment Ministers Secretariat, provincial bureaucrats involved in the forest policy-making process, academics at each of the country's forestry schools, and various representatives of national and provincial private forestry associations and interest groups provided much of the thesis' insight. Finally, the author attempted to bring much of the research together through a series of interviews with representatives of the public and private sectors who are directly involved in the forest policy decision-making process.³⁶

SUGGESTED RESEARCH

By its very nature this thesis draws attention to a multitude of variables and issues either directly or indirectly related to forestry in Canada. The following brief outline of issues which deserve further attention but which could not be addressed in greater detail within the bounds of this thesis serves two purposes. Firstly, it focusses on the need to expand our knowledge and understanding of all

³⁶ A list of the individuals contacted through correspondence and interviews is provided in Appendix B.

aspects of the forest in Canada. Secondly, it helps define the boundaries of the thesis' research by clearly stating what the analysis cannot and will not address.

Although there has been a considerable amount of research carried out in Canada on various technical aspects of forestry, there remains a serious need to develop a more accurate inventory of forested land in this country. As well, research must continue on methods of increasing the supply and quality of forest resources in Canada. This thesis does not address these technical issues or the policy implications of attending to them.

Although a significant example of government intervention in the Canadian economy is being considered here, the debate on the theories of regulation is only touched upon indirectly in order to focus attention on specific institutional and administrative issues.³⁷ For much the same reason, a detailed consideration of the international implications of forest policy in Canada is avoided.³⁸

³⁷ The theory of regulation in Canada has been addressed from several perspectives. For example, see L. Courville, Responsible Regulation: Rules Versus Incentives (Montreal: C.D. Howe Research Institute, 1980).; G. Bruce Doern and P. Aucoin, Public Policy in Canada (Toronto: MacMillan, 1979).; Economic Council of Canada, Responsible Regulation: An Interim Report to the Economic Council of Canada (Ottawa: Supply and Services, 1979).; Douglas G. Hartle, Public Policy Decision-Making and Regulation (Montreal: Institute for Research on the Public Policy/Toronto: Butterworths, 1979).; and M.J. Trebilcock, et. al. The Choice of Governing Instrument (Ottawa: Supply and Services, 1982).

³⁸ For a very good analysis of this issue, see Alfred O. Hero, Jr. and Carl Beigie, eds., Natural Resources in U.S.-Canadian Relations, Volumes I and II (Boulder, Colorado: Waterview Press, 1979).

Finally, the thesis concentrates on the institutional implications of the private sector's involvement in the development of forest policy. An analysis of the issue of public sector/private sector relations in a liberal-democratic state deserves greater attention in this country, but is beyond the bounds of this thesis' research.

CHAPTER II

AN HISTORICAL ACCOUNT OF FOREST POLICY FORMATION IN CANADA

INTRODUCTION

"The institutional arrangements which a society invokes as it seeks to respond to any clearly identified problem are the resultant of a balancing or synthesis of many forces and considerations."¹ One of the more important considerations in the case of forest policy and an analysis of the proposal for a national forest policy regards the past institutional experience within the sector. This chapter presents a brief historical resumé of forest policy formation in Canada. It is not intended to serve as a detailed account of the process, and many important forest policy decisions are not dealt with in a direct fashion.² "A brief review of such

¹ Neil A. Swainson, "Defining the Problem: The Institutional Arrangements for Water Quality Management," in Managing the Water Environment, ed. Neil A. Swainson (Vancouver: University of British Columbia Press, 1976), pp. 1-2.

² The complete history of the Canadian forest policy-making process has not been documented in a single reference. Very interesting contributions to the subject include: A.R.M. Lower, The North American Assault on the Canadian Forest (Toronto: Ryerson Press, 1938).; H.V. Nelles, The Politics of Development: Forest, Mines and Hydro-Electric Power in Ontario, 1849-1941 (Toronto: Macmillan, 1974).; G.W. Taylor, Timber: History of the Forest Industry in British Columbia (Vancouver: J.J. Douglas Limited, 1975).; and Paul A. Pross, "The Development of a Forest Policy: A Study of the Ontario Department of Lands and Forests," Diss. University of Toronto 1967.

policies at different stages of development is not merely of historical and academic interest; indeed, it is indispensable to the understanding of existing policies. . . ."³

Forest policies are formulated with varying degrees of participation from the public, the bureaucratic and the private sectors. Each policy must consider various issues and be flexible enough to adapt to changing circumstances within and beyond the sector. "It is unrealistic to expect a forest policy to be stable for long periods of time. The social, economic, political and technological structures of countries are liable to change rapidly. Forest policies . . . have to be kept up to date."⁴ This chapter focusses on the process of change with the specific intention of drawing attention to two important points:

- i) the need for increased coordination among the institutions responsible for forest policy formulation has been evident since Confederation; and
- ii) there are inevitable trade-offs to be considered in the development of forest policy. Canadian experience has illustrated that considerations respecting conservation, preservation and protection are often sacrificed in light of issues such as unemployment and public revenue.

³ V. Seymour Wilson, "The Growth of Scientific Research in Canada: Its Implications for a National Forest Policy and the Planning of Federal Research," Diss. Carleton University 1966, p. 26.

⁴ D.R. Johnson, "The Formulation and Implementation of Forest Policy," Seventh World Forest Congress, Buenos Aires, Argentina, 1972. Quoted in G.S. Nagle, "What is National Forest Policy in Canada?" The Forestry Chronicle, 54, No. 6 (1978), p. 291.

The chapter also examines the jurisdictional separation of powers regarding forest management and the rising strength of the provinces in relation to the federal government.

"The story of timber [and forest products] trade touches on many aspects of history; war and peace, economic policy, and the relation between political action and private interest."⁵ The history of forest policy development has been guided by a number of perspectives, the most dominant and enduring being the belief that the country's forest resources should be held under public ownership. "The liberal, individualist, colonizing theories . . . which, like the American "free land" theories were a reaction to earlier collectivist, mercantilist notions of land development, were never persuasive enough to induce the younger colonies and provinces to hand over their lands to their citizens".⁶ This situation has manifested itself within the Canadian forest sector, and as the following table and figure illustrate, Canadian forest resources are still predominantly government owned.

The debate surrounding the merits of public ownership is an interesting one and is worthy of consideration in an analysis of the forest sector's institutional environment. Anthony Scott offers six reasons which may be used to support

⁵ Wendy Simpson-Lewis, et. al., Canada's Special Resource Lands: A National Perspective of Selected Land Uses (Ottawa: Supply and Services, 1979), p. 164.

⁶ Anthony Scott, Natural Resources: The Economics of Conservation (Toronto: University of Toronto Press, 1955), p. 45.

public ownership of natural resources: emotionalism, idealism, scale, simplicity, economy and permanence. Basically, Scott is suggesting that the public has a right to own all resources; that every citizen is entitled to benefit equally from the use of natural resources; that economies of scale can only be achieved through public ownership; that the cost of management is cheaper in the hands of the public sector; and that public ownership entails permanent management.⁷ These arguments are countered by those who would suggest, at least in the case of forestry, that the sector is often lost in the political and bureaucratic priority setting processes; that the budgeting processes of the public sector are too short-sighted to properly plan for forest development; that public owners lack the flexibility and entrepreneurial skills of their private sector counterparts; and that public bureaucracies are often plagued with inefficiencies and added expense.⁸ It is obvious from this summary presentation that there are valid arguments which can be presented on both sides of the debate; however, the key points to recognize are that Canadians are committed to public ownership of the forests and that there is very little chance that massive privatization of the sector will occur in the future.

⁷ Scott, Economics of Conservation, pp. 106-110.

⁸ See, among others, Samuel T. Dana, et. al., Minnesota Lands (Washington, D.C.: The American Forestry Association, 1960). and Frances Wetton, "Facing Forestry Realities", Policy Options, 3, No. 6 (November/December 1982), pp. 48-51.

TABLE 1

INVENTORIED PRODUCTIVE FOREST LAND AREA BY OWNERSHIP(thousand km²)

Province or Territory	Provincial Crown	Federal Crown	Private	All Ownership
Newfoundland	81	—	5	86
Nova Scotia	9	—	29	38
New Brunswick	27	—	34	61
Quebec	338	—	35	373
Ontario	384	4	42	430
Manitoba	130	1	2	133
Saskatchewan	78	2	—	80
Alberta	201	2	—	203
British Columbia	474	3	5	482
N.W.T. & Yukon	—	100	—	100
Canada	1,722	112	152	1,986

Data for Prince Edward Island is not available.

* Inventory details for 179 000 km² not available.

Source: Forest Management Institute (1978).

FIGURE 1

OWNERSHIP OF CANADA'S FOREST LAND

N.B. This figure illustrates ownership in terms of all forest land while the preceding table represented "Inventoried Productive Land".

Source: 1973 National Forest Survey

In addition to the influence of public ownership sentiments, a number of other perspectives have guided the forest sector's decision-makers. At various points in time, the forest resources of Canada have been viewed in one or more of the following perspectives, at times in isolation of each other and at times in unison: an obstacle to agriculture and settlement; a source of public revenue; a foundation for economic development; a mechanism for promoting employment; a renewable resource; or an environment best suited for conservation and preservation. A review of forest policies in Canada reveals that legislation has been developed with each of these perspectives in mind.

It is quite common for analysts of natural resource policy development to argue that policy information in this area has progressed through a series of stages.⁹ Although the use of this type of analytic framework assists one in plotting the history of forestry policy formation over a period of one-hundred and fifty years, the method is not altogether accurate when applied to Canadian history. For example, all the analysts cited above refer to a stage of policy development dominated by the exploitation of the forest sector; however, none of them agree on the exact period in which this stage occurred. In fact, because there are still vast areas of forest land which are not being managed or protected,

⁹ See Thomas L. Burton, Natural Resource Policy in Canada (Toronto: McClelland and Stewart Limited, 1972).; Ronald Manzer, "Public Policies in Canada: A Developmental Perspective," Presented to the Annual Meeting of the Canadian Political Science Association, Edmonton, 2-5 June 1975.; A.E. Pepler, "Review and Assessment of Present Forest Policies," in Regional and Resource Planning in Canada, ed. Ralph R. Krueger (Toronto and Montreal: Holt, Rinehart and Winston of Canada Limited, 1970).

one could legitimately argue that Canadians are exploiting their forests to this day. As well, because various regions and provinces do not share the same patterns of development, it is virtually impossible to suggest that the country as a whole has progressed through a series of stages in the development of forest policy. The reality of the situation is that each of the analysts define the stages of policy development in their own way in order to facilitate their research and presentations.

Another flaw associated with the theory that the development of forest policy has progressed through a series of stages is the implicit assumption that policies are being improved and that mistakes of the past are not being repeated. This is a totally invalid assumption. Although new forest policies often take the advantages and disadvantages of their predecessors into account, other factors often have a more dominant influence on their development. This chapter will illustrate several cases where policy-makers have reverted to older policies to suit the environment. For example, early policy-makers viewed the forest as a source of revenue and worked towards developing policies which would enable the government to derive the maximum amount of revenue from the sector. Conservationists managed to steer policy development away from this perspective for a short time in the early nineteen hundreds; but with the onset of the Depression, the revenue-minded policies began to dominate once again. In effect, forest policy development had gone from one stage to another only to return to the first. This type of "cyclical" policy development is much more characteristic of the forest policy decision-making process than any type of stage-by-stage "progressive" development.

This brief critique of the theory of policy stages within the forest sector decision-making process was provided as a warning to the reader. This chapter is presented in chronological format, but does not purport to adhere to any particular series of developmental stages. Today's policy-makers have learned a great deal from the experiences of earlier decision-makers, but this does not grant them immunity from repeating old mistakes over and over again. Proof of this problem lies in the fact that it is often impossible to accurately discern when particular ideas, principles and observations were put forward. In a letter dated 22 June 1871, the Prime Minister, Sir John A. MacDonald, wrote of his thoughts as he observed massive floating barges carrying timber down the Ottawa River:

The sight of immense masses of timber passing my windows every morning constantly suggests to my mind the absolute necessity that there is in looking at the future of this great trade. We are recklessly destroying the timber in Canada, and there is scarcely a possibility of replacing it. (10)

A very similar observation would be quite applicable today; the major difference between the two periods being the use of large ships in Canadian ports as opposed to barges on the Ottawa River.

THE PRE-CONFEDERATION PERIOD

The early European settlers viewed the forests of the "New World" as a nuisance, an obstacle to the development of an agricultural base and the

¹⁰ Sir John A. MacDonald, Letter to John Sandfield MacDonald, 22 June 1871, Correspondence of Sir John A. MacDonald, ed. J. Pope (Toronto: 1921), pp. 147-48. Quoted in Roy MacGregor, "Heritage Lost," Today Magazine, 5 June 1982, p. 13.

construction of communities. The forest resources were considered inexhaustible and the only real policies regarding their use in the eighteenth century concerned the reservation of the most suitable trees for ship building in France and in Britain after the Treaty of Paris was signed in 1763.¹¹ Because this policy only pertained to the finest quality white pine and oak, all other species were left unprotected. The forests were quickly and without concern for their present or future economic or social value cleared to facilitate agriculture, human settlement, western development and a transportation infrastructure.

Even as late as 1901 a deputy minister of Crown lands in Ontario confessed that the settlement of 'industrious thrifty people who intend to farm' was still the first principle of forest administration, to which was subordinate — and note the emphasis — the 'conservation of the revenue derived from lands and timber'. (12)

By the early eighteen-hundreds, the public and private interests in British North America began to recognize the potential for a domestic timber industry. "In 1826, the Canadian forests were legally open to general exploitation and auction sales were begun of timber not "fit and proper" for His Majesty's Navy.¹³ Britain's war with France and Napoleon's Continental System gave the infantile

¹¹ Chas R. Stanton, Canadian Forestry: The View Beyond the Trees (Toronto: MacMillian of Canada/Maclean-Hunter Press, 1976), p. 5.

¹² H.V. Nelles, The Politics of Development: Forests, Mines and Hydro-Electric Power in Ontario, 1949-1951 (Toronto: MacMillian, 1974), p. 184.

¹³ William B. Greely, Forest Policy (New York, Toronto and London: McGraw-Hill Book Company, Inc., 1953), p. 116.

British North American timber industry the impetus it required for expansion. Soon afterwards, trade with American interests developed.

Although trade in sawn lumber with the United States gradually developed to the point where, in terms of revenue, it equalled the trade with Britain, the major development of the latter half of the nineteenth century was the growth of the demand for paper and paper products and the discovery of techniques to utilize wood fibre in paper-making. The pulp and paper industry was born and expanded almost exponentially until the First World War.

The policy-making perspective guiding the forest sector had changed from one of viewing the forest resources as an impediment to development to one of viewing them as a foundation for development and revenue accumulation. The assumption that the resource was inexhaustible was common during both periods and no attempt was made to preserve the resource for future use of any kind. The policies developed at this time were intended to secure the resource as a source of revenue and to protect it from damage or loss. "The first formal enunciation of policy in legislation came in 1849 with the Crown Timber Act, an act 'for the sale and better management of timber upon public lands'.¹⁴ This act established a system whereby the Crown would receive revenue from the sale of timber on its lands. Other policies such as forest fire regulations were formulated to protect

¹⁴ K.A. Armson, "Introducing Options in the Forest," Policy Options, 3, No. 3 (1982), p. 10.

the present value of the resource. Concern with future value was completely absent although some concerns were already beginning to arise in the United States in regard to their forest reserves' future. An interest in development, which excluded the forest industry at first, overshadowed any concerns with long-term management or conservation during the pre-Confederation period.

CONFEDERATION

In distributing the power and responsibility over the country's forest resources, the Fathers of Confederation created a jurisdictional debate which exists to this day. "A brief review of the constitutionally prescribed divisions of authority is the most direct route to understanding the significance of the jurisdictional issue."¹⁵ The following table illustrates the sections of the British North America Act which describes the separation of responsibilities between the two levels of government in respect to natural resources. The Act, through Section 109, granted the original four provinces proprietary rights over the forest resources within their respective boundaries; in effect, the powers that any private land owner would be entitled to. These rights were granted to British Columbia, Prince Edward Island and Newfoundland upon their joining Confederation; however, the three prairie provinces did not receive them until the

¹⁵ Marsha A. Chandler and William M. Chandler, Public Policy and Provincial Politics (Toronto and Montreal: McGraw-Hill Ryerson Limited, 1979), p. 262.

TABLE 2
JURISDICTIONAL RESPONSIBILITY FOR NATURAL
RESOURCES UNDER THE BRITISH NORTH AMERICAN ACT, 1867

FEDERAL GOVERNMENT

Section 91	(Preamble)	... for the peace, order and good government of Canada, in relation to all matters not coming directly within the classes of subjects by this Act assigned to the Legislatures of the Provinces. . . .
91	(1)	The public debt and property
91	(2)	The regulation of trade and commerce
91	(3)	The raising of money by any mode or system of taxation
91	(10)	Navigation and shipping
91	(12)	Sea coast and inland fisheries
91	(24)	Indians and lands reserved for Indians
91	(29)	Such classes of subjects as are expressly excepted in the enunciation of subjects by this Act assigned exclusively to the Legislatures of the Provinces

PROVINCIAL GOVERNMENT

Section 92	(2)	Direct taxation within the Province in order for the raising of revenue for Provincial purpose
92	(5)	The management and sale of public lands belonging to the Provinces, and of timber and wood thereon
92	(8)	Municipal institutions in the Province.
92	(10) (a)	Local works and undertakings other than such as are of the following classes: Lines of steam or other ships, railways, canals, telegraphs and other works and undertakings connecting the Province with any other or others of the Provinces, or beyond the limits of the Province . . .
92	(13)	Property and Civil rights in the Province
92	(16)	Generally all matters of merely local or private nature in the Province . . .
Section 109		All lands, mines, minerals and royalties belonging to the several Provinces of Canada. . . .

amendment of the B.N.A. Act in 1930.¹⁶ The federal government, under Section 91, holds proprietary rights over forested land in the Canadian North.

The legislative authority is considerably more complex and has led to the jurisdictional rivalry between the federal and provincial governments. The provinces have control over the management of forest lands under Section 92(5) and argue that they have sole authority to decide how, when and under what conditions they will manage the forests within their boundaries. The federal government authorities¹⁷ do not question this jurisdiction over management, but contend that they have a constitutional right to work toward the development of the forest sector.

Numerous provisions of section 91 have clear relevance to natural resource policy. By these provisions the federal government retains policy competence over the regulation of trade and commerce, militia, military and naval service, and defence, navigation and shipping, sea coast and inland fisheries, Indians and lands reserved for Indians and matters beyond those enumerated to the provinces. Less direct but perhaps more pervasive in their implications for shaping natural resource policy are the federal government's powers over spending, taxation, and lending, and the broad umbrella clauses, 'peace, order and good government' and works 'declared by the Parliament of Canada to be for the general advantage of Canada ...' (18)

¹⁶ See Gerald LaForest, Natural Resources and Public Property Under the Canadian Constitution (Toronto: University of Toronto Press, 1969).

¹⁷ Personal interview with Anthony Hughes, Director, Policy, C.F.S., 27 April 1983 in Hull, Quebec. Mr. Hughes drew attention to the distinction between authority and jurisdiction and suggested that although the federal government has no jurisdiction in the area, it does have authority by virtue of its grants, research, export and taxation role, etc.

This division of jurisdiction, or authority is a reality within which both levels of government must function. In fact, this is the most influential institutional constraint with which the forest sector decision-makers must contend. Federalism has a definite impact on the forest policy formation process and all of the institutions involved in that process. This impact will be analyzed in detail in the latter half of this chapter and in the fourth chapter which focusses on the institutional environment within the sector.

The signing of the B.N.A. Act reduced the authority of the Dominion government while forcing the provinces to develop administrative infrastructures to handle their new jurisdiction. Ottawa retained control over a great deal of forested land in the far north and in the west. The Department of the Interior was established in 1873 to assume responsibility for such lands; unfortunately, jurisdiction over forest land use and agricultural land use were vested in the same branch, Dominion Lands, with the emphasis on the latter. The federal government exploited the sector to promote the development of the country through such schemes as MacDonald's National Policy of 1878.¹⁹

¹⁸ Chandler and Chandler, Public Policy, p. 263.

¹⁹ Public Archives of Canada, RG 39: Records of the Canadian Forestry Service (Ottawa: Supply and Services, 1982), p. 1.

The early record of the provincial governments in regard to their treatment of the sector was not much better. The provinces were so concerned with the additional responsibilities acquired through Confederation that forest policy considerations were neglected almost entirely. The first provincial policies, much like the earlier colonial policies, were designed to secure the maximum revenue from the sector. Policies such as those enunciated in the Ontario Crown Timber Regulations of 1869 provided the framework for revenue extraction, but neglected any type of reinvestment in the sector.²⁰

In effect, the two levels of government were using the forest resources to prime the pump of economic development; a policy perspective described as the "doctrine of usefulness" by R.C. Brown.²¹ Little regard was shown for the management of the sector as the assumption that the forest resources were inexhaustible continued to prevail.

The American conservation movement pioneered by Gifford Pinchot and Theodore Roosevelt met with a certain degree of success in the United States prior to the turn of the century and began to have an influence on the Canadian

²⁰ Roger V. Barber, "The Evolution of Forest Policy in Ontario," Diss. Lakehead University 1980, p. 26.

²¹ R.C. Brown, "The Doctrine of Usefulness: Natural Resources and National Park Policy in Canada, 1887-1914," in Canadian Parks in Perspective, ed. J.G. Nelson (Montreal: Harvest House, 1969), pp. 46-62.

forestry scene soon afterwards. A meeting with the American Forestry Association convened in Montreal in 1882 provided the forum for officials of both countries to express concern over the future of the forest sector.²² This meeting has been credited as the impetus behind the development of forest fire protection regulations in several provinces and the policy of setting aside tracts of forest land for purposes of conservation and recreation.²³

This concern with conservation was never the dominant policy perspective of the provinces or the federal government. This period of policy development, as described below by H.R. MacMillan of the University of Toronto Forestry School, provides a good example of a situation where policy-makers must consider the sector from a variety of perspectives.

[T]he central governments of Quebec, Ontario and British Columbia set aside large areas of forest reserves and parks. Retaining title to forest land and creating specific reserves, with sketchy attention to forest fires were for a long time the only important Canadian forest policies. The intention was partly to ensure the orderly settlement of the country, partly to prevent the indiscriminate conversion of essential forest land for agriculture, and partly to ensure a return to the government of the value of the virgin timber cut. (24)

²² Public Archives, RG 39, p. 1.

