

Economic Restructuring, Local Development and Resource Towns: Forest Communities in Coastal British Columbia

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Over the last decade the forestry sector in B.C. underwent a seachange of sorts as the industry moved from a regime of Fordism to one of flexible specialization (Barnes and Hayter 1992; Hayter and Barnes 1992). New products, new technologies, new labour practices, and new markets formed the basis of a reconfigured wood-products sector. In particular, much of the burden of that transition fell on the coastal single-industry forest communities (Grass and Hayter 1989). Partly this was because the coastal mills were much older than their interior counterparts and required the greatest investment, and partly it was because of a dwindled coastal forestry resource base, a result of earlier clear cutting, inadequate reforestation and, more recently, both environmental concerns, and land and resource claims of First Nations' peoples. The upshot is that, since 1980, a number of coastal mills have been shutdown, wound down, or reconfigured to varying degrees along the lines of flexible specialization (often with heavy losses of employment), with a swathe of attendant problems for the associated communities.

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The particular difficulties currently facing the B.C. coastal forest communities are, in many ways, part of a more general problem. As Zukin (1991) argues, historically there always has been a potential tension within capitalism between the fluidity of the market and the rootedness of place. While capital is mobile, the community is not. That tension is not always present, though, for there are periods when market and place are in temporary equilibrium. For example, during the post-war Fordist era the tension between the two was relaxed because of an implicit coalition between the state, organized labour, and capital, with each having a vested interest in stability and maintaining the status quo (Harvey 1988). With the advent of flexible specialization from the late 1970s onwards, however, that general coalition began to dissipate, partly as a result of internal problems within Fordism itself, and partly from other changes such as the rise of political neoconservatism and a growing internationalization of production. The result was an increasing disjuncture between market and place with many hitherto secure North American communities undergoing a period of flux and instability.

As a means to bring market and place back together, the issue of local economic development policy became central for many communities. This policy was quite different from traditional central government top-down regional development strategies that were so prevalent in the 1950s and 1960s. Apart from the fact that in Canada, at least, those policies had failed to achieve their aims (Savoie 1986), there was by the early 1980s a new political climate, neoconservatism, that emphasized individual and community initiative and the withdrawal of big government. In this new environment, spatial development policy was characterized as a bottom-up process in which the primary agent of change was the private sector entrepreneur acting singly or as part of locally-based coalitions comprising principally the local state, but also sometimes including organized labour and special single-issue groups.

The purpose of this paper is to illustrate some of the connections between economic restructuring in resource-based industries and local economic development using a case study drawn from our research on the British Columbian forest products sector (Barnes and Hayter 1992; Hayter and Barnes 1992). Specifically, we relate the restructuring that has occurred in three B.C. forest communities on Vancouver Island -- Chemainus, Youbou, and Port Alberni (Figure 1) -- with the subsequent local community development responses.

We divide the paper into three sections. First, we review two very different approaches to local community development by focusing respectively on two influential sets of papers, one set by Coffey and Polèse (1984; 1985) and another by Cox and Mair (1988; 1991). We concentrate only on these papers partly for reasons of brevity, but also because they are emblematic of two polar positions to local economic development that are common in the literature. These positions are first, an optimistic one that suggests that with suitable state intervention it is possible to promote individual entrepreneurship and hence local development, and second, a pessimistic one that suggests that the

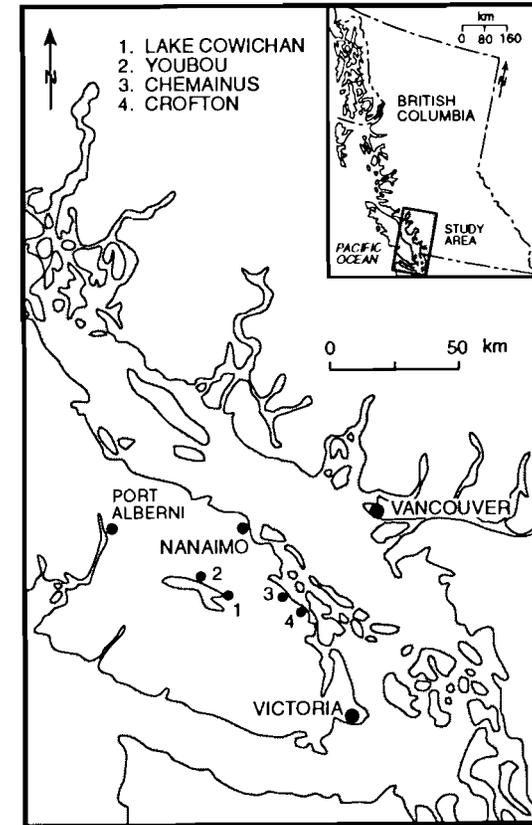


FIGURE 1 Map of Chemainus, Youbou and Port Alberni

state itself is part of the problem by contributing to the deep structural forces within capitalism that continually undermine local development by pitting one community against another. Second, we provide the context for our study by describing first, the recent forces of change within the B.C. forest sector, and second, the type and extent of economic restructuring that took place in the mills at Chemainus, Youbou and Port Alberni during the 1980s. Finally, the various local development strategies employed by Chemainus, Port Alberni and Youbou in response to restructuring, which have been detailed elsewhere (Barnes and Hayter 1992; Grass 1990; and Hay 1993), are summarized. Our theoretical argument in this section, and one that runs throughout the whole paper, is that we need an open-ended framework to understand the local development of single industry towns; one that recognizes the necessity of taking into account both individual entrepreneurs and wider structural forces, rather than separating them as alternatives which is the tendency in the literature. In particular, we will try to show in this section that the way individuals and

structure connect, and the balance that exists between them, is partly dependent upon the very geographical context in which they come together. As a result, there can be a marked geographical variability in local development strategies and outcomes among different places even within the same region (see Neil, Tykkäinen and Bradbury 1992).

