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**REGIONAL DEVELOPMENT POLICY AND THE SINGLE INDUSTRY TOWN:
DALHOUSIE, N.B., 1860-1990**

by

PETER JAMES BRANDER 3.SOC.SC. (Hon)

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of

Master of Arts

Institute of Political Economy

Carleton University
Ottawa, Ontario
June 1993
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DALHOUSIE, N.B., 1860-1990

submitted by
Peter J. Brander, B.A.

in partial fulfilment of the requirements
for the degree of Master of Arts

Director, Institute of Political Economy

Thesis Supervisor

Carleton University
June 11, 1993

ABSTRACT

The advent of regional development in the 1950s resulted in governments, at both the federal and provincial levels, attempting to manage all aspects of a region's development in an attempt to ensure the equality of opportunity to all regions of the country. Generally the government's regional development programs were directed to large geographic regions. In looking at the sub-region of Dalhousie, New Brunswick, this paper analyses the effect of regional development policies on a single industry town. In critiquing the political economy of management, this paper argues for community involvement and control of development. Only through a community based development initiative can a development program be tailored to the special needs and aspirations of the community in question.

ACKNOWLEDGEMENTS

No work, such as this thesis, is completed in isolation. It is a culmination of the advice and help of numerous individuals. I would like to thank Professor Del Muise for his patience, insight, humour and encouragement in the completion of this work. To my fiancée, Theresa, this document is as much yours as it is mine. It was only through your editing of the grammar, motivation and carefully thought out opinions that I was able to finish this work. My parents are also deserving of mention. Without their love, faith and confidence in me I would have never arrived at where I am today. And finally, I thank the citizens of the Dalhousie area, past and present. It is through our shared experiences that I found the basis for this work. You have given me so much, I hope that in some small way, this document is able to return the favour.

To each and every one of you, I offer my heart felt thanks.

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1927	Royal Commission on Fisheries (MacLean Commission)
1935	Royal Commission on Financial Arrangements Between the Dominion and the Maritime Provinces (White Commission)
1937-40	Royal Commission on Dominion-Provincial Relations (Rowell-Sirois Commission)
1944	Royal Commission on Provincial Development and Rehabilitation (Dawson Commission)
1949	Royal Commission on Transportation (Turgeon Commission)
1954	Atlantic Provinces Economic Council (APEC) formed.
1957	Federal Government establishes the first equalization program.
1957	Royal Commission on Canada's Economic Prospects (Gordon Commission)
1958	Atlantic Adjustment Grant (AAG) of \$25 million allocated to the region.
1960	Royal Commission on Transportation (MacPherson Commission)
1961	An Industrial Survey of Dalhousie, N.B. published by CN Research and Development
1962	Canadian Industries Limited (CIL) opens \$5 million plant in Dalhousie
1962	The Atlantic Development Board established to undertake objectives designed at diminishing the chronic unemployment and development in designated areas.
1962	Deutsch Report - Report of the Royal Commission of Enquiry on Post Secondary Education in New Brunswick

- 1962 The first Agricultural Rehabilitation and Development Agency (ARDA) is signed between New Brunswick and the federal Government.
- 1962-69 Atlantic Development Board (ADB) given control of the Atlantic Development Fund to Administer.
- 1962 Provincial Fact-Finding Body on Labour Legislation (Mackinnon Task Force)
- 1963 Area Development Incentives Act (ADIA) and the Department of Industry formed.
- 1963 Area Development Agency (ADA) established to administrate a budget for infrastructure projects while maintaining original mandate of coming up with a plan for regional development.
- 1963 Re-orientation of the Atlantic Development Board (ADB).
- 1963 Area Development Program (ADP). Federal program designed to aid in the est. of manufacturing in areas experiencing weak economic conditions. Program ended in 1969.
- 1964 Whalen Report, which looked at the physical and socio-economic conditions of the region published.
- 1965 Lockwood Survey Corporation; A Report on the Rural Development Pilot Research Region of Northern New Brunswick.
- 1966 ARDA renamed Agriculture & Rural Development Act and mandate was adjusted so that it was no longer exclusively based on farming.
- 1966 New Brunswick and the federal government sign the first Fund for Rural Economic Development (FRED) designed to help Northeastern New Brunswick and the Matctaquac region. Stress on social development. Between 1966-71 a total of \$67 million was spent in Northern New Brunswick.
- 1966 Economic Council of Canada formed.
- 1967 Royal Commission on Municipal Finance and Taxation in New Brunswick (Byrne Commission).
- 1968 New Brunswick's program of Equal Opportunities begins as a result of the findings of the Byrne Commission.

- 1969 Termination of the Atlantic Development Board (ADB) with the creation of the Department of Regional Economic Expansion (DREE).
- 1969 The Atlantic Development Board (ADB) replaced with Atlantic Development Council (ADC)
- 1969 Termination of the Fund for Rural Economic Development (FRED).
- 1969 Creation of the Department of Regional Industrial Expansion (DREE)
- 1969 Regional Development Incentives Program established under the umbrella of DREE
- 1969 Royal Commission on Industrial Relations in the Construction Industry (Woods Commission)
- 1969 North Shore Industrial Development Region formed, later renamed the Restigouche Industrial Commission.
- 1971 Council of Maritime Premiers (CMP) formed.
- 1971 Regional Development Incentives Act (RDIA) amended to allow for loan guarantees. Program run under the umbrella of DREE.
- 1972 Review of the Fund for Rural Economic Development (FRED) sub-agreement for Northeastern New Brunswick. Program extended for another 5 years with \$89 million in new money added to the \$67 million already allocated.
- 1972 Federal Election
- 1972-73 Policy Review of DREE undertaken
- 1972 Formation of the Commission d'expansion economique de la Peninsule.
- 1973 Re-organization of the Department of Regional Economic Expansion and the establishment of General Development Agreements (GDA). Between 1974 and 1982 over 130 subsidiary agreements were signed with a total financial contribution of close to \$6 billion. GDAs were administered under the umbrella of DREE.
- 1974 Royal Commission on Education, Public Services, and Provincial-Municipal Relations (Graham Commission)

- 1977 Signature of the Northeast-Sub Agreement at a cost of \$95.5 million for a period of 5 years, (\$67 million of this came from the federal coffers). Through the funding of 400 projects the goal of the program was to stress economic development.
- 1978 Ministry of State for Economic and Regional Development (MSERD) created by adding regional policy and coordination to the functions of the existing Ministry of State for Economic Development. The Department was to coordinate and direct economic development policy and to manage the economic policy 'expenditure envelope'.
- 1980 Federal Minister of Finance announces a new tax-credit program designed to attract investment to slow-growth regions.
- 1981 Economic and Regional Development Agreements (ERDAS) created to replace the General Development Agreements (GDAs). Would keep the most favoured features of the GDA and Ottawa would deliver directly certain projects under the aegis of the various subsidiary agreements. Were ten-year umbrella-type agreements that did not provide for specific projects. Simply offered a broad statement of goals, priorities and outlined how joint decisions would be made.
- 1981 Task Force on Major Projects (Blair-Carr Task Force)
- 1982 Re-organization of the Department of Regional Economic Expansion (DREE) which leads to its replacement by a new Ministry of State for Economic and Regional Development (MSERD).
- 1982 General Development Agreements (GDA) allowed to continue until their expiry dates.
- 1982 Task Force on Atlantic Fisheries (Kirby Task Force)
- 1983 Industrial and Regional Development Program (June 1983). Came about as a result of the consolidation of programs in the field of industrial and commercial development from Industry, Trade and Commerce (IT&C) and the Department of Regional Economic Expansion. This was an attempt on the part of the government to combine regional and industrial development.

- 1984 The Ministry of State for Economic and Regional Development (MSERD) is replaced with a new Department of Regional Industrial Expansion (DRIE), which was to report directly to cabinet, disbanded in 1987 and replaced with ACOA.
- 1987 The creation of the Atlantic Canada Opportunities Agency (ACOA) with a budget of \$200 million per year for a period of 5 years. The Department of Regional Industrial Expansion (DRIE) was absorbed into this new organization. The focus of ACOA was the rekindling of the entrepreneurial spirit of the region.
- 1990 Premier Frank McKenna of New Brunswick raises the possibility of Maritime Economic Union.

PREFACE

Academic research is based on in-depth empirical study, and the ensuing analysis and application of a particular theoretical method to the phenomena examined. In addition to traditional academic research, this paper is partially based on personal experiences. Having grown up in Dalhousie, I have witnessed, and in some instances, experienced the structural problems being faced by the community. In this respect, this paper goes beyond that of traditional academic research. This paper is, to a large degree, a personal project that not only touches the community, but myself as well.

The effects of young people leaving communities has been well documented. Dalhousie has experienced the same exodus of its young people, and in particular, those young people who have completed a post-secondary education. Informal discussions with young people who have left the region, indicate that the predominant sentiment is that there is nothing in Dalhousie for them. These individuals are of the impression that they would be unable to reach their full potential if they were to remain in Dalhousie. They feel that the town is incapable of providing the same opportunities and excitement of life in a larger urban centre. The lure and image of life in an urban centre generally outweighed the lure of life in the Dalhousie area. Life in the town is viewed as

traditional, restrictive and conservative, with most of these individuals preferring life in larger urban centres.

I myself am also guilty of many of these impressions. While appreciating the values that the town of Dalhousie has to offer, I have opted for life in an urban centre. The Dalhousie area will always hold a special place in my heart, and even though it is not my place of residence, it will always be my home. Realizing that I am also guilty of abandoning the region, I am attempting to give something back to the community that has given me so much. Even though the path I have chosen for my life presently precludes a return to Dalhousie, I hope that this document can, at the very least, will spur further discussion of the important challenges facing the community.

It can therefore be seen that, as opposed to traditional academic research which is written for the exclusive use of the academic community, this paper is written for the town of Dalhousie as well. In arguing the importance of community based development, it would be hypocritical to produce a document completed in isolation from the community in question. Moreover, it is imperative that such a document be accessible and practical to the community under examination. Far too often, academic discourse takes place in isolation to the needs, realities and aspirations of the community or region under examination. This paper attempts to bridge the gap between the academic community and the region being

studied. Both the academic community and the regional community have legitimate opinions and views as to the course that development of a region should take. It is only through an open discourse between these two groups, that a truly realistic and practical development plan for a community can be drafted.

The inter-disciplinary approach employed in political economy research offers the researcher a balanced and multi-faceted view of a subject. Traditionally, this has entailed the use of different academic disciplines such as sociology, economics, political science, etc. By employing an interdisciplinary or holistic approach characteristic of political economy, it is intended to bridge the gap between the local and academic communities. Political economy will therefore provide the structure not only to examine the difficulties being faced by the community, but also a means of bridging the gap between the local and academic community.

This attempt at bridging the gap between scholastic analysis and community based analysis, posed some difficulties. In writing, one of the most basic of rules is to first identify the audience you are writing to. Once identified, the audience determines the language and tone of the written work. It has been a challenge to reconcile this vis-à-vis the academic and regional community. There are undoubtedly sections of this paper that use academic language while other sections are written in language which is less

formal. This is a result of my attempt to reconcile the two diverse audiences for which this work is intended.

The problem facing Dalhousie is one of underemployment. In addressing the problem of underemployment, the numerous development initiatives of the past will be briefly reviewed and critiqued. From this, a new basis of action for dealing with the problems of the community will be established.

It is my hope that this paper will contribute to the continued search for solutions to the challenges facing Dalhousie. The general options presented at the end of this paper, are by no means cast in stone. They are simply options which I view as the starting point for addressing the particular needs of the community. I make these recommendations in the full awareness that no one individual can speak for the community. If a viable development plan is to be drafted for the Dalhousie sub-region, it must be drafted by the citizens of the sub-region. This document is offered as a basis for continued research and discussion. I hope that my research and suggestions will be of value to the community as they prepare to enter the twenty-first century.

CHAPTER ONE

Introduction

Economic equality...[is] just as important as equality of language rights...If the underdevelopment of the Atlantic provinces is not corrected, not by charity or subsidy, but by helping them become areas of economic growth, then the unity of the country is almost as surely destroyed as it would be by the French English confrontation.¹

Governments at all levels have come to realize the importance of addressing the issue of regional development. Since the early 1960s, both the federal and provincial governments have undertaken, through various studies and programs, initiatives aimed at alleviating the economic disparities that plague the underdeveloped regions of the country.

While most government initiatives and studies have been aimed at reducing disparities between specific provinces and the federal government, very little specific attention has been allotted to sub-provincial regions.² The purpose of this

¹Pierre Trudeau as quoted in Richard W. Phidd and G. Bruce Doern. The Politics and Management of Canadian Economic Policy.

²Donald Savoie in La Lutte Pour le Développement: Le Cas du Nord-Est, (Sillery: Presses de l'Université du Québec, 1988), looks specifically to what he refers to as one of these sub-provincial regions, Northeastern New Brunswick. This region has been the focus of a great deal of attention vis-a-vis regional development initiatives over the years. In addition to this study by Savoie, see Lockwood Survey Corporation Limited, A Report on the Rural Development Pilot Research Region Northern New Brunswick;

study is to examine the development of a particular community within the region dealt with by Savoie in his book, La Lutte pour le Développement.

This study will pay particular attention, not only to the economic forces at play within the town of Dalhousie, but will attempt to incorporate the role played by forces external to the town and the sub-region. In this respect, the role of government in the process of regional development will be examined with attention being paid to the response of the state to under development of the periphery and therefore the regional disparities thus created. This examination of the manner in which the regional disparities were created views it as a historically cumulative process.³

In the early days of its development, Dalhousie, N.B., prospered through the exploitation of first fish, later timber and until recently pulp and paper. Through this exploitation of various staples, the community has followed what Harold Innis would typify as the cyclonic process of exploitation and crises characteristic of societies dependent on the processing of natural resources.⁴

Whalen Report; Agreement Rural Development Plan for Northeast New Brunswick; Agreement Rural Development Plan for Northeast New Brunswick as Amended 1972; and CN Research and Development, An Industrial Survey of Dalhousie, N.B.

³James P. Bickerton, Nova Scotia, Ottawa, and the Politics of Regional Development (Toronto: University of Toronto Press, 1990), p. 34.

⁴See Harold Innis' discussion, in the conclusion of his book the Fur Trade, of the cyclonic nature of resource exploitation and the ensuing crises of dependence on staples exploitation.

Today, the community is dealing with the effects of yet another crisis in its continued development. The pulp and paper industry is in serious trouble as it attempts to remain competitive in light of soft American and European markets as well as the increase in the number of new competitors in the southern United States and South America. These new competitors have arisen as a result of technological advances that now permit the production of economically competitive pulp and paper using under-utilized hard wood sources.⁵ These developments have seriously challenged the traditional stability of the NBIP Forest Products Inc. mill located in Dalhousie, N.B. In the winter of 1992, in an attempt to remain afloat in an increasingly competitive world market, NBIP Forest Products Inc. was forced to close two of its four paper machines, eliminating approximately 400 full-time jobs.

Before the recent collapse of the pulp and paper industry, the sub-region of Northeastern New Brunswick was attempting to address unemployment rates that have traditionally been more than double the national average, per capita incomes that are well below both provincial and federal standards, and what may generally be considered as a significantly lower standard of living compared to the rest of the nation.⁶

⁵Elaine Flaherty, "Bad Signs in the Maritimes", The Ottawa Citizen, 28 March 1992, p. B3.

⁶Statistics Canada, Unemployment Trends, October 1991.

Since the adoption on the part of governments, both federal and provincial, of an inter-disciplinary *political economy approach to economic management* in the late 1950s, attempts have been made to address perceived inequalities that exist between this sub-region, the rest of the province and Canada. Beginning in the 1950s, this period has been characterized by the unprecedented influx of government intervention and monies under the guise of regional development. This study will examine the effects that government policies have had on the sub-region of Dalhousie and the surrounding parish, as defined by Census Canada.⁷ The observed effects of this government intervention in the development of a specified sub-region will provide the basis for a more detailed examination of government development policies. Such an analysis will provide the basis for an examination of the shift in regional development policies since the election of the Mulroney government in 1984. Both the observed and potential impact of this policy shift on the Dalhousie sub-region will be noted.

While the traditional targets of regional development policies have been large geographic regions, this study will examine a well defined and relatively small geographic area. Experience has illustrated that development policies have not had massive success on the broader regional level. While

⁷Statistics Canada. Census Divisions and Census Subdivisions. Ottawa: Supply and Services Canada, 1992. 1991 Census of Canada. Catalogue number 92-319, Provincial reference map no. 4.

numerous initiatives have been undertaken to address the development challenges of Northern New Brunswick, the sub-region continues to suffer from high levels of unemployment and lower levels of per capita income. Through examining Dalhousie's experiences it is the intention to provide an area specific evaluation of the general effects and the lessons these development policies have resulted in. It will therefore be argued that as a result of the federal governments's decentralization of its responsibilities, the survival and further development of Dalhousie will depend, not on federally sponsored regional development initiatives, but the community's own ability to foster and direct growth. Community involvement and control must serve as the foundation for the drafting of a development strategy designed to reflect the specific necessities and characteristics of the community in question.⁶

Canadian development policies have traditionally been conceived on a regional basis. While most of us have come to accept these divisions as valid, time must be taken to determine whether the present regional breakdown represents a collective sharing of similarities. It should also be noted

⁶Donald Savoie, in Regional Economic Development: Canada's Search for Solutions, (Toronto: University of Toronto Press, 1981), argues that the traditional focus on large geographic regions has resulted in lofty and vague objectives such as raising a region's standard of living. The formulation of policies on this basis simply results in general policies which are not only ill-equipped, but difficult to assess. As a result of this, clear and concise policies aimed at addressing the true challenges of a specific region are seldom formulated.

that much confusion exists because of the fact that four analytically distinct terms - region, regional differences, regionalism and regional disparities - are used with insufficient regard to their actual meanings.⁹ There is considerable debate on the issue of whether such a thing as region actually exists, and if it does what precisely constitutes a region.¹⁰ Hugh Whalen, in his 1964 study of Northern New Brunswick, stated that, "...there is no agreed definition of region and little administrative similarity in the procedures used to promote development."¹¹ In this study, region will be defined as an area composed of people who share a distinctive economic orientation, a common geographic area, and which has a large rural population with a high level of homogeneity.¹² In this respect, region is viewed as a spatial unit. Because of the large French Acadian population in northern New Brunswick, many people would argue that the area should be divided into two distinct regions based on linguistic composition. Such a move would be

⁹See Ralph Mathews, The Creation of Regional Dependency, (Toronto: University of Toronto Press, 1983), Chapter 1.

¹⁰See Janine Brodie, "The Political Economy of Regionalism", in Wallace Clement and Glen Williams, eds., The New Canadian Political Economy, (Montreal: McGill-Queen's University Press, 1989).

¹¹Hugh J. Whalen, Whalen Report: Northern New Brunswick: physical, economic and social characteristics. (n.p., ARDA project no. 4017, 1964), p. 138.

¹²J. Lapointe and J.Y. Thériault, Identification régionale et forces sociales, premier document d'une analyse sociologique régionale préparé pour la Commission d'aménagement et de planification de la Péninsule acadienne, Département de sociologie, Université d'Ottawa, mars 1980.

mistaken; these two linguistic communities have lived together in this region for over a century, resulting in the creation of characteristics specific to this region.¹³

Regional differences are simply the characteristics that distinguish regions from one another. Varying historical experiences and different linguistic or cultural characteristics are just some of the factors that can act as distinguishing features between sub-regions. From this stems the concept of regionalism.