²³ See Bernhard Fernow, History of Forestry, rev. ed. (Toronto, 1967).

²⁴ H.R. MacMillan quoted in Barber, "Evolution," p. 42.

The conservation perspective continued to develop and by the beginning of the nineteen hundreds, its influence began to dominate policy-making in the forest sector. A Canadian Forestry Convention held in 1906 has been interpreted in a variety of ways. Burton has argued that it marked the beginning of a period where the conservation perspective took precedence in Canada.²⁵ The meeting has also been described as a "... carefully orchestrated attempt by Sir Wilfred Laurier and the Liberals to identify themselves with the conservation issue popularly championed by President Theodore Roosevelt and Gifford Pinchot in the United States."²⁶ Regardless of the interpretation, the convention was particularly noteworthy for its consideration of issues which included:

1. national policies;
2. the administration of agricultural and forest land use in bureaucracies;
3. the percentage of forest land in public hands;
4. fire protection; and
5. encouraging private forestry.²⁷

²⁵ Burton, Natural Resource Policy, p. 28.

²⁶ This argument is forwarded in a book entitled Lost Initiatives written by Peter R. Gillis and Thomas R. Roach to be published by Butterworths Press in Autumn of 1983.

²⁷ Summary developed through the research of Gillis and Roach in Lost Initiatives. This book provides a very thorough and interesting account of the early forest policy-making environment in Canada. I am indebted to Mr. Roach for allowing me to preview the manuscript and for answering my questions regarding forest policy-making during this period.

In terms of regulatory development, some of these resolutions met with greater degrees of success than others. In terms of the development of new perspectives concerning the sector, its resolutions have proven to be very important. The convention did a great deal to promote consideration of means of improving the bureaucratic decision-making process in the area of forestry. As well, the "... conference led to the creation of forestry schools, and the establishment of forestry services by various provinces."²⁸

The conservation movement culminated in the creation of the Commission of Conservation in 1909. The Commission "... was given no executive or administrative powers; its function was purely advisory, its duty to collect and disseminate information on natural resources and make recommendations to Parliament for their more efficient development and conservation."²⁹ A forestry committee was established within the Commission thereby granting the forest conservation movement the formal institutional structure it required to have a coordinated influence on the policy-making process. More importantly, the Commission served as the first forum for coordination of federal and provincial efforts in respect to the forest sector.

The Commission did not argue that the conservation perspective be imposed in isolation of revenue and economic development concerns. The chairman of the

²⁸ Wilson, "Growth", p. 29.

²⁹ Public Archives, RG 39, pp. 3-4.

Commission, Clifford Sifton, suggested that the principles of conservation and economic development were not mutually exclusive, a perspective which has resurfaced in the nineteen-eighties.

The Commission was plagued with several problems which inevitably led to its demise in 1921. Gillis and Roach³⁰ draw attention to the fact that the Commission reported to the federal Department of Agriculture as opposed to the Department of the Interior and suggest that this led to the suppression of forestry concerns in favour of agricultural concerns. The Commission was also guilty of being overly ambitious and often extended itself beyond its mandate and jurisdiction creating enemies in the process. On several occasions, the Commission usurped the functions of the Department of the Interior leading to a distinct lack of cooperation between the two institutions.

THE DEPRESSION AND THE RETURN TO OLD PERSPECTIVES

Forest policies, like all "natural resource policies in the 1930's must be seen essentially as a response to the crisis occasioned by the collapse of the Wall Street Stock Market and ensuing slump in world trade."³¹ Both levels of government quickly dropped any notion of a conservation perspective within their respective forest policy-making processes in favour of the view that the sector could be exploited to alleviate many of the economic pressures of the day. Ontario

³⁰ Personal interview with Thomas R. Roach, 27 April 1983 in Ottawa, Ontario.

³¹ Burton, Natural Resource Policy, p. 35.

Premier Mitchel Hepburn stated in 1934 that "we [the Ontario Government] will make our natural resources available to enterprise. . . . We will revive our forestry industry and restore Provincial Revenues."³² The federal government's involvement in the sector at this time was limited to the administration of unemployment relief programs which held no provisions for conservation or similar concerns. The inevitable trade-off of conservation and long-term planning in favour of short-term economic gain was strikingly obvious during this period.

The combination of the poor economy and the loss of proprietary rights over natural resources to Alberta, Saskatchewan and Manitoba in 1930 forced the federal government to decrease its involvement in the management of the Canadian forest sector. Unfortunately for the forest industry and the future of the sector, the provinces were in no position to fill the void created by the federal retreat.

The Second World War provided the impetus for economic recovery in the western world and the Canadian forest sector promptly responded to the increased demand for forest products in world markets. Both levels of government reacted by moving as quickly as possible into the forest sector. The federal government's major concern was ". . . how could Canada's vast resources be developed so as to create employment for returning soldiers and avoid the anticipated economic

³² Mitchel Hepburn, Premier of Ontario, Quoted in Barber, "Evolution," p. 60.

depression."³³ The provinces turned their attention to developing programs directed at using the sector as a base for economic development thus leading one to the conclusion that government had returned to the "doctrine of usefulness" in their consideration of the forest.

The provinces were becoming increasingly concerned with the federal involvement in the sector and the need for coordination between the two levels of government became very evident. The Rowell-Sirois Commission and the Advisory Committee on Reconstruction alluded to this problem and called for a clarification of the roles of each level of government in the sector. The federal government response to this recommendation came in the passing of the Canada Forestry Act in 1949. Basically, it was argued that "while it is true that the natural resources of Canada come under provincial jurisdiction, the Dominion government does . . . recognize that it has a direct interest and responsibility in assisting in the development, protection and utilization of our forest products."³⁴

The federal government negotiated agreements with all of the provinces under the Canada Forestry Act and successfully acquired a role in the management of the sector. In less than a decade the federal government had gone from the point of not wanting any role in the management of the forest sector to one of playing a

³³ CCREM Task Force, Forest Policies, p. 3.

³⁴ Scott, Economics of Conservation, p. 47. This statement was made by the Minister of Mines and Resources in the House of Commons on 13 October 1949.

key role in such a process. There are many reasons for such a change in perspective, including

. . . the general increase in public awareness of environmental issues and the direct political pressure of environmental groups; the buoyant economic state which (rightly or wrongly) enabled governments to feel that they could afford policies that would be low priority items in times of economic recession; the philosophy of the federal government (and the mood of the country generally) that made it possible for Ottawa to dabble in many policy areas that were constitutionally within the provincial bailiwick. . . . (35)

This period of federal government involvement in the sector began to wane in the 1950's as a result of a rising concern for coordination among the institutions responsible for forest policy formation and the flexing of the much under-worked muscles of the provincial governments and bureaucracies. Recently, it has been argued that "had the presence of the federal department in intergovernmental bodies been less dominant and more conciliatory the . . . provinces might have come to see the 'feds' as allies rather than as a threat."³⁶ It is ironic, but it was the ". . . increasing importance of natural resources in international trade that . . . has been one of the main factors contributing to the more aggressive posture of the Canadian provinces. . . ." ³⁷

³⁵ Michael Whittington, "Department of the Environment," in Spending Tax Dollars: Federal Expenditures, 1980-81, ed. G. Bruce Doern (Ottawa: Carleton University, School of Public Administration, 1981), p. 101.

³⁶ Whittington, "Department of the Environment," p. 111.

³⁷ Maureen Appel-Molot, "The Domestic Determinants of Canadian Foreign Economic Policy: Beavers Build Dams," Prepared for delivery at the Annual Meeting of the American Political Science Association, Washington, D.C., 1-4 September 1977.

The need for coordinating the efforts of the two levels of government was now more evident than at any other time in history. The Resources for Tomorrow Conference convened in October in 1961 focussed on this need and argued that the goals of conservation and multiple use would only be reached once the federal and provincial governments clarified their respective roles in the sector. For the first time in Canadian history, the potential of the sector for the long-term social and economic benefit of the country was officially recognized. The Chairman of the Conference's Forestry Workshop suggested that the potential would not be realized without a concerted and coordinated effort to develop more rational means of analysis, planning and policy-making.³⁸ This argument became the central philosophy of the Conference, but very little in the form of administrative restructuring was forwarded. It was recognized that jurisdictional problems would continue to dominate the institutional environment of the sector; and, in this light, it was recommended that a federal-provincial committee be struck to deal with such problems. Out of this recommendation came the Canadian Council of Resource Ministers, later renamed the Canadian Council of Resource and Environment Ministers. The Council played a key role in the development of the national forest policy proposal, a role that will be analyzed in detail within the fifth chapter of this thesis.

The sixties saw a return to the conservation perspective and the development of the idea that the sector should promote more than just economic uses. The

³⁸ Proceedings of the Resources for Tomorrow Conference. Resources for Tomorrow Conference, Volume II, 23-28 October 1961, Montreal, p. 220.

prosperous economy ensured the involvement of both levels of government in forest management. The federal government went as far as establishing a Department of Forestry in 1960 and doubling its size in 1965. The provinces undertook "... significant efforts to deal with their own forestry problems. Provinces adopted new approaches implying more intensive forest management techniques."³⁹ The four provinces with the largest stakes in the forest sector — British Columbia, Ontario, Quebec and New Brunswick — all developed regulations to define the relationship between themselves and the forest industries operating within their respective borders. As detailed in later chapters, as the economy once again began to wane, the federal government retreated from their heavy involvement in the sector. The provinces, on the other hand, maintained, if not increased their presence within the sector.⁴⁰

SUMMARY

The developments that followed the events outlined above are best understood in terms of their relation to the call for a national forest policy and are thus outlined in detail in the fifth chapter.

This brief review of some of the major forest policy developments in Canada substantiates the two points forwarded in the introduction to the analysis. The need for more coordination among the institutions responsible for forest policy

³⁹ Marcel Lortie, "Development of a Federal Policy on Forest Renewal," Submitted for publication in The Forestry Chronicle.

⁴⁰ "National Forest Policy Needed", Halifax Chronicle Herald, 4 August 1981, pp. 1, 2 cols. 5, 3-5.

formulation is not new, in fact, it has existed in one form or another since Confederation. In terms of the trade-offs associated with decision-making within the sector, this analysis pointed out that various perspectives could be considered in unison. However, it was also demonstrated that the conservation and social aspects of forest policy are more often sacrificed in favour of short-term economic considerations.

In terms of the central focus of the thesis, this chapter has illustrated the constraints to policy-making occasioned by an ambiguous division of power and authority between governments and the rising strength of the provinces in relation to the federal government. The thesis' latter chapters draw upon this ambiguity and argue that it inhibits the development of any type of national forest policy.

CHAPTER III

THE FOREST SECTOR'S SOCIO-ECONOMIC CONTRIBUTION

INTRODUCTION

A Discussion Paper prepared by the Canadian Forestry Service in September, 1981 stated that:

[the] natural resources of Canada have been primary generators of income and employment throughout our history. The forest resource in particular has played a key role historically in our economic development, and in effect, provided the early scaffolding for industrialization. Forestry still has the potential to contribute in a major way to national growth goals now being formulated for the economy. (1)

Although quite accurate from a cursory point of view, this statement falsely implies that the economic significance of the Canadian forest sector is something to reflect upon or to aspire to in the future as opposed to something that plays an important role today. This implication is not entirely unexpected since, in reality, it is an accurate reflection of the general attitude Canadians have toward the forest sector. Canadians are quick to recount the days of the timber barons and are becoming increasingly aware of the fact that the sector holds great potential

¹ Canada, Environment Canada, Canadian Forestry Service, A Forest Sector Strategy for Canada. Discussion Paper, 30 September 1981, p. 5.

for future expansion; unfortunately, the majority has very limited knowledge of the sector's present socio-economic contribution. This naivety inevitably blurs the public's ability to discern the major issues facing the sector today. In turn, this leads to a weakening of the sector's chances of attaining its potential. The irony of this situation is quite obvious; without a clear understanding of what effects the sector today, one cannot ensure that the sector's socio-economic potential comes to fruition.

This chapter focusses on the Canadian Forestry Service statement and its hidden implication and endeavours to substantiate three important points:

- i) the Canadian forest sector plays a very significant role in today's economy;
- ii) the sector holds great potential: "... over the next two decades the forest sector could create three hundred thousand jobs, directly or indirectly, and an industry that could double the contribution it makes to the Canadian economy"²; and
- iii) "... the forest lands of Canada are adequate to meet any of the projected demands over the next thirty years ..."³ if proper planning is implemented today.

² Rowland C. Frazee, President and C.E.O. of the Royal Bank of Canada at the Canadian Forestry Congress held 22-23 September 1980 in Toronto. Quoted in Forest For the Future, A Summary of the Congress' proceedings, p. 4.

³ Glen H. Manning and H. Rae Grinnell, Forest Resources and Utilization in Canada to the Year 2000 (Ottawa: Department of the Environment, Canadian Forestry Service Publication No. 1304, 1971), p. 48.

It is crucial for these points to be forwarded and accepted if the public is to begin to realize how important the Canadian forest sector is to the national and regional economies, and in turn, the importance of paying stricter attention to today's forestry-related issues. Arguing these three points also, although in a less direct fashion, clarifies the social as well as the economic importance of the sector and the consequences associated with the lack of reinvestment on the part of all governments and industry of revenues extracted from the sector. Finally, although the focus of this chapter is not aimed directly at any of the sources of institutional constraint outlined in the preliminary chapter, its conclusions strongly support the thesis' central contention that there exists a crucial need to develop a more rational approach to forest policy decision-making in Canada.

THE FOREST SECTOR'S PRESENT CONTRIBUTION

Stated in the most basic terminology, Canada is a forestry nation. The forest sector promotes a wide range of economic and social activities and plays an integral socio-economic role in every region of the country. Forest operations of one type or another are carried out in each of the provinces and in the two territories and are the economic base of approximately three hundred "one-industry" towns across the country (see Tables 3 and 6). "The sector is unique in that it is based on a substantial renewable resource, which in addition to providing the long-term raw material requirements of the various wood-using industries, confers significant social and environmental benefits to the country as a whole."⁴

⁴ Canada, Department of Industry, Trade & Commerce, Resource Industries Branch, Forest Products Group, Review of the Canadian Forest Products Industry (Ottawa: Minister of Supply and Services, 1979), p. 17.

The economic significance of the Canadian forest sector is best expressed in terms of its relation to other sectors of the economy, the labour force, wages and salaries, industry and governmental revenues and expenditures within the sector and the nation's balance of trade figures. Prior to beginning an analysis of these relationships, it is important to understand what is meant by the term "forest sector". As noted in Table 3, there are several components which comprise the sector; including logging, the wood industries (i.e., timber mills), and the pulp and paper industries. Each of these components are made up of a range of smaller sub-components which produce a variety of commodities.⁵ The sector also promotes a great deal of non-forestry related economic activity such as residential housing construction, furniture building, tourism and recreation. Finally, the sector has a major impact on the economy "... as a result of backward and forward linkages provided by major purchases of goods and services from other industries, and through the spending of incomes received by employees of the forest industry."⁶

The forest sector provides employment to a significant portion of the Canadian labour force. In terms of direct employment, the sector is credited with providing jobs for approximately three hundred thousand people throughout the country. Table 4 provides a province-by-province delineation of the employment

⁵ The Standard Industrial Classification (S.I.C., 1980) and the Standard Commodity Classification (S.C.C., 1977) developed by Statistics Canada provide detailed delineations of the sector.

⁶ Forest Products Group (I.T. & C.), Review, p. 17.

statistics. Additional employment is also generated beyond the boundaries of the forest sector per se. "The stimulative impulses originating in one industry result in direct employment and earnings in that industry, and indirectly to employment and earnings in other sectors of the economy."⁷ It is estimated that there are an additional seven hundred thousand people who are indirectly employed by the forest products industry. This figure includes people working in industries supplying forest operations; people working as a result of forest operations, for example, sales personnel in the retail sector of a forestry-based community; and public servants employed to regulate and administer governmental involvement in the sector. In terms of salaries and wages, Table 5 clearly demonstrates the importance of the forest sector in relation to other sectors of the Canadian economy.

The employment statistics provided above assume added significance when one considers that a majority of all forest operations are located in smaller communities where, without the operation of such industries, it is doubtful whether the community would exist at all. The impact of such operations carries beyond economics as Table 7 suggests.

⁷ Ontario, Ministry of Natural Resources, Timber Sales Branch, The Forest Industry in the Economy of Ontario (Toronto, 1981), p. 17.

TABLE 3

FOREST OPERATIONS IN CANADA, BY PROVINCE

(number of enterprises)

Province	Pulp & Paper	Veneer & Plywood	Sawmills	Shingle Mills	Wafer & Particle Board
Newfoundland	2	1	42	0	1
Prince Edward Island	0	0	9	1	0
Nova Scotia	5	0	80	3	0
New Brunswick	11	3	70	12	3
Quebec	56	26	342	0	2
Ontario	37	21	215	0	9
Manitoba	4	0	16	0	0
Saskatchewan	1	1	8	0	1
Alberta	5	3	50	0	0
British Columbia	145	83	1,129	71	18
TOTAL	266	138	1,961	87	34

Source: Financial Post, 19 January 1980.

TABLE 4

EMPLOYMENT BY FOREST INDUSTRY SECTOR, 1979

Province	Logging	Wood Industries	Paper & Allied Industries	Total
Newfoundland	1,520	433	2,520*	4,473
Prince Edward Island	—	220*	—	220
Nova Scotia	1,317	2,208	3,175	6,700
New Brunswick	4,540	4,394	6,145	15,097
Quebec	13,803	30,135	44,338	87,776
Ontario	9,901	23,129	46,179	79,209
Manitoba	522	2,098	1,800*	4,420
Saskatchewan	724	1,877	1,200*	3,801
Alberta	1,204	7,005	2,576	10,785
British Columbia	57,971	123,006	128,933	309,910

Source: Statistics Canada, Annual Reports

* Estimated by the Canadian Forestry Service

TABLE 5

SALARIES AND WAGES, 1979

Rank by Industry	Salaries and Wages	
	\$000,000	(%)
1. Forestry	5,097	18.5
2. Food and Beverage	3,181	11.5
3. Transportation Equipment	3,102	11.2
4. Metal Fabricating	2,310	8.4
5. Primary Metal Products	2,141	7.8
6. Electrical Products	1,642	5.9
7. Printing; Publishing, etc.	1,425	5.2
8. Chemical and Chemical Products	1,424	5.1
9. Machinery	1,404	5.1
10. Clothing	966	3.5
Other	4,880	17.7
Total	27,572	100.0

Source: Statistics Canada and the Northern Forest Research Centre

TABLE 6

FOREST-BASED COMMUNITIES, 1978

Region	Number	Percent
Atlantic Provinces	60	20
Quebec	114	38
Ontario	42	14
Prairie Provinces	15	5
British Columbia	69	23

Source: Department of Regional Economic Expansion

TABLE 7

THE IMPACT OF FOREST OPERATIONS⁸

A pulp mill of 600 employees supported by 600 loggers will generate for a community:

additional population	3,590
households	1,000
school children	910
personal income	\$7,100,000
bank deposits	\$2,290,000
additional employment	650
passenger cars	970
retail establishments	30
retail sales	\$3,310,000

Source: The United States Chamber of Commerce. Noted in A Forestry Policy for Ontario, A Report to the Ontario Economic Council.

By way of summary, the Canadian forest sector employs directly and indirectly one million people, or nearly one in every ten persons in the labour force. This contribution is even more substantial when expressed in terms of provincial status. It is estimated that approximately three out of every ten people employed in British Columbia work directly or indirectly as a result of forest operations in that province.⁹ The same figure is estimated at one in every seven people in New Brunswick.¹⁰ Finally, there are at least three hundred communities spread across the country which owe their economic viability to the forest sector.

The forest sector has other important regional dimensions as well. In terms of primary forest production (See Figure 2) several provinces such as British Columbia, Ontario, and Quebec dominate; however, the importance of the forest sector within each province is not reflected in this type of comparison thereby leading one to a comparison of value added¹¹ by the sector in each province.

⁹ Harlley V. Lewis, "Objectives of Public Forest Policy in British Columbia: Some Economic Observations," in Timber Policy Issues in British Columbia eds, William McKillop and Walter J. Mead (Vancouver: University of British Columbia Press, 1974), p. 4.

¹⁰ Hon. J.W. Bird, Minister of Natural Resources, Province of New Brunswick, "Forestry in New Brunswick: Conflicts for Sure - But Common Goals," Financial Post Conference, Vancouver, 26-27 February, 1980.

¹¹ "Value Added" in an industry, stated simply, is the total value of its output less the value of the materials used. Thus, value added includes wages paid to employees, taxes paid to government and profits.

Judging from the figures presented in Table 8, it is obvious that the forest sector plays a key role in the economies of New Brunswick, Nova Scotia, Quebec and British Columbia.

In 1980, the total value of finished and unfinished forest products exported from Canada exceeded twelve billion dollars and led to a balance of trade figure that exceeded the sum of similar figures for the mining sector, agriculture, fishing and food products. Table 9 illustrates that although the forest sector's export value was not as great as the value of commodities exported from other sectors, the country's very low dependence on foreign forest products allows it to attain such favourable trade ratios.

Two further indices of the forest sector's significant contribution to the Canadian national and provincial economies are presented in Tables 10 and 11. Table 10 demonstrates that over three billion dollars in federal and provincial revenues came from the forest sector in 1979. Table 11 demonstrates the significant profits that the private forest interests derive each year from the sector. Any analysis of revenues is incomplete without a consideration of related expenditures and, in the case of the forest sector, the comparison of the two illustrates a very unfortunate situation. "Current expenditures on forest renewal, by senior governments and industry, are believed to be in order of three hundred million dollars annually."¹² This means that less than five percent of the revenue

¹² Canada, Environment Canada, A Framework for Forest Removal, Policy Statement, 2 September 1982, p. 3.

FIGURE 2
PRIMARY FOREST PRODUCTION, BY AREA, 1980

Source: Statistics Canada

that is derived from the forest sector is spent on regeneration and improvement of the resource base.

