

**Exploring Local Economic Development: The Challenges of Cape Breton Island**

**by**

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I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

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## Abstract

### Exploring Local Economic Development: The Challenges of Cape Breton Island

Economic development in the declining Maritime Provinces has proven to be an intractable problem over the last 70 years. Efforts have ranged from capitalist industrial resource extraction to worker-owned producer co-operatives. Yet, throughout its many variations, these initiatives have done little to secure the long-term economic security of Canada's most marginalized rural communities, such as those on the western coast of Cape Breton Island. Efforts toward this end during the closing decades of the twentieth century, up to present date, have applied market-led development strategies paralleling trends in the increasingly fluid global market economy. This *local economic development* approach, it is argued, reinforces economic dependency established during the last century's staples commodity extraction, even as it attempts to reduce it and promote communities' unique socio-cultural values, through 'local ownership' of integration into the market economy. An analysis of conventional approaches to economic development and 'local ownership', that focuses on two communities in rural western Cape Breton, demonstrates this point. Several alternatives to conventional economic development are considered, with a particular emphasis on the two Cape Breton communities.

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## **Chapter One: Introduction**

*A common lament among rural Cape Bretoners is that their chief export is their children. They leave and do not come back because there are few jobs to be had, and little security for raising a family. In the villages of Port Hood and Chéticamp, each located a few hours north of Port Hawkesbury on Cape Breton's western shore, there is a surplus of farm houses, but a distinct lack of farms. There is also a distinct lack of anything else that might look like industry, except for fishing boats and few touristy restaurants; these, fittingly, represent the greater part of either village's industry. A telling sign of their limited success is that even Port Hood's town bar is in disrepair. The clientele consists of a fellow who looks to be a regular, or chronic, patron, and several young college students, probably home on visit. Bright young 'Capers' such as these, it turns out, have options when it comes to leaving the Island, but not when it comes to staying.*

*Cape Breton is economically underdeveloped. As with many areas in North America, its resources have dwindled away, jeopardizing people's ability to live there. Young people from all walks of life – those pursuing a trade in the fisheries, for example, or those educated in Halifax, in such disciplines as engineering or medicine – understand that life on the Island offers little security. One young civil engineer I spoke with, a Port Hood native, was able to earn a civil engineering degree in Halifax, despite her family's relatively limited economic means. Among the reasons she now resides in Ontario is the lack of jobs in her field back home.*

*Despite Port Hood and Chéticamp's economic woes, the typical reminders of hard times are not noticeably present: there are few, if any, dilapidated buildings, vacant lots, or broken down automobiles. To the contrary, large homes with freshly mowed lawns overlook glassy blue coves and long stretches of sandy beach. This vignette suggests that the villages' traditional way of life was prosperous, and, moreover, that rural Capers are dedicated, intelligent workers. These are old homes, however, bought with old money. An elder generation – parents and grandparents – live here. The young civil engineer mentioned above has claim to a section of her mother's acreage; she could, theoretically, build a home and settle down next to the one she grew up in, if she could find a job. Without some sort of change in the village's economic climate, this possibility is increasingly remote.*



## 1.1 Thesis Question and Rationale

Options are limited in a resource economy with dwindling resources. Economic development efforts forge ahead though, propelled by deeply-entrenched love for home. The people of Cape Breton, realize that there are many ghost towns in resource-dependent regions throughout the country, and that the future of their community is by no means guaranteed. Even if a village or city does not disappear off the map like some gold mining town that has depleted its economic resource-base, out-migration is a compounding problem, making life less and less tenable for those who remain. This specter haunts the people of Port Hood and Chéticamp, Nova Scotia who have strong historic ties to their land.

Development in the wake of the region's industrial decline, in a sense, is an effort to reinvent rural Cape Breton itself. Imagine Grande Prairie, Alberta without trees or farms, Sudbury, Ontario without mines, and western Cape Breton Island without its ships and coal. And yet this is the sign of our times: Grande Prairie is dealing with a relentless global economy and the introduction of an implacable mountain pine beetle, both of which are threatening to eat their way into its long-term viability. Sudbury also faces economic challenges and is shifting towards the services sector. Economic development strategies of the past have focused on economic growth along strictly neoliberal guidelines, often ushering in business in ways that compromised the integrity of communities. Many community-sponsored economic development plans today, including Western Cape Breton's, take an ostensibly more enlightened approach, however, emphasizing 'local ownership' of the economy. This would enable residents to maintain their way of life, while invigorating the economy and creating jobs and security (Nishi et al., 1999: 5-16). A pertinent question to ask, though, is what constitutes local ownership? As well, we might ask, does it guarantee a less compromising approach to stimulating regional economic growth?

My suspicion is that local ownership is more elusive than many presume: a hypothesis that can be usefully investigated through a closer examination of Cape Breton Island communities. This, and related concerns, are at the heart of a long-term, sustainable answer to these communities' economic problems.

**This study asks why regional economic development has proven to be such an intractable problem in this part of the country.** This question is important because conventional local economic development (LED) strategies have had limited success in fostering the long-term viability of rural communities facing global imperatives. Where success has appeared to have occurred, e.g. a transition into a post-staples economy, the economic success has often come at the cost of other socio-cultural values.

LED strategies, as conventionally presented, are poorly-grounded in an understanding of the broader liberal economic philosophical paradigm on which they are based. As such, communities embracing these strategies often pay insufficient attention to the inherent, long-term implications for less quantifiable, but critical, socio-cultural and economic values. As noted earlier, the problems are intractable. There are no single 'magic bullets'. Foremost in any community's attempt to tackle these problems must be full awareness of the costs and trade-offs of various economic strategies, as well as the community's own set of long-term values and goals. Only then can the choices be made – and there are always choices, if only very tough ones.

An economic development analysis involving particular communities should offer more than a critique: it should include, at least, some conclusion that is applicable to those communities. This study does offer an applicable conclusion, but does not go so far as to propose

a solution. Rather, it furnishes a list of suggestions – ideas for economic stability drawn from other models and applied as much as possible to the Cape Breton context.

In addition, by contributing to the existing literature on development, this study should add new perspectives to the range of options available to communities. It is my sincere hope and intention that this might afford some level of advancement with respect to Cape Breton communities' problems of low-employment and out-migration.

## **1.2 Overview of the Methodology**

This study bases its argument on literature from the fields of political economics, geography, economic development, and political ecology. It is an attempt to better understand poverty – its source, and the reasons for its persistence. Drawing from existing theories in this area is a logical approach.

One of its most curious aspects of uneven development at the global level, as well as in the Canadian context, is the controversy it generates, and the resulting lack of consensus. After more than half a century of analysis, it is doubtful whether any progress has been made, because theories are discarded more readily than embraced. The predominant political economic ideology at any given time would seem to be a factor in a particular theories' ascension or decline. Predictably, then, in a world that currently embraces neo-liberal economic reform as a solution to poverty<sup>1</sup>, we have seen a decline in those schools challenging free market economics.

Dependency theory, in particular, seems to have fallen out of favor. Political economist, Andrés Velasco explains that dependency was “a religion that shaped the cosmology of a generation of Latin American leftists in the 1960s and 1970s” (Velasco, 2002), but then places it

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<sup>1</sup> Not everywhere, of course, but even in Latin America, which has long been a bastion of the ideological left, free trade agreements have been proliferating in recent years.

next to Mutually Assured Destruction as a relic of another era. Canadian geographer Kris E. Inwood, writing in the 1990s, refers to the “new orthodoxy” of dependency (Inwood, 1993: 149), even as he questions its validity. The fact that dependency theory has been influential for so long, and continues to draw criticism decades after the publication of its seminal works<sup>2</sup>, perhaps, is a testament to its applicability.

Dependency, or structuralism, argues that inequality in both the micro- and macro-economic context is inherent to the *structure* of the global economic system.

Structural factors include, for example, the distribution of wealth and income, the land tenure regimes, the type and degree of foreign trade specialization, the density of productive linkages, the degree of market concentration, the control of the means of production by different types of actors (i.e., the private sector, the state, and transnational capital), the functioning of financial mechanisms, and the penetration of technological innovation, as well as the socio-political factors associated with the degree of labor organization, the organization of other classes or influential sectors, and the geographic and sectorial distribution of the population and its skill level (Lustig, 1991: 27-28).

Political economist, Phillip J. Wood describes dependency theory as “an activist’s approach” (1992: 60) that blurs the line between economics and politics. Indeed, the theory, or at least certain of its facets, implies that a rejection of the global economic system in some form, holds the greatest promise for global equity (Velasco, 2002: 45; Frank, 1984). As economist Nora Lustig explains, structuralism draws heavily from Marxism in its critique of capitalism:

Although no version of the [Marxist] theory of exploitation appears explicitly in any of the structuralist literature, the notions of surplus generation and appropriation do emerge—along with identification of the losers in this process: the periphery versus the center, workers versus capitalists, campesinos versus the urban sector, and, finally, the very poor versus the rest of society (Lustig, 1991: 28).

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<sup>2</sup> See, for example, *Dependency and Development in Latin America* (Cardoso and Faletto, 1979) and *Latin America: Underdevelopment or Revolution* (Gunder Frank, 1970).

Dependency theorists tend to be either reformist or revolutionary. As an example of the former, former Brazilian President and sociologist, Fernando Henrique Cardoso, advocated an approach that combined protectionism and Keynesianism; this was also embraced by the United Nations Economic Commission for Latin America, and eventually resulted in import-substitution industrialization policies (Cardoso, 1977; Velasco, 2002; Lustig, 1991). Andre Gunder Frank, a foremost example of the latter school of dependency theory, took a decidedly revolutionary stance, opposing capitalism explicitly and advocating a withdrawal from the global economic system (Gunder Frank, 1970; 1984).

The revolutionary approach – obviously the more objectionable to main-stream theorists and policy-makers – is playing an increasingly marginal role in the literature: critics have only to point at North Korea and Albania as they dismiss “radical” anti-capitalist ideology (Velasco, 2002: 44-45)<sup>3</sup>. The reformist approach, too, is in decline in academia and public policy (Albo, 2007). As Lustig points out, this is despite a critical difference between structuralism and Marxism: “Structuralist authors do not necessarily conclude either that capitalism will tend to destroy itself or that encouragement of its destruction is necessarily convenient or desirable” (Lustig, 1991: 28).

This study, however, recognizes the contributions of dependency theory in illuminating problems in the existing economic system. As a critical perspective, and a tool for deconstructing contemporary arguments for free-market capitalism on a global scale, dependency remains relevant.

A second dimension of critique is also necessary, however, in order to account for recent trends in political economics outside the scope of structuralism/dependency, in particular

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<sup>3</sup> Although this critique is unsatisfactory: the idea that “not capitalism” is equivalent to bureaucratic socialism or state-sponsored oppression is a straw man argument.

globalization. With this in mind, this study reviews and takes into account arguments from the neostructuralist school, postmodernist perspectives on globalization, and new literature from the academic left.

An understanding of globalization is critical to this study because the term encompasses processes, in particular integration into the global economy, that represent key strategies of conventional economic development efforts in rural communities. The term itself is broader than these efforts (as is discussed in chapter two), yet controversy surrounding whether or not to ‘globalize’ is applicable to the theme of how to pursue local economic development: a nation’s pursuit of economic liberalization, with its attendant concerns, parallels similar initiatives at the local level.

As a term, local economic development (LED) typically refers to market reform at the local, or sub-regional level (see chapter four). Its proponents recognize the market as a double-edged sword: only within the last century it ushered in robber-baron capitalists, company stores, and unprecedented ecological and socio-cultural damage, but the market nevertheless represents an attractive path forward for local economies, particularly rural, non-agricultural ones. LED planners, then, hope to minimize the negative impact of the market while maximizing the positive, engaging in global trade while maintaining local ownership (Nishi, et al., 1999; Blakely, 1989). This is the new convention, unpersuasive though it may be.

Much of the development literature focuses either on macro-level theory and policy, or ‘alternative’ strategies for development. As a result, as mentioned above, LED is seldom understood in its broader political economic context. This study will add to this understanding by mapping out some of the theory behind LED, in particular as it relates to the popularized concept of local ownership. As well, inasmuch as globalization in a global context informs this study, the

opposite also holds true: extrapolating the positive and negative aspects of LED will provide analysis on macro-level economic strategy, particularly in light of the contemporary ‘global versus local’ debate.

Examining LED in context will shed new light on whether or not it holds promise as a development strategy for declining communities. Cape Breton Island is especially appropriate for this study because it is a model of post-industrial economic development, both urban and rural. This study focuses primarily on the rural sector, because of the interests and concerns expressed above, and the use of LED as a strategy for solving the various problems locals face. As mentioned, my intention is to contribute to rural western Cape Breton Island communities’ successful improvement of their quality of life through designation of strategies that will improve the local economy in the long-term. In addition, this study will add to the rather sparse *documented* historiography of the region, which is, of course, rich in history and culture; much of this, however, is preserved solely (and perhaps inadequately, given the stresses communities face) through the region’s oral tradition.

Two case examples, then, ground the theoretical thesis in context. Observation and key informant interviews in the villages of Port Hood and Chéticamp, on Cape Breton Island, inform and, in some cases, validate arguments leading to the formation of the main thesis argument.

### **1.3 Organization of Thesis**

This study addresses the question of why economic development has proven difficult in rural western Cape Breton Island, a problem that has implications for sustaining resource-dependent communities across North America. Responding to this question requires a clear understanding of the problem, where it originated, and why it often seems intractable,

particularly with respect to local economic development strategies. Chapter two is dedicated to explaining the problem, beginning with a description of Cape Breton Island's economic marginalization and the potential for associated compounding factors to devastate the island's communities. Following that is an examination of the source of Cape Breton's marginalization viewed at the macro-level through a global economic analysis drawing principally from dependency theory. A national and regional levels of analysis builds on this foundation drawing from various theories of uneven capitalist industrial development in the Canadian context. Finally, the profundity of Cape Breton's economic woes – and their seeming intractability – is briefly introduced as a consequence of the region's pursuit of economic development through neoliberal market expansion.

Chapter three begins with a consideration of how small economies attempt to cope in a global market. This includes an overview of conventional economic development strategies, as well as examples of their application from across the country. These illustrate the various initiatives, policies, and objectives small rural economies employ in order to retain economic viability in the face of mounting global pressure. Grande Prairie, Alberta, for instance, is the site of a diversified economy that residents hope will be able to compete in the global market in tertiary industries such as tourism and information technology, as well as the region's traditional forestry, mining and agriculture sectors. For its part, Sudbury, Ontario aims to develop its mining services sector, as well as bolster its mining industrial base with technological improvements that would lend local industry a competitive advantage. Saint Jacobs, Ontario, meanwhile, has taken the tourism route, with the aim of maintaining the local economy with its farmer's market and heritage attractions. The strategies are diverse but each exemplifies the underlying approach of adjusting to a post-industrial economy – the replacement of commodity production by the service



and information technology sectors – with varying degrees of success. Finally, an analysis of conventional development methods with respect to local ownership reveals a need to further define and specify the implications of this term.

Chapter four discusses conventional approaches to economic development at the local level: these are defined and illustrated through examples in the Cape Breton Island context. Specific attention is paid to the rural western Cape Breton (the County of Inverness) development plan, with its proposal to maintain local ownership of the economy while integrating into the global economy. This study argues that such an arrangement is highly unlikely to succeed in its goals; what is more plausible is that it will involve trade-offs between economic growth and socio-cultural values that these communities prioritize. Finally, this chapter will summarize the difficulty facing Cape Breton with regard to its current economic situation, intending to explain why this problem has proven intractable. The objective, again, is to comment on existing strategies for development and to put these in a broader political economic context in order to apply theories in the aforementioned literature to conventional LED practices.

Chapter five identifies some steps forward for communities that do not wish to sacrifice their rural quality of life, but are compelled by economic pressures to engage in development initiatives. These steps include a set of community-building strategies, including localism and co-operative business networks. As well, the chapter contains an analysis of the merits and limitations of various economic development initiatives that aim for an ‘alternative’ approach.

Finally, chapter six summarizes the thesis and provides some recommendations for future research.

## **Chapter Two: Defining the Problem**

Among the most salient features of Cape Breton Island is its lack of secondary industry. For over a century, the island has been largely commodity-dependent, relying on the industrial exploitation first of coal, then forest products and the fisheries. This condition transcends many of the island's distinguishing features, such as its class structure, because its economic capacity is indelibly linked to the formation of such features through a set of persistent socio-economic troubles that have shaped life on the island. Few would deny that Cape Breton's staple economy has played a role in its residents' level of poverty, for instance, although defining that role is a matter of controversy that extends beyond economics into the realms of public policy, politics, and philosophy.

In general, two points are especially divisive within this debate: the origins of commodity-dependency, which range from hard luck to deliberate subordination; and its effects, which may or may not include a host of socio-economic troubles such as poverty and fragmented communities. This chapter begins with an overview of Cape Breton's economy, focusing on the onset of commodity-dependency, particularly in the rural western region of the island. The origins and effects of the staples economy are then explored through a political economic lens, drawing comparisons between Cape Breton's industrial past and post-industrial future. This intention is to link Cape Breton's situation to a broader paradigm by which to evaluate its economic development path, demonstrating that without a reorientation, its economic challenges will not readily be overcome.

## 2.1 The Political Economy of Cape Breton Island

Cape Breton lies off the eastern shore of Nova Scotia's main island; the two are connected, since 1955, by the Canso Causeway. Approximately 10,311 square kilometers in size (about the same as Hawaii's largest island), the island is home to 142,298 residents (Statistics Canada, 2006). Roughly 70 percent of the population resides in the Cape Breton Regional Municipality, which comprises eight former municipalities such as Sydney (the largest) and Glace Bay. For many years, these communities constituted Cape Breton's industrial core, which historically has been coal-based, owing its relatively high level of industrialization to the exploitation of surrounding mines, beginning in the mid-1800s and continuing through 2001. In addition, its location on the eastern shore of the island has afforded the municipality access to other industries during the early industrial 1960s. This situation continued until 2001 when the last underground coal mine closed. This region has been a classic example of transition to a post-industrial economy. While the community has had some success diversifying the economy<sup>4</sup>, emigration of working-age women and men to other industrial centers in Canada and the US has been a persistent problem ("Commerce", 2007; Nishi, et al., 1999).

The plight of Eastern Canada, its prolonged economic decline and current uncertainties, is acknowledged by most Canadians. Most Canadian social scientists, at least, are familiar with some of the more specific details of Cape Breton's economic situation – the role of its coalmines and fisheries, for example. But few scholars have even heard of Inverness County, the municipality comprising most of rural Cape Breton Island. Here, as should be expected, the situation is distinct from that of industrial Cape Breton. While both regions, rural and industrial,

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<sup>4</sup> The Municipality's website reports some success in various sectors, including information technology, tourism, and locally manufactured products such as organic fertilizer, CD-ROMS and emergency response simulators ("Commerce", 2007).

are obviously linked, a study of the economy of the rural portion of the island should include some discussion of the region *per se*.

Rural western Cape Breton's economic history and current economic difficulties are complicated to describe, much less explain. A detailed description is necessary, however, if one is to understand the scope of the problems facing this portion of the island. Relatively little information is available, off the island, about its most rural areas; most critical analyses in political economics, for instance, focus on the Maritime region, or even Cape Breton Island as a whole. Few if any comprehensive studies exist in academia on the last 60 or 70 years of rural western Cape Breton's economic history. Nevertheless, this study aims to provide some of that history. This sets the stage for a broader review of the region's economic difficulties, and their proposed solutions.