Two Local Development Models

Although the term local development was first coined in the 1940s, it was not until the late 1970s that the idea was seriously taken up by Canadian regional planners (Lotz 1987). Before this date, in Canada and elsewhere top down regional policy was the norm. Even in the early 1980s, Saunderson's (1984) advocated federal government assistance for workers in declining regions. Green (1984) also saw such assistance as inevitable because of "spatial fixities" although he is more circumspect about the efficiency implications of such policies. In practice, local development has increasingly become a bottom up process and is defined by a varied set of innovative community economic strategies practised in part because of the failure of traditional regional development policy (Jean 1989). With the maelstrom of economic and political changes occurring through the 1980s, the idea became even more popular and germane. The term local development now signifies, as Jean (1989: 6) writes,

"... an 'alternative' approach defined more or less in opposition to the approach to development from the top, or development via specifically-directed intervention through state-type regional planning, which it is supposed to replace. Local development, then, is from the roots up, development that is endogenous and self-centred".

Although there is general agreement about this definition, there is less consensus over the precise mechanisms by which local development occurs, and the consequences that follow. To generalize the literature, there appear to be two main positions. First, an optimistic one that begins with the assumption that there are groups of individuals -- agents -- within a given community that have the potential to become income-generating entrepreneurs provided that the right kind of incentives are present. Second, a pessimistic view that suggests that the very structure of capitalism ensures that competition among communities will undermine any generalized local development. While it is possible to link the optimistic and pessimistic views to wider theoretical traditions -- the obvious affiliations are respectively with neoclassicism and Marxism -- this is not attempted here (see Barnes 1989).

Perhaps the best exemplar of the optimistic approach is the work of Coffey and Polèse (1984, 1985). They begin their analysis by noting that "Local development is ... locally induced economic growth occurring within the context

of the existing free market mechanism. In order to remain local, development must proceed through ... indigenous enterprise" (Coffey and Polèse 1985: 86). But how is that local development to occur? For Coffey and Polèse:

"... fate is not completely predetermined by locational, structural, or resource characteristics, nor by fluctuations in external demand. Evidence ... would seem to suggest that areas with even severe physical disadvantages can prosper if their inhabitants have sufficient know-how and initiative -- in short, entrepreneurial ability."

That assertion of "entrepreneurial ability" is in effect the assertion of agency; that is, the ability of individuals to become entrepreneurs and promote local development. This said, Coffey and Polèse are not arguing for any simple theory of local development based upon the innate abilities of rational decision makers within a place to respond to market forces by becoming entrepreneurs. Their view is a more nuanced account; one that recognises the ability of the state to create an environment that is conducive to local entrepreneurship. In particular, their view is that, by investing in human capital so as to upgrade an individual's skills and knowledge, by persuading individuals to remain within a place by instilling what they term social animation, and by providing the context for local control and decision-making, the state is able to nurture local entrepreneurship. Furthermore, once such nurturing occurs, lagging communities will begin their ascendancy to full economic development passing through four developmental stages (Coffey and Polèse 1984).

While recognising that institutions such as the state are important in the local development process, Coffey and Polèse nevertheless make the foundation of their approach the individual agent. Nothing happens without the individual entrepreneur who alone is capable of initiating business. Admittedly, that entrepreneur will not undertake action unless the right environment exists, but once it is present the development process will automatically unfold. In this sense, Coffey and Polèse perhaps offer only a modified version of the neoclassical model, and not a different version as they suggest (Coffey and Polèse 1985: 87). So while recognising that entrepreneurship is not simply a spontaneous outcome of economic rational thinking, which is the pure neoclassical position, they do suggest that entrepreneurship is latent within individuals, requiring only the right kind of catalyst to be triggered. Once individuals are given more knowledge, or instilled with social animation, or provided with local control then, according to Coffey and Polèse, they will become entrepreneurs resulting in, following the neoclassical equation of private and social optimality, full community development following a series of historical stages.

If the Coffey and Polèse approach captures the essence of the optimistic interpretation of local development, let us note some problems with their position as it applies at least to resource communities. The main one is that the structural constraints that exist within single industry towns may well block

individual entrepreneurship occurring even after state intervention because the history of many single-industry towns is one of an absence of individual initiative. For single industry towns are often single company towns, where decision-making and other such entrepreneurial activities are externally located (Lucas 1971). Given this generally paternalistic environment, where the emphasis is on taking orders rather than giving them, the prospects for realizing entrepreneurial initiative seems slight. Indeed, in such an environment, questions can be raised about the Coffey and Polèse implicit assumption that individuals can learn to be entrepreneurial through, for example, social animation and acquiring more information. In order to learn, it is usual for there to be someone to learn from, a set of exemplars to follow. But single industry towns are well known for their narrow economic base, one containing few if any indigenous entrepreneurs from whom to learn. Finally, Coffey and Polèse (1984), through their stage-like scheme, offer a progressive view of economic development; one that predicts that entrepreneurs will succeed in their objectives. This is difficult to square with the entrepreneurial mindset most often associated with single industry towns. Entrepreneurs in resource towns have typically established businesses, primarily in the service sector, to serve small, captive and isolated markets, resigning their fate to the fortunes of the dominant company. If the latter fails, so do the entrepreneurs; if the latter remains stable, so do the entrepreneurs. Clearly, this picture is not one of dynamic entrepreneurship.