"Forestry experts project that doubling expenditures would increase forestry production by forty percent by the year 2000."¹³ Officials from both the public and private sectors agree that a doubling of forestry expenditures in Canada is a

¹³ Michael Keating, "Ottawa Urges Higher Forestry Spending", The Globe and Mail, National Edition, 3 September 1982, Sec. 1, p. 5., cols. 1-4.

necessity if the country legitimately expects to maintain its current share of world forest products markets and, in turn, realize the potential offered by the sector. Unfortunately, the responsibilities for these expenditures have not been delineated and have become a source of contention between the two levels of government and between the public and private sectors. Many of the proponents of a national forest policy-making argue that a "National Forest Policy Act" would define these responsibilities and thus enable the country to benefit further from the forest and forest operations. Although there has been a great deal of criticism of the reinvestment problem, there has been very little solid investigation of an equitable solution. The analysis of the forest policy institutional environment presented in the following chapter elaborates on this and other issues of institutional conflict and contention.

It is ironic but only when one begins to consider the Canadian environment without a sizeable forest resource base does one realize the importance of the nonconsumptive uses of forested areas. "Forests are for wood certainly, but they are also for water, and for wildlife, and for solitude, and for the recreation of human spirits."¹⁴ Returning to an earlier statement; Canada is a forestry nation. This certainly involves much more than economics; the social, cultural and environmental impacts of the forest in this country have an effect on all Canadians. The forest sector's contribution to the present socio-economic climate can only be measured accurately if all of these impacts are assessed.

¹⁴ Chas. R. Stanton, Canadian Forestry: The View Beyond the Trees (Toronto: MacMillan of Canada/Maclean-Hunter Press, 1976); p. 50.

TABLE 8

VALUED ADDED, BY PROVINCE

1980

Province, By Rank	Forest Sector as a % of Goods
1. British Columbia	33.8
2. New Brunswick	20.1
3. Quebec	11.5
4. Nova Scotia	10.1
5. Ontario	5.4
6. Manitoba	4.2
7. Newfoundland	3.1
8. Alberta	2.1
9. Saskatchewan	1.6
10. Prince Edward island	0.9
Canada	9.4

Source: Statistics Canada and the Northern Forest Research Centre

TABLE 9
1980 TRADE BALANCE
(\$ million)

	Imports	Exports	Net Flow
Forest Industry	1,018	12,732	+11,714
Lumber	236	3,367	+3,131
Plywood, veneer, boards	87	237	+150
Woodpulp	75	3,870	+3,795
Newsprint	—	3,682	+3,682
Other paper and paperboard	390	949	+599
Pulpwood	14	26	+12
Pulpwood chips	2	91	+89
Other crudewood materials	83	105	+22
Other products	131	405	+274
Farm Products, Food & Beverage			
(inc. live animals)	4,803	8,270	+3,467
Crude materials, inedible	11,533	14,538	+3,005
Coal	811	934	+123
Crude Petroleum	6,921	2,899	-4,022
Natural Gas	—	3,984	+3,984
Metal Ores, concentrates & scrap	2,125	4,216	+2,091
Other materials	1,676	2,505	+829
Fabricated Products, inedible	11,858	17,070	+5,212
Textiles	1,275	259	-1,016
Chemicals incl. fertilizers	3,354	4,093	+739
Iron & Steel	1,415	2,083	+688
Non-ferrous metals	2,579	6,090	+3,511
Electricity	—	773	+773
Other products	3,235	3,772	+537
End Products, inedible	39,153	23,133	-16,020
Machinery	8,843	3,405	-5,438
Transportation & Automotive	15,911	13,706	-2,205
Other, incl. household & personal goods	14,399	6,022	-8,377

Source: Statistics Canada

TABLE 10

**ESTIMATED PUBLIC REVENUE GENERATED
BY FOREST INDUSTRY ACTIVITY IN '79**
(\$ million)

	Provincial	Federal	Total
Forest Resource			
- stumpage, royalty, other fees	679.7	—	679.7
Logging Tax	54.5	—	54.5
Income Tax			
- paid by firms	294.2	542.3	836.5
- paid by employees	412.0	648.6	1060.6
Manufacturer's Excise Tax	—	88.3	88.3
Other Sales Tax			
- paid by firm	189.1	—	189.1
- paid by employees	105.5	—	105.5
Import Duties	—	32.5	32.5
TOTAL	1,735.0	1,311.7	3,046.7

Source: Canadian Pulp and Paper Association

TABLE 11

FOREST INDUSTRIES - CORPORATE PROFITS

(\$ millions)

Wood Industries

1978	381
1979	524
1980	241

Paper & Allied Industries

1978	690
1979	1,027
1980	1,679

Source: Statistics Canada

The forest is the setting for much of the country's folklore and tradition; it has both hindered and supported social and cultural development in many regions of the country. To this day the forest defines the lifestyles of many Canadians; people living in smaller communities in the British Columbia Interior, Northern Ontario and Quebec and rural New Brunswick know no other life other than what the forest offers them. Even people living in more urbanized areas of the country are influenced by the vastness of the Canadian forest base. The forest played a prominent role in determining the pattern of settlement chosen by people in this

country and continues to foster a sense of separation between even the most urbanized areas, a fact that even the casual Canadian traveller can attest to. In a country which is so dependent on its ecosystem, a resource as vast and pervasive as the forest is bound to have a direct influence on almost everyone.

The forest provides the foundation for a wide range of nonconsumptive uses which although more difficult to measure in economic terms, also contribute to the socio-economic benefit of the country. The forests of Canada play an integral role in the provision of a resource that a vast majority of Canadians simply take for granted; most sources of fresh water in this country are located in and protected by forest cover. The improper use or loss of this cover would result in serious threats to the country's ready access to water. Forest cover has also been used to protect valuable land from wind and water erosion and to provide intermediate shelter from adverse weather; the use of shelterbelts to protect farm lands and property being the obvious example.

The forest also promotes a huge tourism and recreation industry in Canada, an industry that will expand exponentially as Canadians begin to enjoy more leisure time.

Canada ranks fifth in importance in international tourism preceded by the United States, Italy, Spain and France. The total spent by international and domestic travellers amounts to more than three and a half billion dollars per annum. Statistics are too sketchy to permit other than a guess at the proportion of this considerable income which can be associated directly or indirectly with activities in

the forested landscape. Nevertheless, it has been suggested that the figure is in the vicinity of one billion dollars. (15)

Aside from the economics, the recreational use of the forest promotes education, responsibility and national pride and awareness; all of which have a tangible impact on the socio-economic climate of this country.

In conclusion, it is more than obvious that the Canadian forest sector plays a significant role in the country today. This analysis was designed to highlight this contribution and although it was presented as a snapshot as opposed to a historical documentary, it recognizes the significance of the sector in Canadian history. As well, the analysis reaffirms the fact that the sector holds great potential for future development by emphasizing the need to recognize its present contribution and, in turn, the major issues facing the sector today.

THE FOREST SECTOR'S POTENTIAL

In a statement entitled "Canada's Threatened Forests"¹⁶, the Science Council of Canada explored the future of the domestic forest sector in a manner that was previously untried. Its analysis, unlike other studies of the subject, addressed both the potential successes and failures associated with the potential of securing a more rational forest management decision-making process. More often than not,

¹⁵ Stanton, Beyond the Trees, p. 53.

¹⁶ Canada, Science Council of Canada, Canada's Threatened Forests, Ottawa, March 1983.

analysts of the potential of the Canadian forest have disregarded the consequences of failing to improve forest management in favour of explorations of the positive side of the issue. Undoubtedly, there are a great many benefits to be reaped as a result of improving forest policy or management Canada; the federal government has identified several:

- i) an additional seventy-five to one hundred thousand jobs;
- ii) increased domestic sales of twenty-two billion dollars;
- iii) a doubling of export sales from twelve to twenty-four billion dollars; and
- iv) additional federal and provincial tax revenues of three billion dollars.¹⁷

However, it is naive to simply consider the benefits in isolation of the consequences of not achieving better forest management, a possibility that must be recognized. The costs of such a failure go beyond the imputed loss of the aforementioned benefits; an inability to develop a more rational, more responsive forest policy decision-making process in Canada will lead to a loss in the country's share of world markets for forest products. This loss would certainly result in a weakening of the domestic forest products industry and the linkages it has within other sectors of the Canadian economy. Stated quite simply, "[n]o other industrial sector has the potential to contribute more to economic development in the next

¹⁷ The federal government has alluded to estimates such as these in various publications distributed by the Canadian Forestry Service and Environment Canada.

two decades. In contrast, neglect of the resource will have negative impacts ... of greater magnitude."¹⁸ Failure to enhance the forest investment will not only negate the possibility of securing future gains, it will severely jeopardize what the country already has.

The realization of the sector's potential is contingent on a number of factors, the most important being the international trends within the forest sector over the next twenty years; the size and condition of the domestic resource base and the rationality and responsiveness of the institutional framework developed to deal with forest policy-making until the turn of the century. This section addresses the first of these three factors leaving the analysis of the remaining two to the final section of this chapter and the following chapter respectively.

Throughout the world, forestry today is in a transition similar to that which occurred in agriculture much earlier in human history. The reasons for both transitions are essentially identical: they include a rapidly increasing demand for food or raw materials coincidentally to a reduction in readily accessible supplies. (19)

Two distinct factors are primarily responsible for the projected constraint in forest supplies: increasing urbanization and devotion to other non-forestry land uses have reduced the availability of land suitable for forestation while poor

¹⁸ Canadian Forestry Service, Forest Sector Strategy, p. 3.

¹⁹ John Walters, "Saskatchewan Forestry Potential", Presented at a conference of the Saskatchewan Forestry Association in Prince Albert on 1-3 June 1982, p. 38.

FIGURE 3

WORLD CONSUMPTION, PAPER AND PAPERBOARD

millions of metric tons

Source: Food and Agriculture Organization of the United Nations.

FIGURE 4

WORLD SOFTWOOD LUMBER DEMAND

Source: Widman Management (Management Consultants) of Vancouver

FIGURE 5

PRICE INDEXES FOR WOOD PRODUCTS IN CANADA, 1950-2000

Price Indexes (1957=100)

Source: Glen H. Manning and H. Rae Grinnell, Forest Resources and Utilization in Canada to the Year 2000 (Ottawa: Department of Environment, Canadian Forestry Service, 1971), p.10.

FIGURE 6

CANADA'S SHARE, WORLD FOREST ECONOMY, 1979

Source: Food and Agriculture Organization of the United Nations

management and improper planning have reduced the production capacities of land currently forested. As figures 3 and 4 demonstrate, the demand for forest products is projected to grow substantially over the next several decades.²⁰ The combination of these two trends have a very predictable impact, as depicted in Figure 5, on the price of forest products in international markets.

²⁰ See Appendix C for a listing of some of the major organizations involved in forecasting demand.

The rising prices of forest products and the bullish supply and demand situation facing the sector on a worldwide basis have particular significance for the Canadian forest sector. Because Canada's share of current forest markets (see Figure 6) is so large, trends of this nature and significance have a substantial effect on its forest sector. As well, Canada is in the enviable position of having its resource base dominated by the very species of softwood that is projected to be in heaviest demand until after the turn of the century. All in all, it is quite evident that Canada possesses a great opportunity to expand its forest sector and the benefits derived from its forest operations.

THE CANADIAN FOREST SUPPLY SITUATION

The most important issue facing the Canadian forest sector today is timber supply. The opportunities afforded the domestic sector by positive world market trends and species-related competitive advantages will most certainly be negated if demand cannot be met. Although the myth that the Canadian forest resource base is inexhaustible has been dispelled, the observation that Canada is far from running out of trees cannot be refuted. "There are many trees and undoubtedly always will be in Canada, but some are of a quality and species and in a location which makes them uneconomic for commercial use. It is commercial timber for mills that is scarce."²¹

²¹ Frances Wetton, "Facing Forestry Realities," Policy Options, 3, No. 6 (November/December 1982), p. 48.

The domestic resource base has been as susceptible to supply-constraining forces as the world resource base over the past several decades. A concentration on urbanization and land uses which do not include provisions for forestry has reduced the size of the Canadian resource base. The demand for increased devotion to nonconsumptive uses has reduced the production capacities of the current forested areas. As well, improper management has allowed the forest to be deteriorated by insects, disease and fire thereby further reducing their productive limits. Poor planning has also created the situation where forest resources located in the vicinity of mills and ports have been mined to capacity while forests located in more remote areas are left to become over-mature and thus not suitable for production. All of these forces have resulted in the domestic sector reaching a very dangerous state, a state which was described to the House of Commons Committee on Fisheries and Forestry in 1980:

As much as twelve percent of our prime forest land is not adequately stocked with trees; we are falling behind by nearly half a million acres annually added to this backlog; the size and quality of our timber is decreasing; local wood shortages exist and others are imminent; and the single most worrisome problem facing industry is an assured supply of wood at a reasonable cost. (22)

A comparison of current production levels within the forest sector and a measure of production capacities, annual allowable cut (AAC)*, illustrates the

22 Canada, House of Commons Committee on Fisheries and Forestry, Proceedings, 32nd Parliament, 1st Session. Issue No. 5, 17 June 1980. This statement was delivered previously by the Minister of the Environment, the Honourable John Roberts, to the Woodlands Section of the Canadian Pulp and Paper Association.

* See Appendix A for a definition of this concept.

supply problem facing Canada. Figure 7 provides this comparison and emphasizes the fact that there is not a great deal of room to expand supply by pointing to the distinction between economically available wood and wood which would, even with higher prices in world markets, be too expensive to cut and sell. Woodlands located in remote areas present much the same problem as do oil and natural gas reserves in the Far North; the cost of production necessitates selling prices which are beyond what the market is willing to pay.

When viewed from a provincial or sub-provincial basis, the supply situation appears to be even more severe. Evidence gleaned from a variety of provincial and federal reports²³ suggests that each of the provinces will find it very difficult to meet increased demands for their forest resources. The four Atlantic provinces are currently harvesting softwood at a rate which exceeds their prescribed annual allowable cuts, a practice which will eventually exhaust their productive capabilities. British Columbia and Saskatchewan's softwood harvests are meeting AAC levels while the remaining provinces enjoy ownership of uncommitted forest lands, much of which is located in areas where harvesting would be uneconomic. At the local level, similar evidence points out numerous examples of areas which can no longer supply their mills with adequate raw materials to maintain optimum capacity. The shortages are particularly evident in the Newfoundland Interior,

²³ Several task forces have reported on the supply conditions in each of the provinces over the past five years. See the Bibliography for a sample of such reports.

FIGURE 7

FOREST HARVEST COMPARED WITH ANNUAL ALLOWABLE CUT

1979

Sources: Canada's Forestry Inventory, 1979
 F.L.C. Reed and Associates Limited
 Statistics Canada, 1979

FIGURE 8
POTENTIAL VOLUME GAINS

Source: British Columbia Council of Forest Industries, 1982

Labrador, Cape Breton, northern Quebec and Ontario and areas around The Pas, Manitoba and Cranbrook, British Columbia.

Based on the information provided from this analysis, the ability of the Canadian forest sector to meet the rising demand for its resources appears vulnerable if not impossible. Fortunately, the situation is not as desperate as one might first surmise; as noted above, the domestic forest sector possesses the technical and biological capability required to expand the wood supply

FIGURE 9

POTENTIAL AAC VERSUS ECONOMIC ACCESSIBLE AAC

by 2020

Source: Canadian Forest Congress, 1980

Note: This figure takes into account price changes and methods of improving intensive Forest Management (see Figure 8).

substantially. Figure 8 demonstrates the significance of treating the forest in a more intensive manner. Officials from both the private and the public sectors have endorsed these methods of augmenting supply and point to the improvement they would foster in each province (see Figure 9).

In light of this new information, it would again appear that the Canadian forest sector will be capable of meeting world demand and, in turn, able to realize the potential offered it. However, it is crucial to understand that the costs of intensifying forest management in Canada are significant. If the sector's decision-makers wish to substantially increase supplies, they must be willing to approve and implement at least a doubling of expenditures within the sector. All aspects of forest investment must be improved if the sector is to develop the capability of meeting rising world demand. Aside from the problems of procuring additional funding in a period of serious fiscal restraint, intensification of forest management will require a great deal of cooperative effort among and between the public and private sectors. At present, mechanisms designed to foster such an effort are either non-existent or functionally problematic for reasons outlined in the following chapter.

The recognition of these problems appears to throw the sector's ability to meet world demand and thus realize its potential into doubt once again. Obviously, the primary objective of people involved in the forest sector should be to develop mechanisms to promote cooperation and, in turn, work toward augmenting forest supplies. In effect, the future of the sector depends on the ability of its actors to work together in the very near future.

SUMMARY

This chapter presented a brief analysis of the Canadian forest sector's impact on the country's socio-economic climate and emphasized the need for the public to recognize such. It was argued that without public appreciation for the role the sector plays today, the major issues facing the sector would go unheeded thereby seriously reducing on the likelihood of the sector realizing its potential. The chapter noted some of the projected benefits of an expanded forest sector and the fact that faced with strong world markets for its products and its competitive advantages, Canada's ability to meet rising demand is the most crucial issue facing the sector today. The chapter expanded on the domestic sector's capacity to increase its supply base and the major factor retarding such development — the lack of cooperation between actors within the sector. Finally, it is important to reiterate a point made very early in this chapter; the costs of not expanding the sector are greater than the imputed losses of potential. The economic and social well-being of Canadians is closely linked with the state of the forest sector.

CHAPTER IV

THE FOREST POLICY INSTITUTIONAL ENVIRONMENT

INTRODUCTION

Although the preceding chapters have endeavoured to present a thorough analysis of the history of forest policy formulation in Canada and an assessment of the major influences confronting the domestic sector today, references to the various institutions actually involved in the forest policy decision-making process have necessarily been cursory and indirect. In order to accurately examine the content and impact of policies designed to influence the domestic forest sector, an appreciation of these institutions' roles and interrelationships is required. This chapter focusses on the institutional structure responsible for forest policy development and implementation in Canada.

Responsibility for forest policy decision-making in Canada is fragmented between and among the federal and provincial governments and across both the public and private sectors. This separation of authority has led to the creation of a wide variety of agencies intent on playing a role in the development of forest policy. Although each of these institutions possesses a different degree of influence over the policy-making process, each of their respective contributions must be considered. The institutions generally fall into one of the following

relationship between the two sectors has existed since Confederation and has become very close over the years. Industrial interests have been very successful in convincing the provincial governments that they hold a mutual interest in the development and expansion of forest operations.

In this atmosphere, the interests of provincial governments were defined as consistent with those of the producer industries. The main arena for resource policy-making developed as a close network consisting of sympathetic bureaucrats and producer interests. (11)

Industrial interest have also proven to be effective lobbying powers even in the absence of "inside" contacts and work very diligently to maintain this degree of influence. "... [S]ome companies have set up their own lobbies. MacMillian-Bloedel, for example, has a full-time staff of three in Ottawa to keep it informed of trends and activities and to lobby for the company and industry."¹²

Private non-industrial forest owners must also be considered within this examination, if only for the potential impact of their actions. At present, they do not constitute a major institutional force within the forest policy decision-making process, but their control through ownership of approximately seven percent of the domestic resource base (see Table 13) is noteworthy. Studies of their role within the policy-making framework have revealed that they share very little

¹¹ Marsha A. Chandler and William M. Chandler, "Politics of Resource Exploitation," in The Government and Politics of Ontario, ed. Donald C. MacDonald (Toronto: Van Nostrand Reinhold Ltd., 1980), p. 368.

¹² Eric Evans, "Firms Fight Provinces over Fees, Reforestation," Financial Post, 6 June 1981, pp. 78-79, cols. 1, 1-3.

categories although, in some cases, it can be argued that they consist of representatives from more than one category:

- (i) the federal government;
- (ii) the provincial government;
- (iii) industrial and labour organizations;
- (iv) professional and semi-professional organizations; and
- (v) interest groups (environmentalists, for example) of one type or another.

The particular variety and configuration of the institutions within these categories are dependent on a number of variables¹; the most significant being the federal and parliamentary structure of government in Canada; the dominant pattern of public ownership of forested land; and the diversity of the sector itself. By its very nature, the forest sector demands a policy-making perspective which must ultimately be occupied with a number of different areas; this has led to both the large number of organizations involved in the forest sector decision-making process and the complexity of relationships between these organizations. For example, responsibility for the environmental and industrial well-being of the domestic resource base is divided at the federal level between Environment Canada and the Department of Regional and Industrial Expansion respectively. A similar division of responsibility is evident in a majority of the provinces as well. In the private sector, a wide range of interest groups have been established to promote different and sometimes competing philosophies of forest management.

¹ See Whittington, "Environmental Policy," p. 215 for a definition of several of these variables.

The historical reliance on public ownership of the forest resource base has necessitated the development of administrative and regulatory bodies to ensure production within the private sector. This stands in stark contrast to the situation which has predominated in the United States where a majority of productive forest land is held by private sector interests. The differences in ideology have created very different roles for the national and sub-national governments in the two countries; while the American public sector has been content to maintain a relatively laissez-faire attitude toward the forest sector, Canadian governments — as owners of the resource — have necessarily maintained a direct relationship to the means of forestry production in this country. This relationship has assumed a variety of configurations including the use of crown corporations and the licencing of private firms to ensure adequate production. Public ownership has also led to the establishment of a wide range of interest groups intent on influencing governmental policy as it relates to the forest sector.

The existence of such a high number of institutions all having an impact on the decision-making process has created a situation where the actions of one body often contradict or negate the actions of another. The complexity of the forest policy institutional environment acts as a disincentive to interaction and cooperation, but also acts as a stimulant to the development of integrative institutions.² It is this development that, while difficult to achieve, is crucial to the formulation of forest policy geared toward promotion of the sector's potential.

In some physical situations, carefully coordinated programs of timber harvest, timber processing, stand regeneration with improved strains, and other related programs can produce a great deal more wood from the same land area and at a lower cost per unit than programs of the same kind which are undertaken more or less independently of each other. Achievement of such useful coordination among separate programs is a management task of considerable scope and complexity. (3)

This chapter serves as a reiteration and examination of the basic premise of this thesis: the argument that the most influential constraints confronting sound forest policy development today and in the near future are institutional in nature.⁴ Several of the sources of institutional constraint outlined in the introductory chapter are presented in greater detail within this chapter's analysis. The chapter is presented in three distinct sections:

- (i) an identification of the major actors within the institutional environment responsible for forest policy formulation in Canada;

² Seemingly a contradiction, "this example indicates that the formal institutions — like the constitution — may serve as barriers to be side-stepped as well as positive determinants of decision-making behaviour." For further clarification, see Richard Simeon, Federal-Provincial Diplomacy: The Making of Recent Policy in Canada (Toronto and Buffalo: University of Toronto Press, 1972), p. 307.