Regionalism arises when those living in a particular region identify with and make a commitment to the territorial unit in question. Moreover, it is argued that regionalism is necessarily political, because economic, political, and cultural interests are defined and articulated in spatial terms.¹⁴ Therefore regional disparity refers to the variances in the allocation of resources and development across a country. Regional disparities are normally measured in terms of employment and per capita income.

Once a region develops an identification between its citizens and the area, hence regionalism, a type of comparison takes place between different regions in an attempt to forward and gain favour for the particular situation of each region.

¹³A further discussion on the definition of region can be found in N.L. Nicholson and Z.W. Sanetz, Regions of Canada and the Regional Concept, (Resources for Tomorrow Conferences, Background Papers, Vol. 1), pp. 368-383.

¹⁴Brodie, pp. 139-140.

The difference or disparity between regions is the common tool used in attempts by regions to have their concerns addressed. In many respects different regions and sub-regions jockey for the attention of government by emphasising their disparities vis-à-vis those of other communities before the government.

From this stems the theory of regional development. On the basis of the above stated definitions, regional development refers to the cultivation of a region's full economic capabilities and potential. In this regard, regional development is not a static theory. It must adjust as economic conditions on regional and global levels evolve and change. Moreover, regional development theory must reflect this reality and therefore must be flexible and progressive in direction and implementation. Furthermore, when regional development theories are applied to address a particular situation, the theory becomes policy. As such, the policy is then open to tinkering and adjustment as government attempts to implement it. On the basis of all of this it can be seen that it is difficult to define region because of the numerous fluctuating variables that themselves define region.

The Dalhousie sub-region's economic orientation is based on forestry and the pulp and paper industry. The population of the Dalhousie sub-region has been relatively stable and homogeneous in ethnic, linguistic, and religious composition. Furthermore the sub-region has not been subject to massive

FIGURE 1: Ethnic Composition
Source: Georges Bourdages, Report on Studies, (Campbellton: Quad Group Ltd., 1987), p.85.

FIGURE 2: Linguistic Composition
Source: Statistics Canada. Profile of census divisions and subdivisions in New Brunswick, part A. 1991 Census of Canada.

levels of immigration noted in other regions and therefore its ethnic composition has remained proportionally stable over

FIGURE 3: Religious Composition
 Source: Georges Bourdages, Report on Studies, (Campbellton: Quad Group Ltd., 1987), p. 85.

time.¹⁵ According to the criteria used by Hugh Whalen, it can be concluded that the Dalhousie sub-region, "...possess some degree of homogeneity or complementarity - ...some community of interests."¹⁶

Prior to the 1930s the federal government had no defined regional development policy. Instead, it carried out its policies with the view of developing the national economy. As early as 1926, the Maritime provinces had made representations to the federal government that "the interests of the Maritime

¹⁵Because of the nature in which census information is processed and printed, it is impossible to secure statistics specific to the town of Dalhousie to substantiate these claims. In the preparation of his ARDA Project on Northern New Brunswick, Hugh Whalen reported similar difficulties. Discussions with the Canadian Employment and Immigration Centre for the region point to the fact that immigration into the Dalhousie area has been minimal and that its population has illustrated relatively low mobility vis-à-vis the provincial or national averages.

¹⁶Whalen, p. 138.

Provinces have suffered as a result of certain legislative and administrative measures adopted from time to time by the successive Parliaments and Governments of Canada."¹⁷ The most notable changes resulting from the Royal Commission on Maritime Claims (the Duncan Commission) were increases to the annual subsidies granted to provinces and the decrease to the freight rates. While not dealing specifically with regional development, the final report did address some of the economic concerns specific to the region. As argued by Ernest Forbes;

The Royal Commission on Maritime Claims was the core of the federal government's program to defuse the Maritime agitation. Its purpose, as outlined by Mackenzie King, was to find "practicable remedies" to Maritime problems and to "focus the discussion into a practicable program."¹⁸

Following the Duncan Commission, the government named the Royal Commission on Financial Arrangements between the Dominion and the Maritime Provinces which had as its aim the consideration of the Duncan Commission's recommendations as well as the implementation of a new fiscal arrangement between the provinces and the federal government. The Commission resulted in the implementation of grants that were voted upon annually by Parliament until 1942 when they were replaced with the Maritime Provinces Additional Subsidies Act.

¹⁷Duncan et al., The Royal Commission on Maritime Claims, (Ottawa: The Queen's Printer, April 7, 1926), Terms of reference.

¹⁸Ernest Forbes, Maritime Rights: The Maritime Rights Movement, 1919-1927. A Study in Canadian Regionalism, (Montreal: McGill-Queen's University Press, 1979), p. 158.

With a worsening economic situation and the continuing de-industrialization of the Maritimes, it became increasingly evident that the national policies, established on the basis of east-west trade, were not benefiting all regions of the country equally. While these policies provided for overall national economic growth, they did nothing in providing a regional balance. While recognizing the Commission's recommendations, the federal government did not wish to discriminate against or favour any specific region, through a manipulation of tariff levels. To this end the Duncan Commission, while not specifically addressing the concerns of New Brunswick, urged the government to take immediate action to spur development by using federal transportation policy as a tool of regional development.¹⁹ As opposed to direct funding as a means of spurring regional development, the federal government favoured compensatory benefits in the field of transportation. This resulted in towns and cities that had suffered from relative underdevelopment during the earlier decades, qualifying, for the first time, for grants aimed at encouraging industrial development.²⁰

In the late 1930s, with the economic boom surrounding World War I only a distant memory and a depression gripping

¹⁹See Ernest Forbes, Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism, (Montreal: McGill-Queen's University Press, 1979), pp. 164-8; F. Homer Zwicker, Royal Commission Reports and Related Action, (Halifax: The Institute of Public Affairs, Dalhousie University, 1960).

²⁰See F. Homer Zwicker, Royal Commission Reports and Related Action, Introduction; and James Bickerton, Nova Scotia, Ottawa, . . ., Chapter 3.

the western world's economy, the federal government was faced with the challenge of addressing the problems of unemployment and inflation. In response to these problems the government worked to direct projects to various regions of the country. While these "make work" projects had some limited and local successes, their overall result was disappointing. The government was coming to the realization that it could not simply continue to pursue its economic policies based on overall national economic growth, without doing something to address the particular problems being faced by the regions.

To this effect, the government, in 1937 established the Rowell-Sirois Commission which was to "re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the past seventy years."²¹ In examining this Royal Commission, one only has to look to the numerous provincial submissions to see that the divisions between the have and have not provinces were growing. In its submission Nova Scotia argued that there should be a redistribution of national wealth to aid those provinces that could not generate the tax revenues of the larger provinces, such as Ontario. Through this the federal government began to adopt the notion of minimal national standards in the provision of certain national programs. As such, the country was witnessing the

²¹Canada. Royal Commission on Dominion-Provincial Relations, Report of the Royal Commission on Dominion-Provincial Relations, (Ottawa: J.O. Patenaude, Printer to the King, 1940), mandate.

early stages of the adoption of Keynesian economic policies on the part of the state. The enduring result of the Commission was the centralization of responsibilities in the federal government. The federal government's increased economic powers consisted of assuming the responsibility for the collection of personal and corporate taxes as well as succession duties. In exchange for these powers, the federal government provided National Adjustment Grants²² to the provinces that provided a minimum level of certain public services across the country without imposing above average tax burdens on the smaller, poorer provinces.

Furthermore, while the intention of the National Adjustment Grants was to provide poorer provinces with the same level of services as the wealthy provinces, the program of grants did nothing to address the causes of the inequality between provinces or regions. The question of spurring on the economic development of the regions remained the domain of other government departments that had no clear mandate for investing in economically disfavoured regions. There were no measures in place designed to stimulate sustainable economic growth in the slow growth regions. It was only following the Second World War that the government implemented the first fiscal equalization program based on the recommendations of the Rowell-Sirois Commission Report.

²²Ibid., Book II: pp. 15, 20-2, 78-9.

Even with these measures in place, the federal government realized that further measures were required. Furthermore, it was not until 1957 with the report of the Royal Commission on Canada's Economic Prospects, (the Gordon Commission), that there was an explicit recognition of the existence of regional disparity in Canada. Perhaps the true success of the Rowell-Sirois recommendation for equalization payments was the realization that the disadvantaged regions needed to be provided not only with fiscal compensation, but also with increased opportunities for growth. Specifically, the Gordon Commission set out to quantify this difference in development as the gap that exists between a province's level of income, unemployment, or some other similar variable, and that of another province or the national average.

What became evident at this time was that, notwithstanding the national level of prosperity, gaps persisted in some regions. On the basis of this, it was concluded that if these regions were to keep pace with the development taking place elsewhere in the country, they would have to develop at rates faster than those being experienced in the developed regions of the country. In this respect the government accepted the responsibility for subsidizing development in areas designated as in need of government intervention. Needless to say, this was to have a significant consequence on all future thinking on regional development policies.

Part of the "bold and comprehensive and co-ordinated approach" called for by the Gordon Commission was the establishment of a federally sponsored infrastructure development program in an attempt to provide the needed facilities for economic growth. In addition to this, the Commission called for an increase in the rate of capital investment in the region and looked to new and innovative ways in which to involve the private sector in their development scheme.

While recognizing the need to stimulate development in some regions of the country, the government also acknowledged the potential for conflict in such a policy. As the Commission stated, "Special assistance put in to assist these areas might well adversely affect the welfare of industries already functioning in more established areas of Canada."²³ The federal government viewed its role as one of nurturing an atmosphere that would permit regional entrepreneurs to compete effectively with their central Canadian counterparts, but not to underwrite the creation of industries in Atlantic Canada that would be seen as competing with those from other regions. It was the provinces though, who would take the active role in attracting industry by such means as highway construction and land assembly. In some instances, provinces would go as far

²³Canada, Report of the Royal Commission on Canada's Economic Prospects, 1957 p. 404.

as to directly underwrite industries through bonuses and various other incentive schemes.

A prime example of this practice was the construction of an iron-ore smelting plant in Belledune, N.B. The federal government provided funding for the construction of a port and industrial park in the Belledune sub-region. The provincial government lured the smelting company to the area. Such a policy has worked well permitting the two levels of government to compliment each other.

While the federal government was slowly accepting responsibility in the field of regional development, the province of New Brunswick was undertaking some development measures of its own. During the 1940s and 1950s the province of New Brunswick undertook a number of development programs such as rural electrification, the centralization of school boards, a public school bus system and the provision of loans to fishermen.²⁴ In addition, Premier Louis Robichaud in 1963 launched "Operation Prosper" in an attempt to increase industrial activity in the Province. Through this program, the government worked to lure industry with tax concessions, roads and financial aid.²⁵

The provincial government also implemented administrative changes designed to spur development. The most notable of

²⁴Donald Savoie, La Lutte pour le Développement, p. 19.

²⁵Della Stanley, Louis Robichaud: A Decade of Power. (Halifax: Nimbus, 1984), pp. 102-4.

these endeavours was the *Equal Opportunity Program*. This program, which stemmed from the New Brunswick Royal Commission on Finance and Municipal Taxation (the Byrne Commission) was designed to reduce the inequalities that existed between the southern and northern regions of the province. Until this time many programs had been delivered on the county level with "Shiretowns" serving as their administrative centres.²⁶ Because of the population and tax-base differences, which existed between the various regions, some administrative units were on the verge of bankruptcy and barely capable of providing a minimum level of services. To reduce inequalities and standardize services, the provincial government disbanded the County Councils. As a result of this initiative, funding of basic services such as health care and education were now controlled and administered by the provincial government in Fredericton instead of through the various Shiretowns. Through this we witness the beginning of the centralization of services under the provincial government and the birth of state intervention in developing strategies for economic recovery.

It was during this period that both the federal and provincial governments began to implement programs, if only in a piece-meal manner, aimed at spurring development in regions.

²⁶Prior to the centralization of administrative powers in Fredericton under the *Equal Opportunity* program, the municipalities of each county were grouped together in administrative units called county councils. The administrative location of the county council would be referred to as the Shiretown of the county.

The federal government pushed ahead with assistance for projects such as the construction of highways and a new policy for the construction and upgrading of airports. These programs along with countless others would have an important impact on development of some regions. The Zwicker Report's opening letter to the President of the Atlantic Provinces Economic Council stated that: "Since the War, the federal government (as have national governments almost everywhere) have accepted responsibility for prosperity and high employment to a degree not imagined at the time of Confederation."²⁷

In addition to these efforts, governments began to re-orient themselves to the task of providing regional economic development. This resulted in a definitive shift in the political economy of these regions. Gone were the laissez-faire economic policies of the past. Governments had adopted an interventionist approach aimed at addressing the deteriorating economic conditions of some regions. This experiment in direct state intervention in economic development became known as the *political economy of management*.²⁸ As T.J. O'Neil argued, this apparent victory

²⁷Zwicker, p. i.

²⁸Margaret Conrad, "The Atlantic Revolution of the 1950s", in Berkeley Fleming, ed., Beyond Anger and Longing: Community and Development in Atlantic Canada, (Fredericton: 1988); T.J. O'Neill, Educator, Advocate and Critic, APEC's First 25 Years, (Halifax: 1979); an overview of Canada's transformation during this period is provided in Robert Bothwell, Ian Drummond and John English, Canada Since 1945: Power, Politics and Provincialism, (Toronto: 1981).

of Keynesian economics²⁹ committed national governments to a policy of economic stabilization.³⁰ Furthermore, this adoption of Keynesian theory stems from the integration of Canada into the broader positivist Euro-American economic discourse.³¹

Much debate exists over the framework for a political economy approach to regional development. Ideological factors in addition to regional consideration come into play, resulting in a quagmire of competing perspectives. As Savoie put it:

There are understandable reasons why regional development has not received the kind of attention one would expect from the academic community. The subject falls naturally into no single discipline. It is of interest to students of economics, public policy, public administration, political science, sociology, geography, and demography. A number of specialized studies on specific issues in regional development have been carried out, but most have failed to look at regional development from a broad perspective.³²

²⁹Keynesian Economics was developed in the 1930s as a method of understanding the Great Depression. The theory called for increased government expenditures and lower taxes as a means of increasing demand that would in turn increase output and employment. Such a program would be used not only to prevent prolonged economic declines, but also to dampen inflationary booms and to promote high economic growth. This call for government intervention in the economy was directly opposed to the neo-classical laissez-faire view that the economy would self-correct and return to the point of full employment.

³⁰T.J. O'Neil, Educator, Advocate and Critic: APNC's 25 Years. (Halifax: Atlantic Provinces Economic Council, 1979), p. 3.

³¹Robin Neill, A History of Canadian Economic Thought, (London: Routledge, 1991), p. ix.

³²Donald Savoie, Regional Economic Development: Canada's Search for Solutions, (Toronto: 1992), p. 5.

On this basis, one can easily understand the complexity of carrying out a detailed evaluation of regional development programs. Numerous issues must be examined and when looking at a large geographic area, there are countless variations on each of the variables examined. Therefore, in order to provide an accurate assessment of these broad perspectives, it is imperative that one examine a clearly specified, small and/or homogeneous region. Although the Atlantic region shares many homogeneous characteristics, closer examination shows that each province, and sub-regions within these provinces, have their own particular history and, in many respects, culture. Northern New Brunswick is an example of such a region. Originally settled by Acadian refugees, the area has a particular history and culture that is distinct from that of any other part of New Brunswick.³³

Even with such a clearly defined area such as Northeastern New Brunswick there are many smaller pockets that have particular distinguishing characteristics. On this basis, this study will examine the town of Dalhousie as well as the surrounding Parish of Dalhousie, as defined by the Census Canada, (See Map 1). This is a relatively small geographic area comprised of just 139.05 square kilometres,

³³Donald Savoie in La Lutte pour le Développement..., examines the development of a particular region based on its particular cultural and historical experiences.

MAP 1: North-eastern New Brunswick
 Source: Canada, Northeast New Brunswick: Federal Provincial Rural Development Agreement, (Ottawa: The Queen's Printer, 1966), Schedule A.

(Town 13.25 km², Parish 125.8 km²).³⁴ In addition to sharing a relatively small geographic area, the region has historically exhibited a relatively stable ethnic and linguistic composition. Therefore, by examining a specific geographic and homogenous region, the subject matter will lend itself to the broadest possible perspective of examination.

In addition to the difficulty surrounding the definition of a region, there exists the problem of bringing the countless important economic considerations together in common purpose. It would be safe to say that the only common ground that exists between regional development economists is their

³⁴Statistics Canada, Profile of census divisions and subdivisions in New Brunswick, part A. (Ottawa: Supply and Services Canada, 1992. 1991 Census of Canada. Catalogue number 95-319), pp. 116-7.

belief that no single economic theory explains regional disparities. In examining the material written on the subject of regional development, it is evident that no single theoretical approach to the question exists. In an attempt to define a theoretical approach to this question, the Economic Council of Canada sponsored numerous studies. In 1977 the Council, in its book Living Together concluded that;

No single economic theory can explain regional disparities because no clear consensus exists among economists concerning the proper theoretical approach to this question.³⁵

Nevertheless, when examining the question of regional development, one does find some dominant theories which, although similar in some respects, have provided the framework in the development of many of the alternative approaches. Perhaps the most dominant economic theory in the analysis of Canadian development has been Harold Innis's staples approach, which identifies the exploitation of natural resources, for export to external markets, as the basis of development. The Economic Council of Canada defined this as the "varying availability and marketability of natural resources."³⁶ In this respect, the growth and development of a region could be directly tied to the external demand for a particular staple. Development was therefore directly tied to availability,

³⁵Economic Council of Canada, Living Together: A Study of Regional Disparities, (Ottawa: 1977), p. 23.

³⁶*Ibid.*, p. 23.

exploitation, availability and demand for the staple product in question.

In the Dalhousie sub-region, staples development centred around the exploitation of fish, timber and then pulp and paper. Innis viewed the development of these staples as "cyclonic." The development of a staple product would take place with great force and velocity leaving destruction in its path, much like that of a cyclone. It can therefore be seen that once the demand for a particular staple product drops off, the region is faced with decline and destruction in its overall production and rate of growth. The staple product, while serving as a tool of growth and expansion is also the source of disturbance and chaos. Staples are the catalysts of instability.

The damaging effects of reliance on staple products are often masked when a region succeeds in adjusting to the changing demands for its staples. The development of Dalhousie, until recently, is an example of such a case. When demand for fish began to fall, the region began to exploit the vast forests for timber. When demand for timber and timber products declined, the region turned to the production of pulp and paper. In Dalhousie, the successive stages of staple production overlapped, thus smoothing out the chaos by sustaining the growth of the region and providing new sources of capital. This also provided a continued demand for labour.

In avoiding the possibility of economic stagnation and chaos which the dependence on staples production induces, it is imperative for a region to adopt technological innovations, such as the shift from lumbering to pulp and paper, thus allowing the region to keep pace with the pattern of growth taking place in other areas. In addition to the technological factor, it is important to look at a region's location vis-à-vis markets and therefore transportation costs. The marketability of a staple product is generally linked to the costs associated with transporting the product to market. The importance of transportation subsidies to the Atlantic region can be seen in this regard.

The staple theory is not without its critics. In placing a great deal of emphasis on geographical and technological factors, the theory provides a fairly negative outlook for some regions. While it works well to explain the course of development in many regions, it fails in others. It also fails to distinguish the differences in regional unemployment rates. Furthermore, the staples theory is restrictive in its view of development. Far too much stress is placed on the ability of a resource based economy to lay the basis of advanced industrial economy. The approach is therefore too often used as an excuse in justifying economic underdevelopment in a region. Little, if any attention is paid to the role of the state in the exploitation of staple products. The only attention that the state receives in this

entire process, is as the provider of infrastructure, such as roads, to prompt and further exploitation of resources.³⁷

Although prone to a degree of geographical and technological determinism, the staple theory as outlined by Innis does account for different rates of employment growth.³⁸ It should also be noted that reliance on the production of staple products can only benefit a region to the extent that the products being exploited are owned locally. If the resources, or the modes of exploitation are controlled by external forces, the revenues generated by the exploitation of the resources will be exported along with the resources, leaving the region with only the revenues generated by labour.