## **2.2 An Introduction to The Municipality of the County of Inverness**

There are two "sides" to Cape Breton: the region introduced above, industrial Cape Breton, and the Strait-Highlands Region, or rural Cape Breton. The island, in general, is known for its strong sense of place and proud heritage, but along the rural western coast this is especially the case, where Scottish and Acadian roots are maintained in the local celidhs and summer festivals; where French is still spoken in the home, and some long-time residents still serve haggis. A major portion of this latter region is constituted by the former Inverness County, now (since 1998) the Municipality of the County of Inverness. For economic planning purposes the distinction is made because, quite naturally, the two regions have different sets of assets and liabilities.

According to the municipality's development plan, the local labor force comprises approximately 10,775 people (Nishi, et al., 1999: 9). Of those employed (67.5 percent), over 40 percent work in the service industry; the remaining sectors, construction/manufacturing and natural resource based industry, each comprise about ten percent of the work force. This gap is widening as service sector jobs increase and jobs in mining, oil and gas extraction, forestry and the fishery decline (Statistics Canada, 2001).

The region's productive economy is more evenly distributed, however, with tourism, forestry, and fisheries/aquaculture all at around 20 percent (Nishi, et al., 1999: 8). Nevertheless, with the Municipal development plan calling for growth in the tourism sector (and reduction in the other specified sectors), it is clear that this economy, like that of industrial Cape Breton, is transitioning toward a post-industrial, service-based economy.

### **2.3 Exploring Poverty in Rural Western Cape Breton**

A review of rural western Cape Breton Island's economy over the last century takes us from the days when kids played hockey on the pond with newsprint Sears catalogs taped to their shins, to more modern times, in which the new community hockey arena<sup>5</sup> is a central focus of economic development efforts. The picture emerging from this overview is one of an economy that depends increasingly on extra-local markets for its financial security.

As with Cape Breton's industrial eastern shore, industrial development in the west followed the discovery of coal. Prospectors first began to eye Inverness County in the 1860s, but exploitation of the mines did not begin until some two decades later. At that time, William Huffy Penn, an American prospector, opened the first mine in Inverness, transporting coal away from the island by ship.

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<sup>5</sup> The Al MacInnis Sports Centre, mentioned below in chapter four.

Between 1899 and 1902 the railroad was extended from Point Tupper (the ferry landing and main access point of Cape Breton Island prior to 1955) to Inverness. The Port Hood Company, Ltd. operating since just before the turn of the century, flourished with improved access to the Canadian and American markets. As business increased, Port Hood became more and more prosperous; by 1903 it was able to declare its town charter. The Port Hood Enrichment Rail Company, Ltd. took over operation of the Port Hood mine between 1906 and 1911; by then, the town had attracted an immigrant worker population Western and Eastern Europe and boasted in the range of 20 hotels on a two-kilometer stretch of land (Smith, 2008).

To say that the mine's closure in 1911 devastated the small town would be an understatement. A flood in the mine made this unavoidable, however, and Port Hood's short-lived prosperity drifted away like so much coal dust. The mining company had been responsible for much of the town's infrastructure, such as the electricity that it provided (for a price) during the mine's operation. In 1911, the townspeople turned off their lamps and would not relight them until 1938 (Gillies, 2008).

If Port Hood was a company town to some degree, Chéticamp was far worse off. Established originally as an outlier colony of the Prince Edward Island Acadians, Chéticamp is located towards the northern end of Cape Breton Island. Its distance from the more central communities of Inverness, Mabou and Port Hood, ensured that the railroad never extended to its borders. Consequently, coal and other industry never developed in Chéticamp as they did, to some degree, further south.

Fishing was the economic mainstay in Chéticamp for years. It industrialized at the turn of the century when the Robins and Jones families from New Jersey "discovered" the hamlet and began to ship its cod to the national market. John Gillies explains that these robber barons

“owned the town” (Gillies, 2008), offering exploitative, sub-market rates for fish (Sacouman, 1979). Historian Jim Lotz, for his part, describes how

The Robin company from the island of Jersey set up a post at Chéticamp on the west coast of Cape Breton Island to exploit the fisheries. The *Jersiais* treated [the Acadians] like sharecroppers of the sea, buying their fish at low prices and selling them the goods they needed at high ones. The redoubtable Father Pierre Fiset arrived in the community as parish priest in 1875...in 1883, the priest bought a store to provide competition for the Robins, and to break their grip on the fisher folk (Lotz, 1998:115).

Similar exploitation characterized other cottage industries in Chéticamp. According to Laurette Douveaux, manager of the Chéticamp Conseil Coopératif, hooked rugs (one of the community’s claims to fame) became an export commodity around the turn of the last century, when, again, “discovered” by an American entrepreneur. Lillian Burke, socialite friend of the Alexander Graham Bell family (who summered in Baddeck, some fifty kilometers to the south). Burke happened upon the rugs which were then purely utilitarian – used to wipe feet on – during an excursion around the island. Burke took several with her, turned a profit selling them in the US, and returned for more shortly thereafter. Douveaux explains that Burke sold the rugs to high society buyers (such as the Governor of North Carolina, who had one hanging in his mansion), but paid a mere pittance to the artisans. According to Douveaux, the local women, upon finding an advertisement in a mail-order catalog and discovering their rugs’ retail value, became incensed and from then on were in business for themselves (Douveaux, 2007). As with the fishing industry, producer co-operatives played a large role in increasing locals’ market share; this ultimately has been a significant part of Chéticamp’s industrial history.

After the early industrial period, economic conditions on the western side of Cape Breton Island remained bleak. During an interview, one Port Hood resident quipped that things were so

bad, when the Great Depression hit, her parents did not even notice (Smith, 2008). Accordingly, most of the region's socio-economic concerns are generations old. Today working-age islanders emigrate in search of a better future by working at the oilsands of Fort McMurray, Alberta, or, with any luck, to the universities on mainland Nova Scotia; in the 1950s, and before, they went to the mines in Sudbury and Elliot Lake (MacInnis, 2008). Out-migration has been a consistent trend, reflecting in the culture and economics of the region for decades (Nishi, et al., 1999; Smith, 2008; Gerriets, 2002).

But this way of life had its advantages. For over half a century, from the establishment of Cape Breton's rural western communities through the 1960s, life was hard but secure. Livelihoods were based on occupational pluralism – maintaining multiple sources of income – which included work in the mining, forestry, agriculture, and fishery sectors, in addition to often seasonal factory work (Wood, 1992). This way of life gave people options, if not for consumer products, then at least for forms of subsistence. When the Depression hit, people actually *came back* to Port Hood and other coastal communities, because there, at least, they knew they could eat (Gillies, 2008).

During the 1930s, the Maritime Provinces were especially hard-hit because of a welfare crisis, closed borders that eliminated emigration as a source of relief, and regional economic policy:

Closed out of traditional markets by the American Smoot-Hawley tariff of 1930 and Canada's later failure to follow Great Britain in devaluing its currency, primary producers in the Maritimes saw their products decline in value even more sharply than those of their counterparts in the central provinces. From 1929 to 1933 the value of timber production dropped 75 per cent, fish production 47 per cent, agriculture 39 per cent, and coal 45 per cent. The numbers employed in manufacturing declined by 38 per cent, and steel production fell 62 per cent. By 1933 per-capita income for the region dropped to \$185, a figure marginally above the Prairies' \$181 but far below the Canadian average of \$262 (Forbes, 1993).



While many living in Maritime communities starved<sup>6</sup>, families in Port Hood hunkered down, tended their fields and fished. John Gillies, editor of the Port Hood Historical Society newsletter, recalls at least three families that returned from Windsor/Detroit where they had emigrated previously to work in automotive factories (Gillies, 2008). When they returned home, they often had extended family to rely on, a home to live in rent-free, and a reliable source of food, which was, in fact, plentiful enough to share with the hobos coming in from all over Canada on the railway (2008). The thing they did not have, Gillies explains, was “cash in hand” to buy conveniences. The first radio in town, for example, came from Detroit, brought back by the MacDougal family (2008).

Occupational pluralism continued in rural western Cape Breton until the 1960s. John MacInnis, the Regional Coastal Resources Coordinator for Inverness County, describes how when he was a boy during the 1950s, and into the 1960s, most locals “shipped milk off their farms and worked in the woods” (MacInnis, 2008). The coal and forestry industries ebbed and flowed, but never gained a strong enough foothold to displace other subsistence occupations<sup>7</sup>, such as agriculture and fishing. This latter occupation, for its part, was at the time difficult, dangerous, and relatively unprofitable in an industrial context (2008).

Times changed, however, and moved the work force slowly back toward specialization of labour. Fishing, in particular, underwent change in the coastal region. In contrast to the labour-intensive enterprise of the 1950s and 1960s, fishing in the late 1970s was profitable. This was due partly to the advent of new, affordable technology, which allowed fishermen to achieve

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<sup>6</sup> In rural northern New Brunswick, for example, times were so hard that volunteer committees or parish officers “prosecuted for the crime of bastardy those who illegally created new mouths to feed” (Forbes, 1993).

<sup>7</sup> Political scientist Phillip J. Wood argues that occupational pluralism, in fact, was partially responsible for industry’s failure to take hold (Wood, 1992). The theme is discussed in more detail below.

economies of scale (2008). As well, a broad opening in the fishing industry occurred around this time, the result of a successful campaign by business elites to obtain governmental subsidies for offshore trawler fleets (Louck, 2005; Sinclair, 1985). As a result of this boom, fish prices went up (although temporarily), landings increased, and the industry in general experienced short-lived prosperity (Ommer, 1995).

The groundfish fishery declined in the Southern Gulf, off Cape Breton's western shore, towards the end of the 1980s, around the same time as the Grand Banks Fishery further to the north. Overfishing played a role in the Southern Gulf, as in the Grand Banks, although the scale of industry was significantly less, leading some to caution that environmental factors may have played a role<sup>8</sup> (MacInnis, 2008).

The demise of the groundfish changed rural western Cape Breton's economy in a variety of ways. Consistent with boom and bust trends in the North Atlantic fisheries in general (Loucks, 2005: 54), the collapse heralded an era of increased profitability for licensed fishermen, whose numbers had remained more-or-less constant since the fishing boom in the 1970s. Crab and lobster became the new choice commodities, and the industry inclined with vigor. Fishermen specialized, partly as a result of increased profits and partly due to Department of Fisheries and Oceans (DFO) policy<sup>9</sup> (2008).

Today, lobster sustains the in-shore fishery and many fishermen operate off the west coast of the island. By way of illustration: Port Hood, even as one of the smallest communities on the coast, has a full 100 members in its fishermen's co-operative (MacDonald, B., 2007). The region's economic development plan, meanwhile, puts fishing, together with aquaculture, at 21

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<sup>8</sup> John MacInnis specifically blames a cooling trend in the region for affecting reproductive rates in the cod and hake populations, as well as a congruent rise in the area seal population.

<sup>9</sup> Designed to curtail the industry, the DFO's "use it or lose it" policy of revoking licenses from those fishermen who practised their trade on a part-time basis discouraged those who might otherwise have continued working in other local industries (MacInnis, 2008)

percent of the productive economy (Nishi, et al., 1999). Up and down the coast, fishermen manage on a yearly basis to catch most available lobsters in the sea (MacInnis, 2008). Given that on a yearly basis this stock is dependent on favorable environmental conditions for recoument, the situation is precarious. Add to that fishermen's fixed costs of business (including ships, bait, etc.), a ceiling on productive capacity (i.e. there are "too many fishermen and not enough fish" (2008)), as well as market conditions which hover tentatively around six-dollars per pound, and the net result is a grim economic outlook

Most people in rural Cape Breton will tell you that life is easier than it was in the 1950s. So what is the problem? To begin with, significant socio-economic problems persist, none the least of which is out-migration, despite the fact that existing industry on the island has little more to offer. The primary fisheries are depleted (MacInnis, 2008), while present levels of non-renewable resource depletion, in particular timber, already are cause for concern. The timber harvest, moreover, may come at the cost of a host of factors, including the natural beauty of the island and, consequently, its tourism industry (Nishi, et al., 1999). This latter sector, as well, shows potential for growth, but may imply trade-offs (Nishi, et al., 1999; Mastny, 2002).

This situation is markedly tenuous. This should come as no surprise in a region known for its economic struggles. As Cape Breton Island shifts towards a post-industrial economy it is important to consider its legacy of commodity-dependency. As with the broader Maritime context, this characteristic is the result of a general decline in secondary production that began in the years after Confederation (Acheson, 1972). A more thorough understanding of the roots of the decline of secondary industry and the onset of the emergent staples economy is critical to an analysis of the region. Understanding the political-economic context that engendered

commodity-dependency, a hallmark of Cape Breton's economic history, is crucial to an informed view of the options for future economic development.

## **2.4 Industrialization in the Canadian Maritime Provinces: The Origins of a Staples Economy**

Naturally, attentive scholars and laypersons alike seek an explanation as to why they themselves or their fellow Canadians live under markedly different economic conditions. Several prevailing opinions and analyses have emerged from this inquiry.

Harold Innis began arguing in the 1920s that the export of extractive resource and agricultural staples was the defining feature of the Canadian economy. His staples theory, developed between the 1920s and 1940s, explained that since its colonization, Canada had been dependent on exports of cod, fur, timber products, minerals and agricultural products to Britain (and later the United States). Factors such as climate and topography, Innis argued (1956), were critical in stunting industrial growth that would have eased dependency on commodity exports, and manufactured imports, a condition Mel Watkins (1963) would later term the "staples trap".

Watkins further developed the staples argument in the 1960s, adding an analysis of 'linkages', or "inducement[s] to domestic investment resulting from the increased activity of the export sector" (1963: 145). Here the theory became one of capital accumulation: 'forward linkages' (investment in the processing of staples), 'backward linkages' (investment in the extraction of staples), and 'final demand linkages' (investment in domestic industries producing consumer goods to complement the staples sector) are dispersed unevenly throughout a nation's distinct staples sector (1963: 145). The cod fishery would produce different linkages in different quantities than would, for example, the wheat industry because of either one's distinctive labour, income, infrastructure and other characteristics. Through this concept, Watkins developed an

argument for the structural dependency of staples economies. As political scientist Adam Wellstead explains,

The importance of final demand linkage is clearly the greatest if the economy is to diversify. But the full realization of this linkage remains elusive if the staples exports are in the hands of foreign investors who siphon their profits to their home countries, leaving little behind to invest in local manufacturing. Besides, it is easier and more profitable for foreigners to supply manufactured goods to the local economy from their home country, thus making profits in both the export of staples and the import of manufactured goods. (2008: 23).

This concept was also in keeping with contemporary schools of dependency theory, in that the foreign capitalist had a vested interest in discouraging industrial development in staples exporting economies.

In the following decades, the Canadian school of dependency theory rose to acclaim among critics and proponents alike. The “new orthodoxy” (Inwood, 1993), eclipsed Almond and Verba’s civic-culture thesis<sup>10</sup>, and complemented staples theory. As with staples and dependency theory in general, the Canadian dependency school attributes uneven economic development to structural impediments inherent to industrial capitalism. Most arguments along this line maintain that Confederation increased Central Canadian capitalists’ access to Maritime industry, which resulted in domination and eventually subordination (Holdsworth, 1984; Sacouman, 1972, 1981; Clow, 1983). A host of attendant factors are often included in this take-over, although views on these contrast sharply. Mainstream theorists attribute Central Canada’s dominance to Toronto and Montreal’s preferable access to manufacturing and capital, and competitive economies of

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<sup>10</sup> The civic-culture view, proposed by Almond and Verba (1963), supposes that a society’s ability to function democratically under industrial capitalism depends on its being, politically speaking, both “subject” and “participant”. Lacking in one or the other would upset either industrialization in a society, or else its liberal democracy (Almond and Verba, 1963). Critical analyst Phillip J. Wood points out several weaknesses in this analysis, including the often ambiguous and apolitical nature of behavioral criteria used in determining subject or participant status (Wood, 1992: 58-59).

scale (Holdsworth, 1984; Forbes, 1989). Other versions, however, describe this situation as a deliberate subordination of the Maritime economy by capital interests, in which the Canadian and British governments were complicit, intended to create peripheral economies for primary resource supply and consumer markets (Clow, 1983).

Whatever the imputed motive, it seems conclusive that Canadian national economic policy contributed to regional decline in the Maritimes. Significant evidence points to Central Canada's role in stunting industrial development. E.R. Forbes, for example, cites the Federal Government's manipulation of Maritime rail freight, starting in 1918, as a nail in the coffin of regional industry (Forbes, 1989: 103). This sort of tampering, Forbes argues, was biased in favor of Central Canada's industrial hubs, assisted Toronto and Montreal, and stunting St. Johns, Sydney, Halifax and Moncton.

The persistence with which Central Canada promoted resource-based industry in the Maritimes, whether at the behest of capital interests or in the name of development, is apparent not only in economic policy (as with rail freight rates), but also in environmental management and resource planning. The best example of this is the aforementioned, and well-documented, opening of the Atlantic fisheries to industrial trawler fleets.

Critics of dependency theory in the Maritime context cite a lack of evidence confirming the role of Confederation in retarding regional economic growth (Inwood and Irwin, 1993; Wood, 1992), as well as the existence of additional impediments to industrialization, most notably pre-capitalist property relations. Phillip J. Wood (1992), for instance, argues that the pre-capitalist economy – specifically property relations – was unwelcoming to capitalist industrialization in the Maritimes. Wood cites as evidence for this argument the existence then (and persistence to this day) of occupational pluralism: Maritimers may have maintained this

economic feature, as Wood claims, “to achieve self-proprietorship and avoid permanent proletarianization” (Wood, 1992: 68), deliberately safeguarding a degree of economic independence.

Wood’s assertion that “at least some [Maritimers] get what they want” (Wood, 1992: 75), with respect to the island’s lack of industrial development, is somewhat shortsighted. To suggest that workers actively resisted capitalist industrialization is a romantic notion (one that might just as easily appeal to those who oppose industrialization). In fact, throughout their long history with industrial development, islanders fought to secure *any* jobs, even those in the primary sector. This reality is reflected in the ease with which villagers in Port Hood and Chéticamp chose to abandon agriculture and other remnants of occupational pluralism in favor of more lucrative, yet less secure jobs (in the fishery, for instance) (MacInnis, 2008). While co-operatives did replace company stores in some cases, it was not until after a generation of company towns had already come and gone that locals orchestrated such efforts.

## **2.5 The Trouble With Staple Economies**

Economic development policy in North America has promoted resource-based industries for rural communities that have few competitive strengths in the national and international markets (Freudenburg, 1992: 307). These industries have represented potential founts of prosperity for communities like Port Hood and Chéticamp that otherwise seemed doomed to decline<sup>11</sup>. Dependency theorists have contended this position since the 1950s, however, arguing that in reality, resource-based industries lead to a trap of commodity-dependency that cannot easily, if ever, be escaped.

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<sup>11</sup> For this reason one observes aggressive primary industry expansion in the coal, forestry and fisheries sectors in the 1980s and 1990s in Nova Scotia, for example.

Argentine economist Raul Prebisch argued in the 1950s and 1960s that primary product exporters see the terms of trade – purchasing power of exports relative to the cost of imports – fall over time. The long-term effect of this, Prebisch argued, is that resource-dependent nations and communities become poorer as long as they rely on primary product industry (Prebisch, 1959). Hans Singer contributed to this position, arguing that fluctuations in the terms of trade upset growth for developing nations (Singer, 1950; Williamson, 2004).