³ Marion Clawson, Forests for Whom and for What? (Baltimore and London: The John Hopkins University Press, 1975), p. 23.

⁴ Note again that this argument was originally forwarded in the Reed & Associates Limited 1978 report on forest management in Canada.

- (ii) a documentation of the major constraints emanating from the institutional environment; and
- (iii) an exploration of various integrative institutions and mechanisms designed to alleviate these constraints.

THE INSTITUTIONS

An identification of the major actors within the forest policy decision-making framework in Canada necessitates an examination of "... the full spectrum of forestry — government, industry, associations, professional bodies, academics, etc. — as well as political, financial, labour and conservation interests."⁵ In order to maintain a well-structured analytical approach, this examination employs the scheme of categorization introduced immediately above. Specific attention is accorded the relationships which exist between the various actors and their respective spheres of influence within the policy-making framework. The general pattern of alliances and conflicts between decision-makers is explored below and in the discussion of the various integrative institutions and mechanisms which have been established within the forest sector in Canada. An analysis of the origins of forest policies would be incomplete without a delineation of the major roles and relationships played by each of the institutions within the forest policy decision-making process. As well, there is a great deal to be learned about the implementation of forest policy through an analysis of the various bodies involved in this phase of policy formulation.

⁵ Tomorrow's Forests . . . Today's Challenge? Proceedings of a National Forest Regeneration Conference, 19-21 October 1977 in Quebec City.

Forest policy decision-making is undertaken in a number of areas within the federal government. At the most senior levels, the Prime Minister's Office and Cabinet rarely become involved in the forest policy-making process. "There are no Roosevelts guiding our forest policies with loving and personal care; nor do we have Prime Ministers, Premiers, or Cabinet Ministers who are foresters, as is common in Scandinavian Countries."⁶ Parliamentary debate of questions and issues regarding the domestic forest sector is sporadic and lacking in technical expertise. More often than not, Members of the House of Commons address the forest sector as a base for industrial expansion or employment creation programs and do not fully consider the implications of their proposals on the resource base itself. Forest planning demands a very long-term perspective;

political expediency, however deals with short term demands and postpones less pressing ones. It is difficult for politicians to take seriously wood shortages which will not occur for several decades for it is 'too tempting to leave to future generations the problems of coming up with some sort of miracle after the resource is depleted'. (7)

Forestry receives some attention in the committee structure of the House of Commons; the Standing Committee on Fisheries and Forestry has done a considerable amount of work on forest policy development, but this effort has only been initiated when the more "politically contentious" fisheries issues have been dealt with. This leaves the federal bureaucracy to control Ottawa's involvement in the forest policy decision-making process.

⁶ Wetton, "Forestry Realities," p. 49.

⁷ Marcel Lortie in Wetton, "Forestry Realities," p. 50.

The federal bureaucracy's contribution to the forest policy decision-making process is considered significant and involves, at various stages, no fewer than twenty departments and sub-departments. The Canadian Forestry Service which maintains Assistant Deputy Ministerial status within Environment Canada is the most significant of these bodies. Its scope of action is much broader than those of other federal institutions. The Forestry Service has its own Policy Branch which is active in the development of policy agreements with the provinces and industry. Unfortunately, this branch has never really been granted the opportunity to exercise its leadership potential in the area of policy formulation. Although the Forestry Service once attained departmental status, its presence and stature in the federal bureaucracy has been eroded by a number of forces since the nineteen-sixties. "Liberal governments have steadily whittled the budget of the Forestry Service. Between 1968 and 1978, staff dropped from twenty-four hundred to one thousand."⁸ Many of its research functions have been privatized or reallocated to several arms-length research organizations. Finally, many of the functions it carried out during the nineteen-sixties have been usurped by the provinces during the nineteen-seventies. "This is a reflection of a new consciousness of provincial identity and manifestation of the phenomenon described by some as 'province building'."⁹

⁸ Canadian Press, "National Forest Policy Needed", Halifax Chronicle-Herald, 4 August 1981, Sec. 1, pp. 1-2, cols. 5, 3-5.

⁹ Whittington, "Department of the Environment," p. 104.

Other federal institutions have also gained access to the forest policy decision-making process. The most notable encroachment on the Canadian Forestry Service's jurisdiction over the domestic forest sector has come from the Resource Industries Branch of the Department of Regional and Industrial Expansion. This institution has jurisdiction over industrial issues within the Canadian forest sector thereby separating responsibility for environmental and industrial concerns respectively. The latter institution also has the authority to negotiate and administer federal-provincial forestry agreements. Other departments with considerable influence within the forest policy decision-making framework include Finance (taxation and duties), Energy, Mines and Resources (forestry energy sources), Indian Affairs and Northern Development (northern forests), Agriculture (competing land uses), Transport (rail and port facilities) and Employment and Immigration (job creation).

With a firmer constitutional mandate for developing forest policy than the federal government, each of the provinces have well-defined institutions responsible for policy formulation. The size and complexity of these institutions vary with the magnitude and importance of the provincial forest sector and the sophistication of the respective bureaucracies. Forestry is an independent agency only in British Columbia; all of the other provinces have integrated forest policy making and administration with other operations such as tourism and energy.

For many of the same reasons outlined above in the federal case, provincial legislatures have not played active roles in the development of forest policy.

There are examples where certain elected officials have championed the need for forest policy development, but for the most part, forest policy at the provincial level has emanated from within the various bureaucracies.

In the provinces where forestry plays a significant role, the bureaucratic arrangements established to regulate and administer forest operations have become very complex. In Alberta, for instance, "at least eight agencies in three departments currently administer some thirty-eight provincial acts relating to the use of lands in the Green [provincially owned forests] Area."¹⁰ This delineation does not include the less direct impact of other departments such as Transportation which must be consulted prior to major decisions being made with regard to forest land use.

Although ownership of the majority of domestic forest land is in public hands, Canada has historically relied on the private sector to develop the resource. Although some of the provinces and the federal government have experimented with crown agencies and corporations, the vast majority of forest operations in the country are run by private interests. The contractual arrangements between the owners of the resource — the public sector — and the managers of the resource — the private sector — vary from one jurisdiction to another but usually consist of several similar elements including a production quota, a rental rate for

¹⁰ Alberta, Environment Council of Alberta, The Environmental Effects of Forestry Operations in Alberta: Report and Recommendations (Edmonton, February 1979), p. 86.

the land, a charge for the amount of resource harvested and a timeframe specifying the length of agreement between the parties to the contract. This type of arrangement has proven profitable for both private interests and public coffers and provides the forum for increasing efforts at intensive forest management in Canada. Given the proper initiative, there is nothing to stop the negotiators of these contracts from including clauses necessitating more modern, far-sighted methods of harvesting, regenerating and tending the forest resource; in fact, this is a trend that is now in its infancy in Canada.

TABLE 12

ALBERTA'S FOREST POLICY INSTITUTIONAL STRUCTURE

Alberta Forest Service	
Lands Division	Energy and Natural Resources
Resource Evaluation and Planning Division	
Mineral Management Division	
Fish and Wildlife Division	Recreation and Parks
Parks Division	
Water Resources Division	Environment
Land Conservation Division	

Source: Environment Council of Alberta

The reliance on the private sector to manage forest operations on crown land has necessitated the development of mechanisms and institutions designed to ensure that private sector production conforms with public sector direction. The

relationship between the two sectors has existed since Confederation and has become very close over the years. Industrial interests have been very successful in convincing the provincial governments that they hold a mutual interest in the development and expansion of forest operations.

In this atmosphere, the interests of provincial governments were defined as consistent with those of the producer industries. The main arena for resource policy-making developed as a close network consisting of sympathetic bureaucrats and producer interests. (11)

Industrial interest have also proven to be effective lobbying powers even in the absence of "inside" contacts and work very diligently to maintain this degree of influence. "... [S]ome companies have set up their own lobbies. MacMillian-Bloedel, for example, has a full-time staff of three in Ottawa to keep it informed of trends and activities and to lobby for the company and industry."¹²

Private non-industrial forest owners must also be considered within this examination, if only for the potential impact of their actions. At present, they do not constitute a major institutional force within the forest policy decision-making process, but their control through ownership of approximately seven percent of the domestic resource base (see Table 13) is noteworthy. Studies of their role within the policy-making framework have revealed that they share very little

¹¹ Marsha A. Chandler and William M. Chandler, "Politics of Resource Exploitation," in The Government and Politics of Ontario, ed. Donald C. MacDonald (Toronto: Van Nostrand Reinhold Ltd., 1980), p. 368.

¹² Eric Evans, "Firms Fight Provinces over Fees, Reforestation," Financial Post, 6 June 1981, pp. 78-79, cols. 1, 1-3.

interest in policy formulation and own forest land for a infinite variety of reasons.¹³ Nevertheless, decision-makers must consider the private non-industrial forest owner during the policy development and implementation processes; in the Maritime provinces where private ownership is most significant, forest policy is often geared toward the small private woodlot owner.

The number of private interest groups involved in the forest policy decision-making process is very large. The groups are often classified as professional associations, such as the Canadian Institute of Forestry; semiprofessional, general-public associations, such as the Canadian Forestry Association and its provincial counterparts; and industry-sponsored associations such as the Canadian Pulp and Paper Association and the Council of Forest Industries of British Columbia.¹⁴ Many of these groups do not purport to play a direct role in policy formulation; "they are organizations which clearly give precedence to such internal matters as the determination of professional qualification standards, the publication and communication of research information, and the preservation of the groups' professional standing. . . ."¹⁵ However, this type of operation is bound

¹³ Worrell, Principles, p. 170.

¹⁴ This categorization was originally employed by Marion Clawson and Burnell Held, The Federal Lands (Baltimore: The John Hopkins University Press, 1957), p. 138.

¹⁵ Doern, Science and Politics, p. 126. Referring to science-oriented interest groups, Doern argues that this trend may be shifting; that groups hate becoming more politicized. Indications suggest a similar trend within the forest-related interest group environment.

TABLE 13
PRIVATE LAND HOLDINGS, BY PROVINCE

Province	% of total forest
Newfoundland	3.9
Prince Edward Island	94.3
Nova Scotia	72.2
New Brunswick	53.3
Quebec	10.4
Ontario	9.7
Manitoba	2.0
Saskatchewan	3.1
Alberta	2.4
British Columbia	4.7

Source: 1973 Forest Inventory

to impact upon the policy formulation process; "undoubtedly the transfer of information and ideas from one segment of our [the Ontario Forestry Association's] membership to another has some influence upon the thinking of the

official policy makers at the federal and provincial and industry levels."¹⁶ In addition, these groups' memberships often include representatives of various policy-making institutions; for example, the primarily education-oriented Canadian Forestry Association is comprised of foresters and other professionals from both levels of government and industry. R.J. Bouchier, Executive Director of the Canadian Institute of Forestry emphasizes the significance of the fact that governmental and industry representatives often develop opinions on forestry issues through their memberships in these organizations.¹⁷

Luther H. Gulick argues that the professional foresters' associations have the most significant impact on forestry policy formulation.¹⁸ This influence is developed through close contact with policy-makers and through representation of a large number of citizens. The Canadian Institute of Forestry has been successful in influencing the policy process. The Institute has employed a wide range of tactics in doing so:

- (i) preparation of resolutions for presentation to senior politicians at the federal and provincial levels;

¹⁶ Letter received from Jas D. Coats, RPF, Executive Vice-President of the Ontario Forestry Association, 9 March 1983.

¹⁷ Personal interview with R.J. Bouchier, Executive Director of the Canadian Institute of Forestry, 27 April 1983. Mr. Bouchier noted that the Institute was able to influence the policy-making process by encouraging participants of the process to become Institute members. He also noted that dual membership often leads to people representing divergent opinions on certain issues.

¹⁸ Luther H. Gulick, American Forest Policy (New York: Duell, Sloan & Pearce, 1951), p. 40.

- (ii) presentation to royal commissions and task forces;
- (iii) publication of information through its journal, The Forestry Chronicle;
- (iv) consultation with industry and labour interests; and
- (v) informal communication with government and industry decision-makers. (19)

Organizations such as the Ontario Professional Foresters Association, the Association of British Columbia Professional Foresters and similar organizations in Quebec and New Brunswick have also been successful in affecting forest policy formulation through parallel strategies.

Semiprofessional groups such as the Canadian Forestry Association and its member associations from each of the provinces have been less successful within the policy-making framework for three reasons. First and foremost, they do not make the effort to impact the process as the professional and industry-sponsored groups do. Secondly, their membership is so diverse that consensus is often difficult to achieve on the more contentious issues. Finally, their federated structure renders national policy input problematic; representatives from different regions do not always share the same attitudes toward various policy concerns. Dr. T.S. McKnight, Executive Director of the Canadian Forestry Association, confirms this lack of influence and suggests that it is by design.²⁰

¹⁹ Personal interview with R.J. Bourchier, Executive Director of the Canadian Institute of Forestry, 27 April 1983.

²⁰ Personal interview with Dr. T.S. McKnight, Executive Director of the Canadian Forestry Association, 26 April 1983.

The policy-making institutions must be wary of the potential impact these semi-professional bodies could have upon their actions; these bodies represent a sizeable number of people and possess the funding and expertise to lobby quite successfully should they decide it necessary for their best interests.

Industry-sponsored associations are as strong or stronger "policy-shapers" than the individual companies that sponsor them. They play a very "... important role in areas of promotion of wood products, quality control, labour relations, occupational safety and health, liaison with provincial and federal governments, and public relations".²¹ Organizations such as the Canadian Lumberman's Association, the Canadian Wood Council and the Nova Scotia Forest Products Association all take an active interest in the forest policy decision-making process. R.J. Bouchier suggests that the Canadian Pulp and Paper Association and the Council of Forest Industries of British Columbia are the two most influential policy-making institutions in the private sector.²²

Many other groups have some impact on forest policy formulation although usually on a more singular basis; unlike the more organized institutions, these groups are issue-oriented. Such issue-oriented groups lack the funding and the

²¹ Council of Forest Industries of British Columbia, The Forest Industry of British Columbia (Vancouver, January 1982), p. 9.

²² Personal interview with R.J. Bouchier, Executive Director of the Canadian Institute of Forestry, 27 April 1983. Mr. Bouchier argues that these two institutions received the most attention from the Canadian Forestry Service during his tenure there.

direct access that other groups have been able to garner; "however, as changes in political structures allow for greater media involvement and a more visible political process, their influence will tend to increase."²³ Environmental groups such as Concerned Parents and Taking Responsible Economic and Environmental Safeguards (TREES) have been particularly successful in New Brunswick and Ontario respectively. Like most environmental groups, these two organizations maintain a basic one issue campaign to influence decision-makers; the former being concerned with the New Brunswick government's insecticide spray program and the latter with the diminishing forest base in southern Ontario.

The labour force within the domestic forest sector is very organized and has been successful in turning federal and provincial politicians to the manpower issues related to forestry; however, because of the federated nature of the larger unions and the fact that the various components which make up the Canadian forest sector are usually represented by different unions, organizations such as the International Woodworkers of America, the Pulp and Paper Woodworkers of Canada and the Canadian Paperworker's Union have not been able to secure a significant position in the overall forest policy decision-making process. On issues of conservation and limited land use, for example, unions have been noticeably silent.

²³ Chandler and Chandler, "Exploitation," p. 376. See A. Paul Pross, "Canadian Pressure Groups in the 1970's," Canadian Public Administration, 18 No. 1 (Spring 1975), pp. 121-35.

"One other institution of significance in the execution of many forest policies is the private forestry consultant."²⁴ By providing technical and managerial consulting services, these agencies have had a profound effect on governmental and industry policy actions; the most significant example of this type of contribution was in 1978 when F.L.C. Reed & Associates reported on the forest policy institutional environment itself. The study, commissioned by the Canadian Forestry Service, has had a significant impact on forestry policy and continues to be used as a guide to decision-making.²⁵

An examination, albeit necessarily brief within the context of this research, of the general patterns of alliance amongst the various actors within the forest policy decision-making framework lends considerable insight to the analyst interested in delineating the politics and power relationships involved in forest policy formation. "It is obvious that those who have direct control over the use of the forests are in a position to influence strongly the forest policies of the nation."²⁶ Based on the grounds that they own a majority of the domestic resource base and substantiated by the fact that forest interests lacking such direct control continually seek to impact upon their decision-making processes, there is no doubt that the provinces and federal government are the major

²⁴ Worrell, Principles, p. 174.

²⁵ F.L.C. was appointed Assistant Deputy Minister of the Canadian Forestry Service shortly after Finalization of the study.

²⁶ Worrell, Principles, p. 195.

decision-makers within the policy-making framework. This examination does not delve into the obvious control held by the owners of the resource, but rather attempts to identify the alternative positions of power and how they are attained. This is where the patterns of alliance within the forest sector's decision-making framework become very interesting.

There are basically two groups of alliances within the forest sector; both involve interests from the public and private sectors, have support from the public and a degree of control over the decision-making process which is dependent upon the socio-economic environment of the day. The similarities between the two groups — labelled the "economic-industrial" and the "social-environmental" for purposes of this analysis — ends here. The "economic-industrial" group of alliances is comprised of relationships between and among the various private and public interests concerned with such issues as employment, trade and economic development. The "social-environmental" group is made up of alliances between various interests which possess more environmental, non-economic concern for the forest sector. It is readily apparent that the two groups exist and operate in a less than conciliatory fashion and often compete to control the forest policy formation process. Smaller, less defined alliances and conflicts exist within each of these two major groups but are not dominant enough to consider separately within this brief examination.

The most obvious alliances within the sector are those which exist between and amongst government departments and agencies with economic-related

mandates and various industrial and professional interests. An analysis of major policy trends as undertaken in the second chapter underlines that these alliances have been most successful in influencing the policy-making process. A great deal of effort on the part of all parties is put into maintaining these relationships and the economic benefit that flow from them. Less obvious are the relationships which exist between the more environmentally-oriented Forestry Services in the federal and provincial governments and conservation-minded groups. These relationships are not maintained on as consistent a basis as those within the "economic-industrial" group because of their more issue-oriented focus.

Finally, it is important to note the importance of the socio-economic climate on the relative strengths of the two groups of alliances. In periods of economic restraint the forest is usually viewed in terms of its potential contribution to trade, employment and economic development thereby increasing the strength of the individual bodies and the alliances concerned with such issues. On the other hand, in periods of economic strength, attention can be diverted to issues such as conservation and recreation resulting in the strengthening of the position of the "social-environmental" alliance.

By way of summary, forest policies are formulated by interests which have a direct control over the resource or by interests which are most capable of developing alliances with those in direct control. The only checks on this power are those provided by countervailing alliances and the public will; compromise of power is only necessary to an extent which will placate the checks. In Canada,

this has meant the dominance of the "economic-industrial" alliances and the interests which they represent.

THE CONSTRAINTS

The strength of the forest policy decision-making process is the key to the sector realizing its potential as described in the previous chapter and is contingent upon the sector's ability to function under the varied technical, economic and institutional constraints it faces today. As noted above and argued in greater depth in the Reed & Associates' Report, viable solutions to both technical and economic constraints have been forwarded and accepted for implementation on the basis that certain institutional problems can be properly dealt with first. At present, the various institutions involved in policy formulation are operating with little or no consideration for each other; "... there seems to be no clear priorities in goals and objectives, and no generally accepted policy and decision-making framework to assist in making trade-offs among conflicting objectives."²⁷ These shortcomings have evolved as a manifestation of a series of institutional constraints. These constraints, as dealt with within this analysis, include:

- (i) the inadequate mechanisms to promote and facilitate federal and provincial consultation within the forest policy decision-making process;
- (ii) the poorly constructed infrastructure for public sector-private sector consultation; and

²⁷ Canadian Council of Resource and Environment Ministers, Task Force on Forest Policy, *Forest Policies in Canada: Major Objectives, Problems and Issues: Identification and Trends*, Volume 1, June 1976, p. 6.

- (iii) the inability of private sector interests to amalgamate their respective lobbying powers in an effort to enhance their role in the policy-making process.

"The failure of senior governments to cooperate effectively is at the root of much of the vacuum in policy and planning Such institutional confusion will have to be cleared away before real progress can be made in forest management."²⁸ This lack of communication and consultation has arisen as the provinces have asserted their jurisdictional power over the forest sector (and numerous other areas) and the resultant deterioration of the federal forestry initiative. Michael Whittington illustrates that many provincial officials resent the federal encroachment within the domestic forest sector, ". . . had the presence of the department [Environment Canada] in intergovernmental bodies been less dominant and more conciliatory the poorer provinces might have come to see the 'feds' as allies rather than as a threat."²⁹

The low political profile of the forest sector has rendered its consideration almost non-existent at the federal-provincial conference table. Throughout the entire negotiating process prior to the patriation of the Canadian constitution, forestry considerations only received cursory attention. The Canadian Council of Resource Ministers, as documented in detail in the following chapter, was originally designed in the nineteen-sixties to enhance federal-provincial

²⁸ Reed & Associates, Forest Management, p. 64.

²⁹ Whittington, "Department of the Environment," p. 111.

consultation in the area of forest policy, but has since become a more environmentally-oriented as opposed to forestry-oriented institution.

The problem is exaggerated by the fact that different provinces find it very difficult to achieve consensus on various issues. A prime example of this inability is illustrated in the stances various provinces have adopted in regard to forest protection. New Brunswick has committed itself to a protection scheme that includes a significant insecticide spray program to combat spruce budworm infestations; whereas, its immediate neighbour, Nova Scotia, has maintained a policy of avoiding the use of chemical applications.

Various intergovernmental bodies and mechanisms have been quite successful; the majority of these being of a technical and operational nature. The federal and provincial governments have developed a well-integrated forest fire protection plan which has been emulated by several forested nations. As well, the system of negotiating cost-shared forestry programs has been relatively effective.³⁰

The complexity of the forestry bureaucracies at both levels of government in Canada is well documented above. With such a complex infrastructure, the likelihood of different agencies duplicating or negating each other's efforts is fairly substantial. If two agencies report to two different Ministers, as is the case with the Canadian Forestry Service and the Resource Industries Branch within the

³⁰ See Appendix D for a listing of present agreements.

federal bureaucracy, their respective reporting and operating procedures may be entirely different thereby making communication and consultation difficult. A separation of responsibilities does not even have to be between different departments or agencies to produce problems necessitating increased coordination; the case of the Ontario Ministry of Natural Resources provides a prime example. Two separate branches of the Ministry are responsible for logging operations and recreation within provincial parks, their contradictory actions have led to a considerable amount of criticism.