A second theory in the study of regional disparities is that of the *development approach*. As opposed to the staples approach, development theory looks to many other factors which are viewed as playing a role in the development of a region. This approach is aimed at identifying and explaining the various differences in development between and within some countries or regions. Much of this theoretical framework is drawn from the work of economists looking to the underdevelopment of Latin American countries, which were viewed as being dependent on other economies for even limited levels of economic growth. This approach also aims to provide

³⁷James Bickerton, Nova Scotia, Ottawa, . . ., p. 13-4.

³⁸Economic Council of Canada, Living Together, p. 24.

an explanation for the income differences that do exist. The theory does not address the question of unemployment or population growth.

Similar to the dual view of the metropolitan-hinterland thesis of uneven development³⁹, dependency theorists have argued that 'development' and 'underdevelopment' are basically "reciprocal conditions in a global system of capital accumulation."⁴⁰ The theory contends that a country's dependent position is a function of the international division of labour which acts as the controlling agent of development or underdevelopment. Upon this basis, the theory can be taken even farther so that within a single country there can exist different areas of development and underdevelopment. Such a case would be characterized by a metropolitan, i.e., central Canada's, domination of the hinterland, i.e., the regions. The hinterland is subordinate to the metropolitan core.

The dependency approach also differs from that of the staples approach in that it examines many varying components. The dependency approach focuses on capital accumulation,

³⁹The metropolitan-hinterland thesis of uneven development argues the notion that Canada's regions were created as an internal colony of central Canada. These regions, or the hinterland, was held in a subordinate and dependent relationship to the central Canada, or the metropole, through the mercantilist policies of the federal government. This is also referred to as the core-periphery relationship. See Donald Smiley, "Canada and the Quest for a National Policy", in Canadian Journal of Political Science, (March 1975); and L.D. McCann, ed., Hinterland and Hinterland: A Geography of Canada, (Scarborough: Prentice-Hall Canada Inc., 1987).

⁴⁰Henry Veltmeyer, "A Central Issue in Dependency Theory", Canadian Review of Anthropology and Sociology. (17, No. 3, August 1980), p. 198.

infrastructure, education, technology, human capital, modernization, social structures and attitudes, all of which play a role in the determination of productivity and income per person.⁴¹

Regions that have varying levels of disparity often share such common features as a lack of infrastructure, or what the Economic Council of Canada refers to as social capital, relative to the other more advanced regions. This lack of social capital manifests itself through inadequate transportation systems, schools, hospitals, etc. Yet another symptom and indication of this dependency are lower levels of education and skill on the part of the workforce. It can therefore be seen that both infrastructure and human capital are important factors in examining the dependency of a region.

The neo-classical approach or market model looks to the problem of underdevelopment as stemming from the improper functioning of the particular market in question. This approach takes a "laissez-faire" view of the functioning of the market. Regional underdevelopment is simply viewed as the result of market breakdown which, in turn, is caused by government intervention in the natural functioning of the market. It should be noted that the market approach accepts the fact that even with no intervention by government in the economy, there will exist some economies that will not develop

⁴¹Economic Council of Canada, Living Together, p. 25.

to the same levels as others. Regional disparities are viewed as being natural occurrences in a capitalistic economy and therefore are unavoidable.

While viewing regional disparities as unavoidable, the approach contends that a market, free from government intervention and allowing natural fluctuations in wages, labour supply and capital, would provide for a natural equilibrium over time. The market would be capable of addressing these fluctuations on its own. In this respect, unemployment is viewed as a problem of equating labour supply with labour demand. If allowed to address this issue without the intervention of government or unions, the market would adjust for a surplus of labour by reducing the price paid. In addition, surplus labour would migrate out of the region in search for jobs where the demand for labour was higher. Through the free market system and unhindered market forces, the invisible hand of the market would adjust for the fluctuations in the market.

One of the problems with the market or neo-classical approach is that the theory is void of geographical considerations such as location vis-à-vis market and the availability of natural resources. Everything is examined and evaluated in reference to market forces. Furthermore, the theory fails to address the impact that external or international forces can have on the market. In this manner,

the theory fails to address the continued persistence of regional disparities in some regions.

In speaking of the 'ahistorical' nature of the market approach, Alexander stated;

These exercises are frequently unconvincing because of their circularity: the evidence of what did happen is used in restrictive models to show only what could happen.⁴²

The practitioners of this theory are of the view that all regional development initiatives on the part of government are bad. The government is unable to do anything that would work to the benefit of the economy without causing havoc in another section of the economy.

Directly opposed to the neo-classical concept is the Keynesian approach, which looks upon government intervention as constructive and favourable in a modern economy plagued with fluctuations. The state is a tool that should be used in the regulation and control of market fluctuations. Keynesian economic policies entered the Canadian political landscape in the 1940s, as can be seen by the appearance of universal social programs aimed at providing a standard level of services across the nation. Stemming from the recommendations of the Rowell-Sirois Report and the Gordon Commission the federal government set out to reduce economic disparities across the country, through implementation of development

⁴²David Alexander, Development and Dependence in Newfoundland, 1890-1970, p. 16.

programs. In much the same manner of providing a standard level of social programs nation-wide, the Keynesian policies were aimed at providing a standard level of economic opportunity across the nation.

There was an understanding that due to geographic realities not all regions would develop equally and therefore government intervention in the economy was required to provide some semblance of economic equality. The Keynesian approach runs into difficulty in its efforts to address the question of persistent unemployment in regions that have benefited from government development strategies. Another problem lies in a region's ability to respond to national economic policies. Regions do not have the tools needed to stimulate their economies, and consequently are left subject to larger national policies.

Countless other theories exist to explain regional disparities. In many respects, there are as many theories as there are theorists. The only common underlying factor in all of these theories is their ability to address some of the problems of regional disparities, in certain geographic regions, some of the time. As was argued by Savoie in Regional Economic Development, perhaps what is needed is a more clinical, case study of the question of regional disparities.⁴³

⁴³Donald Savoie, Regional Economic Development..., pp. 230-233.

What Savoie advocates in this unique approach is that what is needed in one area, may not be particularly well suited in another. Experience has demonstrated that government development initiatives, while successful in some regions, did not necessarily have favourable results across the entire country. In an attempt to address this shortcoming, the clinical approach focuses attention on numerous factors specific to the area, such as its historical experiences, its culture, institutions and demographic and economic evolution. An analysis of such factors would provide for the broadest possible examination of a region. This holistic approach of community corresponds with the inter-disciplinary nature of political economy. Such an examination would in turn identify the "capacity of a people to contribute to their region's economic development."⁴⁴ This examination would be capable of identifying the dynamic of a community.

This study proposes to employ a case study methodology to analyse the Dalhousie sub-region. The effects of past regional development programs on the sub-region of Dalhousie will be examined. Furthermore, using a political economy approach, the history, culture, and geography of the sub-region will also be examined. The experience of Dalhousie will be used to determine what lessons can be drawn from it. Finally, the paper will look to the recent shift in

⁴⁴Ibid., p. 230.

development policies and attempt to see what effects it may be having and what potential remains for drafting new development strategies.

This examination will differ from others in that it will identify and define the dynamic of the sub-region under consideration. Furthermore, the analysis will employ a political economy approach cutting across several disciplines. Analysis of the development potential of the sub-region will take place through examination of the linguistic, ethnic, historical, cultural, geographic and social characteristics of the sub-region. As such, the political economy approach will provide a holistic analysis of the sub-region. In this respect the region will be examined in its relation to policy and not the relation of policy to the community. Such an examination will provide the basis for a better understanding of the dynamic relationship between community, government and private capital as it pertains to development. This examination must be based on an analysis of the historical experiences of the region under scrutiny. As such, this comprehensive study will, "...bring together a number of important considerations and shed some light on the total picture."⁴⁵

⁴⁵Ibid., p. 5.

CHAPTER TWO

Historical Considerations

When we limit ourselves to the examination of the present time in the life of a community we become victims of an illusion: because all is history, what was said yesterday is history, what was said one minute ago is history. But we cannot condemn ourselves for not knowing the present, because it is only historical development that permits one to see things in a different perspective and hence evaluate these elements properly in their present context. And very little history is much better than no history at all.¹

Historical examination of a region is imperative in placing the development and evolution of that region in its proper perspective. This brief historical and geographic review of the town of Dalhousie will provide the basis for an understanding of its socio-economic condition. The knowledge derived from this can then be used in further understanding the present situation of the region. In this respect it can be concluded that history is the foundation upon which the

¹Levis-Strauss, Anthropologie Structurale, trans. Peter Brander, (Paris: Plon, 1958), p. 17.

present is built. Examining this foundation, will provide information about the present.

The first European contact in the area of the Bay of Chaleur was made by Jacque Cartier, who, in 1534 sailed into the Bay and made contact with the Micmac Indians.² During the period immediately following this initial contact, various religious orders arrived establishing missions throughout the region. For the next 250 years missionaries spread the Christian faith to the Indians of the region. The first permanent settler in what is now Dalhousie was, Peter Bonamy, who arrived from the Isle of Arran in 1788. It was not until some twenty years later, in the early 1800's, that a small Scottish settlement was to develop in Dalhousie.³ Settlement in this area was spurred partly due to a disastrous forest fire in the Miramichi region located to the south of Dalhousie. This resulted in large numbers of people moving north in search of new timber reserves to exploit.⁴

²George B. MacBeath, The Story of the Restigouche (Saint John: New Brunswick Museum, 1954), pp. 18-19.

³Dalhousie's Beginnings, unpublished manuscript, Dalhousie Genealogical Society, n.d., p. 1.

⁴See L. Anders Sandberg, ed. Trouble in the Woods: Forest Policy and Social Conflict in Nova Scotia and New Brunswick, (Fredericton: Acadiensis Press, 1992) for a discussion of the manner in which both New Brunswick and Nova Scotia was dependent upon merchant capital in the development of various resource sectors. In this respect, merchant capital was sought to monopolize resource production for export and quick profit.

MAP 2: Map of New Brunswick outlining location of Restigouche County and major centres of settlement.
Source: Map courtesy of Dalhousie BIAC.

With the growth of the timber industry and resulting influx of people, settlements grew along the Bay of Chaleur, with a permanent settlements being established in Bathurst, Dalhousie and Campbellton.⁵ The increase in lumbering resulted in an augmentation in shipping and the establishment of two shipyards in Dalhousie to answer the demand for vessels.⁶ It was generally the practice to construct a ship in Dalhousie, load it with timber and/or fish and sail to England. Upon arrival in the "old country" both cargo and ship might be sold. Records show that Dalhousie's first shipyard was established as early as 1828 with another shipyard having recorded the construction of thirteen vessels

⁵Ibid, p. 2.

⁶MacBeath, p. 9.

MAP 3: Historical Evolution of settlement in North-eastern New Brunswick

Source: Hugh J. Whalen, Whalen Report, (ARDA Project no. 4017, 1964).

during the period between 1850 and 1856.⁷

The town continued to grow rapidly on the basis of its staple production of lumber and resulting status as a shipping port. The importance of Dalhousie as a shipping centre on the north shore of the province can clearly be illustrated by noting that fifty-two vessels, forming an aggregate tonnage of 14,852 tons⁸, were loaded at the port during the ice-free

⁷Town of Dalhousie, New Brunswick, Dalhousie Diamond Jubilee: 1905-1965. (s.n., s.l., 1965), no page no.

⁸Ibid.

months of 1832.⁹ These numbers grew until 1866 when Dalhousie was named the third busiest port in the province.¹⁰ Folklore has it that no ship left the Restigouche empty.

In 1837, because of the growing population of Gloucester County which consisted of all points north of Bathurst, the County of Restigouche, comprising of the most northerly parts of the county, was separated to form a new county. Dalhousie, with its firm industrial base and population, was chosen as the administrative centre, or shiretown, of this newly established county. Selection of Dalhousie as the county's shiretown resulted in an increase in the number of service related jobs in the town, and hence diversified the local economy. In 1855, the census recorded approximately 150 houses and a population of 1,000, signalling the climax of Dalhousie's early growth.

The prospects for the town and region further increased, in 1875, with the arrival of the Inter-Colonial Railway.¹¹ The railway stimulated development, with Dalhousie becoming known as a major tourist site. The railway company, with the aid of the Canadian government, constructed the Inch Arran Hotel on the Dalhousie waterfront. The hotel, with its 136

⁹Ibid., p. 20. The Port of Dalhousie would generally be closed between the months of December and May due to the build-up of ice in the Bay of Chaleur.

¹⁰CN Research and Development, Industrial Survey of Dalhousie, N.B. p. 1.

¹¹MacBeath, p. 24.

guest rooms and a 200 seat dining room was opened in 1884 and was advertised as 'one of Canada's finest summer resorts'. The hotel attracted tourists from as far away as New York, Boston, Montreal and Toronto, including Canada's first Prime Minister, Sir John A. Macdonald. Records of the Dalhousie Literary Society meeting at the hotel and the Dalhousie Orchestra providing entertainment give some indication of the cultural life in the growing town during this period.¹²

The local economy was not based solely on the timber trade; both the Restigouche River and the Bay of Chaleur provided for excellent fishing in lobster, herring, trout, smelt, cod and, most importantly, salmon. The export of fish was a major business with one merchant having exported 2,000 barrels of salmon annually and another reporting having two to three thousand salmon (forty to fifty pounds each) caught in his nets on one occasion.¹³ Shipments in dried fish went mainly to England, while some shipments did go to the West Indies and throughout the United States.¹⁴ Reliance on this staple was not to last, as overfishing quickly depleted stocks to the point that the lumber industry replaced commercial

¹²See Norma Joan Paul, "Sir John A. Slept There" in The Atlantic Advocate, (May 1988), pp. 37-39. The Restigouche Regional Museum has a great deal of information on the history of the Hotel and has some artifacts found following the 1921 fire that destroyed it.

¹³Georges Bourdages, Restigouche Community Futures Committee: Report on Studies, (Campbellton: Quad Group Ltd., Dec. 1987), p. 75.

¹⁴The ledgers of John Hamilton and other merchants of the region are in the care of Annette Hynes of Dalhousie, NB and may be examined at the Dalhousie Centennial Library with special permission.

fishing as the predominant industry.¹⁵ It should be noted though, "That down through the years residents engaged in commercial fishing with moderate success, have made a considerable contribution to the town's economy."¹⁶

After the decline of fish, the town's principal industry became the lumber trade. The growth and development of the town as a result of its timber trade can be directly attributed to its geographic location. In addition to the vast forests surrounding Dalhousie, the town lies at the mouth of the Restigouche River and the head of the Bay of Chaleur. Timber could easily be harvested and floated down the river to Dalhousie to be processed, then shipped out to external markets owing to the deep harbour capable of accommodating ocean going vessels. The first steam mill was established in Dalhousie in 1856. As demand for lumber increased, so did the number of mills within the town limits. This growth continued until the late 1920s when no less than five lumber mills were located within the town limits producing everything from

¹⁵The decline in stocks came about as a result of overfishing. The use of nets and number of individuals involved in the fishery greatly reduced the salmon stocks. With large profits no longer easily attained in the salmon fishery, individuals began to turn to the lumber industry. It should be noted that while the floating of timber to the lumber mills in the fishing rivers did contribute to the decline in the salmon fishery, the predominate cause was overfishing.

¹⁶"Salmon Fishing was First Major Local Industry", The Dalhousie News, 25 August 1955, Town of Dalhousie Incorporated Special Edition.

square timber, to masts for the Royal Navy, to shingles and doors.¹⁷

These mills were built and operated by local entrepreneurs, with the exception of The P.Q. Lumber Company mill. It was established in 1917 by two Americans, Charles Payne and George C. Scott.¹⁸ This was the first example of U.S. capitalist investment in the local economy. Such foreign investment in the domestic economy did provide for some industrial development while resulting in the export of profits to the industrialist's home country.¹⁹

Dalhousie had grown to the point that, in 1902, it was incorporated under a Board of Commissioners. Shortly afterwards, in 1905, to better deal with the problems of a growing community, Dalhousie was officially incorporated as a town, recording an estimated population of 1,256.²⁰ As time passed, the town and the region began to face increased competition in the timber trade. With a highly developed municipal infrastructure and a pool of available labour, the

¹⁷"Dalhousie Was a Busy Town During Lumber Mill Era", The Dalhousie News; Town of Dalhousie Incorporation Special Edition, 25 August 1951.

¹⁸Dalhousie's Beginnings, p. 3.

¹⁹For a discussion of the province's dependence on outside capital for development, see Jim Kenny, "We must speculate to accumulate!: The New Brunswick Mineral Rush of the 1950's", n.s., n.l. and Bill Parenteau, "The Woods Transformed: The Emergence of the Pulp and Paper Industry in New Brunswick, 1918-1931", Acadiensis, (vol. 22, no. 1, autumn 1992), pp. 5-43. This dependency on outside capital would dominate the shift from lumbering activity to the production of pulp and paper in the early twentieth century.

²⁰This population was arrived at through examining the population recorded for the town in 1901 and 1911 census reports and estimating what the population would have been between these two dates.

south of the province grew and diversified while the north continued to rely on the timber trade.²¹ The north of the province also faced the obstacle of a political and economic structure that favoured the development of urban centres in southern N.B. over those in the north.²²

In 1928, as expansion and development slowed and the future looked bleak, the town of Dalhousie was chosen as the site for the New Brunswick International Paper (NBIP) Company's newsprint mill. Following the survey of numerous sites across the province, Dalhousie was chosen as the ideal location owing to some of the best timber reserves on the east coast, its tidewater port, the vast quantities of fresh water needed in the production of newsprint and the availability of electric power from the Saint John power project located at Grand Falls.²³ Before the development of hydro-electric power at Grand Falls, New Brunswick had been overlooked for pulp and paper mills. Without modern electric power capacity, the province was unable to meet the power needs of large, modern pulp and paper production. Only when the province was able to ensure the power requirements for such installations,

²¹For more information on the development of the southern half of the Province of New Brunswick and Saint John in particular see; Robert H. Babcock, "Economic Development in Portland, Me. and Saint John, N.B. During the Age of Iron and Steam", in American Review of Canadian Studies, 9, Spring 1979; Elizabeth McGahan, The Port of Saint John: From Confederation to Nationalization, (Saint John: National Harbours Board, 1982; and C.M. Wallace, "Saint John Boosters and the Railway in the Nineteenth Century", in Acadiensis, v.6, no. 1, (Autumn 1976).

²²Donald Savoie, La Lutte pour le développement, p. 21.

²³Ibid.

did companies begin to view the province as a viable location for development.²⁴ The general mood surrounding the construction of the mill was captured in the first issue of the town's new weekly newspaper, The Dalhousie News, which reported, "\$20,000,000 Plant Nearing Completion: Great Future is Predicted for the town of Dalhousie."

During the 1920s Dalhousie experienced unparalleled growth. When construction of the mill began in 1928, about 1,300 workers were employed on the project with an additional

FIGURE 4: Population Growth
Source: Statistics Canada, various census documents.

²⁴Parenteau, "The Woods Transformed...", p. 5.

floating workforce of 1,000.²⁵ In addition to the construction jobs at the mill, additional jobs were created because of the construction of a hydro-electric transmission line from Grand Falls and an eight mile water pipeline from the Charlo River to provide fresh water for the mill. The population of the town almost doubled between 1921 and 1931.