Of course, this was only one side of the debate. Others, notably Harvard University's Jeffrey G. Williamson, argue that between 1870 and 1939, roughly the years Prebisch and Singer studied, the terms of trade for commodity producers did not, in fact, decline (Williamson, 2004; Velasco, 2002).

Many others have contributed to the debate<sup>12</sup>, variously indicating that terms of trade either did or did not deteriorate and, therefore, did or did not depress developing nations' economies over the early and latter parts of the Twentieth Century. Even if the terms of trade did deteriorate, one study finds, it was only by a marginal amount (Bleaney and Greenaway, 1993).

Sociologist William R. Freudenburg weighs in with an analysis specifically focused on employment and wage levels in rural communities. To begin with, he affirms macro-level analyses of declining commodity prices and its impact on employment<sup>13</sup>, explaining that while this effect may seem counterintuitive, it is born out by technological advancements enabling the extraction of previously unattainable resources (such as microscopic gold flakes in the western United States); as well as the rapid rise of information-intensive industries which are less reliant upon raw materials (Freudenburg, 1992).

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<sup>12</sup> See Grilli and Yang, 1988; Bleaney and Greenaway, 1993; Manthy, 1978; Barnett and Morse, 1963.

<sup>13</sup> "Roughly two-thirds of a century has passed since the growth of extractive employment went from being a reality to being a memory" (Freudenburg, 1992: 314).



According to this argument, declining global commodity prices along with loss of employment, lower wages, isolation of resources, and imbalances of power and influence, increase commodity-dependent communities' dependence on primary product extraction. As a conventional means of development, resource extraction is limited to the duration of particular resources. From this one would suppose that this strategy is merely a stepping-stone on the way to more enduring, and profitable, industrial capacity. Freudenburg argues that this is an unlikely possibility, given that as commodity prices decline, so too do communities' options for diversification. This he describes as an "addictive" economy:

The issue is not one of whether residents [of a given community] initially seek to attract extractive activities, whether experts warn against the potential danger of becoming too heavily dependent on those activities, nor even whether, having once moved in the direction of an extractive employment base, affected communities and regions will tend to show a desire for more of the same. The question, instead, is whether the consequences will have more in common with development or debilitation and, if the latter, whether a community that wishes to move away from such an economic dependence will be able to do so—or alternatively, whether "resource-dependent" communities will show more than just a linguistic resemblance to an individual's "dependence" on drugs (Freudenburg, 1992: 306).

Thus, commodity-dependent communities, such as those in rural western Cape Breton, may find that they have few options for attaining the prosperity of secondary and tertiary industrialization. As well, a second problem results from this dependency: putting all of one's economic eggs in one basket, or specializing in resource extraction, can impair or permanently disable a community's ability to return to the security of occupational pluralism. Here "dependency" takes on a more nuanced meaning: once a community commits (or finds itself committed) to resource extraction, it may be impossible to go back. At this point, the community

truly is dependent on extraction of its resources, as other economic paths are subsequently closed off.

At the macro-level, the so-called ‘resource curse’ refers to a scenario in which rapid industrial growth occurs in a primary sector, causing a variety of socio-economic problems which, if exaggerated enough, can lead to permanent economic stagnation. These include windfall spending of revenues, wage inflation, and similar factors that can damage other sectors of the economy. John Cornell, of the University of Sydney, Australia, writes about how similar effects caused by mineral extraction damaged the agriculture sectors of two Pacific island nations – Papua New Guinea and Nauru. This had the effect of misbalancing the two nations’ economies, in the latter case, irreparably (Cornell, 2006).

In the case of rural western Cape Breton Island communities, the development of resource dependency had a marked effect on occupational pluralism in the coastal villages. As mentioned above, industrial fishing and coal both increased specialization for laborers, which, beginning in the 1950s meant the slow decline of cottage-industry and subsistence agricultural in these communities (Gillies, 2008; MacInnis, 2008). Whether or not the loss is permanent remains to be seen, however: since the depression, there have been few if any crises demanding subsistence-level production. Were there to occur another serious period of deprivation, however, it would quickly become apparent whether or not traditional techniques have been preserved.

The security of a diversified economy is strikingly relevant in looking at the years of the Great Depression. Nevertheless, proponents of globalization, specifically the neoliberal expansion of free trade, contend that security and prosperity are the results of each nations’ being

dependent on the others. The Organization for Economic Co-operation and Development report, *Towards a New Global Age: challenges and opportunities*, crystallizes this point:

There is now an historic coincidence of interests between OECD and non-OECD economies in creating a truly global economy, in which all countries can be active players. Exploiting this window of opportunity offered by globalisation could promote greater political security (through deeper economic interdependence) (OECD, 1997).

The OECD report furthermore spells out in no uncertain terms the agenda for “exploiting this window of opportunity”: “A high performance scenario is a realistic possibility for the world economy, if governments undertake a wide range of necessary policy reforms” (1997: 7). These include structural adjustments, increased capital mobility, and an overall push toward free trade.

Here, however, the old adage seems applicable: when the US gets an economic cold, Canada gets economic pneumonia. The concentrated risk in trade assumed by resource dependent nations calls into question economic development approaches advocating liberalization and (often unequal) interdependence. As expressed above, the implied mutual advantage of free trade is potentially usurped by economically superior industrial centers – whether the US with respect to Canada, as the adage holds, or Central Canada with respect to the Maritime Provinces. Economist Paul Ekins (1990: 32) typifies this arrangement rather eloquently: “The difference between rich and poor in [global trade] is simply a question of power. It is the combination of weakness and dependency which strikes at the source of the benefits of free trade”.

## 2.6 The Market and Development

In his critique of dependency theory, Andrés Velasco argues that Latin America has abandoned leftist ideology because of its failures. While admonishing that no economic system provides a panacea for poverty and lack of industrial development, the author presents Latin America's subsequent tacit acceptance of neoliberal market reforms as an inevitability:

Liberalization of trade and investment is...here to stay by popular demand: No Latin American politicians would want to deny their constituents the imported consumer goods they have become accustomed to, or the much-improved phone service provided by privatized (and often foreign-owned) telecom companies.

Political developments in Bolivia from 2000-2005, namely the out-and-out rejection of efforts to privatize municipal water and gas supplies, seem to cast doubt upon Velasco's assumptions concerning Latin America. Bolivians took to the streets in protest of neoliberal economic reforms in the major cities of Cochabamba and La Paz in several major incidents in 2000, 2003 and 2005 (Kohl and Farthing, 2006). The last of these, in 2005, culminated in the resignation of successive presidents and the election of Bolivia's first Indigenous head of state, Evo Morales. According to political economists Kohl and Farthing (2006: 11), this was a decidedly anti-neoliberal movement, although other sources caution that the political/philosophical motivations of the Bolivian populace may have been minimal<sup>14</sup>.

Both scenarios probably manifest to a certain degree; that is, both philosophical and practical objections to non-local ownership seem apparent. Undoubtedly, some people are willing to accept neoliberal economic reforms, including privatization, if these improve quality of life. Nevertheless, the consistent failure of service providers (those who purchased rights to

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<sup>14</sup> Journalist Jim Shultz, for example, argues that the popular uprisings witnessed in Bolivia arose not because of a philosophical discord, but rather dissatisfaction with inadequate services, including precipitous price hikes for utilities (Shultz, 2005).

the water supply), the local government, and international mediators like the WTO, to placate an angry populace casts doubt upon their ability to do so.

These issues – stand-offs over neoliberal reform, as well as the motivations behind popular resistance – have serious implications for peripheral communities across the globe: would rural communities in Cape Breton, for example, sell their natural resources to preserve the comforts they have enjoyed in recent decades? Have they already done so?

Economic policy that granted private capitalist interests poorly constrained access to natural resource forever changed the face of Cape Breton Island communities. It has certainly generated a degree of wealth, but this has come at a price. Commodity-dependency gave coastal villages few, if any, options for diversification or ascension, and may have even stymied potential for such development. Moreover, depleted resource stocks, in particular the fishery, and lapsed subsistence occupations such as agriculture signify a loss of self-reliance – one of the defining characteristics of assumed concentrated risk in trade.

One facet of rural western Cape Breton's Municipal development plan is liberalization through integration into national and global markets. The promise for this to yield more substantive positive results than previous development efforts is suspect. Locals' desire for improved economic status would undoubtedly engender some acceptance for further sales of local resource stocks, for primary extraction, or community assets for service-based developments, inadvisable as this may seem given their past experiences.

Nevertheless, economic pressures compel Cape Bretoners to move forward in improving their economic standing. The options they may consider along the way are the subject of the following two chapters.

### **Chapter Three: Conventional Approaches to the Development of Rural Economies**

Global pressures have shaped, and continue to shape, small rural communities across North America. On Cape Breton Island, primary sector industrial development ensured that commodity-dependency would direct economic development during most of the last century. Rural villages have had to confront the weaknesses instilled by their economic legacy as they attempt to strengthen their communities.

Even in the face of these past challenges, pressure from the global economy remains a persistent reality. In villages such as Port Hood and Chéticamp, farm products that used to come from down the road are imported from Ontario, California, and China. These villages hope to use the global economy to their advantage using a variety of local economic development strategies aimed at integration with local ownership of the economy. In practice, this may be easier said than done.

Today, there are many different community strategies for seeking prosperity in the increasingly globalized economy. Most depart to some extent from natural-resource extraction, focusing instead on post-industrial diversification and development of tourism and the service sector (Castells, 1999; see, for example, Community Futures, 2008). These strategies constitute the core of *local economic development* (LED) initiatives across North America, a term that applies specifically to market-based, locally organized efforts to bring about economic growth. LED initiatives without a doubt have contributed to improvements in local livelihoods, although not without trade-offs. As with development concentrated on the exploitation of staples, LED increases communities' dependence on trade in national and global markets, thereby maintaining risk assumed through trade. Securing local ownership of the economy, as many communities propose to do, in spite of increased dependency through trade may be more difficult than

planners and practitioners suppose. It is, therefore, important to examine what constitutes local ownership, and to establish criteria for evaluating this in small rural economies.

### **3.1 Local Economic Development Defined: A Market-Based Strategy**

In the taxonomy of sub-national, regional economic development approaches, many scholars and practitioners distinguish between what might otherwise appear complementary terms: *local economic development*, *community-based economic development*, *community economic development*, and others. In reality, these terms are so broadly defined by such a variety of scholars and practitioners (see, for example, Blakely, 1989; Perry, 1999; Banovetz, et al., 2000; Gunn and Gunn, 1991; Wilkinson and Quarter, 1995; 1996) that attempting to draw distinctions would be a highly contested process. For the purposes of this study, however, it is necessary to demarcate a conventional method of rural development, which, as will be discussed, is a market-based approach situated within the global neoliberal paradigm of free trade, capital mobility, and specialization based on comparative advantage. This strategy most closely resembles *local economic development (LED)*, defined by policy analysts Coffey and Polèse (1984: 3) as “a particular form of regional development in which ‘local’ factors – the local spirit of entrepreneurship, local firms, or local financial institutions – constitute the principal bases for regional economic growth, within a mixed market context” (1984: 3). This approach implies a departure from the neoliberal tenet of free trade *a priori*, in that it prioritizes local business growth over non-local; nevertheless, of the variations mentioned above, LED appears to adhere most rigidly to market-led growth as opposed to, for example, planned growth that occurs outside or contrary to market forces. In addition, as Coffey and Polèse explain, LED rules out the possibility of operating independently of the global market economy:

Others who have addressed the question of local development, endogenous development and related concepts...have sometimes based their approaches upon the need for fundamental changes in the organization of society and of the space-economy: the creation of alternative and parallel economic systems; the prevalence of small-scale projects and non-market transactions; the introduction of selective regional closure, and so forth. The [LED] approach, on the other hand, explicitly accepts as given the existing market structure.

LED has evolved over the years, originating in the 1960s and 1970s as a response to uneven development experienced by communities across North America. Development practitioner and scholar Edward J. Blakely explains that LED efforts focusing on local growth are the result of a general disillusionment, on the part of individuals and communities alike, with ineffective top-down development models relying on the trickle-down benefits of economic growth and expansion (1989: 59). In other words, Blakely suggests, local initiative is required to compensate for “failures” of the market system, which include private firms’ ignorance of the potential for market expansion in marginalized communities; profit maximization leading to intolerance for lower rates of return associated with marginalized communities; and infrastructural and social restrictions that make it difficult for external industry to invest in marginalized areas (Marquez, 1993: 288-289).

Initially, LED was largely a public sector venture, consisting of investment in infrastructure, non-local manufacturing, and the attraction of foreign investment through subsidies and lowered production costs through cheap labor and other techniques (World Bank, 2003: 5). Over time, however, the public sector’s role shifted over to a supportive one, emphasizing public/private partnerships, making business environments favorable, and building on local area comparative advantage (World Bank, 2003: 5).



LED today is a prevalent, almost ubiquitous, strategy across North America. Scholars Banovetz, et al. (2000: 16) comment that “given the dramatic increase of local interest in job creation, business expansion, and new-income generation, the importance of economic development in the strategic plans of local governments cannot be doubted”. They later quip that, at least in America, “a preoccupation with economic development appears well on its way to replacing baseball as the national pastime” (2000: 16).

### **3.2 The Roots of Local Economic Development**

In order to further define LED and clarify its role in reinforcing dependency on trade, it is important to examine a few of the more common emphases of this approach. These begin with the premise that a shift away from centralized, corporatist industry will constitute a form of business that is more responsive to local-level interests and generally more community-friendly. As political economist Gregory Albo explains, this critique focuses on the *scale* of capitalist industry, rather than the model itself, and asserts that a smaller-scale, or *local* version of the same can ameliorate the negative effects associated with large-scale industrial projects (2007: 337).

#### **3.2.1 A Review of *Localism***

Albo defines *localism*, quite simply, as the “embrace of the local” (2007: 337). This succinct definition highlights a key fact: localism does *not* signify anti-globalization or anti-capitalism; in fact, as Albo points out, it is a concept embraced by the World Bank and social ecologists alike<sup>15</sup>. This phenomenon may be explained by a disillusionment, on the one hand, with the established left and its failed experiments of social democracy and authoritarian

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<sup>15</sup> (Albo, 2007: 337). See also (Kohl, 2006: 304-5) for discussion on neo-liberal decentralization in Bolivia.

communism (2007: 337); while on the other hand, decentralization of power (from state to municipality, for example) is often a component of democratization and the economic liberalization of developing nations (Kohl, 2006: 304-5).

At the micro-level, localism's rise in economic development planning is, as above, a function of mistrusting industrial capitalism and extra-local market forces. In addition, however, there may be disillusionment with the options otherwise available under formal capitalist markets. There may be a need to correct perceived 'failures' in the market, for instance, which make communities unsuitable for investment (Marquez, 1995). Another example is the threat markets may present to communities' ethnic heritage. This has resulted in a sort of local-generated protectionism that insulates communities from external markets (Wilkinson and Quarter, 1996; Morrison, 1997).

Like localism, which has two faces, one emphasizing integration into the global market and one arguing for withdrawal<sup>16</sup>, LED is also split ideologically: LED itself emphasizes the good of local businesses and entrepreneurs, asserting more or less that what is good for private investors is good for the community (Mitchell, 1998; Gunn and Gunn, 1991); meanwhile, a subtle ideological variation of LED, sometimes referred to as *community economic development* (CED) tends to emphasize the needs of the community at large over those of local business.

### **3.2.2 Community Economic Eevelopment and the Community Development Corporation**

Former director of the Community Economic Development Center in Sydney, Nova Scotia, Stewart Perry, maintains that LED and CED are fundamentally different approaches with respect to governance and other factors, as well as overall efficacy (Perry, 1999: 20-21). Indeed, some CED practitioners distance themselves from the LED approach because it is a "less

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<sup>16</sup> This second variation is explored further in chapter 5.

comprehensive strategy” (Stewart, 1999: 21). Among these practitioners’ complaints are that LED lacks community participation in governance (Stewart, 1999: 21; Mitchell, 1998) and tends to promote the interests of business owners over those of the community at large (Mitchell, 1998; 2000). As one Cape Bretoner concerned with economic development observed, a local millionaire may be only marginally better than a non-local one (Gillies, J., 2008).

CED offers a subtle variation on the LED approach which amounts to an ideological component underlying CED endeavors (which may account for the “community” component of CED). Avoiding explicit appeals to competition and some of the more ‘dog-eat-dog’ characteristics of the free market, CED is a softer approach that emphasizes social responsibility and often a philanthropic, even paternalistic sense of charity (MacAuley, 2001).

Greg MacLeod, founder of Sydney, Nova Scotia’s New Dawn Enterprises, Ltd., describes the CED approach as the use of “capitalistic tools for socialistic ends” (MacLeod, 2007). One common strategy toward this end is the employment of a community development corporation (CDC), an organization governed by a board of directors and charged with essentially the same tasks as in LED, including wealth creation, and business attraction, retention, and expansion. Other tools include common business methods, such as strategic planning, and fostering a “corporate culture” to encourage workers (MacLeod, 1992; 2007). According to MacLeod (1992), CDCs are organizations that provide communities with a way to control their “economic destinies”, or, in more prosaic terms, to influence economic factors that directly affect their lives. New Dawn, Canada’s first CDC, is a tremendous success story in many respects. It has created jobs, as well as helped to retain them, provided vital services to marginalized sectors and fostered a sense of community in resource-dependent Sydney, NS.

More often than not, the line between LED and CED efforts is blurred. Both represent a version of localism that argues for a shift in scale and, in the case of CED, priorities, in order to rectify uneven economic development without the abuses and exploitation of previous forms of capital industrialization. Nevertheless, as discussed further on in this chapter, these approaches remain limited in their ability to address the myriad concerns of market-based development.

### **3.3 Two Different Approaches to Local Economic Development: The Post-industrial Economy and Tourism**

In its focus on local ownership, LED approaches involve divesting from large-scale industrial projects<sup>17</sup>, and a focus on less invasive industries operating within the global economy. LED efforts such as the expansion of the service and information technology sectors, and white collar business in general, are characteristic of the post-industrial economy as described by sociologists Daniel Bell, author of the seminal *The Coming of Post-Industrial Society*, and George Ritzer of the University of Maryland.

Bell theorized that the approaching ‘new economy’ would involve the phasing out of commodity production supplanted by growing service sector labor (Bell, 1974). Ritzer supports Bell’s claim to a point, acknowledging that our society has indeed shifted with respect to manufacturing versus service jobs, and the increased importance of theoretical knowledge and new technologies associated with post-industrialism (Ritzer, 1993). Ritzer rejects the assertion that these qualify as a break from industrialism, however, arguing instead that they remain rooted in capitalist modes of production, despite Bell and others’ claim that they are redefined in a post-industrial society (Ritzer, 1993).

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<sup>17</sup> In many cases, too, divestment has already occurred, as it has in the mining sector in Cape Breton.

Ritzer's interpretation of 'post-industrial' refers to economic modes of production, rather than, as in much of academia (see, for example, Smart, 2000; Castells, 1996; 1999), a broader sociological reference akin to postmodernism<sup>18</sup>. The following section leans toward the latter variation, assuming that 'post-industrial' refers to a shift in contemporary economics that is pervasive, in that, as is discussed below, it affects communities and individuals' lives in both economic and sociologic spheres. Nevertheless, this study rejects (as does Ritzer) the notion that we have moved into an age that is 'un-industrial', or somehow beyond the realm of capitalist industrial modes of production.