There is perhaps no other policy field which has an impact on as many different government departments and agencies as does forestry; as delineated in this and previous chapters, once one begins to consider the concerns and factors related to both "policies for forestry" and "forestry in policy",³¹ it is not difficult to understand why so many different departments are involved in the forest policy-making process. The bureaucratic division of responsibility has lead to other serious problems besides poor consultation and duplication or negation of efforts by different actors. Budgeting and program evaluation become very confused, accountability grows very obscure and the policy-making process degenerates to a style of simply seeking compromises as opposed to searching for the best answers to various problems. Institutions designed to confront these problems through integration and consultation have been established with varying

³¹ See reference to G. Bruce Doern's Science and Politics in Canada in Chapter 1.

degrees of success within both the federal and provincial bureaucracies; however, the potential offered by these bodies has, for the most part, yet to be tested. The following section will deal with these integrating institutions in more detail.

The final two sources of institutional constraint identified in this section must also be dealt with if the forest policy decision-making process is to be enhanced to the point where it is capable of promoting the realization of the sector's potential. The apparatus in place to foster public sector-private sector consultation on forestry issues is very weak and unreliable thereby making industry and private interest group participation in the forest policy formulation process inconsistent and subject to question. The relatively low profile of the sector has contributed to the very weak position public forestry interest groups hold today. Groups that are interested in influencing the policy-making process have had a very hard time recruiting support from what can only be described as a disinterested public and therefore have not been able to garner the bargaining position or constituency necessary to have an impact on public decision-makers. As well, the inability of various private interests to work together to influence policy-making has jeopardized the interests of the smaller, less issue-oriented groups in favour of the industry or professional standpoint. The adversarial nature of management-labour relations within the sector as evidenced in the high strike record of the forest industries has also weakened the position of non-public actors within the forest policy-making process.

All of these problems could be dealt with through the development of a more formalized infrastructure between interested parties in both the public and private sectors. Unfortunately, just as the integrating institutions within the public sector are still in their infantile stages, the bodies designed to promote public sector-private sector relations are still very informal and have only received increased attention in the past five years. The final section of this chapter analyzes the early development of integrating institutions and speculates upon their ability to reduce the institutional constraints identified above.

THE PROPOSED SOLUTION: INTEGRATING INSTITUTIONS

One of the major recommendations of the Sector Task Force on the Canadian Forest Products Industry strongly advocated the establishment of formalized integration amongst forest policy decision-making bodies:

There should be closer cooperation and coordination of effort amongst industry, labour and the federal government in dealing with forest problems in order to maximize the social and economic benefits of the resource base. (32)

The remainder of this chapter — based on its earlier identification of the major institutions and alliances within the domestic forest policy-making environment — explores the most recent efforts towards integration. Particular attention is given to the relative strength of various integrating institutions and their associations with the dominant policy perspectives within the sector.

³² Consultative Task Force, Report, p. 7.

Federal-provincial consultation on forest-related issues has been augmented through several integrating institutions and a revived cost-sharing program between senior governments. The Canadian Council of Resource and Environment Ministers is the most significant forum established to enhance intergovernmental consultation and will be analyzed with particular emphasis on its role in the formulation of the national forest policy proposal in the following chapter; it suffices at this point to simply note that this body has provided a vehicle for political and senior bureaucratic consultation between the federal and provincial government, something that was not present prior to its integration. Federally-initiated cost-sharing agreements developed under the Agricultural and Rural Development Act and the Fund for Rural Economic Development and transferred to Regional Economic Expansion in 1969 have been enhanced in the last decade and have proven useful in stimulating intergovernmental consultation. The negotiation and implementation of these agreements are administered by a management committee normally consisting of a representative of the Canadian Forestry Service and the Department of Regional and Industrial Expansion and two provincial representatives.³³ The management committee has provided another forum for the exchange of ideas and information between the two levels of government.

³³ Canada, Government of Canada, Federal-Provincial Programs and Activities: A Descriptive Inventory, 1980-81, 1981-82, Ottawa, 1982, p. 172-176.

Another integrating institution, the Forest Industry Development Committee, has served as both a federal-provincial and a government-industry consultative mechanism. Primarily concerned with industry-related issues within the domestic forest sector, this committee is unique in that it encourages the exchange of policy input within a "tripartite" — federal, provincial and industry — forum. "Its aims are: (1) to encourage the orderly growth of a strong and internationally competitive forest industry, (2) to promote a high degree of cooperation among jurisdictions, (3) to obtain the views of the private sector."³⁴

Two other institutions also serve to promote private sector input in the forest policy decision-making framework. The Forest Industry Consultative Committee was designed ". . . to promote a more systematic and structured framework for effective consultation with business, and to assist the federal government in gaining a better understanding of the performance of the sector."³⁵ This committee has been an effective forum for pronouncement of both management and labour perspectives; again on a very commercial-industrial basis. As well, the Canadian Forestry Advisory Council provides an equally effective exchange of viewpoints and concerns between the public and the private sectors.

It would appear that the degree of cooperation and consultation between the two levels of senior government and between the public and the private sectors

³⁴ Forest Products Group (I.T.&C.), Review, p. 264.

³⁵ Forest Products Group (I.T.&C.), Review, p. 266.

has advanced quite steadily as a result of the establishment of these consultative mechanisms. Indeed, there have been many agreements and policy directives emanating from these institutions over the past five to ten years. Although there remains a great deal to be accomplished in the area of public sector-private sector consultation, the successes of these bodies thus far clearly illustrate that consultation and integration of effort are worthy goals, if not keys to the realization of the domestic forest sector's potential.

The rationalization of both the federal and the provincial governments' bureaucratic decision-making processes have proven to be more difficult to achieve. The federal government instituted the Federal Forest Sector Strategy Committee in 1979 to alleviate duplication of its forest-related operations. The Committee, chaired by the Assistant Deputy Minister of the Canadian Forestry Service, is designed to coordinate all forest sector policy-making regardless of its orientation; for instance, the Committee would have the power to review all departmental and agency decisions whether they be concerned with environmental, industrial, trade or other issues. The Committee's membership is comprised of representatives from each of the federal departments and agencies which have a role in some aspect of forest policy formulation. Unfortunately, the Committee rarely becomes involved in the preliminary stages of policy development being designed as a review mechanism; little effort has gone into the coordination of the policy formulation process. As well, the efforts of the Committee have been hampered by the development of internal rivalries between environmental and industrial concerns.

In an effort to alleviate these shortcomings, the federal government has attempted to enhance the coordinating role of the Board of Economic Development Ministers. This institution is designed to ensure that inter-departmental consultation occurs during the earlier stages of forest policy decision-making. Unfortunately, forest-related issues have not received a very high priority within the Board thereby negating its potential contribution to the rationalization of the policy formulation process.³⁶

As the provinces developed their respective forest policy decision-making infrastructures, many of the same problems of inter-departmental conflict and duplication of effort which have long-existed at the federal level were encountered. Again, the major source of this problem was the diverse nature of the resource sector itself; each of the provinces with major forestry operations has been unable to avoid the separation of industrial and environmental policy as they relate to the sector. Because the usual means of coordination of effort within provincial bureaucracies has rested in the hands of the politicians or within informal discussions at the bureaucratic level, the low profile ~~that~~ the sector currently holds hinders the likelihood of achieving any significant degree of integration. Recent provincial task forces in Alberta, New Brunswick and Newfoundland have all drawn particular attention to the absolute necessity of

³⁶ Much of the information presented on the Federal Forest Sector Strategy Committee and the Board of Economic Development Ministers was received through interviews with Canadian Forestry Service officials.

developing provincial institutions for integrating government forest policy-making. Unfortunately, these reports have been lost in the priority-setting processes within these provinces.

As noted previously in this chapter, certain institutions within both the public and private sectors are closer to the dominant policy perspectives guiding forest policy decision-making than others. It is not surprising that this is reflected in the establishment of various integrating institutions. The coordinating structures such as the Forest Industry Development Committee and the Forest Industry Consultative Committee which are comprised of the various institutions closest to the dominant "economic-industrial" policy perspective have dominated the forest policy decision-making framework as of late. On the other hand, those coordinating structures concerned with more environmental, non-economic issues have gone the way of the individual institutions concerned with similar perspectives; in other words, their efforts have been sporadic and less than influential.

Unfortunately, efforts to amalgamate the two perspectives have been largely unsuccessful. Public sector committees which have attempted to represent both environmental and economic policy perspectives have been fraught with controversy and adversarial attitudes. In many cases, institutions designed to represent each of the perspectives have neglected one in favour of the other thereby compromising their original mandates.

It is unlikely that particular integrating institutions will cease to dominate the efforts of others or that structures designed to amalgamate the two perspectives will be successful in the absence of a greater understanding of the domestic forest sector and greater public awareness of the issues facing the sector today. Until such time as multiple-use concepts of forestry use are recognized and accepted, the inequitable distribution of power amongst these institutions will continue to exist.

CONCLUSION

This chapter has presented an introduction to the forest policy institutional environment in Canada; its analysis has consisted of descriptions of the major institutions involved in policy formulation, the problems that have developed because of and in spite of the institutional infrastructure and some of the major efforts which have been undertaken to deal with or alleviate such problems. The chapter has reiterated the underlying theme of this paper — the argument that institutional constraints are the major impediments to sound forest policy development in Canada today and, in turn, to the realization of the sector's potential as described in the previous chapter.

Although armed with a very substantial amount of public and private sector arguments for consultation and integration, forest policy decision-makers in Canada are still experiencing a great deal of trouble in their efforts to determine their respective roles and interrelationships within the institutional environment.

"Purposeful alteration of the institutions affecting resource use remains one of the more important as well as one of the more difficult aspects of resource conservation policy."³⁷

Arising from this confusion and the acknowledgement that the realization of the forest sector's potential is in jeopardy has been the initiative behind the proposal for a national forest policy. As argued by its advocates, such a measure would clearly define the roles to be played by each institution within the forest policy institutional infrastructure and the means of achieving the significant potential of the sector. The following chapter pursues an investigation of the proposal and its implications for forest policy formulation in Canada.

³⁷ The Honourable Walter Dinsdale speaking to the Resources for Tomorrow Conference on 22 October 1961.

CHAPTER V

THE NATIONAL FOREST POLICY PROPOSAL

INTRODUCTION

The previous chapters have documented the formidable institutional constraints which have plagued the Canadian forest sector decision-making process for close to one hundred and fifty years; the ever-increasing necessity of addressing these constraints; and the consequences of failing to do so. This chapter undertakes an analysis of one of the most significant proposals for dealing with the problems of institutional constraint: the call for the development of a national forest policy. "The concept of a national forest policy is excellent. However, in reality it is one which will be very difficult to obtain."¹

As detailed in the preceding chapters, there are a variety of obstacles to national policy-making; in the case of the forest sector, the inability to develop more formalized means of consultation amongst forest policy decision-makers is paramount. Theoretically, a national forest policy would define the ways and means of alleviating this situation; however, in order to develop and implement

¹ Letter received from Peter J. Murphy, Associate Dean of Forestry, University of Alberta, 31 March 1983.

such a policy, a considerable degree of integration and consultation would be required to ensure acceptance by all of the parties involved within the forest policy decision-making framework. A lack of consensus on the principle and format of a national forest policy would inevitably negate any possibility of its endorsement.

Irrespective of the eventual outcome of the national forest policy debate, the proposal in itself and the various attempts to support or block its development provide the analyst of the Canadian forest policy decision-making process with a wealth of insight. On the highest level of examination, one is led to a questioning of whether the debate is actually a positive or negative influence on forest policy decision-making in this country. On the one hand, there is a great deal to be gained through the striving to achieve a national forest policy; interested parties are brought together to discuss the issues of the day and the appearance of a more rational decision-making process is fostered. On the other hand, unless it is for symbolic purposes only, "... it may well be argued that a policy decision which cannot or will not be carried out is worse than worthless, for it misleads some persons — perhaps many persons — into thinking that something is going to happen which, in fact, cannot happen."²

Analysis of the national forest policy debate also affords one the opportunity of updating the documentation of the history of forest policy decision-making in

² Clawson, Forests for Whom, p. 130.

Canada. The debate has played a significant role in the development of current forest policies and attitudes towards future forestry decision-making and cannot be overlooked within a thorough study of the development of Canadian forest policy. Finally, the examination of the national forest policy debate enables one to more fully appreciate some of the institutional constraints facing the sector today and to assess the merits of a particular integrative body, namely, the Canadian Council of Resource and Environment Ministers.

This chapter documents the history of the national forest policy proposal and ensuing debate through an examination of the Council and its Task Force on Forest Policy commissioned during the mid-nineteen-seventies. The specific proposal formulated through the efforts of these bodies and endorsed or renounced by other institutions within the forest policy decision-making environment is forwarded along with the variety of reactions it evoked. Finally, the chapter emphasizes the series of changes in the proposal which negated the original principle of the proposal in favour of a reworking of the existing policy-making framework.

THE DEVELOPMENT OF THE NATIONAL FOREST POLICY CONCEPT

The suggestion that policies for our domestic forest sector should be formulated on a national as opposed to a provincial or local basis is not unique to the nineteen-seventies; national forest policies of one type or another have been proposed by various institutions throughout the history of Canadian forest policy-making. However, it was not until the Canadian Council of Resource and

Environment Ministers (CCREM) began its efforts to develop such a policy that the principle of centralized decision-making for the forest sector met with more than sporadic and restricted acceptance.

As addressed in the historical analysis of Canadian forest policy-making, the CCREM was established on the recommendations of the Resources for Tomorrow Conference convened by the federal government in 1961. Although the scope of both the Conference and the CCREM was not limited to issues confronting the forest sector, both were dominated by such issues. In fact, the CCREM devoted the vast majority of its attention over its first five years to the major constraints confronting the Canadian forest policy decision-making process.³ It is important to note that while the degree of consideration of the forest sector was relatively high during this period, only scant attention was given to the prospects of centralizing the forest policy-making process. The Resources for Tomorrow Conference and the original mandate and work of the CCREM made no official references to forest policy formulation on a national basis. As the nineteen-seventies drew to a close, the CCREM expanded their focus of attention much to the detriment of their consideration of the forest sector.

Revelling in the buoyancy of the world and national economies, Canadian forest policy decision-makers turned their attention to issues of development and

³ Personal interview with Dick Barrens, Executive Director, Canadian Council of Resource and Environment Ministers, 12 May 1983.

industrialization and disregarded the immediate and long-term futures of the domestic forest sector; concern with the structure of the forest policy decision-making framework waned while concern for forest policy-making on a national basis disappeared. This period of almost total lack of regard for the forest sector came to an abrupt conclusion when the 1973 Mid-East oil embargo and resultant world-wide economic malaise began to impact upon the Canadian economy. The constraints which did not appear to be very problematic within a prosperous economy suddenly became the focus of attention for parties interested in the state of the domestic forest sector. The revival in interest was marked in its concentration on the notion of a national forest policy. Since the beginning of the economic downturn, "... efforts have been made to construct a formal national forest policy in an effort to deal with conflicts over land use, impending wood fibre shortages, international competition, and their effects on the forest industry and national prosperity."⁴

The resurgence of interest in forest policy formulation in general, and the national forest policy in particular, was led by the CCREM which, during its 1975 biannual meetings, established an internal task force to study the prospects of improving forest policy across the country. The Task Force on Forest Policy was commissioned to study the objectives of and problems with forest policies within each of the provinces and the federal government. The Task Force reported to the CCREM in June, 1976 that

⁴ Simpson-Lewis, et. al., Special Resource Lands, p. 182.

[a]mong the public and professional resource managers, and decision-makers, there seems to be no clear priorities in goals and objectives, and no generally accepted policy and decision-making framework to assist in making trade-offs among conflicting objectives. (5)

Unlike the pronouncements of the ministers responsible for mineral policy in 1973 as recounted by Smiley and referenced in the introductory chapter, the Task Force's report was more subdued. While the former could easily be labelled "ammunition for advocacy", the CCREM report can only be described as a working document or a base from which to prompt discussion. The report was received and interpreted as a strong endorsement of the principle behind a national forest policy; not an altogether surprising result if one considers the Task Force's original terms of reference as enunciated by the CCREM. The Chairman of the study, in his interpretation of the terms of reference, made the assumption that any policy problems uncovered during the course of the Task Force's analysis could, in all probability, be rectified through the implementation of a national forest policy.⁶

Armed with the results of the Task Force's study and their own research, an ad hoc committee of senior forestry officials used the 1977 annual meeting of the CCREM to present a rationale for formulating a national forest policy. In

⁵ Canada, Canadian Council of Resource and Environment Ministers, Task Force on Forest Policy, Forest Policies in Canada: Major Objectives, Problems and Issues - Identification and Trends, June 1976, p. 6.

⁶ CCREM Task Force, Objectives, Problems and Issues, p. 2.

essence, the committee's argument was founded on the assumption that the whole was greater than the sum of parts. In other words, although it recognized the importance of provincial input within the policy formulation process, the committee endorsed the centralization of the process to ensure compatability with national goals and objectives. The CCREM approved the presentation in principle and endorsed the findings of the earlier Task Force's study and launched proceedings to develop a national forest policy for Canada.⁷

During the same period of time in which the CCREM was developing its proposal, several other institutions within the domestic forest sector began to devote more positive attention toward the principle of a national forest policy. Although the primary impetus behind these institutions was the growing necessity of addressing the institutional problems within a sector confronted with ever-increasing supply and competition-related problems, the influence of the CCREM cannot be discounted. The efforts of the CCREM drew attention to the national forest policy debate and legitimized the proposal for such a policy in the minds and actions of a number of other institutions. Because these other institutions represent other interests and are designed to function differently than the CCREM, their interpretations of the national forest policy concept vary considerably. The Canadian Forestry Service undertook a very intensive effort to promote their conception of a national forest policy and even assigned a consultant to formulate a policy statement based on the consolidation of the

⁷ CCREM, Forestry Imperatives, p. iii.

forest policy decision-making process.⁸ The Reed & Associates report, Forest Management in Canada, which was commissioned by the Canadian Forestry Service, noted that while "[t]he efforts to erect a national forest policy have not resulted in a formal statement . . . there is broad agreement on its content."⁹ The period also witnessed both the Canadian Forestry Association and the Canadian Institute of Forestry endorsing the principle behind the general concept of a national forest policy. The former sponsored the 1977 National Forest Regeneration Conference which focussed on the urgency of developing concerted action within the forest policy decision-making framework and argued that "[s]ome mechanism must be found to harness the combined energies of the public and private sectors alike. The alternative is to pay the price of neglect in regional economic decay and lost opportunity."¹⁰ The latter, a long-standing advocate of the concept of a national forest policy, stressed that the state of the domestic sector during this period could only be rectified through the immediate implementation of consolidated forest policy-making. Finally, the concept also began to garner a considerable amount of support from a variety of individuals and interest groups with a direct or indirect stake in the future of forest policy-making.

⁸ Reed & Associates, Forest Management, p. 138. The head of the C.F.S. during this period, Dr. R.J. Bouchier, emphasized this effort during a personal interview on 27 April 1983.

⁹ Reed & Associates, Forest Management, p. 138.

¹⁰ Canadian Forestry Association, Tomorrow's Forests . . . Today's Challenge?, p. 188.

The culmination of the CCREM's efforts came in 1979 with the publication of a twenty-nine page document entitled Forestry Imperatives for Canada: A Proposal for Forest Policy in Canada. The document deviated from the earlier CCREM stance on the national forest policy debate; "... it abandoned the idea of a definitive national forest policy and decided instead to develop a framework for such a policy and to make recommendations for future decisions by the Council and the member governments."¹¹ Three separate explanations can be forwarded to clarify this change in direction with the CCREM. Firstly, the urgency of addressing the major constraints facing the domestic forest sector at the time necessitated quicker action on the part of the CCREM than originally anticipated. Secondly, as noted above, a variety of interpretations of the concept of a national forest policy were arising thereby negating the likelihood of one gaining more credibility than the others. Finally, the simultaneous development of provincial strength within the forest policy decision-making framework began to counteract the drive toward consolidation and centralization of forest policy formulation. The four major forest provinces — British Columbia, Quebec, Ontario and New Brunswick — all developed new arrangements to promote consultation and integration of effort between themselves and the private interests within their respective borders. A system whereby private forest enterprises and provincial governments sign development agreements was introduced in New Brunswick and Ontario and enhanced in British Columbia during the late nineteen-seventies. The provincial government in Quebec began to

¹¹ Lortie, "Federal Policy," p. 9.

manage its forest resources through public corporations. A majority of the other provinces also responded to the pressures confronting the domestic forest sector by developing more sophisticated forest bureaucracies and management procedures.

THE CCREM PROPOSAL: FORESTRY IMPERATIVES FOR CANADA

Based on the diligence and the earlier statements of the members of the CCREM and the growing popularity of the concept of a national forest policy among various forestry-related interests, it was legitimately expected that the CCREM proposal would be a strong endorsement of the consolidation of the forest policy decision-making process and the federal government's leading role within it. This was not the case:

[i]t appears that, during the discussion of the document Forestry Imperatives for Canada, the CCREM members were led to make a distinction between a policy for Canada (based on trends common to all provinces) and a national policy (which could be interpreted as inviting the federal government to assume the role of first among equals). (12)

This distinction is founded on much more than semantics; the content and tone of the CCREM document are the direct result of the three factors outlined in the conclusion to the previous section. The urgency of addressing the sector's problems limited the time in which the CCREM had to develop a national forest policy proposal and the other interpretations of the concept of such a policy

¹² Lortie, "Federal Policy", p. 10.

negated the possibility of developing a definitive proposal on the subject. However, the most influential factor was the provinces' assertion of their legislative and proprietary rights over the domestic forest resource base. As it became increasingly evident that the provinces would not be willing to surrender this jurisdiction, the CCREM proposal was altered dramatically through its recognition that "[f]orest management of provincial lands is the sole responsibility of the provinces".¹³

This recognition of the provincial role within the forest policy-making process was an obvious deviation from the stance that the CCREM and many other decision-making institutions forwarded prior to the publication of the document. The authors of Forestry Imperatives for Canada had been forced to back down from an endorsement of a substantive national policy (one which would define the principles of the concept) in favour of a proposal for a structural national policy (one which simply provides the framework for consideration of change). The document did endorse increased consultation between and amongst public and private forest policy decision-making bodies, but did not make any allusions to the consolidation of the forest policy decision-making process. The document which was expected to delineate solutions to the problems of institutional constraint had fallen victim to some of the major sources of such constraint, namely, the inability to foster increased integration between the federal and provincial governments; the newly incorporated strength of the provinces and the long history of federal intrusion within the provincial sector.