In making these observations, we are not suggesting that single entrepreneurs cannot assist in the community development process. Rather, their actions need to be set within a wider structural context which, in the case of single industry towns, is ostensibly unfavourable. Consequently, there must be a special constellation of factors that allow single entrepreneurs to arise and be successful.

The second theoretical camp is the pessimistic one, and is perhaps best represented by Cox and Mair (1988, 1991). In their view it is not individual agents that drive local development, but the underlying structural forces of capitalism, which, in turn, function in such a way as to reproduce the broader social and economic system, albeit one punctuated by spatial inequalities.

Cox and Mair's (1988: 307) thesis hinges on what they term local dependency, defined as "... the dependence of various actors - capitalist firms, politicians, people - on the reproduction of certain social relations within a particular territory". That dependence varies with the specific group: for firms, dependence is based on fixed capital, input suppliers, and markets; for politicians, it rests on their own local power base, and the ability to levy local taxes; and for people, it is predicated upon their family relations, ethnicity,

religion, and social contacts.¹

Such networks of local dependence, in turn, are themselves nested within even wider networks of national and international relations. In a related paper, Cox and Mair (1991: 199) call this nesting the "scale division of labour." Problems arise, though, during periods of restructuring when broader national and international relations change, and, as a result, disrupt existing webs of local dependency. It was precisely a change of this sort that occurred during the 1970s and 1980s when, as a result of enhanced capital mobility manifest in the form of de-industrialization and the creation of new industrial spaces (including the New International Division of Labour), national and international relations changed, thus also rupturing existing local dependency relationships. In order both to survive and to compete in this new world of "hypermobile capital" (Bluestone and Harrison 1982; Harvey 1989), North American local communities, primarily represented by business interests, began trying to lure liquescent investment funds towards them, and away from other communities, with resulting inter-community competition (Cox and Mair 1988: 320). Non-business factions, including the local state and even formal labour organizations, necessarily aligned themselves with the interests of capital within their community, thereby producing an unlikely local coalition (for the specific reasons for such an alignment, see Cox and Mair 1988: 315-20, and 1991: 208-211). The consequence of this resulting "hegemonic project" (Cox and Mair 1988: 315) was that true bottom-up, community-inspired development strategies withered because first, development came primarily from the outside in the form of external capital flows, and second, most community groups themselves were marginalized because they were only able to participate through a narrow set of formal channels controlled by business interests.

Although Cox and Mair's model of community development is subtle and complex -- certainly more so than the starkly drawn and highly compressed account above suggests -- at its centre lies an argument about the necessity of referring to wider structural relations within the capitalist system in order to understand the geographical pattern of local development. That structure, as already outlined, cuts across two different scales, a local and a national/international one. Crucial to local development is the relationship between those two structural halves. In particular, given the relationship between local and national/international structures that developed over the 1970s and 1980s, and

1. There are clear links between Cox and Mair's notion of local dependency and Bolton's (1992) idea of "sense of place". Both studies emphasize place as a product of economic, political and social interaction. There are marked differences between the two, however. While Bolton's analysis is derived from an orthodox approach to welfare economics based on individual and collective preferences, Cox and Mair's work is rooted in some form of Marxism that makes central issues of production and class conflict. Furthermore, Bolton never mobilises his ideas within the context of recent industrial restructuring and community change whereas this is the sole purpose of Cox and Mair's work.

which was were fuelled by the imperatives of capitalism itself, the economic development of local communities inevitably came to rest in the hands of business-led coalitions. Because of the very structure of the wider system, a failure to establish such coalitions would result in the eradication (non-reproduction) of the community itself. In this sense, it was the wider structural relationship of capitalism as they are divided between the local and the national/international scales that determined local development strategy; it was certainly not the independent decisions and actions of individual entrepreneurs.

If Cox and Mair reveal the significance of structural constraints to local development, albeit in a pessimistic way, we note two related problems with their position in the context of resource towns. First, by concentrating on the effects of structure, they necessarily eclipse the role of agency in local development strategies. Yet, even in resource towns there are agents, represented at the most basic level by a potentially changing residential population.