Building capacity for post-industrial development seems to be a necessity for rural communities if they are to adapt to the economic system. Community planners promote this diversification as one that will mitigate the social, economic, and ecological problems associated with primary industry<sup>19</sup>.

Tourism, specifically, is widely-recognized as a sector of the post-industrial economy that may improve local livelihoods (Baldacchino, 2004). It is relatively noninvasive, compared to many primary industry investments, and is accessible to many rural communities, even those lacking infrastructure or capacity for development of information technology and similar white-collar sectors. One form of tourism, known as *heritage* tourism, is a particularly convenient option for North American communities. As geographer Clare J.A. Mitchell explains,

In towns and villages across much of Canada and the United States, entrepreneurs have sought to satisfy the post-modern consumer's yearn to experience [the] imagined countryside. Their investments have led both to the recreation of pre-industrial landscapes and to the reproduction of pre-industrial commodities. While the first contributes to visual representation of the ideal...the latter give the ideal its tangible expression. (1998: 275).

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<sup>18</sup> See Ritzer (1993: 152) for a comparison.

<sup>19</sup> See, for example, Nishi, et al. (1999: 5).

The “imagined countryside”, or *rural idyll* (Mitchell, 1998: 276), once commodified, is easy enough to sell because of a fascination on the part of urban consumers with rural culture and lifestyles (Mitchell, 1998: 275), both of which represent something that may be lacking in much of the urbanized world<sup>20</sup>. As a result, this sort of development is often very successful, and more and more communities are staking their futures on it.

Examples of LED efforts abound, most of which resemble the approaches described above. In order to further clarify this study’s argument, several examples are provided below<sup>21</sup>. They include Sudbury, Ontario, Grande Prairie, Alberta, and St. Jacobs, Ontario. These examples were chosen because they represent three quite different local cultures, geographies, and somewhat different strategies for dealing with the so-called post-industrial economy.

### **3.4 Examples of Successful Local Economic Development**

#### **3.4.1 Sudbury, Ontario**

Sudbury, Ontario models an economic development approach that remains at least tentatively rooted in industrial capitalism. Building on a strong primary sector, Sudbury has made strides in diversifying the local economy since the 1970s, with the result that today the city has fairly evenly distributed primary, secondary, and tertiary industry sectors. Nevertheless, the Northern Ontario city has a strong legacy of commodity-dependency, and its industrial past remains very much a part of its future.

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<sup>20</sup> Ivan Illich, for example, writes that, “Present institutional purposes, which hallow industrial productivity at the expense of convivial effectiveness, are a major factor in the amorphousness and meaninglessness that plague contemporary society. The increasing demand for products has come to define society's process...the opposite...[would be] autonomous and creative intercourse among persons, and the intercourse of persons with their environment” (1973: 11).

<sup>21</sup> Additional examples are also available through the Community Futures Development Corporations in Ontario (2008).

At the turn of the millennium, Canada's mineral industry, including mining operations and smelting and refining, constituted 4-5 percent of the GDP, and more than 15 percent of total exports (NRC 1998; 2000). Sudbury, for its part, has been one of the most important centers for extraction and refinement of nickel in the world, contributing approximately 15 percent of the global supply in modern times, as well as some 82 percent of global tonnage in the years leading up to World War II (Sudol, 2008). The community is infamous for the ecological damage sustained as a result of historically aggressive, and often unaccountable, mining practices: According to industrial management scholars Warhurst and Bridge (1996: 912), the International Nickel Company of Ontario (INCO), now known as Vale Inco, was the "greatest single source of environmental pollution in North America as a result of an aged and inefficient reverberatory furnace smelter...which emitted excessive volumes of [sulfur dioxide]".

High levels of acid rain in the area eventually resulted in more stringent regulations on the part of the Canadian Environment Ministry, leading INCO to take steps toward cleaner industry. A substantial investment in research and technology (to the tune of CAD \$3,000 million (Warhurst and Bridge, 1996: 912)) brought INCO up-to-date with a 'flash smelter' that captured sulfur dioxide as containable (and saleable) sulfuric acid. This at least partially mitigated adverse ecological effects of the smelting process (1996: 912), allowing INCO and Sudbury mining to move forward into the 21<sup>st</sup> Century, while at the same time, highlighting the need to move away from a strictly resource-based economy.

Sudbury's nickel mining industry still constitutes a substantial portion of its economy, although the community profile indicates that the economy is diversifying:

In 1971, Inco and Falconbridge dominated the local economy, employing over 25,000 persons. Over the next three decades, new mining technologies helped increase productivity while reducing overall employment in the minerals sector.

Despite this decline in the number of mining jobs, the demand for products, services and technological advancement fuelled the development of an important mining services cluster. (City of Greater Sudbury, 2008a)

Development of the mining technologies and mining services sectors is the first objective listed in the “Planning for the Future” section of Sudbury’s community profile. Meanwhile, although mining has decreased in recent years in terms of its percentage of economic productivity (and been overtaken by business and community services), INCO remains the city’s largest single employer (City of Greater Sudbury, 2008b). The recent sale of INCO to Brazilian firm CVRD (in 2007), and neighboring mine Falconbridge, Ltd., to Swiss-based Xstrata plc (in 2006), as well as INCO’s late 2006 investment in a copper separation plant in Greater Sudbury, suggests that both mines are viable and will continue to operate. It is also notable, however, that the mining giants that so typified Canadian resources economy and culture are now owned by foreign companies.

The idea of ‘local ownership’, as alluded to frequently within this study and by communities engaged in development efforts, becomes increasingly nebulous as market-led strategies encourage the sale of these sorts of local resources. The following two examples further emphasize this point, illustrating that while LED can be successful in wealth creation, for example, it offers little guarantee for securing local ownership for developing communities.

### **3.4.2 Grande Prairie, Alberta**

Grande Prairie is located some 450 kilometers north of Edmonton along the Peace River, in the heart of Alberta’s Peace Country. It is a regional hub, with approximately 65,000 thousand residents in its greater area, and is growing at over 5 percent per year (City of Grande Prairie, 2008a). The City’s location affords it access to a number of economic sectors, including mineral,



oil and gas extraction, agriculture, forestry, as well as tourism, thanks in part to the Alaskan Highway which begins just up the road near Fort St. John, BC.

Despite its already diverse economic base and relative prosperity<sup>22</sup>, the community is pursuing an economic development strategy that has become the standard across North America (Banovetz, Dolan, and Swain, 2000), even in those communities with less advantageous circumstances. Grande Prairie has a three-pronged development strategy, emphasizing business promotion, attraction, and retention (City of Grande Prairie, 2004). This strategy focuses on tertiary sector industry, actively pursuing development in information technology and its service sectors. The City's webpage, for example, calls the reader's attention to Grande Prairie's status as a service center to Northern Alberta, pointing out that it services a market area of some 200 kilometers and 250,000 consumers, and is the "Shopping Capital of the North" (City of Grande Prairie, 2008b).

In keeping with this approach, primary industry and manufacturing represent some of the slowest employment growth sectors, as compared to, for instance, management jobs as well as those in recreation and sports. Sales and service, and business, finance and administration sectors constitute some of the highest employment sectors in the city; and while employment in trades, transportation and equipment operation remain high, these sectors are some of the slowest with respect to growth (City of Grande Prairie, 2008a).

The municipal economic development plan focuses on developing partnerships between municipal and regional authorities and local businesses; and utilizing information technology as a development tool, both in entrepreneurial ventures and, particularly, in global marketing.

Priority strategies include,

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<sup>22</sup> Grande Prairie has garnered praise as "The best place to invest in Alberta", and "Fourth best place to live in Canada" (City of Grande Prairie, 2008c).

- Develop a City-Region-Business partnership program in marketing.
- Profile at least eight successful local business ventures/initiatives per year.
- Develop and promote an Internet based economic and tourism GIS application that is available to the citizens of Grande Prairie and the world.
- Enhance the City's presence on the Internet with improvements to our website.
- Market the region to outside companies as the natural location for business.
- Provide current and up to date information on the City of Grande Prairie and the region, its attributes and reasons why business will be successful in our community or in the region.

(City of Grande Prairie, 2004: 4-6).

In addition, the development strategy emphasizes branding of the community and the region as “open for business”, both to firms and tourists, an effort facilitated by “straight forward civic policies and a ‘customer first service’ attitude within City departments” (City of Grande Prairie, 2004: 5).

Grande Prairie, like Sudbury, is pushing for a diversified economy integrated into national and global markets. As details from the above examples demonstrate, and as the following example will further highlight, LED may be successful in promoting this post-industrial economic diversification, but affords communities few, if any, other options.

### **3.4.3 St. Jacobs, Ontario**

St. Jacobs, Ontario is a community of about 1500 residents located in the outskirts of Kitchener-Waterloo (population approximately 300,000), around 100 km from Toronto. The village maintains a significant population of Old Order Mennonites, who “maintain a lifestyle historically and religiously linked to traditions of the sixteenth century, and are readily identifiable by their nineteenth-century style of dress, agrarian lifestyle, and horse and buggy transportation” (Mitchell, 1998: 278).

Drawn in part by this “spectacle” of historic agrarian living, tourists have frequented St. Jacobs for decades, and today form a major portion of the village’s economic base. In her case study of St. Jacobs, Mitchell (1998) dates initial efforts to develop this heritage tourism to the mid-1970s. At that time, a local entrepreneur began to invest in amenities that highlighted the area: a Mennonite cultural centre, including a restaurant/gift shop featuring Pennsylvania Dutch fare, and a craft furniture retailer.

These efforts eventually *commodified* artifacts of the Mennonite culture (and the local secular farming culture), the rural idyll (see above, page 43), and the visual representation of the same, through preservation and/or refurbishment of heritage structures (Mitchell, 1998: 279; Ormston, 2007). Investment increased in a snowball effect, as more and more tourists arrived from nearby Toronto and Kitchener-Waterloo. Over two decades, the number of tourist amenities increased dramatically, as did profit margins for select entrepreneurs, as well as tourism revenues for the towns of St. Jacobs and neighboring Woolwich (Mitchell, 1998: 279). Regional development eventually led to the extension of rail service between Kitchener-Waterloo and St. Jacobs (in 1997-2000), and again in 2007 (McMahon, 2007), which has further increased tourist traffic. In the summer, some 25,000 people visit St. Jacobs market alone, which now, at peak season, hosts 500 shops and vendors (Ormston, 2007).

Increases in tourism and financial capital were not the only repercussions of St. Jacobs’s directed efforts toward development, however. In addition, the rising tourist traffic affected residents’ livelihoods, often in negative ways, a concern that relates directly to the concept of local ownership. Long-time residents of St. Jacobs led efforts to develop the tourism industry, which might be construed as a “local” endeavor. According to Mitchell (1998: 278-80), their

efforts alienated many residents, in part because the needs and desires of entrepreneurs, as well as tourists, are not always congruent with those of the community at large.

### **3.5 Critique of Local Economic Development Strategies**

These above examples reflect a trend, visible since the 1970s, in urban and rural communities alike, to engage entrepreneurialism in community planning (Mitchell, 1998; Harvey, 1989). Mitchell explains that this type of development involves three components: public-private partnership, wherein ideas that originate in the private sector are supported by “the enabling environment provided by local government” (Mitchell, 1998: 274); speculative, rather than planned, design and execution of initiatives resulting in higher risk; and a political economy which emphasizes the improvement of place (i.e., facilities that will enhance a region’s competitive position) rather than the living and working conditions within that place.

The orientation of economic development in Grande Prairie brings discussion of post-industrial society into focus; while not unique in this respect, the city is nevertheless an appropriate platform for analysis of concerns attendant to late-capitalism. Mitchell acknowledges that entrepreneurial initiatives have the potential to improve local economies and quality of life, but cautions that the characteristics mentioned above, in particular the first and last, can have a pronounced negative effect as well. A state of “disequilibrium” between entrepreneurial ventures and local lifestyles may result from too much power concentrated in too few business interests. While this has the potential to increase economic wealth, Mitchell shows that a sort of monopolization of the public interest can occur, whereby wealth takes precedence over other quality of life factors (Mitchell, 1998). One way to mitigate this effect would be to increase

public sector involvement in the economic development process (1998:282), thereby limiting business interests' power to some extent, and regaining equilibrium.

A further concern is voiced by sociologist Barry Smart, who cautions that post-industrial, 'informational', or 'networked', capitalism brings "an associated dramatic acceleration in both the pace and rate of transformation of social, cultural and economic life" (Smart, 2000: 60). This can have, Smart continues, a pronounced effect on the nature of "work, employment and production and towards practices of consumption and consumer choice in the constitution of social life and expressions of identity" (2000: 54). In particular, following a neo-Marxist line of argument, Smart identifies a main contributor to the rise of information technology as having a dissociative effect vis-a-vis laborers and production, (2000: 55). Two ethical concerns arise here: the first is that information-networked financial markets are even less stable and predictable than their predecessors (Smart, 2000; Castells, 1996; Soros, 1997), leading to diminished accountability. The second is that the disassociation of laborer and production leads to a redefining of individuals in society as consumers (Smart, 2000: 59) which, critically, may potentially redefine a society's ethos:

A corollary of the transformed relationship and relative significance of production and consumption in the ordering of social life implied in the notion of a movement from producer to consumer society is a waning of the work ethic and a parallel provocation of the desire to consume. In short, rather than ethics it is aesthetics that is integral to consumer society (2000: 59).

This critique expresses concern about the risk that informational capitalism could "further diminish" (2000: 59) the ability of a society to make ethical decisions in general. In the context of individual communities, the risk amounts to diminished prospects for just labor laws, ecological sustainability, and, potentially, local ownership of economic development. For Grande Prairie,

and communities with similar economic development objectives, this latter concept may simply be a matter of urban growth occurring in ways that do not meet locals' aspirations for their city. In a community that believes in "Optimizing possibilities to build capacity and create opportunities..." (City of Grande Prairie, 2008d), 'unethical' informational capitalism has the potential to effect a decline in quality of life.

Sociologist Manuel Castells asserts that "The 'spirit of informationalism' is the culture of 'creative destruction' accelerated to the speed of the optoelectronic circuits that process its signals" (Castells, 1996: 199). Evoking the concept of creative destruction is particularly apt in the context of late-capitalist development. Sociologist D. Harvey explains that capitalist production and wealth accumulation spurs the *creation* of production centers, which are subsequently *destroyed* as technology renders them obsolete (Harvey, 1985). Driven by profit, this process repeats in a cycle of creative destruction. When communities are involved, for instance as the centers of production, then this cycle can have a tremendous impact on societies and culture (Harvey, 1985; Mitchell, 1998). Escaping this cycle may be a matter of achieving equilibrium between entrepreneurial ventures and public interest. The public interest, however, does not always account for critical dimensions such as ecological sustainability and long-term implications of economic development.

The creative destruction cycle also accompanies business development associated with the tourism sector, particularly in the form known as 'heritage tourism' (Mitchell, 1998; 2000). Although the development of tourist enterprises in rural communities is often pitched as a 'sustainable' and relatively low-impact alternative to primary industry<sup>23</sup>, research in rural development shows that it is not without its share of problems.

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<sup>23</sup> See, for example, (Nishi, et al., 1999).

Owing to the aforementioned characteristics of entrepreneurial development in rural communities, St. Jacobs entered a cycle of creative destruction that Mitchell has described (1998: 277) as occurring in five stages:

*Early commodification*, in which the entrepreneur(s) realizes the saleability of local heritage culture through the purchase of historical buildings and their conversion into retail outlets for artisanal crafts; *advanced commodification*, wherein investment levels increase and entrepreneurs from various service sectors cooperate to construct, and then sell, a packaged experience for tourists; *pre-destruction*, characterized by the investment of surplus value into infrastructure and amenities that benefit an increasing number of tourists, but not (necessarily) locals; *advanced destruction*, which is the culmination of the previous stage, wherein entrepreneurial investment specifically benefits tourists and business shareholders, but diminishes the quality of life for locals; and *post-destruction*, in which the façade of ruralism is increasingly transparent, overshadowed by the tourism infrastructure, and tourism itself may decline

Critical to this study are Mitchell's observations (1998: 279-283) regarding the effects of a growing heritage tourism industry on local residents. In St. Jacobs, during the first stage of the creative destruction process, local people were inclined to view developments as favorable to the economy and community life in general. It was not until the second stage that they began to voice minor complaints about the behavior of tourists, as well as crowding and congestion. At the time of Mitchell's 1997 study, tensions were rising between residents and investors as the latter negotiated plans for the rail line, and yet more tourism traffic. Mitchell leaves the conclusion of her study open-ended, explaining that developments with the rail line could potentially push St. Jacobs into the stage of advanced destruction. In this stage, disaffected or

marginalized locals may simply emigrate as they are effectively shut out of their own economy. Since no mass out-migration has occurred, one can only assume that this threshold was not, as yet, crossed. The rail line discontinued in 2000, however, only to be purchased and reinitiated in the summer of 2007; effectively, this did little more than delay a ruling.

As in the previous section regarding post-industrial economies, mitigation of creative destruction is a matter of reestablishing equilibrium between public and private sector control of the economy (1998: 282). Additional considerations towards the same end should include alternative forms of investment in tourism (or other) enterprises. A factor that cannot be overstated in St. Jacobs's development issues is the concentration of power in relatively few hands. According to journalist J. Roe, nearly three-quarters of all retail firms in St. Jacobs in 1995 were located in buildings owned by the initial entrepreneur (Roe, 1995). One alternative, which is discussed in detail in Chapter Four, would be to disperse ownership through community property holdings or investment strategies, as in an investment co-operative.

It is dubious, however, whether or not such strategies could ultimately mitigate the root problem. Mitchell argues that equilibrium may be regained in either the first or fifth stages of the creative destruction process; in either case, "entrepreneurs must be satisfied with making sub-optimal economic gains; for to maximize one's profit may ultimately 'kill the goose which laid the golden egg'" (Mitchell, 1998: 284). This, as Mitchell acknowledges, is "counterintuitive to the entrepreneurial mindset" (1998: 284).

### **3.6 The Trouble with Local Economic Development**

The emerging perspectives of LED thus comprise a range of ideologies and approaches. Fundamentally, though, proponents of the LED approach stop short of questioning the validity of



the global economic system. Rather, they use LED to prod the latter in order to benefit groups that were previously marginalized. This ‘directed capitalism,’ as the term implies, carries with it an implicit defense of the market system, albeit one that recognizes certain shortcomings.

Insofar as LED reinforces the market system, manifested today as global neoliberal capitalism, it shares the fundamental shortcomings of this system. As is argued in the previous chapter, the neoliberal capitalist model contributes to the marginalization of groups that historically have been relegated to the economic peripheries of society. Structural dependency and concentrated risk in trade (i.e. vulnerability) are two contributing factors. LED, too, reinforces dependency, inasmuch as building capital in the market system requires that significant resources be used at the community level to establish comparative advantage through specialization. This is apparent in the post-industrial and tourism-based economies discussed in this chapter, wherein communities have built infrastructure and capacity that contributes significantly in terms of wealth, but little in the way of use-value for the community at large. An additional case-in-point comes from economist and development practitioner Richard Douthwaite’s *Short Circuit: Strengthening Local Economies for Security in an Unstable World*:

If a community organizes golfing holidays for wealthy people from Sweden, as [Douthwaite’s] town has done, it may bring extra money into its area for a year or two, but eventually several dozen other destinations are bound to offer very much the same sort of holiday too, bringing everyone’s prices down...After being forced to give price reductions, and paying outsiders for food, drink, heating oil, electricity, replacements, labour taxes, and so on, the communities are left with a much smaller income for themselves than they expected when they first planned the holidays. This might not be too bad if they were able to shrug their shoulders and go back to the way things were, but this is rarely possible: guesthouses and hotels that have borrowed to build extra rooms and take on extra staff now have higher overheads and will find it financially ruinous to revert to previous levels of turnover. Their dependence on an income flow from the outside world has increased, and, consequently, so has their community’s (1996: 33).