¹³ CCREM, Forestry Imperatives, p. 9.

Forestry Imperatives in Canada was presented in several parts; besides providing a very brief analysis of the history of the domestic forest sector, the contribution it makes to the Canadian economy and its present status, the document forwarded a delineation of the principles and goals which future forest policies should consider. The nucleus of the document constituted eleven general principles and five specific goals which were intended "... to ensure that Canada's forests are managed and used so as to meet the present and future economic and social needs of Canadians".¹⁴ The principles were designed to "... provide the framework within which jurisdictions can work toward a national forest policy"¹⁵ and included endorsements of roles for both levels of government in the forest policy decision-making process, the concept of multiple use and the need for increased communication and collaboration between parties interested in the development of the sector. The specific goals on the other hand, were all biased in favour of what was described earlier as the "doctrine of usefulness". They included setting production targets, creating employment and regional stability and determining economic benefits from the sector. However, the most intriguing section of the proposal is found in its discussion of the necessary elements within a sound forest management strategy. It was through these elements that the authors of the CCREM document envisioned the realization of the goals outlined immediately above. Along with a variety of suggestions dealing

¹⁴ CCREM, Forestry Imperatives, p. 9. See Appendix E for a delineation of the CCREM document's principles and objectives.

¹⁵ CCREM, Forestry Imperatives, p. 9.

with increasing public awareness of the sector, fostering research and development and accumulating more sophisticated inventory statistics; this section of the CCREM document forwarded very interesting recommendations in the areas of "funding of intensive forest management" and "information exchange, consultation and cooperation". On the very contentious issue of funding, the CCREM argued that governmental expenditures in the areas of forest regeneration and protection should be doubled and that both levels of government be responsible for these increased costs; "[t]hose who benefit from the forestry sector must share the costs of maintaining it."¹⁶ In the area of federal-provincial relations, the CCREM document forwarded proposals for easing intergovernmental and interdepartmental rivalries within the forest policy decision-making framework. To these ends, the document proposed the continuation and enhancement of the CCREM annual meetings and integrative committee work within public bureaucracies.¹⁷

The authors of Forestry Imperatives for Canada exemplified a considerable degree of flexibility by changing the focus of the document from the endorsement of the consolidation of the forest policy decision-making framework to the rejuvenated problem of poor federal-provincial relations and the need for eliminating some of the major constraints confronting the domestic forest sector. Unfortunately, for the credibility of the document, they confused the

¹⁶ CCREM, Forestry Imperatives, p. 13.

¹⁷ CCREM, Forestry Imperatives, p. 17.

logic behind their proposals through an insistence on the use of the term "national forest policy", albeit with the crucial change from the expected "substantive" policy slant to the forced "structural" policy slant. The result was the creation of confusion on where the CCREM stood on the issues of forest policy-making.

The submission of the CCREM proposal to the federal and provincial governments drew almost immediate reaction. Combined with a change in government in Ottawa, the document gave rise to an internal analysis of the federal government's role in the forest policy decision-making framework. "In December 1979, the Cabinet Committee on Economic Development approved a discussion paper entitled 'Federal Policy on the Canadian Forest Sector' . . . This document was, first and foremost, a response by the federal government to the CCREM's recommendations."¹⁸ Even the title of the paper suggested that the federal government was no longer willing, or perhaps able, to endorse the consolidation of forest policy formulation processes. This point was substantiated during proceedings of the House of Commons Standing Committee on Fisheries and Forestry when, in response to questions concerning the publication of the "Federal Policy on the Canadian Forest Sector", the Honourable John Fraser, Minister of the Environment in the Progressive Conservative government, replied

while we are not trying to say this is going to be a national forest policy, what we are trying to say is that this is the

¹⁸ Lortie, "Federal Policy," p. 11.

federal forest policy, which will work in conjunction with the provinces and industry. (19)

The reversal in the federal stance — Mr. Fraser's predecessors had argued consistently since the early nineteen sixties for a national forest policy — should not be attributed to the change in government. Senior policy advisors within the Canadian Forestry Service worked very hard to ensure that this document refer to federal as opposed to national forest policy.²⁰ In addition, the paper was endorsed by the Liberals while in Opposition and adopted upon their return to power in 1980. The rising strength of the provinces within the policy-making framework forced the federal government to pursue a new line of involvement within the sector; the discussion paper outlined the new federal strategy.

The proposed strategy proved to be no more than an elaboration of the role the federal government already held within the forest policy decision-making framework. Basically, the federal government, through the Canadian Forestry Service, would maintain its position as a leader in the areas of research and development, international marketing and energy related matters; the role was defined as "complementary but essential".²¹ It would not involve decision-making in the areas of intensive forest management or production. Recognizing the

¹⁹ Canada, House of Commons Standing Committee of Fisheries and Forestry, Minutes and Proceedings and Evidence, Issue No. 12, 31st Parliamentary Session, 4 December 1979.

²⁰ Personal interview with Dr. R.J. Bouchier, Executive Director of the Canadian Institute of Forestry, 27 April 1983.

²¹ Letter received from J.A.K. Reid, Executive Director, Legislation and Policy Branch of the British Columbia Ministry of Forests, 17 February 1983.

problems of interdepartmental conflict and lack of policy integration within the federal bureaucracy, the discussion paper also proposed various mechanisms to promote consultation among the variety of federal bodies involved in the policy-making process.

The reactions of the provinces to the CCREM report were much more in line with their previous stance on the forest policy decision-making process. The proposal's endorsement of the singular right of the provinces to manage their respective forest resources received a very hearty welcome; "[e]ach province appears to be categorically opposed to making any firm commitment that might be construed to impinge upon or fetter its exclusive constitutional, legislative jurisdiction over its land and forest resources."²² It is important to understand that the provinces' control of the forest sector gave them much more than a revenue base; each of the provinces recognized the value of the forest sector as a base for developing secondary and tertiary industry and as a source of bargaining power within the federal-provincial bargaining forums.

The provinces continued to develop their respective forest bureaucracies and expertise in the area and even began to gain control over some of the areas formerly controlled by the federal government; the major forest and forest products producing provinces launched intensive marketing efforts on a worldwide basis while some became very involved in forest research and development. The

²² Lortie, "Federal Policy," p. 13.

entire forest policy decision-making environment had taken on a new perspective when the provinces began to assert their power over the management of the domestic sector; the publication of the CCREM document served only to give this new process formal recognition and support. As argued by a senior provincial forestry official, the existence, content and utility of a policy aimed at consolidating the forest policy decision-making process in Canada are no longer considered to be viable issues in the discussion of the future of Canadian Forest Policy.²³

The provinces did make specific reference to the CCREM proposals regarding funding of intensive forest management and cooperation within the domestic forest sector. Noting their impression that they were not receiving their equitable share of benefit from forest sector investments, the provinces accepted fully the principle that "... cost responsibilities must be shared proportional to benefits received from the development of the resource."²⁴ They also endorsed the continuation of federal-provincial forestry cooperation through the CCREM and argued for additional human and financial resources to complement their efforts.

²³ Letter received from W.K. Fullerton, Director of the Forest Resources Branch of the Ontario Ministry of Natural Resources, 17 February 1983.

²⁴ Letter received from Allan Campbell, Forestry Division of Saskatchewan Tourism and Renewable Resources, 16 February 1983.

NEW POLICY MECHANISMS: A NATIONAL FOREST POLICY POST-MORTEM

With the rejection of the trend toward the centralization of the Canadian forest policy decision-making process came the necessity of developing alternative mechanisms to ensure the future vitality of the sector. All of the problems which had originally prompted the enthusiasm for a national forest policy continued to plague the sector; the rejection of the proposal simply meant that there were even fewer potential solutions for decision-makers to consider. Although the major forestry provinces began to fill this void through their initiatives with the private sector, the period of fiscal constraint necessitated their acceptance of the federal government within the forest sector's institutional environment. The federal government welcomed the opportunity to redefine its role and contribution in forest policy formulation in Canada.

As the issues of intensive management and reinvestment in the sector became more prominent, it became clear that the generation of a new series of federal-provincial cost-sharing agreements was a priority. The federal government responded to the challenge in September 1982 with the publication of a policy statement entitled "A Framework for Forest Renewal". The document defined the underlying principles behind the criteria which would be employed to generate a series of new agreements and emphasized that the federal government perceived its role in the forest policy decision-making process as complementary.²⁵ Several

²⁵ Canada, Department of the Environment, Canadian Forestry Service, "A Framework for Forest Renewal", 2 September 1982, p. 6.

TABLE 14
SUMMARY OF FORESTRY SUB-AGREEMENTS

Province	Title	Expiry Date	Federal-Provincial Ratio	Federal Contribution (\$ million)	Approx. Yearly Federal Total (\$ million)
Newfoundland	Forestry I	March 31, 1983	90:10	10.4	4.0
	Forestry II	March 31, 1983	90:10	46.9	12.0
New Brunswick	Forestry Devel.	March 31, 1984	80:20	30.0	9.0
Quebec	Forestry Devel.	March 31, 1984	60:40	193.4	36.0
Ontario	Forestry Mgmt.	March 31, 1984	50:50	41.1	9.0
Saskatchewan	Forestry Devel.	December 31, 1984	50:50	12.0	2.0
British Columbia	Intensive Forest Management	March 31, 1984	50:50	25.0	5.0
				358.8	77.0 (approx.)

SUMMARY OF GENERAL DEVELOPMENT AGREEMENTS - FORESTRY COMPONENT

PEI	Comprehensive Development Plan	March 31, 1984	90:10	4.1	1.6
Ontario	Community and Rural Devel.	March 31, 1983	50:50	2.5	0.5
	Eastern Ontario	March 31, 1984	50:50	4.5	0.9
	Northern Ontario	March 31, 1984	50:50	2.0	0.4
				13.1	3.4

Source: The Canadian Forestry Service

new agreements have already been signed and several more are being negotiated at this time; unfortunately, it is still too early to adequately assess the merits of this new style of policy formulation. Correspondence with officials in both levels of government has illustrated that these subsidiary agreements do provide the necessary mechanisms to facilitate forest management on a more intensive scale.

An interesting adjunct to the generation of new federal-provincial agreements was the federal government's decision to transfer the responsibility for negotiating them from the Department of Regional Economic Expansion to the Department of the Environment and more specifically, the Canadian Forestry Service. "The reorganization of government announced in January 1982 provided the Canadian Forestry Service with the impetus to reassess the scope and rationale of federal forestry agreements with the provinces."²⁶ It appears that the transfer was initiated for no other reason than reorganization in the area of Regional and Economic Expansion; it has created several problems already. The Canadian Forestry Service soon found itself in a very precarious position; on the one hand, its new responsibilities meant that it had a wider jurisdiction over forest policy decision-making, but on the other, its limited resources were strained even further.

These new responsibilities have placed the Canadian Forestry Service in a position for which it was not prepared. In the past, this agency was responsible for research activities and specialized services; now, it is

²⁶ CFS, "Framework," p. 6.

becoming an important tool for the attainment of government objectives in areas such as job creation and forest renewal agreements with the provinces. This makes the scientific staff of the Canadian Forestry Service uneasy, since this personnel is not accustomed to being involved in these sorts of activities. However, a government agency without political visibility has almost no future; the Canadian Forestry Service's new responsibilities might well provide justification for the continuation of its research work. (27)

CONCLUSION

The nineteen-seventies saw a steady rise in the deliberation of the merits of centralizing the Canadian forest policy decision-making process, a philosophy most often attributed to the concept of a national forest policy. Although several institutions endorsed the concept, the call for a national forest policy is most often associated with the CCREM. The rapidly increasing urgency of addressing the major constraints facing the forest sector coupled with the varied stances of different institutions on how to approach such problems and the strengthening of the provinces within the forest policy decision-making framework forced the CCREM to back down from its earlier endorsements of a national forest policy. This, in turn, led to the necessity of developing new mechanisms to promote the future strength of the domestic forest sector. Although still too early to assess properly, it appears that these new mechanisms will be directly related to the generation of a new series of federal-provincial subsidiary agreements within the forest sector.

²⁷ Lortie, "Federal Policy," pp. 14-15. See Appendix F — Guidelines for a New Generation of Agreements.

At this juncture, it is crucial to stop and attempt to assess the implications this series of events has had on the forest policy decision-making framework. The constitutional division of powers and responsibilities related to the forest sector has become an even more influential constraint on the forest policy decision-making process in Canada. Both levels of government are becoming increasingly aware of this division as the provinces begin to assert their professional and technical knowledge in key areas of forestry decision-making. The development of subsidiary agreements and the continuation of the CCREM's annual meetings do provide a forum for bringing the two levels of government together to discuss issues related to the forest sector. As well, the provinces have developed closer relationships with the private sector through the use of forest management agreements while the private sector has increased its efforts to impact the policy-making process. Finally, private forest interest groups are beginning to report "... some progress in the area of communication, cooperation and coordination of activities with other organizations having similar aims."²⁸ All of these developments are in their initial stages; the future of Canadian forest policy formulation is still confronted with several indisputable factors. The formulation of consistent policies "... must take shape within the context of divided jurisdiction between the federal and provincial governments and fragmented responsibilities among different government departments and agencies."²⁹ The

²⁸ Forestry: The Future Shock", the Canadian Institute of Forestry President's Report 1982 in The Forestry Chronicle, 58, No. 6 (December 1982), Annual Meeting Supplement, p. 294.

²⁹ Woodrow, "Environmental Policy-making", p. 30.

provinces are becoming increasingly protective of their jurisdiction and are entering into policy arrangements on a their own with little or no regard for the externalities forced upon other provinces or the country as a whole. In addition, the debates between various institutions over the funding of intensive management and between environmental and industrial concerns are far from being settled.

It would appear that the future vitality of the forest policy decision-making framework and, in turn, the domestic forest sector is in serious jeopardy. This leads one to question whether the policy formulation process can be augmented to bear the pressures of a declining resource base and increasing international competition in world markets. Advocates of the consolidation of the Canadian forest policy decision-making process argued that the domestic forest sector could not be managed to a degree which would enable it to realize its potential without a solid endorsement of a "real" national forest policy. It would be premature to begin to develop the implications of the apparent abandonment of such a policy prior to an analysis of one very recent success story within the forest sector in Canada. The next chapter presents such an analysis while the concluding chapter returns to a consideration of the impact of turning away from the concept of a national policy geared toward the consolidation of the forest policy decision-making process.

CHAPTER VI

A CASE STUDY OF THE CANADIAN SOFTWOOD LUMBER COMMITTEE: LESSONS TO BE LEARNED?

INTRODUCTION

Even a brief review of some of the major issues currently facing decision-makers within the domestic forest sector suggests that forest policy formulation has become increasingly complex and fraught with difficulties. As noted in the conclusion to the previous chapter, advocates of a national forest policy would argue this is the direct result of the rejection of the concept of consolidating forest policy decision-making. Other observers would argue that the increasing involvement of the provinces within the forest policy decision-making framework and the decline in the spirit of cooperative federalism has led to the situation the sector finds itself in today. Regardless of the cause or causes of the degradation of the domestic forest policy decision-making process, there is very little doubt that "[i]mproving this situation will be difficult without some agreement on national objectives in forestry and mechanisms for achieving them."¹

¹ Canada, Federal-Provincial Conference on the Economy, Forestry in Canada (Ottawa: 25 January 1978), p. 36.

Cognizant of the argument that the potential socio-economic contribution of the sector is contingent upon the formulation of such agreements and mechanisms, this chapter launches a speculative exploration of the possibility of the various interests within the domestic forest sector integrating their respective efforts in the near future. Although an analysis of several recent policy developments within the sector leads one to seriously question the likelihood of achieving a significant degree of integration within the forest policy decision-making framework, this chapter presents a brief case history which accentuates the fact that, given the proper set of circumstances, a workable level of integration can be developed within and among various forest policy decision-making institutions.

"The countervailing duties action by the United States Commerce Department served to bring the provincial governments, forest industry and the federal government together in developing a coordinated response — setting an important precedent which should also help to carry us toward that goal."² The lesson to be learned from the series of events that brought these bodies together is that in spite of the difficulties and complexities of the current forest policy decision-making framework, its institutions can coordinate their efforts to achieve mutual objectives. In this case, a certain level of cooperation was achieved in response to an immediate, clearly visible threat to a common interest: continued exports to the United States. The question which arises from the case concerns its

² Letter received from Peter J. Murphy, Associate Dean of Forestry, University of Alberta, 31 March 1983.

applicability to situations defined by less crucial circumstances or less commonly agreed upon interests. The chapter will return to the question after the presentation of the case.

CASE HISTORY: THE CANADIAN SOFTWOOD LUMBER COMMITTEE

The integrative successes of the Canadian Softwood Lumber Committee (C.S.L.C.) arose within an environment which had previously allowed very little room for cooperation between interested parties within the domestic forest sector. Previous efforts aimed at coordinating the actions of various institutions within the forest policy decision-making framework had been limited to technical concerns such as fire protection and research or less substantive issues such as public education. Even the most dominant forum recently developed to promote integration within the sector has been unable to circumvent some of the major constraints facing forest policy decision-makers; the negotiation and implementation of federal-provincial subsidiary agreements has proven to be controversial and time-consuming.

Provincial representatives have argued that the federal negotiators of subsidiary agreements have misused their political, financial and administrative discretion thereby leading to the situation where an agreement signed with one province may be more lucrative or beneficial than another agreement signed with a different province. Officials responsible for negotiating the agreements for Ontario have been very condescending in their analyses of the agreements signed between the federal government and New Brunswick and Nova Scotia

respectively. Their contention lies in the widely varying rates of cost-sharing offered each province. The method of negotiating these agreements has also created a significant level of tension and animosity between the federal and provincial governments. At the root of the problem is the fact that the two levels of government may have different goals and objectives within the negotiating process. For instance, while a province may be concerned solely with the development of an agreement which will foster greater levels of intensive management, the federal government may be interested in providing solutions to problems such as regional disparity and unemployment. Given the varying negotiating stances of the two levels of government, it is not surprising to note that they often support different means and mechanisms of developing the domestic forest sector; most recently,

[t]he federal government has told Ontario that if it wants as much as twenty-five million dollars a year for forest renewal, it has to be spent on activities which will speed the growth of trees. But Ontario says it wants to spend a good part of the federal money building logging access roads for the forest industry. (3)

With the expiration of the current agreement between the federal government and the Province of Ontario coming in early 1984, this disagreement has stalled the negotiation of a renewed pact; failure to reach a consensus on the issue of forest renewal will jeopardize the signing of a new agreement. The negotiation of federal funding agreements or cost-sharing arrangements has been adversely

³ Jock Ferguson, "Governments Split Over Use of Funds to Assist Forestry," Globe and Mail, National Edition, 10 November 1983, p. 9 cols. 1-2.

affected by other problems which also negate efforts designed to promote cooperation and integration between the two levels of government.

In many instances these funds have displaced provincial funding rather than being employed to complement and increase total investment. As well, these dollars from the federal coffer suffer from discontinuity, and the diverse objectives sought by each government frustrating provincial long-term planning. (4)

Two very recent labour developments within the forest sectors of New Brunswick and British Columbia illustrate that public sector-private sector integration has been no more successful than federal-provincial integration. This brief analysis of these two cases does not attempt to place responsibility for the problems on the shoulders of one party or another but rather limits its observations to the fact that in both cases, integration between the public sector and the respective labour interest has been eroded. The New Brunswick provincial government has proceeded with extreme caution in its surveillance of the movements of resident Quebec labour into New Brunswick forest operations. At stake are the jobs within the province's forest sector, a very rare commodity in an area experiencing the unemployment rates currently plaguing New Brunswick. At the same time, the province's forest labour unions have taken a militant approach to the threat on their jobs thereby forcing them into direct confrontation with the provincial government. Although solutions to the problem are in the developmental stages, the incidents surrounding the issue were enough to scar the relationship between the provincial government and organized labour.

⁴ Wetton, "Forestry Realities," p. 49.

Labour problems in various sectors of the British Columbia forest industry have escalated over the past two years to the point where tensions are so high that they negate the possibilities of labour, industry and government easily developing any type of consensus-seeking, decision-making framework. The eventual spillover effects of no strike clauses, lock-outs, wildcat strikes and back-to-work legislation have seriously strained the relations between the public and private sectors in British Columbia.

The repercussions of these and other policy developments in the nineteen-eighties might very well convince analysts of the forest policy decision-making process that integration is more than elusive, that it is impossible to attain. However, amid all of the evidence that suggests otherwise, there exists a noteworthy example of integration and cooperation between industry, labour, provincial and federal governments. The formation and efforts of the C.S.L.C. during the latter half of 1982 and early months of 1983 clearly illustrate that, given the proper circumstances and incentives, integration within the Canadian forest policy decision-making framework is possible. This example of institutional cooperation and the circumstances and incentives which prompted it are explored below.

The integrative efforts of the C.S.L.C. are best described as a series of reactions to a very consequential threat to the Canadian forest industry's two billion dollar export trade in lumber and other wood products to the United States. The threat grew out of the actions of a group of American forest industry

interests in the latter half of 1981. In October of the following year, alleging that Canadian forest products producers were being unfairly subsidized by the provincial and federal governments, the United States Coalition for Fair Lumber Imports filed a petition with the United States Department of Commerce.