Second, there are context-specific characteristics of single industry communities that mitigate some of their arguments made about the centrality of structure. First, Cox and Mair's account suggest that interests opposed to capital are typically co-opted under the banner of business. Such a stance is contrary to the long history of militant unionization within Canadian resource-communities; one filled with examples of organized labour not being co-opted (for example, the recent dispute at the Giant gold mine in Yellowknife). Second, Cox and Mair's view also goes against the fact, as Sharpe (1991: 58) argues, that in non-metropolitan communities there is greater scope than in large cities for the creation of proactive social movements that can resist the hegemony of capital. This is partly because business interests themselves are less evident (a result of a truncated branch-plant structure; Phillips 1991), and partly because there are not the same formal and institutional hegemonic channels of communication that are found in metropolitan areas. As Sharpe (1991: 58) writes, non-metropolitan "... social movements are typically organized as informal social networks. Informal networks offer particular advantages to local mobilization: horizontal and informal power structures; overlapping and cumulative leaders; [and] internal expertise". Third, Cox and Mair's scheme is predicated on business interests being able to persuade outside investors of the financial opportunities available within their place. In resource towns, however, such processes of persuasion may be influential only in specific circumstances. After all, such towns are often isolated and because of the very nature of the product, a site-specific depletable good, the duration of production at a site is much more limited, and hence less likely to attract potential investors, especially given a history of high wages and unions, which is normally the case. Finally, the outcome of Cox and Mair's structural logic is one of inter-community competition. Such a conclusion is predicated upon a particular conception of the type of investment that competing communities seek, typically either in manufacturing or in high order decision-making activities. However, there are certain forms of investment, ones that are often

suitable to single industry communities, where the end result may well not be intercommunity competition but co-operation. For example, investment in tourism may make the relationship among sites offering such opportunities complementary rather than competitive; that is, more people may come to a tourist attraction at one place if there are also other attractions in neighbouring communities.

As Cox and Mair emphasize, the wider economic structure of capitalism will always need to be taken into account when examining local development strategies. At the same time, however, we need to think through the peculiar structure of single industry communities, and recognise that agency may also be important too. It is necessary, as we argued in the introduction, to be attentive to context. This is our intention in the next two sections where we respectively first, outline the specific context of our three case study communities; and second, discuss the attempts at local development in those places by using insights drawn both from Coffey and Polèse and Cox and Mair, while at the same time trying to go beyond their work by recognizing the peculiar circumstances of single industry towns.

Restructuring at Chemainus, Youbou and Port Alberni

The geography of the forest industry in British Columbia continues to conform to Innis' staples model first enunciated some sixty years ago (Barnes and Hayter 1992). Vancouver is the local metropole, representing the distribution, processing and control centre for the industry, while in the hinterland, logging and processing are carried out in the nearly 100 single industry communities. Typically, the forest product operations in these communities are part of larger enterprises whose head-offices are located in Vancouver and beyond. Such is the case at Chemainus, Port Alberni and Youbou. In Chemainus and Port Alberni, the forest industries are controlled by MacMillan Bloedel, a Vancouver-based multinational that has experienced a series of complex ownership changes since 1981. At Youbou, the sawmill was acquired in 1988 by Fletcher Challenge, a New Zealand based multinational, from British Columbia Forest Products Ltd., itself a large integrated firm jointly owned by American and Canadian multinational companies. It might also be noted that the population size of these communities prior to the 1980s was closely related to the size and importance of the forest industry activities (Table 1). Thus, the bigger population of Port Alberni in 1981 was supported by a highly diversified range of forest product activities while the relatively tiny community of Youbou housed just one sawmill. At Chemainus, several sawmills were established in addition to the MacMillan Bloedel facility. Since the early 1980s, while each of the communities has experienced considerable restructuring, net population levels have changed only in the case of Chemainus, primarily since 1986.

TABLE 1 Population Levels in Chemainus, Port Alberni and Youbou, 1981, 1986 and 1991

	1981	1986	1991
Chemainus	2,069	2,039	3,900
Port Alberni	19,892	18,241	18,403
Youbou	965	801	600

Source: Statistics Canada, *Census of Canada*.

Forces of Change

Following Innis's "cyclonic model" (Barnes and Hayter 1992), British Columbia's forest communities, like Canadian resource towns in general, are fundamentally shaped by cycles of "boom and bust" (Lucas 1971; Marchak 1983). Yet, the recessionary crisis that struck British Columbia's forest industries and communities in the 1980s constituted a major shock, the severity and implications of which were apparently unforeseen by communities, firms and workers. Certainly, there were recessions before 1980 when workers were laid-off, but they were temporary, and then organized along the agreed-upon principle of seniority. In any case, the main problem within the industry up until 1980 was not one of laying-off workers but of labour shortages (Ofori-Amoah and Hayter 1989). In particular, labour turnover rates in some of the more isolated communities, especially among young and single workers, were extraordinarily high and reflected the belief that another job in the industry could be readily found; a belief that was quite credible given the industry's soaring output and export growth between 1950-80 (Marchak 1983).

The recession of the early 1980s ended all of this. The record corporate profits of 1979 became record corporate losses in 1981 and 1982 as mills were closed, permanent lay-offs occurred, and community growth and even viability became less certain (Barnes, Hayter and Grass 1990; Grass and Hayter 1989). The immediate cause of the recession was a substantial drop in demand (and prices) for British Columbia's forest products. More importantly, however, the recession signalled the existence of longer term forces of structural change that continue to have an effect, a change that is best conceived, as we have argued elsewhere (Barnes and Hayter 1992), as a transition from Fordist to post-Fordist production methods.

First, the periodic expressions of concern over wood supply gathered momentum during the late 1970s and 1980s, especially on the coast where log costs are higher, and prized species, such as Douglas Fir, have become less abundant. In addition, a government sponsored commission also acknowledged the so-called "fall-down" effect -- the reduction in timber supply as old growth timber is replaced by second growth managed forest (Peel, 1991).