During the same 1921 - 1931 period the population of the nearby city of Campbellton grew from 5,570 to 6,505 while the population of Newcastle actually dropped from 3,507 to 3,383. In the years following the construction of the mill, it was

FIGURE 5: Population Statistics, % of Change
Source: Statistics Canada, various publications.

²⁵Ibid.

predicted that the population of the town would continue to grow, though at a slower rate, so that in two or three years it would number 5,000 or more.²⁶ These optimistic figures were based on the belief that the mill would continue to expand and that other industries would locate in the town as well. As the population figures illustrate, while the population did grow, it was not as rapid as was predicted.

The population boom was met with a rapid expansion in the number and variety of services established to meet the general needs of the population. The result of this extensive expansion of the local payroll was the establishment of no less than a dozen new stores and services valued at well over \$75,000. This figure does not include the expansion of existing firms in the community.²⁷ This feeling of confidence in the town was clearly illustrated in the mood of the local merchants who felt that, "the citizens of Dalhousie will be afforded a much wider range of choice than ever awaited them here before...goods of the same quality as offered by the big stores in the large centres..."²⁸

However, this rapid development came at a price. Housing shortages were widespread, municipal infrastructure such as

²⁶"Rapid Strides Made During the Past 15 Months", The Dalhousie News, 27 November 1929, p. 1, col. 5.

²⁷"From Mediocre Existence Town of Dalhousie Hit 'Jack-Pot' When Paper Mill Built in 1928", The Dalhousie News, 25 August 1955, Town of Dalhousie Incorporation Special Edition.

²⁸"Christmas in the Shiretown Stores", The Dalhousie News, 27 November 1929, p. 1, col. 2.

new streets, water, and sewerage could not keep pace with the rapid population explosion. Furthermore, the electrical system was incapable of handling the dramatic increase in demand for residential service. In 1929, building permits totalled \$252,285. This represented the construction of over seventy new residences; approximately half of them built by the NBIP Co.²⁹ The assessment of the town was valued at \$44,793 in 1930; by 1948 this figure had grown to \$127,112.70. The value of personal property more than doubled, from \$1,120,373 in 1931 to \$2,891,200 in 1955.³⁰ Despite these increases, Ian Sclanders reported that,

If you wanted to take up residence in Dalhousie, you would have to start house hunting a long time in advance. And you would find it almost impossible to get one for love or money, even though new houses have been built by the score in the last few years.³¹

Along with the strain placed on the local infrastructure as a result of rapid growth, anxiety and tension began to characterize community life. New government services, better transportation links, improved telephone service in addition to expanded educational, religious, medical, sports and recreation structures had to be created. A large number of these social services were supplied, by the Roman Catholic Church, through the work of religious communities in the

²⁹"From Mediocre Existence..."

³⁰Ibid.

³¹Ibid.

region. Within the town, the church owned and operated three schools, one of which was a boarding school, a Commercial College, and a hospital, constructed by the *Filles de Jesus* following the refusal of all levels of government to provide such a facility. Much of this was financed through the payment of 'user-fees' to the church and through the generosity of the citizens of Dalhousie.

The business community formed a Board of Trade that worked to spur further development and growth of the community. In working for the betterment of the town and vicinity, the Board of Trade worked to "keep Dalhousie on the map in vivid colours."³² In this respect it can be seen that there was an understanding that the continued development of Dalhousie could not simply be left to chance and that measures would have to be taken to ensure enduring growth and expansion of the industrial base.

The dependency of the town on the operation of the mill became evident during the Depression of the 1930s. During much of this period the newly opened mill was running far below capacity with the employees having accepted a 10% reduction in their wages, for the unspecified duration of the "depressed condition of the paper market."³³ Records also show that the Dalhousie Board of Trade approached the NBIP

³²"Business Men Here Will Form Board of Trade Organization", The Dalhousie News, 27 November 1929, p. 1, col. 4.

³³"11 Percent Wage Increase Announced at Local Mill", Dalhousie The Town Crier, 20 July 1933, p. 1, col. 1.

Company and recommended that it employ Dalhousie men first, Restigouche county men second and New Brunswick men third. Likewise, a motion of petition was put forward, at a town council meeting, asking the NBIP Company to bear its share of the burden of feeding Dalhousie residents during these difficult times. This motion was not seconded, however. It was argued that the mill, a private company, should not be requested to help in the field of public policy.³⁴ There were also calls for the citizens of Dalhousie to support their local businesses, and the slogan, "Buy at Home" was employed to encourage investment in the local economy.³⁵

The development of Dalhousie would remain based on its role as a pulp and paper centre for many years to come. It was not until October 1962 that further industrial development was undertaken with the construction of the \$5 million Canadian Industries Limited (CIL) Dalhousie Works plant. It is noteworthy that the plant's main products, caustic soda and chlorine, are used predominately by the pulp and paper industry. Furthermore, the Dalhousie CIL's main customer is the NBIP Company, with almost half of its remaining sales being made in bulk to other New Brunswick paper mills.³⁶

³⁴"Board of Trade", Dalhousie The Town Crier, 1 February 1933, p. 1, col. 1.

³⁵"Buy in Dalhousie", Dalhousie The Town Crier, 10 August 1933, p. 2, col. 1.

³⁶Norman Arseneault, Diamond Jubilee Yearbook: 75 Years Dalhousie, (Dalhousie: 1980), p. 78.

While not part of the NBIP Company, the prosperity of the CIL Dalhousie Works operations remains directly linked to production at the Dalhousie mill, and other pulp and paper mills in the province.

In 1966-68 the industrial base of Dalhousie underwent further diversification with the construction of a New Brunswick Power Commission Thermal Generating Station within the town limits.³⁷ Again, it can be seen that the diversification of the industrial base was related to the NBIP Company's need for additional sources of electricity. The decision to locate the generating station in Dalhousie was also based on the NBIP Company's status, in the late 1960's, as the single largest user of electricity in the province.³⁸

In 1980 the NBIP mill underwent extensive modernization and changed ownership. The modernization of the mill consisted of the installation of twin-wire formers on two of the four paper machines, a new bark boiler and the construction of a new pulp mill.³⁹ These measures have served to enhance the efficiency of the mill, improve the product quality and assure the mill's compliance with new environmental regulations. This increase in mechanization of

³⁷Ibid., p. 76.

³⁸Personal interview with Guy Arseneault, MP for Restigouche-Chaleur, 3 Dec. 1991.

³⁹NBIP Forest Products Inc., NBIP Forest Products Inc.: Growing in Step With its Community and Markets, (Dalhousie: NBIP Forest Products Inc., n.d.), p. 1.

the mill allowed the Dalhousie operation to remain competitive in an increasingly aggressive market. With the modernization project completed, the mill turned to other cost cutting measures, therefor, reducing job opportunities at the mill.⁴⁰ Furthermore, ownership of the mill was at this time transferred from NBIP's parent company, International Paper of New York, to NBIP Forest Products Inc., a subsidiary of Canadian Pacific Forest Products Ltd., which retained 67% ownership, with the remaining 33% going to Oji Paper Co. Ltd. and Mitsui & Co. Ltd., both of Japan.⁴¹

The development of the town of Dalhousie, is an interesting reflection of Harold Innis's staple theory. Settlement in the northern portion of New Brunswick coincided with the establishment of the fishery in the area.⁴² The fish was mainly for use in trade with England and other countries of the British Empire. As Innis states, "The most promising source of early trade was found in the abundance of

⁴⁰R.R. Kruegar and John Kogler, Regional Development in Northeast New Brunswick, (Toronto: McClelland and Stewart Limited, 1975), p. 22.

⁴¹Personal interview with Patrick Cayouette, Manager NBIP Forest Products Inc., 18 Oct. 1991.

⁴²See Rosemary E. Ommer, From Outpost to Outpost: A Structural Analysis of the Jersey-Gaspé Cod Fishery, 1767-1886, (Montreal: McGill-Queen's University Press, 1991). While not dealing directly with the fishery in the north-eastern New Brunswick, the discussion of the fishery on the Gaspé (located directly across the Bay of Chaleur from north-eastern New Brunswick) does provide insight into the nature of the fishery during this period.

fish, ..."⁴³ Dalhousie's experience further corresponded with Innis's staple theory, in that the exploitation of fish was followed by the exploitation of lumber "which was the product that brought the largest returns."⁴⁴

Later, as the lumber industry came under increased competition from producers in British Columbia, focus shifted to the production of pulp and paper. It can therefore be seen that, "The lumber industry has been supplemented by the development of the pulp and paper industry."⁴⁵ It should also be noted that the development of Dalhousie mirrored what Innis said in yet another respect;

...energy in the colony was drawn into the production of the staple commodity both directly and indirectly. Population was involved directly in the production of the staple and indirectly in the production of facilities promoting production. Agriculture, industry, transportation, trade, finance, and governmental activities tend to be subordinate to the production of the staple for a more specialized manufacturing community.⁴⁶

The situation of Dalhousie is clearly illustrated in this quotation. The main industry in the town became the pulp and paper mill with all other activities and development centred around it. The construction of the CIL Dalhousie Works plant was a response to the need for chemicals on the part of the

⁴³Harold Innis, "Conclusion to the Fur Trade", in Perspectives on Canadian Economic Development, ed. Gordon Laxer (Toronto: Oxford University Press, 1991), p. 51.

⁴⁴Ibid.

⁴⁵Ibid.

⁴⁶Ibid., p. 52.

mill. The location of the NB Power Thermal Generating Station in Dalhousie responded to the mill's increased energy needs. Furthermore, the NBIP Company had a noticeable influence on government activity. One such example of this influence was the concession of tax evaluations granted to the mill by the town of Dalhousie and the Province of New Brunswick.⁴⁷

It can also be seen that the production of pulp and paper is greatly dependent on external forces working through market mechanisms. This reflects the Innisian staple theory in that the development of the staple depends on the interests of the metropolitan centre, i.e., Britain. In much the same manner, the production of pulp and paper is highly dependent upon external markets, mainly in Britain and the United States, as well as upon foreign capital and technology.⁴⁸

Subsequent to this, the development of the lumber trade in Dalhousie can be related to its location on a major waterway. "As with the fur trade the development of the lumber trade depended on water transportation."⁴⁹ The river permitted logs to be floated to the mill, and the port allowed for easy export of lumber, later followed by pulp and paper. The construction of the pulp and paper mill in Dalhousie can also be looked upon as a response to,

⁴⁷A complete listing of such fixed valuations along with the duration of these agreements can be found in Edward G. Byrne's Royal Commission Report on Finance and Municipal Taxation in New Brunswick.

⁴⁸Innis, "Conclusion to the Fur Trade", p. 58.

⁴⁹Ibid., p. 59.

...increasing demand for paper in the United States and the exhaustion of more available supplies of pulpwood were factors responsible for the development of the pulp and paper industry especially after 1900.⁵⁰

The dependency of the pulp and paper industry on foreign forces was echoed in an article written by a local reporter which appeared in a Dalhousie paper, The Town Crier, on 5 April 1933;

While newsprint sales, that depend largely upon increased advertising, will be slower in re-acting, there is every expectation that this branch of the industry will also show decided improvements in the next few months.

While partially dependent on Canadian advertising, the majority of the NBIP mill's sales were dependent on advertising in the United States because of sheer size of the US market. Moreover, the "Americans are the best propagandists because they are the best advertisers,"⁵¹ making the threat of domination by this southern power even more acute. In this way, "American imperialism has replaced and exploited British imperialism."⁵² Canada therefore went through a process where it "...moved from colony to nation to colony."⁵³ While once dependent on British demand for either fish or lumber, Dalhousie was now dependent on the United

⁵⁰Ibid., p. 61.

⁵¹G.S. Viereck, Spreading Germs of Hate, (New York, 1930), p. 168, as quoted in Harold Innis, Essays in Canadian Economic History, ed. Mary Q. Innis, (Toronto: University of Toronto Press, 1956), p. 411.

⁵²Harold Innis, Essays in Canadian Economic History, ed. Mary Q. Innis (Toronto: University of Toronto Press, 1956), p. 395.

⁵³Ibid., p. 405.

States demand for newsprint, a dependency further cemented by the fact that the mill was owned and controlled by International Paper of New York. As a result, the region's dependency was accentuated by the fact that profits from the mill would be exported to the American head office, with little to no benefit being secured for the local economy. The company's goal would remain the proliferation of profits through a process of maximizing output while minimizing costs. Moreover, the town suffered from the lack of any secondary, non-resource related production. All manufacturing was based on primary resource production, and production at the mill. In this way the town and community would pay the social costs of having a mill in their proximity while the owners of the mill would reap the economic rewards. It can therefore be seen that the situation of Dalhousie serves well in illustrating the validity of Innis's theory of staple production.

It is also important to examine the role geography plays in a region's pattern of development. Writing in 1866, Thomas Pye of the Gaspé basin, commented,

Few sites for a town have been better chosen than that of Dalhousie. It is most delightfully situated on the south bank of the river Restigouche in latitude 47° 2' 30" north, longitude 65° 28' 15" west at the foot of a range of hills from the top of which can be seen in relief of vast tract of beautiful land extending as far as the eye can reach. At the head of the Bay Chaleur and at the mouth of a large river it has a spacious and safe

harbour capable of affording shelter to vessels of heavy draft of water.⁵⁴

To a degree that is greater than that of any other variables, geography determines what a particular region or locale can produce and how that product can be transported to its markets. In this respect, geography has greatly shaped the development of Dalhousie and northern New Brunswick.

In completing their Industrial Survey of Dalhousie in 1961, Canadian National Railways (C.N.) concluded that the town had little to offer in natural resources, with the notable exception of the proximity of vast forests and the waterways; both of which contributed and shaped the development of the region. It is also interesting that when the British originally settled the town, it was intended to be used as a military site. For years following the original survey of the town, all land grants were made in such a manner that a parcel of land in the centre of town, and located on high ground, was retained by the government as a military vantage point. This site was held in reserve until 1893 when the government divided it into lots and sold it.⁵⁵

Agricultural activity in Dalhousie and area was and is relatively minor, with only a few market gardens and dairy farms located to the south of the town in the communities of

⁵⁴"Thomas Pye Praised Site of Dalhousie as Early as 1866", The Dalhousie News, 25 August 1955, Town of Dalhousie Incorporation Special Edition.

⁵⁵Town of Dalhousie, Diamond Jubilee, n.p.

MAP 4: Detailed map of North-eastern New Brunswick.
Source: Employment and Immigration Canada.

Eel River Crossing, Dundee and Balmoral. There are also some farms, mainly potatoes, located in the Charlo area to the east of the town. It is interesting though, that the agricultural production in this area was the most pronounced of Restigouche county. Production at these farms has dropped off significantly since earlier years, and very few of these farms would be considered commercially viable operations. Moreover, the Whalen Report, in its 1964 examination of the region rejected agriculture as a commercially viable industry on the basis of the sub-region's poor soil and rugged terrain.⁵⁶

The Dalhousie sub-region has almost no minerals in commercial quantities, but there are some iron-ore mines located to the east of Dalhousie near Bathurst, and an iron-ore smelter located in Belledune. Because of the location of

⁵⁶Hugh J. Whalen, section 4.

these operations most of the work and other economic spin-offs created by these two facilities go to individuals from Bathurst and the surrounding areas.⁵⁷ The only tangible economic effect for Dalhousie as a result of these mines is the shipping of some iron-ore through the Common User Dock in Dalhousie. The use of this port will continue to diminish as the expansion and modernization of the port in Belledune nears completion. The second wharf in Dalhousie, the Government Wharf is used predominately by NBIP for the loading of the paper ships. This port is of prime importance for the region in that it is the nearest inland port to the European market and has ready access to the open seas. The port has been unable to capitalize on this status, with the NBIP Company, for all intents and purposes remaining its only user.

History and geography have provided a snap-shot of the course of development experienced by Dalhousie. While they played an important role in determining the development experiences of this community, state policy also influenced its development. Until the early 1950s, much of this influence was exercised with little or no attention to the actual effects that policy would have on a particular

⁵⁷As the map of north-eastern New Brunswick illustrates (Map 1), the northern part of the province is dominated by three distinct economic and urban centres. The Acadian Peninsula specializes in fishing, the Bathurst area is dominated by mining and smelting activities and the Campbellton-Dalhousie area developed as a transportation and pulp and paper centre. Belledune, with the smelting and fertilizer plants fall into Bathurst's economic sphere.

community. During the 1950s, the plight of economically depressed regions and the negative effects that some government policies had on the development of these regions, became increasingly evident. These regions began to call upon government to develop policies and programs to address their specific development needs. In response to this, much work has been produced which looks to the role played by the state, and the resulting uneven basis of development. The ensuing chapter will examine this development in light of the role the state plays in what Janine Brodie refers to as the "political creation of regions."⁵⁸

⁵⁸Jane Brodie, "The Political Economy of Regionalism", in The New Canadian Political Economy, eds. Wallace Clement and Glen Williams (Montreal: McGill-Queen's University Press, 1989), p. 156.

CHAPTER THREE

The Political Economy of Management

While some regions of the country moved beyond the development staple products and diversified their economic base, others became mired in the crises that engulfs a region following the *cyclonic development* of its staple. As such, the differing levels of development between various regions began to become increasingly apparent in the 1950s, causing the federal government to look seriously to the issue of regional development. In addition to drafting specific programs to address differences in levels of development, the government began to focus attention on the effects that various government policies would have on different regions of the country. It was becoming increasingly more apparent that, vis-à-vis the rest of the country "...workers in Atlantic Canada typically earn less than workers in the rest of the country and are more likely to be unemployed."¹

¹Canada West Foundation, "Regional Development and Constitutional Change", Alternatives: Agenda for a New Canada, (Calgary: Canada West Foundation, September, 1991), p. 2,

The birth of this new awareness on the part of the federal government in the early 1950s stems from the government's adoption of Keynesian economic policies. As such, the federal government began to take an increasingly multi-faceted and interventionist view of society. In attempting to address the inequalities that exist between various regions of the country, the federal government began to transfer large amounts of public funds into regions experiencing development difficulties. The federal government adopted the view that not only was it its role to attempt to manage economic development across the country, they were responsible for ensuring the equality of opportunity in all aspects of life to all citizens of the country. In response to uneven economic development across the country the federal government began to adopt an increasingly interventionist stance vis-à-vis the economy and the development of regions. This adoption of Keynesian economic policy and intensive government management of the economy will be referred to as the *political economy of management*².

Much work has been completed in respect to the role played by the state in this *political economy of management*. Authors such as Smiley (1975), Mallory (1954), Brodie (1987),

²The term the *Political Economy of Management* has also been used by Margaret Conrad, "The Atlantic Revolution of the 1950s", in Berkeley Fleming, ed., Beyond Anger and Longing: Community and Development in Atlantic Canada, (Fredericton: Acadiensis Press, 1988) and the Carleton University History Collaborative, Urbanization and Community Transformation in Atlantic Canada, 1867-1991, (Ottawa: The Mercury Series, Canadian Museum of Civilization, 1992).

Savoie (1988) and Bickerton (1990) have all examined the role the state has played in its attempts to address the uneven development of the various regions of the country.

With the increased concentration of powers in the federal government regional development came to be viewed as a function of politics and the bureaucracy located at the centre.³ An example of this is the adoption by the government of New Brunswick, in the late 1960s, of the policy of Equal Opportunity that arose out the Royal Commission on Finance and Municipal Taxation in New Brunswick. The aim of this commission, and the ensuing Equal Opportunity program, was to reduce the inequalities that existed between the regions of the province. In reducing these inequalities the provincial government centralized public services, particularly social, health and educational services, and taxation. As a result, the program raised Restigouche County's socio-economic level. Centralized services, it was argued, allowed for the fairer distribution of the province's wealth.