The Coalition was comprised of six associations in the Pacific, Northwest, Southern region, and the Northeast:

- (i) Western Resource Alliance;
- (ii) Northeastern Lumber Manufacturers Association;
- (iii) Southeast Lumber Manufacturers Association;
- (iv) Northwest Independent Forestry Manufacturer's Association;
- (v) Southern Forest Products Association; and
- (vi) United States Shake & Shingle Association ⁽⁵⁾

The Coalition also received strong support from several major producers of forest products in the United States. This was not the first time that industry representatives in the United States petitioned their federal government to protect the American domestic forest industry; in fact, action of this nature is often contemplated during periods of market stagnation and fiscal restraint. However, unlike previous incidents which consisted of little more than heated

⁵ Canadian Softwood Lumber Committee, Memorandum to Members and Associates, 20 August 1982.

debate and diplomatic discussions, the Coalition's efforts and the response by the Department of Commerce seriously threatened Canadian producers. Despite the fact that a United States International Trade Commission study prompted by the Senate Finance and House Ways and Means Committee in March 1982 did not favour the Coalition's preliminary arguments that American forest interests were being jeopardized⁶, the group of forest associations maintained their stance and filed a formal petition. The Coalition argued, through legal counsel in Washington, D.C., that Canadian producers were being unfairly subsidized by artificially low stumpage rates* set by provincial governments and by regional development and industrial incentives offered by the federal and provincial governments.⁷ In response to this subsidization, the Coalition demanded the implementation of a sixty-five percent countervailing duty on Canadian products such as softwood lumber, shingles, shakes and fencing.

The issue is that private ownership of the forests in the United States is costing American logging companies more than public ownership of forests in Canada is costing their Canadian counterparts. (8)

⁶ Environment Canada, Canadian Forestry Service, "U.S. Countervailing Duty Action on Canadian Softwood Lumber Exports to the U.S.," Briefing Note, 7 December 1982.

* See Appendix A for a definition of this term.

⁷ Michael Valpy, "Not a Subsidy," Globe and Mail, National Edition, 14 December 1982, p. 6, cols. 1-2.

⁸ Valpy, "Subsidy," p. 6.

In the eyes of the Coalition this is much more than an interesting observation; it is the cause of the dispute between the American and Canadian forest sectors. In the United States, where a majority of productive forest land is owned by the private sector, the market sets the rate to be paid for trees; as long as the market remains strong, the price for trees and forest products remains high. The pricing mechanism in Canada is different; the provincial governments own a majority of Canadian forest land and set the price to be paid for trees as it would any other socio-economic rent. Not surprisingly, the Canadian rate is maintained at a much lower rate than the American market price. The price differential for trees is reflected in the prices of various wood products thereby leading to the situation where American consumers can purchase Canadian imports at a cheaper price than similar commodities produced in the United States. The figures provided in Table 15 clearly indicate the market advantage held by Canadian producers of forest products; the appropriate adjustments for species mix and exchange rates have been factored into the data.

The American legislation which enables companies to file countervail action against foreign producers also delineates the procedures for launching such action. Under the Trade Agreements Act of 1979, the Department of Commerce is commissioned with the responsibility of determining whether or not there is a subsidy while the International Trade Commission, a quasi-judicial body, determines whether the subsidy is intended to provide a trade advantage and whether it has injured American industrial interests. Both of these bodies conduct independent investigations in which petitioners, defendants and interested third

parties are allowed to present their respective assessments of the issue in question. In order for a countervailing duty to be assessed both bodies must endorse the arguments presented in the original petition. In the case of the October 1982 petition filed by the United States Coalition for Fair Lumber Imports, the following schedule was set:

March 7, 1983 The Department of Commerce's International Trade Administration (ITA) will make a preliminary decision on whether a subsidy exists. An interim duty could be imposed at this time.

May 23, 1983 I.T.A.'s final determination.

July 7, 1983 The International Trade Commission (I.T.C.) will make a decision on whether or not injury has occurred.

July 14, 1983 A specific countervailing duty could be imposed.⁹

Besides being well coordinated and responsive to the allegations, it was obvious that the Canadian defense would also have to be developed under very tight time limitations.

⁹ Environment Canada, Canadian Forestry Service, "Countervailing Duty Status," Memorandum from the Deputy Minister to the Assistant Deputy Minister, 18 January 1983.

TABLE 15

**PRICE DIFFERENTIAL FOR AMERICAN
AND CANADIAN FOREST PRODUCTS**

(U.S. \$/Board Feet)

	U.S.	Canada	Difference
U.S./Canada (average)			
Delivered Wood	173	146	27
Wages	142	151	(9)
Maine/Quebec			
Delivered Wood	155	93	62
Wages	134	123	11
Idaho-Montana/Interior B.C.			
Delivered Wood	148	77	71
Wages	88	112	(24)
Oregon-Washington/B.C.			
Delivered Wood	205	138	67
Wages	108	123	(15)

Source: U.S. International Trade Commission Report, 23 April 1982.

In reality, the Canadian response to the Coalition's demands for the imposition of a countervailing duty on Canadian forest products was initiated well before the petition was ever formally submitted to the Department of Commerce. Although the principals involved in formulating the response recognized that a detailed defense could not be prepared until the specific allegations were known, the members of the C.S.L.C. began to do preparatory work as soon as it was known that a petition against Canadian forest products was imminent. The C.S.L.C., a long-standing industry association, coordinated the development of the Canadian defense in each of its stages. The Committee is comprised of two sections — Eastern Canada and Western Canada:

[e]ach section includes a Senior Advisory Group of industry executives chaired in the West by John St. C. Ross, Senior Vice-President of MacMillan Bloedel, and in the East by Adam Zimmerman, President of Noranda. Each section also has an action group — in the West the United States Policy Committee and in the East a committee coordinated by Tom Stinson, Vice-President of Northwood Mills and comprising senior staff from the four eastern lumber associations. . . . (10)

The federal government is also represented on the C.S.L.C.; representatives from External Affairs, Environment Canada and Industrial and Regional Expansion are de facto members. During the formulation of the Canadian defense, the C.S.L.C. also maintained very close contact with representatives from each of the provinces and the major forestry-related unions.

¹⁰ C.S.L.C., "Memorandum," 20 August 1982.

By concentrating its efforts on a few key areas, the Committee met with a considerable degree of success with its preparatory work. The C.S.L.C. fully recognized the necessity of eliciting and coordinating the responses of industry and federal and provincial governments; noting that a mechanism to accomplish this did not exist, the Committee was also successful in getting the federal and provincial governments to assemble an information package to be used to develop specific responses to the submitted petition. The C.S.L.C. also elicited the support of allies in the United States; both the National Association of Home Builders and the North American Wholesale Lumber Association offered their active support of the Canadian argument against the imposition of countervailing duties. On a more administrative level, the Committee launched a fund raising campaign and hired legal counsel to support the formulation of its defense.

The C.S.L.C.'s legal representatives in Washington, D.C. and Canadian diplomatic personnel ensured that the content of the petition to the Department of Commerce was relayed to the Committee as soon as possible. Upon receipt of the details, the two sections of the C.S.L.C. met independently in an effort to formulate specific responses to the petition's allegations. Soon after, the Committee as a whole met with their legal representatives and various provincial officials to determine what material would be forwarded to the two American bodies responsible for investigating the Coalition's allegations.

On March 7, 1983, the United States Commerce Department brought forward a ruling of de minimis on the countervailing duty determination on the basis that, contrary to the petitioner's allegation, certain benefits which constitute subsidies within the United States law,

are not being provided to lumber producers since the total value of subsidies was less than half of one percent, the minimum level of subsidy necessary for a duty to be imposed. (11)

Although only a preliminary determination, the de minimis ruling was a huge success for the Canadian defense; given the negative response from the Department of Commerce, the I.T.C. suspended its investigation of the "injury" issue to that time if and when the de minimis ruling is overturned. The I.T.A.'s final determination in May 1983 did not overturn its original findings thereby officially closing the door on the petition's allegation.

Although very interesting in their own right, the basis of the Commerce Department's decision and the details of the C.S.L.C.'s defense do not provide the analyst concerned with institutional constraints within the Canadian forest policy decision-making framework with the type of information required to speculate upon the future of the policy process. However, a brief analysis of some of the integrative efforts of the C.S.L.C. provides the same analyst with a considerable degree of insight in regards to the flexibility of the domestic forest policy institutional environment.

Because of the nature of the petition filed with the American federal government, each of the provinces were forced to develop a common strategy to

¹¹ Environment Canada, Canadian Forestry Service, "Softwood Lumber Countervailing Duty," Ministerial Briefing Note, 22 March 1983.

refute the Coalition's allegations. The petition named all of the provinces in its argument but did not make specific charges against them on an individual basis; as well, it cited the heavy involvement of the federal government in the forest sector. It was inevitable that each of the provinces and the federal government — as well as the Canadian industrial interests — would have to carefully integrate their responses if the Canadian defense was to be strong and therefore successful. The C.S.L.C. continued its role of integrating the various responses as it had done prior to the formal submission of the Coalition's petition. The Council saw to it that contact work with the United States would be channelled through External Affairs thereby ensuring the consistency and direction of the information. The use of officials at External Affairs also prepared their staff for the possibility of appealing the United States' ruling on the grounds of a violation of the General Agreement on Tariffs and Trades. All of the major forest land owners — the provinces, the federal government (through the Canadian Forestry Service) and large private interests — were encouraged to use the C.S.L.C. as a forum for developing their respective responses to the American threat and to allow the Committee to represent their interests during the Commerce Department's investigation. Finally, the C.S.L.C. was successful in convincing all of the interested Canadian parties not to publicize any dissenting opinions or concerns which could adversely affect the formulation and presentation of the Canadian defense.

IMPLICATIONS FOR THE FUTURE

It would be naive to suggest that the levels of cooperation and integration achieved within the forest policy decision-making framework in response to the

American threat to impose a countervailing duty on Canadian forest products can be maintained without a considerable amount of effort. In fact, the argument that the case of the C.S.L.C. is too unique and therefore has no long-term impact on the decision-making process within the Canadian forest sector is difficult to refute. However, the fact that the C.S.L.C. brought many of the major forest-related interests together to discuss major issues confronting the domestic forest sector cannot be denied. As argued previously within the analysis of the national forest policy debate, this in itself is a considerable accomplishment. At the very minimum, the C.S.L.C. enabled various forest interests to hear and observe the viewpoints and operations of their counterparts within the domestic forest sector. The success of the efforts exemplified the potential benefits of coordination and the fact that there does exist a common ground of objectives between various interests within the forest policy-making framework.

The case analysis raises a number of questions, the majority of which concern the application of the success of the C.S.L.C. to the daily routine of forest policy decision-making in Canada. The formulation of a defense against the allegations of the United States based Coalition for Fair Canadian Lumber Imports was unique in that it did not involve the necessity of one actor sacrificing or compromising its interests for another actor's benefit. The allegations and threat put the provinces, the federal government, industry and labour under very similar constraints. Until these institutions are again in a position in which they recognize that their interests are all at stake and that each of their actions can be compatible with the actions of their counterparts, a similar degree of integration and cooperation as demonstrated within this case is very unlikely. As long as the various interest

within the Canadian forest policy decision-making environment perceive their interests as being mutually exclusive, the only significant levels of integration will develop under crisis situations much like the one faced by the C.S.L.C. As argued throughout this thesis, the sector will not be able to meet its potential without resolving the adversarial relations which exist within the sector; without the development of a considerable degree of integration, the sector will quickly succumb to the pressures of increasing competition in world markets for forest products and the constantly decreasing domestic resource base.

Ironically, it is those very pressures which hold the potential linking-pin between and among various interests within the Canadian forest policy-making process. If these interests begin to perceive these pressures as a common threat and accept the notion that solutions can benefit all parties, the integrative successes brought about by the C.S.L.C.'s work may very well recur. Should this series of events fall into place, the experiences of the C.S.L.C. should provide considerable insight for decision-makers intent on developing new forms of integration and cooperation within the policy-making framework. In this sense, the efforts of the C.S.L.C. would be very applicable to the future forest policy-making mechanisms in Canada.

This inevitably leads to a consideration of the likelihood of the various interests within the sector recognizing a common threat as brought about by the major pressures impacting the forest sector today. The final chapter undertakes a speculative analysis of the potentiality of this occurring and the future of the forest sector in Canada.

CHAPTER VII

SUMMARY AND CONCLUSIONS: A SPECULATIVE ANALYSIS OF THE FUTURE OF CANADIAN FOREST POLICY DECISION-MAKING

In an attempt to gain a clearer perspective on the future of the Canadian forest sector, the preceding chapters have looked at the domestic forest policy decision-making framework from a number of different angles. This chapter summarizes some of the major points which have been identified above and speculates upon their potential impact on the future of the Canadian forest sector. It is crucial to understand that this analysis of forest policy in Canada focussed on the operational and administrative practicality of the domestic forest policy decision-making process; limitations imposed by the bounds of the project and the lack of a proper scientific and economic background of the author meant that issues of physical and biological feasibility and economic efficiency and equity could not be addressed directly.¹ It is equally important to recall the argument forwarded in the introductory chapter which noted that in the case of

¹ A complete analysis of a particular forest policy or set of policies would necessarily include detailed consideration of all of these issues. Marion Clawson's Forests for Whom and for What? provides a very systematic framework for the analysis of all types of forest policy.

forest policy-making in Canada, administrative and institutional issues have been grossly overlooked in favour of technical and economic research.² In essence, the combination of these limitations and this argument defined the common denominator of the research.

As noted in the introduction to the thesis, the purpose of the research was not to test any given theory about Canadian politics or bureaucracy nor to probe extensively into any particular institutional constraint. Rather, it was intended to analyze the forest policy decision-making framework in Canada and to highlight various institutional constraints and their impact on the national forest policy proposal and the future of the domestic forest policy-making process. The thesis focussed on six sources of institutional constraint:

- (i) the constitutional division of powers and responsibilities related to the forest sector;
- (ii) the recurrent inability of the two senior levels of government to integrate their respective forest policies;
- (iii) the rising strength and professional quality of provincial governments and bureaucracies;
- (iv) the inability on the part of both the federal and provincial bureaucracies to develop more efficient and rational means of integration;
- (v) the poorly constructed or non-existent mechanisms for public sector/private sector consultation; and

² As noted in the introductory chapter, it is widely accepted that issues of an institutional and administrative nature are the most prominent within any consideration of the future of forest policy-making in Canada.

- (vi) the variety of interests which constitute the private sector influence on forest policy formulation.

The thesis argued that the institutional constraints emanating from these sources inhibit the development of forest policies which are "national" in scope and emphasis thereby necessitating the development of alternative mechanisms to promote coordination and integration within the forest policy decision-making framework. The likelihood of establishing such mechanisms and the repercussions of failing to do so are considered below.

The historical analysis of forest policy-making in Canada provided a wealth of insight to the analyst concerned with future forest policy decision-making processes. Besides its value as a means for analysing existing forest policies and decision-making processes, the review of the history of forest policy illustrated several points which are crucial to the thesis' major argument. The analysis highlighted a series of examples which exemplified the lack of coordination between the provincial and federal governments and the public and private sectors. It also forwarded a brief discussion of the constitutional division of powers and responsibilities related to the forest sector. The policy-making process itself was described through examples as being gradual and, in many respects, cyclical. The development of forest policies in Canada has not progressed through a series of evolutionary stages; in fact, it is apparent that the policy-making process is actually cyclical in nature. "Policies are not formed suddenly. What appears to be an abrupt policy decision is usually the culmination of a number of gradual changes in knowledge, viewpoints, objectives, and accepted

criteria on the parts of many people."³ A whole range of differing perspectives of the forest sector play a significant role in determining the policy slant of a particular period.

Although the analysis of the domestic forest sector's present and potential contributions to the Canadian socio-economic environment did not directly address the issue of institutional constraint, its conclusions strongly support the thesis' central contention that there exists a crucial need to develop a more rational approach to forest policy decision-making in this country. The socio-economic analysis of the domestic forest sector emphasized its very low profile in the eyes of the Canadian public and argued that this situation would have to be rectified in order for sound policy choices to be made in the near future. A clear delineation of the sector's contribution to the economic and social goals of Canadians does a great deal to promote the profile of the sector; "we are gradually moving from a traditional and emotional view of policy to an analytical one."⁴ The analysis also highlighted some of the projected benefits of an expanded forest sector and emphasized the projections for very strong world forest markets and Canada's competitive advantage within many of these markets; however, it also drew attention to the strengthened position of some of the country's major competitors and the fact that the size of the Canadian resource

³ Worrell, Principles, p. 234.

⁴ Worrell, Principles, p. 236.

base is in a state of decline. Based on this scenario, the most crucial issue facing the sector at this time is its ability to substantially increase its supply of competitively advantageous raw material. As argued throughout the thesis, "with the application of research and the implementation of scientific practices in forest management, it will be biologically and technically feasible to more than double the yield of Canada's forest land."⁵ The major impediment to the realization of this potential has been and continues to be the lack of cooperation and integration among the actors within the domestic forest policy decision-making environment. Finally, the socio-economic analysis argued that because the economic and social well-being of Canadians is so closely linked to the forest sector, a failure to meet the challenges of the future will cost the country much more than the imputed losses of the forest sector's potential.

The detailed examination of the existing forest policy decision-making infrastructure presented in the fourth chapter expanded on the efforts of both the historical and the socio-economic investigations to examine the content and impact of policies designed to influence the domestic forest sector. The institutional analysis consisted of descriptions of the major institutions involved in forest policy formulation, the constraints which have developed because of and in spite of the institutional infrastructure and some of the more significant efforts which have been undertaken to deal with or alleviate such constraints. It was through this analysis that the concept of consolidating the Canadian forest policy

⁵ Science Council, Threatened Forests, p. 6.

decision-making process began to acquire specific attention. A key argument forwarded within this insitutional analysis centered on the pervasiveness of the forest sector and its direct or indirect impact on a significant number of institutions within both the public and private sectors. Few policy sectors are as pervasive as forestry which demands the attention of approximately twenty agencies within the federal government. The impact of forest-related policy issues has also been very extensive at the provincial level of government. As well, because of its very nature, a wide range of private sector interests have been compelled to enter into the forest policy decision-making framework.

The analysis of the Canadian forest sector's decision-making framework provided the opportunity to gain a clearer perspective of the sources of institutional constraint outlined in the introductory chapter. This analysis enabled one to delineate the very distinct relationships and power structures which have become established within the decision-making framework and their impact on recent policy developments within the sector. Although presented from a very high level of examination, the analysis clearly illustrated the existence of two sets of alliances within the decision-making framework. It also delineated the memberships and philosophies of each set of alliances and the particular socio-economic climates in which each maintain a dominant position within the policy formulation process. The underlying theme of this direction within the institutional analysis was intended to exemplify the fact that policies are the result of a great deal of effort expended by a large number of organizations; they are formed ". . . by those who occupy positions of power, either as direct controllers of forest land use or as influencers of government actions."⁶

Based on its earlier identification of the major institutions responsible for forest policy in Canada and the significant constraints which have emanated from this framework, the analysis shifted its focus to some of the most recent efforts instituted to promote integration within the domestic forest sector's decision-making process. Although the analysis had presented examples of a limited degree of cooperation among various institutions responsible for forest policy, it also reiterated the fact that without a significant rise in the level of integration within the sector there is very little chance that the major institutional constraints plaguing forestry decision-making in Canada can be alleviated to a point where the sector can begin to realize its future potential. A series of the most recent efforts towards integration was presented along with some of the major accomplishments and shortcomings each have experienced.

The institutional analysis concluded with an examination of the unfortunate fact that the institutions designed to integrate the efforts of various actors within the policy-making process have become polarized within the "economic-industrial" - "social-environmental" dichotomy. Forest policy decision-makers in Canada continue to experience a great deal of trouble in their efforts to determine their respective roles and interrelationships within the institutional environment.

⁶ Worrell, Principles, p. 215.

Arising from this confusion and the acknowledgement that the realization of the sector's potential was in jeopardy in the absence of significant improvements in the area of institutional integration was the initiative behind the proposal for the consolidation of the forest policy decision-making process. Advocates of this proposal suggested that a national forest policy would define the roles of each institution within the forest policy-making process thereby fostering the necessary degree of integration to ensure that the sector's potential was realized.

The examination of the concept of a national forest policy and the debate which surfaced around the CCREM's proposal for the consolidation of the Canadian forest policy decision-making process confronts the analyst concerned with institutional constraints within the sector with a serious problem. The rejection of the national forest policy proposal appears to contradict all of the indications supporting its inception which flowed out of the thesis' historical, economic and institutional reviews of the domestic forest sector; even some of the major policy developments within the sector during the nineteen-seventies suggested that the establishment of a national forest policy was a very strong likelihood. During the same period in which the CCREM carried out the majority of its analysis of the national forest policy mechanism, several other institutions within the sector began to devote more positive attention toward the proposal. The analyst is forced to consider the likely causes of this sudden turn-about in events.

The review of the CCREM and their Task Force on Forest Policy illustrated how quickly the concept behind the national forest policy changed from one of supporting a lead role for the federal government in forest policy-making to one which recognized the provincial dominance in the area and the need for more formalized mechanisms to support public sector/private sector and intergovernmental cooperation. Three separate explanations were forwarded to clarify the sudden change in the meaning of a national forest policy. The CCREM ran out of time and were forced to "water down" their proposals to attain the support of its member governments. The variety of interpretations of the concept of a national forest policy necessitated the development of a compromise position. Finally, and most importantly, the provinces began to exercise their jurisdictional rights within the forest sector.

The conclusion to the analysis of the national forest policy debate considered the actions of the two levels of government and the private sector in the wake of the rejection of the national forest policy proposal. All of the problems which had originally prompted the enthusiasm for a national forest policy continued to plague the sector; the rejection of the proposal simply meant that there were even fewer potential solutions for decision-makers to consider. A brief review of the federal-provincial cost-sharing agreements mechanism was undertaken at this point; although it was argued that it would be premature to evaluate this mechanism for supporting forest management at this juncture, several problems inherent in the guidelines used to establish such agreements were identified.

The future of the Canadian forest policy decision-making framework, the constraints confronting this framework and the potential available to the sector all must take into consideration several undisputed factors. The policy-making process will continue to involve representations from a wide range of public and private institutions. The provinces will continue to flex their muscles in the forest sector and will become even more protective of their jurisdiction in the future. The funding of intensive forest management will continue to be a bone of contention between the federal and provincial governments and the private sector. The very low public profile of the forest sector in Canada is bound to remain unchanged in the absence of a significant education program. The Canadian market advantage in world forest and forest product markets will continue to be eroded under competitive pressures. The size, accessibility and quality of the Canadian forest resource base will continue to decline without the implementation of more intensive methods of forest management. None of these can be dealt with adequately without first augmenting existing and establishing new mechanisms to promote integration within the sector's decision-making framework; the accomplishment of which is contingent upon the various actors within the framework recognizing a common threat to their respective interests or a mutual benefit to their cooperative actions. The actors within the framework must become more "problem conscious" as opposed to "boundary conscious".⁷ It will take the right combination of political, social and economic pressure to

⁷ The concepts were adapted from Whittington, "Environmental Policy," p. 223.

compel both levels of government and the private sector "... to move beyond historical constraints and mistrust and demonstrate their [proven] ability to cooperate for mutual well-being."⁸

This fact was illustrated by the case history of the C.S.L.C. and its efforts to combat the American industry-based attempts to impose a countervailing duty upon Canadian forest products exported to markets in the United States. However, the case study does raise a number of very interesting questions, the majority of which concern the application of the success of the C.S.L.C. to the daily routine of forest policy decision-making in Canada. The threat which the C.S.L.C. had to address had serious implications for the provinces, the federal government, industry and labour. It may well be argued that until the institutions which represented each of these bodies are again in a position in which they recognize that their respective interests are all at stake and that each of their actions can be compatible with the actions of their counterparts, a similar degree of integration and cooperation as demonstrated in this case is very unlikely.