Second, the same commission recommended reducing the control of large corporations over the provincial forest resource in favour of obtaining a more

balanced range of forest values. In fact, timber supply leases to such firms as MacMillan Bloedel and Fletcher Challenge have already been reduced by 10%, and re-allocated to small firms as part of the Small Firm Forestry Assistance Program.

Third, environmental arguments secured a much greater level of public support during the 1980s than in the past, and, as a result, have increasingly affected wood supply and the nature of the forest industry. The withdrawal of forested land from industry timber leases, and their designation as native lands or as conservation or park areas testifies to the effectiveness of these arguments. Even greater withdrawals are likely, especially in the coastal region, as environmentalists become increasingly effective by using the courts to ensure that industry logging practices conform to existing rules and regulations. In other instances environmentalist behaviour has been more confrontational such as in Clayquot Sound, drawing international attention. Either way, costs to industry have increased. In addition, regulations governing air and water emissions have become stricter and have required the long established coastal pulp and paper mills, including Port Alberni, to invest in expensive equipment to reduce pollution levels.

Fourth, British Columbia's forest industries have faced increasing competition in their major markets from countries that enjoy significantly lower fibre costs. In the pulp and paper industry, these countries include the (southern) United States, and new export-based production in Spain, Portugal, Brazil, New Zealand and Chile. In the case of lumber, the large older export mills did modernize during the 1980s to re-capture productivity leadership. Dimension lumber, however, has faced significant problems of overcapacity, and protectionist measures in its major market, the U.S. For example, in December 1986 B.C.'s lumber exports to the U.S. were hit with a 15% export tax as a result of the Memorandum of Understanding (MOU) between Canada and the U.S., and subsequently this tax was reduced by higher stumpage charges on all forest producers (Hayter 1992). In late 1991, the Canadian Federal Government did opt out of MOU, but the U.S. responded with a 6 1/2 % tariff which, although rescinded in the summer of 1994 by the joint panel established to resolve disputes under the Free Trade Agreement, it was subsequently appealed to the U.S. supreme court.

Finally, especially in the pulp and paper industry, increasing competition from tropical and sub-tropical regions has been facilitated by new technologies that have permitted use of fast growing hardwoods to make high quality products, traditionally exclusively provided by northern coniferous regions such as B.C. (Marchak 1991). More generally, the pace and scale of technological change throughout the forest industry has quickened over the past two decades (Hayter 1988). By the incorporation of new methods of production, including the comprehensive incorporation of computerized equipment, a major thrust of technological change has been to improve labour productivity. Technologies have also been introduced to create both new and more differentiated products,

as well as to combat environmental problems. Such technological change, however, has been expensive to implement.

In sum, the combined effect of these five factors has been to undermine the very conditions of existence of a number of the province's forest-based single-industry communities, especially those on the coast where older mills and older technologies were concentrated (Grass and Hayter 1989). Such processes can be seen in greater detail by turning to the three case studies themselves.

Employment Change Within the Dominant Employer

A key summary indicator of the changing role played by the forest industries in Chemainus, Port Alberni and Youbou over the past decade is employment data (Table 2). Employment levels have declined significantly in all three cases, and 1991 levels of employment are between 20-55% of 1981 levels. At Youbou and Port Alberni, at least, this trend is likely to continue in the near future. The context and causes of these job losses, however, has varied among the three complexes.

At Chemainus, job loss was dominated by investment and technical change and this investment was of a comprehensive, 'one-shot' nature (Barnes and Hayter 1992). In brief, the old mill, which employed 600-700 workers and was losing money, was permanently closed in 1983, completely demolished and, at a cost of \$22 million, a new highly automated mill was built two years later, initially employing only 125 workers and since expanding to just 145 workers. The new mill was designed on an entirely different configuration and featured state-of-the-art equipment which consisted of numerically-controlled machine tools which enabled greater flexibility in producing higher value products and serving more diverse markets. Just 10% of the new mill's production typically goes to the U.S., while over half is destined for the rapidly growing Asian markets, especially Japan. It should also be noted that first, the new mill obtains a much higher yield of lumber from the raw log input compared to the old mill; second, this mill has access to the highest quality timber in the province and log shortage has not been a problem; and third, new labour-management relations featuring labour flexibility were introduced. Consequently, the new mill has achieved significant improvements in labour productivity, and has been profitable since it opened.

In contrast, job loss at Youbou occurred in a piecemeal way, and within the context of declining markets, deterioration of its wood supply base and a partial, sequential approach to modernization (Hayter, Grass and Barnes 1994). The firm spent \$19 million between 1978 and 1986 on replacing selected items of equipment within the constraint of the existing plant configuration. By the mid-1980s, loss of markets, notably those in the U.S., and wood supply problems, encouraged the firm to reduce shifts and to operate only one of its two

TABLE 2 MacMillan Bloedel's Port Alberni Forest Product Complex and Chemainus Sawmill and Fletcher Challenge's Youbou Sawmill: Employment and Production Levels, 1980, 1986 and 1991

	Employment			Production		
	1980	1986	1991	1980	1986	1991
Youbou	655	350	176	128	96.3	78
Chemainus	682	145	145	167	69	106
Port Alberni						
- woodlands	1700 ^a	1090	1060			
- Somas sawmill	1064	588	509	173	76	75
- Alpac sawmill	650	533	476	200	118	151
- plywood	450	377	0	150	97	21
- pulp and paper	1522	1316	1340	523	340	316

Source: Macmillan Bloedel and Fletcher Challenge.