Until this time, the administration of such programs had been left to the care of county councils. By the 1960s though, many of these councils were on the verge of bankruptcy or taxing their citizens at a level which most were unable to support. As a result, the provincial government centralized services and eliminated the county councils, which in the words of Byrne:

³James P. Bickerton, Nova Scotia, Ottawa, ..., p. 87.

...[possessed] vestigial administrative powers which cannot be properly exercised on their present fragmented basis...It is time that the harassed county officers be released from the position in which time and change have placed them.⁴

This program, along with countless others on both the federal and provincial levels, represents the adoption on the part of the governments of the principles of social welfare. This *New Deal* style of economics required the state to play a greater regulatory role; therefore powers were centralized in Fredericton and Ottawa through the implementation of a variety of programs.

While implementing a series of short term programs such as the Winter Works Program of 1958-59, there was a growing necessity to explore other more long term solutions aimed at addressing the structural challenges being faced in the regional economies. Increasingly the federal government was coming under pressure to address the questions of structural unemployment and the relatively lower levels of human capital.⁵ Moreover, the federal government was also faced with the demands of the Maritime premiers pushed for recognition of their economic situation and position within Confederation. Margaret Conrad revived the term Atlantic

⁴Edward G. Byrne, Report of the Royal Commission on Finance and Municipal Taxation in New Brunswick, (Fredericton: Province of New Brunswick, 1963), p. 25.

⁵See, the Royal Commission on Dominion-Provincial Relations (Rowell-Sirois) and the Royal Commission on Canada's Economic Prospects (Gordon Commission), both of which identified the growing gap between various parts of the country. The Atlantic Provinces Economic Council (APEC), formed in 1954, has also been an advocate of the Atlantic region's need for economic development.

Revolution to describe this period, a term first used by N.B. historian W.S. McNutt.⁶

One of the major initiatives of this time was the Agricultural Rehabilitation and Development Program (ARDA), which had as its goal the improvement of the standard of living for farmers living on marginal land. It was under the ARDA program in 1963 that the first major study of the economic and development situation facing northern New Brunswick, and therefore Dalhousie, was carried out.⁷ The purpose of the study was to determine whether the region should be considered as one of the ARDA development regions under the guidelines of the program. To establish this, the study, carried out by Hugh Whalen, examined, in a general manner, the physical, social and economic situation of Northern New Brunswick.⁸

The Whalen Report identified sectors of the economy that appeared to possess the greatest potential for growth. It was hoped that these key areas for growth would, if nurtured and developed properly, provide the basis for advances in other, weaker sectors of the economy. The forecast was bleak. In the view of Whalen, there was little development potential for

⁶See Margaret Conrad, "The Atlantic Revolution of the 1950s",...

⁷It should be noted that this study did not examine the situation of Dalhousie exclusively. The ARDA Pilot Research Area study comprised Restigouche, Gloucester and part of Northumberland counties, in effect all of northeastern New Brunswick.

⁸See Whalen, Whalen Report.

the region and therefore, Dalhousie. The only area for growth identified was the mining industry, which would benefit the Belledune area, with most of the workers coming from the nearby city of Bathurst rather than from Dalhousie. Furthermore, Dalhousie's main industry, forestry, was viewed as having little potential for long term employment growth. This, in addition to the rapid exploitation of the resource, was making development of 'the region's silviculture' industry increasingly speculative.¹⁰

The report was beneficial, however, if only in its characterization of the population. First off, the report bluntly concluded that the region had a surplus of population vis-à-vis available jobs.¹¹ Moreover, the population was identified as having below average levels of education and technical capabilities. It was believed that this general lack of education and training impeded further development of the region.

The educational level of the region has been well documented. Alain Even, quoted in 1965, stated;

Le niveau général d'éducation de la population ne fréquentant pas l'école dans la région A.R.D.A. est bien en dessous de celui du N.-B. Au cours de 1961, la population des comtés de Gloucester et de

¹⁰The term silviculture refers to the branch of forestry that deals with the cultivation and care of forests.

¹⁰See Hugh Whalen, Whalen Report..., especially the conclusion of the chapter on forestry and also the comments on forestry in the overall conclusions of the study.

¹¹Whalen, Whalen Report..., p. 140.

Restigouche ne fréquentant pas l'école se répartissait en: 15% qui n'avaient aucune instruction, 72% qui se situaient entre 1-8 années de scolarité et 13% qui avaient une 9ième année et plus. Le taux correspondants pour le N.-B. étaient respectivement 9%, 69% et 22%.¹²

Likewise, the Whalen Report listed as one of its major recommendations "The development of massive re-training and re-conditioning programmes intended to convert thousands of redundant or underemployed labour resources in the region..."¹³ It was generally believed that increasing the level of education of the labour force would result in a more active and therefore productive labour force. As has been stated by John Kenneth Galbraith, "...if education is a form of investment, then planning of educational output becomes desirable and even imperative..."¹⁴

Practically on the heels of the release of the Whalen Report, the federal government commissioned another study of the region, this time by the Hunting Survey Corporation. Partly in response to the pessimistic view of the Whalen Report, the Hunting Survey Corporation provided information on the means of achieving a higher degree of economic knowledge on the condition of the region. On this basis they then hoped to outline a balanced and rational basis for its social

¹²Alain Even as quoted in S. Spicer, A Preliminary Report on Education in the ARDA Region: Northern N.B., (Fredericton: 1965), p. 11.

¹³Whalen, p. 135.

¹⁴John Kenneth Galbraith, Economic Development in Perspective, (Cambridge: Harvard University Press, 1962), pp. 53-54.

development. The Hunting Survey Corporation did not complete its report, but did identify education and training as the predominant problems hindering the region's development prospects.¹⁵

These two studies were of benefit, if only through bringing people together to examine the challenges facing the region. Within the framework of ARDA, a number of local committees came together to draft economic development programs for their particular communities. These local committees were later regrouped into various regional associations. Following establishment of ARDA, the federal government set up the Fund for Rural Economic Development (FRED), which was to provide for federal-provincial co-operative development programs in designated areas. In what can be termed a trade off with the provincial government, the federal government agreed to finance development of the Mataquac region in southern New Brunswick if the province would oversee development of the North-east. To this end, a working group consisting of local representatives, various ministers at both the federal and provincial levels, and the Dymne firm of Montreal came together in June 1965, to initiate an integrated development plan for the north-east of the province.

¹⁵The documents prepared by the Hunting Survey Corporation can be obtained at the National Archives of Canada.

A scant seven months later, on January 7, 1966, this working group presented its report. Shortly afterwards, the provincial government asked the Area Development Agency (ADA)¹⁶ to prepare an integrated global development plan for the north-east of the province. In preparing the requested plan, the ADA engaged Project Planning Associates Ltd. of Toronto to consolidate the recommendations of the earlier studies and reports. The results of this consolidation indicated that the region was indeed struggling under widespread low income and adjustment problems. The consolidated report identified sectors it felt possessed significant potential for development, main through continued exploitation of the region's natural resources.¹⁷

The resulting Northeast New Brunswick: Federal-Provincial Rural Development Agreement was signed on September 20, 1966. It was the hope of the authors that the Agreement would serve as a:

...comprehensive and co-ordinated development plan designed to promote its social and economic development, to increase income and employment opportunities and to raise its living standard;...¹⁸

¹⁶The Area Development Agency (ADA) was a federal organization formed in 1963 to administer a budget for infrastructure projects in addition to formulating a regional development plan for various regions.

¹⁷Canada, Northeast New Brunswick: Federal-Provincial Rural Development Agreement, (Ottawa: The Queen's Printer, 1966), Schedule B, p. 1.

¹⁸Canada, Northeast New Brunswick..., p. 1.

More specifically, the program was designed to address the poverty of the region; a poverty characterized by under-exploited natural resources.¹⁹ Furthermore, the program was to attempt to draw people out of their rural communities and into the urban centres that would be areas of industrial development. Attempts would also be made to increase basic and professional training of individuals.²⁰

The provincial government was to be responsible for implementing the program through the Community Improvement Corporation (CIC), for which Ottawa would provide a program director. The program, covering the area from St-Quentin to just south of Tracadie, would invest in education, facilitate the relocation of people to areas of growth, and raise the standard of living, along with bringing housing and social services in line with the provincial standards. Furthermore, while developing the existing potential in the fishery, forestry and agricultural sectors, the program would endeavour to promote the creation of additional employment opportunities in other sectors. When looking at the educational situation of the region, the need for improvements becomes apparent. Of the two hundred and fifty-eight schools in the ARDA Pilot Research Area, approximately one hundred and sixty had only

¹⁹Map 1 outlines the region covered by this agreement.

²⁰See, Canada, Northeast New Brunswick: Federal-Provincial Rural Development Agreement, (Ottawa: The Queen's Printer, 1966), Even Allain, and George Bourdages, Rapport de la Recherche sur Restigouche: Profil Socio-Économique: Évaluation de la Situation; Possibilités de Création d'Emplois et de Formation, (Campbellton: Groupe Quad Ltée, 1987).

one or two classrooms. As well, many of the teachers themselves had not studied beyond grade nine.²¹ The total federal contribution to the plan was set at \$62,136,000 with the provincial contribution of \$27,114,000. This agreement was to be reviewed on or before July 1, 1969.

Before the termination of this rural development plan, the government realized that their early attempts at addressing the problems of regional development had proved only moderately successful. The reason for this was identified as the absence of an overarching regional development strategy aimed at guiding the actions of the various federal and provincial departments involved. With various programs designed to address specific problems, numerous situations arose where the government would have a series of unrelated development plans within one province. Many of the predicted benefits of these initiatives were often lost as the federal and provincial governments pursued separate development strategies, as opposed to working together to achieve common goals. By the end of the 1960s it was becoming increasingly evident that there was a need for a centralized federal agency to co-ordinate regional development initiatives between various federal departments, in addition

²¹See section on education in Northeast New Brunswick: Federal-Provincial Rural Development Agreement as well as Whalen Report. When looking at the educational situation of the region, the need for improvements becomes apparent.

to increasing the level of co-operation with provincial counterparts.

In 1969 Ottawa created the Department of Regional Economic Expansion (DREE). Existing programs were either replaced by new programs under DREE or were incorporated into, and centrally administered, by the new department. The focus of this new department was on urban and industrial development. In pursuing urban development, DREE implemented what they termed a *growth pole* policy. This policy was based on the premise that development tends to occur around certain focal points or poles. By focusing development in these growth poles it was believed that self sustaining growth could be engendered.

Under DREE's growth pole policy, twenty-three centres across the country were designated as *growth poles* whose further development would benefit adjacent regions. Under this policy, it was believed that centralizing development and investment in a *growth pole* would not only create new opportunities for economic growth in the urban centre, but would also serve as the motor of growth for adjacent communities. This policy also represented a move away from the idea of alleviating rural poverty through financial hand-outs to an increasingly development based approach.

While DREE named *growth poles* across the entire country the program predominately focused on eastern Canada with over 80% of the Department's budget being spent east of Trois

Riviers, Quebec. In New Brunswick, designation of Saint John and Moncton as growth poles resulted in concern being raised by other regions in the province. It was felt that rural areas were being left to depend on development in the distant urban centres of Saint John and Moncton. Even if economic development was to radiate from these poles, it was considered doubtful that its benefits would stretch into the northern reaches of the province. Public outcry surrounding the government's decision to designate Saint John and Moncton, in conjunction with political opposition from the northeast, resulted in the federal government allowing existing development programs in the northeastern New Brunswick to continue. To address these concerns, the Federal-Provincial development agreement for North-eastern New Brunswick, signed under the FRED, was permitted to continue.

While representing an important step towards the consolidation and rationalization of federal development efforts, DREE had failed to address adequately the problem of regional disparity. In response to this, a major policy review of DREE was undertaken in 1972. Government was becoming increasingly aware of the vast complexity of questions surrounding regional disparities. The federal government believed that much more attention needed to be focused on pursuing viable development opportunities, as opposed to artificially sustaining development exclusively in urban centres. It was also generally accepted that regional

disparities were much too complex to be dealt with effectively by one government department. It was believed that there had to be a comprehensive and consolidated approach involving all government departments so that policy development and implementation would be increasingly sensitive to the conditions and needs of the regions. Furthermore, the review determined that nationally applied programs were often too rigid and not responsive to the specific development needs and situations being faced by communities across the country. Not all regions facing development challenges were confronted with the same structural problems. Some regions may have had a lack of infrastructure while others were experiencing difficulties in re-training individuals for new employment opportunities. It was agreed that flexible measures had to be integrated into programs to allow them to take advantage of identified development opportunities and overcome constraints.

Finally, the review pointed to a serious problem vis-à-vis the perspective adopted by DREE in its early years. Until this point, the focus of DREE was on regional disparities. Officials of DREE began to promote the notion that a greater emphasis should be placed on existing potential for development. This change in focus would encourage the region to look at itself and identify not the negative aspects of its development, but rather its potential for economic and social development.

As part of this policy, DREE undertook a series of studies looking at the conditions and possible sectors of development within each province. The result of this policy review was the abandonment of the growth pole concept in favour of a more flexible approach favouring the increased co-operation between federal departments and agencies as well as between the provincial governments. Out of this increase in federal-provincial co-operation emerged a series of General Development Agreements (GDA), which, in 1984, were renamed Economic and Regional Development Agreements (ERDA). These GDAs and later ERDAs were enabling agreements between the federal and provincial governments designed to provide a framework for bringing both levels of government together to plan and implement new initiatives designed to stimulate economic development.²² This change in focus permitted the provinces a larger role in the formation of regional development programs within their respective jurisdictions.

In early 1972, the original North-eastern New Brunswick rural development agreement was closing in on the end of its mandate. While the plan had greatly improved infrastructure and education, the program appeared lacking in other important areas. When compared to the rest of the province,

²²Donald J. Savoie, Federal-Provincial Collaboration: The Canada-New Brunswick General Development Agreement. (Montreal: McGill-Queen's University Press, 1981), p. 2. See also Donald J. Savoie, "The General Development Agreement approach and the bureaucratization of provincial governments in the Atlantic provinces", Canadian Public Administration. (24:116-31, Spring 1981).

north-eastern New Brunswick consistently reported below average incomes and higher unemployment rates. It was becoming increasingly clear that the province was splitting into two separate economic regions; the economically sound and stable southern portion of the province and the northern part, which continued to suffer from high unemployment and low family incomes. It was often argued that for every development dollar the government spent in the North of the province two were spent in the South.²³

In 1972, after spending approximately \$67 million under the North-eastern New Brunswick Development agreement, a series of modifications were undertaken. Through the review it was found that "the original agreement made no provision for programs to encourage industrial development..."²⁴ and that many of the labour demand projections were excessively optimistic. In the public hearings leading up to the renewal of the original agreement, a large number of briefs were presented which called on the government to stop attempts to urbanize what was, and should remain, an essentially rural society.²⁵ Ignoring the public's requests for modifications, the new agreement simply allocated an additional \$89 million in funds, basically extending the original agreement. One of the interesting features of this new agreement however, was

²³Donald Savoie, Federal-Provincial Collaboration, p. 64.

²⁴Ibid., p. 79.

²⁵Ibid.

the formation of three industrial commissions, one of which was to serve the region from Kedgwick to Charlo, and therefore include the town of Dalhousie.²⁶

It was hoped that the newly formed Industrial Commissions would aid in making the provincial government attentive to the economic and development needs of the region. These commissions would also prove beneficial to the region as they would understand and hopefully respect its unique cultural identity. While accepting the need for development, there was a general sense that the population of the region was not willing to sacrifice a traditional and rural way of life for industrial development.²⁷

Ten years later, in 1982, the federal government undertook a major review of the Department of Regional Economic Expansion. While DREE was designed to co-ordinate the efforts of all government departments in the field of regional development, problems began to arise as various departments publicly debated the validity of their particular development perspectives. A conflict had arisen between DREE and the Department of Industry, Trade and Commerce (IT&C). The 1982 policy review recommended an amalgamation of the various programs of DREE and IT&C under a new Department of Regional Industrial Expansion (DRIE). Under the new department, federal industrial and regional incentive programs

²⁶Donald Savoie, La Lutte pour le développement, p. 54.

²⁷Ibid., p. 65.

would be administered through one department, thus reducing the risk of conflict between federal departments responsible for regional development.

As a result of this policy shift, the growth poles concept of development was replaced with one based on development opportunities. In this respect DRIE would pursue any viable development opportunities, whether they were in rural or urban areas, while attempts would be made to give the priority to slow growth areas. In this respect, a new Industrial and Regional Development Program (IRDP) was established, to provide financial assistance to manufacturing, processing and service industries across the entire country.

Shortly following the establishment of DRIE, the new department came under fire from the public. Because the department adhered to rigid standards that were not easily applied across the entire country, the regions felt that the various programs under DRIE's administration were not responding to their particular needs. With a lack of local input in projects, it was felt that numerous misguided projects were being funded, while local proposals were overlooked. Furthermore, a second problem existed in the very reason why DRIE was formed; the opposing goals behind industrial development and regional development. The regions felt that the government was providing a greater amount of funds for industrial development for which the small scale resource-based industries were incapable of competing.

In the summer of 1987, the government conceded that in its existing form, DRIE was ineffective. It therefore undertook a restructuring that saw the industrial support programs of DRIE disbanded and amalgamated with those of the Ministry of State for Science and Technology. This resulted in the creation of the Department of Industry, Science and Technology (DIST) which would be responsible for regional development programs in Ontario and Quebec. In the rest of the country, the federal government would form three regionally based agencies that would be responsible for regional development in their respective regions. With the cutting up of DRIE and distribution of its various responsibilities, the government allowed the IRDP program to lapse in June 1988.

To respond to the development needs of the Atlantic region, the federal government, in 1987, announced the formation of the Atlantic Canada Opportunities Agency (ACOA) with an annual budget of \$200 million over five years. The agency was to be responsible for the co-ordination of all federal activities relating to economic development in the region. Furthermore, ACOA was to provide an Atlantic Canadian perspective in the design and application of national policies and programs. The economic boom of the 1980s had further increased the gap between central Canada and the Atlantic

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provinces, thus forcing the Mulroney government to take measures to address the economic condition of the region.

Unlike previous development programs, ACOA was given the liberty to decide and act upon what it viewed as the best development prospects for the Atlantic region. Moreover, as opposed to being situated in Ottawa, its head office was located in Moncton, N.B., with regional offices situated throughout Atlantic Canada. Its Ottawa branch was simply to serve as a liaison between head-office in Moncton and the bureaucracy in Ottawa.

The agency listed as its priorities human resource development, innovation and technology transfer, entrepreneurship development, trade development and investment promotion, procurement and industrial benefit, investment support, and, finally, diversification.²⁸ Furthermore, the agency set out, "...to break a long dependency of the Atlantic Provinces on public money, from which 80 per cent of all spending in the region originates, by developing a stronger small scale to medium size business sector."²⁹

It is noteworthy that the creation of ACOA represents the continuation of the decentralization of regional development, as recommended in the 1972 review of DREE. As opposed to earlier programs, the changes over the years allotted a

²⁸Atlantic Canada Opportunities Agency, ACOA Media Kit for Small Business Week, (ACOA: Moncton, October, 1992).