Development practitioners Christopher Gunn and Hazel Dayton Gunn, for their part, explain that communities engaging in conventional economic development efforts (i.e. LED) often “do so on their knees”, because of “confrontation [that] occurs between capital and communities” (1991: 2). Examples of this include, as Smart describes, reduced corporate accountability with respect to labour laws (2000: 59); and, as in Gunn and Gunn (1991: 2), a similar slackening of environmental regulations for the sake of business, to the detriment of residents’ quality of life.

### **3.7 Making the Best of a Bad Situation: Towards a Set of Criteria for Evaluating Economic Development**

Development practitioner Greg MacLeod maintains that “corporations are like people” and that “anything you can say about a person, you can say about a corporation” (MacLeod, 2007). By this rationale, corporations have potential to be constructive or destructive, responsible or irresponsible; they may help or harm members of a community, depending on how their board members direct them. This ‘smaller, friendlier’ version of the corporation relies on the same argument as green capitalism (Albo, 2007): the corporation, or market-capitalism in general, is only problematic when it gets ‘out of control’, either in its industrial context or when, like a person, it becomes greedy and demands too much from its community. Gregory Albo and other radical political economists reject the concept of corporate social responsibility for a variety of reasons, though, not the least of which is uncertainty concerning how one would regulate an ‘irresponsible’ corporation in the absence of extra-local regulatory bodies (2007: 346). Without regulation, social corporate responsibility amounts to voluntarism (2007: 346). This may be a shaky bet if, as Albo admonishes, local and global are not opposites, but in fact different scales of the world market (2007: 352).

The limitations of this approach are evident in the CDC model of development, which relies on this same voluntarism. Political economist, Benjamin Marquez, offers several examples of places where CDCs competing to survive as corporations in the market system (i.e. receiving little or no public funding), were forced to make significant concessions in advancing the interests of their respective communities. In each case study, Marquez explains, the demands of the private sector forced the CDCs to seek liaisons with government and business, operating on their terms, rather than the communities' (1993: 290). Since public monies were available to the CDCs in short supply or not at all, the organizations were forced to seek private funds, either through foundations or by operating business ventures aimed ostensibly at furnishing funds for development. Frequently, money from foundations came with strings attached<sup>24</sup> and the CDCs had to dedicate a majority of their resources to get business ventures off the ground. Community involvement activities inevitably shifted to the back burner (1993: 290). In addition, to remain competitive in the business environment, at least one of the case study CDCs was forced to bring in non-local technical staff, pay them competitive wages and benefits, and effectively separated them from community members. This situation deepened the division between community members and management, exacerbating the organization's inefficacy in accomplishing its original mandate (1993).

Well-meaning, socially-responsible board members did not suffice in Marquez's case studies, as in most examples they resigned (1993: 291). MacLeod's argument for 'socialistic capitalism' appears to yield inconsistent results; as non-invasive and community-friendly as the CDC model may be, in many instances, nevertheless, it alienates community members (Marquez, 1993).

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<sup>24</sup> Ford Foundation officials in the 1960's, for example, were critical of CDC representatives' "idealism" (Marquez, 1993:290).

Gunn and Gunn argue that overcoming the difficulties of market-based development within the current economic paradigm is a matter of communities assuming control of, or “reclaiming”, capital and using it in ways that benefit the community. This is essentially the same proposition as CED/LED initiatives’ bid for local ownership; Gunn and Gunn, however, appeal for a high level of market control, effected at the local level, which is something the CED/LED approach rejects outright (Coffey and Polèse, 1984: 3). Such a split argues for a more nuanced view of development initiatives concerning the achievement of local ownership of the economy. One way to create this is to establish criteria with which to evaluate the extent to which development initiatives accomplish this goal. These involve different aspects of planning for the community, maintaining a degree of independence with regard to securing assets, and counteracting “the development of place” (Mitchell, 1998) that may lead to unfettered, poorly-planned market-led development.

### **3.8 Defining Local Ownership**

The above examples highlight that local ownership is a nebulous concept. Although frequently evoked in development literature, it is poorly defined, ranging from acceptance of a degree of market integration (e.g. opening local markets to extra-local investment, but with ‘local control’; see, for example, Blakely, 1989; Coffey and Polèse, 1984; Nishi, et al., 1999), to the underlying strategy for self-reliant, semi-autarchic local economies (see Ekins, 1990; Bookchin, 1980). It seems that “local ownership” in both contexts represents, essentially, “prioritizing that which is in the interests of a group of individuals within a given locality”: local ownership which accepts a degree of market integration emphasizes that the market need not usurp the interests of

the community; local ownership as a strategy simply expresses the need to prioritize local markets.

The obvious limitation of this definition, and even the term itself, is the simplification and reduction of individual actors with distinct interests into a “community” with correspondingly simplistic needs and desires. Further defining these, then, is inherent to local ownership. In addition, establishing how to “prioritize” local interests is critical to any sort of operable definition of the term. Resolving both of these ambiguities is necessary for understanding, as well as establishing, local ownership, and, therefore, constitute criteria for those communities seeking to so.

### **3.9 Criteria for Local Ownership of an Economy**

The following criteria draw on literature from the fields of economic development and rural planning, including work by Mitchell and Smart, as featured above, and separate criteria for “community-based development” (Wilkinson and Quarter, 1995), effective “locality-based policy” (Swanson, 2001), and “reclaiming capital” (Gunn and Gunn, 1991). This literature emphasizes three themes in securing local ownership, as defined above: broad community participation; comprehensive planning that takes into account the interests of the community at large, including its capacity and assets; and the ability to plan and direct development.

1. Development projects should involve broad community participation (Wilkinson and Quarter, 1995; Mitchell, 1998).

The interests of different members of a community are not always congruent. As Mitchell’s work (1998) highlights, “local” development does not always serve the community at

large. In order to prioritize the interests of the community, these interests must first be established concretely. A participatory process for doing so appears in much of the literature on rural development, including sociologist Louis E. Swanson (2001: 18-19), who argues for a participatory, democratic approach to deliberation in rural communities; and Wilkinson and Quarter (1995: 537), who emphasize the importance of “involvement strategies” in community planning to encourage “maximum possible community participation” in decisions concerning development. In the latter case, Wilkinson and Quarter describe how an open democratic process was utilized in a small rural community to determine whether or not funds were sufficient to proceed with a planned business venture. A collaborative decision to hold the venture until additional funds could be raised was instrumental in the business’s subsequent success.

Communities may, and often do, make decisions that affect them adversely in the long-term. Democratic participation, then, is not by itself a solution to rural economic stagnation, nor to irresponsible development – it may still lead to problems (such as environmental degradation and unsustainable economic policies). Participation is, however, a critical first step in identifying the interests of a community. Without this there is no assurance that private parties will not command development in their own interests.

2. Economic development should follow a comprehensive plan that increases capacity and assets, financial and otherwise, of the community at large (Gunn and Gunn 1991: 28-9; Wilkinson and Quarter, 1995; Marquez, 1993; Mitchell, 1998)

It is important to complement residents’ opinions and concerns with a system for determining what is or is not in a community’s best interest, economically speaking. While this may seem heavy-handed at first, it may be accomplished through a relatively simple, non-

invasive analysis of the local economy that reveals the pros and cons of potential economic development efforts.

Gunn and Gunn describe a full-cost, socio-cultural analysis<sup>25</sup> that provides an assessment of the impact of capital investment and development initiatives on various socio-economic class levels within a given community. This is a necessary point of departure because, as the previous examples illustrate, it is not necessarily safe to presume that wealth creation for a few members of a community will improve the quality of life of the community at large.

In addition, while economic development should produce financial assets (i.e. wealth), as this is a key part of a local economy (Gunn and Gunn, 1991; Mitchell 1998), it should also produce something of intrinsic value to the community. The previous examples in this chapter highlight this point: as Mitchell explains (1998: 274), for example, a critical concern of LED is its tendency to “enhance a particular place through the construction of a variety of facilities (retail, recreation, etc.)” to promote business, rather than improve living and working conditions for residents. The latter are directly related to quality of life in a community, however, and should not be overlooked.

Wilkinson and Quarter (1995), emphasize the importance of developing capacity in their case study of co-operatives on Prince Edward Island, listing this as an essential component of strong local economies. Developing community assets (infrastructure, community facilities, etc.) is also important to improving living and working conditions for communities, rather than simply employing resources to increase the competitiveness of the local business environment (Mitchell, 1998).

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<sup>25</sup> Using a comprehensive audit of capital investment. See Gunn and Gunn (1991: 28-9).

3. Communities should maintain the ability to plan and direct development according to their established objectives (Marquez, 1993; Wilkinson and Quarter, 1995).

Once the comprehensive advantages and disadvantages of a project are clear with respect to this larger group<sup>26</sup>, then communities should accept or reject them accordingly. The capacity to accept or reject potential development projects – to prioritize – should not be taken for granted, however. A necessary component of this is creating space for communities to make their own decisions with respect to development. As Marquez (1993) points out, communities seeking to develop often find that funds come with strings attached. Wilkinson and Quarter (1995: 546) reinforce this point in a case study of a failed business venture that altered its business plan because government start-up funding was otherwise unavailable. The resulting change to the company's plan made the project unviable. As Wilkinson and Quarter assert, funding sources can impose conditions upon community planners and new businesses that inhibit their ability to plan and direct projects (1995: 545).

It is also important that investments not only attract wealth from external sources, but generate wealth internally (Gunn and Gunn, 1991: 20) through the development of local business and, critically, local markets (Wilkinson and Quarter, 1995). Sources of wealth should include those foundations, lending institutions, businesses and so forth that do not impede (or do so as little as possible) communities' ability to retain wealth and determine how it is used (Wilkinson and Quarter, 1995; 1996).

These criteria should serve to evaluate economic development projects at a local-level in North American communities, including those in rural western Cape Breton Island. This

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<sup>26</sup> Gunn and Gunn determine this latter point based on the quantitative loss or gain of social surplus, which they define as “the difference between the net product of a society and the consumption (in individual and collective forms) that is essential to maintain those who do the producing” (1991: 3).



represents a second step toward identifying the problems of rural economic development contributing to its afore-stated intractability. Essentially, rural communities are at an impasse between economic pressures of the global market, as discussed in the previous chapter, the consequent pressures to engage in conventional, LED approaches to development, and the resulting *lack* of local ownership, which manifests in changes to the rural landscape, culture, and quality of life.

The following chapter finishes this argument by presenting examples of two communities with few options for development, which have carried out, or are currently engaged in, more-or-less conventional development initiatives. The above criteria highlight difficulties in maintaining local ownership, and, therefore, in overcoming concerns related to conventional, market-based development.

## **Chapter Four: Economic Development Efforts in Rural Western Cape Breton**

Efforts to improve Cape Breton's economic situation have been going on in the island's rural communities since before Confederation. As discussed previously, rural livelihoods involved occupational pluralism, which Philip Wood argues (see chapter 2, pages 27-8) was to some extent a deliberate resistance to industrial capitalism. Since that time, a rich history of mutual aid and anti-corporatism, particularly through co-operation, have characterized Cape Breton's socio-economic landscape (Lotz, 1998; MacLeod, 1991).

Relatively poor economic conditions continue to spur development efforts across the island, although these appear to be increasingly conventional, reflecting national and global trends in neoliberal, market-led development. Most recent development (though not all) resembles the LED approach with its emphasis on the post-industrial economy.

The examples of Port Hood and Chéticamp, rural western Cape Breton villages, drives this point home. The two Inverness County communities are actively pursuing development options that they hope will allow them to retain local ownership of the economy. Presumably, community planners have some sense of the potential for economic development to have a detrimental impact on their communities, as it has in many instances in the boom and bust cycles of the past.

Throughout this past, residents have grappled for local ownership of their economies and have had moderate success, despite the size and strength of their opponent. Industrial capitalism has given way to less devastating, though in many ways equally invasive post-industrial, service sector-oriented economics, however; maintaining local ownership in the new economy is no more a given than it was in the past. This concern illuminates the scope of the economic

challenges rural western Cape Breton Island communities are facing and will continue to face in the coming years.

#### **4.1 Early Economic Development Efforts: From Occupational Pluralism to Co-operatives**

Inverness County is an ideal locale for this study because, as mentioned in the previous chapters, it has a long history of economic development through mutual aid. The region was hit hard by the 1930s recession, in which many coal miners lost jobs in Cape Breton's mines and returned to their farms. During the following years, economic conditions were consistently depressed. As one historical account of Chéticamp puts it: "The people of Chéticamp, with their fishing boats and their small farms, had enough to eat. But what they did not have, was money. And they needed at least a little, in order to buy the necessities which they could not produce: sugar, salt, yeast, baking soda, thread, white flour, etc." (Boudreau, 1984). It was in this climate that co-operative business began to take root in the area as a method of transition from subsistence farming and fishing to surplus production for sale (Sacouman, 1979: 68).

One method for bringing about this change in rural communities was the study group for adult education, in which educators from the extension department of St. Francis Xavier University in Antigonish, as well as other institutions, taught lessons about managing co-operative businesses (Coady, 1939; Boudreau, 1984). Largely as a result of these programs, many communities throughout Inverness County, Nova Scotia, and Maritime Canada organized credit unions and co-operatives, designed, in part, to amplify marketability of locally produced wares.

Although this movement waned in the 1960s, and gave way to the aforementioned CDCs (MacLeod, 1986; Lotz, 1998), the rural communities on Cape Breton Island retained much of

their ‘co-operative culture’ (Gillies, J., 2007; Aucoin, C., 2007). This foundation is obvious as one enters the villages of Port Hood and Chéticamp and observes the quantity of successful co-operative businesses. The co-operative culture remains present to some degree, although it manifests in what appear to be more conventional, LED-style development initiatives.

#### **4.2 Contemporary Economic Development Efforts: The Municipality’s Development Plan**

Recent economic development efforts began in earnest in the late 1990s. Community development associations from the municipality’s 16 primary communities (including Port Hood and Chéticamp, the case studies investigated here) convened to devise a coordinated Municipal Development plan. The Municipality commissioned a planning team in 1999, and they completed the “Plan for Community Based Municipal Development<sup>27</sup>” in April of that year.

The plan’s stated goal is to “create a context within which all individuals may realize their potentials and ambitions regarding the creation of a satisfying livelihood, participation in community building and the enjoyment of a rich natural and cultural environment” (Nishi, et al., 1999: 1). As is typical for such endeavors, the plan contains a multi-faceted strategy for achieving this end. First, the plan calls for a transition from the economy of subsistence farming and self-sufficiency to a modernized “new economy” utilizing “knowledge based technology”, including information technology, to “[derive] maximum local benefits from an increasingly accessible global economy” (1999: 12). Part of this strategy would include revamping natural resource-based industries to include import substitution, value added production, direct global marketing, and the replenishment of renewable resources (1999: 13). In addition, the plan calls

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<sup>27</sup> Here the stated significance of “community based” is “particular to individual communities” (Nishi, et al., 1999: i); the Plan reflects this definition in some, though not all, contexts.

for the promotion of an “adaptable” labor force that is capable of engaging in various seasonal industries, including tourism.

This LED approach, as in chapter 3, has its roots in the localist ideology that assumes that the negative effects of globalized capitalism can be ameliorated through small-scale, local industries, and the positive aspects (such as wealth creation) can be realized through development of the post-industrial sectors of the economy. The municipal development plan asserts that “the transition to the new global economy, when performed by local forces, will result in the local ownership of the new economy” (1999: 16). As ambiguous as this statement is, it is not difficult to derive its premise: that local ownership is a matter of who designs the economic transition. When designed by non-locals, the economy may rely on resource-draining industry, for instance. With locals setting the course, however, industry may be generated or acquired in such a way as to minimize this and other potential pitfalls.

The plan identifies the stakes very clearly: on the one hand, the regional problems, as listed above, are eroding local quality of life. On the other hand, sacrificing local control of the economy to non-local interests has been tested before with large, invasive fishing conglomerates, as well as more recently with non-local business dominating communities and siphoning off resources while, again, eroding local quality of life. The plan alludes to this last concern in several places, affirming locals’ desire to preserve the current pace of life and small-town culture they enjoy<sup>28</sup>.

The idea of local ownership emerges in this context, then, as the ability to deliberately and simultaneously fulfill the mandates of wealth creation through the market and preservation

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<sup>28</sup> As the municipal development plan states, “Inverness county...[may] transform itself into a pace setting model rural municipality minding its own (*sic*) business” (Nishi, et. al, 1999: 5). The plan goes on to say that, “Residents, full and part time, live in small rural communities. Each caring and compassionate community offers an envied wholesome alternative to the alienation and isolation of urban life” (Nishi, et. al, 1999: 4).

of rural livelihoods. As argued previously, this vision of local ownership is lacking in several respects. In particular, wealth creation through the market is in many cases at odds with the interests of residents, especially with respect to their socio-cultural values (i.e. rural livelihoods). Furthermore, this vision lacks any discussion of constraints upon market integration, without which the likelihood of successfully fulfilling the second mandate is remote (Mitchell, 1998).

Constraints on integration into the market would include the criteria introduced in the previous chapter, which effectively subordinate the dictates of the market to those of the community. Whether communities adhere to these criteria for local ownership, or some other form of market control, or simply push for integration while hoping for the best is a telling sign of their prospects for maintaining some semblance of existing socio-cultural values. Examples of two coastal villages in the Municipality of the County of Inverness demonstrate that communities may do both – restrict market integration through adherence to one or more of the criteria, as well as upset aspects of the community through market integration.

### **4.3 Overview of the Study Approach**

The study approach was qualitative and included interviews with approximately 17 individuals in the economic development field. These interviews were based on a questionnaire designed to elicit responses concerning the three criteria outlined in chapter three as necessary components of economic development fostering local ownership of the economy, those being: participatory planning, comprehensive cost/benefit analysis of investments, attraction of wealth (from external sources), generation of wealth (from internal sources), and an increase or improvement in community assets. Qualitative data from the interviews was then compiled and analyzed in order to determine if the criteria were met in two case examples – the Port Hood RV

park, and the Acrobat Research Ltd. call centre, recent economic development initiatives in their respective communities.

These case examples were fitting because they represent the grandest “success stories” of rural development in these communities to date. According to all those involved in carrying out the project, as well as to most conventional views on effective market-based development, they are model examples. Moreover, similar examples were referenced in the planning stages of the two case examples, which implies that there has been some carry-over effect from past success, and may be yet more should these initiatives prove successful. These examples become more important with ever replication, as this shapes the model for future efforts.

With regard to methods, observation took place over a two-week period spent in and around the case communities. The principal objective was to record information that had otherwise proven difficult to find for lack of information sources. Such information gaps included, as mentioned previously, a documented history of economic development efforts, fisheries statistics for the region (these are in a pile still in the DFO offices near Port Hood), as well as more instrumental things such as reliable data on the number of co-operative businesses in the communities, their management practices, and so forth. The goal of the information collection was to take stock of community assets, such as co-operative businesses, private-sector businesses, parks, etc.; as well as to gain a sense of the potential for a given development initiative to generate wealth within the community.