Note: Employment figures are year end levels and do not include part-time workers. Production figures are in millions of board feet (lumber), millions of square feet (plywood) and tonnes (pulp and paper).

a. Estimate.

lines of production ("mill A" and "mill B") at any one time. Because lay-offs were conducted on the principle of seniority, the mill's workforce became smaller and older. So, although throughout the 1980s the Youbou sawmill often employed more workers than at Chemainus, relentless downsizing and frequent mill closures continued, such that, by 1991, the operation was again losing money. Bearing in mind that Fletcher Challenge has announced its intention to leave the sawmill business altogether, the future of the Youbou sawmill is in doubt.

In the bigger and more diversified forest product complex at Port Alberni, job losses have been proportionately smaller but absolutely greater than at either Chemainus or Youbou. Job losses have occurred in all phases of Port Alberni's operations, albeit most heavily in wood processing (Table 2). In 1980, MacMillan Bloedel employed about 5400 workers in Port Alberni, but by 1984 this figure had dropped to less than 4000 -- some of these lay-offs, especially at the Somas sawmill, occurring during 1981. During the early 1980s, the firm reduced its employment at its other facilities in Port Alberni, including in pulp and paper. In the second part of the 1980s, employment levels stabilized and even increased over 1984 levels. The firm during this period implemented considerable changes in its product mix to give more emphasis to a higher value and more diversified range of products. At the Somas sawmill, for example, the firms invested \$37 million. While the extensively renovated Somas facilities shifted to a fibre reliance on cedar, the other facility, Alpac, invested \$10 million in 1988 to achieve higher value recovery from its fibre base, principally hemlock (80% of the total) and Douglas Fir. The market

specialisms of the two sawmills also became more distinct. By 1986, Somas obtained 90% of its sales in North America (20% in Canada), while Alpac received 60% of its sales from Japan (rising to 80% by 1990). In neither case was technological change associated with job loss. Rather, as the market situation improved in the latter part of the 1980s, employment levels increased slightly until 1991 when 103 jobs were lost at the Somas B mill.

In contrast to lumber, Port Alberni's plywood operation, typical of the industry as a whole, evolved largely to serve Canadian markets. A declining supply of large 'peeler' logs and growing competition from the cheaper particleboard, however, were already threatening the viability of plywood manufacture at Port Alberni (and throughout British Columbia) by the time of the early 1980s recession. To offset losses, MacMillan Bloedel emphasized both cost-cutting measures, especially with respect to labour, and also partial technology replacement. In spite of these measures the facility was eventually sold to employees. The operation finally failed in 1991 with the loss of 370 jobs.

As with lumber, MacMillan Bloedel's pulp and paper operations have progressively shifted from an emphasis on the production of standardized newsprint, paperboard and kraft pulp towards speciality paper products, particularly telephone directory paper. The result is that the paperboard mill has been closed, while kraft pulp is reduced to one line which may close in the future. The facility currently produces about 200,000 tons and 40 different grades of papers a year. With respect to employment, while jobs were lost in the early 1980s, the situation stabilized by 1986 and virtually no changes occurred until 1991, when 50 jobs were lost.

More generally, approximately 2200 permanent jobs were lost at MacMillan Bloedel's Port Alberni facilities between 1980 and 1990. Job losses were largely concentrated in saw-milling and logging although, in the latter case, some jobs were simply transferred to independent logging subcontractors. The recession of 1991 again provided the context for losses of over 500 workers, and there is a strong likelihood of even greater job reductions by the end of 1993, especially in pulp and paper. The immediate causes of these losses are likely to result from the need to obtain higher yields from the wood supply and to control for pollution (Wood 1991).

In sum, the job losses that occurred in the three coastal B.C. communities examined are indicative of the broader processes of restructuring identified by Zukin (1991) and Harvey (1989). Because of new investment opportunities elsewhere, the development of new markets and methods of production, old production sites are either abandoned, wound-down or radically altered in situ. The three communities responded in a variety of ways to this restructuring, as outlined in the next section.

Local Development at Chemainus, Youbou and Port Alberni

Given the dramatic changes that were described for each of the three communities, what have been their responses, and have they accorded with either Coffey and Polèse's, or Cox and Mair's analyses? We will argue in this section that the most striking feature about local development at the three communities is the diversity of strategies and outcomes. Specifically, no local development response mirrors, in a pure form, either the entrepreneurialism of Coffey and Polèse, or the hegemonic regime of destructive intercommunity competition upheld by Cox and Mair. Rather, each community's development strategy is different, reflecting, in turn, the particular conjunction of structural forces, the power of individual agency and geographical context.

Of the three, Youbou most confounds the two traditional theories of community development. In contrast to Coffey and Polèse's theoretical prediction, there has been no local entrepreneurialism to replace work at the mill, but despite that the community remains viable. While at the same time, in contrast to the perspective of Cox and Mair, neither local coalitions have formed (especially hegemonic ones), nor has there been intense intercommunity competition for investment funds. Rather, to understand Youbou's response, we must look at the combined effects of structure, agency and geographical context. On the structural side, as just one site within a broader complex of operations of a large multinational corporation, Youbou is now dispensable, and, for that reason, the mill is being wound down. In particular, the Youbou sawmill, long since considered marginal in comparison to a potential new sawmill on the coast at Crofton and next to the parent company's pulp and paper mill, is being rationalized because of corporate priorities and a declining wood base (Figure 1). With the dominant employer leaving, there is no hegemonic business coalition forming. On the other hand, while there are no replacement individual entrepreneurs, the power of agency is nonetheless making itself felt, albeit in the form of the individual decisions of new home owners who are moving into the community. In this regard, it should be noted that the parent company of the Youbou sawmill was unable to relinquish its traditional responsibility of ensuring a residential water supply, a responsibility imposed as part of its timber license, even though most of its remaining workers no longer live in the community.