²⁹Phil Demont, "From DREE to DRIE to ACOA", Atlantic Insight, (October 1987, vol. 9, no. 10, pp. 21-24), p. 21.

greater freedom for the development and implementation of policy at the local level. It is important to note that since its inception ACOA has been faced with numerous budget cuts. The recession of the late 1980s made it more difficult for Atlantic Canada to claim it had unique problems vis-à-vis the rest of the country. Regions in the *golden triangle* of southern Ontario and Quebec were now experiencing unemployment rates that would rival those of the Atlantic provinces. This fact was noted by James Bickerton, who stated that it was money and not politics that was pushing the Atlantic region to the margin of the development debate.³⁰ With the country facing restricted financial resources, the federal government began to re-evaluate its funding of regional development.

It should also be noted that the federal government exercises a great deal of economic development clout through its expenditures for procurement. In studies commissioned by the Council of Maritime Premiers, it has been illustrated that federal procurement and federal spending by Ottawa, "...has shaped a deeply ingrained industrial structure that seems to favour Central Canada but without the negative connotations of 'regional development' with all its attendant welfare trappings."³¹ It can therefore be seen that it is important

³⁰James Bickerton as quoted by John Spears, "Atlantic loses little clout it had", The Toronto Star, (Toronto: November 23, 1992), p. A17.

³¹Dr. Charles McMillan, Standing Up to the Future: An Organizational Assessment of the Council of Maritime Premiers, (Halifax: Council of Maritime Premiers, November 1989).

to look beyond regional development programs and equalization payments when examining federal financial commitments to development.³²

The provincial role in regional development was different from that of the federal government. While the federal government favoured the overall development of a specific geographic region, the provincial government generally focused their efforts on specific sectors. Moreover, the provincial government generally undertook development programs with the financial support of the federal government through General Development Agreements (GDA) and later, Cooperation Agreements³³.

As was stated earlier, in the 1940s and 1950s, the provincial government undertook a number of development programs such as rural electrification, the centralization of school boards, establishment of a school bus system and a special loan commission for fisherman, to name but a few of

³²For a further discussion of federal expenditures as a tool of regional development see Tim O'Neill, "Restructured Federalism and its implications on Atlantic Canada" and James Bickerton, "Alternative Futures: Region, Nation and Constitutional Change", both in James N. McCrorie and Martha L. MacDonald, eds., The Constitutional Future of the Prairie and Atlantic Regions of Canada, (Regina: Canadian Plains Research Centre - University of Regina, 1992). An exceptional analysis of this issue is also provided in Phil Hartling, Federal Expenditure as a Tool for Regional Development, (Halifax: Council of Maritime Premiers, May 1990).

³³In 1982, the federal government announced that General Development Agreements would not be extended beyond their present expiry dates. The GDAs were then replaced with Cooperation Agreements that would be negotiated between the federal government and respective provincial governments. These agreements were aimed at specific sectors of a provincial economy, such as forestry, as well as specific regions, such as the Acadian Peninsula.

the programs instituted.³⁴ In the 1960s the governments' development efforts were based on the Equal Opportunity initiative, which was discussed earlier in this chapter.³⁵ In the 1970s the Hatfield government continued with the Equal Opportunity program by further centralizing programs and powers, especially those of an economic nature. Over the course of time, through the Equal Opportunity program and other centralization programs, the provincial government appropriated for themselves increased powers. As a result of these powers, the province, together with the federal government, became the major authors of socio-economic development.³⁶

As the region enters its fourth decade of living under regional development initiatives, what has changed? What has the impact of these policies been on the region? One thing is certain, over the past three decades both the provincial and federal governments have consolidated their control over regions experiencing development impediments. Over the years, both the provincial and federal government have centralized services and programs in an attempt to standardize levels of

³⁴Donald J. Savoie, La Lutte pour le Développement, p. 19.

³⁵See Della M.M. Stanley, Louis Robichaud: A Decade of Power, (Halifax: Nimbus Publishing Limited, 1984) for a complete discussion of the Equal Opportunity program in addition to other related development initiatives instituted under the government of Louis Robichaud.

³⁶Georges Bourdages, Rapport de la Recherche sur Restigouche: Profil Socio-Économique: Évaluation de la Situation; Possibilités de Création d'Emplois et de Formation, (Campbellton: Groupe Quad Ltée, 1987), p. 79.

government services across the entire country and to place all regions on an equal level. In the process of doing this, governments have removed communities and their people from the very process of development. The government has alienated its citizens, by telling them what is best for them.

As it has been argued by Galbraith;

...There can be no effective advance if the masses of the people do not participate; man is not so constituted that he will bend his best energies for the enrichment of someone else.³⁷

This idea has also been echoed in the work of James Bickerton who has stated that, "Federal intervention has sometimes resulted in federal dominance over decision-making."³⁸

Recently, because of economic restraints, the centralized focus of regional development has begun to weaken. The top-down policies of the past are beginning to be replaced with bottom-up initiatives premised on the involvement of the local private and public sectors.³⁹ Government has come to accept its limited capacity to effect the regional patterns of the economy. This denotes a marked shift from the optimistic interventionist focus of the 1960s and 1970s.⁴⁰

³⁷John Kenneth Galbraith, Economic Development..., p. 13.

³⁸James Bickerton, "Regional Development and Atlantic Canadian Islands: Federal Policies in Newfoundland, Cape Breton and Prince Edward Island", draft paper for a conference on Patterns of Autonomy and Dependence in the Small Island of the North Atlantic, (Dalvay by the Sea, Prince Edward Island, September 17-20, 1992), p. 23.

³⁹Donald J. Savoie, Regional Economic Development, p. 16.

⁴⁰William J. Coffey and Mario Polèse, ed., Still Living Together: Recent Trends and Future Directions in Canadian Regional Development, (Montreal: Institute for Research on Public Policy, 1987), p. 2.

Part of this shift in ideology can be attributed to the realization that regional disparities are complex matters that simply cannot be eliminated through government management of the economy. "The recent discussion of development has also differed from those earlier in being remarkably more sophisticated. We now have growth models . . . - some of considerable refinement and a few that are wholly incomprehensible."⁴¹

The ensuing chapters will examine the issue of regional development on a community level from the perspective of community involvement. Such an analysis will support the concept that:

... The states' role in regional development is more effectively accomplished when it is based on measures that support decentralized local initiatives and combined public and private funds.⁴²

The time for laying blame is over. We must learn from our experiences. As has been stated by Donald Savoie, "We can go on bitching about big bad Ontario. That approach has never worked. We have to look to ourselves to solve our own problems."⁴³ It is precisely this that the ensuing chapters will attempt to address.

⁴¹Galbraith, Economic Regional Development, p. 2.

⁴²Thomas J. Courchene and Jean Luc Miqué, Annexe J. Regional Policy: Analytical Perspectives, (Quebec: ENAP and le Centre d'Études, n.d.) as quoted in Donald J. Savoie, Regional Economic Development, p. 58.

⁴³Phil Demon, "From DREE to DRIE to ACOA", Atlantic Insight, (9:21-4, 1987), p. 24.

CHAPTER FOUR

The Importance of Community

...the shift is away from an emphasis on functional regions to regions that are historically defined; from an emphasis on state and corporate action to one in which a politically mobilized population becomes the main protagonist; from an emphasis on reactive to proactive planning; from long-term spatial equilibrium to spatial conflict and struggle; and from an objective of simple economic growth to one of complex growth and development as an expression of regional priorities.¹

The problem with the regional development programs of the past stems from the drafting and implementation of programs designed for large functional regions such as northeastern New Brunswick. These functional regions are comprised of numerous communities, each having been shaped by different historical experiences. When implementing programs aimed at large functional regions the varying views of individuals in smaller communities can be lost. In this respect, the result can be the loss of local control over development.

¹John Friedmann & Yvon Forest, "The Politics of Place: Toward a Political Economy of Territorial Planning", in Benjamin Higgins & Donald Savoie, eds. Regional Economic Development: Essays in Honour of Francois Penoux, (Boston: Unwin Hyman, 1988), p. 116.

The regional development programs have traditionally fallen short of achieving their original goals. It would be misleading to conclude that the programs of the past were complete failures. Many parts of the country, because of these regional development programs, now possess a level of infrastructure comparable to that of the so called more developed regions of the country. When looking at Northern New Brunswick one cannot help but notice the new hospitals, schools, community colleges, highways and tourist installations that were established during the intense period of government management of economic development.

FIGURE 6: Unemployment Rates

Source: Statistics Canada, Household Surveys Division, (Ottawa: Supply and Services, 1993).

Despite these improvements in basic infrastructure, one problem continues to evade all government attempts to spur development in the region - underemployment. While some improvements have been noted, the region continues to suffer from a high level of unemployment. Furthermore, with the recent lay-offs at the NBIP mill, it is expected that the level of unemployment will continue to worsen.

As was discussed earlier, the federal government, realizing the limited successes of earlier programs, offered yet another kick at the can by forming the Atlantic Canada Opportunities Agency. The basic goal of this new initiative was the re-orientation of the traditional regional development approach and method. In response to the new realities of global competition and economic restructuring, ACOA was to be a highly decentralized development initiative, focusing on small local enterprises, entrepreneurship and skills training. As summarized by James Bickerton:

It has become clear that if future federal involvement in regional development is to progress from where it has been to date, then its efforts must be dedicated to supporting and nurturing local enterprise and to developing the skills and capabilities of Atlantic Canadians.²

The need for community involvement in the development process was noted in the Northeast New Brunswick Federal-Provincial Rural Development Agreement as Amended to September 5, 1972. The agreement called for establishment of mechanisms

²James Bickerton, "Regional Development and Atlantic Canadian...", p. 26.

whereby area residents could play an active planning and implementation role in confronting and solving their own problems.³ The goal of the amended agreement was to consult with citizens on a regular basis to identify those projects that would promote economic development and generate employment opportunities for the region.

A further step towards greater community involvement in regional development was taken with the establishment of a Regional Planning Commission. To this end, the Restigouche Industrial Commission (RIC) was formed in 1972 with the goals of job creation and entrepreneurial development. The role of the RIC was broken down into three broad categories; 1) to act as a liaison between the business community and various government agencies, 2) to act as a facilitator in accessing the government's financial assistance programs, and 3) the promotion of entrepreneurship and a business culture.⁴ As opposed to the other Regional Economic Development Commissions (REDCs) throughout New Brunswick, the RIC encouraged local involvement. As a result, the RIC has over 200 private sector members, with membership open to any individual or organization willing to pay the small membership fee. In this

³Community Improvement Corporation, Northeast New Brunswick Federal-Provincial Rural Development Agreement as Amended to September 5, 1972, (Ottawa: Department of Regional Economic Expansion, 1972), p. 27.

⁴For a more detailed discussion of the role and goals of the Restigouche Industrial Commission see Restigouche Industrial Commission Inc. 1991-1992 Work Plan, (Campbellton, N.B.: Restigouche Industrial Commission Inc., March 21, 1990).

respect any citizen interested in participating in the work of the RIC is entitled to join in its work.

Furthermore, a District Planning Commission had been formed in 1970 to involve citizens of Restigouche County in examining the problems and potentials of its various communities. In its most general terms, the mandate of the Planning Commission is to support the municipal authorities and the New Brunswick Department of Municipal Affairs and Environment in their approach toward managing the quality of development in urban and rural communities of the district.⁵

More recently, a Community Futures Committee was established to help the region anticipate any changes that could take place in the local economy. The Community Futures Committee would be responsible for developing employment opportunities and worker-based adjustment measures. The Restigouche Community Futures Committee (RCFC) was established in 1985, to address the long standing underemployment of the region vis-à-vis that of the province. The RCFC set out to compile a socio-economic profile of the region, assess this profile vis-à-vis future development potential and/or difficulties and, finally, to identify viable employment opportunities based on the information gathered.⁶

⁵For a complete discussion of the mandate and programs of the Restigouche Planning District Commission see 1992 Annual Report of the Restigouche Planning District Commission, (Campbellton, N.B.: Restigouche Planning District Commission, 1992).

⁶For a complete discussion of the Restigouche Community Futures Committee see George Bordages, Restigouche Community Futures Committee: Report on Studies, (Campbellton: Quad Group Ltd., December 1987).

The most recent investigation into the development potential for the region was undertaken through the establishment of the Restigouche Economic Conference. In keeping with the shift towards increased local involvement in regional development, the government of New Brunswick established its Towards 2000: An Economic Development Strategy for New Brunswick.⁷ This led to the creation of the Regional Economic Conference process. Through this process, regions would be responsible for identifying their development priorities and presenting them to the provincial government. As such, the goal behind the Restigouche Economic Conference is to provide the population of Restigouche County the opportunity to participate in defining and implementing their own regional development strategy. To focus the work of the Restigouche Economic Conference, the economy has been divided into eight sectors, each of which will be studied by a sectorial working group. Each of these working groups; forests, mines, agriculture, fishing and aquaculture, tourism and leisure, culture and communication, manufacturing and technology, and commerce and entrepreneurship, will be studied under the common themes of education and youth, sustainable development, small business and co-op's, transportation and shipping, and finance.

⁷See, Towards 2000: An Economic Development Strategy for New Brunswick, (Fredericton: The Province of New Brunswick, 1989).

The Restigouche Economic Conference's working groups are presently meeting across the region, gathering information and the views of citizens to aid in the preparation of a global strategy that will then be presented in a regional economic conference. Following the conference, a forum will be held between the region and the provincial government, in which the findings of the Conference will be presented to the provincial cabinet for their review and, hopefully, implementation. With the Restigouche Industrial Commission, the Restigouche Planning District Commission, Restigouche Community Futures Committee, and the Restigouche Economic Conference, there should be no lack of regional involvement in the drafting of development policies. It should be noted though, that all of these committees are regional in scope and must cover an immense geographic region comprising of numerous communities.*

Numerous divergent issues and development challenges face each one of these communities. Moreover, as anyone living in the region will attest, community jealousy and rivalry is alive and well. The city of Campbellton and town of Dalhousie jealously guard their spheres of influence and continuously attempt to out-manoeuvre the other in gaining new development. Such jealousy was exhibited in a discussion with a high

*The Restigouche Economic Conference has prepared numerous working papers and briefs aimed at providing a structure and guide for the work of the sectorial working groups. Further information and/or copies of these background papers can be obtained by contacting the Restigouche Economic Conference, 64 Water Street, P.O. Box 1010, Campbellton, New Brunswick, E3N 3H4.

ranking official of the town of Dalhousie, in which it was stated that they became involved with the Restigouche Economic Conference, not because the issue was of great importance to them, but because they wanted to provide a counter-weight to the involvement being exhibited by citizens of the city of Campbellton.⁹ Moreover, other officials of the town of Dalhousie were quoted as saying that it would be in the town's best interest to stack each of the Economic Conference meetings, so that the views of the Dalhousie sub-region would out-weight those of any other community. Instead of working together towards common goals, communities compete against each other. As such, the competing communities both lose, as time and energy is wasted fighting each other.¹⁰

In addition, problems arise in the fact that the membership and leadership of these committees are dominated by the same groups of individuals, most of whom are already members of their respective municipal councils. While promoting themselves as open forums of discussion and decision making for the citizens of the region, most of these organizations have turned into closed groups dominated by the region's political elites.

⁹Personal interview with Mr. Sandy Maclean, Mayor of Dalhousie and Co-chair of the Restigouche Economic Conference, August 1992.

¹⁰A similar jealousy exists between the Ville de St-Quentin and the Village de Kedgwick. These jealousies appear to stem from the competing communities wish to demonstrate their importance and need for government monies and attention vis-à-vis the neighbouring community. In many respects, this jealousy is the result of a deep sense of civic pride.

Since 1971 Dalhousie's population has dropped 23.6%, indicating a substantial out-migration. Before then, the population of the town had grown in every decade. Since the 1860s, while facing some hardships, the town's population continued to grow and, since the 1920s, the mill remained the major employer. The town experienced additional development, even if it was tied to the fact that the NBIP mill was located there. The New Brunswick Power Commission constructed a thermal generating station inside the town limits while earlier the Chemical Industries Limited established a chlorine plant in the town. Recently both of these installations have spurred further work in the region, through the expansion of the CIL plant, now named ICI Canada Inc.¹¹, and the installation of scrubbers at the thermal plant to meet new environmental standards. In addition to modifications to these two installations, the NBIP Forest Products Inc. mill has undergone major restructuring.

For decades, the pulp and paper industry was a pillar of Canada's economy but in the early 1990s the industry began to fall from its dominant position. In 1992 alone, it is estimated that over 10,000 people lost jobs in the pulp and paper industry, as scores of mills closed or cut back their operations. Facing increased international competition, new

¹¹In 1991, Chemical Industries Limited was dissolved and incorporated into the operations of its parent company, Imperial Chemical Industries Inc. of London, England. Since that time, the Dalhousie plant has been operating as ICI Canada Inc., the Canadian branch of Imperial Chemical Industries Inc.

environmental standards and aging equipment, the industry is struggling through its most difficult period since the 1930s. The development of new technologies which now permit the low cost utilization of eucalyptus and hard wood from Spain, Portugal and Brazil is challenging the ability of the Canadian pulp and paper industry to compete effectively in the world market.¹²

During this period of increased competition, the NBIP Company decided it was no longer profitable to operate the two oldest paper machines at the Dalhousie mill, citing the low market prices for paper and the general inefficiency of its two older machines. While the two older machines would be shut down, the modernized machines would continue to operate, mainly a result of the secure Japanese market that was assured when a Japanese consortium assumed ownership of one third of the mill. The Canadian Forest Products Inc. mill in Trois Riviers, Quebec, was not so lucky. Their entire operation closed at the same time of the announced roll-backs at the Dalhousie mill. With the town's economic stability tied to the NBIP mill, it appeared that its very survival was in question. With approximately 400 direct jobs lost in the mill, the ripple effects of the lay-offs would be felt not

¹²See "Paper Empire", The Journal, (Toronto: Canadian Broadcasting Corporation, 25 March 1992) and Atlantic Provinces Economic Council, "The Atlantic Economy in 1992 and 1993: Review and Outlook", Atlantic Report, (Halifax: Atlantic Provinces Economic Council, December 1992), p. 21.

only in the forestry industry, but also in service and retail sectors of the town as well.

Between 1966 and the late 1970s the federal and provincial governments spent in excess of \$178 million through the Northeast New Brunswick Federal-Provincial Rural Development Agreements. The town of Dalhousie pursued very little of this money. Little effort had been made by the town to diversify the local economy. While some money was allocated for improvements to the Charlo Regional Airport, construction of an industrial park on the outskirts of Dalhousie and development of a tourism site at the Eel River Bar, little was done to promote economic diversification. The town did benefit from some development money, but much of it was for the upgrading of the NBIP mill or the related forestry sector. Furthermore, other development, such as the upgrading of roads made it easier for residents of Dalhousie to travel to other communities to do their shopping thereby affecting the town's retail and service sectors.¹³ Moreover, the Restigouche Community Futures Committee was unprepared for the announced lay-offs at the Dalhousie mill. Despite the difficulties in the pulp and paper industry and the recent closure of the Atholville¹⁴ mill, the RCFC had failed to

¹³See The Carleton University History Collaborative, Urbanization and Community Transformation in Atlantic Canada, 1867-1991, (Ottawa: The Mercury Series, Canadian Museum of Civilization, 1993, (forthcoming)), for a discussion of the effects the construction of trunk highways had on the development of communities and industry.

¹⁴The Village of Atholville is a suburb of the City of Campbellton.

foresee the lay-offs at the Dalhousie mill. The Committee had failed in the most basic of its goals; assessment of potential problems.