Interviews also took place during those two weeks and, later, through additional telephone interviews. They initially involved a series of focused questions such as, for example, “With which co-operatives, if any, do you hold membership?” as well as more open-ended questions, such as, “What does ‘local ownership of the economy’ mean to you, and how

important is it?" Questioning became more focused over time as patterns began to emerge and statements required corroboration. At the same time, in order to avoid leading interviewees through questioning<sup>29</sup>, or appearing biased on certain issues, I found the most effective method was to phrase the questions themselves in an open-ended manner. In such cases, I generally would ask the informant to simply explain his or her view.

Key informants included business managers and owners, community planners, and individuals involved with particular aspects of development initiatives, such as the commercial lending manager of a village credit union. I selected informants based primarily on their position or role in community development; I began my interviews with a list of individuals I would need to speak with and added to it as I went.

This approach was advantageous logistically, as the remoteness of the research communities disallowed significant preparation, as would have been required for scripted interviews, surveys or focus groups, for example. The communities are geographically removed, and in addition are poorly accessible by telephone and internet. Contact information only became available upon my arrival, and subsequent contacts often resulted from referrals and personal introductions.

It is important to note that some generalizations are made in comparing the two example communities in the following sections. The two are described as comparable, for instance, in their experiences with the advancement of economic decline, and their response through programs involving mutual aid, namely co-operatives. Certainly, each village has had a unique experience in this respect, but in general terms, both addressed similar problems in similar ways. It should be recognized that each village has unique, distinguishing characteristics, and that residents seem to feel a strong sense of place and pride in their communities. Every effort is

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<sup>29</sup> See Yin, 1994: 84-85.



made in this study to acknowledge this and to tread lightly when it comes to demographic generalizations.

As well, it is important to note that, in certain instances, interviewees have requested that their names be omitted from this study. In such cases, citation of the source is restricted to simply “Personal interview”, without any additional information.

The community of Port Hood makes up the bulk of the following analysis because it was, logistically speaking, the most accessible. As well, the major development project in the community is comparable in many respects to at least one of the examples discussed in the previous chapter, a coincidence that lends to the project’s applicability in this study. Chéticamp, meanwhile, has engaged in development strategies that are theoretically relevant to this study and useful in comparison with the analysis of Port Hood.

Both analyses take into account the macro-level political economic context and the related conventions for development at the local-level; they are rooted in the region’s economic history, but move beyond this into the contemporary sphere. The analyses thus begin with brief introductions to the communities as they appear today.

#### **4.4 Port Hood**

Located on Cape Breton’s Western shore, approximately 45 kilometers north of the Trans-Canada Highway, Port Hood overlooks the mouth of the Northumberland Strait. Home to approximately 1,400 residents<sup>30</sup>, Port Hood is a quintessential seaside village. Wooden houses, some with barns and adjoining acreage, line the bluffs and beaches along the length of the village; a distinguished church and the co-op market are easily the most prominent facades along its main street.

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<sup>30</sup> Based on 2006 statistics (Nova Scotia Community Counts, 2006).

The commercial district is small, including some half-dozen businesses, most notably the Co-operative Store, the Celidh (pronounced “kay-lee”) Fisherman’s Co-op, as well as HomeHardware, local bar, pizza joint, and artisanal craft shop. The village facilities include a museum, post office, library, and indoor sports arena.

The local residents are easy to talk with and comfortable discussing community affairs. My inquiries led me to a half-dozen different homes and establishments, where, despite my being “from away”, an academic, and an observer, I was treated with kindness and respect. I had made previous contact with several residents, and so was acquainted with one family, who put me up during my stay. They were very helpful in making connections with interviewees.

Initially, I directed my interview questions toward the village’s history and the co-operatives, focusing on people’s perspectives on economic growth and the needs of the community. This led to some conversations about a recent economic development initiative: the construction of an RV park that would operate during the tourist season, hopefully raising enough money to fund operations at the Al MacInnis Sports Centre – the village hockey rink and indoor athletic facility – during the winter (MacLean, 2007; Gillies, J., 2007; MacDonald, D., 2007). This endeavour is Port Hood’s most elaborate at present and more than any other topic represents the economic development trajectory of the village.

#### **4.4.2 The RV Park**

One example of market-based economic development, organized and initiated with an eye toward local ownership, is the recent construction of an RV park in Port Hood. Slated to diversify and strengthen Port Hood’s economy (Port Hood RV Co-operative, Ltd., 2006), the park will accommodate some 100 recreational vehicles with amenities such as cable TV and

internet, access to a swimming pool and other sports facilities (via the nearby Al MacInnis Sports Centre), a laundromat, restaurant, and convenience store (Port Hood RV Co-operative, Ltd., 2006).

The RV park is presently under construction on prime oceanfront real estate near Port Hood's commercial district. Proponents explain that seasonal tourism should boost business in local shops, including the Co-op Store, and provide spin-off employment through the service and construction sectors – one advocate noted that local contractors are employed exclusively in the construction process (Port Hood RV Co-operative, Ltd., 2006; Gillies, F., 2007).

It must be noted, however, that some Port Hood residents expressed discontent with the RV park for a variety of reasons. One felt, for instance, that it was inappropriate to use the specific RV park site, as it is one of the most scenic in the area and should be retained for local residents' use (Personal interview). Another questioned whether the money raised and appropriated for the RV park (approximately \$900,000 (Port Hood RV Co-operative, Ltd., 2006)) could not be better spent on some other project: "Is this the best we can do?" the individual queried, proposing that some other development might provide more or better jobs. These sorts of questions indicate that community support for the project is not unanimous and suggest that there may be trade-offs to consider in assessing its overall effect on the community.

Nonetheless, the planners responsible for the RV park development have demonstrated acumen and tenacity in their efforts – they did their job when it came to making sure that the business would turn a profit for the community. The process began with the Municipal Development Plan, after which the Executive of the Port Hood and District Recreation Commission contracted the Foresight Management Group (out of Ontario) to assess feasibility and draw up initial plans. A thorough investigation, as well as a progressive funding process

(detailed below) has ensured that the project is relatively low-risk and potentially high-yield. In strictly economic terms, the RV park project earns an “A+”.

#### **4.4.2 Analysis of the Criteria**

The suggested presence of trade-offs in the RV park project argues for further exploration into the proceedings of the venture. Most pertinent to this study is the question of whether or not the endeavor was and is locally owned. A review of the project with an eye toward the criteria established in the previous chapter contributes to an assessment of local ownership.

**Criterion 1:** *Development projects should involve broad community participation.*

One important step toward enhancing residents’ quality of life has been incorporated into the planning process: it involves ensuring the relatively broad participation of the community in financing the venture. Unlike many entrepreneurial efforts in rural areas, which Mitchell (1998) describes as being led by a single prominent financial backer, Port Hood has relied on a Provincial program that has encouraged collective investment in the RV park. The program facilitates the creation of a community economic development investment fund (CEDIF), or pool of capital, through the sale of shares to members of a given community with a stake in a specific entrepreneurial venture. The program also requires the election of a six-member board of directors from within the community to oversee the investment (Nova Scotia Economic Development, 2007).

April, 2006 saw the incorporation of the Port Hood RV Co-operative, Ltd., and the first stage of distribution of shares<sup>31</sup>. 5000 of the initial CEDIF shares were sold to 65 individuals (MacLean, 2007), most of who were Port Hood residents (Gillies, F., 2008). This buy-in might

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<sup>31</sup> This ended in 2007. There has since been a second phase of distribution.

convincingly be argued as a community-wide effort, as it appears to have dodged Mitchell's concern (1998) over a single, or very few entrepreneurs, being the sole investors in community development projects (65 investors are better than one or two). This has helped avoid a concentration of capital (and power) leading to disequilibrium between entrepreneurial efforts and quality of life factors (Mitchell, 1998).

A further safeguard against the concentration of capital are the relatively low stakes of the CEDIF shares, both in terms of potential risk and profit. As senior business facilitator with the Strait-Highlands Regional Development Agency, Francis Gillies (2007) explains, each \$5000 CEDIF share will be repaid, perhaps return a small dividend, and yield a tax benefit to the investor – no great incentive for profit-minded entrepreneurs, but a small price to pay for community-minded residents<sup>32</sup>.

Backers of the RV park assert that a key component of the CEDIF program has been to encourage broad participation from the community. As Francis Gillies commented, a co-operative investment group was important because, although CEDIF will accommodate investment from the private sector (as opposed to the 'co-operative sector'), rural areas like Port Hood are high risk and so "people must invest in themselves" (Gillies, F., 2007).

**Criterion 2:** *Economic development should follow a comprehensive plan that increases capacity and assets, financial and otherwise, of the community at large.*

Drawing on Mitchell's analysis in the previous chapter, a significant concern relating to the RV park is that it is more speculative than deliberate, in the sense that all benefits begin with wealth creation and its potential spin-offs. Planning for job creation, then, is a matter of creating

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<sup>32</sup> With tax rebates available available from the Provincial government for CEDIF investors, the net cost of each share can be further reduced to \$1500 (Port Hood RV Co-operative, Ltd., 2006).

wealth (in this case attracting wealth to the community); the same applies to planning for the improvement of community assets and most other development concerns. A more comprehensive planning process might focus not only on wealth creation but also *how* wealth would contribute and to what specific area (employment, infrastructure, or other assets). There is a significant possibility that such a plan would garner a broader consensus on the use of property (and the resulting loss of community access to that property).

Given the critical analysis of tourism proffered by Mitchell (1998; 2000), and others<sup>33</sup>, it seems inadvisable to pursue a costly (both in terms of capital and community resources, such as land) venture without first exploring the long-term economic implications of any tourism development. Aside from a feasibility assessment, more in-depth examinations of economic impact might include Gunn and Gunn's (1991) social surplus audit, or a leaky bucket analysis, as described by the Coady International Institute's Center for Development Services (2005: 84-7), both of which identify *comprehensively* the economic gains and losses a business venture will ultimately signify. Such an assessment would not only project the potential for success or failure of a business, but also the latter's potential to add to or detract from the local economy and the local quality of life. Additional factors left out of a traditional feasibility assessment include the local distribution of accumulated profit ("in area" or "out of area"), whether that profit is "appropriated" as private or public gain, and which class level (for example: capitalist, petty bourgeoisie, professional managerial, or working class (Gunn and Gunn, 1991: 28)) stands to benefit most from privately appropriated gains (Gunn and Gunn, 1991: 28-9). As it stands, such an assessment is not reflected anywhere in the literature on Port Hood's development efforts. It is difficult, therefore, to predict just who will benefit from the recent development. Backers of the Port Hood RV Park indicate that the community will benefit, but, as the examples referenced in

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<sup>33</sup> See, for example, (Mastny, 2002), (Baldacchino, 2004).

the previous chapter illustrate, this does not always guarantee an improved quality of life for a majority of residents.

In terms of the improvement of community assets, the RV park project offers little in the way of intrinsic value. Residents cannot *use* the RV park; instead, benefits to the Port Hood community rely on wealth creation, which, if not forthcoming, will mean a loss for investors, as well as a loss of community assets (such as real estate) for the community at large.

On the other hand, according to several community planners (Gillies, J., 2007; MacDonald, D., 2007) one of the main objectives of the venture is funding the operation of the Al MacInnis Sports Centre throughout the year, a project that will potentially bear significant impact on the community at large (by supporting youth hockey, for instance).

**Criterion 3:** *Communities should maintain the ability to plan and direct development according to their established objectives.*

The CEDIF program seems to be a positive resource for the development of local business in that it encourages community participation (criterion 1). As this was the primary method for securing funding (through shares), no limitations on capacity to plan and direct development resulted from the RV park project.

#### **4.4.3 Summary of the Analysis**

The municipal development plan outlines a strategy that is, in many respects, a conventional LED model. Regarding the preservation of traditional socio-cultural values, this approach has proven costly in other rural communities (as discussed previously). Nevertheless, community organizers in Port Hood appear to be encouraging community participation and have

successfully financed a major development project with independent, non-compromising funds. Utilization of the CEDIF program and the orientation of wealth creation towards community projects such as the village sports centre are further indicators of local ownership.

There is a lingering concern, however, in the lack of a comprehensive plan for development. The municipal plan discusses local ownership in very limited detail and in some respects downplays the importance of this theme. Loss of local ownership through market integration is a concern that cannot be overstated, however, particularly for those communities that wish to protect their traditional livelihoods.

With this in mind, the RV park is a somewhat tenuous example of local ownership – while creating potential for upkeep of a community facility, it adds little in the way of intrinsic value to the community, as would a facility built to serve both tourists and locals (e.g. a park). This strategy seems appropriate in this context, but nonetheless has had a markedly negative effect on residents' quality of life in places such as St. Jacobs, Ontario. It would therefore behoove Port Hood and other communities to be cautious while pursuing this and similar projects.

A similar situation appears further up the coast in the village of Chéticamp, wherein a relatively new call centre displays similar positives, but also shortcomings of the Port Hood RV Park. Chéticamp is useful for this study as it lends itself to some comparison with Port Hood.

#### **4.5 Chéticamp**

Located about 100 kilometers up the coast from Port Hood, Chéticamp is a slightly larger community of 3,040 residents<sup>34</sup>. The village is known for its tight-knit Acadian community, co-

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<sup>34</sup> Based on 2006 statistics (Nova Scotia Community Counts, 2006).



operative fishing enterprises, and handicrafts; as well as such landmarks as the Cabot Trail, which begins just a few kilometers to the north.

Chéticamp has had the economic advantage in recent years of its surrounding environment<sup>35</sup>. Located at the foot of the Cabot Trail, as well as Cape Breton Highlands National Park, two of the island's principal tourist attraction, Chéticamp is the tourist hub of the West Coast. This is immediately apparent as one enters the village and encounters traditional Acadian artisanal shops and restaurants, bed and breakfasts, art studios and the like.

Despite its seasonal orientation as a centre for tourism, however, Chéticamp retains its 'small-town' charm. Residents were glad to speak with me about their Acadian heritage, their experience with co-operatives (mentioned below), town polemics, successes and ambitions. I interviewed prominent business leaders and managers, development planners, and financial assistants. All expressed similar concern over the lack of full-time employment in their village and the need for 'realistic' solutions. One of these that came up repeatedly in conversation was the opening of a call centre in 2006, which was providing part-time work for some residents. While a far cry from the fish canning co-operative of the 1940s, still visible on Chéticamp's main drag, the call centre is an interesting example of local economic development.

#### **4.5.1 The Call Centre**

The latest economic development initiative in Chéticamp raises similar concerns as the Port Hood RV Park, and some additional ones as well. In the summer of 2006, Chéticamp opened the doors of its new call centre, an outbound data collection branch of Acrobat Research Ltd., headquartered in Toronto.

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<sup>35</sup> It fared somewhat better than Port Hood during the 2001-2006 period, during which the latter's population declined by 6.9 percent, while Chéticamp's declined by only 2.5 percent (StatsCanada 2007a; 2007b).

As with Port Hood, community organizers spearheaded this project and should be commended for their efforts – they represent three years of labour and planning (Nova Scotia Business Inc., 2006) and a commitment to the community. Similarly, though, the development is not without controversy.

This type of development has been labeled a “band-aid solution” by scholars, practitioners and local residents alike, who cite the risk in developing business infrastructure for extra-local business that can, as examples demonstrate, simply walk away (Smart, 2000: 59; Mitchell, 1998; Wilkinson and Quarter, 1996: 8-10; Personal interview; for examples, see Wilkinson and Quarter, 1996; Douthwaite, 1996: 33; Gunn and Gunn, 1991: 12). This critique casts doubt over the sustainability of Chéticamp’s latest venture. Like Port Hood, the Acadians to the north have a strong social fabric with a history of local ownership dating back over a century; there is, for example, a sense of trust towards community planners (Aucoin, D., 2007). Whether this is sufficient to inspire local ownership should not be taken for granted, however.

#### **4.5.2 Overview and Comparison**

With respect to the proposed criteria, Chéticamp’s social fabric, in particular residents’ trust in community leaders, is conducive to participation (criterion 1). There was little concrete indication of this, however, since financing the call centre did not require community support as it did in Port Hood. Unlike Port Hood, very little dissent was raised (Aucoin, D., 2007) over the proposed call centre, which may have been in part because of its uninvasive location in a derelict building (as opposed to a prime section of beach).

No indication of any comprehensive plan (criterion 2) was identifiable in community literature or interviews. As with Port Hood, feasibility assessments and the municipal plan overlook questions of social equity that are central to local ownership.

In terms of community assets (criterion 2), some \$300,000 were raised through the federal government and used to purchase and renovate a former convent. The building itself, as well as its new technological capabilities after the renovation (high-speed internet, for example), represent community assets with intrinsic value. Other expected benefits to the community, including 115 full-time jobs for residents, are so far less than expected. According to Conseil Coopératif manager Laurette Deveau, the call centre (as of last August) was providing “supplementary income” for seasonal workers.

Funding for the project does not show any indication of having jeopardized or constrained the community’s development goals (criterion 3). The majority of funding for the location of the call centre came from the federal government through the Enterprise Cape Breton Corporation, an organization charged with “promoting and assisting the financing and development of industry in the region, providing employment outside the coal-producing sector and broadening the base of the local economy” (Enterprise Cape Breton Corporation, 2008). The CEDIF may be a preferable means of funding, due to its spin-off characteristics of community participation and co-operative ownership, but it appears that the Enterprise Cape Breton Corporation has met the needs of the community insofar as they are represented by the call centre. (It is also worth pointing out that Chéticamp pioneered the CEDIF program several years earlier; thus acquainted, organizers were certainly aware of the option, its advantages, and its limitations.)

The municipal development plan for Inverness County indicates that Chéticamp, like Port Hood, is seeking local ownership to mollify assumed risks in expansion of local economies. As with Port Hood, though, the method prescribed by the development plan does not adequately address the concern. The fundamental steps outlined in the criteria proposed in this study, including comprehensive planning and encouraging community participation, are reflected only sporadically, if at all, in Chéticamp's call centre development.

A critical concern related to this and Port Hood's lack of proactive initiative toward local ownership (although their initiative toward development is indisputable) is that both communities may underestimate the risk involved in omitting this step from their development strategy. If nothing else, it is hoped that this study will emphasize the importance of this step.

#### **4.6 Local Economic Development in Rural Western Cape Breton**

The problems and concerns mentioned above, relating to LED in general and tourism and post-industrial sector initiatives in particular, warrant a cautious approach to economic development in the region. Just because a community *can* pursue a given economic venture does not necessarily mean they should. Mitchell's analysis, described in the previous chapter as well as above, argues that LED approaches will be speculative, rather than planned or deliberate, and so too will be the benefits (or consequences). This calls into question whether local ownership of integration into the global economy, effected through an LED approach, is a realistic goal.

Moreover, general concerns about the level of vulnerability as a result of structural dependency in primary industry, as well as the aforementioned sectors, implies a certain benefit from pursuing alternative forms of economic development. As the examples above indicate, rural western Cape Breton Island communities are pursuing 'alternatives' only insofar as LED offers a

directed capital approach, but not in the more fundamental sense of minimizing interaction in the national and global markets. Such community-based development efforts may be present in these communities, but they are certainly not the focus.