In addition, the particular geographical context of Youbou is important. On the southern end of Vancouver Island, with good accessibility to the major cities in the region, principally Victoria and Nanaimo, as well as enjoying a mild climate, it serves both as a bedroom community for commuters and as a retirement destination. Given this new role, it is understandable why the residents of Youbou are not very interested in luring outside capital or cultivating it indigenously. Youbou's residents did hold a meeting in which they decided against becoming incorporated within the District of North Cowichan because of concerns about lack of representation. Notwithstanding this example of

collective thinking, Youbou remains without any form of community-wide initiative aimed at stimulating development.

In contrast, the local development response of Chemainus to the restructuring of its mill has been pro-active and features the kind of entrepreneurial initiative that is central to the Coffee and Polèse model. Thus, there has been entrepreneurial activity, primarily exemplified by the work of one long-time local entrepreneur who began to organize, even prior to the closure of the old sawmill, the painting of a series of giant outside murals that, in turn, have precipitated a set of new tourist-related businesses. He also helped initiate a scheme to revitalise Chemainus's main street to promote tourism further (for further details, see Barnes and Hayter 1992). By 1986, Chemainus was attracting 250,000 tourists a year and by 1993 this level had increased to 350,000. A noteworthy recent development to tourism activities in Chemainus occurred in 1993 when two entrepreneurs, one with strong local connections, opened a new dinner and live theatre facility which specializes in presenting plays for senior citizens. The other entrepreneur is a director of a dinner theatre and theatre school (Rosebud Theatre) which has been running for 20 years in Drumheller, Alberta. Eventually, they hope to establish a west coast campus of Rosebud. In addition, entrepreneurial activity has sparked the development of Chemainus' Industrial Park where several new remanufacturing firms have been established including two initiated by former workers of the old Chemainus sawmill and who are now subcontractors to the new sawmill. These developments, in association with the attraction of a growing 'retirement' community underlay the recent rapid and ongoing population growth of Chemainus (Table 1).

This said, the responses in Chemainus to the crisis created by the rationalization of its dominant economic base do not constitute a 'pure' version of Coffee and Polèse's development scheme. Thus, a number of the new entrepreneurs are not local, which has led to some resentment by long-term residents of the community. For example, there has been a running battle over the town's copyrighted slogan, "The little town that did", that greets visitors as they enter Chemainus. An extra "e" is frequently found spray-painted in between the "i" and the "d". Furthermore, the significant first burst of entrepreneurialism in Chemainus, notably the mural and downtown revitalization projects depended on external government funding. As that funding has all but disappeared, so have opportunities for entrepreneurialism; for example, there have been no public funds for a \$50 million planned expansion that came out of the earlier mural's project, "The Pacific Rim Artisan Village", and it remains stalled (although an announcement of development is anticipated). Moreover, the sawmill, with its core set of well paid workers (admittedly much smaller in number than before the restructuring), remains important to the community and this mill provides the basis for the remanufacturing plants in the Chemainus Industrial Park. Nevertheless, these latter initiatives reflect a entrepreneurially-inspired diversification of the Chemainus economy.

Whether this inspiration will catapult Chemainus through subsequent stages of development, as suggested by Coffey and Polèse, remains to be seen.

Developments in Chemainus, however, provide little support for Cox and Mair's model. It might be argued that a hegemonic coalition was created between the local business community and the state to implement the mural and urban revitalisation schemes and that there are strong overlaps in membership between the chamber of commerce and the local council (Barnes and Hayter 1992). Yet, this coalition has not been extended to include further projects, including the proposed Artisan Village, and the remanufacturing firms and most tourism businesses, including the new Chemainus Theatre, are entirely privately funded. Moreover, in contrast to Cox and Mair's predictions, local development in Chemainus has not resulted in severe inter-community competition. In fact, if anything, the reverse holds, especially with respect to tourist development which has stimulated complementary activities. Thus, a Cowichan regional loop has been established that invites tourists to visit all the major communities in the area including Chemainus and Youbou, and to carry on to complete the Pacific Rim loop that includes Port Alberni. Tourism specializations at each of these places are different, and so activities are complementary. The remanufacturing firms that have been established in Chemainus also serve sawmills throughout the region while the Chemainus sawmill itself complements other MacMillan Bloedel sawmills in other communities in terms of species utilized and markets served.

More generally, a full understanding of the events at Chemainus must begin with first, the broader set of structural relationships that are reshaping the single industry towns that lie up and down B.C.'s coast: a switch to Asian markets in lumber, the use of new flexible production technologies worldwide, the internal restructuring of some of the largest resource corporations, and so on (Barnes and Hayter 1992). Second, such relations must then be counterposed to particular individuals living in the community. In the case of Chemainus it was one charismatic business organizer who was able to galvanize at least sections of the community, and through his political connections and good timing able to direct public funds towards local development. Finally, the local geography of Chemainus must also be considered. Located between Vancouver Island's two largest cities (Victoria and Nanaimo) and ferry terminals (Schwartz Bay and Nanaimo), and also on the coastal island highway, Chemainus is ideally located to capture tourist traffic.