Once pulp and paper was established as the economic mainstay of Dalhousie, little to no attempt was made to diversify the town's economic base. When the mill was constructed in the late 1920s, the Dalhousie News predicted a bright future for the town. It was believed that the construction of the paper mill would develop a climate favourable to the establishment of other industries. Such development did not materialize. As a result of the mill, Dalhousie's economy was relatively strong, compared to that of the region. Jobs at the mill were abundant, and the wages paid by the company were adequate in sustaining a comfortable lifestyle. Times were good and there appeared to be no need to diversify the local economy. The citizens of Dalhousie were working, well paid and comfortable -- there was no need to change. This is evident in the fact that the labour force of Dalhousie shows relatively little mobility, with 63% of the population having never moved.¹⁵

Reliance on the pulp and paper industry resulted in Dalhousie becoming a single industry town. In this respect, Dalhousie could be defined as a community;

... in which there exists a single dominate economic activity (a single employer or groups of

¹⁵Employment and Immigration Canada, Area Profile: Campbellton, (Campbellton: Employment and Immigration, 1992), p. 30.

employers in a single activity/industry) which is not within commuting distance of another area or areas offering alternative employment opportunities.¹⁶

In keeping with this definition, the town of Dalhousie also exhibited a lack of short and long term planning aimed at addressing the town's reliance on the exploitation of a single resource commodity. This scarcity of planning resulted in a lack of vision on the part of the community. This precarious situation only worsened when combined with the declining population. As the population statistics indicate, Dalhousie is losing population at an alarming rate, therefore making development increasingly difficult, as a community cannot develop without a stable and strong population base. As communities lose their people, they lose their confidence and their ability to develop and diversify their economy.

Single industry towns are vulnerable to market fluctuations, product price cycles and international markets. While other development did take place in the town through the establishment of the ICI plant and NB Power's Thermal Generating station, both of these plants were constructed in Dalhousie because the NBIP mill was their largest customer. In this respect, it can be seen that both are directly linked to production at the paper mill.

¹⁶Canada's Single Industry Communities: A Proud Determination to Survive, (Ottawa: Canada Employment and Immigration Advisory Council, February 1987), p.10.

Table I, illustrating the major employers in Dalhousie, clearly demonstrates that the pulp and paper mill and related industries are by far the largest employers with over 1400 employees. Education and health care are also major employers in Dalhousie, employing approximately 573 individuals.

TABLE 1

INDUSTRY	# OF EMPLOYEES
NBIP Forest Products Inc. (Mill)	700
NBIP Forest Products Inc. (Woodlands)	300
Fraser Inc. (Forestry Division)	185
NB Power Thermal Plant	151
School District #35 ¹⁷	173
Saint Joseph's Hospital	225
Dalhousie Senior Citizens Home	100
ICI Inc.	54
Maritime Gulf Stevedore	76
Town of Dalhousie	50
Board of School Trustees #36	75

SOURCE: Employment and Immigration Canada, Area Profile: Campbellton, (Campbellton: Employment and Immigration Canada, 1992), pp.17-18.

When comparing the employment breakdown by sector for Dalhousie, with those for other CEC district offices of the region, the secondary sector of 43% represents the highest concentration of employment for this sector in the region.¹⁸ Such a high concentration is a result of the large number of individuals working for the NBIP Forest Products mill.

¹⁷Since preparation of this data, the provincial government has undertaken a school board consolidation program which has resulted in a reduction in the total number of school boards for the entire region. As such, School Boards #35 and #36 no longer exist, but have been amalgamated with their respective French and English boards in the Campbellton and St-Quentin regions. The five school boards which once served the region have thus been replaced with two, the French Board being located in Campbellton and the English in Dalhousie. It should be noted that amalgamation of the school boards has not affected the total number of teachers and support staff and as such the figures correspond with the geographic region under examination.

¹⁸Employment and Immigration Canada, Area Profile: Campbellton, p. 30.

Dalhousie also has the highest average salary in the county, \$2,008 higher than the provincial average.

TABLE 2

LOCATION	AVERAGE SALARY	+/- PROVINCIAL AVERAGE
Dalhousie	\$12,336	+\$2,008
Campbellton	\$11,743	+\$1,415
St-Quentin	\$7,828	-\$2,500

SOURCE: Employment and Immigration Canada, Area Profiles: Campbellton, (Campbellton: Employment and Immigration Canada, 1992), pp. 29-31.

With the lack of diversification its industrial base, the town was hit particularly hard by the lay-offs at the NBIP Forest Products mill. As stated earlier, despite the existence of numerous committees designed to monitor and plan for such lay-offs, no plans were in place. An Ad Hoc Committee was therefore formed to investigate the social problems expected to stem from the lay-offs. This committee was to forward their findings to the Industrial Adjustment Services group formed by the federal government following the closure of the nearby Atholville pulp mill and the lay-offs at the Dalhousie mill. The Ad Hoc Committee produced two studies, the first a study into the social problems of the unemployed and their families and the second to measure the ripple effects of laid-off workers at the mills.¹⁹

¹⁹See Luc Doucet, Report: Study the Social Problems of the Unemployed and Their Families, Presented to: Industrial Adjustment Services, Dalhousie Area, (February 10, 1992) and Luc Doucet, Report: Measure the Ripple Effect of Laid-Off Workers at the Mills, Presented to: William G. MacEwen, Chairman IAS Committee, (October 28, 1992).

In measuring the social pulse of the community, both of these studies predicted that the worst was yet to come. Generally, life in the community has gone on with little or no change. This is attributed to the delaying effect provided by the severance packages and the Unemployment Insurance benefits that provide the laid-off employees with at least limited economic security for a two year period. These benefits are scheduled to expire in January of 1994; only then will the true effects of the lay-offs be fully apparent.

Presently, "[i]t seems that laid-off employees do not want to accept the reality that their jobs are no longer available and that they have to look elsewhere for employment."²⁰ The Ad Hoc Committees report goes on to state that the laid-off workers are presently going through a denial syndrome, but it is believed that once Unemployment Insurance benefits run out, the bitter reality of the situation will set in. It is expected that at that time Dalhousie's economy and society will experience the full impact of the economic restructuring.

Since the lay-offs at the mill, many sectors of the community's economy have actually grown. Sales in hardware, clothing and furniture stores have increased since the lay-offs at the mill. But the lay-offs appear to have caused people to cut back on the purchase of big ticket items such as new vehicles. This reduction in the sale of new automobiles

²⁰Luc Doucet, Report: Measure the ripple..., p. 11.

has been offset by a considerable increase in the sales of used vehicles. The fact that spending on *smaller ticket items* has continued, indicates that the laid-off workers are using their severance pay to purchase the items. It is interesting that the two liquor stores in the Dalhousie sub-region have both witnessed increases in sales. This increase appears to be directly correlated with the lay-offs at the mill.²¹

Furthermore, the Ad Hoc Committee reports that the Department of Income Assistance has yet to witness any substantial increase in requests for assistance, though it is expecting an influx of applications between January and May 1994 when most of the Unemployment Insurance benefits will run out. While the Canada Employment Centre for the region has noted a 30% increase in the requests for counselling, these requests appear to be coming not from the laid-off workers, but from their spouses who are now attempting to re-enter the labour force.²²

The ripple effects of the lay-offs of the NBIP Forest Products mill are being felt at numerous sawmills throughout the region, which have witnessed a tremendous loss of sales. With closure of the Atholville mill and cutbacks at NBIP, many local sawmills have lost their markets for wood chips and/or residue. If unable to replace their lost markets, it is

²¹See Luc Doucet, Report: Measure the ripple..., p. 4 and Luc Doucet, Report: Study the Social Problems..., p. 13.

²²Ibid., p. 8.

estimated that many of these sawmills will have to cease operation by the summer of 1993. It is expected that, over the course of the next twelve months, an additional 150 to 300 forestry related jobs will be lost throughout Restigouche county.

On the social/psychological level, things have remained relatively stable in Dalhousie. Clergy and health services employees report a general sense of insecurity throughout the community. The experiences of other communities indicate that the true impact of the present situation has yet to be felt.²³ The roots of these emerging problems are beginning to display themselves in a couple of manners. Doctors in the community have reported that the number of men they are treating for depression has increased and that the number of women exhibiting health problems stemming from marital difficulties has also risen.²⁴

While unemployed adults attempt to hide the challenges they are facing, the stress of the situation is being manifested through the behaviour of children. A psychologist at an elementary school in Dalhousie confirmed this. The youngsters do not understand what is going on and are left with few answers to explain why the financial responsibilities of their parents are suddenly strained. The children at the elementary level question these things and, left without the

²³Luc Doucet, Report: Study of the Social Problems..., p. 5.

²⁴Ibid.

answers or explanations needed to reassure them, they begin to manifest their fears and worries through aggressive behaviour, verbal violence, vandalism, assault, etc. At the high school, officials report a general lack of motivation on the part of students. High school students are concerned as to how they will manage to pursue post secondary education now that they cannot depend upon their parents to cover the cost of their education. There has been a general loss of hope on the part of these students. For a small group of students, the situation being faced by their parents has served as a great source of motivation to pursue their education, so that they do not end up in a situation similar to that of their parents.²⁵

The increase in the crime rate is yet another indicator of the social problems developing as a result of lay-offs at the mill. The Department of Health and Community Services - Family Services Division has noted a great increase in the number of young offender files opened over the last year. Furthermore, the Choices shelter for teenagers and young offenders has indicated that its rate of occupancy has increased by 15% in the past year. The rate of criminal activity in the teenage population has increased drastically during the last twelve months and the increase in occupancy at Choices is indicative of this. Choices staff pointed out that

²⁵Personal interview with Janice Cooper, Director of Student Services, School District #35. March 1, 1993.

the economic situation of the region is contributing to the recent increase in youth crime.²⁶

It can therefore be seen that the severance packages offered to the laid-off employees in addition to Unemployment Insurance benefits have given the population a false sense of security. Spending habits, and the conspicuous absence of marital difficulties, child abuse or other social problems, indicates that the laid-off workers are not dealing with the reality of their situation; namely the fact that their jobs at the NBIP Forest Products Inc. mill are not going to return. All indicators point to the fact that the social situation will greatly deteriorate following the cessation of UI benefits. It is predicted that crime, violence and family problems will greatly increase at this time. While most social service agencies indicate that they are aware that this will be the case, limited budgets do not permit them to take the proactive measures they feel necessary to address the brewing problems.²⁷

Discussions with members of the Dalhousie Business Improvement Area Corporation (BIAC) reveal that a majority of the businesses found the availability of qualified workers and

²⁶See Luc Doucet, Reports, in addition to personal interview with Janice Cooper, March, 1993.

²⁷The information concerning the social and ripple effects of the lay-offs at the mill was taken from the reports of the Ad Hoc Committee and discussions with Janice Cooper, Director of Student Services for School District #14.

willingness of people to work to be an area of difficulty in their operations.²⁸ This lack of willingness to work in other areas on the part of people can be attributed, in part, to the mill. Dalhousie's average annual income is the highest in the county, mainly because of the high wages paid by the mill. As a result of these high wages, people are more interested in working for the mill than they would be in working in the retail or service sector, where they would only receive a fraction of the salary that could be had in the mill. Furthermore, people wishing to secure employment in the mill generally do not pursue a post-secondary education. Upon completing high school,²⁹ individuals wishing to work at the mill would simply wait for a position to open. Since they were only interested in working at the mill, little or no attempt would be made to diversify their skill base or employability. Many of these individuals have fathers who never finished high school and had a secure, well paying job in the mill. On the basis of their fathers' experiences, they believed there was no need to work hard in school or develop skills. The mill would always be capable of addressing the community's employment needs. The recent lay-offs have

²⁸I would like to acknowledge the support of Elaine Walsh, Coordinator of the Dalhousie BIAC, and the members of the BIAC who provided their views on some of the challenges facing their operations. Their co-operation was greatly appreciated.

²⁹In the late 1970s the NBIP mill implemented a policy which required all new employees to have a high school diploma. This policy was implemented in part to confront the rising number of individuals quitting school to work in the mill.

shaken this perception and the town now faces the reality of an uncertain future.

CHAPTER FIVE

Looking to the Future

In the most basic of terms, the town of Dalhousie must begin to rebuild its local economy. If it fails to respond to the dictates of global economic efficiency, it will continue to be viewed as a poor location for investment and will be left to waste in the world's economic restructuring. How, though, does a community facing severe economic challenges, re-group and begin to compete in the new global economy? This chapter will examine this challenge and offer some recommendations for action.

Since the late 1980s, there have been notable shifts away from the *political economy of management*. Realizing that government is incapable of controlling all aspects of development, the federal government is slowly transferring responsibilities to the regions. Both the federal and provincial government have demonstrated very little flexibility in the delivery and implementation their various programs. Rather than allotting programs the flexibility to

respond to the specific situation and needs of a community or client, the government insisted on compliance with all the rules and regulations of the specific program. If the programs' rules and regulations were not addressed, regardless of the special needs, a community would not qualify for the federal program. During this period of the *political economy of management*, not only did the government attempt to manage the economy, but it attempted to implement all programs in an equitable manner. The government's goal was the provision of a standard level of services to all regions of the country. In carrying out this mandate, the government increasingly established national programs that had little flexibility in responding to local needs and/or situations.

Governments are beginning to realize that, while certain national standards were required, flexibility has to be incorporated into the application procedures and implementation of these programs. This flexibility was instituted when the government established the Atlantic Canada Opportunities Agency (ACOA) in 1985. Unlike previous regional development initiatives, this new program was to respond to requests of clients as opposed to implement government designed solutions. Communities and individuals would be responsible for putting together proposals that would then be submitted to ACOA for approval. The formation of ACOA, is just one example of the larger federal Conservative agenda. Over the past nine years, the federal government has moved to

divest itself of a number of its responsibilities. The Free Trade Agreement, the Meech Lake Accord and Charlottetown Agreement, selling of crown corporations and the North American Free Trade Agreement are all examples of the decentralization of responsibilities pursued by the Mulroney conservatives.

While the efforts at decentralization undertaken by ACOA were commendable, the Agency has not lived up to its original expectations. As Michael Bradfield, an economist at Dalhousie University, has stated: "The real problem is there's nothing to indicate any fundamental re-thinking of the region's problems,..."¹ With political commitment lacking, ACOA fell short of its mandate, and the federal government is again reverting to the old system of distributing cash grants to businesses and provincial governments. Increasingly, the Agency is moving away from its earlier role of approving private proposals to one of providing funds for government initiatives in the region. This represents the loss of a new and innovative manner of addressing regional development and a gradual return to the style of policies that the government has experimented with over the past twenty-five years. While having shown some promise in its early existence, ACOA has since fallen prey to political influence and expediency.

¹Phil Demont, "From DREE to DRIE to ACOA", Atlantic Insight, (9:21-4, Oct. 1987), p. 24.

Furthermore, by focusing its time and efforts on distributing cash grants ACOA has neglected other less traditional avenues of development, such as a federal bureaucracy decentralization program or increased federal procurement in the Atlantic region. By focusing on the distribution of cash grants, the Agency has lost much of its creditability and is now viewed, by many, as little more than an expensive *political slush fund*.

In addition, ACOA has placed far too much stress on the importance of increasing entrepreneurship and developing a strong, more diversified private sector. By focusing almost exclusively on entrepreneurial development, the Agency failed to comprehend that regional development is a much more intricate and multifaceted policy matter. Beyond the fostering of an entrepreneurial culture, there is the need to ensure that the region has the human resources to respond to this change. The region's infrastructure must be capable of responding to its own development needs. Universities must be upgraded to become true centres of innovation and excellence. Moreover, these universities must look at developing new and innovative programs designed at educating an older generation of workers, preferably in local communities. Such a program might entail the establishment of a television based course program similar to Carleton University's ITV network, or the expansion of the province's community college network. Governments should work at encouraging business, labour and

other groups to work together to improve the quality of basic education, to promote lifelong learning, to encourage a science and technology culture in the schools and to enhance the effectiveness of the school to work transition. Most importantly, the Agency must also learn to spur community based development. To better respond to the changing needs of the region and the dictates of the global market, ACOA should take an increasingly proactive role in developing policy alternatives, in addition to serving as a reference and information source for the region.

Experience has illustrated that large scale external capital has no link or bond to the regions in which it is invested. When governments attempt to lure industry into a region with the promise of cash grants and other benefits, it is likely that the industry will simply exploit the region for their own profit. When these benefits are no longer easily attainable, the industry will simply close down and leave. With no solid links to the community, such industry is increasingly likely to simply take its money and run when profit margins are threatened.

When the individuals leading the development are indigenous to the region there is a common link to the area. Having come from the region, the developer understands the challenges they will be facing and is more likely to work harder to make a project succeed. Furthermore, with less reliance on external aid, the profits derived from the venture

are more likely to remain in the community, as opposed to being exported to an external head office. In this respect, the development begins to become self-sustaining and does not have to rely on government monies for continued operation. The large multinational corporations tend to rely on government support to ensure the competitiveness of their operations. High transportation costs, the price of labour, taxes, etc., are all used as threats by companies to gain concessions from governments. It can therefore be seen that community based development is much more stable and sustainable in nature as compared to large scale development.² In addition to creating development which is sustainable in nature, this community based development will instill a sense of pride in the community. This pride will further intensify the community's confidence in their inherent ability to control their future and create development beneficial to their particular needs and aspirations.

This examination of Dalhousie and the development programs of the past have provided the basis for the self-examination of community. From this self-examination, the local and personal capacity for contributing to the development of the community could be identified. This analysis has illustrated that Dalhousie has relied almost exclusively on the NBIP mill to provide security for the town.

²Jack Quarter, Canada's Social Economy: Co-operatives, Non-profits, and other Community Enterprises, (Toronto: James Lorimer & Company, 1992), p. 94.

It was felt that there was no need to pursue further development, as long as there was the mill. The residents of the town believed that the NBIP mill would continue to operate in Dalhousie for some time. The recent lay-offs have provided a glimpse of exactly how dependent the community has been on the NBIP mill, and therefore how vulnerable the entire community is.

With knowledge of this vulnerability still fresh in everyone's mind, efforts must now be made to ensure that the community is prepared for the day when the NBIP mill is no longer the major employer in the community. The town of Dalhousie must move beyond a singular economic focus on the mill and look to the broad concept of community development, which not only includes economic development, but also a wide range of other issues.

To be capable of beginning the process of community development, certain factors must first be addressed. As discussed earlier, education is imperative in preparing the population to compete in the new global economy.

In many cases, the most profitable investment a region can make, is an investment in its human resources. Indeed, in a world economy where competitiveness is increasingly based on knowledge, information and technological innovation, expenditures on education and training probably remain the most promising options.³

³William J. Coffey and Mario Polèse, eds., Still Living Together...., p. 9.

Moreover, the Atlantic Provinces Economic Council has, on numerous occasions, called for increased education, noting that it results in a labour force that is increasingly likely to be more active in the labour market and less likely to be unemployed. Increased education would reduce the disparities that presently exist between Atlantic Canada and the rest of the country. Advances have been made in increasing the level of education in the region, but more remains to be done.⁴ Since these studies have been carried out, the world has become increasingly complex. Education has become a lifelong pursuit.