It is understood that there is significant pressure to engage in economic development efforts – communities are losing resources as they depopulate for lack of jobs and opportunities, and, of course, Cape Breton Island remains one of the poorest regions in Canada (CANSIM, 2008b). Nevertheless, LED may not be the best approach because it: 1) is strictly market-based, and therefore, as discussed in previous chapters, reinforces structural dependency; and 2) is limited to service and post-industrial sector industries (particularly in the rural context) (Banovetz, et al., 2000), which carry a host of attendant concerns.

LED is prominent in rural communities because it has become the standard in development *in general*, both in urban and rural settings, across North America (Mitchell, 1998; Banovetz, et al., 2000). As the North American Left has atrophied in the last three decades (Albo, 2007), alternatives to LED have increasingly taken on the label of fringe or utopian ideals<sup>36</sup>. Communities pressed to pursue other development options given weak economic conditions have little alternative but to engage in LED, even though this approach may further entrench them in the economic dependency they are struggling to overcome. It is only fitting, then, that their situation be described as intractable.

Despite the failure of communities to create alternatives to the LED approach, what must be recognized is the ingenuity and perseverance with which individuals and communities at large engage in the process of improving local economic conditions. That drive and ability portends a truly effective approach to development – one that sidesteps the global market economy in its

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<sup>36</sup> MacLeod (1986: 52), for example, in advocating the emerging CDC model in the 1980s, argued that the co-operative model had outlived its usefulness.

conventional form and increases self-reliance while preserving residents' culture and quality of life. The following chapter examines a few alternatives in context and argues for a new approach to economic development in rural western Cape Breton.

## **Chapter Five: Alternatives to Local Economic Development**

The previous chapters have argued that local ownership or control of communities' integration into the global market economy is a contradiction – that communities do not influence the global market, they only respond to it. In this chapter, it is necessary to add a caveat to this argument, because while it may be true that communities cannot influence the global market, they may exert a degree of ownership over their interaction with it by opting out to greater or lesser degrees.

Relatively successful examples of this come from various communities around the world that replace extra-local markets with local ones. Often, this involves employing a localist and protectionist (to greater or lesser degrees) ideology within a supportive business structure, such as a co-operative. Limitations to this approach should be recognized, however, particularly with regards to broader ideological ambitions of economic justice. These force us to reconsider efforts to work *outside* the global economic paradigm.

Meanwhile, experiences in economic planning and development at the local-level are encouraging. Efforts to control economies are in many ways successful in improving the quality of life for communities and individuals. The broader concerns for long-term systemic change, important though they may be, should not circumscribe immediate action with the deterministic threat of failure.

### **5.1 Ideological Context: Anything but the Status Quo**

Communities such as Port Hood and Chéticamp in Cape Breton, resource towns with a tenuous grasp on economic security, may become disillusioned with the side effects of industrial capitalism upon seeing their fish, coal and forestry stocks depleted with no lasting benefit. As

with these two communities, an increasingly common response, it seems, is to seek local ownership of the economy. The form of this utilizing market-based, often entrepreneurial solutions to local economic concerns (as discussed above) is largely ineffectual. Another form utilizes non-market-based means of affecting the economy, which may include grass roots campaigning, local governmental policy, and businesses oriented towards local or perhaps even semi-autarchic trade. The difference between these two is fundamental: one embraces the global market, or at least is resigned to using it, and the other rejects or avoids it.

The more radical face of localism has often been characterized by such approaches as eco-localism, co-operative clusters, intentional communities, anarchism, social ecology and others. In this context, prevailing views maintain that increased self-reliance and integration into the global market are mutually exclusive (see, for example, Douthwaite, 1995; Ekins, 1992). This version of localism has tended, as a result, to view this relationship in terms of extremes: self-sufficiency and dependence. This approach may be encouraged by the existence of traditional economic structures<sup>37</sup>, such as subsistence economies, as well as synthesized versions such as communes, all of which exist, to varying degrees and with varying success, independently of the global market system. On the other hand, some approaches to localism avoid the self-sufficiency/dependency dichotomy as a non-starter, seeking instead a niche, or “crack in the market” that might allow semi-autarchic, self-reliance–building trade. The following section explores these two views of radical localism.

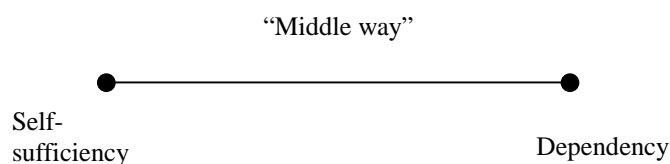
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<sup>37</sup> References to such structures appear in literature on co-operatives (Craig, 1993), development (Shiva, 2005), resource management (Davis, 2000) and others.



## 5.2 Two Ways to View Radical Localism

Many social reformers have spoken of a “middle way” in economics, including Father Moses Coady, and Greg McLeod, founder of New Dawn Enterprises Limited. Political economist Richard Douthwaite, for example, discusses the need for “a middle way between the extremes of almost complete self-sufficiency on the one hand and near-total reliance on supplies and welfare payments from the outside world on the other” (1996: 8). The popular concept of a middle way is a palatable solution to stand-offs in economics and politics, between factory owners and workers, and even governments. In a polarized economic climate, as we saw during the years of the cold war, the middle way allowed social change in a direction that was embraced by the working class, but did not explicitly advance socialistic ideology<sup>38</sup>. The logic of a middle way, however, reinforces polarization, implying that there are exactly two other, more extreme “ways”, to either side of the middle way. Pictured on a continuum, they form a spectrum, with dependency on the market at one end and self-sufficiency at the other:

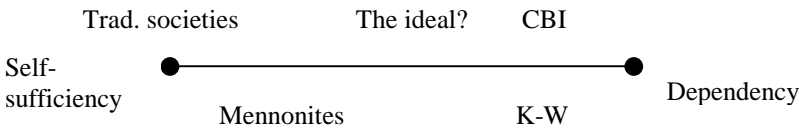


On this spectrum, we might expect the ideal scenario, perhaps the middle way, situated dead center. To the left of center would be, for example, preindustrial, traditional livelihoods surviving in remote parts of the world in countries such as India, Southeast Asia, and the

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<sup>38</sup> This was the case in the formation of co-operatives in the Antigonish Movement of Nova Scotia (Coady, 1971), as well as those of the Mondragón region of the Basque Country, Spain (Kasmir, 1999).

Amazon, as well as other, non-indigenous groups such as various of the Mennonite orders. To the right of center we might situate communities that desire to increase control over their economic conditions to different degrees. Kitchener-Waterloo, Ontario, for example, discussed earlier, falls into this space by virtue of its social organizations and access to local food production. Western rural Cape Breton Island communities (“CBI” in the figure below) would also fit here, for reasons that are discussed in the previous chapter. The far right side of the spectrum, dependent on the global market economy, would comprise most modern industrialized societies. The spectrum, then, might look something like this:



Many scholars and practitioners advocate a shift to the left of the spectrum, away from the global market, and, critically, toward self-sufficiency<sup>39</sup>. This is somewhat simplistic, however, as limiting factors, including time and rational self-interest, preclude drastic shifts towards self-sufficiency. People living in industrialized society, by and large, do not want to live peasant lifestyles – nor could they.

Arguably, a subtler shift towards the middle of the spectrum might be achieved through local economic development efforts. By this rationale, the degree to which community-level initiatives emphasize building and exercising community control over economic factors (through co-operative business, community development corporations, and buy-local campaigns, for example) determines the degree of shift on the spectrum. This model is still limiting in its scope.

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<sup>39</sup> See (Douthwaite, 1996; Daly, 1993; Ekins, 1990; Gardner and Roseland, 1993; Quarter and Wilkinson, 1996).

Although progressive local economic development initiatives represent some of the most practical steps toward economic control in North America, philosophically they stand on shaky ground. As progressive as the model may be, it is almost always a response to market failures and consequently a reactive measure, rather than a proactive one. Success for such a development model is, was and always will be reintegration into the global neoliberal market. This is self-limiting if we accept the premise that that market creates dependency.

Eco-socialist Joel Kovel reaffirms this point at the local-level, asserting that corporations' penetration of lifeworlds (e.g. MacDonald's' creating a need through culturally "appropriate" marketing), combined with the capitalistic imperative to expand, entices, or forces, small economies to integrate into the global economy (2002: 54). As before, whether or not this occurs perforce or by way of decision, the result is the same: economic dependency on the global market.

In order to break this cycle, it is necessary to think outside the self-sufficiency/dependency spectrum, which views progressive change as occurring relative to neoliberalism. Paul Ekins proposes (1990) that self-sufficiency is an unrealistic objective, but that a community might feasibly attain self-reliance. The principal difference between the two is what Ekins describes as a "trading regime for mutual self-reliance" (1990: 33), from which two concepts emerge: firstly, that trade does not necessarily precede dependency (Ekins argues that trade can foster self-reliance (1990)); and secondly, that sustainability does not preclude trade, an assertion echoed by Douthwaite (1996: 34-35); as well as Shiva (2005: 71), who comments that "localization does not imply isolation from the larger world, but self-determination with interdependence".

If we suppose that an ideal, as Ekins suggests, must be self-reliant and include markets that *eliminate* dependency, then the ideal cannot be found within the current economic paradigm. In the spectrum above, as an economy shifts to the right it becomes integrated with the global market and loses self-reliance. Ekins's ideal requires a different sort of market that instead *increases* self-reliance. Clearly the concept does not fit on the self-reliance-dependency spectrum. This reveals a basic flaw in much of the existing literature, which is preoccupied with a "middle way": it relies on a false dichotomy between neoliberal capitalism and self-sufficient producerism.

Ekins's concept of trade leaves this premise behind, hinting at a new trade paradigm independent of neoliberalism, representing, therefore, a true alternative. Ekins, Douthwaite, Shiva and other proponents of localism, however, offer scant details as to what a self-reliance-building trade regime might look like. Douthwaite, for example, explains that a semi-autarchic trade regime might continue to provide things like bananas and high-tech consumer goods, but fails to elaborate how such a system might function independently of industrial capitalist modes of production (1995: 34-35).

### **5.3 A Critique of Radical Localism**

A second and perhaps more critical flaw in localist concepts of informal economics involves the feasibility of their withdrawal from the global capitalist economy:

This conception involves a number of confusions, foremost among them thinking that the building of socio-ecological alternatives can be insulated from the non-local events and processes that constitute their context. Democratic processes and state institutions at other levels of governance raise central questions of power and distribution that cannot be ignored. The state, at whatever level of its apparatuses and functions, is the material institutionalization of power relations, and this includes struggles over resource extraction, usage and regulation, and

distribution between places and persons. Local capitalist power relations are embedded in these wider relations and internalize these extra-local relations in the local power structures. There is, quite literally, no way to withdraw. (Albo, 2007: 351).

The communities discussed in this study are, for the most part, marginalized economically and exploring ways to integrate back into the market. One can imagine, however, a community existing more-or-less independently of the global market, maintaining self-reliance through some alternative trade regime. Albo argues that such a community has tentative independence (from the global market system), at best, as this system, specifically the capitalist class, can “undermine local strategies by the exercise of political power at national or global scales of governance” (2007: 352). This may not be critical for all communities, but one attempting to establish an ideologically-motivated economic system that competes with the global system, as Wendell Berry (1996), Murray Bookchin (1980) and other radical ecologists advocate, would find their options limited. Albo concludes that “‘liberated’ ecological and political spaces can only be defended to the extent that the scale and scope of capitalist market activities are reduced and the scale and scope of democracy is extended” (Albo, 2007: 352). Anything beyond that, a move towards bioregionalism, for example, would be unrealistic.

At worst, therefore, localism is severely limited *as a means toward ideologically-motivated change*; at best, it has potential to create space for communities to function independently of the global market, thus mitigating problems that accompany industrial and post-industrial capitalism. The realization of this second objective may be the more important for marginalized communities that, as it stands, are employing whatever means possible to survive in the global economy. Examining functional examples of localism in progress is the next step, then, in identifying a solution to communities’ problems with development.

#### **5.4 Co-operatives as a Structure for Localist, Non-market-based Economic Development**

Co-operative historians Fairbairn, et al., provide a simple definition for ‘co-operative’, explaining that the term encompasses everything from “exotic fringe phenomena” to “hard-headed economic enterprises, differing from big businesses only in details of their ownership and voting structure” (1990: 13). In addition, these scholars furnish a fairly comprehensive description of the complex co-operative structure:

Co-operatives have tended to be voluntarily created local associations, formed and sustained by individuals to provide themselves with services of an economic nature, and intended to be controlled by their members in a participatory and democratic fashion. The key has been that co-operatives have been owned and controlled by their users (customers or employees), rather than by investors. Democratic control structures in co-operatives were meant to serve an economic role – to ensure the co-operative served its members – but also a developmental one, for participation in co-operative democracy has been seen as a way for people to grow and to gain more power over their lives...A description of this kind serves to distinguish co-operatives from non-economic organizations, from compulsory economic organizations such as collective farms, from joint-stock companies (where shareholders usually are investors only and may have unequal numbers of votes), from most profit-oriented sorts of partnerships, and from charitable or state enterprises. (1990: 16).

Two key characteristics stand out in this definition and are useful for identifying the nature or purpose of a given co-operative: structure and ideology can each vary dramatically and, for the purposes of this study, warrant exploration.

In general terms, a co-op’s structure can be understood in relation to a co-op’s users. As the above definition suggests, these are either customers, in which case the co-op is a consumer co-op, or employees, in which case it is a worker co-op. Each of these, too, warrants further examination, as the type of co-operative influences its utility with respect to localism and non-market-based development.

In the context of local economies and development, it is useful to think of co-operatives in terms of what sort of advantage they afford to local residents. Worker and consumer co-operatives are on opposite sides of the supply and demand curve, and therefore have different functions in local economics. A worker co-op engaging in production or services supplies a market; whereas a consumer co-op influences market demand by determining which products and services appear on the shelf, literally or figuratively.

Either sort of leverage is necessary for communities seeking to promote alternative trade regimes (Wilkinson and Quarter, 1996), as an example from Prince Edward Island demonstrates. A children's clothing (worker) co-operative in the Evangeline region of Prince Edward Island closed in the late 1990s, recently after its opening, because of difficulty bringing its product to market. Co-op Atlantic, the second-tier wholesaler in this case, would not carry the product<sup>40</sup>. By the same token, a lack of locally produced children's clothing in the region means that residents must purchase non-locally produced clothing. Either scenario sabotages a community's efforts to 'buy-local'.

Nevertheless, the communities of the Evangeline region present an interesting case study because of their focus on internal markets, rather than external ones (Wilkinson and Quarter, 1996)<sup>41</sup>. In at least two instances, local businesses, organized as producer co-operatives, pioneered arrangements to sell local goods at the villages' co-operative stores. That these stores were uncooperative, so to speak, in marketing local goods bears witness to an ideological separation between the communities and the (non-local) co-op wholesaler.

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<sup>40</sup> In fact, Co-op Atlantic had agreed to sell the children's clothing, but then reneged with no explanation (Wilkinson and Quarter, 1995).

<sup>41</sup> It should be noted that the definitive case study of this community (Wilkinson and Quarter, 1996) is now over a decade old and no follow-up study has been conducted to the author's knowledge. Conditions in the community have most likely changed, along with the regional, national and global political economic contexts. Most specifically, the Confederation Bridge linking PEI to the mainland in 1997 has radically altered many of the island's small, insular communities (Baldachinno, 2004). This case study nevertheless serves as an example of what is possible through community effort and remains a value model form community development.

One of the most critical differences between the Evangeline community co-ops and Co-op Atlantic would be what Wilkinson and Quarter (1995), authors of the definitive case study on the region, term “community consciousness”. As part of their theoretical framework for community-based development, community consciousness involves the attachments that local people feel between themselves and their community (for instance, area residents are predominately French Acadian), as well as a collective ideology focused on preservation of culture (1995: 533-536).

This contrasts with Co-op Atlantic, which although based in Moncton, spreads throughout the Maritimes and Quebec (Co-op Atlantic, 2008). While “co-operation among co-operatives” is listed as one of the company’s principles (as it is for most co-ops<sup>42</sup>, which adhere to common ‘principles of co-operation’, defined by the International Co-operative Alliance), Wilkinson and Quarter qualify this as a ‘charity model’ of cooperation (1995: 547). More importantly, perhaps, is that Co-op Atlantic, as a wholesaler of global products, is firmly rooted in the global market economy, while the Evangeline communities, seeking to insulate their culture and revive their economy, avoided or rejected this to some degree.

There are other examples of this ideological split, of course, as well as ways to explain it. That the ideological orientations of co-operatives vary despite their adoption of specific common principles of co-operation is telling, for instance. As an example, *promotion of education*, during the renowned Antigonish Movement of the 1920s in Nova Scotia, involved highly personal adult education services that disseminated information about co-operative business into the surrounding community. Kitchen meetings and study groups were the primary method of

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<sup>42</sup> The websites of the Canadian Co-operative Association (<http://www.coopscanada.coop>) and the International Co-operative Alliance ([www.ica.coop](http://www.ica.coop)), organizations which collectively represent hundreds of individual co-ops, both list variations of these principles in their definitions of co-operative business.



outreach (Coady, 1971). Today there are co-ops practicing similar methods<sup>43</sup>, but many more for which the principle manifests in much less direct initiatives, such as financial support for research<sup>44</sup>.

To some extent, this divergence may be rooted in socio-political conditions of the past and present, which put very different faces on the term “co-operative”. Major co-operative movements of the Twentieth Century, such as the Antigonish Movement, occurred in socio-political climates of profound unrest. In the case of the Basque Mondragón co-operatives (discussed below), this was in the years immediately following the Spanish Civil War. The Antigonish Movement, meanwhile, took place in eastern Nova Scotia, which was, as Sacouman (1979: 68) describes, “a region particularly ‘besieged’ in the 1920s and 1930s, as capitalism, co-operation, and trade unionism/socialism vied in an organized, though unequal, fashion for hegemony”.

Aside from historical context, these co-op movements also reflected a common ideology: both eschewed radical socialist and nationalist movements of the era, but nevertheless advocated for equality in the workplace and improved socio-economic status. Their interpretation of co-operation as “mutual aid” (Sacouman, 1979: 71; Kasmir, 1996) implied broad goals aimed at personal development and political activism.

By contrast, the economist Sol Shaviro sees co-operation as a primarily economic function. He draws a distinction between “practical co-operators”, who participate in co-operatives because of the economic advantages, and those co-operators with “utopian” goals of

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<sup>43</sup> The Co-operative Development Foundation of Canada’s website (<http://www.coopscanada.coop/coopdevelopment/coopdevfoundation/>) details several such projects.

<sup>44</sup> See Mountain Equipment Co-op’s sustainability initiatives, for example: ([http://www.mec.ca/Main/explore.jsp?FOLDER%3C%3Efolder\\_id=2534374302883315&bmUID=1190143907678](http://www.mec.ca/Main/explore.jsp?FOLDER%3C%3Efolder_id=2534374302883315&bmUID=1190143907678))

social reform (1983: 29). Their cause, Shaviro concludes, is self-serving because it distorts the real purpose of co-operation, that of securing economic advantage.

Shaviro's comments, while somewhat polarizing, serve to highlight that successful co-ops often walk a fine line between economic and ideological values. Conflict may result from the opposing pressures of the global market and the needs and ideals of socio-cultural values. The Mondragón co-operatives, one of the most successful examples in the world – but also one with very humble beginnings – is an illuminating example of this conflict.