Finally, there is Port Alberni which, both in its degree of success and strategies of response, is somewhere between Youbou and Chemainus. Port Alberni's local development response rests on a collectivist strategy involving all three levels of government, organized labour, community groups including local business associations, and the principal private corporation, MacMillan Bloedel. Making use of modest levels of federal and provincial funding, such groups have pursued two main strategies: first, to retrain unemployed forestry workers (a \$ 4 million grant was obtained from the federal Ministry of Em-

ployment and Immigration to deliver a five point retraining programme); and second, to promote small business activity particularly in tourism and retailing (here money has come from the provincial government and through local taxes on merchants). One furniture manufacturer, using local cedar supplies, has established a small operation in Port Alberni but there is little other evidence of manufacturing diversification.

Neither strategy has been very successful. First, although workers have been retrained, the depth of the late 1980s recession meant there are few jobs available for such workers especially in Port Alberni. Second, although there is promotion of entrepreneurialism, this form of local development has not yet occurred, if it ever will. Partly this is because even relatively large resource communities such as Port Alberni do not have an available pool of entrepreneurs, and laid-off workers and management have not really added much to it so far. And partly it is also because the limited public funds used to support training and small-business start up will require supplementing by more imaginative forms of support, especially important as the provincial government's debt balloons (nearly \$ 2 billion for the fiscal year 1993-1994). In this light, without a large cash injection of public money as initially happened at Chemainus, tourist-related forms of business have been slow to develop. There is also a chicken and egg problem here. Without facilities it is hard to attract tourists, and without tourists it is difficult to attract investment in facilities. In short, Coffey and Polèse's prediction about entrepreneurial local economic development is not evident in Port Alberni.

The same applies to Cox and Mair's argument about hegemonic coalitions. If anything, the problem at Port Alberni is that no group has hegemony; instead, there is fragmentation and splintering which has hampered rather than assisted local development. For example, organized labour has certainly not buckled under to the power of capital. The plywood workers there refused to accept a pay-cut of \$ 2 an hour to save the mill, with the result that it was torn down and sold to the city for a \$ 1.

Rather, to understand the events at Port Alberni they must be placed in a specific context. That context includes the confrontation of new harsh forces of international resource competition, and their mediation by the dominant employer. In this case, MacMillan Bloedel has played off different communities as part of its strategy to deal with changes at the international scale. Thus, MacMillan Bloedel has tried to achieve the same kind of labour productivity gains at the Port Alberni sawmill as it obtained at Chemainus, while with respect to pulp and paper, the firm is using the most efficient of the American plants in Washington State and the South as exemplars to effect changes at Port Alberni. Such manoeuvring at the global scale, must be interposed by the specifics of the local community. Organized labour at Port Alberni has resisted plant-specific change more effectively than at Chemainus, and has not been co-opted into a local coalition. Moreover, as a result of the strength of labour, and the absence of a single charismatic local entrepreneur, local development

strategies have been diffuse, designed by committees with divergent interests. In addition, Port Alberni is hampered by its relative location with respect to tourist development. Port Alberni's location makes it less accessible than Chemainus, and farther away from the urban centres of the Island. For all these reasons, Port Alberni has not yet been able to deal effectively with local development.

In summary, the world of single industry communities is too messy to fit into the narrowly defined conceptual boxes of local development that are suggested by either Coffey and Polèse or Cox and Mair. For reasons identified above, there are certain peculiarities of resource communities that mitigate the pure forms of the theories of either Coffey and Polèse or Cox and Mair. Instead, what is required is an approach that brings together the individual, the structural and the particularities of the geographical context, which is what we tentatively attempted here.

Conclusion

Schumpeter's term "creative destruction", first coined in the first part of this century, has recently resurfaced and has been used to describe the turbulent North American economic landscape of the 1980s (Harvey 1988; Zukin 1991). This last decade has witnessed both the creation of new economic spaces and the destruction of old economic places. Nowhere is this more true than the B.C. coastal resource communities. Enjoying a fragile existence during the best of times, some communities are now on the verge of extinction in these worst of times. But even here, experience varies depending upon the particular nexus of structural forces, individual agency and geographical context.

The objective of this paper was to show that variability in relation to one issue, local development. We argued that to understand that variation we could not fully rely on the two often cited models of local development. Neither approach in their pure form, we argued, is appropriate, because neither takes into account the context-specific features of single industry communities. In contrast, to comprehend the local development of single-resource communities an approach was required that was more catholic and open-ended, that is one that could admit the peculiarities of the specific global and local context.

In attempting that more open-ended approach, we should also note another difference between the perspective advanced here and that found in other two models; that is, the ability to generalize conclusions about local development. We neither offered foolproof policy prescriptions for attaining local development, nor listed encumbrances that would inevitably thwart it. Instead, our position, and one that reflects our broader methodology, is that anything is possible. In some cases, crushing outside structural forces will weigh against any local initiatives, while in other cases, by dint of perseverance, luck, skill, and opportunity the force of agency will win through. But neither of these

cases can be known in advance. We can only learn by counterposing our theory against the geographical case study.

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