Development cannot be created ... this is why it requires an evolutionary process (permanent education). Education does not act in "leaps"; it's a steady progressive road. Organization doesn't also precede in 'leaps', it has to evolve progressively in order to adapt itself to changing circumstances.⁵

⁴For more information on the importance that has been placed on education in regional development initiatives see; Hugh Joseph Whalen, Whalen Report: Northern New Brunswick: physical, economic and social characteristics, (ARDA project no. 4017; n.p., 1964); Canada, Northeast New Brunswick: Federal-Provincial Rural Development Agreement, (Ottawa: The Queen's Printer, 1966); Canada, Department of Regional Economic Expansion, Northeast New Brunswick Federal-Provincial Rural Development Agreement as Amended to September 5, 1974, (Ottawa: Community Improvement Corporation, 1972); and Donald Savoie, La Lutte pour le développement: Le Cas du Nord-Est, (Sillery: Presses de l'Université du Québec, 1988). The changes made by the provincial government find their roots in the recommendations found in, Edward G. Byrne's Report of the Royal Commission on Finance and Municipal Taxation in New Brunswick, (Fredericton: Province of New Brunswick, 1963) and the ensuing implementation of some of the recommendations through the Equal Opportunity program initiated by the provincial government in the 1960s. A further discussion is provided in Della Stanley, Louis Robichaud: A Decade of Power, (Halifax: Nimbus Publishing Ltd., 1984).

⁵E.F. Schumacher, Small is Beautiful, (France: Éditions Le Seuil, 1978), p. 174.

Education must become a natural part of the work experience. Industries that provide skills upgrading and ongoing education for their employees tend to be the ones that are much more capable of adjusting to the rapidly changing world market. In this respect, all government agencies must begin to work together at developing educational programs which respond to the changing nature of the world's economy. These programs must look to increase and diversify the skills base of the region as opposed to training people for jobs in industries which are in decline.

All levels of government have a role to play in increasing the access to knowledge. As opposed to establishing development agencies that act as distribution centres for cash grants, government must shift the focus of these centres so they begin to serve as resource centres. Government must provide the community with a source of information, a means of tapping into the knowledge and expertise they have to offer. Examples of what has worked in other communities should be provided so that communities may learn from the experiences of others and build upon them in responding to their particular needs. Such an agency would serve only as a source of reference, and would not be responsible for developing programs for communities. The responsibility for developing initiatives would lie with the community itself. The agency would serve only as a database

of experiences and options used to guide the creativity of individual communities.

Closely tied to the issue of education and access to knowledge is the development of human resources. To a large degree, the education of the workforce is a means in which to develop the human resources of a community, but it must be remembered that the community's most important resource is its people. As was noted in an Economic Council of Canada paper on single industry towns;

Ore in the ground, fish in the sea, or trees in the forest may be valuable resources, but none of them will be harvested without the skilled workforce ready at hand. Similarly, without a skills inventory and access to appropriate training or retraining, the diversification of the community will not easily be achieved.⁶

Likewise, there must exist individuals capable of leading the development of the community. There must be individuals capable of managing such an undertaking. It is imperative that there are individuals who can identify areas of possible growth and oversee the training and/or retraining of the community. Such an individual or individuals must also be capable of effectively motivating the population and communicating the process of adjustment that the community is going through.

⁶Michael B. Decter, "Diversification and Single Industry Communities: The Implications of a Community Economic Development Approach", in Local Development Paper No. 10: Economic Council of Canada, (Ottawa: Economic Council of Canada, December 1989), p. 43.

Finally, there must also exist financial resources. These structural changes in human resource development, education and access to knowledge will undoubtedly require financial backing from some source. It is important to note that challenges exist for a community striving to achieve diversification and self-reliance while searching for sources of financing. In the past, development programs have depended on the government for financing. Such a dependence on external sources of financing has often resulted in the community becoming dependent on external sources for innovation and ideas, thus suppressing community-based development before it has the opportunity to get off the ground. Furthermore, to gain access to externally controlled funds, the community must often tailor its development plan to comply with the structures and guidelines developed by bureaucrats off in some distant location.

In this respect, the importance of developing local sources of capital is imperative to the overall success of a project. It would be naive to believe that the community could entirely fund their own economic diversification internally, but if an agency provided the initial funding, the community gains equity that can then be used as leverage in attracting additional funds.⁷ Once the thrust of the community's diversification initiative is established, the initiative should be far enough entrenched to permit the

⁷Ibid., p. 45.

pursuit of funds from sources external to the community. The leverage they would have gained from the original equity would afford them the confidence to ensure the direction they have undertaken would not be made secondary to the wishes of external capital. Furthermore, the initial investment of local capital, illustrates the community's dedication and trust in their development initiative. In this respect, a financial institution or government would be more inclined to invest in something in which the people have made a personal investment.

While not all individuals will be capable of making a financial contribution to the establishment of an economic diversification fund, they should be able to contribute their time to the effort. Volunteering time and effort to such an undertaking illustrates the dedication of a community to the project they have undertaken. Moreover, volunteering produces enormous economic benefits to the community that will further enhance its ability to diversify its economy.⁴ It can therefore be seen that the search for funding must begin from within. In this way, people are given ownership of the initiative and will therefore be more dedicated to the concept and less willing to permit the goals to be compromised.

⁴The importance and economic value of volunteering is discussed in some detail in Jack Quarter, Canada's Social Economy: Co-operatives, Non-profits and other Community Enterprises, (Toronto: James Lorimer & Company, 1992).

Once the community has taken steps to enhance access to knowledge, develop human resources, and secure financial resources, the course to community development will be well under way.⁹ Furthermore, by pursuing diversification and development in such a manner, it is more likely that the development will be long-term and sustainable. In this respect, sustainable development, "...meets the needs of the present without compromising the ability of future generations to meet their own needs."¹⁰ While traditionally conjuring up a vision of the environment, sustainable development, in this context, is not only environmental in scope, but economic, social and cultural. For the development to be successful, it must be sustainable on all these fronts. Furthermore, sustainable development involves communities in addressing their local needs. There is a great deal that can be learned by meeting the needs of the local community and growing at a rate that will enable the company to remain sustainable.

Frequently, when drafting development options for regions, local views and opinions are overlooked in favour of borrowing proven development initiatives from elsewhere. While a great deal can be learned from the development

⁹For an further discussion of the methodology behind these three steps see, Michael B. Dector, "Diversification and Single Industry Communities: The Implication of a Community Economic Development Approach", in Local Development Paper No. 10: Economic Council of Canada, (Ottawa: Economic Council of Canada, December 1989), pp. 40-57.

¹⁰Sustainable development as defined in Gro Harlem Brundtland, Our Common Future: The World Commission on Environment and Development, (New York: Oxford University Press, 1987).

experience of other communities, the borrowing of a successful development strategy will not necessarily guarantee similar success. In addition to learning from the success and failure of other development strategies, it is imperative that any indigenous strategies respond to the needs of the locality it is designed to serve. It is a strategy's ability to respond to local needs that distinguishes a successful program from a failure.¹¹ While the idea of responding to the needs of a community may sound isolationist in nature, this is not the case. The needs of a local community must be addressed within the context of those of the global community. Before a community is capable of competing on the global level, it must first get its own house in order. The perversion of Ricardo's concept of comparative advantage¹² has resulted in communities ignoring local needs in favour of specializing in a single area. In many cases this results in the development of single industry towns. It is imperative that a community first address its particular needs prior to exploiting its comparative advantage in a particular area. By first addressing the community's needs, a diversified industrial

¹¹A wealth of information exists outlining the success and failure of various community based development programs. See Jack Quarter, Canada's Social Economy and Marcia Nozick, No Place Like Home for a discussion of the experiences of various community based development programs.

¹²The concept of comparative advantage calls for the specialization in the production of a single product which you can produce at a relatively lower cost than anyone else. This comparative advantage will permit you to trade or purchase those products or services which you yourself cannot produce with a comparative advantage. In such an economic system, everyone would specialize in the single product they could produce the best and at the lowest cost.

bases will be established. The needs of the local community must not be permitted to become secondary to those of global market forces.

A great deal has been written about the importance of investing in the local economy. It is often argued that investment spurs on the creation of new jobs and wealth for a region. In examining this phenomenon, blame is often laid on large national or multi-national firms for draining a community of resources while investing little beyond that which is needed to support their operations. Much the same argument can be used on many of the individuals living in a community. While credit unions have grown in popularity over the years, the vast majority of people continue to do their banking at branches of large national banks. The deposits that are made at the local branches of these banks are not kept in the local community. The vast majority of these savings are removed from the community and used to finance investment and/or mega projects in other parts of the country or overseas. As opposed to investing locally, the money is removed from the local economy and invested elsewhere. Much the same can be said for most employee pension funds or personal investment ventures. Much of the savings set aside by people are removed from the community and used to finance projects elsewhere. If the branches of the national banks could be persuaded to invest even a portion of their savings in local initiatives, the benefits would be substantial.

Through the increase in jobs and capital, that would be created by such an investment, the banks themselves would benefit, as this new capital would be reinvested in their institutions. Even in the simplest of terms, this example illustrates how development can be made to become sustainable over time.

Much wealth could be created locally if individuals were willing to establish local community based banks or credit unions. Such institutions favour the investment of savings back into the local economy. Such banks support local initiatives through loans and therefore re-circulate local capital, that in-turn leads to the creation of greater wealth.¹³ It should be noted that not all a community's capital should be invested locally. The possible failure of some local initiatives cannot be overlooked. It would therefore be in the best interest of the community and the banks, if some security was provided by diversifying a portion of their investment base outside the community.

While it is easy to call for greater local involvement in the affairs of the community, the implementation of such a measure is much more difficult. Marcia Nozick explains that:

¹³See Marcia Nozick, No Place Like Home: Building Sustainable Communities, (Ottawa: Canadian Council on Social Development, 1992) and Jack Quarter, Canada's Social Economy: Co-operatives, Non-profits, and other Community Enterprises, (Toronto: James Lorimer & Company, 1992) for a complete discussion of the wealth that can be created through the investment of local capital in the local community.

[t]he impact of citizen withdrawal from local affairs and social responsibility has been the creation of a vacuum quickly filled by an expanding, powerful and de-personalized government bureaucracy charged with regulating our lives, from our activities in our homes and neighbourhoods to our care for our children.¹⁴

The social welfare system has resulted in the government taking control of all aspects of peoples lives. When the NBIP mill in Dalhousie laid off four hundred employees, the federal government provided them with Unemployment Insurance benefits. With these benefits expected to terminate in early 1994, and with the vast majority of the individuals still out of work, it is expected that many of these individuals will soon have to turn to social assistance in order to survive. Many of these individuals refuse to accept the reality that their jobs are permanently gone. They are so accustomed to government providing for them, that they simply expect the government to intervene on their behalf, when UI benefits expire.

The government has opted to take the route of control over that of support. A discussion with a laid-off employee of the NBIP mill illustrates this fact. Following lay-off from the mill, the individual in question attempted to return to university and upgrade his skills and train to become a social worker. When he approached the Canadian Employment Centre with his plans to return to school, he was informed that if he was to return to school, he would no longer qualify

¹⁴Marcia Nozick, No Place Like Home: Building Sustainable Communities, pp. 107-108.

for unemployment insurance benefits. If he had been able to secure funds from another source, he would have been forced, by the government, to remain home doing little to nothing to enhance his employability. Instead of providing the support this individual required, the government opted to control the situation and implement the provisions of the Unemployment Insurance Act, with no regard for what was logical. In this situation, as in countless others, government policy has functioned as a disincentive to individual initiative. In this particular situation the individual was financially capable of forgoing his UI benefits and doing what was logical. He took control his future and did what he felt was best to increase his employability.

It is impossible to expect all the laid-off employees of the NBIP mill to forgo their unemployment insurance benefits to take control of their futures. By implementing traditional adjustment programs, the federal government lost an ideal opportunity to foster a community based development program, where the initiative for development would have rested solely with the community. As a result, the vast majority of laid-off workers are today in the same situation they were on the day they were laid off. For many of these individuals, their only option will be to apply for social assistance when their UI benefits terminate, and therefore become de-facto adult wards of the state.

There are no simple solutions to the structural adjustment challenges facing Dalhousie, or any other community for that matter. As sure as governments have taken control of situations in the past, they will continue to do so again. As has been illustrated, telling people what the problems are and how to deal with them seldom works. The long term, sustainable solutions to the challenges being faced by many communities, lie within their own experience. Governments, at all levels, must learn to loosen the reins of power and permit individuals to identify the issues facing their communities and develop solutions based on the needs and aspirations of the community. Throughout such an exercise, the role of the government would be to provide support and information. In this respect, the people of a community would be given back the ownership of their community and future.

In keeping with this system of community involvement, it is impossible to say outright what Dalhousie must do to spur development. It is imperative that initiatives for development stem from within the community itself. In order to encourage and nurture the transition from an economy characterized by reliance on the government to one based on community directed development, an economic development facilitator would be required. As opposed to the traditional director of economic development, the facilitator's role would be one of fostering community involvement by acting as a resource person.

Moreover, communities must learn to be more proactive in their initiatives. While no one is yet able to predict accurately what the future holds, efforts must be made to deal with situations before they arise or as signs of them begin to appear. In this respect the economic development facilitator can monitor developments, with the aim of providing resource information on emerging market trends or demands.

Finally, it must be realized that the shift from an economy based on government to that of community control will have to be gradual. Government cannot be excluded from this process, but must be included in a supportive role. The government has a wealth of knowledge from experts and experiences to offer in this transition process. The government also has a role to play in aiding in the development of an education system that will meet the needs of the community and instill the values needed to foster the concept of community control. This weaning process will be slow and gradual, but over time and by working together from the bottom up, it is possible to build sustainable communities capable of surviving and competing in the twenty-first century.

CHAPTER SIX

Rethinking Development

...programs sensitive to the needs of individual communities, and based on some type of partnership between government and local groups, may make a contribution to economic development in Canada's diverse regions. In particular, our research suggests that communities have an important role to play in identifying development priorities and the particular skill requirements of individuals...¹

This paper calls for nothing less than a complete rethinking of regional development. Experience illustrates that the *political economy of management* has failed in its attempts to address the needs of community. The present political system is too large to ensure effective control on the part of government of all aspects of modern life. The legacy of government control has been the development of a dependency syndrome on the part of many communities. Local ideas and innovation have been suppressed in favour of centrally administered government programs. Over time, this has resulted and will continue to result in nothing less than the deterioration and death of numerous communities.

Faced with declining revenues and increased costs, governments at all levels are abandoning the field of regional

¹Economic Council of Canada, Local Development Paper No. 10: Economic Council of Canada, (Ottawa: Economic Council of Canada, December 1989), p. vii.

development as funds are redirected as a function of deficit reduction. With federal monies no longer available many regions are facing an uncertain future. The Canadian Conference of Catholic Bishops recently summarized the situation as follows:

For two generations, governments were able to provide steady advances in social justice for most Canadians at a reasonable cost. Today, however, deep disillusionment has set in as the state, in a time of recession, feels itself incapable of delivering on previous commitments.²

The federal budget tabled in April 1993, takes yet another step in this direction. In an attempt to further limit expenditures, the government announced that they will not renew Economic and Regional Development Agreements in both forestry and mining as they expire over the next few years. The 10 per cent cut to regional development funding announced in the federal government's December 1992 Economic Statement, was also extended in the April budget. To this end, regional development funding will be reduced by a further \$90 million in 1993-94, rising to \$100 million per year beginning in 1994-95. Over time, these cuts will result in a shift away from cash grants to repayable contributions.³ It is interesting to note that while funding was cut for regional development in

²Episcopal Commission for Social Affairs of the Canadian Conference of Catholic Bishops, Widespread Unemployment: A Call To Mobilize the Social Forces of Our Nation, as quoted in "Putting a glove on the invisible hand", The Ottawa Citizen, 15 April 1993, p. A11.

³Don Mazankowski, The Budget 1993: Tabled in the House of Commons by the Honourable Don Mazankowski, Minister of Finance, (Ottawa: Department of Finance, Canada, April 26, 1993), p. 9.

Eastern and Western Canada, funding for the Department of Industry, Science and Technology which is responsible for development in Southern Ontario and Quebec was left untouched.

This economic restructuring has left not only the unemployed and their families, but everyone, living in fear and uncertainty. The emerging economic realities are radically different from those Canadians have come to expect. The economy is shifting from one in which full-time, secure employment is the norm, to one characterized by insecurity and part-time employment. Moreover, labour intensive industries, such as the pulp and paper industry, because of technological advances, are shifting their production to the low-wage countries of the southern hemisphere. Increasingly, the northern hemisphere is specializing in high technology industries.

The town of Dalhousie has fallen into the dependency trap, as decisions concerning the development of the region became centralized with the federal and provincial governments. Furthermore, any development that did take place in the town was centred around production at the NBIP mill. Essentially, all aspects of development and life in Dalhousie was centred around the mill. In writing about the pulp and paper mill in Newcastle, New Brunswick author David Adams Richards, describes the situation of the community; "...[a] moral vacuum prevails where pointless violence and thoughtless cruelty are common-place and where the characters are victims

of foreign capitalists forces that they do not understand and cannot control."⁴ While not specifically about the town of Dalhousie, much the same can be said of life there. In this respect it can be seen that the routine and monotony of work in the pulp and paper mill has been transferred to the life of the community.

A former resident of Dalhousie, Marshal Button, has written a highly successful play based on life in Dalhousie and the manner in which life is centred around production at the NBIP mill. In this one-man play, the character Lucien, summarizes life in Dalhousie as working at the mill, drinking beer and sitting at home waiting to do the same thing the next day.⁵ Faced with the recent lay-offs at the mill, the town of Dalhousie has the opportunity to break the cycle of dependency that has so pervaded its history. As opposed to boldly tackling the challenges facing it, the community is waiting for the government to intervene and take control of its situation. As a result, the town is in danger of losing

⁴David Adams Richards as quoted in L. Anders Sandberg, ed., Trouble in the Woods..., p. 11.

⁵Marshall Button, Lucien, (Dalhousie: 1986). In describing the character in the play's program Marshal Button stated, "Lucien was a character I have been playing at parties and coffee breaks since about 1977. His persona evolved largely through my experiences working five summers at the NBIP mill in my home town, Dalhousie....Last month we made a pilgrimage back to the mill. The place has gone through considerable modernization since I last worked there. I could not help noticing how much busier everyone seemed to be. In fact, the first job I did there is now being handled by a robot. So it goes. Lucien is not based on any single person, he is a composite of many people, including myself and the friggen robot."

an opportunity to look to itself in an attempt to spur on community based development.

As the country struggles with the consequences of economic restructuring, it becomes obvious that the jobs that Canadians have traditionally relied upon are disappearing. Increasingly, the economy is shifting from the exploitation of natural resources and manufacturing to one based on information based technologies and services. Educational institutions and training programs, have been slow to respond to these changes. In looking at this shift in focus, government and business should give priority to new forms of education and training so that the labour force will emerge with productive skills. While the lessons we have learned are obvious, governments continue to hold on to what is familiar. They are hesitant about tackling development in light of the new economic realities facing the world. Government continues to focus its development efforts on the traditional natural resource based production as opposed to developing programs to respond to the new global economic realities. Furthermore, by focusing its development efforts on the creation of industries, government has overlooked the fact that the wealth of the community lies in its people and their skills.

In looking to the specific situation of Dalhousie, it is evident that there are no simple solutions or formulas to spur development. The community must gather the courage to boldly face the challenges posed by the rapid globalization of the

economy. The community must develop and foster confidence in their ability to undertake this challenge. By fostering this confidence, the community will come to discover, within their midst, an immense source of ideas and options for development. Furthermore, with the understanding that the community has the ability to control and identify the course they wish to pursue, decisions can begin to be made.

It is within the community that the solutions to underdevelopment resides. The community itself is best able to identify its potentials. Over the past twenty-five years, the federal and provincial governments' attempts to spur development have met with limited success. There is no guarantee that the community's efforts at spurring on indigenous development will succeed. Faced with the federal government's decentralization of responsibilities, regions are left with no option but to address their problems internally. The citizens of Dalhousie are the community's true source of wealth. It is now the time to tap into this wealth and release its full potential.

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