This argument leads one to speculate upon the abilities of the various institutions responsible for forest policy formulation to develop more formalized means of integration. As argued throughout the thesis, the sector will not be able to realize its potential without resolving the adversarial relationships which exist within the forest policy-making framework. Inevitably, one is led to question

⁸ Wetton, "Evolution," p. 566.

whether the recognition of this potential as a mutual loss or gain will be adequate to compel various institutions to begin to integrate their respective forest policy-making efforts. Equally important to the future of the sector is the timeliness of such a recognition; the longer the decision to formulate stronger methods of policy coordination is put off, the less likely the sector will be able to recapture the losses it incurs everyday. The track records of the major institutions within the forest sector suggest that it is highly unlikely that the recognition of the sector's potential as a possible loss or gain will spawn integrative efforts among policy-makers. The recognition would have to be made in an environment which is still very new to Canadian policy-makers; forest policy decision-making on a proactive as opposed to reactionary basis is still in its infantile stages in this country. Unlike in the case of the American threat to the domestic forest sector, forestry-minded institutions are not likely to see the problem of lost potential as an immediate concern. As the problem develops, its impact will be spread unevenly across the institutional framework; in other words, some institutions' losses will be other's gains. This in itself will severely inhibit the acceptance of the problem as being mutually important "... [T]he politics of scarcity have not yet brought [forestry] resource policy to the stage where it can be described as comprehensive, rational planning."⁹

⁹ Chandler and Chandler, Public Policy, p. 267.

The consequences of this failure are extreme for a country which is as socio-economically dependent on the forest sector as Canada. As illustrated within the analysis of the economic and social potential of the sector, the failure to attain the sector's potential will result in losses far greater than the imputed costs of lost opportunities. The consistent failure of all the institutions within the forest policy decision-making framework to coordinate their efforts and to alleviate institutional constraints places the realization of the domestic forest sector's potential in very serious jeopardy.

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Montreal Gazette

Northern Forest Research Centre publications

APPENDIX A

GLOSSARY OF TERMS

Annual Allowable Cut

That amount of harvesting which will enable a forest jurisdiction to maintain a yield into perpetuity (see sustained yield). If this amount is exceeded, the jurisdiction's resource base will eventually be depleted.

Intensive Forest Management

The process by which various techniques are employed to improve the yield of the existing resource base. These techniques may include improved utilization, site treatment, thinning, planting of genetically improved trees, fertilization, etc. It is estimated that intensive forest management practices taken to their ultimate can improve natural wood yields three to four times.

Mensuration

The adaption of the principles of mathematics to the measurement of logs, trees, forests and forest products. The practice is particularly concerned with future projections and is crucial in the planning of forests and the manner in which they are harvested.

Multiple-Use

A concept of forest management which recognizes that forests can support a variety of uses simultaneously. The concept means that all resources will be managed so that they are utilized in a combination which best meets the needs of the public at any given time.

Protection

The practice of acknowledging the enemies of the forest (fire, insects, disease) and developing strategies for combatting them.

Siviculture

The principles and organized knowledge of forest cultivation; it is to forestry what horticulture is to agriculture. Its practice is designed to ensure the development and maintenance of a socially determined forest.

Stumpage Rate

The payment made to the Crown for timber harvested by private interests on Crown Land. It is the most significant contributor to public revenues within the forest sector.

Sustained Yield

The concept implies a continuous flow of goods and services in perpetuity. Ideally, harvest and growth are balanced annually for a product such as wood. Sustained yield implies that the harvest of timber will be balanced by timber growth.

APPENDIX B

CORRESPONDENCE AND INTERVIEWS

Listed below are the people who contributed to the research for this thesis through interviews and correspondence:

Interviews

Mr. Dick Barrens, Executive Director, Canadian Council of Resource and Environment Ministers Secretariat in Toronto, Ontario on 12 May 1983.

Dr. R.J. Bouchier, Executive Director, Canadian Institute of Forestry in Ottawa, Ontario on 27 April 1983.

Mr. Gillis Carpartier, Forest Relations, Canadian Forestry Service, Environment Canada in Hull, Quebec on 27 April 1983.

Mr. Anthony Hughes, Director, Policy Branch, Canadian Forestry Service, Environment Canada in Hull, Quebec on 27 April 1983.

Dr. T.S. McKnight, Executive Director, Canadian Forestry Association in Ottawa, Ontario on 26 April 1983.

Mr. T.R. Roach, Author and Researcher in Ottawa, Ontario on 27 April 1983.

Mr. B. Watson, Head, Policy Branch, Department of Natural Resources in Fredericton, New Brunswick on 8 May 1983.

Correspondence

Mr. Jean-Paul Arsenault, Forest Operations Director, Department of Energy and Forestry, Province of Prince Edward Island on 24 February 1983.

Dr. G.L. Baskerville, Assistant Deputy Minister, Department of Natural Resources, Province of New Brunswick on 10 June 1982.

Ms. Rosemary M. Bonderud, Government and Public Affairs, Council of Forest Industries of British Columbia on 14 March 1983.

Dr. R.J. Bouchier, Executive Director, Canadian Institute of Forestry on 18 March 1983.

Mr. J.A. Brennan, Assistant Deputy Minister, Alberta Forest Service, Alberta Energy and Natural Resources on 24 February 1983.

Ms. Patricia Butts, Director of Education, Canadian Forestry Association of British Columbia on 27 May 1983.

Mr. Allan Campbell, Forestry Division, Saskatchewan Tourism and Renewable Resources on 16 February 1983.

Mr. Jas D. Coats, R.P.F., Executive Vice-President, Ontario Forestry Association on 9 March 1983.

Mr. Jas D. Coats, R.P.F. President, Ontario Professional Foresters Association on 6 April 1983.

Mr. D.L. Eldridge, Deputy Minister, Nova-Scotia Department of Lands and Forests on 7 March 1983.

Mr. Lorne E. Etter, Executive Director, Nova Scotia Forest Products Association on 8 March 1983.

Mr. W.K. Fullerton, Director, Forest Resources Branch, Ministry of Natural Resources, Province of Ontario on 17 February 1983.

Mr. A.B. Furniss, R.P.F., Registrar, Association of British Columbia Professional Foresters on 17 March 1983.

Mr. John Johnson, Forest Economist, Forest Products Branch, Department of Forest Resources and Lands, Province of Newfoundland on 18 February 1983.

Mr. J.W. Ker, Sessional Lecturer, Department of Forest Resources, University of New Brunswick on 8 March 1983.

Dr. Marcel Lortie, Professor, Faculté de Foresterie et de Géodésie, Université Laval, Québec, Québec on 12 April 1982.

Mr. A Thomas Moryto, Assistant Director of Education, Canadian Wood Council on
9 March 1983.

Mr. J.F. Munro, Canadian Forestry Service, Environment Canada on
8 February 1983.

Dr. Peter J. Murphy, Associate Dean-Forestry, Department of Forest Science,
Faculty of Agriculture and Forestry, University of Alberta on 28 March 1983.

Mr. Duncan M. Newman, General Manager, Saskatchewan Forestry Association on
25 April 1983.

Mr. C.D. Rannard, Chief, Forest Management Section, Forestry Branch,
Department of Natural Resources, Province of Manitoba on 18 February 1983.

Mr. J.A.K. Reid, Executive Director, Legislation & Policy, Ministry of Forests,
Province of British Columbia on 17 February 1983.

Mr. Henry Walthert, Association Affairs Officer, Canadian Lumbermen's
Association on 15 March 1983.

APPENDIX C

**ORGANIZATIONS INVOLVED IN
FORECASTING DEMAND FOR FOREST PRODUCTS**

Food and Agriculture Organization (United Nations)

Economic Commission of Europe

United States Forest Service

Canadian Forestry Service (Environment Canada)

Department of Industry, Trade and Commerce

F.L.C. Reed and Associates (Canada)

Sundelin A.B. (Sweden)

Jakko Poyry and Company (Finland)

APPENDIX D

FEDERAL-PROVINCIAL AGREEMENTS

Published in Canada, Federal-Provincial Relations Office, Federal-Provincial
Programs and Activities: A Descriptive Inventory, 1980-81 & 1981-82. Ottawa:
Minister of Supply and Services, 1982.

DREE COST-SHARED FORESTRY PROGRAMS SIGNED SUBSIDIARY AGREEMENTS

Province and Agreements	Term		Max. Expenditures (\$'000,000)		Total		Main Thrusts (as % of total)
	Entered	Expiry	Fed.	Prov.	Ind.		
Newfoundland Forestry II	Jan/81	Jan/86	46.9	5.2	(1)	52.1	Silviculture (42%), Access Roads (34%), Protection (7%), Resource Inventory and Planning (8%), Forest Utilization and Industry Development (9%).
Forestry economic stimulation (amendment to DREE I Forestry Agreement, DREE I expired March 1980)	June/79	Mar/83	10.4	1.15	(2)	11.55	Provide employment in economically depressed areas through silvicultural activities. Site rehabilitation (salvage harvesting budworm-killed stands and reforestation) (89%), Stand improvement (19%), Cable logging training (3%), Company projects (gov't contribu-only) (8%), evaluation (1%).
Stephenville Mill	June/79	Mar/81	13.5	1.5	45.0	60.0	Conversion of Labrador Linerboard to newsprint mill (Abitibi-Price)
Pulp and Paper Mill Modernization	July/81	Mar/87	30.0	3.0	—	33.0	
Total 1979-1986			100.8	10.85	45.0	156.65	

- (1) Newfoundland Forestry II:
Industry has no direct involvement. Province and industry to work out cost-shared formula for projects undertaken on leases or licensed land.
- (2) Newfoundland Forestry Economic Stimulation Program:
There is provision for industry involvement but no maximum amount specified in agreement. Industry expenditures are additional to those of federal and provincial governments.

Province and Agreements	Term		Max. Expenditures (\$000,000)			Main Thrusts (as % of total)
	Entered	Expiry	Fed.	Prov.	Ind.	
Prince Edward Island Comprehensive	Apr/69 (Phase II) (Apr/75 - Mar/80) (+1 yr. extension)	Mar/84	4.236	.471	—	4.71
Total 1975-1981			4.236	.471	—	4.71
Nova Scotia Forest Subsidiary Agreement	Apr/77	Mar/82	36.142	21.634	—	57.776
Canada - Nova Scotia Pulp and Paper Modernization Subsidiary Agreement	May/81	Mar/84	17.0	4.25	—	21.25
Total 1977-1984			53.142	25.884	—	79.026
New Brunswick Forestry Development Subsidiary Agreement	Apr/80	Mar/84	30.0	7.50	—	37.50
Forestry Subsidiary Agreements	Feb/75	Mar/82	58.9	15.3	—	74.2
Canada - New Brunswick Pulp and Paper Modernization Subsidiary Agreement	Oct/80	Mar/84	33.8	8.45	—	42.25

Forest Management (38%), Wood salvage and storage (58%), Support services (1%), Public information, education and evaluation (1%), New use of hardwoods and sawmill improvement (2%).

Mill modernization.

Silviculture (80.3%), Forest management (9.5%), Private woodlots (5.0%) Harvesting and transportation (5.0%), Evaluation and information (0.2%).

Forest management (65.5%), Resource utilization (6.2%), Manpower development (3.8%), Administration (6.2%), Pilot project (2.2%), Resource development and accelerated employment (16.3%).

Mill modernization.

Province and Agreements	Term Entered	Term Expiry	Max. Expenditures (\$000,000)			Total	Main Thrusts (as % of total)
			Fed.	Prov.	Ind.		
Canada - New Brunswick Subsidary Agreement							
Northeast New Brunswick	June/77	Mar/82	1.92	.21	—	2.13	Create employment.
Total 1977-1984			124.62	31.46	—	156.08	
Ontario							
Community and Rural Resource Development	Dec/77	Mar/83	2.5	2.4	—	4.9	Hybrid poplar (60%), Hardwood forest renewal (15%), Inventory (10%), Miscellaneous (15%).
Forest Management	Dec/78	Mar/84	41.1	41.1	—	82.2	Forest access (80%), Nursery expansion (12%), Assessment (5%), Silvicultural camps (2%), Soil survey (1%).
Pulp & Paper Industry Facilities Improvement	May/79	Mar/84	60.0	120.0	540.0	720.0	Pollution abatement and mill modernization.
Eastern Ontario Forest Improvement	Dec/79	Mar/84	4.5	4.5	—	9.0	
Northern Ontario Rural Development (Forestry Sub-program)	Mar/81	Mar/84	2.0	2.0	—	4.0	
Total 1977-1984			110.1	170.0	540.0	828.1	
Quebec							
Canada-Quebec Auxiliary Agreement on Forest Development	Mar/75	Mar/84	193.4	128.9	—	322.3	Forest roads (54%), Silviculture and reforestation (45%), Studies (1%).
Pulp Mill Modernization (amended)	May/80	Mar/84	135.0	105.0	960.0	1200.0	Pollution abatement and mill modernization.
Total 1979-1984			328.42	233.9	960.0	1522.3	

Province and Agreements	Term		Max. Expenditures (\$'000,000)		Total	Main Threats (as % of total)
	Entered	Expiry	Fed.	Prov.		
Manitoba						
Survey Wood Using Industries	May/80	Mar/81	.039	.006	.045	Harvesting and milling.
Total 1980-1981			.039	.006	.045	
Saskatchewan						
Forest Development	May/79	Mar/82	12.00	12.00	24.00	
Survey Wood Using Industries	Apr/80	Mar/81	.05	.015	.065	Harvesting and milling.
Directory Wood Using Industries	Apr/81	Mar/82	.032	.006	.038	Harvesting and milling
Total 1980-1982			12.062	12.021	24.103	
Alberta						
Early mortality in lodgepole pine reforested areas	Apr/81	Sept/81	.035	.0161	.0511	Forest protection.
Western gall rust studies	Apr/80	Sept/81	.002	.005	.007	Forest protection.
Factors affecting field performances of containers	Apr/81	Mar/82	.015	.0065	.0215	
Assessment of tree growth along seismic line and roads	Apr/81	Mar/82	.010	.0112	.0212	Growth and yield
Total 1980-1982			.062	.0388	.1008	

Province and Agreements	Term		Max. Expenditures (\$000,000)		Total	Main Thrusts (as % of total)
	Entered	Expiry	Fed.	Prov.		
British Columbia Intensive Forest Management	May/79	Mar/84	25.0	25.0	50.0	Reforestation (23%), Juvenile spacing (60%), Fertilization (10%), Forest protection (2%), Implementation contracts (4.9%), Public information (0.1%).
Total 1979-1984			25.0	25.0	50.0	
Northwest Territories Survey Wood Using Industries	July/80	Nov/81	.0275	.0065	.034	Harvesting and milling.
Total 1979-1981			.0275	.0065	.034	
Inspect of airborne emissions from sour gas on forest systems	May/81	1986	.048	.05 (Gulf/Aquitaine)	.098	Air pollutants.
Ecological land classification of Banff	Apr/80	Mar/81	.126	—	.126	Biophysical inventory.
Ecological land classification of Kootenay, Mount Glacier and Revelstoke National Parks	Apr/81	Mar/83	.126	—	.126	Biophysical inventory.
Large-scale photo sampling	Apr/80	Mar/82	0.45	—	.045	Forest inventory.
Total 1980-1986			3.45	.05	.395	

APPENDIX E

CCREM'S PRINCIPLES AND GOALS

Published in Canadian Council of Resource and Environment Ministers, Forestry
Imperatives For Canada: A Proposal for Forest Policy in Canada. May 1979.

PRIMARY OBJECTIVE

The aim of a national forest policy is to ensure that Canada's forests are managed and used so as to meet the present and future economic and social needs of Canadians.

GENERAL PRINCIPLES

Implicit in the objective are the following principles:

1. Forest management of provincial lands is the sole responsibility of the provinces. This cannot be altered by the content or implementation of any national forest policy.
2. Provincial and federal policies related to the forestry sector should be compatible, although they may differ in approaches towards attaining common goals.
3. The stability of employment and of rural communities should be maintained.
4. The productivity of forest land should be maintained and, where economically feasible and justifiable, enhanced.
5. Responsibility for funding maintenance of the resource should be proportionate to the benefits received.
6. Forest management implies management for the multiple and integrated use of forest land, e.g. water, wildlife, recreation, fibre and environmental

protection; although specific areas of land may be allocated to single purpose use.

7. Goals for wood production should be set to ensure the maintenance and enhancement of a major viable forest-based industry for Canada.
8. Forestry practices should avoid lasting environmental damage. Requirements for environmental protection, however, should be demonstrated to be effective and take into consideration, although not necessarily be governed by, cost/benefit analysis.
9. The ecological and genetic diversity of Canada's forests should be maintained.
10. Research on the resource should be commensurate with its importance and the urgency for the new knowledge to solve management problems.
11. Mechanisms should be established for continuing communication and collaboration on important problems relating to the management and utilization of the forest resource.

SPECIFIC GOALS

A forest policy cannot be conceived in a vacuum, but must find its *raison d'être* in the needs of the people. Some of these needs have been referred to already in the discussion of economic and social benefits derived from use of the forest resource. The next step, therefore, is to translate such benefits into specific growth goals. Five of these are summarized below.

1. Employment Creation

The most important goal of forest policy is the creation of job opportunities for our citizens. At the very least this means maintenance of the existing employment base in harvesting and manufacturing. Given the trends in output per man hour, the volume harvested and processed must be sharply increased just to protect the present jobs. But the goal should really be expansion of job opportunities available to the unemployed and to youth entering the labour force for the first time.

New employment opportunities will result from the intensification of forest management, and this will help to offset losses from further mechanization of logging. A full scale forestry effort will provide thousands of permanent jobs and many more part-time jobs, an equivalent of perhaps 20,000 full-time.

The forest sector may be called on to employ as many as 400,000 people in 20 years time, or an increase of 100,000 over today. Each of these direct jobs will be associated with two indirect jobs in supply and service industries.

2. Production Target

The current harvest is about 140 million m³ per year. It will be difficult to increase this volume appreciably without an aggressive forest management program. This will require much more than just closing the regeneration gap; it will be necessary to embark seriously on stand tending, and to rehabilitate some of the backlog of neglected area.

The choices can be illustrated by suggesting a range of alternatives. First, assume that forestry receives no additional investment, and watch the forest sector decay in one region after another. Second, try to double timber production by the end of the century, say by 3 to 4 percent annually. Third, settle for a 2 percent growth rate up to the year 2000. This would be lower than the historical rate of the past two decades but would still increase the annual harvest from 140 to 210 million m³.

The third alternative may be the most realistic. Until each province has prepared its own growth goal, however, suggesting a national goal of more than this general magnitude is difficult.

In the final analysis, achievements will be determined by the way in which the Canadian economy is managed relative to our trading partners, and whether the additional wood supply can be harvested and sold in internationally competitive markets.

3. Regional Stability

Stability and balanced growth are primary concerns of the provinces. They will determine where economic decay is most likely, and this will be one of the principal criteria in deciding where new forestry funds will be spent. The concept of net social cost may at times dictate expenditures that cannot be justified on purely forestry grounds.

4. **Balance of Payments**

A steady increase in foreign exchange earnings from forest products is essential if external balance is to be maintained. This may appear impersonal relative to the items listed above. But in an open economy such as ours, the balance of payments must be taken seriously.

5. **Social Capital**

The forest sector now contributes well above \$2 billion annually to the provincial and federal treasuries. Judicious investment in maintenance of the resource will lead to increases in this revenue; its lack will inevitably result in decreases as well as the high social cost of failure to sustain regional employment bases.

Detailed economic analysis has hardly begun, but it would be folly to wait until all the numbers are available. The case for improving forest management has been amply demonstrated. The tentative goals outlined here suggest the urgency of adopting a bold forest policy.

APPENDIX F

GUIDELINES FOR A NEW GENERATION OF AGREEMENTS

Published in Environment Canada, Canadian Forestry Service, A Framework for Forest Renewal. Policy Statement, 2 September 1982.

GUIDELINES FOR A NEW GENERATION OF AGREEMENTS

The reorganization of government announced in January 1982 provided the Canadian Forestry Service with the impetus to reassess the scope and rationale of federal forestry agreements with the provinces. The results are far-reaching and in fact comprise a new approach to joint funding of forestry in Canada.

1. Forestry Agreements in Context

New agreements must be designed to be consistent with the overall Forest Sector Strategy for Canada.

2. Long-term Plans

No further agreements will be implemented in a province in the absence of a long term plan of at least 20 years duration, a minimum time necessary for consistent forestry programs. These plans will include timber production goals and the relative emphasis to be placed on various forest renewal treatments, protection, closer utilization, and increased productivity in the mills.

3. Technology Transfer

New agreements will carry requirements for the rapid transmittal of research results from the scientist to the practising field forester. The transfer mechanism is now being rebuilt accordingly.

4. Emphasis on Intensive Forestry

Federal funds will be applied wherever possible to intensive timber stand improvement. Provinces and industry will carry the major responsibility for basic forestry, namely prompt regeneration.

5. Leverage

Agreements will specify that federal funds are to be used as incentives to obtain increased spending by the combined provincial and industry sources, and to ensure that federal guidelines are adopted.

6. Private Woodlands

Special emphasis will be placed on smaller private woodlands which have been largely overlooked in earlier agreements. The new Nova Scotia agreement is written with this resource in mind.

7. Federal Visibility

New agreements will be accomplished by direct delivery, to the extent that Canadian Forestry Service resources permit, and by a strengthened communication program.

8. Evaluation

Forest management agreements will be evaluated for their effectiveness at five-year intervals.

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