The Mondragón Cooperative Corporation (MCC) is a model of worker co-operation. Located in the Basque Country in northern Spain, the much-heralded co-operative cluster includes more than 170 co-operatives, encompassing almost every aspect of life in the Basque town of Arrasate (“Mondragón”, in Spanish), from schools and homes to foundries and factories (Morrison, 1997). The co-op began making electric appliances in 1956, and today MCC firms “are the leading producers of domestic electronics and machine tools in Spain...and the third largest supplier of automotive components in Europe” (Freundlich, 2008).

In his study of the Mondragón co-operatives, Roy Morrison (1995) describes a somewhat idyllic “cooperative social system” that is removed from the political and economic concerns of the greater Basque region. This vision, however, overlooks existing class divisions, as well as mounting pressure from a global economy toward sacrificing co-operative principles for the bottom-line (Kasmir, 1996).

Today the Mondragón co-operatives are struggling to balance ideological and pragmatic approaches to co-operative business. There is continual pressure, for instance, to increase management salaries in order to make the co-ops more competitive. Workers in the co-ops

contend that this will widen the existing class division, however, and erode workplace cohesion (Kasmir, 1996).

Non-economic factors, such as community attachment, may play some role in enticing managers to stay. It is not insignificant that many pertain to a common culture (the Basque culture) with a history of isolationism and resistance; dissenting managers probably recognize some advantages in their community ties. During the economic recession of the 1980s, for instance, Mondragón was one of the few industrial centers in Spain to secure most of its employees' positions, actually increasing regional employment levels (Morrison, 1997:52). It seems evident that there are benefits to co-operation, such as support and a secure quality of life, that counter-balance the appeal of the bottom-line.

Nevertheless, it would be naïve to suppose that these factors alone could resolve conflicts between workers and management. MCC's founders in the 1940s attempted to do this not by addressing class inequality but instead relying on the co-operative business model to provide economic stability (Kasmir, 1996). Sharryn Kasmir, author of a critical case study of the Mondragón co-operatives, examines the success of the co-operatives in reducing regional class tensions, finding that class inequality continues to destabilize business and society in the town of Mondragón and within the co-operatives. The co-operative structure, it seems, will face internal conflict as long as global economic pressures conflict with its other, non-economic values. Kasmir, for her part, cautions that, "[one should] be skeptical of models that make business forms rather than people the agents of social change" (1996: 196).

Alternative means of economic development may be advantageous, particularly given the complications of formal, market-based efforts. In a world that has seen the failure of its great 'socialist experiments', and where capitalism dominates, alternatives seem to be swimming

against the tide. Denounced as revolutionary, or dismissed as utopian, non-market-based solutions may indeed seem “exotic fringe phenomena”. Nevertheless, experience and caution warrant the pursuit of executable alternatives to the *status quo*.

As Albo warns, such pursuits in a capitalist world may be redundant. The Mondragón co-operatives experience certainly demonstrates that conflicts can arise when capitalism and socio-cultural priorities collide in an industrial setting. In addition, however, the MCC serves as an example of powerful co-operative business, one that to date has succeeded in maintaining an ideology in many ways opposed to the global capitalist market.

The Evangeline co-operatives also provide a model of an internal market structure that may serve to facilitate local development with limited integration into the global market. The utilization of local and regional trade regimes, even as they had limited success, is a concept that deserves further exploration.

It may not be possible to pursue such a development model to its ideological conclusion (e.g. democratic socialism, localized or centralized; semi-autarchic trade regimes between bioregions; the co-operative commonwealth), nor is that necessarily the intention for struggling resource communities. However, non-market-based initiatives may at least *minimize* the degree to which communities rely on, and subordinate themselves to, national and global market forces.

## **5.5 Determinism and its Limitations**

Albo’s argument that progressive local development is ill fated due to the power and prevalence of the global capitalist system concludes with the assertion that comprehensive change must include a restructuring of this system:

The challenge [is]...a transformation toward a different kind of state and democratic administration that allows the development of new political freedoms, capacities and socio-ecological alternatives within *central* forms of representative democracy, while fostering new institutional forms of direct democracy and differentiated socio-ecological processes in local places (Albo, 2007: 352).

For communities that possess neither the capacity nor political drive to address the bigger picture as Albo suggests, this assertion is somewhat deterministic: regarding the global economic system as oppressive (insofar as it creates structural dependency), while affirming Albo's assertion that a "different kind of state" is the only comprehensive solution, effectively pits communities against neoliberal capitalism. This contest would be daunting at best.

Political scientist Caroline Andrew (1997) deepens this quagmire, citing a popular view of globalization (principally by the political left as the "newly hegemonic neoliberal ideology" that emerged from the "decline of the welfare state" and seeks to extend its influence over national and local-levels of governance (1997: 140). According to this rationale, Andrew explains, the reorganization of local government in recent examples may indicate a strategy to orient the latter toward the neoliberal agenda (1997: 140). One example of this phenomena is the division of education and welfare responsibilities of provincial and municipal governments: municipalities, at the time of writing, were being forced to take responsibility for managing the consequences of provincial welfare cuts, a situation Andrew argues served to "integrate municipalities further into the provincial neoconservative agenda" (1997: 140).

But Andrew cautions that this argument is overly simplistic and would preclude progressive action by local governments (1997: 141). Andrew states that "local must be understood as being fully part of the global" (1997: 148), but nonetheless rejects the notion that this is necessarily a negative situation. Among the variants Andrew cites as influencing the consequences of globalization are "the capacity of the local state to be able to act and...the

porousness of the local state to local civil society” (1997: 147). The critical point here is that the local-level results of globalization are not predetermined.

Geographer Patsy Healey reaffirms this statement, arguing that a host of factors additional to the global economy shape communities:

The real bite of the criticism of my treatment of social theory is that, in contrast to urban political economy, communicative planning theory and ideas about collaborative planning give insufficient emphasis to the driving forces of the globalizing capitalist economy and its consequences for particular people in specific places. However, as noted earlier, both my research experience and my reading of phenomenology and cultural anthropology lead me to reject the idea that all significant social relations are driven by a single structuring force. There is more to the construction of social worlds than just economic forces, as the debates in feminist studies, postcolonial studies, cultural geography, and the recent interest in 'social capital' serve to highlight... too many assumptions about structural dynamics may blind researchers to what is being actively invented before them (Healey, 2003: 111-112).

What exactly is it that researchers are blind to, though? What is being invented before them? As previously mentioned, it is worth revisiting the efforts of communities in the Maritimes and abroad to engage in extra-market trade (such as those in the Evangeline region of PEI), even though this may fall under Albo’s political economic critique of ineffectual local resistance to the global economic system. If those local-level efforts could be coordinated, for instance, with regional efforts, political activism, or some broader political perspective, they may succeed in overcoming this critique.

Andrew, meanwhile, argues for increased interaction between communities and municipal government as a means for local civil society to influence municipal activity (1997: 147). This has potential to improve the efficacy of “equality-seeking groups in local civil society” who, Andrew argues, ultimately represent the driving force behind “the progressive potential of municipal politics” (1997: 147).

As well, Clare Mitchell makes the case, as discussed above, for a similar improvement in stakeholder participation in the process of rural business development. This is necessary to restore equilibrium to the entrepreneurial, private-sector-led development process that tends to alienate a significant portion of residents of developing rural communities (Mitchell, 1998: 274). This, in addition to the endeavors mentioned immediately above, constitutes *positive* change for developing communities and signals that despite the seemingly overwhelming odds of historical resource dependency and a globalized market, there are still avenues for economic stability.

## **5.6 What Next? Drawing From Successes in Economic Development**

If LED is problematic because it depletes community resources, rather than strengthening them, what then is the alternative? Sociologist Christopher Lasch (1992) explains that the market tends to fracture communities and “does not easily coexist with institutions that operate according to principles antithetical to itself: schools and universities, newspapers and magazines, charities, families” (1992: 62). It seems important, then, to come to terms with the need for community, which at its core is an arrangement that facilitates collective action by individuals. Wilkinson and Quarter appeal directly for a “community consciousness”, or strengthening of community, through a “movement perspective” that promotes change and recruitment strategies for participation (1995). The former point resonates with Albo’s critique of localism, and the imperative for a broader objective for change. The latter point, meanwhile, is emphasized by Louis E. Swanson (2001), who cautions that without increased democratic participation in community endeavors, communitarianism, in general, often reinforces negative aspects of community, such as xenophobia and elitism. Sacouman, too, cautions that building stronger communities is not enough by itself, as this may only reinforce local elitism (1981).

Local ownership seems a positive approach: it relies on community, but also fosters positive community building by ensuring democratic participation and planning for marginalized demographics within communities. In order to make this arrangement work, moreover, it may be necessary, or at least advantageous, to hold a movement perspective. This is, essentially, a reminder that community planners must walk the line between practical decision-making and idealism; the latter has its critics (e.g. Shaviro, 1982), but nevertheless appears to be integral to successfully maintaining local ownership.

In addition, it is useful to recall the three criteria for local ownership of an economy: community planners should recognize the imperative of moving away from market integration and prioritize initiatives that increase local resources, both in terms of capital and intrinsic properties such as infrastructure and capacity. As well, it is important to reexamine the planning process, keeping in mind Mitchell's warning (1998) that LED tends to encourage individual entrepreneurs to make decisions for their communities. A development leader from Judique, a community down the road from Port Hood, also cautions that affluent members of a community typically lead development efforts (MacEachern, 2006). This lopsided engagement of the community, as Mitchell indicates (1998: 247), produces similarly lopsided developments in terms of whose needs are met and whose interests served. To avoid this situation it may be helpful to be more proactive in planning community development and in the recruitment of community participation.

Wilkinson and Quarter identify a strategy for involving community members in planning and supporting local ownership used by Evangeline community organizers in the development of the region's co-operative network:



In the Evangeline approach to community-based development participation is not taken for granted but is encouraged in all community projects. Involvement strategies of a recreational and social nature are deliberately utilized to obtain participation. Initiators of the cooperatives appealed for community support on the basis of three types of incentives: individual benefit (material incentives), friendship (solidary incentives) and community loyalty (purposive) incentives. They did not expect that solidary and purposive incentives alone would be sufficient to ensure participation [but also] used contests, prizes and social gatherings to involve the community (1995: 537).

Such a strategy seems entirely feasible in Cape Breton Island communities: during my visits to Port Hood and Chéticamp the strength and depth of their social networks was obvious in the way that residents are familiar with each other, know everyone's name and so forth. Indeed the Port Hood community's efforts toward financing the sports centre, despite whatever shortcomings the endeavor may exhibit, is at least an indication of the sort of mobilization that can occur.

Several other business ventures on Cape Breton Island provide interesting models for consideration, as well. One in particular is a community supported agriculture program initiated by Jim Rutter and the Lake Ainslie Development Association in 2004. This project serves the broader interests of the Lake Ainslie community (some 70 km north of Port Hood) by creating employment and, as one area periodical described, "encourag[ing] urban and rural citizens to share responsibility for the land where their food is grown and how it is grown" (Participaper, 2004: 23). "This approach to participatory community development", the paper continues, "has already created considerable interest for rural resource-based revitalization within the county" (2004: 23). More than simply an aesthetic variation on LED initiatives, this sort of project is fundamentally distinct in that it is, as the periodical highlights, participatory<sup>45</sup>, increases community assets by satisfying a very basic necessity, namely the provision of food, and even

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<sup>45</sup> It uses a co-operative business model, employs local youth, and, as the name "community supported agriculture" suggests, responds to the consumer needs of the community (Participaper, 2004).

has the potential to attract and generate wealth. This initiative is, moreover, broadly applicable on a political economic level because it has implications for sustainable agriculture, reduction of a community's carbon footprint, and so forth.

With such an example for reference, it is difficult to imagine that economic development efforts operating to solidify local economies through ownership of the same cannot be effective. Rather, it seems that these sorts of endeavors must persist if long-term improvements in rural communities are to be realized. Ultimately, while improvements may be required in the national and global contexts, it is important to remember that in the meantime many communities deal with the day-to-day realities of economic marginalization. In light of this, a form of localism that encourages ownership of the economy and manages to create comprehensive economic development by focusing on the aforementioned criteria is a decisive step toward securing greater economic security and justice in an unstable world.

## **Chapter 6: Conclusion**

The economic landscape of rural communities across North America has changed dramatically since the onset of the industrial age. Many communities founded as resource towns by and for industrial capitalist interests have since been forced to make a transition to some other economic base as a result of the depletion of staples or shifts in the global market. The coastal villages of Cape Breton Island, Nova Scotia embody this change. Here, the last century of capitalist industrial expansion displaced traditional subsistence livelihoods by introducing staples extraction for export, one commodity after another, in the form of mining, then cod and finally crab and lobster. Today these last resources comprise a substantial portion of the region's economic productivity, while more sustainable solutions continue to prove elusive for local residents.

### **6.1 Summary of Findings**

Dependency on staples extraction has proven a difficult burden to bear: it offers little long-term security and a host of environmental and social concerns. Many communities for which staples remain an option are doing their best to find alternatives. The majority of these today resemble a market-based strategy for integration into the global economy, which is supposed to create wealth, meaningful employment, and economic security where a staples economy could not. This latter option – referred to in this study as LED – also reinforces dependency on the global market, however, and creates new threats for communities seeking economic security and socio-cultural stability. Concentrated risk in trade, for instance, persists in LED, as do new side-effects of post-industrial expansion of service and technology sectors: creative destruction is one example, others include the transformation from a producer to a

consumer society, potentially with corresponding changes in that society's ethos, or socio-cultural values.

Mitigating the observable effects of LED has motivated many communities to emphasize local ownership of the economic development process; this, it is assumed, will ensure that local interests are prioritized over extra-local interests. For most communities this approach signifies using local effort in the process of planning development, which is, according to evidence from St. Jacobs and other communities, an ill-founded interpretation. In reality, local ownership is poorly understood by those hoping to maintain it, including the rural western Cape Breton Island communities examined in this study.

In both Port Hood and Chéticamp, Nova Scotia, community organizers have demonstrated commitment to the well being of their respective communities and wealth-creating economic ventures. A chief concern, however is that these efforts, while evincing a certain degree of local ownership, do little in terms of pro-actively seeking and securing this feature.

A more profound understanding of local ownership and how to secure it is critical for communities hoping to maintain socio-cultural values in spite of the risky process (for those same values) of market integration. This can be acquired and effected through three criteria:

- development projects should involve broad community participation;
- economic development should follow a comprehensive plan that increases capacity and assets, financial and otherwise, of the community at large; and
- communities should maintain the ability to plan and direct development according to their established objectives.

These criteria effectively constrain market integration, which is self-limiting for communities that rely on this strategy for development. In establishing this we come full circle to

the problem of why development in rural western Cape Breton Island has proven intractable: conventional development strategies are in many ways at odds with communities' interests, yet they are seen as the only way forward; proceeding with this approach while trying to circumvent its negative side-effects leads to an impasse.

An alternative approach may yet help to resolve the issue, however. Localism, in particular the variation which tries to reconcile markets and trade with autonomy, may be effective in creating more secure economies for rural communities while safeguarding socio-cultural values. Co-operatives represent one avenue for supporting this type of development, although, like localism, their potential is limited by the pervasive global market economy. This effort should be couched, therefore, in a push for greater community cohesion, per local ownership and its corresponding criteria, as well as an appeal to long-term systemic change, a “movement perspective”, involving consciousness of the broader political economic context of uneven economic development.

Many communities are endowed with tremendous capacity and ambition to explore their options – indeed, many have already come a long way since the days of unmitigated staples extraction. There is hope for development that focuses inward, towards local markets, as well as outward, toward global change.

## **6.2 Contributions of the Study**

This study is intended to bridge theories of uneven economic development at the global, national, and regional levels with critiques of LED approaches to development, including post-industrial service and technology sector expansion in the market economy. Positioning local-level development strategies in macro-level economic theory is critical for decision-making

since, as this study argues, local efforts should take into account the need for change at the macro-level, which can only be realized if local organizers are adequately informed.

Local economic development is seldom understood in its broad political economic context, a fact which contributes to the misrepresentation of the term ‘local ownership’. Examining this term has been a second priority of this study, intended to shed light on its incompatibility with LED, and its potential to mitigate the negative affects of a market-based approach.

Strategies that might preserve and solidify local ownership are widespread, though not necessarily understood in terms of how realistically to be applied in communities to assist with their day-to-day economic requirements. Examining the trade-offs inherent to the conventional, LED approach, as well as some of its alternatives, has been a further intention of this study. It is hoped that by clarifying these trade-offs, this study has designated some strategies for improving communities’ quality of life.

Finally, this study intends to add to the documented history of Cape Breton Island communities. The interviews, expertise, and opinions included in the preceding chapters reflect a profound body of knowledge that, by estimates from the available literature, is only beginning to be documented and preserved.

### **6.3 Limitations of the Study and Suggestion for Further Research**

Much of the literature on economic development at the local level presumes that ‘the community’ is a single entity and that the individuals it comprises share common interests, which, by definition, presupposes dialogue and consensus. This is optimistic, at best. Frequently, levels of participation in dialogue and planning are insufficient for there to be even

representation of the opinions held by members of a community, much less consensus as to their reconciliation. Referring to “the interests of the community” is somewhat of a simplification, glossing over the need for stakeholder groups within the community to be defined and examined individually. This point is mentioned in chapters three and four, but remains a concern.

A more detailed study might address this issue by including different socio-economic class levels (working class, petty bourgeoisie, etc.) in the analysis itself, as this study has suggested doing in the comprehensive planning stage of economic development (see criterion 2). A critique of development projects from this perspective would be a starting point: whereas this study simply suggests that planners take class levels into consideration, via a comprehensive plan utilizing, for instance, a social surplus audit, a more in-depth study might actually perform this audit and use it to analyze and project the effects of development initiatives on different socio-economic groups in their respective communities.

Additional research into local markets is important for the eventual pursuit of alternative development. Community-supported agriculture is mentioned in chapter five, although a more thorough analysis of productive capacity in rural western Cape Breton is necessary, as is a comprehensive study of the markets for local produce.

Similarly, exploration into other redundancies of trade, including dairy and meat products, and small-good manufacturing should be examined. Additional market share might also be captured through institutional markets; a thorough study of these and the policy changes required to open them to local producers could be of significant value.

## 6.4 Closing Remarks

This study has found that communities must walk a line between practical and idealistic goals in order to develop economic security while protecting ‘rural livelihoods’ and socio-cultural values. Cape Breton Island communities are walking this line, to a degree, as they have in the past. The progress that these and similar communities have been able to make through collective action is remarkable and portends further success in future endeavors. The historic co-operative movements across the Maritimes demonstrate this, as do development projects utilizing CEDIF investment, the coordinated efforts of the Conseil Coopératif, and community supported agriculture programs, amongst other examples. Efforts such as these have the potential to promote strong communities through local ownership and a broader perspective towards change.

Recent and ongoing development projects indicate a need for more concentrated efforts, however. Community planners and members alike should not lose sight of the fact that their economic future is linked, as is all of ours, to social, political and economic events experienced around the nation and around the world. Confronting this reality undoubtedly implies trade-offs, particularly in the short-term, but these are likely to be minor in comparison to those presaged by an economy of unbalanced interdependence.

Concrete steps toward strengthening communities and economies are not inaccessible, even if trade-offs make them somewhat less attractive. As with many endeavors, the first and most difficult challenge may simply be in deciding how to proceed. We have witnessed the resources and drive that communities are capable of bringing to bear, the only remaining question is how they will choose to use them.



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